

Assembly Questions and Answer – Current Mandate

AQW 30059/11-15

Mr Robin Swann (UUP - North Antrim) To ask the Minister of Agriculture and Rural Development to outline the support her Department can provide to credit unions in rural areas.

21/01/2014

I am very aware of the great service provided by credit unions in rural areas and following a recent meeting with representatives of the Irish League of Credit Unions have asked officials for a report as soon as possible if any support can be provided to credit unions, for my consideration.

AQW 24602/11-15

Mr Tom Elliott (UUP - Fermanagh and South Tyrone) To ask the Minister of Enterprise, Trade and Investment if she is aware that from 31 May 2013 some banks have imposed charges to Credit Unions which were previously exempt, and if so, to outline reasons for these charges.

24/06/2013

I am not aware of the banks charging policies for credit union accounts. The choice of bank and banking service is a commercial decision for the management of each individual credit union to be taken in light of business needs and market competition.

AQW 22581/11-15

Mr Gregory Campbell (DUP - East Londonderry) To ask the Minister of Enterprise, Trade and Investment, in light of the recent case on a Credit Union in Portadown, whether any (i) assessments; and (ii) checks been made regarding the viability and sustainability of the other Credit Unions.

02/05/2013

On 1st April 2012, responsibility for the regulation of Northern Ireland credit unions transferred to the former Financial Services Authority (FSA). From April 2013, all credit unions in the United Kingdom are now the subject of dual-regulation by the FSA's successor bodies, the Financial Conduct Authority and the Prudential Regulation Authority.

My Department continues to be the registration authority for Northern Ireland credit unions and is consulted as necessary by the UK regulatory authorities.

AQW 20206/11-15

Mr Robin Swann (UUP - North Antrim) To ask the Minister of Enterprise, Trade and Investment, pursuant to AQW 19822/11-15, to detail (i) the financial assistance that has been provided to the Irish League of Credit Unions and to the Ulster Federation of Credit Unions to help credit unions that require guidance and assistance on the transitional arrangements; (ii) the remaining financial assistance available; and (iii) the date when the financial assistance will no longer be available.

21/02/2013

Detailed separate proposals put forward by each of the representative bodies have been considered and officials are finalising the terms of bespoke Letters of Offer with the intention that financial support of up to £20,000 each will be available to the Ulster Federation of Credit Unions and the Irish League of Credit Unions to claim against expenditure incurred from the date of my statement to the Assembly on 22nd May 2012. It is anticipated that representative bodies will submit claims shortly after acceptance of the Letters of Offer.

AQW 19822/11-15

Mr Robin Swann (UUP - North Antrim) To ask the Minister of Enterprise, Trade and Investment to detail (i) the policies that the Financial Services Authority requires credit unions to have in place before the 30 September 2013; (ii) the assistance her Department has made available to credit unions to ensure such policies are in place; (iii) how this assistance is provided; and (iv) when the required policies are expected to be in place.

13/02/2013

The Financial Services Authority as UK regulator is best placed to detail the policies that credit unions are required to have in place at any point in time. My Department has made an offer of financial assistance to the Irish League of Credit Unions and the Ulster Federation of Credit Unions to help meet the costs of providing a service to all credit unions that require guidance and assistance on the transitional arrangements.

AQW 18668/11-15

Mr Robin Swann (UUP - North Antrim) To ask the Minister of Enterprise, Trade and Investment whether she has had any discussion with local banks on enabling Credit Unions to obtain better interest rates on their holdings.

21/01/2013

I have not had any discussion with local banks on enabling credit unions to obtain better interest rates on their holdings. The range of financial products that a credit union can invest in is a matter for the Financial Services Authority as the regulator of all UK credit unions.

AQW 18350/11-15

Mr Michael Copeland (UUP - East Belfast) To ask the Minister for Social Development to detail the powers of the Child Maintenance and Enforcement Division to investigate Credit Union accounts.

11/01/2013

The Child Maintenance and Enforcement Division have powers of investigation into Credit Unions under article 17 of the Child Support (Northern Ireland) Order 1991.

This provides that inspectors appointed by the Department can acquire such information as is required for the assessment and enforcement of maintenance liability and as may be required by the Department for any purpose of the Child Support Order.

