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# **CUDA Presentation to the Joint Committee on Economic Regulatory Affairs**

*Tuesday 16<sup>th</sup> February 2010*

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## **CUDA Presentation to the Joint Committee on Economic Regulatory Affairs – Tuesday 16<sup>th</sup> February 2010**

### **Introductions**

Mr. Chairman and members of the Committee, we are grateful to you for affording us this opportunity to present our perspective on the reform of financial regulatory structures and its impact on Credit Unions.

I would like to commence by introducing CUDA to you. We are the only legally incorporated representative association for Credit Unions in the Republic of Ireland. Currently membership comprises of 11 Credit Unions serving a combined membership of 275,000 members, holding over 11% of the assets in the Credit Union sector. We have successfully campaigned to have Credit Unions brought under IFSRA and for inclusion of Credit Union members in a statutory deposit guarantee scheme.

Our delegation here today consists of Ms. Jacqueline McCormack, Chairman of CUDA National Council & Treasurer of Navan CU, Mr. Ben Donnelly, Secretary CUDA National Council and Chairman of Newbridge Credit Union, Mr. Dennis Daly, Chairman of CUDA Management Committee and General Manager of Tullamore Credit Union, Mr. Billy Doyle, member of CUDA Management Committee and General Manager of Dundalk Credit Union, and myself Kevin Johnson, CEO of CUDA.

### **Our Messages**

Our messages to your committee on behalf of Credit Unions are both positive and progressive and based on what in our view is in the best interests of Credit Unions, their growing membership and Irish society in general:

#### **1. Statutory Regulation for Credit Unions to remain with existing Central Bank \ Department of Finance structure**

CUDA believes the current structure, under the aegis of the Department of Finance and the Financial Regulator is appropriate. CUDA is of the opinion that the performance and future development of Credit Unions (and their ability to deliver an even more meaningful service to the ordinary people of Ireland), needs to be underpinned by the further development of a properly resourced, separate and differentiated system of statutory regulation for the Credit Union sector located within the overall Central Bank and

Department of Finance structure. However, we totally reject the inclusion of Credit Unions in a one size fits all prudential or Consumer Protection regulatory reaction or approach aimed at addressing failures in the banking sector, or the recognition or introduction of any self-regulatory or prudential management role for Credit Unions or their representative bodies.

## **2. Reform Credit Union regulation by addressing the outdated Credit Union legislation**

The prudent and sustainable business model that underpins many Credit Unions allied to the development of the statutory regulatory framework to-date has served the sector well. For progressive future development however, they are seriously constrained and inhibited by the totally outdated Credit Union legislation which governs both the operation of Credit Unions and their subsequent regulation. The Credit Union Act 1997 [as amended], which has much of its origins in the 1966 Act, has not kept pace with the dynamic environment in which we live. It is outdated, and in some places conflicting, overly prescriptive, overly restrictive, while in other areas it is ambiguous, and it is based on a 'one size fits all' approach to Credit Unions. When this legislation was enacted the primary purpose was to provide credit, through personal loans, to ordinary people who were deemed 'unbankable' at that time. Now Credit Unions can and should be let play a far broader role in our society, and particularly in these times they can offer a viable alternative to the banks. To be clear, the self help, co-operative ethos at the heart of Credit Unions is still correct and probably more appropriate than ever, however, the model and its regulatory supports and structures now need to be up-graded. Legislation and regulation must serve to support this development, not actively hinder it.

## **3. Strategic review must act as a catalyst for the development of the Credit Union sector**

In welcoming the forthcoming Strategic Review of the sector (something CUDA has called for over recent years) it is essential that its current terms of reference are extended in the first instance to craft a roadmap for the future development of the sector that is both stretching and ambitious. This vision of where Credit Unions should or can go, together with an assessment of the strengths and weaknesses of the current operational, legislative and regulatory environment should be the basis for a new development oriented legislative and regulatory framework to be introduced as soon as possible.

#### **4. Remove unnecessary legislative and regulatory roadblocks facing Credit Unions**

In the short-term, and pending the outcomes of the aforementioned review, there are a number of immediate political, legislative and regulatory roadblocks that need to be addressed **now** so as to enable Credit Unions better serve existing and potential members and contribute to the prudent flow of credit that will support local economic recovery, at a time when banks are effectively closed for business. The actions of the Regulator are reflecting the out of date legislation, as they are reacting to the current environment by imposing restrictions designed in a different era, becoming involved in the micro manage of Credit Unions which does nothing to assist Credit Unions in their proactive development.

