

# Consultation Paper CP 88

**Kildare Credit Union Ltd – Submission**

**February 2015**

## **Savings**

The limit of €100,000 is a very serious matter and it is vital that control over the limit remains with individual credit unions. The Board of Directors has placed a cap on shares from time to time and we feel this process is fit for purpose.

The assumptions made by members surrounding viability if this limit is imposed must be given serious consideration.

The enforcement of the €100,000 savings limit may prove very difficult for Credit Unions. It may be difficult to get a member to reduce savings on request. They may not have a bank account, having dealt with the credit union all their lives. This could be seen as financial exclusion.

The question must be asked - Is it fair to apply this limit retrospectively?

## **Lending/Mirco-management of Credit Unions**

The new limits on loans tied to reserves will impact on low capital credit unions and could prevent them from trading out of difficulty.

Related party loans: There are privacy, financial confidentiality and data protection issues together with discriminatory implications for family members especially large families which would have disastrous consequences for credit unions. The proposal makes borrowing very restrictive for volunteers and their families. The definition of family is so broad that it is will make the proposal completely unworkable.

The definition of home loans needs clarification and further discussion. If the home loan category includes home improvements loan it is completely unworkable and unrealistic to expect credit unions to get first charge on a property for modest home improvements loans.

The Regulatory Impact Analysis published by the Central Bank as part of the consultation paper is not fit for purpose.

## **Liquidity**

The proposals around short-term liquidity are excessive and there is no need to introduce an 8 day liquidity ratio. Investment returns are already extremely low and the short-term ratio will impact negatively on returns.

## **Additional Services**

Kildare Credit Union feel that debit cards should be deemed an exempt additional service under the additional services regulations.