We have recently become aware that Credit Unions have been subject to regulation by the Financial Services Authority from 1 April 2012. My Officials are currently seeking legal opinion and clarification on the inclusion of Credit Unions in respect of collection and enforcement powers under Article 29 of the Child Support (NI) Order 1991.

Lump sum deduction Order under Article 32E and Regular Deduction Orders under article 32A of the Child Support (NI) Order 1991.

Enforcement of a Liability Order through a garnishee orders via the Enforcement of Judgements office under Article 35 of the Child Support (NI) Order 1991.

I will report back to the Assembly when I have received a definitive answer.

AQW 16868/11-15

Mr Michael Copeland (UUP - East Belfast) To ask the Minister of Enterprise, Trade and Investment what plans her Department has to increase the lending powers of Credit Unions.

16/11/2012

My Department is currently in the process of scoping out new legislative provisions in relation to Northern Ireland Credit Unions with the aim of aligning Northern Ireland Credit Union legislation with that of GB. It is intended that these proposed legislative provisions will provide new opportunities and greater clarity for the Northern Ireland Credit Union sector and may include provisions to extend the lending powers of credit unions by permitting the admission of corporate bodies to membership.

The new Bill is scheduled for passage through the Assembly in the 2013/2014 legislative session. The draft policy proposals will be subject to the full statutory consultation process in Spring 2013 with the aim of introducing the Bill in the Assembly in late 2013.

AQW 15138/11-15

Mr Robin Swann (UUP - North Antrim) To ask the Minister of Enterprise, Trade and Investment whether her Department has held any negotiations with the Department for Work and Pensions or the Financial Services Authority about the ability of Credit Unions to act as agents for Child Trust Fund accounts.

05/10/2012

My Department has not held any negotiations with the Department for Work and Pensions or the Financial Services Authority about the ability of Credit Unions to act as agents for Child Trust Fund accounts.

AQW 15135/11-15

Mr Robin Swann (UUP - North Antrim) To ask the Minister of Enterprise, Trade and Investment, pursuant to AQW 14352/11-15, whether she intends to negotiate with the Department for Work and Pensions or the Financial Services Authority about the ability of Credit Unions to act as agents for Child Trust Fund accounts.

05/10/2012

I have no plans to negotiate with the Department for Work and Pensions or the Financial Services Authority.

Following the transfer of regulatory responsibility for Northern Ireland credit unions from my Department to the Financial Services Authority in March 2012, any credit union wishing to act as an agent for Child Trust Fund accounts may apply to HM Revenue and Custom for approval.

AQW 14352/11-15

Mr Robin Swann (UUP - North Antrim) To ask the Minister of Enterprise, Trade and Investment to detail any negotiations she has had with the Department for Work and Pensions or the Financial Services Authority to extend the ability of Northern Ireland based Credit Unions to act as agents for Child Trust Fund payments.

17/09/2012

I have not had any negotiations with the Department for Work and Pensions or the Financial Services Authority about Child Trust Fund payments. The Government announced in May 2010, its intention to end new eligibility to Child Trust Fund accounts and to reduce and then stop payments to existing accounts by January 2011.

AQW 13765/11-15

Mr Robin Swann (UUP - North Antrim) To ask the Minister of Enterprise, Trade and Investment whether she has had any negotiations with the Department of Work and Pensions (DWP) in relation to a share for Credit Unions in Northern Ireland of the £38m investment announced by the DWP.

03/09/2012

I have not had any discussions with the Department for Work and Pensions (DWP) about its fund to help GB credit unions extend their services to one million new customers.

The DWP funding is being made available to address the particular needs and profile of the movement in GB, where only 1% of the population has accessed the services of a credit union. In contrast, in Northern Ireland, virtually all of the population has access to a credit union, and 40% of the working age population is a member of a Credit Union.

AQW 11312/11-15

Mrs Karen McKeivitt (SDLP - South Down) To ask the Minister of Enterprise, Trade and Investment Minister for his assessment of credit unions being unable to avail of government funding through modernisation programmes unlike their counterparts in other parts of the United Kingdom. [Priority Written]

03/05/2012

The objective of the GB modernisation scheme is to improve the financial sustainability, delivery mechanisms, and customer support systems of GB credit unions, to enable these bodies to extend access to basic, appropriate financial services to people on lower incomes.

The credit union movement in Northern Ireland is considerably more mature than its GB counterparts, with significantly greater levels of community penetration and financial sustainability. On that basis, my assessment is that there is no requirement for a corresponding modernisation scheme in Northern Ireland.

