



CREATE A COMMUNITY BANKING SECTOR

There has never been a greater need and demand for full-service community banking in Ireland. Post-recession, many people would rather bank with publicly-owned, or community owned, institutions. Across the country, households and small businesses are finding it difficult to secure loans, including for mortgages and business investment. Improved access to finance will be vital for regionally balanced economic recovery and development.

Ireland has about 380 credit unions and over 1,100 post offices across the country, giving them a physical presence in towns and villages in every county. We propose an ambitious project where the State and Central Bank of Ireland would work with both networks to build a strong, well-regulated, community banking sector in Ireland.

This would result in credit union and post office customers having full current account facilities, including debit cards and online banking. Enhanced loan facilities would be provided by credit unions (on an opt-in basis by branch). In addition, we propose a feasibility study for post office branches to offer enhanced services, potentially via the broker model used by the Royal Mail in the UK.

The proposal would have numerous benefits, including:

- Access to financial services in smaller towns and villages;
- Increased access to credit for local businesses and the self-employed, including the c. €8bn of credit union deposits which are currently unused;
- Local savings being available for local investment;
- The choice to bank with publicly-owned institutions;
- Profits reinvested locally and distributed to members;
- Increased sustainability for credit unions, and in particular for post offices, which are under concerted financial pressure.

As part of the required project, the Social Democrats propose:

- Provision of full current accounts for personal and small business banking, including debit cards that can be used on the full national and international ATM network;
- Provision of mortgage lending, with expertise and financial aggregation of risk provided at a county and/or regional basis;
- Provision of online banking and associated services including electronic payments;
- Support for on-going development of lending expertise, in particular with regard to mortgages and business lending;
- Support for all corporate governance changes required to ensure compliant oversight of new financial activity.
- Enhanced regulation of the sector;
- Increased savings limit beyond €100k for credit union customers;
- Wider investment options for credit union deposits than current options (limited mainly to government bonds, bank bonds and cash deposits);
- Feasibility study to see if credit unions could become conduits for small savings loans underwritten by the Strategic Banking Corporation of Ireland, as per the model currently used in the retail banks.

Enhanced services for post offices, to include:

Provision of full current accounts, as per the credits unions;

Provision of online banking, as per the credit unions

Feasibility study to see if post offices could become brokers for wider banking services, including lending, as per Royal Mail model in the UK.

Help shape our policy on Community Banking:

What other services could be provided that would enhance a Community Banking model?

How could we speed up the roll-out of Community Banking in Ireland?

Are there models in other countries that could be readily adopted in Ireland?