

Submission: Consultation on Regulations for Credit Unions on the commencement of the remaining sections of the 2012 Act

CP 88

Thurles Credit Union Ltd

24 February 2015

On behalf of the Board of Directors of Thurles Credit Union Ltd I wish to submit our views on the commencement of the remaining sections of the 2012 Act as contained in the Consultation Paper 88.

Thurles Credit Union supports the Commission recommendation for a strengthening of the regulatory framework for credit unions.

Section 5 Reserves:

Thurles Credit Union would recommend a risk weighted approach to Reserves. This method exists in other credit union movements.

Section 6 Liquidity:

Thurles Credit Union welcomes the definition of short liquid assets. However, we have concerns that the introduction of the short term liquidity ratio at this point in time is premature. We are currently in a low interest rate environment where returns on Credit Union Investments are quite low. The banks are in the process of introducing the Basel 111 Liquidity Ratios which will have major implications for credit union investment deposits. Thurles Credit Union would recommend that the introduction of the short term liquidity ratio of 10% be phased in over an 18 month period. This would allow credit

unions to assess the market environment following the introduction of Basel 111 and the ECB's exercise in quantitative easing.

Section 7 Lending:

Thurles Credit Union agree with the proposals for this section.

Section 8 Investments:

Thurles Credit Union would agree that the credit union sector should not invest directly in equities. However, there are structured products that have an element of equities as part of the product. Thurles Credit Union believe such products should be included on the list of acceptable Investments as a means of enhancing returns.

Section 9 Savings:

Thurles Credit Union do not agree with the limit of €100,000 proposed on member savings. No other financial institution in the state have a savings restriction imposed on them. The proposed €100,000 savings limit would be crudely applied regardless of credit union asset size or financial stability. If it's the wish of the Central Bank to impose a limit then Thurles Credit Union would propose that such a limit would be based on a % of the Regulatory Reserve. The % limit would be applied to all new funds lodged with the credit union. Existing funds in excess of the limit would not be affected.

Section10 Borrowing:

Thurles Credit Union have no issue with this section

Section 11 Systems, Controls and Reporting Arrangements:

Thurles Credit Union have no issue with this section

Section 12 Services Exempt from Additional Services Requirements:

Thurles Credit Union have no issue with this section

Section 13 Timelines for Introduction of Draft Legislation:

Thurles Credit Union would recommend the following:

1. Transition period July 2015 to March 2016
2. Commencement of remaining sections of 2012 Act April 2016.

Signed on behalf of the Board of Directors of Thurles Credit Union Ltd

Amanda Ryan

Amanda Ryan

President