CU Focus

The magazine of the **Irish League of Credit Unions** – Summer 2018

Irish League of Credit Unions

IRELAND

CREDIT UNIONS ARE NUMBER ONE IN IRELAND REPTRAK® 2018 STUDY

GDPR Special: All you need to know on the new GDPR

AGM 2018 Review

Fintan Ryan: From Kerry to Canada


Credit Union
MACE
Credit Union

Cover image: ILCU President, Charles Murphy, with Managing Director of The Reputations Agency, Niamh Boyle, at the announcement that credit unions topped the Ireland RepTrak® 2018 Report.

The lucky winner of our getaway to the four star Tullamore Court Hotel was Damian Johnston of Templemore Credit Union Ltd.

CONTRIBUTIONS

Letters to the Editor / contributions may be submitted via email to editor@creditunion.ie.

Editorial

Reflecting, Renewing & Reinvigorating

This year's recent AGM had as its theme "Reflecting, Renewing & Reinvigorating" and the programme laid before delegates contained all these elements. Time was given to reflect on what has gone before, especially given that this was the 60th Anniversary of the first credit union in Ireland. This time served as a reminder that the present generation of credit union people has to be as resourceful and hard-working as the movement's founders were, as we plan to take our movement forward and ensure it continues to flourish. The Renewing & Reinvigorating aspects of the meeting came from the reminders that change is part of what we do in credit unions, and that we must redouble our efforts to bring about such change to benefit our members.

The Irish League of Credit Unions (ILCU) President in his opening address reminded us that: "Technology is the new literacy. Change is a credit union value. Change is what we were established to deliver.....the dividend from this credit union movement acting in solidarity together ..... is the technological change every credit union must prepare for and embrace." The Registrar for Credit Unions, Patrick Casey, in his address to the meeting – which was encouraging and thought-provoking and required reading for all credit union decision makers – also spoke of the need for change. "There is a compelling impetus for change and for action. Leadership and purposeful energy are required to drive forward the change agenda by mobilising your collective efforts to overcome the commercial challenges you face. This is the only way you will address your financial fundamentals and deliver sustainability."

In a very lively address John McGuiness TD encouraged us as a movement to continue working hard to pursue our own credit union agenda, which he said is a positive force in our society, and he committed to work with us to achieve positive changes which will support credit union development.

It was gratifying to see that the ILCU Board has already appreciated the need for leadership as we come to terms with the many changes we will have to make to be sustainable. On the second day of the conference, the ILCU Vice-President reported on the ILCU Operational Plan which is in an advanced stage of development. The plan, developed by the ILCU President, Vice-President and Treasurer and with the Board's approval, seeks to develop a set of priorities which it will focus on over the next short period as the best way to address challenges and opportunities for the movement.

An interesting aspect of this plan is that the details will be communicated through Chapters, who will no doubt make room on their agendas to facilitate the ILCU Board in rolling out their ideas and plans and to capture feedback from Chapter through our Chapter Liaison Officers. As well as learning more details of the plan and its development, this methodology will also increase the relevance of Chapter as an essential forum within our movement structure.

By setting out this framework in the way it was presented, it is clear that the ILCU Board's ambition is to deliver much-needed improvements in service quality and leadership for the benefit of all credit unions and critically to deliver it on a collective and not-for-profit basis which plays to our strengths as a cooperative movement.

All in all this was a successful and positive AGM and, having reflected on where we are after 60 years, lets renew our efforts to co-operate and reinvigorate our movement for the benefit of future generations.

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DE-MYSTIFYING THE GDPR

The General Data Protection Regulation (GDPR) came into force on May 25th 2018, and there were a number of unusual stories in the lead-up to its implementation. In Finland, for example there has been some debate on removing names from the doors and entrances to apartments because of GDPR. In this article, we take a look at some of the most common myths that have developed in the lead up to May 25th 2018, and try to provide some clarification for what is undoubtedly the biggest change in data protection legislation for a generation across the European Union (EU).

A Revolution in Data Protection Law

The implementation of the GDPR is a huge change in many ways for data protection. For the vast majority of organisations that have complied with existing data protection legislation (the Data Protection Acts 1988 and 2003 in Ireland, and the Data Protection Act 1998 in the United Kingdom), the changes being brought about by the GDPR should not result in revolutionary change, but rather it is a case of further evolution.

The primary challenge for all organisations, including credit unions, which process and hold personal data (data controllers) has been in understanding what personal data they hold, why they hold it and communicating that information to their customers and credit union members. The second challenge will be in demonstrating compliance (which we talk about further below).

All Personal Data Breaches Must Be Reported

The GDPR requires data controllers to report to their relevant supervisory authorities (Data Protection Commissioner (DPC) in the Republic of Ireland and Information Commissioner's Office (ICO) in Northern Ireland), if the breach of personal data is likely to result in a risk to people's rights and freedoms. This notification needs to be carried out 'without undue delay and, where feasible, not later than 72 hours after having become aware of it'. Where a notification is not made within 72 hours, reasons for the delay will need to be provided to the supervisory authority.

Therefore, if there is no risk to the rights and freedoms of individuals there is no requirement to report the breach.

When the personal data breach is likely to result in a high risk to the rights and freedoms of natural persons, a data controller must communicate the personal data breach to the data subject without undue delay.

Credit Unions Need Consent for the Collection of all Personal Data

Consent forms only one of six legal bases under the GDPR. The majority of data that is processed by a credit union will rely on other legal bases such as contract, legal obligation or legitimate interest.

Individuals Have an Absolute Right to be Forgotten

Under Article 17 of the GDPR, individuals have the right to have personal data erased. However, the right is not absolute and only applies in certain circumstances. An individual can only require his or her personal data to be erased where the processing takes place on the basis of consent, it is no longer necessary for the organisation to hold that data, the personal data is being processed for direct marketing purposes and the individual objects to the processing of their data, the personal data is being processed unlawfully or the organisation has no overriding legitimate grounds for processing. So where an individual requests that personal data is removed and the credit union is processing data for the purposes of fulfilling its services to the member, or complying with a legal obligation, it will be unable comply with a request to be forgotten.

The Work Stopped on May 25th 2018

While we can all breath a big sigh of relief that May 25th 2018 has come and gone, the supervisory authorities in both jurisdictions have cautioned that the journey really only begins from May 25th 2018 onwards. One of the biggest changes for all organisations under the GDPR is arguably the introduction of the ‘accountability’ principle. The concept of ‘accountability’ has long underpinned existing data protection requirements. However, for the first time, the GDPR now expressly promotes accountability and governance. Accountability essentially means having a plan that is documented and implemented and which enables the organisation to prove that it understands what its compliance with the GDPR means.

Organisations are now required to be capable of demonstrating their compliance with the GDPR through measures such as: Privacy Impact Assessment (PIAs), audits, policy reviews, data processing records and (potentially) appointing a Data Protection Officer (DPO). A duty is now placed on the credit union as a data controller to be 'be able to demonstrate compliance'. The principle of accountability is laid out in Article 5(2) of the GDPR: “a controller shall be responsible for, and be able to demonstrate compliance with, all six Data Protection Principles of the GDPR as set out in Article 5(1).”

In addition to Article 5(2), Article 24(1) of the GDPR also requires a data controller to demonstrate that data processing activities comply with the GDPR's requirements. Together, Articles 5 and 24 form the concept of accountability under the GDPR, which is a key element of the GDPR and will ensure that the data protection journey continues well beyond May 25th 2018.

Meeting the accountability requirement means doing more than just establishing data protection policies and procedures. Accountability requires a data controller to be able to demonstrate compliance with the GDPR by showing the DPC or the ICO and individuals how the data controller complies, on an ongoing basis, through evidence of:

- Internal policies and processes that comply with the GDPR's requirements;
- The implementation of the policies and processes into the credit union’s activities;
- Effective internal compliance measures;
- Training of employees and volunteers on privacy and data protection matters;
- Regularly testing of the privacy measures implemented;
- Using the results of testing and audits to demonstrate both existing and continuous compliance and improvement efforts.

To sum up: *“Organisations need to sustain their compliance processes over time – this is the best way to take people with you on your business journey.”*
Steve Wood ICO Deputy Commissioner for Policy

USING A DATA PROCESSOR? HERE'S WHAT YO

A credit union will be familiar with acting as a controller in respect of most of the personal data which it processes. The General Data Protection Regulation (GDPR) requires that any relationship between a controller and processor is evidenced in writing by a contract. The credit union therefore needs to look at the relationship it has with any third parties (be they a company or sole individual) where personal data is processed as a result of that relationship, for example any marketing company who assists the credit union. If the credit union uses a company to post out AGM notices, or uses an IT provider when they need to access IT systems for upgrades, these are all examples of processors. A key distinction between a controller and a processor is that a processor should only be acting on the instructions of the controller, i.e. the credit union. There are certain circumstances where a credit union may pass personal data to an organisation and that organisation will also be acting as a controller, for example when passing information to the Central Bank of Ireland (CBI) or Revenue.

Contracts with processors, both those that are in existence now, and those which you have not yet entered into, should be reviewed and updated to take account of the below.

Due diligence prior to entering into the contract – have they given sufficient guarantees?

It is not only a written contract that is required. The GDPR requires that a controller should only use a processor who provides '*sufficient guarantees to implement appropriate technical and organisational measures in such a manner that processing will meet the requirements of the GDPR*'. This in effect means that the processor should be able to demonstrate to the credit union that they have sufficient expert knowledge, reliability and resources to be compliant with the GDPR (taking into account the nature of processing) before the credit union even enters into a relationship with them.

We recommend that you discuss the GDPR with any of your processors sooner rather than later, to find out where they are in their GDPR preparation. Questions that should be asked are whether for example their data protection policies have been updated and whether they will be employing a Data Protection Officer, or someone with responsibility for data protection. In terms of security, as well as proving how they will comply with the GDPR, the credit union could take comfort from the fact that the processor adheres to an approved code of conduct or an approved certification mechanism. There is a brief note below on the security expectations of the GDPR.

The processor should be asked how they will be able to assist should a data subject wish to exert any of their rights, such as portability; and how they will be able to assist **should a breach occur**. For example; what is their capability in respect of monitoring, detecting and quantifying a breach? While the breach may occur during the processor's handling of the data, it is the responsibility of the credit union to manage such a breach. It is the credit union who must determine whether to notify the Data Protection Commissioner/ICO, or data subjects affected.

If the processing warrants it, then the credit union could also consider whether a physical audit of the premises of the processor should be undertaken. The credit union should know whether the processor intends to process the data in such a way that it would leave the jurisdiction.

Remember, the credit union as controller remains responsible for all processing carried out on its behalf, processors themselves are bound by the GDPR, but the credit union must take certain measures to ensure the processor is compliant with the GDPR. One of those measures is to have a robust contract in place with the processor.

What must be included in the mandatory contract with the Processor?

Article 28 provides what must be in the contract, see points 1-4 below. ***(The Irish League of Credit Unions (ILCU) Legal and HR Department has made available a draft clause to cover the below requirements (apart from point 1), available on request)***.

1. The scope of the processing must be outlined, namely:

- the subject-matter and duration of the processing,
- the nature and purpose of the processing,
- the type of personal data and categories of data subjects, and
- the obligations and rights of the controller.

2. That the Processor is bound by the following terms:

(a) processes the personal data only on documented instructions from the controller,

(b) ensures that persons authorised to process the personal data are bound by a duty of confidentiality,

(c) takes all measures required in respect of security, as provided for in Article 32 (see point 4 below),

(d) respects the conditions referred to in point 3 below in the event that a processor engages another processor or sub-processor,

(e) assists the controller insofar as this is possible when a subject wishes to exercise their rights in respect of their data

(f) assists the data controller with their security and data breach obligations, including notifying the data controller of any personal data breach;

(g) assists the data controller if a Privacy Impact Assessment is necessary;

(h) deletes or returns all the personal data to the data controller after the end of the contract unless legally required to retain same;

(i) makes available to the controller all information necessary to demonstrate compliance with the obligations laid down in items (a-i) above, and allow for and contribute to audits, including inspections, conducted by the controller or another auditor mandated by the controller.

j) that the processor shall not engage another processor without prior specific or general written authorisation of the

OU NEED TO KNOW TO BE GDPR COMPLIANT

controller, and where they do appoint one, the above must be covered in the sub-processor agreement.

3. Instruction that would cause Infringement

A processor must immediately inform the controller if, in its opinion, an instruction from the controller infringes the GDPR or other European Union or Member State data protection provisions.

4. Security of processing required under the GDPR;

Article 32 sets out the security requirements of both controllers and processors.

The controller and the processor shall implement appropriate technical and organisational measures to ensure a level of security appropriate to the risk (taking into account the state of the art, the costs of implementation and the nature, scope, context and purposes of processing as well as the risk of varying likelihood and severity for the rights and freedoms of natural persons including as appropriate) these include:

(a) the pseudonymisation and encryption of personal data;
(b) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services;
(c) the ability to restore the availability and access to personal data in a timely manner in the event of a physical or technical incident;
(d) a process for regularly testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing.

In assessing the appropriate level of security, account shall be taken in particular of the risks that are presented by processing, in particular from accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to personal data transmitted, stored or otherwise processed.
The controller and processor shall take steps to ensure that any person acting under the authority of the controller or the processor who has access to personal data only processes the data on the instructions of the controller, unless required to do so by law.

During the Term of the Relationship with a Processor

The GDPR provides that the processor can be directly liable to someone under the GDPR for any damage they cause, which is not proven to be the fault of the controller.

However, the credit union should remain vigilant during the term of the relationship that the processor is only acting under their clear instruction and that the processor gives all information necessary to assure the credit union that they are compliant with the GDPR. In effect the credit union remains responsible for the processing.

This article is modified from the Steps 1-12 Preparing for the GDPR series issued by the Legal and HR Department of the ILCU.

CREDIT UNIONS EMERGE AS MOST HIGHLY REGARDED ORGANISATIONS IN THE IRELAND REPTRAK® 2018 STUDY

Credit unions have earned the top spot in a national study measuring the highest regarded organisations in Ireland. Credit unions were ranked number one out of 100 companies surveyed for the Ireland RepTrak® 2018 report. With a score of 82, credit unions not only emerged in first place, but were also well ahead of the average score of 57.5 amongst other financial services organisations.

ILCU Vice-President, Gerry Thompson, accepting the Ireland RepTrak® 2018 award from The Reputations Agency

Credit Unions Achieve 'Excellent' Score

Over 7,000 members of the public were surveyed for the annual study, which is conducted by The Reputations Agency, between January 5th and March 5th 2018. The survey measures levels of trust, respect, admiration and esteem the public has for 100 of the largest, most familiar, and most important organisations in Ireland, along with 25 other reputation indicators. There were 17 different categories of organisations, with credit unions claiming the top spot overall.

Companies were ranked on a Reputation Pulse score from 0-100. The results are grouped as Excellent (80+), Strong (70-79), Average (60-69), Weak (40-59) or Poor (Below 40). With credit unions achieving a score of 82, they were firmly in the 'Excellent' bracket. The Ireland RepTrak® 2018 report stated that credit unions won for their 'role in providing trusted financial services to local communities and being at the heart of communities in Ireland.'

2018 Ireland Reptrak® Winners

The top 10 companies in the Ireland RepTrak® 2018 study were:

1. Credit Unions – 82.0
2. Kellogg's – 81.1
3. Aldi – 80.2
4. Bord Bia – 80.0
5. Boots - 79.5
6. Tourism Ireland – 79.1
7. Toyota – 78.9
8. An Post – 78.5
9. Dublin Airport – 78.4
10. Kerry Group – 77.7

Previous winners have included An Post, Bord Bia, and Google. This year's average reputation Pulse score was 66.0 compared to 64.4 in 2017. This highlights the extent to which credit unions were ahead of the average score.

