

Credit Union News



**It works
for us!**

Credit union membership
as an employee benefit

See page 6

Saving Gateway – what it
means for credit unions
and their members

Page 5



What would the
parties bring to
credit unions?

Page 10



Northern Money
Conference
report

Page 15





New Decade, New Opportunities

EMPLOYEE CREDIT unions have always been amongst the strongest credit unions in Britain and have helped to lead the way on many of the sector's initiatives. Indeed in most parts of the world strong credit union sectors have often developed out of employment based credit unions opening up their membership further once they are established.

Payroll deduction in particular has proved to be a valuable tool for mobilising savings from workers and this is as true around the world as it is in Britain. Our lead article, which starts on page 6, provides some examples of how this works in practice, and the many other benefits of employee credit unions – from the perspective of the employees, the employers and the credit unions themselves.

However, some credit union partnerships with employers have fallen through because of legal restrictions and that's why we campaigned for changes to the law to allow credit unions to have "mix and match" common bonds.

Currently a credit union can serve either a group of employees or a group of people who live or work in the same area. This means that area based credit unions cannot serve all employees in a company if there are staff based elsewhere in the country. Legal changes due to come into force later this year will mean that credit unions can add on new groups to the people they are allowed to serve. We look forward to many more people benefiting from the easy savings that payroll deduction brings as credit unions take on new groups of employees into their membership.

Our round up of the views on credit unions and the wider financial services sector from the main parties fielding candidates in the forthcoming general election is on pages 10 to 12. By the time the next issue of *Credit Union News* is published, we will know who has been successful in what looks like being a close fought contest. But whatever the result, it is good to see that the success and potential of credit unions is recognised by all the main parties.

As the launch of Saving Gateway approaches, on page 4 we speak to a number of credit unions about what the scheme will mean for them and

their members. HM Revenue & Customs recognises the important role that credit unions will play in delivering Saving Gateway and are encouraging all credit unions to consider applying to offer these accounts.

There are many inspirational individuals in the credit union movement, committed to bringing fair and affordable financial services to their communities and workplaces, and three of those are featured in this edition. I'd like to

extend my congratulations to Roy McLeod on being awarded an OBE and to wish June Nightingale and Evelyn Mechan of Glasgow Credit Union all the best for their retirement.

“Legal changes due to come into force later this year will mean that credit unions can add on new groups to the people they are allowed to serve.”

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Mark Lyonette,
Chief Executive, ABCUL.

Recognition for credit union activist

LOUIS R MCLEOD (Roy) of Southwark Credit Union has been awarded an OBE following his contribution towards building the credit union's membership from just 237 members in 1988 to nearly 10,000 today.

Roy began life in the credit union movement by doing voluntary work with Pentecostal Credit Union in 1986. He then worked for ABCUL in 1987 as London Credit Union Development Officer before leaving to establish and work for Southwark Credit Union Development Agency (SCUDA) in 1988.

In 1989, Roy took on the challenge of developing Southwark Council Employees and Camberwell Credit Unions to make them self-sufficient, while developing new credit unions in the surrounding area. Fulfilling ambitions to ensure that anyone living or working in Southwark could have access to credit union services, Southwark Credit Union was eventually the first credit union in London to secure a borough-wide live or work common bond.

Today, Roy's hard work and that of his volunteer colleagues and the staff team

means that Southwark Credit Union prides itself on being one of Britain's leading credit unions. It provides full banking services from three locations in Southwark.



Roy McLeod OBE.

Roy says: "One of the successes of Southwark Credit Union comes from its ability to adapt and meet the needs of

its diverse community members through innovative ways of providing services. This has not only built community confidence but has established a network of financial support for thousands of members."

In 2003 Roy was presented with an award by the Mayor's Office in recognition for his contribution to the community and life of Southwark. Roy also served on the ABCUL Board representing credit unions in London and the south for a period of time.

In response to having his name appear on the New Year Honours List, Roy said: "It is such a fantastic honour to be presented with this accolade as it is recognition for what has been achieved collectively at Southwark."

www.creditunion.co.uk

Credit union helps members save energy ...and money

IN A new initiative, Blackpool, Fylde & Wyre Credit Union is helping its members take advantage of the Government's new boiler scrappage scheme as well as providing interest free loans for other energy saving measures.

In 2009, the credit union successfully bid for funding from Foundation, a climate fund for the North West, to provide interest free loans to members to help them pay for energy saving measures in their homes. Foundation was particularly impressed by the Blackpool, Fylde & Wyre Credit Union bid, as it recycles the funding provided into future loans.

When the Government introduced its boiler scrappage scheme earlier this year, it made sense to the credit union to combine the two initiatives.

In addition to the £400 cash back voucher from the Government, the credit union can offer members an interest free loan to pay for the balance of the cost of having the new boiler fitted and for any insulation work carried out at the same time.