I am acutely aware of the need for accessible financial services for lower income households. The credit union movement in Northern Ireland plays a vital role in this area, and has been a key player in the Affordable Credit pilots that have been led by the Consumer Council for Northern Ireland (CCNI) in Ballymena and Londonderry, together with the Community Foundation for Northern Ireland and the Ulster Bank. I recognise that the transfer of regulatory arrangements for Northern Ireland credit unions to the Financial Services Authority from my Department has presented challenges for some local credit unions in terms of changes required to systems and procedures. In recognition of this, I have requested

my officials to consider options for providing support to the Northern Ireland credit union movement in the initial stages of the operation of the new regulatory arrangements.



15 May 2012

Ms J McCann asked the Minister of Enterprise, Trade and Investment for an estimated time frame for legislation to be introduced in the Assembly to enhance the services of credit unions. (AQO 1972/11-15)

Mrs Foster (The Minister of Enterprise, Trade and Investment): My Department is scoping out new legislative provisions in relation to Northern Ireland credit unions, with the aim of aligning Northern Ireland credit union legislation with that of Great Britain. It is intended that the proposed legislative provisions will provide new opportunities and greater clarity for the Northern Ireland credit union sector.

The new Bill is scheduled for passage through the Assembly in the 2013-14 legislative session. The draft policy proposals will be subject to the full statutory consultation process in spring 2013, with the aim of introducing the Bill in the Assembly in November 2013.

I recognise that the recent development of moving from the Department of Enterprise, Trade and Investment (DETI) regulatory regime to the Financial Services Authority (FSA) regime may represent a challenge to a number of credit unions. For that reason, I have requested that my officials consider options for providing financial support to the Northern Ireland credit union movement to help it to develop the capacity required to comply with the transfer to the Financial Services Authority.

Mr Speaker: Question 10 has been withdrawn and will require a written answer.

Ms J McCann: I thank the Minister for her answer. She will be aware of the economic and social benefits of credit unions being able to invest in social enterprise projects. Therefore, can she give us an assurance that that will be one of the services that she will look at when she is bringing the legislation forward?

Mrs Foster: One of the issues that came to the fore during the credit union debate in the Committee was whether credit union organisations would be able to offer a wider range of services, including investment in the social economy. Obviously, when we bring forward the Bill, that will be one of the subjects that will be there. It is important to say how much we appreciate the fact that the credit union movement across Northern Ireland has been working very closely with the Department. It has worked very well in moving across to the Financial Services Authority. That will give consumers access to the financial services compensation scheme and the Financial Ombudsman's scheme. I think that that will protect a lot of consumers, and it should be very much welcomed.

I hope to make a statement on the progress of credit unions in the House next week. I know that there is great interest in the issue right across the House, so I hope that Members will take the opportunity to come here to listen to the statement.

Mr McQuillan: Will the Minister update the House on any recent meetings that she has had with the FSA regarding the credit unions?

Mrs Foster: I thank the Member for his question. As I said, this issue has generated interest right across the House. Indeed, Northern Ireland MPs recently met the FSA to discuss credit union concerns that had been raised directly with them. In addition, just last month, I met Andrew Bailey, the FSA director, to

discuss a number of credit union-related issues, in particular the limit that the FSA has introduced for the investment period for surplus funds. The meeting was very constructive, and it provided us with an opportunity to address a number of concerns that local credit unions have raised with me either directly or through Members. I intend to maintain a very close and keen interest in Northern Ireland credit union matters, and I am sure that that interest is shared right across the House.

Mr Cree: I know that the Minister is aware that the credit unions have had a very good relationship with her Department. Does she have any plans to maintain that relationship? Could she perhaps explain a little more about the short-term loan issue, which seems to be the single biggest problem facing the credit unions at this time?

Mrs Foster: That is an issue that we raised with the FSA, which has made a number of movements from its initial provisions for credit unions here. It has moved in so far as it originally said that it would put in place a limit on shares of £10,000 or 1.5% of total shares, and it has now raised that to the greater of £15,000 or 1.5% of total shares. So, we were able to show the FSA that the Northern Ireland credit union system was more mature than that which exists in the rest of the United Kingdom and that that should therefore be reflected in the regulation of the Northern Ireland credit unions.