In addition, competition was even tougher this year as the number of organisations involved in the study increased from 50 to 100. New organisations studied included Energia, Gas Networks Ireland and the Olympic Council of Ireland. Public bodies such as An Garda Siochána, the Central Bank of Ireland, and the HSE were also included.

Credit Unions Out Ahead of Other Financial Service Organisations

Out of the 17 categories of organisations surveyed for the Ireland Reptrak® 2018 Study, the Financial Services/Banking sector took the lowest slot with a weak score of 57.5. This demonstrates the extent to which credit unions are unique among financial services. Not only did they top that sector by a large margin – the highest rated bank was Permanent TSB in 88th place, while Bank of Ireland was the lowest rated bank in 93rd place – the score of 82 was also well ahead of the banks' average score.

The Retail Food sector was the strongest performing category with an overall score of 72.7. The seventeen sectors studied in 2018 were ranked as follows:

1. Retail Food (72.7 - Strong)
2. Automotive (72.0 - Strong)
3. Food & Beverage (71.9 – Strong)
4. Retail General (70.7 - Strong)
5. Healthcare (69.5 - Average)
6. Semi-State Commercial (66.6- Average)
7. Retail Forecourt (65.9 – Average)
8. Communications–Media (65.2 – Average)
9. Public Service Bodies (64.8 – Average)

10. Communications-Technology (64.4 – Average)
11. Financial Insurance (64.1 – Average)
12. Professional Services (63.4 – Average)
13. Energy-Retail (63.3 - Average)
14. Infrastructure (62.7 – Average)
15. Airlines & Aerospace (62.6 – Average)
16. Sporting Bodies (61.2 – Average)
17. Financial – Banks (57.5 - Weak)

Significance of the Award

Speaking about the great achievement by credit unions, Irish League of Credit Unions President Charles Murphy said; "With more than 3.6 million members throughout the island of Ireland, credit unions are a cornerstone of local communities. The trust that members place in their local credit union has been earned, and enhanced, by consistent actions that demonstrate a caring, understanding, people-focused approach. Credit union personnel take time to get to know their members and to understand their needs. Decisions are made at local level, in the best interest of the members of the credit union. Above all else, people feel valued and respected".

Also commenting on the award, Niamh Boyle, Managing Director of The Reputations Agency said: "Reputation matters as strong reputations help to win customers, attract the right talent, gain support from key stakeholders, and ultimately drive business performance. We see this in the work we do with our clients in helping them to reach their business objectives. As an illustration, as we come close to reaching full employment in Ireland the war on talent is heating up and building a strong reputation and employer brand has become a key focus for organisations, particularly amongst millennials who care deeply about the reputations of the organisations they choose to work with. It's essential for organisational leaders to have a deep understanding of what is driving their reputation. Armed with insights from this study an organisation can take steps to apply their efforts to the areas that most need to be addressed. Today, organisations are more widely scrutinised based on their alignment with social causes, how they behave, their organisational values and the internal culture they create. They are no longer solely measured on what they make or how they make it. The public are more attuned to the reputation of an organisation than ever before and, for the public, actions speak louder than words. The results in Ireland bode well for business as our study shows that if an organisation improves its reputation Pulse score by five points, the number of people willing to buy its products or services goes up by 4.5%, delivering a very positive business outcome."

Reputation Drives Business Results

According to the Ireland Reptrak® 2018 study results, consumers in Ireland are nine times more likely to purchase a product or service from an organisation, and seven times more likely to work for an organisation, with an excellent reputation than one with a poor reputation. 82% of people in Ireland would say something positive about a company with an excellent reputation, while only 7% would do the same for a company with a poor reputation. Only 9% of people will buy from an organisation with a poor reputation, but this grows to 53% if the reputation is strong and increases to 80% if the reputation is excellent.

This bodes very well for credit unions who were firmly in the 'excellent' score category. Huge congratulations to credit unions for this great achievement.

AGM 2018 REVIEW

The Irish League of Credit Unions' (ILCU) AGM 2018 took place at the INEC, Killarney on Saturday and Sunday 28th and 29th April. Approximately 1,000 delegates from across the island of Ireland attended the two-day event, where a range of topics crucial to the future development of the credit union movement were discussed and debated. A special discussion panel to mark the 60th Anniversary of the first credit unions in Ireland was one of the highlights, and featured a commemorative video and photographic highlights reel from the past 60 years. The enhancement and diversification of lending was another key focus, with delegates briefed on the findings of an ILCU-commissioned investigation into lending across credit unions.

AGM opened with an address from ILCU President, Charles Murphy, who drew attention to the recent move by the Central Bank of Ireland (CBI) to amend investment regulations, a move that the ILCU had advocated strongly for and which will now pave the way for credit unions to invest in social housing;

"The League responded quickly to the request of Government in November 2014 to invest surplus funds in public housing for our people. Our detailed policy paper is, and remains, the basis for action. Several Oireachtas committees have supported us, debated our proposals and called for action. I am delighted to tell this AGM that the Central Bank announced an important change in regulation on the 1st February. That change came into effect on 1st March. Credit unions are now permitted to invest up to € 700 million through a yet to be developed approved financial vehicle, for social housing, via the largest Approved Housing Bodies.

Regulatory change removes a critical roadblock. That change represents our work of lobbying over three years. But we are not done. To deliver on our objective, the necessary financial vehicle must be established, and that is the job of Government and the Approved Housing Bodies. We are told this is months away. But we have been told that before. Our job is to lobby hard locally and ensure that TDs, especially Government TDs, know that delivery is demanded. This is an opportunity to invest credit union funds, which currently give little or no return. It is a chance for credit unions to change lives and use our members' money to build houses that are homes, and to give hope."

WOCCU Address and Guest Speakers

The guest speaker from the World Council of Credit Unions (WOCCU) for AGM 2018 was Brian Branch, WOCCU President and CEO. In his address, Mr Branch said

ILCU President, Charles Murphy, with ILCU Vice-President, Gerry Thompson at AGM 2018

WOCCU was working to limit regulatory burdens before they arrive at the national level, protect credit union features of its cooperative structure and support credit unions' regulatory operating environments in a safe, sound and empowering manner.

The Registrar of Credit Unions, Patrick Casey, also addressed AGM. Mr Casey announced a review of the longer term lending limits in 2018. He said that the Central Bank of Ireland (CBI) did not see the review as 'simply facilitating the recalibration of a specific maturity limit, but rather a deeper examination designed towards accommodating the future lending growth ambitions of stronger credit unions, as part of a balanced loan portfolio.

To inform the review, the CBI issued a questionnaire to all credit unions at the beginning of April 2018 in order to gather additional data they did not currently hold on sector lending and funding profiles. Mr

The 60th Anniversary of credit unions in Ireland was marked at AGM 2018. A panel of guest speakers included Ted O'Sullivan, Douglas Credit Union Ltd., Catherine Massey, Donore Credit Union Ltd., and Jim McMahon of Clones Credit Union Ltd.. They are pictured here with ILCU President Charles Murphy and the panel Chair, and ILCU Director, Brian McCrory.

Casey encouraged all credit unions to respond to this, as it will be helpful to inform the development of proposals which will be contained in the formal consultation paper that will be issued by the CBI soon. (The full transcript of the speech can be found on the Central Bank of Ireland's (CBI) website under the News & Media section).

Another guest speaker on the morning was Chairperson of the Oireachtas Committee on Finance, Public Expenditure & Reform and Taoiseach, John McGuinness TD, who spoke about the real and meaningful difference credit unions had made to the lives of those in the communities they serve. He also spoke of the crucial need for regulation from the CBI to be proportionate.

Motions Passed at AGM

In the afternoon, the motions of the day

Chapter 23 Chair, John Long, meeting delegates arriving at AGM 2018 at the INEC in Killarney.

John McGuinness TD addressing AGM 2018

commenced and were debated in earnest by delegates. Motions which passed included that the ILCU Board seek to have the CBI carry out a review of its Regulatory Reserve Requirements for credit unions in the Republic of Ireland, with the view to reducing the current minimum regulatory reserve requirement of 10% of the assets of the credit union. The AGM also voted that the ILCU seek to have the CBI review its policy in relation to lending restrictions for credit unions in the Republic of Ireland. A number of other motions were carried in relation to amendments to the League rules, including an amendment in relation to the General Data Protection Regulation (GDPR) legislation which came into force on May 25th. (Full details of all motions passed were issued to credit unions in a circulation dated Monday 30th April and can be found in the Circulations area of www.creditunion.ie behind the member log-in area).

Analysis of Lending in Credit Unions
Following a motion passed at the 2017 AGM, the ILCU embarked on an investigation into why credit union members are not borrowing from their credit unions. This was specifically focused on the low loan-to-asset ratios of credit unions, and sought to explore the reasons for the current (circa) 27% loan-to-asset ratio. Tanya Lalor was commissioned by the ILCU to carry out a desk-audit review supported by primary research. In addition to this, market research organisation, Amárach Research, was also commissioned to undertake research across the island on this topic. Two bespoke surveys were carried out in the Republic of Ireland and Northern Ireland, and the results of these were presented to delegates at AGM 2018. Overall, the report found that there is overwhelming support from the public for credit union mortgages. Over two thirds said they are pleased that credit unions are entering this market – and almost a third said a credit union would be their preferred mortgage provider. (You can read a summary of both reports in more detail on pages 12-14).

60th Anniversary Panel Discussion
A special 60th Anniversary Panel Discussion was convened to mark 60 years of credit unions in Ireland. The panel was chaired by ILCU Board member and WOCCU Chair (and former ILCU President) Brian McCrory. Guests on the panel included Catherine Massey, Chair of Donore Credit Union Ltd. – the first community credit union to open its doors in Ireland, Jim McMahon of Clones Credit Union Ltd. – the first credit union to be established outside of Dublin, and Ted O'Sullivan of Douglas Credit Union Ltd.

As part of the 60th Anniversary celebrations, a commemorative video featuring highlights, successes and achievements from the past 60 years was shown to delegates which drew an enthusiastic round of applause. A special photographic highlights reel, which featured all of the past ILCU Presidents, played in the background and was also displayed on screens throughout the INEC for the duration of AGM.

Day Two of AGM
Delegates were briefed on the updates relating to the ILCU's Subsidiary and Associated Companies during the second day of AGM. Michel Keegan, CEO of CUSOP (Payments) DAC, Alan Moore, CEO of the ILCU's International Development Foundation, Gerry Jordan, CEO OF ECCU Assurance DAC and Jacob Berg, CEO of ILCU Internal Audit Services (IAS) Ltd. took the conference through the most important aspects of the past 12 months.

Also on day two, the results of the elections to the Supervisory Committee were announced. There were three validly nominated candidates to fill one vacancy for a three year term of office arising on the ILCU Supervisory Committee. Terry Redmond was declared to be elected for the three year term.

AN ANALYSIS OF LENDING IN CREDIT UNIONS

Following a motion passed at the Irish League of Credit Unions (ILCU) AGM in 2017, the ILCU embarked on an investigation into why credit union members are not borrowing from their credit unions. This was specifically focused on the low loan-to-asset ratios of credit unions, and sought to explore the reasons for the current (circa) 27% loan-to-asset ratio. Tanya Lalor was commissioned by the ILCU to carry out a desk-audit review supported by primary research. This report, titled *Analysis of Lending in Credit Unions*, found that credit unions have a strong presence in terms of personal loan finance. However, the long-term outlook for personal loan finance as the dominant loan offering is not strong. In addition, the income generated from its assets has drastically fallen. These factors demand a new strategy to put credit unions on a stronger financial footing.

In addition to this, market research organisation, Amárach Research, was also commissioned to undertake research across the island on this topic. Two bespoke surveys were carried out in the Republic of Ireland (ROI) and Northern Ireland (NI). Overall, this report found that there is overwhelming support from the public for credit union mortgages. Over two thirds said they are pleased that credit unions are entering this market – and almost a third said a credit union would be their preferred mortgage provider. The main findings of this research was presented to delegates attending AGM 2018.

General Background

The Amárach survey of 1,000 adults was carried out online and in-the-field in March 2018, supported by desk research comprised of ILCU reports, official statistics and Amárach's own, substantial research on economic sentiment and confidence. The appetite for lending amongst the wider public must be seen in the context of macro-economic considerations. While consumer recovery is underway, it lags the present economic recovery. The trend for a decade now has been to pay down debt. The latest Amárach research (February 2018) shows that a substantial 60% of people

say their main financial priority is to pay off their debts as quickly as possible – up from 55% in February 2017.

There are signs however that consumers are becoming a little more willing to borrow. 42% say they would now be happy to borrow money from a bank if they needed to - significantly up from 37% in February 2017.

However, a 'borrow vs save' dilemma remains. Amárach says that for every person willing to borrow, there are nearly two people whose priority is to pay off debts. Overall, while the economy has recovered, consumer confidence has not - and is just half of what it was pre-recession. Consumer confidence is linked to borrowing – and consumers are still affected by the worst recession in the history of any OECD country.

Type of Loan Activity

The *Analysis of Lending in Credit Unions* report outlined that the most common arising loan categories in credit unions are car loans and home improvement loans. While buoyancy in the car purchasing market indicates that this form of loan finance is likely to experience continued demand, there are wider market forces which may reduce demand. The increasingly prevalent use of Personal Contract Plans (PCPs) as a form of car finance is one such area of concern. The report suggests that debt consolidation could be an area that credit unions could target, particularly in January each year. It also strongly recommended an increase in mortgage lending across credit unions.

The Amárach research resulted in some hugely positive findings for credit unions on this front. 67% of respondents said they want to see credit unions offering mortgages. 31% said they would choose a credit union as their preferred mortgage provider. This compared with 27% for AIB, 22% for Bank of Ireland, 7% for KBC and 1% for Pepper Home Mortgages. Over half of respondents said they would prefer to have their mortgage with a credit union if their local office offered a competitively priced mortgage product. Six in ten said they believed a credit union would be more supportive than other financial institutions if they got into financial difficulty with their mortgage.

This research also found that credit unions have widespread membership and popularity. 59% of adults in Ireland are credit union members. The leading reason for people to join the credit union are savings options (69%). 53% said they joined because they felt it was easier to obtain loans through a credit union. The community ethos of the credit union was the third most popular reason (46%) while 38% said it was because they saw the credit union as a safe way to manage their finances.

When measured against banks and post offices, overall credit unions had the most positive NPS scores. (Net Promoter Score – a tool used to gauge customer loyalty.) When asked to what extent they would be likely to recommend a credit union, bank or post office, 29% said they would recommend the credit union. This compared with 20% for Permanent TSB, 18% for Ulster Bank, 15% for AIB, 14% for An Post, 12% for Bank of Ireland and 6% for KBC.

How Significant are Interest Rates in Loan Behaviour?

The *Analysis of Lending in Credit Unions* notes a Consumer and Competition Protection Commission (CCPC) report that states the public has a strong awareness of credit union competitiveness with regard to interest

ALMOST ONE THIRD SAID A CREDIT UNION WOULD BE THEIR PREFERRED MORTGAGE PROVIDER

rates. The variation in rates of interest amongst credit unions means however that a consumer will not be able to identify a single credit union interest rate. The CCPC's evidence would indicate that interest rates are not always a determining factor in loan behaviour and accessing loan products.