"By combining the boiler scrappage scheme grant with the interest free loan option, the credit union is helping members save large sums of money in years to come," says Mike Barry, Partnership Manager at Blackpool, Fylde & Wyre Credit Union. "We are delighted with the interest in the scheme and, since we combined the two initiatives, the number of enquiries has increased significantly."

The Government launched its scrappage scheme to encourage people to upgrade their boilers and cut their heating bills. Upgrading from a G rated boiler to an A rated boiler can cut heating bills by a quarter. If a home is properly insulated too, it can save even more.

www.bfwcu.co.uk



Mike Barry, Partnership Manager at Blackpool, Fylde & Wyre Credit Union, (left) with Mark Turner, Chief Executive of Foundation, agreeing the energy saving project.

Credit unions benefit from Scottish Government funding

SINCE 2008 the Scottish Government has endeavoured to support the Third Sector financially to make it more sustainable and, in order to help the sector meet its full potential, a number of Government funds were introduced.

The £30 million Scottish Investment Fund (SIF), which is open for applications from Scottish credit unions that are looking for investments of between £100,000 and £1 million (part loan-funded), is designed to help organisations make a step change in their activities.

The £12 million Third Sector Enterprise Fund – including the ring-fenced £250,000 Third Sector Credit Union Fund – which closed in November following an exceptional number of applications, aims to help third sector organisations increase their capacity and capability. Scotland's credit union sector is in line for a significant share of the total funding after a number of credit unions submitted successful high quality applications.

One organisation to benefit from the Third Sector Enterprise Fund is NHS (Scotland and Northern England) Credit Union. Robert Kelly, General Manager, says: "We received just over £61,000 which has been allocated to different projects. We are committed to having a permanent member of staff and our priority is to have a Communications Officer on board who will roll out our common bond expansion, raise general awareness and deliver our marketing strategy for the benefit of recruiting new members.

"We spent £3,500 to develop our website so that we can process more online applications and increase our communication in a



revolutionary way. Nearly £17,000 has been used to upgrade our software which, in turn, will provide additional efficiency and help cope with the higher demand of members.

"Our credit union recently introduced a scanner system which means our staff can have desktop scanner access. The fund has been an asset to our employees, but our members will also benefit as we will be introducing new services and products. The Third Sector Enterprise Fund is therefore allowing us to move with the times."

Capital Credit Union's 15,000 members have also seen the benefit of the Third Sector Enterprise Fund.

Jenny Kirk, Project Manager for Growth Fund at the credit union, says: "Our Chief Executive applied to the fund and we received £69,000 over a two year period. This covers the marketing and promotion for our Financial Education Project and recruiting a Financial Education Officer."

Capital Credit Union has two branches, located in Bathgate and Edinburgh, and the credit union recently celebrated its 20th anniversary. Capital Credit Union is working with four other credit unions on a financial inclusion project, funded by the Department for Work and Pensions in the east of Scotland, and the role of the Financial Education Officer supports and underpins this work.

Jenny adds: "The funding means we are now able to engage more with members and, in turn, engage with other agencies that were unaware of what credit unions do. Capital Credit Union can now assist people with how to be long term bank account holders, as well as offering the usual savings and loans."

The Scottish Investment Fund remains open for credit unions seeking investments of between £100,000 and £1 million, at least half of which would be in the form of a loan.

www.scottishinvestmentfund.co.uk

www.nhscreditunion.com

www.capitalcreditunion.com

Credit union helps prevent mortgage repossessions

IN ONE of the first partnerships of its kind in the country, Calderdale Credit Union and Calderdale Metropolitan Borough Council (CMBC) have linked up to deliver the Government's new Mortgage Repossession Fund and to prevent local homeowners from having their homes repossessed.



Mark Thompson, Head of Housing and Environment Services, CMBC, and Frances Burns, President, Calderdale Credit Union Ltd.

Over the last year, Calderdale Credit Union has seen a rise in the number of members who are struggling with their mortgage payments. As a result, the credit union was keen to pursue this new initiative with the council.

The Mortgage Repossession Fund is an enhancement to the Mortgage Rescue Scheme already in place, and was announced by the Chancellor in last year's budget. The extra funding is available to help those who find themselves in mortgage arrears due to the recession and are at the point of repossession.

Frances Burns, President of Calderdale Credit Union, says: "This is a wonderful new initiative to help the people of Calderdale and we are very pleased to be able to roll it out across the Borough."

Calderdale Metropolitan Borough Council and Calderdale Credit Union had already formed a very successful partnership to deliver interest free loans to owners of dwellings in need of repair entitled the Essential Works Loan. The new scheme, which will be managed in a similar way, sees council staff referring clients to the credit union who will administer the loan on their behalf.

