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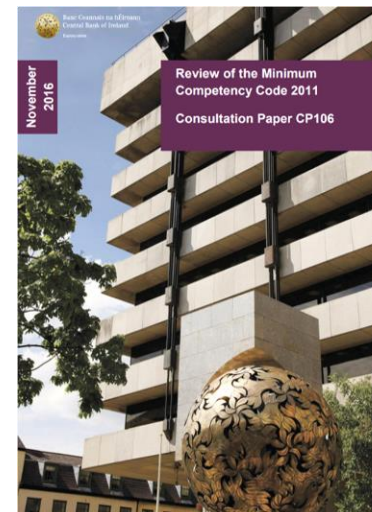


Extension of Minimum Competency Code to in-scope credit union activities

Katie Philpott

Background

- Minimum Competency Code (MCC) - minimum competencies for individuals in Controlled Functions when performing certain activities set out in the MCC.
- Minimum Competency Regulations - requirements for regulated firms to ensure compliance with the Minimum Competency Code.
- Consultation Paper 106 (21 November 2016) on the review of the Minimum Competency Code 2011 proposed extending the MCC to credit union core services to ensure the same level of protection for consumers regardless of the type of entity they are dealing with.



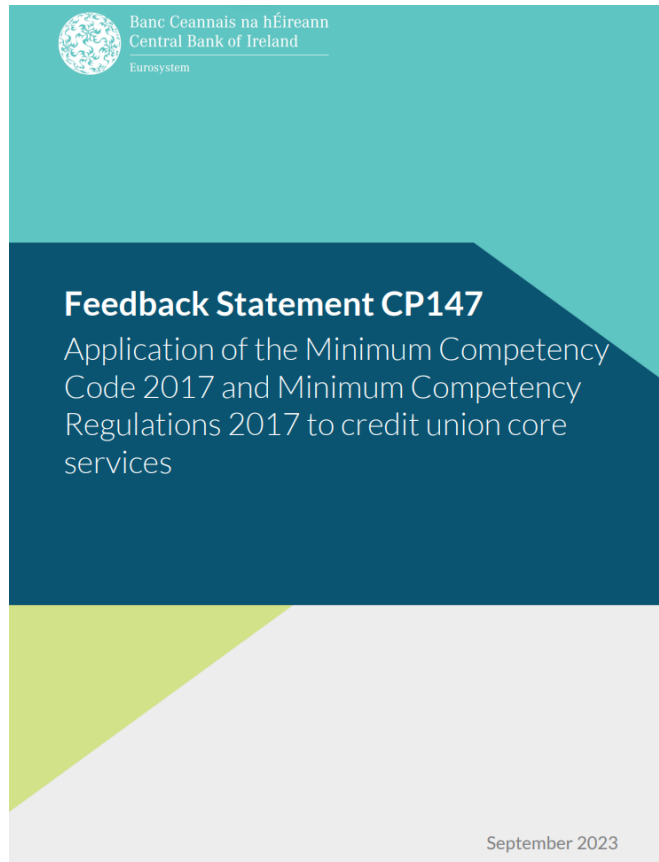
- Following consideration of submissions received the proposal was deferred pending further work to gain a better understanding of the potential impact of the proposal on the credit union sector.
- Consultation Paper 147 was published (19 January 2022) proposing to apply the MCC to in-scope credit union services, such as term deposits and lending.



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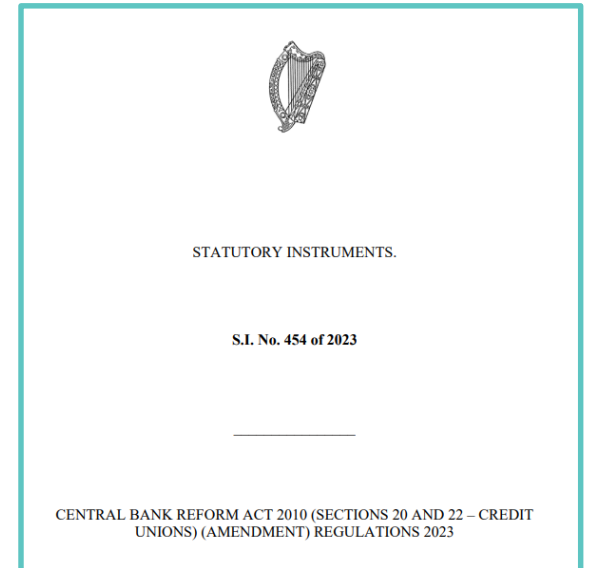
Feedback



- 13 submissions to the public consultation - nine from credit unions and four from various credit union representative bodies.
- There was broad support for the proposal to extend the MCC to credit union core services.
- Clarification was sought on the important role of volunteers in the credit union sector.
- Some feedback on the burden on experienced staff who may need to start a new qualification and resource requirement alongside other regulatory changes.
- Some feedback on the timelines proposed for implementation.

