

CUDA says Commission is on the right track

“CUDA Credit Unions are financially strong in terms of size, success, liquidity, solvency and security, and none require bailout”

Welcoming the Commission’s interim report, the Credit Union Development Association (CUDA) highlighted that it is an “interim” report and as such the solutions aren’t expected to be delivered until the final report in March 2012

According Kevin Johnson, CEO of CUDA, *“We commend the Chairman and Commission members on the progress to-date, their understanding of the Credit Union Model, and their tempered response at this early stage. The Commission also acknowledged that 86% of Credit Unions, accounting for about 95% of the total assets, hold at least 10% of assets as total realised reserves and with an average reserve rate of 13.2%, the movement as a whole overall have a strong capital position.*

The vast majority of credit unions have been able to strengthen their capital position over the years through their own resources which demonstrate the strength and sustainability of the Credit Union model. This model allows credit unions to take a long term view and to work with their members in times of difficulty rather than adopting the short term profit maximisation approach of other financial institutions”

CUDA supports the Commission’s recommendations on governance matters, particularly in the areas of risk management & internal audit. CUDA and its member Credit Unions regard good governance as the cornerstone to a strengthening and evolving Credit Union sector.

While welcoming the contents of the report the CUDA CEO said they believe that establishing a set of Regulatory Prudential Standards is imperative to provide the much sought after clarity and transparency to assist the member-elected volunteer Boards of Directors in their role. They also believe if this work is completed through meaningful consultation it will also properly address the concerns raised about the negative impact of the Section 35 of the Credit Union Act and the lending restrictions that exist.

CUDA now look forward to the next phase of the Commission work which will focus on how credit unions can best continue to serve its members, both in these very challenging times and beyond.

Kevin went on to say, *“We welcome the Minister’s announcement that funds will be made available to finally resolve the issue facing a small minority of credit unions that have experienced difficulties. CUDA believe that the Registrar of Credit Unions should move rapidly to assist those Credit Unions in difficulty. With an average Capital Ratio across CUDA member credit unions approaching 15%, no CUDA member credit union requires such financial assistance. That said, CUDA and its member Credit Unions are open to supporting others in difficulty either individually or collectively in any way possible.”*

Ends

Note to the Editor

CUDA (Credit Union Development Association) is a progressive representative & development association that was formed in 2003 by Ireland's most progressive and leading credit unions, in recognition of the real need for progressive credit union leadership and development in an increasingly complex financial environment.

CUDA is the only legally incorporated representative association for credit unions in the Republic of Ireland and its membership has a combined asset base of over €1.5 billion and over 250,000 members.