CASTLECOMER CREDIT UNION

Submission CP106

Q6. **Do you agree that the MCC should apply to credit unions in respect of <u>any</u> retail financial product offered by credit unions that falls within the scope of MCC?**

Q6 **Submission**
We agree that MCC should be extended to cover Mortgage Products to ensure compliance, training and proper risk management of these products which involve larger loans. This should involve a qualification for the staff directly involved in approving these loans and product design. Product design would also involve Risk and Compliance Officer input to ensure compliance with the Product Governance Directive, Mortgage Credit Directive and GDPR (Privacy Impact Assessments). A separate qualification for debt management should also be considered for staff involved in Credit Control. Complaints Handling would involve some members of the Board which is covered under Q8 below. We agree that MCC should be extended to all retail products and this should involve grandfathering of staff who already have experience, training and a mixture of qualifications in addition to existing 15 hours CPD. We feel a formal qualification is not therefore needed. Grandfathering was permitted in the original MCC and should be extended to this variation of the MCC for Credit Unions. In addition, a qualification for existing staff for Core Services would place a significant burden on small to medium Credit Unions given the flexibility and numbers required to cover all roles, training, study and holidays/ absences. We do not agree that this is necessary with 15 hours CPD p.a. We accept that a qualification for new entrants within a reasonable timeframe in Core services is needed. The requirement to have 6 months experience in Mortgage credit is unworkable when you are trying to enter a new market, as Credit Unions may not be large enough to buy in the expertise needed to supervise them. This would be a significant obstacle for Credit Unions wishing to expand into the Mortgage market. New entrants for Mortgage Credit should be supervised for a minimum of 6 or even 12 months in response to Q2 of CP106. Delaying selling of these products until training/qualification reaches a certain point might be a preferable option and achieve similar outcomes. Even Credit Unions that have one qualified member of staff, are not likely to have two, which would be needed for succession planning. It is not clear if extending MCC involves Consumer Protection Code (CPC) adoption. If extending MCC to all retail products involves adopting the CPC at some stage in the future by the Central Bank we suggest going out to consultation on this point and any timelines being considered, as this will have significant compliance implications.

Q7. **If you agree, what do you consider to be an appropriate timeline for it's application?**

Q7 **Submission**

The implementation date of March 2019 for Mortgage Qualifications is ambitious, though it is specified in the Directive and likely to be outside of the control of the Central Bank.

If MCC has to be extended to all retail products this should involve grandfathering of staff who already have experience, training and a mixture of qualifications. Assessment of grandfathering and assembling a register and systems will need a lead in time.

Any move in the direction of MCC qualification for Core services for existing staff would require a significant lead time of at least 4 years, as allowed for new entrants. New entrants would need to be permitted the full 4 years under MCC in which to qualify.

Q8. **What other means do you consider to be appropriate for members of the board of a mortgage credit intermediary to meet the competencies specified in Schedule 1 of the Mortgage Credit Regulations and evidence that those competencies are met?**

Q8 **Submission**

We do not agree that MCC should result in a formal qualification in Mortgage Credit for Mortgage Intermediaries for a specified role on the Board from March 2019. This would be likely to stretch to 2 members of the Board, given the requirements for succession planning. There is a need to provide cover and replacement in the event of a sudden departure. In addition, consideration needs to be given to the limit of 12 years of service for Board members and that Board members are not paid. A formal qualification would act as a significant hurdle for Credit Unions to overcome wishing to grow their loan book in this market. Requiring a formal qualification goes against the ethos of volunteering for Boards in Credit Unions.

We accept members of the Board, who will approve mortgage lending applications and those involved in Complaints Handling will require training in Mortgage lending. These competencies can be demonstrated by degrees and diplomas, in relevant areas such finance, accountancy, law and business. Where gaps exist in mortgage approval, outside expertise should be bought in, such as quantity surveyors for valuations. CPD of 15 hours p.a. including annual training in Mortgage Credit for this specified role and for other Board members should be required. This training should be accompanied by a competency test. We feel this should enable the requirements in Schedule 1 of the Mortgage Credit Directive to be met.

As outlined above staff should be qualified in this area and this fulfils the distinction of separating operational from executive. It would also need to be taken into account in succession planning for Management.