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#### **1. Statutory Regulation for Credit Unions to remain with existing Central Bank \ Department of Finance structure**

To ensure the healthy position of the Credit Unions into the future and to avoid the same failure befalling them as experienced by banks, an effective and enabling legislative and regulatory system is needed specific to Credit Unions. Regulations set out the minimum prudential, operational, administrative, governance, accounting and audit requirements. As in the case of legislation, one set of requirements does not fit all financial institutions, or indeed all Credit Unions. Credit Union legislation and regulation must differ from mainstream Banks and Building Societies. CUDA supports appropriate statutory based regulation of credit unions and **unreservedly rejects self regulation** and accepts that after genuine consultation and thorough analysis, the prescription of policies to foster sound dynamic financial institutions in Ireland, including Credit Unions is ultimately a matter for the legislator and statutory regulator. CUDA has no commercial interest in the activities of member Credit Unions.

Credit Unions success is grounded in their ability to always be on their members' side. CUDA believes the current structure, under the aegis of the Department of Finance and the Financial Regulator is appropriate, and we welcome the retention of the role of Registrar of Credit Unions and the Registry of Credit Unions which will continue to acknowledge the uniqueness of the Credit Union model, while appropriately remaining as part of the broader Central Bank commission that both safeguards the statutory deposit guarantee scheme extended to Credit Unions up to €100,000 per member and the Central Bank support provided pursuant to Minimum Reserve Requirements which allows access to domestic and ECB liquidity facilities.

## **2. Reform Credit Union regulation by addressing the outdated Credit Union legislation**

While there is a strategic review process underway it is likely to focus on the lowest common denominator and it is expected to produce recommendations that will seek to contain and restrict the development of the Credit Union movement. While high standards of governance are imperative, the country needs a fully functioning consumer and small business credit system. Most commentators believe that this is unlikely to be provided by the Banks, so it is imperative that we enable and support those Credit Unions that have the capacity to develop into “community banks” to provide this.

In this context, legislation and regulation must not only clearly set out the statutory requirements to ensure the safety and soundness of the sector, but must also provide a supportive framework to allow progressive Credit Unions expand their relationship with members. In applying this legislation to regulation, compliant Credit Unions must be supported and encouraged, while adequate resources must be made available to the regulator to address any non compliant Credit Unions. Several international and domestic perspectives support this role of regulation.

### **International Perspective**

The World Council of Credit Unions (WOCCU) is the global trade association and development agency for Credit Unions, and promotes the sustainable development of Credit Unions and other financial cooperatives around the world to empower people through access to high quality and affordable financial services. CUDA supports the WOCCU position, as stated in its technical guide on Credit Union regulation and supervision, which it consistently finds that, in addition to stronger financial performance, Credit Unions supervised by the financial sector regulator enjoy greater public confidence and trust, which results in higher membership and savings growth.

According to WOCCU, there are three core principles underlying Credit Union supervision:

1. Credit Unions are private sector organisations and should operate free of government interference with management.
2. The appropriate role of government vis-à-vis Credit Unions is that of legislator, regulator and prudential supervisor.
3. Credit Unions should be supervised by a government agency responsible for the financial sector.

## **Domestic Perspective**

The financial regulator in Ireland has a dual mandate, “to help consumers to make informed decisions on their financial affairs in a safe and fair market; and to foster sound dynamic financial institutions in Ireland”. Recently the focus is heavily weighted to the former, with little attention to enhancing the development of the Credit Union sector. This imbalance is restricting activity, through a ‘one size fits all’ based on the lowest common denominator, and will lead to downsizing of Credit Unions.

The Taoiseach summarised the role of effective and efficient regulation very clearly in his speech at the recent CUDA Annual Conference, “It is essential that we have the appropriate frameworks in place to oversee the risk profile of Credit Unions and **support its development**. The regulatory regime must have the ability and flexibility to adjust itself to cater for and support risks in the sector...the need for modernisation of the legislative and regulatory framework for credit unions has become evident.”

