



Banc Ceannais na hÉireann
Central Bank of Ireland

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Ciaran Lynch TD
Chairman
Joint Committee on Finance, Public Expenditure and Reform
Leinster House
Dublin 2

7 February 2014

Re: Report on the Licensed Moneylending Industry

Dear Chairman,

I would like to thank you and your Committee colleagues for your interest in the subject of licensed moneylending in Ireland and for a stimulating and challenging discussion on Wednesday last. This is a sector of key concern for us from a consumer protection perspective so it is important to us to have the benefit of the Committee's input and we hope that, for our part, we have helped to inform the Committee's thinking on this subject.

There were a few points which were raised at the Committee which I wish to revert on.

1. Query in relation to gambling debts (received from Deputy Arthur Spring)

Deputy Spring enquired as to whether any of the participants in the survey had gambling debts and I can confirm that none of the participants listed gambling debts as either the purpose of the loan or the reason they encountered difficulties making repayments. It should be noted however that we did not ask borrowers specifically if they were using such loans to meet gambling debts, so a borrower would have had to state this of their own initiative.

2. Query in relation to sole traders (received from Deputy Arthur Spring)

Deputy Spring requested the number of licensed moneylenders operating as sole traders.

The number of licensed moneylenders, as per the Moneylender Register of 31 January 2014, is 40. A total of 8 moneylenders operate as sole traders with the remaining 32 operating as limited companies.



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I have discussed the issue of the availability of credit for members of credit unions with the Registrar of Credit Unions. The Central Bank and Registrar are conscious of the challenging environment facing credit unions and some of their member borrowers. Credit unions can assist their members within their capacity to do so without exposing members' savings to unacceptable risk. Credit unions lend members' savings to borrowers and must ensure they are prudent in their lending to support the protection of members' savings.

Under Regulation 11 of the European Communities (Consumer Credit Agreement) Regulations 2010, credit unions are required to assess a member's credit worthiness before advancing credit. Central to this assessment is the ability of the member to repay the loan and an important factor in determining creditworthiness is whether the member is already in difficulty repaying existing debt.

Credit unions can provide emergency credit to members where the credit union has assessed, with adequate supporting evidence, that the member has the ability to repay the credit owed. Under the Section 35 Regulatory Requirements for Credit Unions (October 2013), where a member's loan has fallen into arrears and has been rescheduled and within a short period following the reschedule a member requires further credit, credit unions can provide small amounts of credit to a member (maximum of €1,000 per member) to cover exceptional expenses, once the ability to repay has been clearly established.

Yours sincerely,

A handwritten signature in cursive script that reads "Bernard Sheridan".

Bernard Sheridan

Director

Consumer Protection