

SUBMISSION ON BEHALF OF DONEGAL TOWN CREDIT UNION LTD.

Donegal Town Credit Union is broadly in agreement with the requirement of qualifications and competencies for certain retail financial products. This will assist us in providing compliant products and services to our members. However, we feel that the complexity and value of these products should be a key consideration in the application of these qualifications and competencies. We also argue for the fair and equal treatment of providers under the MCC – in particular that credit unions are afforded the same time lines and transitional arrangements as provided to other providers on the initial implementation of the MCC. We believe it places significant burden on many credit unions to now impose an MCC on credit union core business without grandfathering arrangements being put in place. We believe that the original grandfathering element provided important recognition to the extensive knowledge and experience which had been built up over time by personnel. A large majority of credit union personnel, by virtue of their long and loyal service, would have been able to avail of this grandfathering option were it required of them. We suggest that the Central Bank of Ireland replicate the arrangement offered to other sectors and allow the granting of accredited status to those officers who have 4 years' experience in consumer lending (in the previous eight years), from a suggested application date of January 2018.

Whereas, we do not have a general objection to the application of MCC requirements on mortgage creditors, we do have difficulty with the transitional arrangement suggested. The majority of credit unions are, or will be, new to this market and the proposed regulations pre-suppose prior knowledge and experience in the marketplace, effectively placing a barrier to new entrants through the blanket requirement of six months prior experience.

We believe that any requirement of six months prior experience should not effectively prevent a credit union from diversifying or expanding its current product offering in an effort to grow its business into complimentary areas, i.e. in expanding from personal loans to mortgage lending, particularly at this juncture in time where a housing crisis in the state requires more, not less, options in the market place.

The suggestion to have someone with an MCC qualification on product development seems to have merit, particularly where that product may be complex or of a high value. We would be concerned that these onerous requirements do not translate to the boards of credit unions – whose role is purely as non-executive directors, both volunteer and non-remunerated. It is our position that the activities of devising, creating or designing of such products are operational in nature and, thus, would be performed by the executive staff function within a credit union or outsourced to suitable personnel as necessary. Therefore a member of the management team in the credit union could meet this requirement on behalf of the board based on a suitable sign-off process. We can also draw on the resources of our Compliance and Risk Officers.