



Policy Statement

Participation in the Irish retail clearing systems by Credit Unions and An Post

The Competition Authority of Ireland issued a report in 2005 on its study of the Non-Investment Banking Sector in Ireland. One set of recommendations concerned access to the Irish retail clearing systems. In particular, recommendation 18 sought clarification from IPSO on eligibility for membership of Credit Unions and An Post in the retail clearing systems.

This recommendation has been considered by IPSO in the context of the existing rules for membership of the retail clearing systems and also from the perspective of IPSO's ongoing policy of openness, transparency and inclusion in relation to Irish payment systems.

This policy statements sets out IPSO's response to and clarification of the above matters.

Credit Unions:

IPSO considers that Credit Unions are currently eligible under the existing rules of IPCC and IRECC for such membership (whether ordinary or associate) on the following basis:

- A Credit Union constitutes an undertaking, other than a credit institution, providing one or more of the financial services set out in the Schedule of the European Communities (Licensing and Supervision of Credit Institutions) Regulations 1992; and
- A Credit Union is (and continues to be) supervised by a competent authority (as defined in those Regulations) subject to it being established that the Credit Union is authorised by such competent authority to provide money transmission services.

As with all applicants for membership, any Credit Union applicant would be required to comply with the applicable membership rules and criteria, including those as to technical capability.

Currently, in excess of 20 Credit Unions have applied for and been accepted into Associate Membership of the electronic payments clearing system (IRECC).

The relevant documentation in this regard, including the IPCC / IRECC Articles of Association, Rules for Membership and Outline Guide to Membership, is available on IPSO's website at: www.ipso.ie

An Post:

IPSO considers that An Post is not currently eligible under the existing rules of IPCC and IRECC for such membership (whether ordinary or associate) on the following basis:

- An Post constitutes an undertaking, other than a credit institution, providing one or more of the financial services set out in the Schedule to the European Communities (Licensing and Supervision of Credit Institutions) Regulations 1992;
- An Post is not currently supervised by a "competent authority" (as defined in those Regulations), nor, accordingly, authorised by such competent authority to provide money transmission services.

However, IPSO recognises that An Post is engaged in a process which may result in An Post offering retail banking type services. It is possible therefore that the status of An Post may alter, in particular from a regulatory perspective, and that An Post may become supervised by a competent authority for such purposes. In that event, IPSO would very much look forward to discussing membership of the Irish retail clearing systems with An Post.

IPSO also recognises the European-wide developments that are taking place in relation to payment systems and the potential for greater involvement by non-banks in such payment systems. In this connection, as the rules within the European framework change, IPSO is committed to embracing these changes and ensuring that best practice is continued.

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