In 2015, the CCPC found that 46% of borrowers did not do any research before taking out their last loan and that awareness of APR rates is low, with 57% of borrowers not knowing the rate that applies to them. This is consistent with surveys of credit unions carried out by the ILCU. In a 2016 survey for the ILCU, credit unions that had increased their interest rates reported that it had no impact on demand for loans.

The Amárach research found interest rates did not appear to factor as a specific issue among borrowers. In the main, people appeared to think of loans in terms of monthly repayments and how quickly they could pay off the debt. 65% said when they thought about borrowing the key issue for them was monthly repayments. 64% said their main priority was paying down the debt as quickly as possible. 41% said the key issue was whether they could get the loan.

Factors that May Deter Loan Activity

The *Analysis of Lending in Credit Unions* compared the lending criteria in credit unions with that of Chill Money. The ILCU 2016 survey found that half of ROI credit unions and 62% of those in NI apply restrictions - such as a 13-week waiting period before a loan can be taken out. In the case of Chill Money, loans are applied for exclusively online and no membership or account holding criteria applies.

In its review, Amárach found that, worryingly, one fifth are still under the impression that you have to be invited to join a credit union. A substantial 72% think you can only borrow from a credit union if you have been saving with them for some time. Four in ten believe you cannot borrow from a credit union unless you have been a member for at least 13 weeks. 42% believe that you can only borrow up to three times your savings within a credit union.

Factors that May Boost Loan Activity

Marketing

An ILCU Marketing and Lending report (2016) was highlighted by the *Analysis of Lending in Credit Unions* report when considering factors that might boost loan activity. This ILCU survey found that the most common reason given by credit unions for an increase in lending was an "increase in market demand" followed by "marketing efforts". The survey showed that the most effective marketing mechanisms used were interest rates for different types of loans (51% of respondents reported this as having a definite impact on demand for loans); followed by having both a dedicated marketing resource (48%) and using social media (48%). Almost all survey respondents (96%) believed there to be a value in having a marketing/ business development network.

CEO of Amárach Research, Michael McLoughlin, presenting the report's findings at AGM 2018.

Efficient Loan Process

The same ILCU survey found that credit unions that had experienced an increase in demand for loans positively associated this increase in with "a more efficient loan process" (46%).

The speed and ease at which loan finance can be accessed is likely to be an important means of securing competitive advantage. The survey indicated that while 84% of credit unions in the Republic of Ireland (ROI) facilitate online loan enquiries, the comparable figure for Northern Ireland (NI) is 50%.

Ease of Access

The use of credit cards as a mechanism for accessing debt indicates the importance of technology as a means of accessing loan finance, as well as other financial services. The Behaviour and Attitudes research undertaken for ReBo (2015) reiterated the importance of technology and mobile banking, particularly amongst 16-34 years olds. Two thirds of this group are using online banking.

This younger age group are less likely to be credit union members, and yet are the group that are less indebted than older households. It would indicate that greater use of online and technology based services is required in order to attract this demographic. For non-credit union members surveyed in the Behaviour and Attitudes survey, there was a desire for credit unions to expand their service offering to include (in order of preference): ATM/debit cards; longer opening hours; online banking and facilities for electronic transfers.

Recommendations

The *Analysis of Lending in Credit Unions* report concludes that there are indications that a number of initiatives would provide diversity of activity and loan activity for the credit union movement. Some of these include;

- Mortgage lending
- Facilitating and prioritising online loan enquiries
- Reducing or removing savings period requirements
- Increasing the number of loans to the financially excluded via the Personal Microcredit Scheme
- Debit cards and online banking
- Promotional and marketing techniques at local level to suit different age cohorts and continuing to focus local marketing initiatives

In its conclusion, the Amárach study found that overall credit unions – and indeed all financial services institutions – are operating in a challenging environment where consumers remain affected by the repercussions of the economic downturn. The appetite for borrowing has not returned to pre-recession levels, with people preoccupied by paying down debt and, in general, preferring to save. However, the results do show tentative signs of a renewed interest in borrowing, and as the economic recovery continues, spending is now on the rise.

Credit unions need to ensure that their local communities know they stand ready and willing to lend. There may also be some work needed to change the mind-set that there are long waiting periods before members can borrow from credit unions.

FINTONA CREDIT UNION – SERVING THE LOCAL COMMUNITY FOR 50 YEARS

50th ANNIVERSARY

In the winter of 1966 a group of local people from Fintona in County Tyrone got together to see if they could start something in the town that might benefit the local area, something that would bring people together to help one another and the community at large.

After many evenings knocking on doors drumming up support and, following numerous meetings, Fintona Parish Credit Union Ltd. was established in March 1967. On its first night, eighteen people each put one pound into a savings account and Fintona Parish Credit Union was up and running. The organisation was initially called Fintona Parish Credit Union as its common bond back then was the parish boundary. In 1971, to comply with legislative requirements at the time, it was re-named Fintona Credit Union Ltd. with its common bond now a six-mile radius of Fintona town centre.

The first Annual General Meeting of Fintona Parish Credit Union was held in St. Patrick's Hall in the town on the evening of October 1st 1967 and was attended by 25 shareholders. One of the main items on the agenda that evening was to elect a Board of Directors, the credit union having been brought forward by an interim committee from when it started in March of that year. The very first Chairman of Fintona Parish Credit Union was Michael Mellon (RIP).

The local credit union movement quickly grew in membership and so larger premises were needed. A small dwelling house in the middle of the town was purchased in 1968 for £485 with the deal being struck at half past eleven at night. (It seems that two Directors of the credit union went straight from a monthly Board meeting to the gentleman's home and, as he was in bed, his wife brought the two Directors up into the man's bedroom where, after some negotiating, the deal was done!)

This remained as the credit union's base until new premises were bought in the mid 1970s. To keep up with ever increasing demands of a growing membership, this office was demolished in 2005 to make way for a brand new office which opened its' doors on June 1st 2006, almost exactly a year to the day after the old building was closed. This modern spacious building will serve the needs of Fintona Credit Union and its members for many years to come.

Fintona Credit Union went computerised back in 1995 and has never looked back. At the end of its first year in operation, Fintona Parish Credit Union had £800 in savings. By 1993 savings had grown to £1,000,000 with that figure doubling to £2 million in 1998. Today savings stand at just over £7.8 million and there is currently £3.1 million out on loan to members.

To celebrate 50 years in operation, numerous events were held at various stages during the year.

The Annual Credit Union Primary Schools Quiz competition in January 2017 was a tremendous success with children on the two winning teams each receiving a crisp £50 note to recognise the credit union's 50 years in business!

Fintona Credit Union Offices

Pat Donnelly, founder Director being presented with an engraved pocket watch by Tommy Boyle at the Credit Union's 50th AGM

Supervisor Gerry McCarney has a chat with Pauric and Lucy McDermott at the 50 Mile Charity Cycle event in June last year

Founder Directors pictured at the 50th AGM ... Barney McQuaid, Pat Donnelly, P.J Taggart, Kevin Hagan and Paddy Ross

John Murray, Public Relations Officer with Fintona Credit Union, said that the Annual Credit Union Primary Schools Quiz was always a hugely popular event. "As the young people of today will form the backbone of the credit union movement in the years to come, we feel it is important to invest in our young folks, an investment that will reap rewards for credit unions in the future."

In March the very popular Radio Ulster Saturday morning programme Your Place and Mine paid a visit to Fintona Credit Union with presenter Anne Marie McAleese tracing the history of the local credit union from when it first started in 1967.

On June 18th, a Charity Cycle event was organised as part of the 50th Anniversary celebrations and, in keeping with the 50th theme, the cycle was over a 50 mile route. The cycle event raised £1,000 which was presented to the Palliative Care Unit at Omagh Hospital.

In July, Fintona Credit Union launched its new website reflecting how the local credit union is continually striving to move with the times and provide a service which meets the needs of the members and the community.

The 50th Anniversary celebrations culminated with a very special 50th Annual General Meeting held in the credit union offices in December and was attended by over 200 people, including current and former staff and Board members. Presentations of engraved clocks were made to the remaining founding Directors, the presentations being made by Pat Donnelly, also a founder Director, who has been with Fintona Credit Union from when it first started back in 1967. As a tribute to Pat, and in recognition of his lifelong dedication to Fintona Credit Union, he was elected Chairman for the Credit Union's 50th Anniversary year, a fitting tribute to a man who has given so much of his time not only to Fintona Credit Union but to the credit union movement in general through his unstinting dedication to Chapter 17. Pat himself was presented with an engraved gold pocket watch on the night by Tommy Boyle, another man having a long association with Fintona Credit Union.

Speaking at the 50th Annual General Meeting, the then-Chairman, Pat Donnelly recalled how, back in the first six months of Fintona Parish Credit Union, they were struggling to get in savings. "Today we have over 3,200 adult members and 600

Supervisors Stephen McCabe, Tommy Owens and Gerry McCarney with Glenn Burgess at the official launch of Fintona Credit Union's new website

minor members so we are a thriving organisation. Fintona Credit Union started up with eighteen people getting the ball rolling…thankfully that ball hasn't stopped rolling since. There's an old Irish adage which goes 'Tús maith, leath na hoibre'…..a good start is half the work". Fintona Credit Union made a good start back in 1967 and they have built solidly on that ever since then. Long may that success continue.

TEAMS OF 'FEARLESS FOUR' BATTLE IT OUT AT SCHOOLS QUIZ GRAND FINAL

Drumconrath National School, Co. Meath and Scoil Mhuire, Dungarvan, Co. Waterford were crowned the national winners of the 27th annual All Ireland Credit Union Schools Quiz. The winners claimed their titles following a nerve-wracking final during which almost 100 teams-of-four from North and South battled it out at the RDS in Dublin on Sunday April 8th. The participating teams were accompanied by families, relatives, teachers and friends who enthusiastically cheered them on throughout the day.

DJ, and household name, Lorcan Murray entertained the masses as the crowds began to arrive and ensured spirits were high by keeping the hits playing and leading the teams, and spectators, in the Mexican wave! Quizmaster this year was radio and television personality Aidan Power. In between doling out the tough questions, he ensured that nerves were kept to a minimum by keeping the atmosphere light-hearted. Aidan was Quizmaster for a second year after proving a big hit with the children at the Quiz Final in 2017.

The hotly contested annual Schools Quiz is run by the Irish League of Credit Unions (ILCU) each year and attracts more than 25,000 participants. The local and regional knockout rounds were organised by credit union volunteers and took place in over 300 venues between January and March. The quiz is divided into two sections; Competition A for children up to 11 years and Competition B for children between 11 and 13 years. The winning teams at the national final receive €1,250 per school, with the runner up teams in each category receiving €750 for their schools. Local and regional winners also receive a range of prizes.

The theme for this year's Quiz was 'The Fearless Four' and all of the teams certainly showed no fear as they contested the final fiercely competitive rounds. After a tense wait, the winning teams and runners-up were revealed and ran to the stage to claim their prizes.

Teammates from Scoil Mochua, Cellbridge, Kildare enjoying the sun ahead of the Quiz.

Team-work at its best during the Grand Final of the Schools Quiz at the RDS, Dublin

The teams were:
Competition A Winner: Under 11 years of age: Drumconrath National School, Co. Meath – representing Ardee Credit Union Ltd; Shauna Carolan, Muireann McMahon, Thomas O'Connor and Seamus Hughes.

Competition A Runner-Up: Scoil Eoin Phoil, Co. Kildare - representing Leixlip & District Credit Union Ltd; Joe Evans, Alisha Shiels, Alison O'Connor and Orlaith Thornton

Competition B Winner: 11-13 years of age: Scoil Mhuire, Abbeyside, Dungarvan Co. Waterford – representing Dungarvan Credit Union Ltd; Kate McKeon, Emily Fahey, Sarah Fahey and Keeley Flynn.

Competition B Joint Runners-Up: Castletara National School, Co. Cavan - representing Cavan Credit Union Ltd; Luke Gilmartin, Martha Spring, Ruby Spring and Lucy Clarke.

Competition B Joint Runners-Up: Clara National School, Co. Kilkenny- representing St Canice's Kilkenny Credit Union Ltd; Harry Boyle, Paddy Walsh, Ross O'Gorman and Emma Corr.

The questions for the Quiz are compiled each year by primary school teachers and cover topics such as geography, history, music, literature and sport. The event is a popular fixture on the annual schools' calendar and aims to encourage and develop teamwork and collaboration between school-children. It is one of the central events in the ILCU's programme of youth initiatives.

Speaking at the event, ILCU President Charles Murphy said "Every child who participated in all rounds of the Quiz this year should be hugely proud of their achievement. I congratulate their teachers and parents for the time they dedicated and the effort they demonstrated. The national round of the competition was fiercely fought and our two winning teams are extremely deserving of the title. I hope all the children enjoyed the event as much as those of us who watched on the day."

Top: Winners of the Under 11 Competition; Drumconrath National School, Co Meath; Shauna Carolan, Muireann McMahon, Thomas O'Connor and Seamus Hughes.

Circle: Quiz finalists from Scoil Mochua doing some last minute cramming!

Right: Under 13 winners; Scoil Mhuire, Abbeyside, Dungarvan Co Waterford; Kate McKeon, Emily Fahey, Sarah Fahey and Keeley Flynn.

Teammates from Bunscoil Bhride, Newtown, Rathangan, Kildare didn't let the nerves get to them before the Quiz!

The Cost of Bereavement

In Ireland over 30,000 deaths occur annually. Over 80% of these deaths occur in retirement and one-third occur after age 85. Most people want to have a nice send-off. Those that want to ensure that this occurs will plan the funding for their passing so as not to leave a burden for loved ones.

The Cost of Bereavement
In the Republic of Ireland (ROI) and Northern Ireland (NI) the average cost of a funeral is a little over €4,000/£3,000, but this does not include the cost of a burial plot. Funeral costs typically cover the removal, hearse, coffin and funeral directors fees. Burial plots costs in ROI vary depending on where you live, and can range from the least expensive plots in rural areas at €200, to more expensive plots at €800. In Dublin,plots can range from between €1,400 to €2,400. Unfortunately the costs don't end here, there are church offering fees, music at the service, catering, obituary notice etc. The list goes on. Overall the minimum cost following the death of a loved one, may only begin at €6,000/£5,500.

Credit Unions - Death Benefit Insurance (DBI) Schemes - A Big Help
The credit union movements' life assurance company, ECCU Assurance DAC (ECCU), underwrites a number of life assurance schemes for credit unions in Ireland. One of these is group DBI, which was developed in 1995 and pays a lump sum benefit to help pay bereavement costs. About two thirds of credit unions across the 32 counties provide the DBI service to approximately one million credit union members. The DBI benefit levels available to credit unions range from €1,000/£750 to a maximum benefit of €3,250/£2,500. For many credit union members, the credit unions insurance services represent their only form of life insurance protection. There is no doubt that the credit union movement insurance services have helped many thousands of families with bereavement expenses over the years.

Aging and Credit Union Cost Pressures
Ireland is aging. The number of people in ROI aged 65 and over has increased by 32% since 2007. For Northern Ireland, it is estimated that between 2013 and 2033, the number of people aged 65 years or over will increase by 63%. ECCU has experienced increasing trends in DBI death claims in recent years and this has brought about increases in DBI premiums for many credit unions.

