

Finance Committee of the Riigikogu
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Concerns about the draft Savings and Loan Associations Amendment Act

Dear Esteemed Members of Finance Committee of the Riigikogu,

The Irish League of Credit Unions is a representative body for Credit Unions on the island of Ireland. Credit Unions which I understand are called “oiu-laenuühistud” in Estonia, are an essential component of the financial services industry in Ireland.

I understand the proposed Savings and Loan Associations Amendment Act will prevent new members from joining a credit cooperative and impose restrictions that will strongly restrict a credit cooperative from operating and providing services in Estonia. This would in our view be a retrograde step and I am writing to highlight our concerns about this proposal.

Credit unions play a vital role in the financial ecosystem, offering inclusive, ethical, and local solutions. Supporting them fosters healthy competition, enhances consumer protection, and enables community-driven financial access.

Ireland is an example of one of the most successful credit union systems globally, demonstrating how robust regulation and community focus can create a thriving cooperative sector. Credit unions are the largest provider of unsecured personal lending in Ireland with approximately 50% market share. We provide essential competition and are a growing force in housing loans.

Our experience demonstrates that a well-regulated, community-owned cooperative model can scale responsibly, deliver financial inclusion, and bring meaningful competition to dominant banking providers. In the Irish context we see credit union provide benefits in five key areas namely;

a) Financial Inclusion

By offering accessible, trustworthy services like personal loans, credit unions bridge gaps for underserved populations, fostering inclusion and resilience, especially in rural and smaller communities where big banks have withdrawn or where the profit motivation isn't as strong.

b) Systemic Stability

Credit unions display counter-cyclical behaviour during downturns and provide localised stability by recycling members savings. Cooperative models reduce systemic risk and empower communities with financial control. The Irish Government's bailout of the domestic banking system has cost approximately €32 billion¹ whereas the credit union sector cost nothing despite significant restructuring.

c) Enhanced Competition and Consumer Choice

Credit unions provide meaningful alternatives to the banks, particularly for personal lending, mortgages, and current accounts. In Ireland two foreign banks withdrew from the market in 2021 leaving² 1.2 million account holders requiring a change to their banking providers. Credit unions were first established in 1958 in Ireland and have a long history of providing credit in a prudent manner.

d) Consumer Protection and Trust

As member-owned entities, credit unions prioritise member welfare over profits. Surpluses are reinvested into services, education, or returned to members, fostering transparent, ethical financial conduct.

e) Well regulated and supervised by the Central Bank of Ireland

Credit Unions in Ireland are well regulated and intensively supervised by the Central Bank of Ireland. Domestic legislation, combined with domestic regulations and European legislation applies to Credit unions.

By way of conclusion our view is that Estonia can benefit by enabling credit unions to operate and grow;

- Boost financial competition;
- Enhance consumer protection and trust;
- Strengthen local communities and SMEs;
- Promote financial inclusion and resilience.

¹ [How much did the bank bailout cost taxpayers?](#)

² [Overview of Account Migration activity and Final Statistics](#)

The Irish example above illustrates how, with the right legislative framework, credit unions can deliver robust financial performance, modern services, and social value. If there are any further clarifications required please don't hesitate to contact me at the details below

Best wishes



David Malone
Chief Executive Officer
Irish League of Credit Unions