

The Recovery, Resolution and Resilience Team  
Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA

14<sup>th</sup> March 2025

To Whom It May Concern,

**CP17/24 – Operational resilience: Operational incident and outsourcing and third-party reporting.**

We welcome the opportunity to respond to this consultation. ABCUL is the primary trade association representing credit unions in England, Scotland and Wales with around two-thirds of credit unions in mainland Great Britain affiliated to the Association.

Credit unions are co-operative societies that provide financial services – primarily savings and loan facilities – to their member-owners. They are registered as Co-operative Societies under the Co-operatives and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. As deposit-takers, they are dual-regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

Credit unions have, since their inception in Britain in 1964, been closely associated with anti-poverty and financial inclusion. They tend to provide savings and loan facilities to those with limited or no access to financial services from mainstream providers, generally due to their low income and/or lack of a developed credit profile. They have been a central element of numerous government and philanthropic initiatives to extend financial inclusion and address the lack of adequate provision of affordable credit and secure savings facilities for large sections of the population. They are capped in the interest that they can charge at 42.6% APR under the Credit Union Act 1979 and provide credit in competition with high-cost lenders.

They are numerous, with over 230 credit unions active in Great Britain today, with more than 1.5 million members and £2.7 billion in assets under management. They range from mid-sized businesses of up to 50 staff to small voluntary organisations.

### **ABCUL's response:**

ABCUL welcomes the opportunity to respond to this consultation and has responded to the questions applicable to our member credit unions. We would like to highlight that our response considers the FCA's consultation *CP24/28 - Operational incident and third party reporting* as well as drawing comparisons with the PRA's *CP17/24 - Operation resilience: Operational incident and outsourcing and third party reporting*, due to both consultations being launched at the same time and covering the same topics. We do have initial concerns about the differing requirements for credit unions between the PRA's and FCA's consultations. The FCA are requiring credit union to report operational incidents but not third party arrangements. Whereas the PRA are requiring credit unions to report third party arrangements but not operational incidents. We welcome the proposals to reduce the reporting requirements and burden on credit unions. However, the lack of consistency between the two regulators will result in the burden of reporting remaining due to having to report third party providers to one regulator and operational incidents to the other.

We support the proposed definition of an operational incident, whether it is a single event or a series of linked events. However, we would urge the FCA & PRA to have the same definition of "operational resilience" as the proposed definitions are similar but are not the same. The FCA refer to "end user external to the firm", "firm's clients" and "user external to the firm". Whereas the PRA refer to "an end user external to the firm" or "such an end user". If there was one consistent definition this would provide clarity to firms' and avoid any confusion.

We agree, the PRA proposing to standardise the way firms submit material third-party arrangements through submission in a template provides clear expectations of minimum information expected.

The PRA's intent to require firms to submit the Register using the FCA RegData platform at least on an annual basis is a proportionate proposition and simply ensure data submitted is up to date.

We would like to highlight the differing requirements in both the FCA and PRA consultations depending on the size of the credit union. The PRA proposals are only applicable to credit unions with over £50m in assets, whereas the FCA's proposals apply to all credit unions regardless of size.

We would like to urge both regulators to have a more consistent and proportionate approach and would encourage the requirements from both regulators are applicable to only credit unions with over £50m in assets.

We support the PRA's definition presented of a 'third-party arrangement' and the requirement to collect this information due to the potential systemic risks associated with the withdrawal of any providers from the market. As the sector grows and become more diverse in the products and services being offered the potential impact of third party arrangements could be more significant.

ABCUL agree that the critical incident reporting proposals appear to be proportionate. However, we would like to note that for smaller firms these timescales may not always be achievable, and some flexibility should be allowed in exceptional circumstances.

Please contact us at [advocacy@abcul.org](mailto:advocacy@abcul.org) if you have any questions about our response to your consultation.

Kind regards,



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ABCUL