

*These notes refer to the Credit Unions and Co-operative and Community Benefit Societies Act (Northern Ireland) 2016 (c.16) which received Royal Assent on 22 April 2016*

# Credit Unions and Co-operative and Community Benefit Societies Act (Northern Ireland) 2016

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## **EXPLANATORY NOTES**

### **BACKGROUND AND POLICY OBJECTIVES**

3. The Act makes provision for updates to the key legislation governing the operation of credit unions and industrial and provident societies (IPSs).
4. The credit union sector in Northern Ireland plays a key role in the Northern Ireland economy. This was recognised in a 2009 ‘Report on the Committee’s Inquiry into the Role and Potential of Credit Unions in Northern Ireland’, in which the NI Assembly Committee for Enterprise, Trade and Investment (ETI Committee) made a number of recommendations for the sector. A 2012 NI Assembly research paper, ‘FSA Regulation of Northern Ireland Credit Unions’, considered these recommendations and noted that legislative changes would be required at the Northern Ireland level. This opportunity is also being used to implement legislative changes for IPSs.
5. This Act updates two pieces of legislation: The Credit Unions (Northern Ireland) Order 1985 (‘the 1985 Order’) and the Industrial and Provident Societies Act (Northern Ireland) 1969 (‘the 1969 Act’). These pieces of legislation govern the operations of credit unions and IPSs respectively. In the interests of promoting the continued growth and ongoing sustainability of these sectors, the Act will give NI credit unions and IPSs greater operational flexibility, while seeking to ensure that this flexibility does not put at risk the prudential running of such organisations.
6. The Act will also address a lacuna in the legislation relating to the disqualification of directors, so that directors of credit unions can be disqualified in the same way as directors of companies. It will also ensure that the Company Directors Disqualification (Northern Ireland) Order 2002 applies both to credit unions registered under the 1985 Order and to registered societies under the 1969 Act.