For the sector to really achieve its mandate of supporting members in a more comprehensive manner, it must have enabling legislation and be regulated on an appropriate statutory basis. Prudential regulation and supervision of Credit Unions should be a matter entirely for the Financial Regulator, pursuant to law, while enabling legislation will ensure that the regulatory authorities do not have to concern themselves micro managing Credit Unions that is currently reducing the scale and scope of Credit Union activity and effectively downsizing the sector.

For example, Section 35 restricts lending based on loan term expressed as a percentage of existing loan book, rather than as a percentage of a Credit Union’s assets. Other examples are Section 32 which requires a borrowing member to retain savings balance equivalent to 25% of the outstanding loan balance before withdrawals may be permitted [irrespective of the Credit Agreement!], Section 48 that lists the specific products \ features that a Credit Union can provide giving rise to competitive constraints being placed on Credit Unions as technology advances improve how consumers can access and manage their finances.

The current piecemeal approach to reactively dealing with the outdated Act concentrates on containment and restrictions. This is not addressing the Credit Union members needs of assistance and access to credit, and is not only hampering the roll-out of a more comprehensive and clearly necessary system of Statutory Regulation, but is also constraining the further development of progressive Credit Unions.

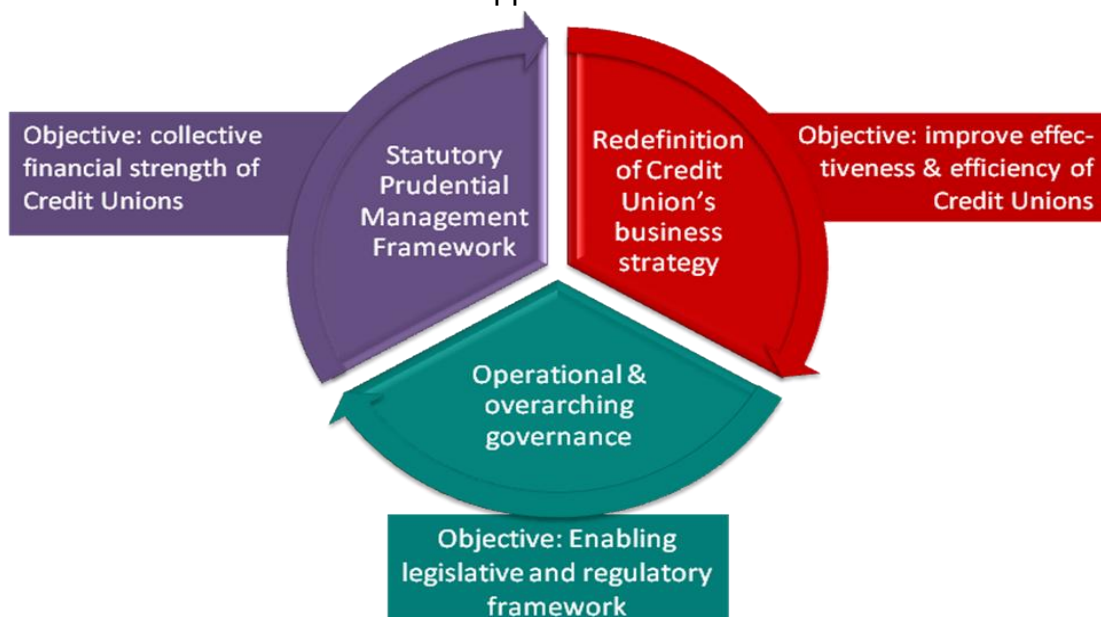
CUDA therefore calls for a total overhaul of legislation, consulting with the main stakeholders, and refocusing the role of the Regulator from micro managing to supervising Credit Unions.

