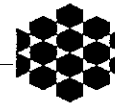


From the Office of the Minister



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Chair
Committee for Enterprise, Trade and Investment
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21 May 2012

Dear Alban

NORTHERN IRELAND CREDIT UNIONS

Thank you for your letter of 26 April 2012, regarding the outstanding recommendations from the previous Committee's Inquiry into the Role and Potential of Credit Unions in Northern Ireland (2008).

My officials are due to appear before your Committee prior to the summer recess to brief you on the timeline for and potential scope of the proposed Credit Union Bill. This Bill is scheduled for passage through the Assembly in the 2013/2014 legislative session. As your letter recognises, this will address a number of the outstanding recommendations from the 2008 Report. Officials will also brief you on the options for the provision of assistance to credit unions following the recent transfer of regulatory authority from DETI to the Financial Services Authority (FSA).

Your letter also refers to the FSA's position that the implementation of recommendation 8 of the 2008 report, *the reinvestment of credit union assets in community development programmes and enterprises*, would require legislative intervention at a Northern Ireland level. While it is correct to state that any such legislative change would have to be taken forward through the Northern Ireland Assembly, the prior agreement of the FSA as the statutory regulator for Northern Ireland credit unions would be required before any such relaxation of investment rules could be legislated for.

GB credit unions are not permitted to invest in community development and community enterprises and there are currently no plans to revise this position. Any proposal to change Northern Ireland credit union legislation permitting investments in "community development and community enterprises" would represent a major departure from the current policy objective of protecting members' savings, as this type of investment is likely to represent a substantially increased risk. There will be the opportunity to discuss this issue further when officials attend the Committee in the coming weeks.

Thank you for your continuing interest and support on the matter of Northern Ireland credit unions. I hope you find the brief update on the current position helpful.

Yours sincerely

ARLENE FOSTER MLA
Minister of Enterprise, trade and Investment