As for the length of time that credit unions are able to invest, the Member will know that the system now allows for tier 2 and tier 1 credit unions. Credit unions can move between those two tiers, and, if they are in the tier 2 system, they will be able to invest for longer.

I must say that I thought that the FSA had a very good understanding of the credit unions in Northern Ireland. I have to say that that is down to the close relationship that my officials have developed with the credit union movement over the years. They have been able to communicate the benefits and strengths of the credit union movement. It is very much the case that my Department will continue to be there for credit unions, and, if they want us to remain the point of contact, we will do so. I hope to be able to say more next Tuesday about what we are going to do to assist the credit union movement.

Mr Dallat: I welcome the very positive response from the Minister. I particularly welcome the suggestion, although it is perhaps more than a suggestion, that there will be financial help for those credit unions that find it difficult to meet the FSA's requirements. However, there will still be people who are not members of a credit union. Will the Minister tell us whether she will lobby the Westminster Government to reduce the excesses of the loan sharks and the gombeen men who, day and daily, rip off poor people who do not have the resources to pay the high interest rates?

Mrs Foster: The Member's point is very valid, and I know that it was raised with the Finance Minister when he was asked about payday loans at his previous Question Time. Certainly, if people bring complaints forward, Trading Standards will investigate all of them thoroughly. However, I realise that people are at a very low ebb when they resort to borrowing from those sorts of people, so it is a matter of trying to make alternatives available to them before they get into that situation.

I know that the House is aware that, for the majority of credit unions, the requirements of the FSA regulation will be no greater than they were under DETI. However, I am aware that some credit unions might need some assistance to document their policies and procedures. I hope to be able to outline in the House next Tuesday what we intend to do to try to assist those people.

AQW 10710/11-15

Mr Steven Agnew (GP - North Down) To ask the Minister of Enterprise, Trade and Investment whether she has any plans to introduce legislation to allow group membership of Credit Unions, such as community and voluntary sector organisations and social enterprises; and to outline any other proposed legislative changes that will impact on Credit Unions.

20/04/2012

My Department is currently in the process of scoping out new legislative provisions in relation to Northern Ireland Credit Unions with the aim of aligning Northern Ireland Credit Union legislation with that

of GB. It is intended that these proposed legislative provisions will provide new opportunities and greater clarity for the Northern Ireland Credit Union sector and group membership will be considered as part of this process.

The new Bill is scheduled for passage through the Assembly in the 2013/2014 legislative session. The draft policy proposals will be subject to the full statutory consultation process.

AQW 10709/11-15

Mr Steven Agnew (GP - North Down) To ask the Minister of Enterprise, Trade and Investment, given the Financial Services Authority's decision not to extend the Modernisation Fund and the Growth Fund to include Credit Unions in Northern Ireland, what financial support her Department is providing to Credit Unions to help meet the additional costs relating to both the new regulatory regime and the development of new services.

20/04/2012

The Great Britain (GB) modernisation and expansion fund seeks to increase financial inclusion and reduce poverty through the promotion of mutual financial organisations in GB. It is funded and administered by the Department for Work and Pensions and is unrelated to the regulation of United Kingdom credit unions by the Financial Services Authority (FSA).

Northern Ireland credit unions' ongoing compliance costs associated with their regulation by the FSA relate for the most part, to the maintenance of satisfactory corporate governance and accounting standards. For the majority of credit unions, these costs and requirements will be no greater than they were when DETI was the regulatory authority. I am, however, aware that some credit unions may require some assistance to document their policies and procedures, and I am considering the ways as to how any such assistance can be best delivered.

The development of any new services will be a commercial decision for the board of each credit union.



24 April 2012

Mrs McKevitt asked the Minister of Enterprise, Trade and Investment what alternative financing methods to help promote economic growth are currently being considered by her Department. (AQO 1797/11-15)

Mrs Foster: Invest NI is developing a range of funding initiatives, both equity and debt, that will provide over £100 million to small and medium-sized enterprises in the next six years. These initiatives will be primarily aimed at small and medium-sized enterprises that are or have the potential to be scalable, innovative, entrepreneurial and export-focused. These are the types of businesses that are likely to add most to Northern Ireland's economic growth.

Funding available for individual companies will be from £1,000 up to £2 million in any 12-month period, depending on need. The funds will be managed on Invest NI's behalf by approved fund managers, who will take all investment decisions and manage the funds on a fully commercial basis.

