

The Board of Directors of Progressive Credit Union wishes to submit the following observations regarding Consultation Paper 88:

**Draft Liquidity Regulations (ii)**

The draft requirement to keep a short term liquidity ratio of at least 10% of unattached savings appears to be overly onerous on credit unions and may result in a loss of income for credit unions as the rates offered for 3 month deposit is significantly greater than the rate offered for on demand deposits.

**Draft Lending Regulations (iii)**

The draft regulations introduce requirements on the governance of related party lending. While the intent is to require that loans to related parties are not provided on more favourable terms than loans to non-related parties the effect of the regulations is to disadvantage the family members of Directors and the Management Team of a credit union. This may discourage such family members from availing of loans in their credit union and may act as a deterrent against members volunteering to serve on the Board of a credit union given the effect this will have on members of their family. The existing governance and management framework, particularly the internal audit function can adequately ensure loans to related parties are not provided on more favourable terms than loans to non-related parties without disadvantaging family members.

**Draft Savings Regulations (v)**

The maximum savings limit of €100,000 per member is anti-competitive and could be viewed by members as a signal that credit unions are less safe than other institutions offering savings products and should not be implemented.