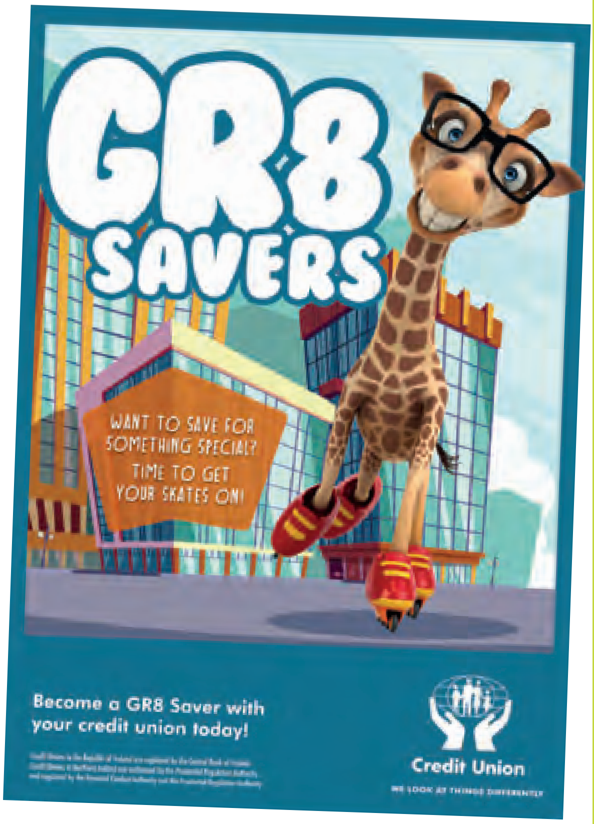
Credit unions have also experienced significant increases in regulatory costs and incomes have been reduced due to poor investment returns. This has put pressure on each credit union's ability to provide benefits and services to their members, including insurance services. Given these pressures the future may be one where members will need to provide for their own future by taking out their own insurance policies and paying the premiums themselves.

New Member Pay DBI Product
Taking the maximum DBI benefit level available from the current credit union group DBI arrangements of €3,250/£2,500, this still leaves a protection gap in the funds needed to cover the total cost of a bereavement. As a result some members may wish to obtain additional insurance protection. ECCU is currently exploring the development of a new member pay DBI product that members can opt to buy themselves. Such a policy would be owned and paid for by the member. This would guarantee cover for the member as long as they continued to pay the premiums and the member would choose from a range of cover amounts. Such a policy would be most suited to members between the ages of 45 and 65, but the cost of such a policy would vary depending upon the member's age when they joined.

A member-owned DBI policy, coupled with the current credit union group DBI arrangements, may provide members with the solution to close the bereavement cost protection gap.

CREDIT UNIONS HOST GR8 SAVERS WEEK 2018

Credit unions across Ireland recently launched the annual financial education initiative for children; National Credit Union Gr8 Savers Week. The savings and spending awareness week ran from May 7th to 13th. The event aims to encourage parents and teachers to educate children about the importance of responsible money management and saving for the future. Experts agree that adult money habits are typically set by the age of seven (University of Cambridge 2013 Study; *Habit Formation and Learning in Young Children*), so it is never too early for children to start learning positive money behaviour.



Continuing with last year's GR8 Savers character, Gerry the Giraffe, this year the theme of the week was to encourage children to 'get their skates on and save'. A range of creative was designed around the Gerry the Giraffe character, and a promotional pack containing posters, leaflets for parents, activity sheets and promotional tips and ideas was issued to credit unions. A number of GIFs were created for social media, while there was also a special social media video produced in partnership with both the Irish Mirror and Belfast Live to promote GR8 savers week. During the week, the two media outlets promoted the GR8 savers social video via their online channels. The promotion also featured a kid's savings calculator to show how savings can grow and five pieces of native content pieces were also published on their channels on topics such as pocket money, building a savings habit, what children are saving for and why credit unions are ideal for children's savings accounts.

The awareness week is designed to be fun and enjoyable for young people, while also highlighting the value of money and the benefits of prudent spending. It is part of the credit union movement's ethos and community commitment that they help ensure young people are taught how to become financially independent. Sound financial planning and prudent money management are skills that can be nurtured from a young age. Encouraging children and young people to develop a regular savings habit during GR8 Savers Week can assist them greatly in the future, especially when they need to manage budgets while at college or in their first job.

It's also an opportunity for young people to learn about the not-for-profit ethos of their local credit union and the fact that their credit union will always be there for them in the future, offering fair and affordable loans for whatever they might need.

Below are some of the top tips which credit unions can offer to parents about teaching their children how to develop a healthy and responsible attitude to money.

1. Consider rewarding children for regular saving. Don't focus on the amount saved, but the fact that they are developing a savings habit. Supporting and rewarding them to save even very small amounts on a regular basis will help to imbed the habit.
2. Help young people to decide on a savings goals – it's good for them to have both a short term and a long term goal. They will find it much easier to save regularly when they are saving towards something they really want.
3. Dissuade young people from spending their savings on impulse. Remind them of their savings goal and what they originally wanted to save for. Share with them a story of something that you would have saved for when you were younger.
4. Help young people to develop a savings plan, calendar or mood-board to highlight when their goal will be achieved. Having a visual prop or a visual 'countdown' can also encourage them to stick to their target.
5. Give pocket money or allowances in small denominations and encourage them to put a little aside. Having a piggy bank, or better still a transparent jar so they can watch their money physically increase, is also a good idea.
6. Consider linking pocket money and allowances to chores or responsibilities in the home. This helps to embed the idea that money must be earned. The more effort required to earn their money, the less likely they will be to spend on impulse or all at once.
7. If pocket money and allowances run out at an early stage, don't rush to replace them. Providing additional money at the drop of a hat will defeat the purpose of giving a set allowance.
8. Why not bring them to their local credit union to open their own account. This will give them a sense of independence and responsibility.

CUSOP FOCUS

The latest *BPFI Payments Monitor* shows strong growth in card payments, driven mainly by the widespread acceptance and use of contactless payments and continued growth in digital banking. However, cash still dominates at the point of sale (POS). The share of payments made in cash is falling, however, as account-based payments continue to grow and consumers use their accounts in new ways.

KEY FINDINGS

Card payment volumes rose by 20.4% year-on-year in H2 2017, boosted by continued growth in debit card usage and the adoption of contactless payments.

Digital banking transaction volumes, including online and mobile banking, grew by 27.3% year-on-year during H2 2017.

Cheque payments continued to decline in H2 2017, down 9.7% by volume year-on-year.

The value of ATM cash withdrawals fell on a year-on-year basis for the second successive quarter in Q4 2017, with some €9.8 billion in cash withdrawn in the second half of 2017.

EXPLOSIVE GROWTH IN CONTACTLESS CARD ACTIVITY CONTINUES

Contactless (which includes contactless payments with physical card and mobile-based payments from a card-linked account) is the key driver of payment card growth: contactless accounted for almost 82% of the 152 million increase in payment card volumes in 2017.

There were 129.1 million contactless card payments in the second half of 2017, valued at €1.6 billion. That equated to year-on-year increases of 109% and 113% in volume and value respectively.

DIGITAL BANKING GROWS AND CHEQUE USAGE FALLS

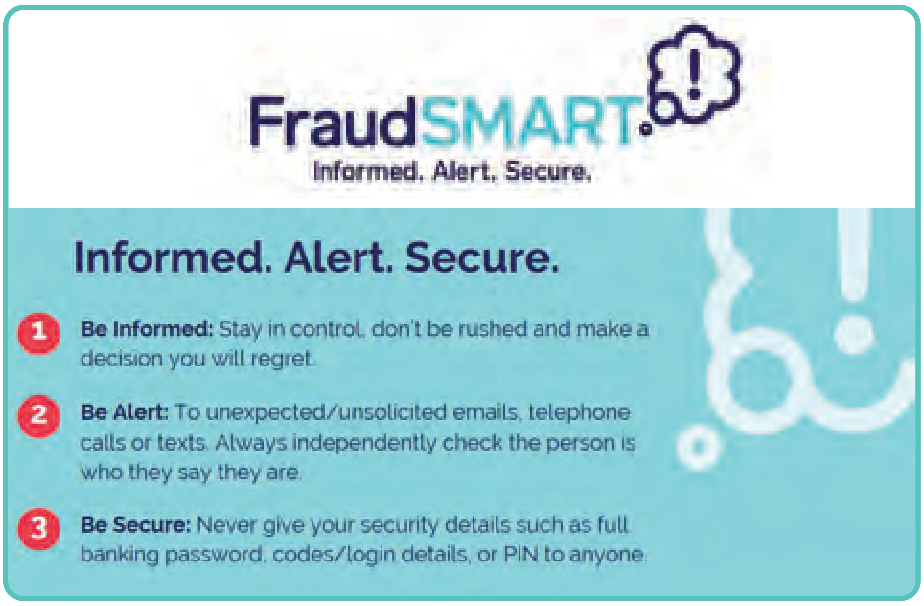
Digital banking (credit transfers initiated via personal online or mobile banking) grew by 27.3% year-on-year in H2 2017.

In the past decade, digital banking activity has almost quadrupled. Some 71% of individuals who used the internet in the previous three months reported using it for digital banking, according to the Central Statistics Office, up from 45% in 2008. This is on a par with the UK and France but behind Scandinavian and Benelux countries.

CREDIT & DEBIT CARDS

Payment card usage (including contactless card payments) continued to grow strongly in H2 2017, driven mainly by a significant increase in debit card activity, according to the Central Bank of Ireland. Debit card volumes grew by 23.1% year-on-year and credit card volumes by 6.6%.

Source: BPFI Payments Monitor H2 2017
https://www.bpfi.ie/publications/bpfi-payments-monitor/
'BPFI is the voice of banking and payments in Ireland.'



**CUSOP is an established credit union shared service facility to support MPCAS & payment services.
CUSOP is supporting credit unions in MPCAS development.**

CUSOP FOCUS

Strength in Numbers

Our recent new joiners bring us up to 137 live CUSOP credit unions

Glenamaddy Credit Union Limited

Macroom Credit Union

Clonard Credit Union

Black Raven Credit Union Ltd

Coalisland Credit Union

SAG Credit Union

CUSOP 'Out & About'

CUSOP presented at 10 Joint-Chapter meetings around the country in advance of the ILCU AGM 2018, including Templepatrick (above), Tubbercurry, Omagh, Cork, Carlow, Limerick, Leixlip, Finglas, Dundalk and Ballinasloe.

Pictured at the ILCU AGM 2018 in Killarney were Paul Patton, Ballymena Credit Union Ltd., Patsy McShane and Roisin Murray, Ballinascreen Credit Union Ltd. and Michael Keegan of CUSOP.

At the Spring CUMA conference in Athlone during April were Michelle Kemmy, Kildare Credit Union Ltd, John Chapman, CUSOP and Mary Higgins of Monasterevan Credit Union Ltd.

Pictured at the ILCU AGM in Killarney were Diarmuid Hanrahan & Aimee Heneghan, CUSOP, with Michael Carlin of Cobh Credit Union Ltd.

Jane Joyce of Health Services Staffs Credit Union Ltd., left, was one of the five winners in the Danske sponsored raffle at the CUSOP stand at the ILCU AGM 2018. Jane was presented with her prize by Fiona Lawlor of CUSOP.

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KERRY TO SASKATCHEWAN: A CREDIT UNION WORLD APART

By Fintan Ryan

I moved to Saskatchewan, Canada in June of last year to take up the position of CEO in Plainsview Credit Union Ltd., Emerald Park. Plainsview with eleven, mainly rural, branches and assets of $280m is approximately the same size as Tralee Credit Union Ltd, where I had been CEO for 15 years. Emerald Park/White City where our head office is located boasts one of the fastest growing populations in Canada. Saskatchewan is the seventh largest of thirteen Canadian provinces, with an area eight times the size of Ireland and a population of just 1.2 milliom people. The distance between our two branches that are furthest apart is 300 km, the distance from Tralee to Dublin. Saskatchewan has 45 credit unions and they range in size from the equivalent of €30 million to €4.5 billion.

SIMILARITIES:

Governance: The governance model in Canada is very similar to that in Ireland. One member- one vote, elections at AGM, etc. Plainsview Credit Union has eleven directors. Directors are volunteers but they receive an attendance allowance equivalent to €60 for each meeting. Our Board meetings take place in two locations with a skype connection between. This is helped by the fact that some of our executive work from the Kipling branch is 90 minutes' drive from our head office in Emerald Park. As in Ireland, many directors stay for multiple terms and replacement directors are not easy to attract. Credit unions do not have common bond restrictions and can operate anywhere within their province. (See below on regulation)

Ethos: The ethos of the Canadian system is very similar to that of Ireland; common ownership, one person one vote, community involvement, etc. This is to be expected as, to the best of my knowledge, it was in Canada that Nora Herlihy first encountered credit unions and was so impressed that she brought the concept back to Ireland, helping to form the first credit union in Donore, Dublin sixty years ago. (Happy Anniversary to Donore Credit Union Ltd.!!) The larger credit unions in Canada have very extensive community engagement programmes with very large sponsorship budgets.

Amalgamations: The Canadian credit union system has seen multiple mergers over the last 20 years with the number of credit unions shrinking to about one third of the number that existed then. Typically, credit unions merge to provide scale, reduce overheads and attract talented or experienced senior staff. It is expected that the number of credit unions in Saskatchewan will be less than 40 by the end of 2018.

DIFFERENCES:

Services: The first thing that struck me when researching Canadian credit unions was the range of services offered. All credit unions offer debit cards (imagine that, a credit union with a debit card!!), credit cards, mortgages, consumer (personal), commercial and agricultural loans and most offer wealth advisory services. The balance sheet of a typical credit union in Canada is very different to an Irish credit union with most credit unions between 70% and 80% loaned out. Almost all credit unions offer ATM services that accept all cards, credit union or otherwise.

Lending: In Saskatchewan, a credit union loan portfolio is typically 90% mortgage, commercial and agri- loans with 10% consumer (personal). In Ireland, because of regulation, the loan book is typically the opposite with 90% consumer lending. Note - neither breakdown is ideal and both have advantages and disadvantages. Consumer loans are of typically smaller value, greater in volume, less secure but with easier underwriting and better return. Mortgages, commercial and agri loans are larger (our upper limit on an individual loan is $5 million), have more stringent underwriting needs, are more secure, typically stay on your books longer but offer less return. The market for the bigger loan is also more competitive. To put the lending activity into prospective in Plainsview in 2017, we approved $45m in loans with an average value of $80,000 each. That equates to about 560 loans over the year. In Tralee Credit Union, we would have expected to approve almost that many loans in a month, with the average loan being about the equivalent of $8,000.

Wealth and Advisory Services: Most credit unions have at least one wealth advisor. Credit unions are allowed to take funds and place them with a wealth company without showing these funds on their balance sheet. This allows credit unions to develop their relationship with members which provides for almost all their financial needs without compromising their growth and need for capital reserves. The two investment firms offering mutual funds to credit union members (Credential and CUTrade) recently amalgamated to form Aviso.

Representation: Credit unions in Canada have two layers of central governance and representation. In Saskatchewan, all credit unions are affiliated to SaskCentral who provide local representation with the provincial government, as well as other services such as training, internal audit, compliance and consultancy services. Crucially for Saskatchewan credit unions, SaskCentral provides liquidity cover for credit unions by managing a central pool funds. The Canadian Credit Union Association (CCUA) is the central representation body for credit unions and is made up of representatives from centrals and credit unions. I recently attended the CCUA AGM in Toronto. The AGM itself, took less than an hour to complete, with the balance of the two days devoted to very impressive keynote speakers and break-out sessions.

