

**Submission to Department of Enterprise, Trade and Employment,
Co-operative Legislation Unit, Consultation Paper on the Industrial
and Provident Societies Acts 1893 – 2005**

from

Credit Union Advisory Committee (CUAC)

The Credit Union Advisory Committee (CUAC) is an advisory body set up under the Credit Union Act 1997, to advise the Minister for Finance on matters pertaining to credit union legislation. CUAC is making this short submission to the consultation on the Industrial and Provident Societies Acts 1893-2005 on the basis that there may be lessons to be learned by co-operative legislators from the existence of specific legislation for credit unions in Ireland and the opportunities and challenges such legislation presents.

In general terms, credit unions have benefitted from the existence of specific legislation recognising the unique structures and processes that prevail within their organisations and which distinguish them from more conventional financial institutions. This legislation also serves to safeguard the assets of credit union members. Protection of the credit union name and a clear definition of what a credit union is under the legislation have been essential in ensuring that the credit union reputation is maintained and strengthened.

Where the credit union legislation has presented challenges, has primarily been in the prescription of limits, for example, in terms of lending and savings, which while affording certain protection for members' assets, have restricted credit union growth. Such limits are normally set in the context of the current socio-economic environment and with imperfect information about the future. It is suggested that legislation for co-operatives might remain flexible in nature where possible, and where limits on activity are imposed, that these can be subject to review and change through non-onerous means.

On the issue of regulation, the credit union movement has distinct regulation under the Irish Financial Services Regulatory Authority (IFSRA). By and large, this has served credit unions well, in that their distinct needs can be recognised within a separate regulatory regime. Furthermore, credit union assets are afforded a very high level of protection through regulation of credit union activities. The Credit Union Act 1997 confers a far-reaching, largely undefined, breadth of powers on the credit union Regulator. It is important for co-operative entities which are subject to regulation that a clear definition of the Regulatory remit exists under legislation which governs them.