



February 2015

SUBMISSION TO THE CENTRAL BANK OF IRELAND on the CONSULTATION PAPER CP88

The board of directors of Citybus Employee's Credit Union Ltd would like to make a submission to the Central Bank of Ireland in relation to the proposals outlined in CP88. Citybus Employee's Credit Union Ltd is of the opinion that some of the implementations of the proposed regulations would not be beneficial to our members. The board feels that the proposed regulation would see the transfer of a lot of our business back to the banking sector. We feel that our members should have the freedom to do their financial business with whichever financial sector they wish to use and not be put in a position of having to change from their credit union as a result of this proposed regulation.

Section 7 Lending

- Categories of Lending

In relation to the categories of lending, we have concerns around the interest rate within a category.

We were hoping to offer our members a range of different types of personal loans at different rates. If we cannot offer these different rates, it will have an adverse effect on our ability to grow our business.

Another concern that we have is in relation to the requirement to have a first legal charge on the property in the category of house loans. The reference, in the proposal, to "improve or renovate a house", is applicable to home improvement loans(by our understanding) As a large part of our loan book is made up of small, medium and large home improvement loans, having to have a first legal charge against their property, would practically wipe out this loan category. The majority of our members have mortgages with first legal charges against their properties already.

- Concentration Limits.

The board of directors feel that the spread of loans issued is the responsibility of the credit union themselves. The concentration limits would be based on the lending policy of each individual credit union, and it would be up to the credit unions to manage these.

- Related Parties

In this day and age, when it is difficult enough to get volunteers involved in credit unions, this proposal would be excessively bureaucratic. To have to get individual written approval by the Board for family or business colleagues would not entice individuals to volunteer in their credit union.

Section 9 Savings

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There is no commercial reason why the maximum amount of savings allowed by an individual member should be capped at €100,000. We do have members with savings of this size and members who are reaching the €100,000. The board of directors feel that having to inform these members that they are restricted to €100,000 with us would do a lot of reputational damage to us as an organisation. It is difficult enough to retain the members we already have without putting a cap on their savings. We feel that individuals should have the freedom to deposit their money in whichever organisation they have the most trust in.

Summary

The board of directors would appreciate the Central Bank of Ireland taking our submission into consideration.