### 3. Strategic review must act as a catalyst for the development of the Credit Union sector

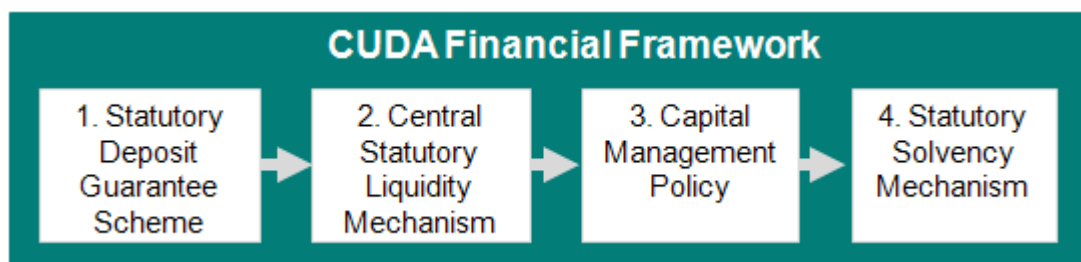
CUDA welcomes the review initiated by the Minister for Finance and believes that this review should be under the aegis of **both** the legislators, Department of Finance and the regulators, RCU. It is critical that proper consultation protocols be adhered to with the representative bodies to ensure the best interests of members of Credit Unions are at the heart of all developments. The terms of reference must include a development dimension to ensure a framework of choices evolves, that define the nature and direction of the Credit Union sector. The output must be visionary, product and market driven. It must cater for those Credit Unions who wish to remain within the current ‘traditional Credit Union’ model but critically it has to be enabling for progressive Credit Unions who wish to prudently grow and develop in line with the changing needs of their members and communities and who wish to release the significant untapped potential of Credit Unions in Ireland.

CUDA’s vision for Credit Unions in Ireland has three key interlinking elements:

1. The introduction of a Statutory Prudential Management Framework that leverages the financial strength of the Movement to facilitate the next growth phase of progressive Credit Unions in Ireland;
2. The crafting and re-definition of Credit Union business strategy and positioning together with the further modernisation and up-grading of Credit Union governance and operations to better mirror best practice and market requirements;
3. The introduction of an enabling legislative and regulatory framework that will replace the current out-dated one size fits all approach.



**The introduction of a Statutory Prudential Management Framework** that leverages the financial strength of the Movement to facilitate the next growth phase of progressive Credit Unions in Ireland:



While the revised Deposit Guarantee Scheme [DGS] ensures peace of mind for all Credit Union members, however, it is only there as the ultimate safety net and to limit the potential for it ever to be relied upon there are other elements of the financial framework that need to be implemented.

The Registrar of Credit Unions has recently stated that there is between €2.5bn and €3bn liquidity available within the Credit Union sector. Therefore, consistent with the Credit Union ethos of self help, there is an opportunity to develop a central liquidity mechanism [CLM] to recycle liquidity, and as past experience informs us for solutions to be sustainable they must be statutory based, transparent, credible, fit for purpose and under the auspices of the Regulator. Considerable work has been completed on this initiative. This will be a real front stop to the statutory DGS that is in place and we urge that the CLM and DGS arrangements be completed without further delay. We are disappointed at the abrupt cessation of the constructive process that was nearing completion. Effective a veto appears to have been placed on the completion of the CLM and DGS arrangements and we presume is a deep source of disappointment to the Department and the Financial Regulator.

A central element of CUDA's financial framework is an appropriate Capital Management Policy that manages the buffer between a Credit Union's assets and its liabilities, indeed the insufficient size of this buffer has been at the heart of the banks problems. The Registrar's recent initiative that increased the reserves of individual Credit Unions is a welcomed initiative, however, it is a 'one size fits all' model and does not acknowledge the divergence in asset quality in Credit Unions.

The final element of the financial framework demonstrates CUDA's support for the establishment of an appropriate Credit Union wide solvency scheme, one that is based on an independent statutory basis using international best practice and appropriateness for our market.

In the second element, **Credit Unions need to ensure that they have a clear strategy**, consisting of a framework of choices that define the nature and direction of the Credit Union sector. This strategy must be visionary, product and market driven. The crafting and re-definition of Credit Union business strategy and positioning will also include further modernisation and up-grading of Credit Union governance and operations to better reflect best practice and market requirements. This will drive clarity on the products and services that Credit Unions will offer to their members, maintain a clear focus on core savings and loan products, and the most effective and efficient manner in which they will be delivered.

The third element was dealt with above under the **enabling legislation and regulatory framework**.

With NAMA having little effect on the flow of credit to individuals and small businesses, we need to look at a proven financial model that can provide sufficient credit to lift this country out of recession. The country's more progressive Credit Unions are well placed to provide financial service for individuals, their families and their businesses within their local communities.

