

August 26, 2019

Mr. Pashko, Governor
National Commission for the State Regulation of Financial Service Markets
B. Grinchenko street, 3
Kyiv-1, Ukraine, 01001

Re: Regulations on Mandatory Standards and Requirements Limiting the Risk of Operations with Credit Union Financial Assets (“Regulations”) and Ukrainian Exemption from EU Basel III Capital Requirements Directive (CRD IV)

Dear Governor Pashko:

The European Network of Credit Unions appreciates the opportunity to provide comments on the revised Regulations on Mandatory Standards and Requirements Limiting the Risk of Operations with Credit Union Financial Assets (“Regulations”) and their relationship to the European Union (EU) Capital Requirements Directive (CRD IV). Credit unions are consumer-owned, not-for-profit financial cooperatives that promote financial inclusion in underserved European communities by offering their members affordable and easily understandable financial products. There are approximately 1,000 credit unions in the European Union (EU) with more than EUR 20 billion in total assets and 7 million physical person members.¹

Credit unions play an important role in promoting financial inclusion in many EU Member States, and the European Network of Credit Unions (ENCU) represents credit unions in Estonia, the Republic of Ireland, the Netherlands, Poland, Romania, Croatia, Moldova, the Republic of North Macedonia, and Ukraine. European credit unions are very small compared to banks, with an average asset size of only EUR 21 million in total assets.

Article 2(5) of the current CRD IV exempts credit unions in many Member States from the EU’s Basel III-based capital and liquidity rules for banks with the Netherlands most recently receiving a CRD IV exemption in 2019 by act of the EU. These exemptions

¹ See “Credit Unions in Europe,” http://creditunionnetwork.eu/cus_in_europe.
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exist due to the acknowledgement by the EU that based on the size, complexity, cooperative structure, and relative low-risk represented by credit unions that the exemption is desirable. The adoption of the Regulations further should lend confidence to Ukraine that credit unions are regulated in a provident manner. Therefore, ENCU strongly supports the extension of a CRD IV Article 2(5) exemption for credit unions in the current Ukraine–European Union Association Agreement.

The European Network of Credit Unions appreciates the opportunity to comment on the Commission's *Public consultation on EU funds in the area of investment, research & innovation, SMEs and single market*. Please do not hesitate to contact me or Denitsa Marchevska by email at info@creditunionnetwork.eu or phone at +32 2 626 9500 or +1 950-766-5699 (mobile) should you have any questions regarding our comments.

Sincerely,

Andrew T. Price
Vice President of Advocacy
European Network of Credit Unions
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