New Regulations

- MCC applies to persons in Controlled Functions who are performing certain activities set out in the MCC.
- Controlled Functions are determined under the Fitness and Probity regime – credit unions are subject a tailored Fitness & Probity regime.
- Previously two Controlled Functions applied to all credit unions and eleven controlled functions applied when credit unions were authorised and acting as retail intermediaries.
- 6 controlled functions have been added for the new in-scope activities (summarised):
 1. Giving of advice to member when providing a financial service (CUCF-3).
 2. Arranging or offering to arrange a financial service (CUCF-4).
 3. Assisting a member in making an insurance claim (CUCF-5).
 4. Determining the outcome of an insurance claim (CUCF-6).
 5. When directly managing or supervising persons providing the services listed in points 1 – 4 above (CUCF-7).
 6. Adjudicating on complaints in relation to the provision of a financial service (CUCF-8).



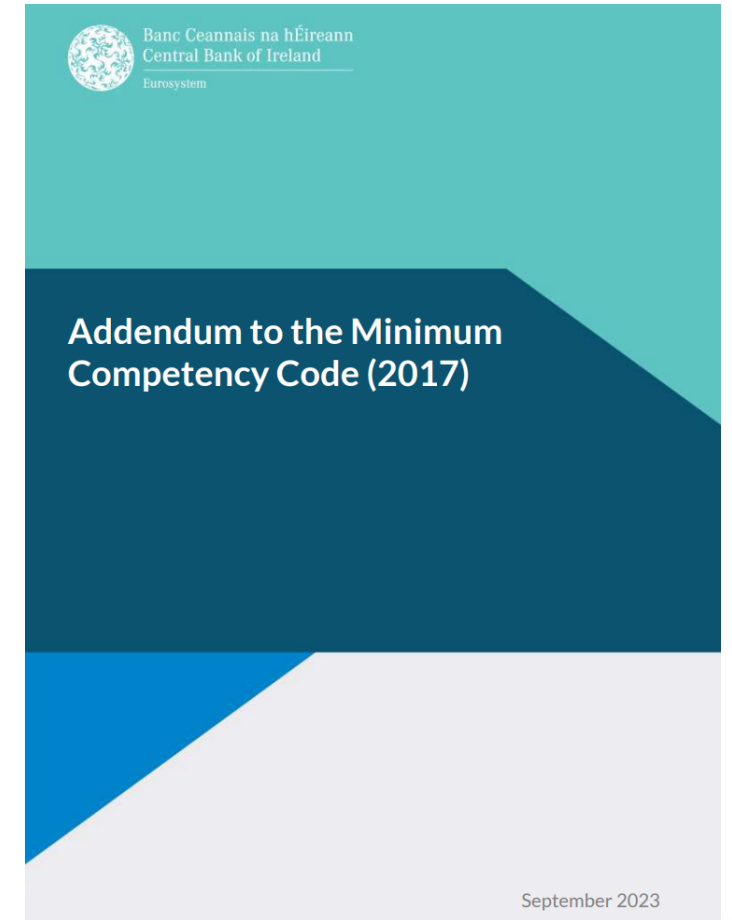
What this means?

- Staff undertaking any of Credit Union Controlled Functions and carrying out any of the activities set out in the MCC must hold a qualification recognised for that function.
- Relevant staff who do not hold a recognised qualification may continue to perform their role but must be working toward obtaining a relevant recognised qualification.
- Recognised qualifications are available on the Central Bank's website and in the Addendum to the Minimum Competency Code.
- Credit union staff must also complete 15 hours of Continuing Professional Development (CPD), at least one hour must relate ethics.
 - ✓ CPD hours may be obtained by attending seminars, lectures, conferences etc and must be certified.
 - ✓ CPD hours must be directly relevant to the role of the person.
 - ✓ CPD must be accredited by the provider of a recognised qualification.
 - ✓ Maximum is eight hours in any day and four hours on a single topic.



Timeframe

- Addendum to the Minimum Competency Code and Minimum Competency Regulations come into effect 1 October 2024.
- Relevant Credit Union staff have until 1 October 2028 to comply.
- Fitness and Probity Regulations come into effect 1 October 2024.



Further Information

- Press Release - Central Bank extends knowledge and competence standards for credit unions (28 September 2023): <https://www.centralbank.ie/news/article/central-bank-extends-knowledge-and-competence-standards-for-credit-unions>
- Consultation Paper 147 - Application of the Minimum Competency Code 2017 and the Minimum Competency Regulations 2017 to credit union core services: <https://www.centralbank.ie/publication/consultation-papers/consultation-paper-detail/cp147-application-minimum-competency-code-2017-and-minimum-competency-regulations-2017-to-credit-union-core-services>
- Minimum Competency Code and Minimum Competency Regulations 2017: <https://www.centralbank.ie/regulation/how-we-regulate/authorisation/minimum-competency>
- Fitness and Probity Regime for Credit Unions: <https://www.centralbank.ie/regulation/how-we-regulate/fitness-probity/requirements-assessment-compliance/credit-unions/introduction>