We can summarise the three key interlinking elements into ten practical steps to achieving this vision:

1. Focus on their core business.
2. Adopt member value based principles of pricing.
3. Become a funding source for the micro-business sector.
4. Achieve operational excellence through cooperation and collaboration across Credit Unions.
5. Model for democratic governance.
6. Legislation to underpin the growth and development of the Credit Union sector, supported by appropriate regulation.
7. Utilise Credit Unions strong liquidity and capital positions.
8. Develop an overarching prudential framework to ensure the stability and sustainability.
9. Demonstrate their absolute solvency.
10. Demonstrate their commitment to the ongoing professionalism.

#### **4. Remove unnecessary legislative and regulatory roadblocks facing Credit Unions**

There are a number of immediate political, legislative and regulatory roadblocks that need to be addressed **now** so as to enable Credit Unions better serve existing and potential members and contribute to the prudent flow of credit that will support local economic

recovery, at a time when banks are effectively closed for business. The actions of the Regulator are reflecting the out of date legislation, as they are reacting to the current environment by imposing restrictions designed in a different era, that is forcing them to become involved in the micro management of Credit Unions which does nothing to assist Credit Unions in their proactive development.

While some will argue that the most prudent course of action for Credit Unions would be to follow the banks and cease providing credit, however, the very raison d'être of Credit Unions is to provide credit. Credit Unions have proven their ability over the last fifty years to do this and now, when the Country needs them more than ever before, they should not be restricted from meeting their purpose, rather they should be assisted to find prudent ways to do this.

The consequence of inaction and inappropriate short term measures will drive Credit Unions out of business. Credit Unions are uniquely placed as local associations to mobilise and facilitate the domestic economy, our values help to differentiate our brand in the marketplace as long as we do, and are let, live up to them. However, should we continue with existing practices Credit Unions will experience reduced income due to reduced core business activities, increased strain on 'dividend' model, and higher costs relative to competition due to restrictions within the current business model.

A serious consequence of this will be a loss of the provision of the significant level of education provided by Credit Unions to their members through their approach of avoiding providing credit for sake of it, driven by a profit objective. The approach of offering advice and guidance, taking time to help people understand what they can \ cannot do, all of which has a growing appeal to more and more people, not just those traditionally not attractive to banks, but also those who want to deal with a Financial Institution they can trust as they see that their Credit Union is always there for them.

Another critical consequence is where people will be forced to go for credit facilities if their Credit Union continues to be restricted from helping them.

The piecemeal approach taken to evolving the legislation and regulation of the sector must cease. It is a contributory factor to some of the weaknesses that exist within the sector. Regulatory standards, such as loan loss provisioning and asset and liability management, need to be set out, implemented and regulated. Understandably, in the absence of defined standards, weaknesses in governance will appear in some Credit Unions. Appropriately resourcing the Registry of Credit Unions, thereby ending a one size fits all and the need for micro management, and focus on certain sections of the Credit Union Act such as S35, S32 and S48, and the introduction of the Central Liquidity Mechanism and finalisation of the Deposit Guarantee Scheme.

Credit Unions who are currently observant of the required [or in some cases implied] standards, who have robust systems in place, and are engaging in ongoing qualification and education, should not be obstructed in their objectives of prudently providing credit for their members. On the contrary they should be supported in their desired business model. It is reasonable to deduct that others will be encouraged, and incentivised to improve their performance to meet the necessary standards of compliance and governance.

## Conclusion

Credit Unions are uniquely placed as local associations to mobilise and facilitate the recovery of our domestic economy. Credit Unions can provide a viable and credible alternative to Banks for the citizens of this State within a not for profit model that has stood the test of time by addressing four key areas:

### **1. Statutory Regulation for Credit Unions to remain with existing Central Bank \ Department of Finance structure**

CUDA supports where regulation takes place, and we recognise that there are opportunities to improve the regulatory culture, the performance of Credit Unions and the future of members of Credit Unions.

### **2. Reform Credit Union regulation by addressing the outdated Credit Union legislation**

The legislation that served Credit Unions well in their initial development phase is now out dated and in need of modernisation. The fundamental problem of Credit Union regulation, therefore, is the current legislation which is no longer fit for purpose.

### **3. Strategic review must act as a catalyst for the development of the Credit Union sector**

The output must be visionary, product and market driven. It must cater for those Credit Unions who wish to remain within the current 'traditional Credit Union' model but critically it has to be enabling for progressive Credit Unions who wish to prudently grow and have the capacity to develop into "Community banks" to provide this.