Regulation: In Canada, credit unions are regulated provincially. Saskatchewan credit unions are regulated by the Credit Union Deposit Guarantee Corporations (CUDGC). Credit unions, unlike federally regulated banks, have an unlimited savings guarantee through CUDGC. I have found their relationship with credit unions to be more of a partnership in getting things done right, rather than the much more dogmatic relationship that exists between the Central Bank of Ireland and Irish credit unions. Because credit unions are regulated provincially, they cannot advertise their services outside of their own province. Some credit unions are looking to be regulated federally. This means that they can advertise for business across Canada but in return they will be regulated, like a bank, by the Office of Superintendent of Financial Institutions (OSFI) and their members' savings will have a limited guarantee, as in Ireland.

Ownership of services: In stark contrast to the Irish movement, Canadian credit unions have an ownership stake in most of their essential business partners.

The system owns its own core banking system (DNA), which is developed by Fiserv and licenced to Celero, a company owned by the credit unions. Almost all credit unions in Saskatchewan use this system. Central 1, an amalgamation of the centrals of British Columbia and Ontario provides IT, HR and recruitment services to credit unions across Canada.

SaskCentral owns Concentra Bank, a fully licenced bank, that offers wholesale services such as leasing, loan syndication and advisory services to credit unions and others across Canada.

The system owns its own insurance companies. CUMIS essentially offers the same services as ECCU. Credit union members pay for these services in Canada. The Cooperators is a credit union owned insurance company that offers general insurance services and benefit packages to credit unions for staff and to the general public. The Cooperators run the group benefit packages for credit union staff which includes medical, dental cover, income continuance and pension scheme.

The movement owns Aviso, the wealth management company that provides mutual funds for resale to credit union members. As mentioned above, these funds are held off the balance sheet of credit unions, which makes it easier to manage their capital (reserve) requirements.

Challenges:

Just like in Ireland, the Canadian credit unions also face challenges. There is a huge diversity in size between the smaller and larger credit unions, with larger credit unions wanting to develop at a faster pace than their smaller neighbours. Even the largest Canadian credit unions consider that they do not have sufficient scale to compete adequately. The banks' greater ability to invest in and adopt new technologies, or partner with Fintech companies, is putting pressures on the credit union market. Smaller credit unions are finding it hard to attract suitably qualified staff especially in rural areas. Canadian credit unions would benefit from having higher yielding consumer loans to contribute more to their income, as competing with the major banks for mortgages means their interest rates need to be competitive.

In conclusion, it has been a steep learning curve to get up to date on the additional services, including the associated risks, understand the various supplier and regulatory landscape and develop the necessary relationships that, in Ireland, I had developed over my twenty-five years involvement in the system. All that, along with coping with a new social environment (and virtually a six-month winter), has meant my first ten months have been very interesting. My team in Plainsview are very supportive and now that they can understand what I am saying (sic) it makes life much easier, and I am really enjoying life here in the Prairies of Canada.

ENNISKILLEN CREDIT UNION CE

This year, Enniskillen Credit Union Ltd. is celebrating the significant milestone of its 50th Anniversary.


CREDIT UNION DINNER AT IMPERIAL HOTEL

Top left: Enniskillen Credit Union staff and volunteers

Above: The first annual Enniskillen Credit Union dinner at the Imperial Hotel

Left: Enniskillen Credit Union offices today

In the Beginning

Sean Mulhern, John Kearney, Jimmy Corrigan and Pat Concannon first met as a study group in John Muldoon's house in Market Street. The group wanted to do something that would encourage the Enniskillen and District community to form a saving and lending co-operative within themselves. Enniskillen Credit Union Ltd. then first opened its doors to the public on September 20th 1968 in the Chairman's house in Market Street.

The first directors were named as follows; Rev B Hilary, James Corrigan, Sean Mulhern, Thomas McBrien, Eugene McManus, Thomas Kelly, Jim Cleary, Josie Cavanagh, Charles Kane, Seamus Kelly, Jim McKeogh, John Muldoon, Tom Sheridan, John Kearney, Pat Concannon, Jim Falconer, Charles Downey, John Drumm, Frances Rogers, Kathleen Dooris and Tim Morrissey. The first collection night took in a grand total of £23-2s-7d

The Credit Union Today

Over the past 50 years, the successful operation of Enniskillen Credit Union is down to the local members who continue to support the credit union. A strong sense of volunteering from the local community in Enniskillen has ensured the credit union's success and for that the credit union is hugely grateful. From humble beginnings to moving to the new state-of-the-art premises in Darling Street in 2016, it has been a tremendous achievement over the past 50 years.

Enniskillen Credit Union today;
– Total Membership: 6,085
– Savings: £11.1 million
– Loans: £4.7 million
– Assets: £13.3 million
– Staff: Two full-time and four part-time

The First Years of the Credit Union

Enniskillen Credit Union was one of the first credit unions to be established in Fermanagh county. Early meetings in 1968 took place in director's houses, the Railway Hotel and in the Melvin House where the various committees were formed. The first official meeting of the Board took place on a Monday in September 1968 in Ann Street. The first Board decided to open a credit union office in the house of the Chairman, Mr Sean Mulhern, in Market Street and opening hours were 7pm to 9pm. Membership at this point was around 38 and the first loans were granted in October 1968. The total amount of loans approved by early December 1968 reached almost £500. At that time in Ireland, there were over 300 credit unions with 138,000 members and savings of £5.5 million.

In March 1969 the Board decided to rent a premises at 13 Darling Street and in October 1971 went on to purchase the building for an official Enniskillen Credit Union office. Enniskillen Credit Union became a limited company in January 1971 when it registered under the Industrial and Provident Societies Act NI 1969.

Over the three year period from 1968 – 1971, the credit union had advanced beneficial loans to its members totalling £43,000 and in so doing had approved 560 applications.

The business of the credit union was carried on with voluntary help until the reconstruction of the first Darling Street offices in November 1980, when the Board of Directors decided to give daily service to the members by employing clerical officer Miss Patricia Keaveney. Patricia was an asset to the credit union. Over the following 36 years she served as Manager, only recently moving on from that post to serve on the Board.

Below is a snapshot of an article from the local paper giving an overview of the credit union movement in Ireland in the 1960s and 1970s;
1959: Members 200. Shareholding £415
1962: Members 8,000. Shareholding £102,000
1964: Members 28,600. Shareholding £620,000
1966: Members 61,000. Shareholding £2,100,000
1968: Members 145,000. Shareholding £5,500,000

The 1980s

Enniskillen Credit Union went from strength to strength in the 1980s. 1981 was a significant year and at the Annual General Meeting, Chair Joe Owens welcomed members, and informed them that their new credit union building in Darling Street was now completed. He described it as "one they should take pride in". Membership of the credit union stood at 798. The main loans granted were in home improvement and car loans, very similar to today's market!

On September 22nd 1989 the credit union celebrated its 21st Birthday with a

ELEBRATES 50TH ANNIVERSARY

The official opening of the Head Street premises in 1991.

social evening in the local Railway Hotel. At this stage, there were 854 members with shares amounting to £329,000. In 21 years , the credit union had loaned out circa £3 million to members.

The 1990s

Following on from this, Enniskillen Credit Union celebrated its 25th year in 1993. The then-President of the Irish League of Credit Unions, Mr Frank O'Kane, was the special guest at a silver Jubilee celebration dinner in the Railway Hotel. Many of the surviving original founders attended, including the first member to join, Brother Hilary. Local Chairman, Peter McAloon, welcomed all members and guests to the dinner, after which he gave a short history of the formation of the credit union in Enniskillen. He said he was pleased to note that in over the 25 years, loans had topped the £5 million mark and savings stood at over half a million. He paid tribute to those early pioneers who had the courage to start the local credit union and he looked forward to the future with optimism. The ILCU President, Mr O'Kane, in his address spoke of the rapid expansion of the credit union movement throughout Ireland, and said the ultimate object was to encourage thrift. He paid tribute to Peter McAloon and Alfie Montgomery who had helped to establish other credit unions in every part of Fermanagh.

The Credit Union and the Local Community

Throughout the 1990s, the credit union sponsored many events including the Enniskillen Theatre festival, the Community Games, Fermanagh Feis and the Lakeland Cycling club. In 1991, Tommy McBrien, first treasurer of Enniskillen Credit Union, un-veiled the plaque to mark the formal opening of the new office. In 1990 the credit union procured premises in Head Street and, in keeping pace with new technology, became fully computerised in 1992.

Throughout the 1990s and 2000s, the credit union was very much at the forefront of the local community, supporting School Quizzes, Art Competitions and Local Charities. During the early years of the 21st century, the Board discussed options of purchasing new premises back in Darling Street. Enniskillen Credit Union has achieved further success in the past decade.

With the new digital era, there has been investment in technology to bring Enniskillen up to speed going into 2020. A recent transfer of engagements with Kinawley Credit Union Ltd in 2018 has successfully occurred.

50th Anniversary Celebrations

There will be a number of events over the course of the year for the 50th celebrations to recognise this milestone. Each month the credit union will be giving back to members by way of a youth bursary, competition giveaways, Corporate Social Responsibility events, and an official Open Week in September 2018. There will also be a dinner dance in recognition of the hard work of all involved over the past 50 years.

Looking to the Future

Membership of the credit union now stands at 6,085. There are currently six members of staff, headed by Manager Louise Mulrone. Last year, staff were nominated for an Excellence in Customer Service Award at the Fermanagh Herald Business Awards.

Today the Board members are Jackie Harte, Martin McAloon, Kathleen Maguire, Michael Kearney, Patricia Elliott, Nuala Cassidy, Sean McCaffrey, Sheila McManus, Anne Keenan, Gordon Bell and Kevin McKenna. Together, they are committed and dedicated to co-operation, sharing of best practise with like-minded colleagues and members across Fermanagh and Ireland.

In this new digital era, it's important to be kept up to date with advancements, training and the credit union has a shared vision for growth going forward. In the future, the credit union will be able to provide members with more services and updated facilities. The Board believes by continually improving services and investing in members, the credit union will continue to grow and strengthen for future generations to come.

Enniskillen Credit Union would like to thank everyone for their support over the years, the commitment and dedication shown by Board members, old and new, over the years has been tireless. The credit union would also like to thank staff, directors, volunteers, family members and all members who have made this success story possible. The credit union also thanks the Irish League of Credit Unions for all the support over the years; it has been very much appreciated.

Enniskillen Credit Union very much looks forward to the next 50 years!

Agri-Lending...
An Opportunity for Credit Unions?

According to Teagasc, the prospects for the Irish dairy industry remain very positive as milk production will grow significantly over the next decade, and the fact that it is the most profitable enterprise in the agricultural industry. Ireland is also the fifth largest net exporter of beef internationally, and Irish beef is generally regarded to be some of the best in the world.

In the Irish Independent article of March 17th, 2018, titled Why don't farmers use credit unions? Darragh McCullough notes that by doing business with a credit union, farmers are also investing in the fabric and economic vitality of their locality. Borrowing from the credit union fully supports and enhances farmer's grassroots co-operative ethos – helping more than government plans or subsidies – in keeping rural regions strong and thriving into the future.

CSO figures show that 99% of businesses in Ireland are small and medium-sized enterprises (SMEs). According to the Irish League of Credit Unions (ILCU) report 'Towards 2030, Lending Opportunities for Credit Unions', credit unions have significant opportunities to develop lending relationships with small businesses through their presence in communities, and regular interaction with members, firm owners and managers. With a large, spatially dispersed network, along with access to soft information and proximity to borrowers, ILCU credit unions are well placed to expand business lending to small and micro firms - including of course farmers and the agri-sector.

Many credit unions already have established relationships with Local Enterprise Offices (LEOs) who provide support to local businesses. Some credit unions have diversified and expanded their portfolios into the agri-sector, meeting the needs of members from the agricultural industry. This has led to the development of courses specifically designed to support credit unions who are involved or will be involved in the agri-sector.

For those credit unions interested in promoting their services to the agri-sector, CU Learning & Development has developed two new training courses to support credit unions in agri-business and lending:

An Introduction to Farm Finance is a two-day course run in partnership with Teagasc and based in Teagasc Agricultural Colleges. It is suitable for all officers who are involved in lending to the agri-sector, or are considering developing their lending capability to this sector.

Advanced Lending (I) - Agri-Lending is a one day course available to book on the Training Schedule (or on an in-house basis). This is an advanced lending course for those reviewing agricultural type loan applications to assess repayment capacity and to understand some of the factors to consider with particular application to the agri-sector.

These courses are available from May 2018 onward and bookings can be made at www.culearn.ie

For any enquires please contact Paul Hamill in CU Learning & Development on 01 614 6700 or by email at learning@creditunion.ie

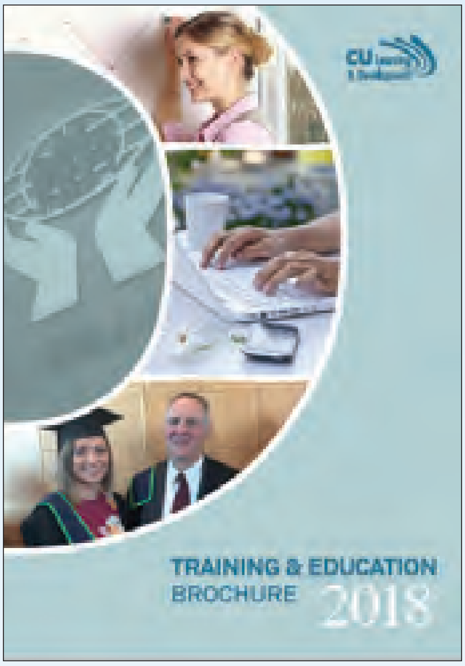
Your Team: 1 of 4

Learning Frameworks a Team of Teams

The provision of CU Learning & Development solutions is focused on the needs of credit unions and the individuals who support them. This approach supports credit unions and learners by aligning learning and development needs to inclusivity. Your support assists the provision of tailored learning solutions on an annual and seasonal basis. Over the next four editions of CU Focus, the Your Team section will explore the learning frameworks used by the ILCU Learning and Development (L&D) to provide your team's learning solutions. This issue will begin that process by identifying two of the main pillars, within these frameworks, In-House training and the Training Schedule. This will support those managing learning and provide a foundation to understand the framework to those on the learning journey.

Your credit union team is the focus of our learning solutions. Schedules and courses have been developed and will evolve according to your needs. Your voice, through input to the Training Needs Analysis (TNA) process, gives shape and direction for our *Training Schedule* and In-House training solutions. It is this special relationship, recognising the Teams of Teams within our networked movement, which allows for a tailored approach for your team. This collaborative relationship, recognises the special importance and requirements of your team at the core of TNA. As a Teams of Teams your training needs direct our learning solutions.

CU Learning &Development adopts on-demand and mobile solutions that make learning opportunities more readily accessible to your team. There is value in the consideration of In-House training at Chapter level or through regional clustering. This provides greater flexibility in choosing



suitable dates and locations for your specific needs, while the *Training Schedule* provides those courses identified through annual TNA and delivered to the national demand.

Learning solutions are communicated through a variety of platforms. *Circulations* to Chairs and managers which identify upcoming courses and training events, and seasonal *Training Schedules* which list the quarterly planned courses providing scheduled dates and training venues. These courses provide value with the ability to plan your staff and volunteer development in association with credit union networking. The *Training and Education Brochure* allows for collective access to all training solutions. *CU Learn Hub* provides coordinators in credit unions and learners' access to information on the suite of accredited programmes. Additionally *CU Learn Hub* enables the management of individual, staff and volunteer training and training records. All of these platforms will assist your team in identifying the skills and competencies that it wishes to capture.

