

	Post Implementation Review
<p><b>Title:</b> 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</p>	<p><b>Date: 27/03/2018</b></p>
<p><b>PIR No: 2018-HMT-PIR-02</b> <b>Original IA/RPC No: <a href="#">here</a></b></p>	<p><b>Type of regulation: Domestic</b></p>
<p><b>Lead department or agency: HM Treasury</b></p>	<p><b>Type of review: Statutory</b></p>
<p><b>Other departments or agencies:</b> Financial Conduct Authority, Prudential Regulation Authority, Department for Economy (Northern Ireland)</p>	<p><b>Date measure came into force: 31/03/2012</b></p>
<p>Contact for enquiries: <b>Kat Lyness</b></p>	<p><b>Recommendation: Keep</b></p>
<p><b>(<a href="mailto:katharine.lyness@hmtreasury.gsi.gov.uk">katharine.lyness@hmtreasury.gsi.gov.uk</a>)</b></p>	<p><b>RPC Opinion: N/A</b></p>

**1. What were the policy objectives of the measure? (Maximum 5 lines)**

The policy objectives of the measures were 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 the Financial Conduct Authority (FCA), and the Prudential Regulation Authority (PRA). The aim of this was to support the sector through stronger regulation, bringing NICU regulation in line with regulation of credit unions in Great Britain. A further aim was to increase consumer protection; for example, the transfer would allow NICU members to access the Financial Services Compensation Scheme (FSCS), 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? (Maximum 5 lines)**

The PIR has been informed by evidence about the performance of the sector, collected by the Prudential Regulation Authority, which has been collected in line with their own procedures as part of their current and past supervision of firms. The PIR was also informed by confirmation from the FCA and PRA that the transfer did take place.

**3. To what extent have the policy objectives been achieved? (Maximum 5 lines)**

The policy objectives have been achieved. The regulation was successfully transferred on 31<sup>st</sup> March 2012, bringing NICUs under the same regulatory regime as GB credit unions; NICUs are now subject to a comprehensive regime of regulatory oversight. Between 30 September 2011 and 31 October 2017, the sector grew in size from 466,219 to 561,001 adult members and £1,151,999,597 to £1,614,931,000 total assets. Consumer protection is demonstrated by the fact that FSCS has paid out £4.6 million to 4,500 NICU members following failures.

**SCS of Banking and Credit Team**

Signed: ***David Raw***

Date: ***17/04/2018***

**SCS of Better Regulation Unit**

Signed: ***Johanna Cowan***

Date: ***10/04/2018***

Sign-off for Post Implementation Review: Chief economist/Head of Analysis and 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: ***13/07/2018***

## Further information sheet

Please provide additional evidence in subsequent sheets, as required.

### 4. What were the original assumptions?(Maximum 5 lines)

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? (Maximum 5 lines)

No

### 6. Has the evidence identified any opportunities for reducing the burden on business? (Maximum 5 lines)

While transferring the regulation of NICUs to UK regulators brought them within the scope of new regulation (e.g. PRA capital requirements), this was proportionate to the policy aims. The evidence did not identify any opportunities for reducing unnecessary burdens on NICUs.

### 7. For EU measures, how does the UK's implementation compare with that in other EU member states in terms of costs to business? (Maximum 5 lines)

N/A

## **Recommended Next Steps (Keep, Amend, Repeal or Replace)**

### **Recommendation: Keep**

The legislation successfully achieved the policy aims, and there were no unintended consequences. Following this transfer of regulation, with the agreement of the Departments involved, the registration function for NICUs was subsequently also transferred to the FCA and PRA by separate legislation. The recommendation is to keep the policy.