Mrs McKevitt: I thank the Minister for her reply. What is her view of the role of public-private partnerships in filling investment gaps?

Mrs Foster: We recognise that there was very much a gap in the capital available to small and medium-sized companies. That is why we, as a Government, felt that we needed to intervene in the market. As I said, the funds will be run on a commercial basis by independent fund managers. They will not be run by Invest Northern Ireland or by government but will be run independently. They will fill a gap, particularly the micro fund, which will, hopefully, go live in July, and the small business loan fund, which will go live next month. I hope that they will make a difference to companies, especially those that want to expand but cannot currently do so because of the difficulties that they have with their banks.

Mr I McCrea: I commend the Minister on her efforts to ensure that her Department and Invest NI do whatever they can to promote economic growth. Will the Minister update the House on any meetings or discussions that she is holding with the banks to ensure that they continue to provide much-needed help to businesses?

Mrs Foster: I thank the Member for his question. He is right to put the focus again on our local banking sector. Obviously, a stable and competitive banking sector that meets the needs of not only businesses but individuals is vital to the economic recovery of Northern Ireland. Although we have no statutory control of the banking sector, I have met representatives of the main banks in Northern Ireland again to emphasise the importance of supporting business growth in Northern Ireland. Most recently, on 5 March, I met the new chief executive officer of Danske Bank, which owns Northern Bank, and I tried to underline to him the need for Northern Bank to be an open bank, to work with government and to try to deal with the specific circumstances of Northern Ireland. We will keep doing that, but it is right for the House at ministerial level, at Committee level and on the Floor to keep the focus on the banks to ensure that they are as open as possible.

Ms J McCann: Go raibh maith agat, a LeasCheann Comhairle. Given the potential of credit unions in helping to promote economic growth and the recent constraints imposed on them by the FSA, will the Minister ensure that any legislation coming through the Assembly in relation to credit unions gives them room to develop social investment, particularly in areas of deprivation and need?

Mrs Foster: The Member is right to point out the potential of credit unions. Now that they are FSA-regulated, it is my hope that they will be given more scope to do that. She will probably be aware that the big society capital initiative, launched earlier this month, will be available to the whole of the United Kingdom, including Northern Ireland; that was a very significant announcement. It will help to drive and develop a more sustainable social economy sector. It is my hope that we will be able to get our share of that money in Northern Ireland. The social economy sector should look to that as well as, of course, other mechanisms.

Mr Principal Deputy Speaker: That concludes questions to the Minister of Enterprise, Trade and Investment. I ask that Members take their ease for a few minutes while we reorganise the desk.

AQO 1600/11-15

Mr Conor Murphy (SF - Newry and Armagh) To ask the Minister of Enterprise, Trade and Investment whether there have been any developments in alleviating concerns that credit unions have over the Financial Services Authority's regulations.

08/03/2012

On 1 February 2012 I wrote to the Financial Secretary to the Treasury to reiterate my concerns regarding the investment potential of Northern Ireland Credit Unions under Financial Services Authority regulation. As a result the Financial Secretary to the Treasury has offered to facilitate a meeting between Northern Ireland MPs and the Financial Services Authority in order that concerns can be raised with the Regulator directly.

Additionally, the Financial Services Authority have agreed to host a series of 'information surgeries' in Belfast between 21-23 May 2012. All Northern Ireland credit unions have been invited to attend and will be afforded the opportunity to raise queries and discuss concerns they may have about Financial Services Authority regulation.

AQO 1414/11-15

Ms Caitríona Ruane (SF - South Down) To ask the Minister of Enterprise, Trade and Investment what discussions she has had with Credit Unions in relation to their concerns around the proposed changes to Financial Services Authority regulations.

16/02/2012

At their request, I have met with representatives of the Ulster Federation of Credit Unions to discuss some concerns, shared by the Irish League, especially in relation to the one year investment limit. Following our meeting, I wrote to both the Financial Secretary to the Treasury, FST, and the Chief Executive of the Financial Services Authority, FSA, setting out my views and seeking a review of the stated policy. As a result of my intervention, the FST has now offered to facilitate a meeting between the FSA and Northern Ireland MPs to discuss the issue directly. A number of credit unions have also had informal telephone contact with my officials to seek clarification on specific issues of future regulation.