### **4. Remove unnecessary legislative and regulatory roadblocks facing Credit Unions**

The actions of the Regulator are reflecting the out of date legislation, as they are reacting to the current environment by imposing restrictions designed in and for a different era,

and that is forcing them to become involved in the micro management of Credit Unions which does nothing to assist Credit Unions in their proactive development.

In summarising, CUDA supports where regulation takes place, and sees huge potential in how regulation occurs. We look forward to constructively contributing to develop regulation into an enabling function acting in the best interest of members of Credit Unions.

Once again, thank you for the opportunity to put forward our perspective and we will be happy to answer any questions you may have.

## Appendix 1: CUDA – the Credit Union Development Association

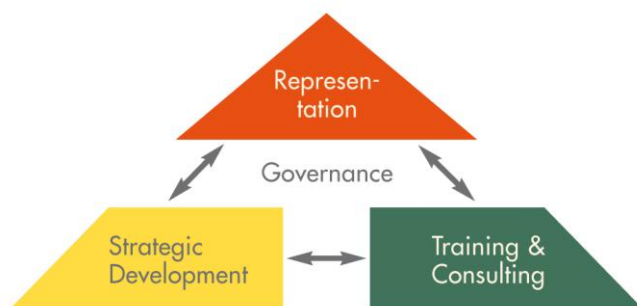
### Key Outcomes

Since its formation in 2003, CUDA has successfully campaigned for a number of significant Credit Union sector outcomes. Firstly, we lobbied hard and successfully to have Credit Unions brought under the IFSRA umbrella. More recently we again argued successfully and for inclusion of Credit Union members in the State Deposit Guarantee scheme, which included a presentation to an Oireachtas Committee on Finance and Public Service in October 2006. The importance of these outcomes cannot be overstated as they underpinned continued confidence in the sector and served Credit Unions well in recent times

### Background

CUDA is a progressive representative and development association working on behalf of member-owned, member-directed and professionally managed Credit Unions in Ireland. **We are the only legally incorporated representative association for Credit Unions in the Republic of Ireland** and are formally recognised by Government, the Central Bank and Financial Regulator and an International WOCCU Partner. Currently membership comprises 11 Credit Unions serving a combined membership of 275,000 members, holding over 11% of the assets in the Credit Union sector.

CUDA emerged in 2003 following a decision by the Boards of a number of Credit Unions that a new model to support the development of Credit Unions was required at a time of increasing challenge, change and opportunity in the Credit Union movement in Ireland.



CUDA acts as a **catalyst for the growth, development and expansion of progressive Credit Unions**. Our main **purpose is to support progressive Credit Unions** in delivering their promise to their members to be the most accessible, reliable, trustworthy financial partner.

CUDA offers a wide range of services covering the three areas Representation, Strategic Development and Training.

In this time of global financial crisis, Credit Unions need to be clear on what has to be done better, what has to be done differently, how they will know they are achieving this and what is being done to move the right measures in the right direction. CUDA believes that a robust plan, focused on members and sound business economics can be achieved by prefacing each decision with a simple question, what problem will be solved for members and what benefit will this provide for members?

## Appendix 2: Overview of the Credit Union environment

The Credit Union model is fundamentally different from the “Banking Model” in that it is value-based and built on the well established principles of equality, equity and mutual self help. The primary motive is to provide an economic and social service to members (i.e. owners) and their community. No pressure exists to satisfy one stakeholder in the fastest time possible so no conflicts exist as in the “Banking Model”.

|                         | <b>Banking Model</b>   | <b>Credit Union Model</b>                    |
|-------------------------|------------------------|--|
| <i>Main stakeholder</i> | Shareholder            | Credit Union members                         |
| <i>Objective</i>        | Shareholder Value      | Serve members                                |
| <i>Basic principle</i>  | Maximisation of profit | Value-based and social model, sustainability |
| <i>Timeframe</i>        | Short-term             | Long-term                                    |

The Credit Union business model is quite simple – loans are only offered from funds accumulated from member savings, and currently only 50% of savings balances are out on loan to members. Different to Banks and Building Societies, Credit Unions have no exposure to wholesale funding markets, and lend only to members who establish a relationship with their Credit Union.