When considering learning for your team, the *Training and Education Brochure* in tandem with the CU L&D Wheel illustrates the variety of learning pillars available and assists in finding your solutions.

Your Team's *In-House* training can be flexible to suit the specific needs of credit union officers. All our classroom based programmes are available *In-House* at credit union, cluster or Chapter level. Should you identify a training or a skill set from the *Training and Education Brochure*, CU Learning & Development can help you with *In-House* delivery.

By working together we can provide your team with the learning and development solutions that you need. We are available to assist in planning a tailored solution to your teams training needs, contact us by email or telephone.

Looking ahead in the next edition of CU Focus the **Your Team** section will explore the pillars of professional development through accredited frameworks and programmes.

We look forward to your input and welcome your queries.
Email: learning@creditunion.ie
Telephone: 00353 (0) 1 6146949

FULL OUTSOURCING V CO-SOURCING

OPTIONS FOR YOUR CREDIT UNION'S INTERNAL AUDIT FUNCTION EXPLAINED

The Central Bank of Ireland's Credit Union Handbook states that; "It is a matter for the Board of Directors whether the internal audit function is to be performed in-house, through a sharing arrangement between credit unions, or outsourced to a third party service provider having regard to the nature, scale, complexity and risk profile of the credit union."

Internal Audit Services Can Assist Your Credit Union

The Irish League of Credit Unions' Internal Audit Services Limited (IAS) has been contracted by over 50 credit unions since being formed in 2014 as a wholly owned, but independently operated, company within the ILCU Group. IAS provides a fully outsourced Internal Audit (IA) function. Full outsourcing involves no local input into the actual audit testing and evaluation, but needless to say, there is much local input in agreeing the audit plan initially, uploading documents onto the IA software platform, providing your responses to the audit recommendations and the implementation of actions to rectify internal control weaknesses. Also, full outsourcing with IAS has the benefits of:

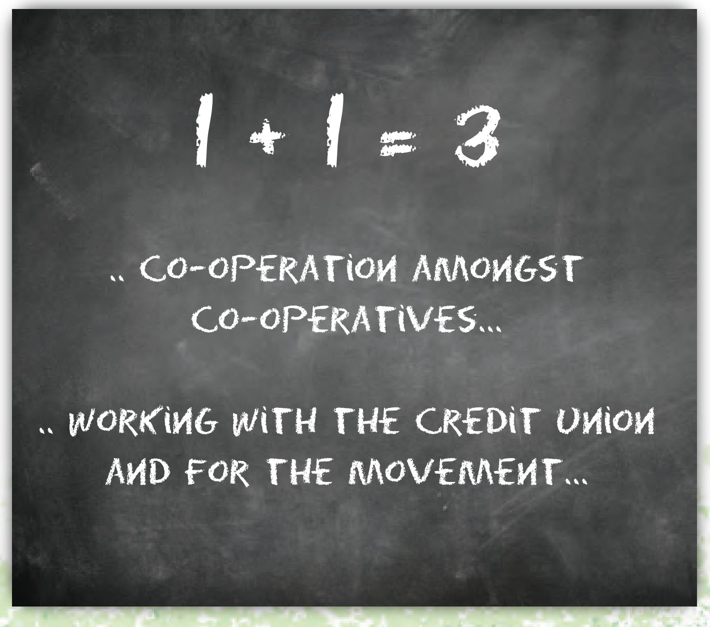
- Expertise that comes from a service that is exclusive to the credit union sector.
- Audit work that is subject to peer review by the Institute of Internal Auditors (IIA).
- Structural independence.
- Experienced auditors with credit union background and relevant qualifications.
- Font of shared expertise amongst IAS Team Members.
- Enthusiasm to share best practice confidentially between credit union clients.
- Established lines of communication with the regulator.
- Fee structure that is based on cost recovery only from being a part of the credit union movement.

At the same time, co-sourcing is now being promoted as a viable alternative to full outsourcing.

Co-Sourcing Explained

With co-sourcing, IAS comes to an arrangement with management at an individual credit union, or a group of credit unions (subject to Board approval), to second suitably qualified local staff members to **IAS** to form a co-operative internal audit function. The audit work would come under the supervision and oversight of a Senior

Cormac Oates, Marketing Officer with the ILCU's Internal Audit Services (IAS) Limited addressing AGM 2018 in Killarney.



Auditor in IAS and would be undertaken at locations in the seconded staff's area where they have not performed any day-to-day credit union activity. That proviso allows seconded credit union staff to act independently and objectively in the performance of their audit duties together with IAS staff and, most importantly, they will be enjoying one of the most rewarding on-the-job learning experiences available in any financial services model.

Co-sourcing is not new. It forms part of a tried and tested audit methodology that is already in use in many industries and in financial services globally. The credentials of IAS staff are now firmly established. IAS is proud of the contribution being made to the key foundations of Strong Governance, Risk Mitigation and Operational Efficiency. Hence the desire to introduce co-sourcing to the credit union movement. IAS believes this is a progressive and efficient model of internal audit provision which synergises perfectly with the co-operative ethos of credit unions.

Co-operation and Co-Sourcing

A credit union plus IAS in a co-sourced arrangement leads to partnering; this drives efficiencies and greater understanding of risks and internal controls.

Co-sourcing has all the benefits of full outsourcing, and more. It will help to construct a vibrant pool of talent with an ability to share and implement best practice across the movement and it will improve co-operation amongst credit unions availing of the services of IAS; a worthy aspiration for any service offering within the movement. But the *piece de resistance* has to be the clear efficiencies that flow from such a mutually beneficial arrangement; efficiencies that will drive substantially lower fees and streamline audit output with no diminution in quality assessment and reporting the auditee who, after all, is the key party in all of this.

Benefits for auditees in the co-sourcing model, as cited by major IA service providers who are affiliated to the Institute of Internal Auditors, include:

Jacob Berg, CEO of the ILCU's Internal Audit Services (IAS) Limited address AGM 2018

- Improved Business Operations and Efficiencies.
- Access to Specialised Knowledge and Skills.
- Access to Independent and Objective Insights.
- Greater understanding of the Components of Risk Assessment.

Aligned to the IAS Vision and Goals

To give you a better idea as to how the credit union ethos is embedded at IAS, below are a selection of the slides recently presented at the ILCU AGM in Killarney. These highlight the IAS Vision and Goals as a specialist provider of internal audit services exclusively to the credit union movement.

Our objectives and goal

We are working to deliver on these **objectives**:

- Build, develop and maintain a strong IA **knowledge base** within the credit union movement
- Identify common **trends and share best practices**
- Facilitate comparability of risk/control and audit framework
- Deliver a **standardised** and **transparent** audit process to facilitate knowledge sharing
- Promote and enable the **three lines of defence** in credit unions

We aim to establish:

- "One common industry standard" for internal auditing of the credit union movement to **assist in improving and embedding** "compliance standards" across the movement

Our vision and mission statement

- IAS **vision** is to be recognised as the preferred provider of internal audit services and other assurance services to credit unions.
- With a mission to provide excellent internal audit services and thereby contribute to the enhancement of the credit union control environment.
- Based upon a set of **values** whereby we adhere to the highest standards of **collaboration**, **integrity** and **service excellence** and **continuously improve** the provision and standing of Internal Audit Services in the credit union movement.

Next Steps

For full details on all matters relating to the provision of internal audit services, or if you would like to meet with IAS at your credit union, please contact:

IRELAND

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IAS INTERNAL AUDIT SERVICES

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Sierra Leone: Working in cooperation, we achieve more

Credit unions are financial cooperatives, and the focus is, and always has been, on cooperation. As a small development organisation, the Irish League of Credit Unions International Development Foundation (ILCU Foundation) understands the importance of working with other organisations to help develop credit union movements as a means to escaping poverty.

Staff from Upper Bambara Credit Union, Pendembu town a remote area in Sierra Leone

In 2017, the ILCU Foundation received funding from Electric Aid to co-fund a project in Sierra Leone. The focus of the project was to promote and develop sustainable credit unions in rural communities in Sierra Leone, a country regarded as one of the poorest countries in the world. The ILCU Foundation has been providing support to develop the credit union movement in Sierra Leone since 2012.

Electric Aid contributed money towards the purchase of long term assets including two motorbikes and four generators. The motorbikes will help credit unions in their efforts to recruit more members and assist in recovering loans from members living in rural areas, these areas are often a far distance from the credit union. The generators enable the credit unions to serve their members continuously because across Sierra Leone there is a lack of reliable power. Limited or no power is a big challenge in rural communities and towns outside of the main city of Freetown. The new assets were handed over to the Sierra Leone credit union movement as part of handover ceremony which was televised as a means to promote and grow the credit union movement in Sierra Leone.

In collaboration with Electric Aid, Savvi Credit Union Ltd. (formerly St. Patrick's ESB Credit Union Ltd.) generously contributed €10,000 towards the cost of a new vehicle. This very practical addition will help the credit union movement in Sierra Leone meet the needs of members across the country and further develop the movement, especially in rural communities.

Vehicle purchased to help the movement develop nationally.

Motorbikes purchased as part of Electric Aid funding

This co-funded project has resulted in the following outcomes:
- Increase of over 200 new credit union members over 4 months
- Number of rural people with loans has increased from 842 to 916
- Financial literacy training provided to 553 people in rural areas
- 81% of those trained were female

Financial literacy training is an important aspect of credit union development in rural communities. The training reinforces the basic principles of savings and credit and the credit union ethos. Participants learn about savings and loans, with emphasis placed on why it is important to save money. The training encourages participants to develop a good savings habit before taking out a loan, this in turn allows members to ensure better financial security in the long-term. The ILCU Foundation would like to thank Electric Aid for their funding and support of our work in Sierra Leone. A full report has been provided to Electric Aid on the project outcomes and financial expenditures.

Handover of the assets to the apex body

Financial access in Sierra Leone

Sierra Leone is **one of the poorest countries in the world**. Prior to the ending of the civil war in 2002, which lasted 11 years, Sierra Leone had a thriving credit union movement. However, the civil conflict left the movement with only 10 working credit unions. Nowadays **the poor in Sierra Leone have little or no access to financial services**, with only 15% of the population having an account at a formal financial institution. Furthermore only 2% of the population are served by Micro Finance Institutions (MFI), and the biggest MFI fails to offer savings services. Financial exclusion leaves the low-income population with no choice other than informal options to save and borrow other than using moneylenders or keeping savings under a mattress. This then leaves people vulnerable to financial distress, debt and poverty. Without access to credit, the ability of the poor to invest in their future through education, enterprise, housing or asset building is severely restricted. **Credit unions can help individuals to escape poverty and communities to prosper economically.**

A new era for cooperatives in Zimbabwe?

In April, the ILCU Foundation undertook a visit to the credit union movement in Zimbabwe. Similar to most East African countries they also use the term SACCOs - Savings and Credit Cooperatives as opposed to credit union, as the emphasis is on savings before credit – but the terms are interchangeable. This visit builds on a high level review mission which took place in 2016. The outcome of that review recommended the ILCU Foundation to start a pilot project in Zimbabwe, working in cooperation with the apex body NACSCUZ (National Association of Cooperatives and Credit Unions of Zimbabwe). This visit was a joint visit by the ILCU Foundation in association with ACCOSCA (African Confederation of Co-operative Savings and Credit Associations) to discuss the challenges facing Zimbabwean credit unions and the apex body, NACSCUZ, and how these can be addressed in order to support the development of the movement. A number of roundtable discussions were held with NACSCUZ and representatives from 15 SACCOs to get their opinions on what support and technical assistance is required in order to help the movement help its members.

Now is a time of positivity within Zimbabwe. The recent political changes and appointment of a new President brings hope to the people of Zimbabwe that change will come about. The current government has committed to supporting the re-development of the SACCO movement. In addition to this international funders are now starting to re-engage and look at providing funding in support of projects which seek to improve the livelihoods of the Zimbabwean people.

A number of meetings also took place during the visit, including meeting representatives from Irish Aid and the Ministry of Women's Affairs, Gender and Community Development in Zimbabwe. As we embark on the steps we will keep you updated on our support and what the project will entail.

The World Bank and Financial Cooperatives

In April, the CEO of the ILCU Foundation, Alan Moore, was invited to attend and participate on a panel discussion at an international workshop on Financial Cooperatives. The event was hosted by the World Bank in Washington in conjunction with various international organisations including the Consultative Group for the Poor (CGAP). The focus of the workshop was ***"Financial Cooperatives and Financial Inclusion: Challenges and Risks"***. The event was attended by representatives from international organisations from around the world including regulators, funders and credit union leaders working in development. Topics up for discussion at the event included: *Financial Cooperatives (FCs) in a Changing Environment, Regulation and Supervision of Financial Cooperatives and Growth, and Diversification and Integration through Technology.* The invitation to participate and speak at such an event is recognition of the success of the ILCU Foundation's work internationally, and the Irish credit union movement in general. Events like this are also a good opportunity to engage with external funders to discuss future potential cooperation to further develop credit union movements as a means to addressing poverty in developing countries.

NEWS AND UPDATES

ILCU AGM

Thanks to all those who popped by our stand during the AGM in Killarney. We will be following up with all of your questions and queries over the coming weeks. The video which was shown at AGM is available to download and share from our Facebook page or Youtube channel – ILCU Foundation

Study visit

The ILCU Foundation will host a visit from credit union representatives from Kenya and Tanzania at the end of May. The delegates are coming to learn more about the Irish credit union movement. We will report on this in the autumn edition of CU Focus.

Staff news

Sinéad Lynam has joined the Foundation as our Engagement Officer where she will focus on fundraising and communications, keeping credit unions updated on the good work of the Foundation.

For more information on the Foundation contact Sinéad on 01 614 6945 or email slynam@creditunion.ie and keep up to date on our Facebook page ILCU Foundation

HEALTH & SAFETY IN THE WORKPLACE

Employers have responsibilities for the health and safety of their employees and any visitors to their premises such as members, suppliers and the general public. In addition to these duties, there are regulations to deal with particular hazards.

Republic of Ireland

Legislation
The Safety, Health and Welfare at Work Act 2005 sets out the main provisions for securing and improving the safety, health and welfare of people at work in the Republic of Ireland.

The law applies to all places of work regardless of how many workers are employed and includes the self-employed.

Employer Duties
The core of the legislation is the risk assessment approach and the legal duty on employers to prepare a written health and safety document referred to as a Safety Statement. Employers (including self-employed persons) are also responsible for creating and maintaining a safe and healthy workplace.

Employer's duties include:
- Managing and conducting all work activities so as to ensure, as far as reasonably practicable, the safety, health and welfare of people at work
- Designing, providing and maintaining a safe place of work that has safe access and egress, and uses plant and equipment that is safe and without risk to health
- Providing information, instruction, training and supervision regarding safety and health to employees
- Providing and maintaining welfare facilities for employees at the workplace
- Preventing risks to other people at the place of work including, for example, visitors, customers, suppliers and sales representatives
- Having plans in place for emergencies

Employee Duties
Employees, including those employed on a part-time or temporary basis, also have duties including:
- Complying with relevant laws and protecting their own safety and health, as well as the safety and health of anyone who may be affected by their acts or omissions at work
- Ensuring that they are not under the influence of any intoxicant to the extent that they could be a danger to themselves or others while at work
- Cooperating with their employer with regard to safety, health and welfare at work
- Using in the correct manner any item provided for protection
- Participating in safety and health training offered by their employer
- Reporting any dangerous situations, practices or defects that might endanger a person's safety, health or welfare
- Not engaging in any improper conduct that could endanger their safety or health, or that of anyone else

Northern Ireland

Legislation
The Health and Safety at Work (Northern Ireland) Order 1978 is the primary piece of legislation covering work-related health and safety in Northern Ireland. It sets out your employer's responsibilities for your health and safety at work.

