

Policy Statement | PS31/16

Credit union regulatory reporting

November 2016



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



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This policy statement provides feedback to responses to Consultation Paper 24/16 'Credit union regulatory reporting', final rules, notes on completing credit union returns and updated annual and quarterly returns.

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1 Overview

1.1 This Prudential Regulation Authority (PRA) policy statement (PS) provides feedback to responses to Consultation Paper (CP) 24/16 'Credit union regulatory reporting'¹ (the CP) and sets out final rules, updated notes on completing credit union returns which change the format and frequency of reporting requirements that apply to credit unions, and updated annual and quarterly returns.

1.2 This PS is relevant to credit unions.

1.3 In CP24/16 the PRA proposed to:

- require electronic submission of credit union returns;
- move the credit union reporting rules from the Regulatory Reporting Part to the Credit Unions Part;
- update the notes on completing credit union returns; and
- update existing quarterly and annual returns to align with the data requirements of the Credit Unions Part introduced in February 2016.²

1.4 The PRA proposed that these changes would take effect from Tuesday 3 January 2017.

1.5 The final rules, reporting templates and notes are provided in the appendices to this PS. The notes on completing returns will also be included in the appendices to SS2/16³ from Tuesday 3 January 2017, when the new reporting requirements take effect.

1.6 No material changes have been made to the proposals in the CP. As such, the PRA has not provided a cost benefit analysis of changes⁴ or impact on mutuals⁵ as required by the Financial Services and Markets Act 2000.

Implementation

1.7 Credit unions will be required to use the Bank of England's Electronic Data Submission (BEEDS) portal for the submission of quarterly and annual returns. The PRA is working towards having the system available for credit unions to access from Tuesday 3 January 2017. On Monday 14 November, the PRA supervision team will be contacting credit unions to request some basic details to grant access the BEEDS portal. This will include a request for the nomination of a 'principal user' who will: i) act as the main contact for the PRA with respect to BEEDS; ii) complete the credit union's registration on BEEDS; and iii) be able to register additional users and submit returns. Credit unions should ensure they respond to the request by Friday 9 December 2016. Following this, further instructions on how to access BEEDS and

1 July 2016: www.bankofengland.co.uk/pr/Pages/publications/cp/2016/cp2416.aspx.

2 PRA Policy Statement 4/16 'Reform of the legacy Credit Unions sourcebook', February 2016: www.bankofengland.co.uk/pr/Pages/publications/ps/2016/ps416.aspx.

3 PRA Supervisory Statement 2/16 'The prudential regulation of credit unions' February 2016: www.bankofengland.co.uk/pr/Pages/publications/ss/2016/ss216.aspx.

4 Section 138J(5) FSMA.

5 Section 138K FSMA.

an information guide will be sent directly to the nominated principal user. Further details are available on the Bank of England's website.¹

2 Feedback on responses to CP24/16

2.1 The PRA received nine responses to the CP, of which six addressed the proposal to make electronic reporting mandatory for credit unions. The remaining responses were questions about the proposed system, rather than comments on the proposals.

Electronic reporting

2.2 Most respondents supported the proposal for mandatory electronic reporting.

2.3 One respondent objected on the basis that it was an infringement of the rights of credit unions. The historical exemption for credit unions from electronic reporting was a practical modification of the general rule, however, the PRA considers that, given the contemporary business and regulatory environments for credit unions, the exemption is no longer appropriate.

2.4 The PRA also notes widespread support for electronic reporting among credit unions, demonstrated by responses from the major UK trade bodies. In addition, as set out in the CP, the means of submission that the PRA proposes to introduce will not require a credit union to use any type of bespoke software and would permit data to be entered via any computer connected to the internet that meets minimal system requirements, including those located, for example, in public libraries or information centres. Access to the Bank of England's system would involve the entry of a user-name, a password and a second user-identification, similar to the systems generally used to access online banking services.

2.5 The PRA therefore continues to view the proposals as a proportionate burden on firms in light of the benefits that electronic reporting would bring - in particular this would incorporate immediate logical tests of data inputs, so that omissions and inconsistencies are identified for correction before submission, thereby reducing the number of incorrect returns requiring manual intervention.

The proposed system

2.6 The majority of responses were regarding the systems and processes to be used in electronic reporting and the detailed content of the returns. All feedback, together with comments and suggestions on the returns, has been considered and, where practicable and appropriate, the PRA has made adjustments and modifications to the system, including:

- allowing a credit union with compatible software to upload its data directly to the system; and
- providing a download or print of a validated copy of submissions, which may be provided to its auditors if required.

¹ Credit unions regulatory reporting – supporting materials webpage:
www.bankofengland.co.uk/prs/Pages/supervision/creditunions/ps3116a.aspx.

Appendices

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- 1 PRA Rulebook: Non-CRR Firms: Credit Unions Instrument (No.2) 2016 available at www.bankofengland.co.uk/pr/Pages/publications/ps/2016/ps3116.aspx**

 - 2 Notes on completing the quarterly and annual returns ('CQ' and 'CY') for credit unions available at www.bankofengland.co.uk/pr/Pages/supervision/creditunions/ps3116a.aspx**

 - 3 Quarterly return (CQ) template available at www.bankofengland.co.uk/pr/Pages/supervision/creditunions/ps3116a.aspx**

 - 4 Annual return (CY) template available at www.bankofengland.co.uk/pr/Pages/supervision/creditunions/ps3116a.aspx**