

## **Consultation on Regulations for Credit Unions on the commencement of the remaining sections of the 2012 Act**

- I. Draft reserve regulations  
The regulations should reflect the ability of this non distributable reserve to be reduced in the event that it is excessive, the draft regulations referring to this as being a perpetual reserve could indicate that there is no ability to reduce this reserve.
- II. Draft liquidity regulations – nothing further to add
- III. Draft Lending regulations  
There is no definition of community lending in the regulations this is required before any response can be usefully made upon the draft regulations in this area. Secondly, all limits refer to the regulatory reserve position of the Credit Union, this effectively decreases the ability of the Credit Union to a subset of 10% of assets this impacts upon the future viability of Credit Union's in terms of future loan book growth.  
Secondly, there is very little detail in respect of the provisioning methodology to be adopted by a Credit Union in respect of Bad and Doubtful Loans in the regulations, similarly whilst there is a reference to the Credit Control Policy in this area there are no mandatory policies requirements stipulated within this document.  
Further clarification should be sought in relation to "connected borrowers" in regard to the maximum exposure the Credit Union may experience. There must be a defined and standardised listing of what constitutes connected borrowers and the criteria to be applied. However, it is important to note that the dynamics of individual families and/or relationships between borrowers should ultimately determine whether such borrowers are connected or not. It is not a "one rule fits all" scenario. The underwriting process applied at the application stage should ascertain the ability of any borrower, whether connected or not. We have no problem with the Board monitoring these accounts but we do not think the loans should have to be approved by the Board as this slows down the process for these members.
- IV. Draft investment regulations – nothing further to add
- V. Draft savings regulations – at present we encourage our members not to exceed €100,000 in savings. There are approx. 6 members in excess of this quantum at present. However this is our internal restriction. We would wish to be allowed extend this amount if required and if a robust business case lent itself to allowing our members to hold more in their savings. A concern would be the restrictive nature of this regulation on future strategies and the ability to get this regulation changed in the future and the loss of potential business strategies.
- VI. Draft borrowing regulation – nothing further to add
- VII. Draft regulations in systems, controls and reporting arrangements  
Clarification and sample disclosures sought around the disclosures to be contained in the annual accounts.
- VIII. Additions or amendments – nothing further to add.
- IX. Agreed timeline  
IT providers should be asked for feedback, if not already involved in the consultaion process, on timelines required for any system changes to take account of any of the above proposed changes.