The Health and Safety Executive is responsible for enforcing health and safety at work

Risk Assessments
The credit union has a 'duty of care' to make sure, as far as possible, employee's health, safety and welfare while at work. The first step is to carry out a risk assessment to spot possible health and safety hazards.

A 'competent person' with health and safety responsibilities must be appointed, usually a member of staff trained in health and safety.

Businesses employing five or more people
For businesses employing five or more people, there must also be:
- an official record of what the assessment finds (the credit union has to put plans in place to deal with the risks);
- a formal health and safety policy which includes arrangements to protect health and safety in the credit union.

The credit union's duty of care in practice
All employers, whatever the size of the business, must:
- make the workplace safe
- prevent risks to health
- ensure that plant and machinery is safe to use
- ensure safe working practices are set up and followed
- make sure that all materials are handled, stored and used safely
- provide adequate first aid facilities
- tell employees about any potential hazards from the work they do and give information, instructions, training and supervision as needed
- set up emergency plans
- make sure that ventilation, temperature, lighting, toilet, washing and rest facilities all meet health, safety and welfare requirements
- check that the right work equipment is provided and is properly used and regularly maintained
- prevent or control exposure to substances that may damage health
- take precautions against the risks caused by flammable or explosive hazards, electrical equipment, noise and radiation
- avoid potentially dangerous work involving manual handling (and if it can't be avoided, take precautions to reduce the risk of injury)
- provide health supervision as needed
- provide protective clothing or equipment free of charge (if risks can't be removed or adequately controlled by any other means)
- ensure that the right warning signs are provided and looked after
- report certain accidents, injuries, diseases and dangerous occurrences to either the Health and Safety Executive for Northern Ireland or the local authority, depending on the type of business

Making the workplace safe and healthy
So that the work premises provide a safe and healthy place to work, the credit union should:
- make sure that the workplace is properly ventilated, with clean and fresh air
- keep temperatures at a comfortable level (a minimum of 13 degrees Centigrade where the work involves physical activity; 16 degrees Centigrade for offices - there's no maximum limit)
- light premises so that employees can work and move about safely
- keep the workplace and equipment clean

- ensure that areas are big enough to allow easy movement (at least 11 cubic metres per person)
- provide workstations to suit the employees and the work
- keep the equipment in good working order
- make floors, walkways, stairs, roadways safe to use
- protect people from falling from height or into dangerous substances
- store things so they're unlikely to fall and cause injuries
- fit openable windows, doors and gates with safety devices if needed
- provide suitable washing facilities and clean drinking water
- if necessary, provide somewhere for employees to get changed and to store their own clothes
- set aside areas for rest breaks and to eat meals, including suitable facilities for pregnant women and nursing mothers
- let employees take appropriate rest breaks and the right holiday entitlement
- make sure that employees who work alone, or off-site, can do so safely and healthily

Reporting injuries, diseases and dangerous occurrences

There is a legal obligation to report certain types of incidents in the workplace to the relevant authorities.
Employers, self-employed people, and people in control of premises have a legal duty to report the following:

- work-related deaths
- major injuries or over-three-day injuries
- work related diseases
- dangerous occurrences (near miss accidents)

Employee Duties

Employees also have responsibilities for their own health and safety at work. They can refuse to do something that isn't safe without being threatened with disciplinary action.

If an employee thinks that the credit union is not meeting their responsibilities they should talk to them first, if applicable they may seek the assistance from the safety representative or a trade union official.
As a last resort, they may need to report the credit union to the Health and Safety Executive for Northern Ireland or to the environmental health department of their local authority.

If you have any queries relating to Health & Safety in the Workplace, or indeed any HR issue, please do not hesitate to contact the ILCU HR Department, contact details:

Margaret Davern,
HR Adviser
Direct Line: 01 6146974
Email: mdavern@creditunion.ie

Maura Behan,
HR Executive
Direct Line: 01 6146941
Email: mbehan@creditunion.ie

your stories

RTE Broadcaster visits Derg Credit Union

Ear to the Ground presenter Darragh McCullough recently visited East Clare to mark the launch of the Cultivate farm loans scheme in Derg Credit Union Ltd. Mr McCullough met the agricultural science classes at St Anne's Community College, Killaloe and Scarriff Community College. He also met with farmers in the Killaloe and Scarriff offices of Derg Credit Union.

Speaking to the students, the RTE presenter described his life as a broadcaster and a farmer who has tried his hand at many things. Darragh, who also runs a successful tillage farm growing a range of flowers, described the Cultivate initiative as a vital source of local finance. "Farmers are risk-takers, investors and entrepreneurs. The one thing they need, like any business, is access to money. The credit unions are a serious source of local money and this initiative is welcome news for all farmers in this area." The visit from the RTE presenter gave a huge boost to the launch of the scheme.

Derg Credit Union has also appointed a new Business Development Officer, Siobhán Durack, who has been trained specifically to work with farmers in making the most of the loan product. said "My husband is a farmer here in East Clare so I know the business. In addition, along with other credit union officers in the region, I have received intensive training in farm finance and farm schemes and I believe the Cultivate loans will make a huge difference to farmers in buying stock, machinery or undertaking farm improvements."

Newry Credit Union Shines A Light

Newry Credit Union Ltd. is proud to be a principle sponsor of the Shining Lights Community Volunteering Awards. This gives the credit union a platform to acknowledge and reward those involved in volunteerism throughout the local area. Founded by the Confederation of Community Groups (CCG), the awards were established in memory of Patricia Graham, a former employee of CCG who sadly passed away in 2009. The award ceremony is held in June during *Celebrating Volunteers Week* and is attended by over 500 people from across the voluntary and community sectors.

Sean Hogan, President of Newry Credit Union said "Newry Credit Union is delighted to be the main sponsor of the CCG Shining Light Community Volunteering Awards in this 10th anniversary year. The role volunteers play in contributing to the community through their dedication and altruism is immense, and we are delighted to play our part in acknowledging the work they do." Newry Credit Union is deeply proud of its role within the community, sponsoring both small and large- scale projects that make such a difference to the lives of members and the wider population.

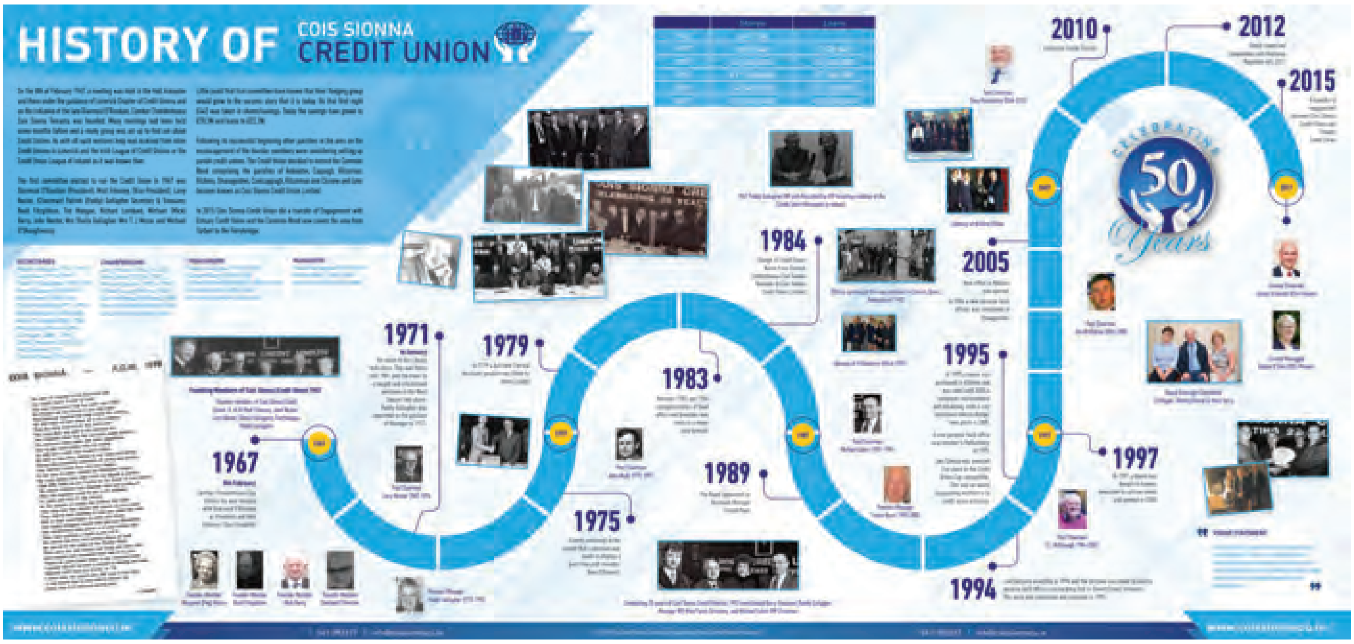
The late John J. Gallagher – An Appreciation

Ballinamore Credit Union Ltd. would like to pay tribute to John J. (Jackie) Gallagher who has passed away. He was a founder-director of the credit union, and filled many roles down through the years including teller, bookkeeper, and member of various committees. In 1971 he started an unbroken run as a director that was to last for 30 years. He was chairperson on a number of occasions, but it was in his role as treasurer from 1979 to 1986 that he made his greatest contribution. In those pre-computer days Jackie spent endless hours manually calculating dividends on members' accounts, ensuring that they were added in time to be a welcome Christmas bonus for many individual members. Jackie was a true credit unionist, he had great empathy with members and their best interests were the driving force behind all his actions.

The phrase "one of nature's true gentlemen" probably best describes Jackie Gallagher and he will be greatly missed by all who had the privilege to know and work with him.

He was above all, a great family man and the Board of Ballinamore Credit Union, its staff and members offer their deepest sympathy to his wife Tess, daughters Mairin, Finola and Aileen, his son Niall, and his extended family. Ar dheis Dé go raibh a hanam uasal.

Cois Sionna Credit Union Celebrating 50 years of service



On February 8th 1967, less than 10 years after Nora Herlihy and her group started the first credit unions, Comhair Creidmheasa Cois Sionna, later renamed Cois Sionna Credit Union Ltd., held its first public meeting in the local community hall.

The full Board elected in 1967 was President Diarmuid O'Riordan, Vice –President Matt Feheney, Chairman Larry Nestor, Secretary & Treasurer Paddy Gallagher, Educational Officer Basil Fitzgibbon. The other Board members included John Nestor, Sheila Gallagher, Mrs. TJ Moran and Michael O'Shaughnessy. The Supervisory Committee was comprised of Richard Lombard, Tod Mangan and Michael Barry.

The early and formative years of Cois Sionna Credit Union were times when money was not very plentiful and the demand for loans very often exceeded the monies taken in. From this humble start in 1967, with 27 members and £442 in shares, to today with 15,000 members and shares and assets of €86 million, confidence in the credit union has grown at an enormous rate. Today there are 10 full-time and 15 part-time staff. The common bond covers an area of 50 kilometres with seven offices.

As Cois Sionna Credit Union continued to expand and membership grew, the credit union purchased the current site and built new offices at Church Street, Askeaton. Expansion has not been confined to Askeaton with offices built and renovated in Pallaskenry, Kildimo, Foynes, and Shanagolden. In 2013, there was a transfer of engagements with Estuary Credit Union, with branches in Glin and Tarbert. This has been enormously successful with the benefits being witnessed by all. Together, the credit union has built not an institution, but a living vital testimonial that will surely live for another 50 years and beyond.

Newington Credit Union pays tribute to the late Barney Devenny

Newington Credit Union Ltd mourned the recent passing of a dear friend and colleague, Barney Devenny. Barney, a retired teacher, was a dedicated community activist involved in both Newington Credit Union and the local St Vincent DePaul Society.

Barney was passionate about the credit union movement and vociferous about the benefits of membership to local communities. Improving the lives of those who are most excluded in society was the guiding principle in his actions and was at the heart of everything he did. His humour, personality and teaching background gave him the opportunity to promote the bursary scheme, Schools Quiz and Art Competition when visiting primary and post primary schools. He also set up the Youth Awards Scheme which ran successfully for a number of years.

Barney's strength of character stood him in good stead during his ill health and he faced the challenges it presented with great courage and humour. Barney will be sorely missed by all his friends, colleagues and fellow members of Newington and the wider credit union movement. Sincere sympathy to Deirdre, his wife, and his four children.

Comhar Chreidmheasa Chorca Dhuibhne Awarded Q-Mharc Gnó le Gaeilge

Comhar Chreidmheasa Chorca Dhuibhne Ltd. was recently awarded the Q-Mharc Gnó le Gaeilge in in recognition of bilingual excellence in business. This is a new voluntary code of practice which is certified to the ISO standard and has been developed in conjunction with both government and industry specification by Foras na Gaeilge. Q-Mharc Gnó le Gaeilge is the first official award scheme to recognise bilingualism in business worldwide. There were seven recipients of this new award from all corners of the country and all types of businesses.

The award ceremony took place in Croke Park, Dublin. Corca Dhuibhne Credit Union Manager Micheál Ó Cinnéide said the credit union was delighted and honoured to receive the award as recognition of the ongoing commitment to providing a bilingual service to meet members' needs. "Is mór an onóir dúinn ar fad sa Chomhar Creidmheasa go bhfuil an t-aitheantas seo fachta againn agus léiríonn an gradam seo go bhfuil sé tábhachtach dúinne freastal ar an bpobal agus ár gcuid seirbhísí a chur ar fáil go dátheangach."

Also speaking at the presentation, economist and UCD Finance Lecturer Dr Finbarr Bradley emphasised the importance of promoting a sense of identity within a business, and how the use of bilingualism is a way of enhancing identity.

Located in the heart of the Gaeltacht on the Dingle Peninsula, a large proportion of Comhar Chreidmheasa Chorca Dhuibhne's members are native Irish speakers and the credit union strives to afford them an opportunity to conduct their business through Irish.

North East Credit Unions Join Forces to Sposnor Fleadh Cheoil na hEireann

Drogheda Credit Union Ltd has joined forces with a group of credit unions across Louth, Meath and North Dublin to fund the sponsorship of the Fleadh Cheoil na hEireann 2018. 'The Credit Union' has been announced as the main sponsor of the event which will take place this August in Drogheda. Sponsoring the massive community event that is Fleadh Cheoil na hÉireann ties in with the credit unions' not-for-profit ethos and role at the very heart of communities all over Ireland.

Commenting on the announcement, Geraldine Gilsenan, Chairperson of Drogheda Credit Union said; "We are excited to be onboard as main sponsor of the Fleadh Cheoil na hÉireann 2018 which will be hosted this year in Drogheda. We have strong ties with our communities so it is great to be able to engage with such a huge event. People in our Trim and Bettystown communities, and across the counties of Louth, Meath and North Dublin, are also gearing up for an amazing treat of seven days and nights of music, dancing, singing and craic."

Energy Ambassadors!

Dunleer Parish Credit Union Ltd. is very proud to support the work of the Dunleer Community Development Board (DCDB), especially in its recent collaboration with the SEAI Sustainable Energy Community network. The DCDB has successfully accessed €1.2 million of grant aid funding for upgrading 150 homes, community centres and small businesses across Co. Louth. Grants available from SEAI vary between 30% and 80%, with the remainder being financed by the home owner. In a number of these grant applications, Dunleer Parish Credit Union has provided the rest of the finance to their members through a home improvement loan. In addition to supporting grant applications, the DCDB has also established the Energy Team, which has produced The Energy Ambassadors programme; this programme promotes a community led approach to conserving energy and using more renewables. More details of the Energy Team's activities can be viewed on Facebook (@TheEnergyTeam) and through their website (www.energyteam.ie).