The overall credit union sector has €12.5 billion in assets, of which 12% are reserves. The liquidity rate is 30% and the solvency rate is 117%. These figures demonstrate the prudential strength and stability of CUDA member Credit Unions and sector as a whole.

This approach has led to the success of the Credit Union Movement over the past 50 years in Ireland. Little or no support was required from Government and certainly no funding bail-outs were ever required. The growth and development of the Credit Union sector is proof that a value-based economic and social model rooted in local communities

can succeed and can lead our economic recovery, which in turn benefits all members and the community at large.

CUDA recently conducted an environmental analysis and one of the outputs was to summarise societal trends from the mid '80s to present day:

| Ireland in 1986   | Ireland in 2006   | Ireland in 2010  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Rural and agricultural</li> <li>• Underdeveloped economy</li> <li>• Emigration</li> <li>• Homogenous society</li> <li>• Aging demographic</li> <li>• Respect for institutions</li> <li>• Savings ethic</li> <li>• Patient, relaxed lifestyle</li> <li>• Volunteerism</li> <li>• Higher yields on investments</li> <li>• Irish-owned banking system</li> <li>• Self-regulation of banking</li> <li>• Self-regulation of Credit Unions</li> <li>• <a href="#"><u>Growing CU loan market share</u></a></li> </ul> | <ul style="list-style-type: none"> <li>• Urban and commercial</li> <li>• Highly developed economy</li> <li>• Immigration</li> <li>• Multicultural society</li> <li>• Youthful demographic</li> <li>• Suspicion of institutions</li> <li>• Borrowing ethic</li> <li>• Want it Now!</li> <li>• What's in it for Me?</li> <li>• Lower yields on investments</li> <li>• Foreign-owned banking system</li> <li>• Gov. regulation of banking</li> <li>• Credit Unions under IFSRA</li> <li>• <a href="#"><u>Declining CU loan market share</u></a></li> </ul> | <ul style="list-style-type: none"> <li>• Urban and commercial</li> <li>• Depressed economy</li> <li>• Stagnation</li> <li>• Multicultural society</li> <li>• Unemployment \ pensions?</li> <li>• Lack of trust in institutions</li> <li>• Holding, wait and see ethic</li> <li>• Need access to credit now!</li> <li>• Community \ Survival</li> <li>• Losses on investments and property</li> <li>• State covered banking system</li> <li>• Gov. reinventing regulation of banking</li> <li>• Retrospective regulation of Credit Unions</li> <li>• <a href="#"><u>Opportunity to protect and grow CU loan market share</u></a></li> </ul> |

This is a valuable exercise and from this analysis we get a greater understanding of the challenges that have arisen due to the growing requirements of members and the opportunities for Credit Unions due to the current situation in Banks in Ireland:

- the incredible pace at which change has taken place;
- an understanding of the implications for Credit Unions of these changes;
- how evident it is that our plans, legislation and regulation must be flexible and adaptable so that they can deal with the changing times;
- the lack of trust in financial institutions, with the exception of the trust in Credit Unions still exists [between members and their Credit Union resulting from them always being on their side];
- how Credit Unions must be let come out of the next 2/3 years having stood beside their members, then positive and prudent growth opportunities will be there;
- the shift in credit control from people who won't pay to people who can't pay;

- How members are not with their Credit Union for price alone, they value other attributes and these need to be understood by legislators and regulators;
- Credit Unions must stick steadfastly to their ethos of supporting their members,
  - Yes, it may have an impact on short term business performance, but when managed prudently it will aid economic recovery as experienced in the '80s and result in a genuine alternative for consumers [existing and potential members of Credit Unions]

Against this backdrop of unprecedented pace of economic decline, and the near collapse of the main Irish banks, the Credit Union sector can step up to the plate for ordinary people by redefining its prudential configuration and its business strategy to ensure that it not only maintains its relatively healthy and stable financial position, but that it can also meet the saving and borrowing needs of a growing membership who are increasingly turning to a brand they can trust – their Credit Union.

Success brings its own set of challenges, losses have been incurred on both investments and loans. However, the model has stood up to this test and Credit Unions have managed them without State aid. While arrears are a consequence of lending and the current challenging environment for people. Credit Unions are trying to successfully work with members to ensure that they get through their difficult patch and we get the members money back – as has been our experience in the past.



*February 2010*

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