AQW 7829/11-15

Mr Stewart Dickson (ALL - East Antrim) To ask the Minister of Enterprise, Trade and Investment what support her Department will offer to credit unions during their transfer to Financial Services Authority regulation.

07/02/2012

DETI officials, together with staff from the Financial Services Authority (FSA), the Financial Services Compensation Scheme (FSCS) and the Financial Ombudsman Service (FOS) have provided a programme of support to all NI credit unions (NICU) in the period leading up to transfer of regulatory arrangements to FSA in March 2012.

This has included two separate series of road shows held in locations across Northern Ireland; one in September/October 2011 was designed to inform the consultation process, while the most recent was aimed at providing NICUs with a fuller understanding of how the new regulatory arrangements will work in practice. These, with considerable contribution from, and participation of, DETI officials, were delivered by FSA / FSCS representatives and provided valuable opportunities for discussion and for useful contacts to be made between individual NICUs and FSA / FSCS staff. The road-shows, which concluded on 2 February 2012, were well attended by NICU representatives. FSA has also included a special Northern Ireland 'help section' on its website specifically for the assistance of NICUs. FSA has indicated that it will maintain its support to NICUs for as long as required.

AQW 7828/11-15

Mr Stewart Dickson (ALL - East Antrim) To ask the Minister of Enterprise, Trade and Investment what representations she has made, or intends to make, to Treasury regarding the concerns of credit unions about the proposals to restrict the majority of their investments to one year maturity.

07/02/2012

Following the joint HM Treasury and FSA consultation exercise on future regulation policy in relation to NI credit unions, I wrote to the Financial Secretary to the Treasury (FST) in November 2011, setting out a number of concerns with the proposals within the document. One of these related to the twelve month limit on investment periods for those credit unions which will transfer as 'version 1' on 31 March 2012 and which will comprise the majority of transferees. The letter was copied to the Chief Executive of the Financial Services Authority for his observations. As a result of my intervention, in its December 2011 policy response to the consultation, FSA announced a policy change in respect of several issues, including a one year transitional easement for investment limits following the transfer date of 31 March 2012.

However, from my contact with the trade bodies as well as correspondence received from individual credit unions, I am aware that there is considerable disappointment that the policy easement remains as an interim, transitional measure. In view of this, I have again written to the FST and the FSA on 1 February 2012, outlining the detrimental effect this policy will continue to have on credit unions here and requested that this issue be reviewed.

AQW 7607/11-15

Mr Steven Agnew (GP - North Down) To ask the Minister of Enterprise, Trade and Investment what support will be offered to Credit Unions to implement new measures to comply with Financial Services Authority requirements.

02/02/2012

My officials, together with staff from the Financial Services Authority (FSA), the Financial Services Compensation Scheme (FSCS), and the Financial Ombudsman's Office have provided a structured programme of support to all credit unions in the period leading to transfer of regulatory arrangements to FSA in March 2012.

This has included two separate series of road shows held in locations across Northern Ireland; one in September/October 2011 was designed to inform the consultation process, while the most recent was aimed at providing NICUs with a fuller understanding of how the new regulatory arrangements will work in practice. These, with considerable contribution from, and participation of, DETI officials, were delivered by FSA / FSCS representatives and provided valuable opportunities for discussion and for useful contacts to be made between individual NICUs and FSA / FSCS staff. The road-shows, which concluded on 2 February 2012, were well attended by NICU representatives. FSA has also included a special Northern Ireland 'help section' on its website specifically for the assistance of NICUs. FSA has indicated that it will maintain its support to NICUs for as long as required.

AQW 7280/11-15

Mr David Hilditch (DUP - East Antrim) To ask the Minister of Enterprise, Trade and Investment why under the Financial Services Authority's proposed regulations, Credit Unions will not be able to invest for more than twelve months after 2013.

27/01/2012

Investment safety and liquidity are the primary concerns underpinning the Financial Services Authority's (FSA) proposed twelve-month limit on the investment period for Credit Unions from 1 April 2013.

Following the joint HM Treasury and FSA consultation exercise, I wrote to the Financial Secretary to the Treasury (FST) setting out a number of concerns with the proposals within the document; one of these related to the twelve month limit on investment periods for those credit unions which will transfer as 'version 1' on 31 March 2012 and which will comprise the majority of transferees. The letter was also copied to the Chief Executive of the Financial Service Authority for his observations. As a result of my intervention, FSA announced a policy change in respect of several issues, including the one year transitional easement for investment limits following the transfer date of 31 March 2012.