With the Mortgage Rescue Scheme proving to be a success, another new initiative will soon take place between the borough council and Calderdale Credit Union. This will allow owners of homes which are empty because they are in need of repair to borrow money for improvements and for the properties to be brought back into use.

www.calderdalecreditunion.org.uk



James Berry, Chief Executive of Bristol Credit Union.



Kevin Waters, Chief Executive of Staffordshire Credit Union.



George Puszczynski, General Manager of Clockwise Credit Union.



Ian Burnett, General Manager of Blantyre & South Lanarkshire Credit Union Ltd.

Saving Gateway – what will it mean for credit unions and their members?

CREDIT UNIONS around the country are gearing up to deliver Saving Gateway when it is introduced later this year. In this issue of *Credit Union News*, we talk to a number of credit unions about what the scheme will mean for them and their members.

Saving Gateway is a Government-backed saving scheme for those on state benefits or in receipt of Working Tax Credit or Child Tax Credit. Eligible individuals can save £25 per month over two years, to a maximum of £600 and for each £1 saved, HM Revenue & Customs (HMRC) will make a match payment of 50p. Therefore if an individual saves the maximum they will receive an extra £300 from the Government.

HMRC is administering the scheme and is keen to get the widest possible range of providers on board. Credit unions – with their strong ties to the Government’s financial inclusion agenda – are an important part of this. Three workshops for credit unions were organised by HMRC and the Department for Work and Pensions (DWP) late last year – in Birmingham, Glasgow and Cardiff – to publicise and explain the opportunities and challenges of providing Saving Gateway, and these were well supported.

Important role

Karina Singh, HMRC Saving Gateway Project Director, said: “Credit unions will play an important role in providing access to Saving Gateway accounts. Credit unions, with their strong commitment to financial inclusion, are well placed to offer Saving Gateway accounts. We are very grateful for the level of interest we’ve received so far from the credit union sector, and hope that all credit unions will consider applying to offer these accounts.”

Clockwise Credit Union in Leicester is keen to give its members access to

Saving Gateway accounts and to allow those eligible to have their benefits paid directly into their accounts. This will help to guarantee a steady saving level and assist members to repay any loans they may have.

Valuable new service

George Puszczynski, General Manager of Clockwise Credit Union, says: “Between a quarter and a third of our members will be eligible to open a Saving Gateway account. We see it as a valuable new service for financial provision.

“Clockwise Credit Union is working closely with partners in preparation for the launch and we are in talks with funders, who we hope will provide marketing assistance for us to make sure everyone who can open an account knows their options.”

James Berry, Chief Executive of Bristol Credit Union, believes that Saving Gateway will help boost the confidence and self esteem of people not ordinarily used to saving. “Members will be able to build up savings so that they do not have to rely on credit union – or other – loans, and the fact the Government is putting in 50 pence to every pound is likely to prove very attractive.”

Working with partners

Like Clockwise in Leicester, Bristol Credit Union has been undertaking financial modelling and business planning to ensure they meet the necessary requirements for Saving Gateway. They have also been working with partners including housing associations, local drugs and homeless

initiatives and advice agencies like Citizens Advice to promote awareness of the new initiative.

Staffordshire Credit Union, which only opened in January 2009, sees Saving Gateway as a valuable tool for increasing membership and assets. Chief Executive Kevin Waters says: “The additional deposits the scheme produces from increased membership will boost the amount of money we can offer on loans to our members, which is critical to our long term strategy.

“Saving Gateway couldn’t have come at a better time as there are areas of high deprivation locally and we would like to demonstrate how useful and rewarding saving can be. Not only will this help to reduce financial exclusion, but we hope that it will also encourage low income members to change their lifestyle.”

Ian Burnett, General Manager of Blantyre & South Lanarkshire Credit Union, concludes: “I think Saving Gateway will be a fantastic scheme and we are hoping that, once introduced, it will continue for many years to come.

“Not only will it provide a valuable opportunity for credit unions to increase their membership, but it will help to encourage those of our members in financial hardship or on low incomes to go forward through saving and to build up their assets for the future.”

- www.clockwise-cu.co.uk
- www.bristolcreditunion.org
- www.staffscu.co.uk
- www.blantyrecreditunion.org.uk
- www.hmrc.gov.uk/saving-gateway

THE NEW Legislative Reform Order currently working its way through Parliament will allow greater flexibility for credit union membership. For employer-based credit unions in particular, the proposed changes will enable them to offer their services to all employees, including those who up until now may not have been eligible to join. There are many successful employee credit unions around the country and in this article we talk to some of them about the work they do and their aspirations for the future, in light of the imminent legislation changes.

It works for us!

