

## Galway Credit Unions not affected by Central Bank take over scare.



The savings of credit union members in the Galway area are safe and secure, according to the Irish League of Credit Unions (ILCU). This week has seen the future of some credit unions in the country being thrown into doubt with news that some may have to be taken over by the Central Bank due to the huge numbers of borrowers who are unable to pay back their loans. While a significant proportion of the country's 408 credit unions are struggling to cope, regulations have also been tightened. This comes as the High Court granted a request from the Central Bank regulators to appoint a special manager to the Newbridge Credit Union.

The Credit Union Commission has also concluded that a further 26 credit unions could be in similar difficulties. As loan arrears throughout the State's 408 credit unions reaches €1 billion, the Government has warned that a number of struggling credit unions may have to merge with stronger ones in order to survive. These turbulent times have prompted fears for the future of credit unions throughout the country, with Galway members expressing their concerns. However the ILCU has moved to allay these fears, assuring members in Galway that their savings are safe and secure. Speaking to the *Advertiser* yesterday a spokesperson for the ILCU said: "A strong, viable, and competitive credit union alternative to the remaining commercial banks operating in the State is a public imperative. ILCU is focused on how this alternative can be provided and on identifying the legislative and regulatory changes that are required to ensure it will be achieved.

The deliberations of the Governmental Commission on Credit Unions continue towards agreeing a comprehensive strategy around a restructuring of the credit union movement in the Republic of Ireland. The Commission will report to the Minister in March 2012. "Undoubtedly, the economic downturn has had an effect on credit unions and 2011 proved a challenging year for all financial institutions. However credit unions in Galway are working hard to continue to deliver services to their valued members.

Credit unions have been serving local communities around the country for over 50 years now, in this time credit unions have come through periods of economic unrest and we believe that this will be the case now. In fact credit unions have performed well given the current financial crisis compared to the banks. The vast majority of credit unions have sufficient funds available to lend to members once an appropriate evaluation of the members' ability to repay has been completed. And while the lending restrictions implemented by the Registrar of Credit Unions at the Central Bank are having an impact on some credit unions, others are completely unaffected by these developments and continue to offer and promote loans to established credit unions members.

"There are currently 20 ILCU affiliated credit unions operating in the Galway area with 178,000 members and assets of €735,000,000." The ILCU wants to reassure members in the Galway area that savings are safe and secure and are guaranteed of up to €100,000 per member under the Government's Deposit Guarantee Scheme. We would urge any member that has any queries, to contact their local credit union where a member of staff will be happy to answer questions.