However, I am aware, from representations by trade bodies as well as correspondence received from individual credit unions, that there is considerable disappointment that the policy easement remains as an interim, transitional measure. In view of this, I have again written to the FST and the FSA, outlining the detrimental effect of this policy on credit unions here and requested that the issue be looked at again.

AQO 1230/11-15

Ms J McCann asked the Minister of Enterprise, Trade and Investment for an update on the introduction of legislation at Westminster to give credit unions greater lending powers.

06 February 2012

Mrs Foster: Legislation to enable Northern Ireland credit unions to apply to undertake additional financial services was laid at Westminster in November 2011. Under that legislation, during the three-month pre-commencement period prior to the transfer of regulatory responsibility to the Financial Services Authority on 31 March, credit unions may apply to vary their permissions on transfer to conduct additional regulated activities. Following transfer, credit union members will benefit from increased consumer protection through automatic access to the financial services compensation scheme and the Financial Ombudsman Service.

AQW 4846/11-15

Mr Phil Flanagan (SF - Fermanagh and South Tyrone) To ask the Minister of Enterprise, Trade and Investment how she plans to use Credit Unions to stimulate economic growth.

21/11/2011

My Department does not have the powers to deploy credit unions as an instrument of its economic strategy. Credit unions operate on a cooperative basis and members entrust elected boards of directors to safeguard and prudentially use their savings for mutual benefit. In fulfilling their mandated role as a provider of affordable credit to, in many cases, those who might be financially excluded, credit unions are an important contributor to local economic activity. In facilitating a sustained level of lending during the economic downturn, the Credit Union movement has and continues to make a positive impact on the local communities served.

AQW 4845/11-15

Mr Phil Flanagan (SF - Fermanagh and South Tyrone) To ask the Minister of Enterprise, Trade and Investment what discussions she has had with Credit Unions regarding their potential role in driving economic recovery.

21/11/2011

I have met with representatives of the Irish League of Credit Unions and also the Ulster Federation of Credit Unions to discuss a range of issues relevant to the role of the Credit Union movement in Northern Ireland. The Credit Union movement makes a valuable contribution to the social economy of Northern Ireland, and its sustained level of lending during the economic downturn has had a positive impact on the local communities it serves.



22 November 2011

Mr Nesbitt asked the Minister of Enterprise, Trade and Investment to outline how she has addressed the concerns of credit unions, following the publication of the HM Treasury and the Financial Services Authority joint consultation paper 'FSA regulation of credit unions in Northern Ireland'. (AQO 825/11-15)

Mrs Foster: In 2009, the Committee for Enterprise, Trade and Investment's report on the role and potential of credit unions in Northern Ireland recommended that regulatory responsibility for credit unions

in Northern Ireland should be transferred to the Financial Services Authority (FSA). The FSA and Treasury joint consultation on the transfer of the regulatory function closed at the end of October 2011. I share some of the concerns raised by the sector as part of that process and have written to the Treasury Minister responsible, asking that a number of the proposed changes to the regulatory regime be reconsidered.

Mr Nesbitt: Will the Minister assure the House that she will do what she can to make sure that credit unions in Northern Ireland continue to receive what they have described in their submission as “peace of mind” through their interaction with her Department?

Mrs Foster: I thank the Member for his question. The relationship between the credit unions and officials in my Department has been very good. They have a close relationship, and they have worked well over the past number of years. However, as the Member will realise, regulation by the FSA was to enable credit union members, with the additional consumer protection of the FSA scheme, to get access to the Financial Ombudsman Service and to create the ability to offer a wider range of services to the people who use the credit unions. Those issues were the genesis of the very good work that was carried out by the Committee for Enterprise, Trade and Investment.

We want to see the credit unions grow in Northern Ireland. They are a vital part of our financial capability here in the Province. That is why I have written to Mark Hoban, Financial Secretary to the Treasury, and pointed out some of the difficulties with the scheme as it sits. I hope that he will take on board those factors. The credit union regime in Great Britain is completely different to the credit union societies in Northern Ireland. They are much more prevalent here and do a lot of very good work, and I very much hope that he takes on board what I have said, what I know the Committee for Enterprise, Trade and Investment has said and what I know very many credit unions throughout the country want us to say.

Ms Gildernew: Go raibh míle maith agat, a LeasCheann Comhairle. I welcome the Minister’s response and the fact that she has written to the FSA, but I do not think that that peace of mind will be available, given that the FSA is regulating. I have spoken to directors of credit unions, and they are very concerned about the accountability structures that they will be under. Is there any way we can have a regional variation on the rules here, given the importance of our credit union sector and the fact that many people involved in the credit union movement work voluntarily?

Mrs Foster: I recognise what the Member says. This whole debate originated when credit unions, of which there are many in our constituency, wanted more powers to be able to interact more meaningfully with their communities and deal with issues like child trust funds, which they were not able to do under the existing regime. That is why it was felt that they needed to be FSA-regulated. However, I recognise some of the problems that have arisen, particularly in relation to the capacity of some of our credit unions. Some of them work in a very small but very meaningful way, and it is about how we as a Department can help them with capacity building. I have asked Mark Hoban to look at that issue. I have also asked him to look at a reduction in the maximum deposit limit, the proposed limits on the investment maturity period and the proposals to limit credit union borrowing. All those things need to be looked at again, and I hope that he takes the opportunity to do that.

Mr Dunne: Following on from the previous answer, can the Minister advise what help DETI can give to small credit unions to ensure that they are able to cope with the additional bureaucracy and regulation? Does she acknowledge the role that credit unions play in community building?

Mrs Foster: I have absolutely no problem in acknowledging the role of credit unions throughout the years in many communities across Northern Ireland. As well as writing to the Minister concerned at the Treasury, I have spoken to the Minister of State at the Northern Ireland Office, Hugo Swire, and raised with him our concerns about the difficulties that we face. It is really a balancing act. We want to be able to offer more services, but we recognise that there may be capability issues with some credit unions. They may find the burden of being regulated by the FSA onerous. It is about trying to close that gap, and my officials in DETI and I will work proactively to see how we can close that gap. However, we have to work with Treasury officials as well on this matter.

AQW 1022/11-15

Mr Paul Frew (DUP - North Antrim) To ask the Minister of Enterprise, Trade and Investment when she intends to contact the Department for Work and Pensions in relation to equality funding for Credit Unions. [Priority Written]

17/06/2011

I have no plans to contact the Department of Work and Pensions about equality funding for Credit Unions in Northern Ireland.

The scope of the Modernisation Fund, which is administered by the Department of Work and Pensions, does not extend to Northern Ireland.

AQW 915/11-15

Mr Robin Swann (UUP - North Antrim) To ask the Minister of Enterprise, Trade and Investment whether she intends to establish a fund, similar to the Modernisation Fund provided by the Department for Work and Pensions, to help Credit Unions to develop services in areas of social deprivation.

15/06/2011

I have no current plans to establish a fund similar to the Modernisation Fund operated by the Department for Work and Pensions.

My prime focus is on working with the Financial Services Authority (FSA) and Her Majesty's Treasury on making the legislation needed to bring about the transfer of regulatory responsibility from DETI to the FSA. When in place this will allow Northern Ireland credit unions to seek to offer members the same range of services as their Great Britain counterparts, members' savings will be covered under the Financial Services Compensation Scheme, and members will have access to the Financial Services Ombudsman Scheme. This is expected to be completed by March 2012.

However I also propose to hold discussions with the local credit unions' representative bodies about the services their members provide particularly in areas of social deprivation, and how they might be further developed.

AQW 829/11-15

Mr Robin Swann (UUP - North Antrim) To ask the Minister of Enterprise, Trade and Investment what plans she has to meet with the Department for Work and Pensions in relation to Credit Unions accessing the Modernisation Fund. [Priority Written]

14/06/2011

I have no current plans to meet the Department of Work and Pensions about the Modernisation Fund, the scope of which does not extend to Northern Ireland.

My prime focus is on working with the Financial Services Authority (FSA) and Her Majesty's Treasury on making the legislation needed to bring about the transfer of regulatory responsibility from DETI to the FSA. When in place this will allow Northern Ireland credit unions to seek to offer members the same range of services as their counterparts in Great Britain, members' savings will be covered under the Financial Services Compensation Scheme, and members will have access to the Financial Ombudsman Scheme. This is expected to be completed in March 2012.