

# Tánaiste welcomes Credit Union participation in COVID-19 Credit Guarantee Scheme

From [Department of Enterprise, Trade and Employment](#)

Published on 14 January 2021

Last updated on 14 January 2021

- **three further non-bank lenders also on board**
- **more options for Irish SMEs and primary producers**

The Tánaiste and Minister for Enterprise, Trade and Employment, Leo Varadkar TD today (Thursday 14 January) announced the participation of Metamo Credit Unions and three non-bank lenders: Linked Finance, CapitalFlow and Finance Ireland, in the government's €2 billion COVID-19 Credit Guarantee Scheme.

The Credit Guarantee Scheme is the biggest ever state-backed loan guarantee in Ireland. The Scheme offers an 80% Government guarantee to participating lenders to provide Irish businesses, including those in the farming and fishing sectors, with access to low interest loans as they respond to the impacts of COVID-19.

The Tánaiste said:

"This is really welcome news. The inclusion of Credit Unions means more options for SMEs seeking to take out a loan. Credit Unions are embedded in communities across the country and business owners will be able to seek advice from staff who they already have an existing relationship with. The inclusion of three non-bank lenders too, means more choice for business customers. We will continue to diversify the lenders participating in this Scheme.

"The Credit Guarantee Scheme is the largest ever state-backed loan guarantee in our history. We are using our good credit rating to help Irish businesses borrow more cheaply during these really difficult times. This Scheme is just one of the ways we are helping, there is a package of grants, wage subsidies, tax relief, advice and training available to businesses who are struggling during this really difficult time."

The seven Metamo Credit Unions involved have a combined membership of circa 250,000 members, and are: Cara Credit Union, Mallow Credit Union, First Choice Credit Union, People First Credit Union, St Canice's Credit Union, Limerick & District Credit Union, and Synergy Credit Union.

Loans provided under the scheme range from €10,000 to €1 million. Interest rates will vary depending on the loan, however they will be lower than would otherwise be available in the

market. To apply for the scheme, businesses can contact a participating finance provider directly.

Minister of State at the Department of Finance, Séan Fleming said:

"I warmly welcome the announcement that seven Metamo credit unions will be participating in the COVID-19 Credit Guarantee Scheme. Credit unions are ideally placed at the heart of local communities to support the recovery and providing loans to local businesses is a key element of the recovery. Further development of SME lending in a controlled manner could also assist credit unions in growing and diversifying their loan book."

Minister for Agriculture, Food and the Marine Charlie McConalogue TD said:

"I welcome the addition of new lenders to the COVID-19 Credit Guarantee Scheme. Credit unions play an important role in rural communities and their inclusion along with the three non-bank lenders provides greater choice for farmers, fishers and food businesses. In this time of economic disruption, access to finance is critical to ensuring the ongoing viability of businesses, including those in the agri-food sector and I am delighted that my department is supporting this initiative."

The scheme is operated by the SBCI and delivered through the participating finance providers, allowing affected businesses to access additional financing through traditional lenders. More Credit Unions and non-bank finance providers are finalising their operations and legal agreements and are expected to be ready to offer loans under the COVID-19 Credit Guarantee Scheme in the next weeks.

SBCI CEO Nick Ashmore said:

"The SBCI is delighted to see the inclusion of Credit Unions for the first time in the government's COVID-19 Credit Guarantee Scheme. This addition, along with three further non-bank scheme partners, is a welcome development in the enhancement of competition in the Irish finance market and in support of a wider choice of finance provider for SMEs."

**ENDS**

## **Notes**

[Interested parties can find further information on the COVID-19 Credit Guarantee Scheme here.](#)

Businesses will be required to declare that their turnover or projected turnover has been reduced by 15% as a result of COVID-19. The scheme will provide medium to long term liquidity finance. It is situated between the shorter term COVID-19 Working Capital scheme and the long-term Future Growth Loan Scheme being offered by the Government.

Since launch in September, the participating finance providers were AIB, Bank of Ireland and Ulster Bank. Since December Linked Finance, CaptialFlow and Finance Ireland have successfully become finance providers in the CCGS. It is expected that more Credit Unions and non-bank providers will be announced in the next weeks.

Businesses need not previously have been clients of a participating provider to apply for lending from those providers. Loans of up to €1 million are available for up to 5.5 years. No personal guarantees or collateral is required for loans under €250,000. All loans have reduced interest rates demonstrated in the agreement documents with the participating enterprise.

The scheme will be available until the end of June 2021.

The COVID-19 Credit Guarantee Scheme operates under the State Aid Temporary Framework introduced in response to the pandemic.

The Credit Unions have sign legal agreements whereby the maximum individual loan is set by the Credit Guarantee Amendment Act 2020 and in turn the European Commission State Aid Temporary Framework (Section 25D). This results in the maximum loan been calculated as:

- double the annual wage bill of the participating enterprise for 2019, or for the last year available
- 25% of the participating enterprises' total turnover in 2019; or
- in limited cases and with appropriate justification, the amount of the finance agreement may be increased to cover the liquidity needs from the moment of granting for the coming 18 months for SMEs

## **About Metamo**

Founded in 2019, Metamo is a 50:50 joint venture between 16 of Ireland's largest Credit Unions and Fexco, one of Ireland's largest financial services companies. The primary objective of Metamo is to build a stronger, better future for Irish Credit Unions.

The Metamo Group of Credit Unions have a combined lending base of €1bn+ and this programme is one of a number of initiatives that will enhance its ability to serve the needs of its members and the business community.

Metamo was launched in July 2019 with the aim of supporting Credit Union viability and sustainability through providing a wider range of services and helping with support in key areas such as lending, risk management and technology delivery.

Metamo is based in Kerry with offices in Dublin also. More information is available at [www.metamo.ie](http://www.metamo.ie).