Credit union membership as an employee benefit

Barry Duggan, Manager of Voyager Alliance Credit Union (VACU), which serves the transport industry in England, Scotland and Wales, believes employees who join credit unions through their employer can benefit in a number of ways. First of all, it allows them to save regularly, which they may not do otherwise. As the money is deducted from the salary before it gets to the employee, it is also less noticeable.

As Barry says: "Due to automatic payroll deduction, the employees do not miss the money when checking their accounts as they never actually see it."

A credit union also offers a source for loans in times of need, helping to keep employees, especially those on lower incomes, out of the clutches of more expensive money lenders or even loan sharks.

Barry explains: "Voyager Alliance Credit Union was started by two separate credit union study groups in the 1980s. The Voyager Credit Union represented



Picture courtesy of Stagecoach.

Greater Manchester Transport workers and the Alliance Credit Union was for employees of Merseyside Passenger Transport. As colleagues from Scotland and Ireland had heard about credit unions in the past, this is how the idea of it was rolled out. Now, our membership numbers have grown to 10,000."

There are over 350,000 transport employees in Britain but there are also three transport credit unions around the country, which is both supportive and competitive.

"We have nine credit union staff based in three different offices in the North West," says Barry, "and we also have links to Manchester Airport following our merger with the credit union there in 2008."

Encouraging new members

To encourage people to join, Voyager

Alliance Credit Union holds induction sessions for all new employees, and has a credit union steward representative at each depot.

Barry adds: "There are also personnel staff members who hand out literature to new employees, but news about us often spreads through word of mouth."

VACU hopes to use and benefit from the proposed new legislation as much as possible. For example, the transport industry has many social clubs and funds, so Barry thinks they might be able to attract new members through these avenues.

From the employer's point of view, credit unions are often also welcomed and seen as a good thing.

Brian Souter, Stagecoach Group Chief Executive, says: "As well as offering good pay and benefits to our employees, we believe it is important they have access to



Picture courtesy of No1 Copperpot Credit Union.



Picture courtesy of NHSGCC.



Picture courtesy of Stagecoach.



Picture courtesy of NHSGCC.



Picture courtesy of No1 Copperpot Credit Union.

good financial information and advice, and ways to help manage their money.

"Credit unions can help people take control of their money. They provide a flexible way of saving and an affordable way of borrowing sensible amounts on reasonable rates that can be repaid without getting into a spiral of debt.

"If employees are better equipped to make sound choices when looking after their money and their future financial security, it can make a real difference to their lives."

Going for growth

In 1998 the NHS (Scotland and Northern England) Credit Union was formed by local trade union activists to offer co-operative savings and loan products to staff members of the Southern General Hospital in Glasgow. As it started to grow, it came to include the whole of Glasgow's NHS structure then moving on to encompass all NHS employers in the West of Scotland region a few years later.

In 2009 the credit union launched an extended common bond covering the English North East, North West and Yorkshire & Humberside regions, as well as the whole of Scotland. It covers all NHS employees in these areas and their family members.

There are currently 150,000 NHS employees in Scotland and 410,000 in the three regions of England and, as it only operates from a single office in Glasgow with eight staff, the credit union has to manage its growth carefully.

Robert Kelly, General Manager, says: "We currently have 5,300 members, mostly in Glasgow, and we recently rebranded and changed our name as we launched the extended common bond area. Our immediate growth priorities are in the central belt of Scotland including NHS Lothian, NHS Forth Valley and some of the smaller specialist health boards like NHS24 (Scotland) and NHS Education for Scotland. Currently 60% of our members have active loans and around 95% of current member contributions come from payroll deductions.

"We offer core products (basic savings and loans) as well as a Christmas Club facility. We are also trying to get involved with affinity schemes such as the Co-operative Group e-stores and Electrical Buying, and the Family Holiday Association. If there are things we cannot offer, then we would like to set up links with organisations that can."

With the Legislative Reform Order (LRO) looming, Robert explains: "The new legislation will give us the potential to become a national NHS credit union,

but we want to take our time with that. We want to replicate the good work done in Glasgow, the largest NHS employer in the UK, across the wider common bond area we now have and see steady organic growth.

"We welcome the ability to introduce additional services that the LRO will provide, for example paying interest on member accounts; however, we will carefully consider the demands and needs of our members before pursuing such opportunities.

"We promote credit union membership as an important staff benefit. In Glasgow we use the staff intranet, do site visits, attend road shows, produce newsletters and magazines and have localised hospital champions as representatives to help spread our message. Because of the wide geographical area we serve, we are planning to develop our website further to improve remote communications with members.

"Part of the appeal of a credit union for employees is that it is seen as an addition to staff employment packages, which is appealing to staff and employers alike. However many NHS employers have still not heard of credit unions, so we are working hard to sell the idea to more of them, so that many



Robert Kelly, General Manager, NHS (Scotland and Northern England) Credit Union.

continued on page 8

It works for us! Credit union membership as an employee benefit *continued*

other NHS workers and their family members can benefit."

