

**EXPLANATORY MEMORANDUM TO
THE CREDIT UNIONS (DEPOSITS AND LOANS) ORDER (NORTHERN IRELAND)**

2006 No. 78

1. This explanatory memorandum has been prepared by Department of Enterprise, Trade and Investment and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 The Order is intended to raise the maximum amount which can be deposited in a Credit Union by a person too young to be a member of a Credit Union. It also raises the maximum amount which may be borrowed by a member of a Credit Union, and also increases the maximum period over which a secured loan by a Credit Union can be repaid.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Background

4.1 The above Order is being made under paragraph 7(3) of the Schedule to the Northern Ireland Act 2000. The Order exercises powers available to the Department of Enterprise, Trade and Investment under Articles 26(4), 28(2) and 28(4) the Credit Unions (Northern Ireland) Order 1985.

5. Extent

5.1 This instrument applies to Northern Ireland .

6. European Convention on Human Rights

The Minister for Enterprise, Trade and Investment, Angela Smith MP, has made the following statement regarding Human Rights:

In my view the provisions of the Credit Unions (Deposits and Loans) Order (Northern Ireland) 2006 are compatible with the Convention rights.

7. Policy background

7.1 This Order will form part of the Department's strategy to help Credit Unions in Northern Ireland to reach their full potential, by removing legal, regulatory and policy barriers that may act as obstacles to their growth and development. The aim is to create a supportive and enabling framework, ensuring that the needs of Credit Union members are met, at the same time protecting their interests. By modernising key policy areas, the Department intends to create a regulatory environment which will encourage Credit Unions to maximise their contribution to social and economic development in Northern Ireland.

7.2 The purpose of the Order is to achieve these objectives by raising the current limits on Credit Union loan amounts and the maximum repayment period for secured loans by Credit Unions.

7.3 A consultation paper was issued in May 2004, with subsequent focus groups being held during June and July 2004. Consultees included all of the Credit Unions in Northern Ireland, as well as leaders of various Credit Union representative bodies. Other government departments in Northern Ireland were also consulted, as were the Financial Services Authority and HM Treasury. Over 80 responses were received from consultees, all of which were supportive of the provisions contained in this Statutory Rule.

8. Impact

8.1 Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies]

9. Contact

Sandy Williamson at the Department of Enterprise, Trade and Investment, Tel: 028 9090 5348 or e-mail: sandy.williamson@detini.gov.uk can answer any queries regarding the instrument.