Title: The Financial Services and Markets Act 2000 (Exemption) (Amendment No. 2) Order 2011; The Money Laundering (Amendment No.2) Regulations 2011; and the Financial Services and Markets Act 2000 (Permissions, Transitional Provisions And Consequential Amendments) (Northern Ireland Credit Unions) Order 2011	Post Implementation Review
PIR No: Not applicable	**Date: 15/12/2021**
Original IA/RPC No: Impact Assessment 2011 No.423	**Type of regulation: Domestic**
Lead department or agency: HM Treasury	**Type of review: Statutory**
Other departments or agencies: Financial Conduct Authority, Prudential Regulation Authority, Department for Economy (Northern Ireland)	**Date measure came into force: 31/03/2012**
	Recommendation: Keep
Contact for enquiries: Logan.Cuthbert@hmtreasury.gov.uk	**RPC Opinion:** Choose an item.

1. What were the policy objectives of the measure?

The policy objective was to transfer the regulation of Northern Ireland Credit Unions (NICUs) from the devolved Department for Enterprise, Trade, and Investment (DETI, now Department for Economy, DfE) to the Financial Services Authority (FSA), now Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA). The intention was to ensure that the NICU sector was supported through stronger regulation, bringing NICU regulation in line with regulation of credit unions in Great Britain. There was a further aim to increase consumer protection. This ensured that members of NICUs have recourse to the Financial Services Compensation Scheme (FSCS) and the Financial Ombudsman Service (FOS), and to allow NICUs to offer the wider range of services and products then offered in the rest of the UK.

2. What evidence has informed the PIR?

This PIR has been informed by the PRA's evidence on the performance of the sector. The PRA collects data on the total assets and membership of credit unions in Northern Ireland, as well as the number of credit union failures. This is collected in line with their procedures as part of their current and past supervision of firms. In the event of a credit union failure, the PRA receives confirmation that any payments from the FSCS have gone out to members.

3. To what extent have the policy objectives been achieved?

The policy objectives have been achieved. The FCA and PRA now regulate NICUs after regulation was successfully transferred on 31 March 2012. NICUs are subject to a comprehensive regime of regulatory oversight. Between 30 September 2012 and 31 August 2021, the sector grew in size from 484,942 adult members to 634,308 adult members and increased total assets from £1,223,728,567to £2,007,127,049. Additionally, there have been seven cases of NICU failures since 2011, for which the FSCS had paid a total compensation of £4.8 million to their members, demonstrating consumer protection. This shows that the objectives and the regulatory regime remain appropriate, and HM Treasury intends to keep this in force.

SCS of Banking and Credit Team

Signed: ***Alanna Barber*** Date: 24/11/2021

SCS of Better Regulation

Signed: ***Linda Timson*** Date: 06/12/2021

Sign-off for Post Implementation Review: Minister

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: ***John Glen MP, Economic Secretary to the Treasury*** Date: 08/12/2021

Further information sheet

Please provide additional evidence in subsequent sheets, as required.

4. What were the original assumptions?

The original Impact Assessment did not try to calculate the monetary benefits to Government of avoiding future deposit protection liabilities, or the increased business FSA regulation would bring to the NICU sector, due to lack of comparable data.

5. Were there any unintended consequences?

No, the Government is not aware of any unintended consequences resulting from this measure.

6. Has the evidence identified any opportunities for reducing the burden on business?

The evidence did not identify any opportunities for reducing unnecessary burdens on NICUs. The PRA reformed the credit union capital requirements regime in March 2020 to introduce a graduated capital approach, which will have had the effect of reducing the capital requirements for some of the larger NICUs. In April 2019, the FCA exempted credit unions from payment of all FCA annual consumer credit fees. As no new opportunities for reducing burdens have been identified, the Government believes that the current regime remains fit for purpose and does not intend to make any changes.

7. How does the UK approach compare with the implementation of similar measures internationally, including how EU member states implemented EU requirements that are comparable or now form part of retained EU law, or how other countries have implemented international agreements?

The provisions of this measure relate solely to Northern Ireland. Any international comparisons should be reviewed through the overall regime and not assessed in this PIR.