

Dé Máirt, 31 Márta, 2015
Tuesday, 31st March, 2015

2 p.m.

GNÓ COMHALTAÍ PRÍOBHÁIDEACHA
PRIVATE MEMBERS' BUSINESS

Fógra i dtaobh leasú ar Thairiscint : Notice of Amendment to Motion

187. “That Dáil Éireann:

notes that:

- the standard variable rate for residential mortgages charged by State-owned Permanent TSB and AIB/EBS, as well as other banks operating in the market, is up to 2 per cent higher than comparable mortgage rates in other euro zone countries;
- for a typical €200,000 mortgage a standard variable rate customer will pay approximately €6,000 a year more in interest than a borrower with a tracker mortgage;
- banks which operate both in the Republic of Ireland and Northern Ireland are on average charging customers in the Republic 2 per cent more for a standard variable rate mortgage;
- normal competitive forces which would allow customers with high mortgage costs to switch to an alternative provider are not currently present in the marketplace, effectively trapping customers with high standard rate mortgages;
- the Economic Management Council have not met with the banks since June 2012;
- the European Central Bank base interest rate is at a historic low of 0.05 per cent, and the cost of funds for the banks has fallen considerably in recent times; and
- recent mortgage interest rate reductions announced by certain banks have targeted new customers only and were not extended to their current standard variable rate customers; and

calls for:

- the Economic Management Council to meet with representatives of the banks at the earliest opportunity and to impress upon them the unfairness of the current pricing regime in respect of standard variable rate mortgages;
- greater product innovation on the part of financial institutions in the mortgage market;
- an investigation to be undertaken into the level of competition in the Irish banking sector;

- legislation to ensure that all residential home loans in the State are subject to the protection of the Code of Conduct on Mortgage Arrears and have access to the Office of the Financial Services Ombudsman;
- residential mortgage holders whose loans are being sold to third parties to be protected from profiteering;
- the Minister for Finance to bring forward a white paper on competition in the banking sector; and
- the Central Bank of Ireland, in its consumer protection role, to engage directly with the banks on the issue of high standard variable interest rates and on the need for fair treatment of existing standard variable rate customers as well as new mortgage customers.” — *Michael McGrath, Barry Cowen, Seán Fleming, Colm Keaveney, Niall Collins, Michael Moynihan, John Browne, Micheál Martin, Charlie McConalogue, Brendan Smith, Robert Troy, Dara Calleary, Seán Ó Fearghail, Michael P. Kitt, Seamus Kirk, John McGuinness, Billy Kelleher, Timmy Dooley, Willie O’Dea, Éamon Ó Cuív.*

Leasú:

Amendment:

1. To delete all words after “Dáil Éireann” and substitute the following:

“acknowledges that:

- the Statement of Government Priorities 2014 to 2016 recognised that promoting and encouraging competition and new entrants in the banking sector was required to put downward pressure on interest rates for variable rate mortgage customers, both new and existing; and
- the mortgage interest rates that independent financial institutions operating in Ireland charge to customers are determined as a result of a commercial decision by the institutions concerned and the Minister for Finance and the Central Bank of Ireland have no statutory role in relation to the mortgage interest rates charged;

notes that:

- while the European Central Bank base rates are a factor in determining this interest rate, a broad range of other factors including deposit rates, market funding costs, the competitive environment and an institution’s overall funding are key determinants; and
- the improvements in the overall economy, reduction in the costs of funds, increased demand and greater competition between lenders has led to a reduction in the standard variable rate offered by the majority of banks for new customers and for all standard variable rate customers in the case of AIB;

recognises that as part of the Central Bank’s work on mortgage arrears, lenders were asked to consider all avenues to help customers in arrears, including interest rate reductions;

further notes that:

- the issue of regulation of interest rates remains a policy area under active review and that this has been the subject of correspondence between the Department of Finance and the Central Bank of Ireland previously; and
- the Consumer Protection (Regulation of Credit Servicing Firms) Bill 2015 will ensure that all mortgage holders in the State will have the protection of the Code of Conduct on Mortgage Arrears and have access to the Office of the Financial Services Ombudsman;

acknowledges the actions already taken by this Government to promote competition in the

banking sector including the establishment of the Strategic Banking Corporation of Ireland, the Credit Guarantee Scheme and the amendment to section 149 of the Consumer Credit Act 1995 to encourage new entrants to the Irish financial sector; and

calls for:

- the Government to continue to apply downward pressure on standard variable rates charged by the banks by supporting increased competition in the sector in line with the Statement of Government Priorities 2014 to 2016; and
- active monitoring by the Competition and Consumer Protection Commission and the Central Bank of Ireland of the standard variable rate mortgage market to ensure that the rates offered to new and existing customers are competitive and that mortgage holders are aware of, and can switch to, cheaper, lower cost mortgages providers.” — *An tAire Airgeadais*.