



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC

Yves Mersch
Member of the Executive Board

Mr John McGuinness, TD
Chairman
Oireachtas Joint Committee on
Finance, Public Expenditure and
Reform, and Taoiseach

6 March 2019
Your Reference: I 2019 /701

Re: Request for an ECB opinion regarding an amendment to the Consumer Credit Act 1995 to place a cap on the interest rates to be charged by licenced moneylenders

Dear Deputy McGuinness,

Thank you for your request for an ECB opinion regarding the Consumer Credit (Amendment) Bill 2019, which amends the Consumer Credit Act 1995 to place a cap on the interest rates to be charged by licenced moneylenders (hereinafter 'the draft legislative proposal').

The ECB, after careful consideration of the draft legislative proposal, has decided not to adopt a formal opinion in the present case. Pursuant to Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union (TFEU) and, *inter alia*, the third and sixth indents of Article 2(1) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the ECB by national authorities regarding draft legislative provisions¹, the ECB would be competent to be consulted insofar as draft legislation concerns the Central Bank of Ireland (CBI), rules applicable to financial institutions insofar as they materially influence the stability of financial institutions and markets, and/or the tasks conferred on the ECB concerning the prudential supervision of credit institutions pursuant to Article 127(6) of the Treaty.

It is noted, in this respect, that the draft legislative proposal does not confer any new tasks on the CBI. Moreover, as the draft legislative proposal applies only to licenced moneylenders, the ECB does not consider it is likely to materially influence the stability of financial institutions and markets, or the tasks conferred on the ECB concerning the prudential supervision of credit institutions. Thus, the draft legislative proposal only touches marginally upon the ECB's fields of advisory competence pursuant to Articles 127(4) and 282(5) of the TFEU and Council Decision 98/415/EC. Against this backdrop, the draft legislative proposal does not merit the issuance of an ECB opinion.

¹ Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42).

The ECB appreciates that you have sent the draft legislative proposal for consultation to the ECB, and remains confident that the Oireachtas Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach will continue to consult the ECB on future draft legislative provisions that fall within the ECB's fields of competence under the Treaty and Council Decision 98/415/EC.

Yours sincerely,

[signed]

Cc: Philip Lane, Governor, Central Bank of Ireland