Nationwide coverage

No1 CopperPot Credit Union provides savings and loans for the police, including serving or retired police officers, police staff and their families. Established in 1986 by Greater Manchester Police officers, the credit union now works nationwide, with 24 forces operating payroll deduction. Based in Cheadle, Stockport, there are 19 members of staff and a management team to handle the day-to-day running of the business.



Most of the day-to-day operations are undertaken via the internet or telephone, however, the credit union has a confidential interview room facility for when local members call in. There is a Customer Service team, a Loans team and a separate Development team whose role is to promote the credit union and recruit new members. The Development team also attends events such as the National Police Federation Conference



Picture courtesy of No1 Copperpot Credit Union.

and meets with key people from within the police forces to spread the word about No1 CopperPot Credit Union.

Caroline Domanski, Financial and Development Manager, says: "We think credit unions are important because the concept is based on 'members helping members'. As we are owned and controlled by our members we like to think that we are the ones in the best position to produce financial products that suit their changing needs.

"The service we provide is of great importance to our members and we do not compromise the need to make profits over the importance of service. We also feel the credit union is a great way for people to save (straight from their payroll) and the loans are clear and simple, with no hidden fees or penalties, and payroll deduction makes it easy for our members to budget."

A range of employers

The Scottish Council for Voluntary Organisations (SCVO) Credit Union has a different approach. Working with a wide range of voluntary sector organisations, the credit union service is available to employees of those organisations affiliated to SCVO, the national body representing the voluntary sector in Scotland.

Thomas McVay, Development Officer at SCVO Credit Union, says: "The SCVO Credit Union is unique as it works with voluntary sector organisations and we are always trying to get more onboard, despite having 40 payroll partnerships and 1,000 active members. The credit union is growing at a strong rate and we will continually ensure that our common bond is representative of those

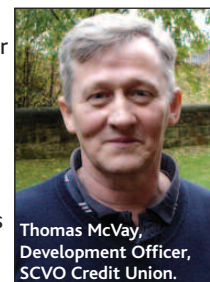
who work or volunteer with our member based organisations."

Following the introduction of the Legislative Reform Order, this type of multi-organisational model will be available to many more credit unions, without the need to go via an umbrella body.

SCVO's aim is to advance the values and shared interests of the voluntary sector. Three key values underpin all their work: promoting equality, being aware of the distinctive needs of rural communities and taking a sustainable development approach. These are similar values to those adopted by the SCVO Credit Union.

The credit union offers a payroll deduction scheme for staff and volunteers from housing associations, care homes and charities such as Erskine, whose staff care for ex-service men and women.

Thomas McVay explains that the credit union is greatly encouraged that, as good employers, voluntary sector organisations are promoting strong social responsibility levels towards their staff and allowing them to access a credit union for their individual purposes, especially through these difficult and financially challenging times.



Thomas McVay, Development Officer, SCVO Credit Union.

Case study: Robert Taylor, No1 CopperPot Credit Union

THERE ARE many benefits to joining an employee credit union, as member Robert Taylor, Police Constable with Thames Valley Police, found out.

Having originally started saving with CopperPot Credit Union 10 years ago, Robert subsequently became a director and then a supervisor following the merger with No1 Credit Union a few years later.

Robert says: "I joined a credit union because I wanted to be part of a savings club that offered the facility to borrow. I also liked their ethos – helping people help themselves – which struck a chord with me and, from that, I wanted to help spread the word about the benefits of being a credit union member.

"The great thing about being a member of No1 CopperPot Credit Union is the easy way your savings come out of your salary, as well as a low loan rate, no hidden costs and no small print to worry about. I am paying off my loan as well as saving – what could be better?"

Robert is now the director responsible for training in the credit union and is helping members become more involved within the movement. He completed the Development Educators Course in 2008.



Robert Taylor, Police Constable, Thames Valley Police.

- www.voyageralliance.com
- www.stagecoach.com
- www.nhscreditunion.com
- www.no1copperpot.com
- www.scvo.org.uk/creditunion

Glasgow Credit Union waves a fond farewell to retirees

CHIEF EXECUTIVE Officer June Nightingale and Operations Manager Evelyn Mechan are to retire at the end of March following 20 years of service at Glasgow Credit Union.

June and Evelyn started work on the same day, have been with the credit union since its inception in 1989 and have been privy to some fantastic developments which saw Glasgow Credit Union grow to become the largest credit union in Britain with over 24,000 members.

