



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Notice of Intention

Contains information about:

- Authorisation requirements,
- Amendments to the Consumer Protection Code 2012, the Minimum Competency Code 2017, and, the Minimum Competency Regulations 2017,

following enactment of the Consumer Protection (Regulation of Retail Credit and Credit Servicing Firms) Bill 2021

29 March 2022

Notice of Intention

The Central Bank of Ireland hereby gives notice of intention to:

- 1. Extend the Retail Credit Firm and Credit Servicing Firm authorisation regimes;**
- 2. Amend the Consumer Protection Code 2012; and**
- 3. Amend the Minimum Competency Code 2017 and Minimum Competency Regulations 2017.**

1. Introduction

The Consumer Protection (Regulation of Retail Credit and Credit Servicing Firms) Bill 2021 (the Bill) is progressing through the Houses of the Oireachtas and is expected to be signed into law in 2022. The legislation will, amongst other things, extend the Central Bank of Ireland's (Central Bank) authorisation requirements, and consequently require compliance with relevant Central Bank statutory codes of conduct.

2. Extension of the Retail Credit Firm and Credit Servicing Firm authorisation regimes

On commencement of the Act, authorisation requirements will be extended to certain entities providing credit (directly or indirectly) through hire purchase agreements or consumer hire agreements (an example of 'indirectly providing credit' would be a buy now pay later (BNPL) agreement). Firms providing such agreements will be required to seek authorisation as a Retail Credit Firm (RCF) from the Central Bank. The Act also provides for the regulation of entities that service these agreements, which will require authorisation as a Credit Servicing Firm (CSF).

3. Proposed amendments to the Consumer Protection Code 2012

In order to apply the Consumer Protection Code 2012 (the Code), amendments are required, which will be made by way of an Addendum to the Code (Addendum). It is the Central Bank's intention to publish the required Addendum on (or as soon as possible after) the commencement date of the Act. The Addendum will become effective three months from the date of its publication. In the Addendum, we intend to amend/apply the Code as follows (subject to any final amendments) where regulated entities are providing hire purchase agreements, consumer hire agreements and/or BNPL agreements.

- **Chapter 1, Scope:** the following amendments will be made to Chapter 1 (Scope) under the heading "THE CODE DOES NOT APPLY TO":
 - The seventh bullet 'The provision of credit involving a total amount of credit of less than €200' will be deleted.
 - The eighth bullet 'Hire purchase and consumer hire agreements' will be deleted.
- **The following addition will be made to the scope of Chapter 2, General Principles:**

(c) Where regulated entities are providing BNPL agreements which fall within the scope of the European Communities (Consumer Credit Agreements) Regulations 2010 (S.I. No. 281 of 2010), in which case only General Principles 2.1 to 2.4 and 2.7 to 2.12 will apply.
- **The following addition will be made to the scope of Chapter 5, Knowing the Consumer and Suitability:**

(d) Where regulated entities are providing BNPL agreements which fall within the scope of the European Communities (Consumer Credit Agreements) Regulations 2010 (S.I. No. 281 of 2010), in which case the Provisions in this Chapter will not apply.

- **The following addition will be made to the scope of Chapter 9, Advertising:**

(c) Where regulated entities are providing BNPL agreements which fall within the scope of the European Communities (Consumer Credit Agreements) Regulations 2010 (S.I. No. 281 of 2010), in which case the Provisions in this Chapter will not apply.

- **The following amendments will be made to Chapter 12, Definitions:**

Definitions of 'BNPL', "buy now pay later agreement", "consumer hire agreement" and "hire purchase agreement" will be added to this chapter.

At a later date, the Central Bank may consider whether additional consumer protection rules are required specific to hire purchase and BNPL services.

4. Minimum Competency Code 2017 (MCC) and Minimum Competency Regulations 2017 (MCR)

The MCC and MCR set out minimum professional standards for persons providing certain financial services, in particular when dealing with consumers. The MCC sets out the minimum competencies that persons must comply with when performing certain controlled functions. The MCR imposes certain obligations on regulated firms in relation to minimum competency standards.

The MCC already applies to the provision of hire purchase and consumer hire agreements by credit institutions. The proposed addendum to the MCC is to include the new retail credit firm and credit servicing firm activities (RCF / CSF) in the scope of the MCC and to give persons providing these newly regulated activities a *maximum* period of four years, to become compliant with the MCC. The amendment to the MCR imposes obligations on regulated firms regarding this transitional arrangement.

The Central Bank expects individuals and firms to meet the necessary minimum standards at the earliest possible opportunity from the commencement date of the Act.

5. Next Steps

The Central Bank will publish the Addendums to the Code and MCC and changes to the MCR at commencement date of the Act, or as soon as possible thereafter (anticipated to be in 2022). Should you have any queries about this Notice of Intention please submit them by email to code@centralbank.ie

If your firm is engaged in these activities and you intend to apply for authorisation, as either an RCF or CSF, we would request that you signal your intention to seek such an authorisation as soon as possible by emailing rcf@centralbank.ie

T: +353 (0)1 224 6000

www.centralbank.ie



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem