



Ms Arlene Foster MLA
Minister for Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast
BT4 2JP

9th February 2012

Dear Arlene

Support for Credit Unions to Assist with Transition to Regulation by the FSA

The Committee raised the issue of the need for additional support for credit unions to assist with transition to FSA regulation in its response to the consultation on credit union reform. The previous committee also included, as a recommendation in the report on its credit union inquiry, that credit unions should be supported by FSA and DETI to implement the new measures. The Ulster Federation of Credit Unions and the Irish League of Credit Unions believe the new systems they are required to put in place will be very burdensome and expensive. They also believe that considerable training will be required in order to assist credit unions and enable them to comply with FSA requirements. I have attached a table, provided by the Irish League of Credit Unions for your information. The table outlines possible training costs associated with the transfer. The table is based on the FSA regulatory regime proposals contained in the FSA consultation paper but does not include details of possible costs in the development and updating of IT systems which may be required for credit unions to comply with the new regime.

In the Treasury/FSA policy statement following consultation, Treasury states:

“Northern Ireland credit unions will not become eligible for funding programmes such as the Modernisation Fund. The allocation of funds within Northern Ireland is a matter for the Devolved Administration.”

In its response to the recommendation on staffing, training and equipment costs in the previous committee’s credit union inquiry, the Department stated:

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"Agreement to a package of financial support will be a matter for HMT to decide on. DETI is willing to work with the FSA to identify the costs involved, and support any joint approach for funding to HMT."

Having supported the previous committee's recommendation to transfer credit union regulation to the FSA and having recognised the need for support for credit unions to manage the transition, the Committee, the Department and the Executive now have a responsibility to do all they can to ensure that the transition does not cause detriment to the credit union movement or to individual credit unions.

In the absence of any support from Treasury to assist with the transition, the Committee is now seeking your support and the support of the Executive for a financial package of measures to assist credit unions with training and equipment costs to assist with transition to the new regulatory regime.

I would be grateful if you would share this request with your Executive colleagues.

Yours sincerely



Mr Alban Maginness MLA
Chair
Committee for Enterprise, Trade and Investment

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