

Oireachtas Committee on Finance, Public expenditure and Reform,

Chairman,

Thank you for inviting us here today, and for putting credit unions on the agenda of the committee. We in the Irish League of Credit Unions are 390 credit unions from across the island of Ireland. There are 297 credit unions in the Republic of Ireland affiliated to the League and 93 in Northern Ireland. My background over 35 years in the credit union movement is in Belfast, with the Belfast Teachers Credit Union and with the S.A.G. Credit Union. I am also Vice President of the World Council of Credit Unions. I am accompanied here today by Mr Ed Farrell, the League's CEO.

Before the last general election the League set out a succinct policy programme called Six Strategic Steps. One of those six steps is for credit unions to feature on a recurring basis on the agenda of this committee. Credit unions are a vibrant, innovative movement that do a lot now, but critically are positioned to do a lot more for communities and our country. But there is a mismatch between our capacity, and willingness on one hand and the willingness and capacity of those with policy and regulatory responsibility to partner with us. In seeking to put our business on your agenda, we are looking for champions, who will deliver change that will enable credit unions become the much more dynamic force we can be.

The fact is that where credit unions have found partners, we have made progress. Here I want to positively single out the Department of Social Protection. Money lending is a social scourge. It blights communities and doubles down on the financial exclusion of the poorest. In partnership with the Department and with Mabs the "*It Makes Sense*" loan scheme is now being rolled out nationally. It is really making a difference on the ground in communities. It is something that is very much part of our social ethos and that we are very proud to be part of. Where we can find partners, to work with, we have a track record of delivering.

On the critical issue of funding for social housing, the then government in its 2014 policy document *Social Housing Strategy 2020* looked to credit unions for funds. We responded with a very detailed policy paper setting out how that could be delivered in ways that would allow all credit unions who wished to contribute, via a centralised vehicle, that underpins the

credit union ethos and ensures effective regulatory oversight. The response has been very positive. Regrettably, delivery to date has been nil.

Today's agenda specifically deals with the CUAC report. This review was set up in response to the League's campaign and now the implementation group is set up on foot of the review. The implementation group has met once. Effectively its first substantive meeting will be tomorrow. Its programme of work stretches over months. We hope this process will deliver substantive policy change that will be mirrored by appropriate regulatory change. We will be there and we will work hard. But I must tell you frankly we are concerned that this process is as much about time management, as change management. Volunteers in credit unions ask me, if this isn't another tour on the roundabout.

Mr Chairman,

Credit unions need sustained political support. We need this committee to forensically and continuously pursue credit union issues.

In 2015 we campaigned hard to persuade the Minister for Finance to pause and review, before bringing into force the remaining sections of the Credit Union and Co-operation with Overseas Regulators Act 2012, prior to implementation of CP88, the Central Bank's latest regulations. The minister, however, would not pause. The last effective control of the Oireachtas over credit unions, was handed over at midnight on New Year's Eve 2015. Now, we have had a review, followed by an implementation process in circumstances where it is unclear what is the capacity of the Department of Finance, via the Central Bank, in relation to credit unions.

What we do know is that on social housing, we are told by the Department of Housing that they are very interested in our proposal. Given that they elicited it; they should be. They in turn are talking to the Department of Finance, who we are led to believe are talking to the Central Bank. I have no doubt such conversations are taking place, what I do doubt is whether any action will ever arise as a consequence.

In conclusion, we have a lot more to give to communities. We have resources. We have a national network. But we are challenged too. On the one hand we must develop our business

model. We are rightly reminded of this by the regulatory authority. But we are caught in a Bermuda triangle, where we much develop, but regulatory approval is not been forthcoming for the changes we must adopt. We receive political encouragement from an Oireachtas that ironically handed over nearly all effective responsibility to the Central Bank.

Yet, there are crying needs in our communities. The Irish League of Credit Unions has developed detailed policies on how change can come. But change will not happen, and credit unions will not realise their potential unless there is sustained political involvement, that effectively connects better policy with appropriate regulation.

Our hope, Mr Chairman is that today is the beginning of that process, which unlike others, will be short and purposeful.

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