June says: "The years have flown by and I have really enjoyed the job. From our humble beginnings, I never thought that Glasgow Credit Union would eventually become one of the industry leaders, so I'm extremely proud of how far we've come. I've been very fortunate to have always worked with a strong, experienced Board that share my views on prudent management, as well as a great team of staff.

"I plan to take things easy once I retire and spend more time with my family. I also want to start doing voluntary work; however, one of the biggest changes, I think, will be no longer working with Evelyn. We have such a great partnership, and definitely challenged each other over the years."

As well as celebrating the achievement of the credit union's first 5,000 members together, June and Evelyn have seen many changes in the credit union sector over the years. Their time at Glasgow Credit Union comes

full circle as they will be retiring on the same day.

Evelyn says: "I am hugely proud to have worked for Glasgow Credit Union for the past 20 years. Having been involved in every stage of our growth and development to date, I still marvel at how far we've come, and how many people we have helped over the years. I consider this the most rewarding and fulfilling job I have had in my working life."

June adds: "I feel I am retiring at the right time as it is time for change. Credit unions are on a springboard now and it will be great for someone with fresh eyes to take the credit union forward."

The growth of Glasgow Credit Union

Founded as Glasgow District Council Employees' Credit Union, the union started at a time when the council only had 12,000 staff members – which was still much greater than the credit union's original two: June and Evelyn. Within a year of opening, membership had already reached over 1,000, and within its first full year of business, all members received the first of many dividend payments.

Prior to Scottish local government re-organisation, Glasgow Credit Union had around 70% of the district council's workforce as members – a level of penetration that would be hard to beat

even in some of the most successful credit unions around the world.

By January 1991, the credit union had granted loans totalling over £1 million to its members and by July 1996, it had moved from its City Chambers basement office to its own premises. Then in August 2002, they moved again to much larger premises at Morrison Street, where they still are today.



Evelyn Mechan and June Nightingale.

■ Groundbreaking facts about Glasgow Credit Union

- July 1997: the first credit union in Britain to obtain Certificate 11C*
- September 1998: achieves a £1 million surplus
- August 2008: offers the automated schools savings facility 'AddzUp'.



■ Further achievements

- May 1999: June Nightingale becomes the first credit union manager to be appointed to the FSA's Small Business Practitioners Panel
- October 2004: Glasgow Credit Union becomes one of the first credit unions in Britain to offer mortgage facilities
- January 2007: Glasgow Credit Union is one of the founding nine British credit unions to offer the Credit Union Current Account.

■ Quick facts

- Current Assets – £68 million
- Current Loans – £50 million

In August 2006, Glasgow Credit Union expanded its common bond to cover anyone who lives or works within the G postcode area, and the name changed from Glasgow Council Credit Union to Glasgow Credit Union (GCU) to reflect this change.

Now with 33 staff members, Glasgow Credit Union is the largest and one of the most successful credit unions in Britain.

www.glasgowcu.com

*The Certificate 11C was the Registry of Friendly Societies' equivalent to the FSA's Version 2 Status. The Registry was the 'regulator' of credit unions prior to the FSA. Gaining the certificate showed that Glasgow Credit Union had met certain criteria which deemed it robust enough to provide larger loans over longer periods of time.



ON THE eve of one of the most important general elections in recent times, we ask the major political parties what they would bring to credit unions if they were elected, their views on financial inclusion and their position on financial services as a whole.



What would the bring to

Credit unions

Labour says they want to see a well-resourced credit union sector, within a modern legislative framework, providing high quality services to credit union members. They say they will continue to ensure support and investment for credit unions, building on the history of partnership with the credit union movement. As they point out, it was a Labour Government that delivered the Credit Union Act in 1979 and a Labour Government that introduced the Legislative Reform Order now going through Parliament. This new legislation, they say, will transform the landscape for credit unions in years to come.

The **Conservatives** would look at taking measures to enlarge the activities of credit unions. They believe that consumers would benefit from more diversity in the financial services sector and a Conservative Government would review whether further legislative or regulatory reforms are required to encourage the creation of new credit unions, as well as new building societies, banks and community banks.

The **Liberal Democrats** believe there is a need for a much more varied ecology in the provision of financial services and this includes the need for more mutuals, including credit unions. The **Scottish National Party** (SNP) is backing the expansion of the credit union network as a provider of high quality, responsible services to low earners.

Plaid Cymru says they will increase support for credit unions, noting that 80% of credit union money is spent in the local community. The party would

establish credit unions in all parts of Wales and ensure access to a credit union for every secondary school in Wales by 2011. They will further develop the ability of Welsh credit unions to take deposits of Child Trust Fund accounts. As part of the Welsh Assembly Government, Plaid Cymru is supporting the current Credit Union Awareness campaign in Wales.