Sadie Celebrates 100th Birthday at Finglas Credit Union

Finglas Credit Union Ltd. recently celebrated an extra special birthday. One of their members, Sadie McDermott, turned 100 and called into the credit union with her daughter Gloria. She was met there by the Lord Mayor of Dublin, Míchéal MacDonncha. Sadie is an extremely talented centenarian and something of a social media star! A video of a poetry reading she recorded for Finglas Credit Union reached 11,000 people and attracted 853 reactions and 701 shares!

Sligo Credit Union's New Office in Former Hotel

Sligo Credit Union Ltd. has recently purchased the former Clarence Hotel in Sligo town as its new premises. The credit union had been searching for some time for a suitable new office to accommodate its increasing membership, which now stands at over 20,000. The building will be renovated with a view to moving all Sligo Credit Union's operations there in the coming year.

Commenting on the ambitious new plans, Sligo Credit Union's Chairman, Peter Smith, said: "Our aim will be to continue to provide the type of personal service that has made credit unions the most trusted brand in Ireland for several consecutive years. Due to increasing membership, and in particular the increase in the number of members who have chosen to borrow from their credit union, our present offices in Stephen Street had become a victim of its own success. We look forward to a busy number of months ahead in putting plans together that will ensure our new premises meets our members' expectations."

St Canice's Credit Union Organise Student Information Evening

St. Canice's Credit Union Ltd. recently organised a Student Information Evening Called: Options After Leaving Cert in Kilkenny. Key speakers on the night included Mary Quirke, a qualified career guidance counsellor, while Lorna Fitzpatrick, President at IT Carlow Students' Union spoke about college costs and grants. They were joined by Daniel Twomey, a strong advocate for youth mental health & wellbeing who spoke about managing stress for parents and students coming up to exams. Tom McWey, Business Development Officer with St. Canice's Credit Union, also spoke about the cost of financing Third Level Education and student loan options from St Canice's Credit Union.

The evening was opened by Claire Lawton, CEO of St. Canice's Credit Union. Claire announced the launch of the New Scholarship Programme in St. Canice's. Any member who has completed their Leaving Cert and is already attending or planning to go to 3rd level can apply and be in with a chance to win one of five scholarships of €3,000 each. The scholarships are not academically based so all student members who apply and qualify have a fair chance of winning.

Another new initiative, which proved very popular with the students in the audience, was the new #SQUAD account for 12 – 17 year olds. A big attraction with this account is that once a young member joins before the end of their 17th year, they will go into a draw to win €1,800 for their 18th birthday. The night was a great success with positive reactions from everyone who attended.

Legislative Update

Fitness & Probity

Following a review of the Fitness and Probity Regime in credit unions, the Central Bank of Ireland (CBI) has proposed the introduction of three new PCF roles for credit unions with total assets of at least €100 million.

This review gave consideration to the continued appropriateness of a tailored regime for credit unions, as well as the designation of additional CFs and PCFs for credit unions. The review was undertaken in the context of recent developments such as sector restructuring and business model development, the findings of the themed inspections on Fitness and Probity in credit unions conducted in 2016, and supervisory findings in credit unions around governance and systems of control arising from on-site inspections conducted by the CBI.

Consultation paper CP113 *Consultation on Potential Amendments to the Fitness and Probity Regime for Credit Unions* was published in September 2017 and set out the CBI's view that a tailored regime remains appropriate for credit unions. CP113 proposed three new PCF roles to reflect the important role that these functions play in embedding restructuring and assisting the development of strong foundations to underpin sector development, and a review of systems and risk controls. These roles have been confirmed as:

- Risk Management Officer (CUPCF-3);
- Head of Internal Audit (CUPCF-4); and
- Head of Finance (CUPCF-5).

The feedback received was broadly supportive of the proposals set out in CP113. The CBI has decided to move the commencement date for these PCFs from April 1st 2018 to July 1st 2018 in order to allow for the preparation of the introduction of the new requirements.

Anti-Money Laundering

The Cabinet has approved the *Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Bill 2018*. The Bill transposes most of the provisions of the Fourth EU Money Laundering Directive (4AMLD) and implements the most recent recommendations of the Financial Action Task Force (FATF), an international standard-setting body.

The aim of the Bill is to strengthen laws to combat money laundering and terrorist financing. The parent EU Directive will require designated persons – including entitles such as banks – to take a risk based approach to identifying and monitoring customers and business relationships.

The Bill will provide that financial institutions carry out business-wide and individual customer due diligence assessments; it will expand the remit of the Financial Intelligence Unit and it will extend the designation of a "politically exposed person" to those resident in this jurisdiction.

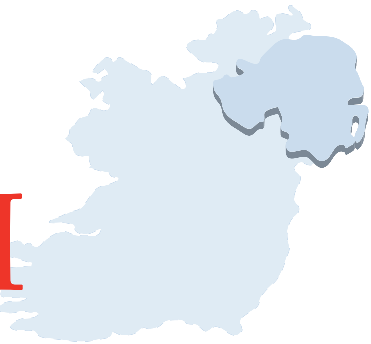
Data Protection

As you will be aware, the General Data Protection Regulations (GDPR) will be coming into force on May 25th 2018, and credit unions will need to have appropriate technical and organisational measures in place to demonstrate compliance with the GDPR.

The Data Protection Bill 2018 is before the Houses of the Oireachtas and has been subject to multiple amendments during the various stages of the legislative process. It is currently at Committee Stage in the Daíl.

Legislative Update

NI



Sanctions and Anti-Money Laundering Bill 2017-2019

On May 1st 2018, the Sanctions and Anti-Money Laundering Bill (the Sanctions AML Bill) passed its report stage and third reading in the UK Parliament. When a Bill has passed through third reading in both Houses it is returned to the first House (where it started) for the second House's amendments (proposals for change) to be considered. Both Houses must now agree on the exact wording of the Bill. Once the Commons and Lords agree on the final version of the Bill, it can receive Royal Assent and become an Act of Parliament

The main purpose of the Sanctions AML Bill is to ensure that when the UK leaves the EU, it can continue to impose, update, and lift sanctions and AML regimes. The most common type of sanctions are financial and impose prohibitions for purposes such as freezing funds, preventing financial services from being used by certain named individuals or individuals connected with a particular country.

The screening of members under financial sanctions obligations is already conducted by credit unions. No relationship is permitted with any individual or body listed on this sanction list so it is important to check all new members against the list before membership.

Under the new Sanctions AML Bill, the UK government will be permitted to impose sanctions regulations that are considered appropriate either for the purpose of compliance with a UN obligation or any other international obligation, or for the prevention of terrorism, in the interest of national security or international peace and security, or to further a foreign policy objective of the government of the UK. The Sanctions AML Bill widens the current scope from existing EU sanctions.

One of the more newsworthy amendments on May 1st 2018, and which was finally accepted by the UK government, due to the UK government not having enough parliamentary support to defeat the amendment, was that of the introduction of public ownership registers in British Overseas Territories (such as the Cayman Islands) but interestingly not Crown Dependencies (like the Channel Islands). This means that the beneficial owners of companies based in the British Overseas Territories will be identified on a public register.

Fifth Money Laundering Directive MLD: House of Commons European Scrutiny Committee report

The House of Commons European Scrutiny Committee published its twelfth report of session 2017 – 2019. The report includes a summary, and its views, of the requirements under the Fifth Anti-Money Laundering Directive (5MLD). The 5MLD was adopted by the European Parliament on April 18th 2018. The updated Directive will soon be formally adopted by the European Council and then gazetted in the *Official Journal of the European Union*. Transposition will likely take place in or after November 2019 (depending on agreement) and member states will then have 18 months to transpose the new rules into their national law. Given the Government is seeking a transitional period in relation to Brexit, the Committee considers it likely that most, if not all, of 5MLD will have to be transposed in the UK as a matter of law.

The Domestic Economy

OVERVIEW

Following a strong outturn for 2017, the Central Bank of Ireland (CBI) believes that the outlook for the economy remains positive. The latest CBI forecasts contain small upward revisions to the projections for growth in 2018 and 2019, reflecting continued strength in domestic demand and a broadly improving international growth environment. In the absence of divergent trends in the globalised sectors of the economy, which boosted headline growth figures last year, growth is expected to be broadly reflective of the strength of underlying conditions.

The preliminary 2017 National Accounts estimates point to GDP growth of 7.8% in 2017. As has been the case in recent years, headline National Accounts measures were distorted by the activities of multinational enterprises (MNEs) leading to an overstatement of the underlying growth rate and a significant distortion in the relative contributions from net exports (overstated) and domestic demand (understated). Excluding these distortions, the underlying growth rate was in the region of 5% and more balanced with positive contributions from both domestic demand and net exports.

Underlying domestic demand increased by an estimated 2.6% in 2017 reflecting relatively modest increases in consumer spending, government consumption and underlying investment expenditure. The CBI expects that a more positive outlook for both private consumption and investment spending over the forecast horizon should support a pick-up in underlying domestic demand growth to 4.3% on average in 2018 and 2019.

The preliminary estimate for growth in consumer spending last year of 1.9% was surprisingly low given the strength of drivers such as employment, incomes and consumer confidence. The main source of weakness was in the consumption of services, which is estimated by the CBI to have declined by 0.1%, compared with an increase in goods consumption of 4.9%, which occurred despite a decline in new car sales. Continued strength in income and employment should support a pick-up in consumer spending this year to 2.9%, easing to 2.5% in 2019.

While improved prospects for growth internationally has prompted an upward revision to the CBI's outlook for the Irish economy, it should be noted that external factors are also the main source of significant tail risks to growth prospects here. This reflects the highly globalised nature of the economy and the consequent vulnerability to external shocks. Potential risks include a disruptive UK exit from the European Union next year, an increase in protectionist trade policies, changes to international tax regimes that can have an impact on Foreign Direct Investment (FDI) decisions by multinational firms and disruptive movements in bilateral exchange rates

LABOUR MARKET

The recovery in the labour market continued last year with employment increasing by 2.9% and unemployment declining to an average rate of 6.7%. The strong momentum at the end of the year, with employment growth in the fourth quarter at its highest rate since 2006, has prompted an upward revision to the labour market outlook. The CBI has forecasted employment growth of 2.4% for this year followed by growth of 2.0% in 2019. The CBI also projects that the unemployment rate will average 5.6% this year, declining to 4.8% in 2019.

INFLATION

Consumer price inflation was subdued last year. The increase in the Harmonised Index of Consumer Prices (HICP) averaged just 0.3% while the core HICP, which excludes energy prices, declined by 0.1%.

PAY
With the labour market expected to continue performing strongly and with a postive outlook for domestic demand, wages are likely to rise at a faster pace.

A gradual pick-up in inflation is expected for this year and in 2019 as the impact of past sterling weakness on goods price inflation fades, and a pick-up in domestic demand pushes up services inflation. Headline inflation, as measured by the HICP, is projected to average 0.8% this year, rising to 0.9% in 2019.

PAY

With the labour market expected to continue performing strongly and with a positive outlook for domestic demand, wages are likely to rise at a faster pace. Overall, compensation per employee is expected to gain further momentum, increasing by 3.3% on average in both 2018 and 2019. This follows an estimated increase of 3% in 2017. With inflation expected to be modest over the forecast period, these increases will support household incomes via higher real wages.

RESIDENTIAL PROPERTY

The latest data shows that the pace of annualised residential property price growth continued throughout the latter part of 2017 and into the first month of 2018, growing by 12.5% in January compared with the same month last year. On the rental side, the latest rental report by property website Daft showed that average rental prices grew by 10.4% in 2017. The CSO's HICP "Actual Rentals for Housing" series, which takes account of outstanding tenancies, grew by 6.2% year-on-year in February.

COMMERCIAL PROPERTY

The latest data from the Jones Lang LaSalle property index show that the pace of growth in commercial property prices has moderated in recent quarters. Overall, commercial property prices grew by 5.2 per cent year on year in the fourth quarter of 2017. On an annual basis, the office, retail and industrial sectors grew by 8.4%, 1.3% and 3.2%, respectively, in the fourth quarter.

THE PUBLIC FINANCES

The latest Government Finance Statistics data shows that the general government balance and gross debt position continued to record annual improvements in the third quarter of last year. This, alongside positive Exchequer data in the final months of the year, points to a further improvement in the fiscal position for 2017 as a whole. Such an outturn would be consistent with Budget 2018 projections; these anticipated a 0.5% of Gross National Income (GNI) general government deficit and a government debt ratio of 106.5% of GNI. The latter figure is notably higher than the debt to GDP ratio, projected to be just over 70%.

In February, the Government published the National Development Plan (NDP), outlining intended investment for the period 2018 to 2027. The Plan envisages a gradual increase in capital spending to a medium-term target of around 4% of GNI; the corresponding figure in 2016 was 2.6%. Having such a target should reduce the cyclicality associated with investment expenditure. The Government also published the National Planning Framework in February, to guide planning and development over the longer-term.

SAMUEL (UEL) ADAIR RETIRES

Following 43 Years' Service to the Credit Union Movement

In February Waterside Credit Union Ltd. celebrated the retirement of Mr Samuel Adair MBE. He was affectionately known as Uel to the many credit union employees and members that had the privilege of knowing him through his 43 years' service in Waterside Credit Union, Chapter 1 and the Irish League of Credit Unions.

Uel began his service to Waterside Credit Union in 1974 as a volunteer. With his vast expertise in the trade union movement, he proved to be a valuable asset to the growth and development of the credit union, and to this day, his expertise, commitment and knowledge is greatly appreciated and treasured by the staff and volunteers both past and present.

When Uel initially joined the credit union movement in 1974, it was to be for a three-year period to necessitate one meeting per month. This however transpired to be a huge understatement of his involvement with the movement. Over 43 years, he served on Chapter 1 as a delegate, held the offices of PRO, Treasurer and Chairman and was also Chairman of the inter-Chapter group. In 2007, Uel was appointed President of the Irish League of Credit Unions, the term lasting until May of 2009.

No matter how dedicated and committed to his work Uel always found time for his passions in life. He has been very involved in horse racing, owning a horse or two, and has been involved in the administration of horse and pony racing in the North-West. Another main interest of his is soccer, being a supporter of Manchester United FC for many years, and a soccer referee in the local league. His dog Saber was also of huge importance. In the 1980s, Saber took third place at the Derry Caine Association Dog Show, only losing out to Pele and his mother Sacha who were also from the same family as Saber.

On October 29th 2010, his hard work and commitment was recognised by the Queen of England when he was made MBE by the Prince of Wales at Buckingham Palace. Uel was decorated with the British Empire Silver Pin for his services to the credit union movement. Remaining ever humble, even in this moment of great privilege, the following was Uel's comment on receiving the MBE; "There are a lot of people in the credit union that deserve the credit more than I do."

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Waterside Credit Union's staff, Board of Directors and members take this opportunity to thank him for his invaluable contribution and wish him good health and happiness in his retirement. Sincere thanks also to Uel's wife Ina and family for supporting him in his work with the credit union for so long.

The Gleneagle

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The closing date for entries is Friday June 29th 2018. The judges' decision is final and no correspondence will be entered into. Only one entry will be accepted from each email address. Terms and Conditions apply. Subject to availability.

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