The **Green Party** is keen to promote credit unions and aims to do this through measures which encourage people to invest in local economic activity. That means elected Greens on local councils pursuing an agenda of, for example, employing business support officers to promote new small, local initiatives and provide expertise to existing ones, promoting rewards cards for local businesses and promoting and expanding local producers' street markets, co-operatives, skills workshops and directories of local businesses.

Financial inclusion

At the heart of the **Conservatives'** approach to financial inclusion is a commitment to consumer protection. Key policies include a free national financial advice service providing impartial and independent guidance on financial issues via face-to-face sessions, telephone advisers and online information; new legislation requiring all credit card statements and adverts to contain standardised information about borrowing cost and a cap on store card interest rates to protect the public, and help prevent people from falling into problem debt.

Labour sees credit unions as essential partners in its vision for financial and social inclusion. They believe that credit unions, especially those operating in areas of high economic deprivation, offer an affordable alternative to high interest 'doorstep' credit and illegal lending. They think that credit unions, as trusted members of their communities, have a valuable role to play in helping to deliver schemes such as Child Trust Funds, Saving Gateway, and Individual Savings Accounts. They also believe that it is important for the long term sustainability of credit unions for them to be able to attract membership from a wider client base including the more affluent sections of society.

In 2008 the Labour Government published its three year financial inclusion action plan and they would continue to implement this. Working with key stakeholders, this sets out the Labour Government's key goals for financial inclusion, which are about ensuring everyone has access to appropriate financial services, enabling people to manage their money on a day-to-day basis, plan for the future and cope with financial pressure, and deal effectively with financial distress.

In addition to more credit unions, the **Liberal Democrats** want to see more local banks, a banking arm for the Post Office network to reach the financially excluded and specialist banks to support with long term finance, new ventures and for infrastructure.

John Mason MP, SNP Work and Pensions Spokesman, says: "The SNP is committed to ensuring the people of



parties credit unions?



John Mason MP.

Scotland have access to affordable lending."

To help combat financial exclusion, the **SNP** is pushing the UK Government to introduce a cap on the rates of interest which can be charged by legal lenders to stop sky high interest rates. The SNP points to evidence which shows that introducing such measures is especially beneficial to the low paid – reducing their reliance on illegal lenders.

To promote financial inclusion, **Plaid Cymru** wants action to secure access to basic financial services in all communities and, as part of the One Wales agenda for the government of Wales, Plaid Cymru says it will review existing anti-poverty programmes in Wales and integrate them, where possible.

continued on page 12

The Co-operative Party

THE CO-OPERATIVE Party works in partnership with Labour. Although it is a separate political party, it does not field separate candidates, but works closely with Labour to influence policy. A number of MPs, including Children's Secretary Ed Balls, are joint Labour / Co-operative MPs. Many other Labour MPs, such as Prime Minister Gordon Brown, are members of the Co-operative Party.

The Co-operative Party believes it is important that the Government continues to assist credit unions, in order to ensure that they are strong and sustainable. In their view, this means helping credit unions to expand their range of services to make certain that they can offer the maximum assistance to ordinary people.

One way the Co-operative Party believes this can be done is through the creation of a central finance facility. Such a body, they say, would provide a range of services including liquidity management, treasury management and payment services, and assist credit unions to provide other products where economies of scale and back office functions are crucial. They believe this would be essential in enabling the credit union movement to scale up and reach out to more people.

The Co-operative Party adds that guidance should also be issued to all public sector employers in the UK advising them to establish payroll deduction facilities for credit unions and to promote it to their staff. They believe there should be a standard clause in all contracts, service level agreements and grant agreements between the UK Government and public, private or voluntary organisations employing 50 or more people requiring them to offer payroll deduction.

Michael Stephenson, General Secretary of the Co-operative Party, says: "We will continue to work in partnership with the Labour Party to assist credit unions in expanding the range of their services so that they can offer the maximum assistance to ordinary people in these testing economic times."

With reference to financial services, the Co-operative Party calls for an equivalent of the US Community Reinvestment Act to be introduced in the UK – a Financial Inclusion Act. They believe this would help to ensure that all financial organisations engage with, design services for, and invest in people from all geographical areas and income levels.

Michael Stephenson adds: "We need to do more to ensure that our financial services industry meets the needs of the whole of the UK economy and credit unions are leading the way in offering affordable credit and banking services to thousands who would otherwise be unbanked."

www.party.coop



Michael Stephenson.

What would the parties bring to credit unions? *continued*

“ We need to do more to ensure that our financial services industry meets the needs of the whole of the UK economy and credit unions are leading the way in offering affordable credit and banking services to thousands who would otherwise be unbanked. ”

Michael Stephenson, General Secretary of the Co-operative Party

Financial services

The **Liberal Democrats** are committed to sorting out and breaking up the banks and building a sustained recovery. They believe retail and investment banking need to be separated and there is a need for more meaningful competition in business and mortgage lending.

According to Vince Cable MP, Liberal Democrat Shadow Chancellor, "Until the banks are broken up, and are able to compete and succeed or fail without UK Government guarantees, they should pay an insurance premium – a supplementary tax on bank profits."

Plaid Cymru proposes the introduction of a Welsh and European equivalent of the United States Community Reinvestment Act, which obliges banks to reinvest in community projects, and to ensure fair lending policies and a minimum level of service across all communities.

Labour believes that credit unions are a respected part of this country's financial services sector, helping to build money skills and a savings culture among members, while helping communities to hold and manage their money locally. They also believe that credit unions provide for greater choice and diversity in financial services.



Vince Cable MP.



Among the many measures already taken by the Labour Government to reform the financial services sector is the Banking Act 2009, which gives the authorities powers to intervene when the likely failure of a bank or other deposit-taking institution threatens financial stability, the protection of depositors' money or the interests of the taxpayer.

Labour is proposing further reforms to banking legislation which they say will lead to more effective prudential regulation and supervision, greater emphasis on monitoring and managing system-wide risks, greater confidence that the authorities are ready and able to deal with problems when they do arise and greater protection for the taxpayer when an institution needs to be resolved.

In July 2009 the **Conservatives** launched their Plan for Sound Banking. In it they laid out the case for regulatory reform to deal with systemic risk and to encourage diversity of supply in the sector, but they also recognise the need for better consumer protection.

Elected **Greens** in Parliament would push for retail banking to be split from both corporate finance (merchant

banking) and securities dealing and for the demerged units to be split into smaller banks. They want a transformation of the banking sector, moving away from the short-term valuations and high risks of the current system, towards an ethical, reliable and more localised financial system. They say that banking needs to be based on accountability and the needs of communities, rather than profit-hungry shareholders.

The **Greens** believe we need a banking system that consists of public sector banks, democratically directed toward a sustainable economy that supports businesses in the real economy, with low interest rates. Along with this, they want to see a large network of co-operatives, mutuals and credit unions. They say that the emphasis of credit unions – serving local communities with sensible, ethical financing – clearly fits with this aim.

www.labour.org.uk

www.conservatives.com

www.libdems.org.uk

www.snp.org

www.plaidcymru.org

www.greenparty.org.uk

30 years on: how far we've come!

IN 1979, the Credit Union Act came into law. This landmark legislation, which gave credit unions their own separate legal framework for the first time, was the last Act passed by the Labour Government, with cross Party support, before the general election that brought Margaret Thatcher to power. However, despite its ground-breaking status, the Act was restrictive and many of the requirements of our sector were not adequately addressed. Thirty years on, on the eve of another crucial general election, we look at what *Credit Union News* was saying in 1979 about what credit unions would have liked in the Act, but didn't get, and how the forthcoming Legislative Reform Order (LRO) will finally achieve this change.



What they said in 1979:

No way could be found to enable parochial church councils, playgroups etc to be eligible for membership.

What we have achieved: The LRO allows for credit unions to admit corporate bodies and individuals acting on behalf of unincorporated associations or partnerships to membership, if its rules so provide. This removes an unnecessary burden on credit unions, allowing credit unions to meet the needs of many more people.

What we have achieved:

The 2009 Legislative Reform Order removes the requirement on a credit union to show that a common bond exists between members. It renames the existing membership qualifications "common bonds" and allows for credit unions to provide for membership under any combination of those common bonds. It imposes a new "potential field of membership" test which a credit union must meet if one or more of its common bonds relate to locality. The requirements of that test are that the number of potential members does not exceed two million and that it is reasonably practicable for every potential member to participate in votes, serve on committees and have access to all the services offered. These steps will allow credit unions to grow, while remaining membership based organisations.

What they said in 1979:

Under the Bill the 'appropriate registrar' will ascertain whether a common bond exists. The Registrar does at least have discretion to allow growth above 5,000 maximum membership; already it is possible to see situations which might one day be pushing on this limit.

What they said in 1979:

Minors get a raw deal under the Bill as it stands. The age at which they will be able to become shareholders is 16.

What we have achieved: The LRO provides for those under the age of 16 to become members of a credit union (if the credit union's rules provide for this). This will allow for credit unions to engage more creatively with young people and will help to engender a sustainable membership amongst the next generation.

What we have achieved:

The 2009 LRO abolishes the 8% per annum dividend restriction (except in the case of the dissolution of a credit union). This measure removes a restriction on credit unions, allowing them to offer a wider range of savings products. In addition, the proposals allow credit unions to offer interest-bearing shares, provided certain conditions are met. This will make credit unions more competitive by allowing them to offer more mainstream savings products and so reach a wider audience.

What they said in 1979:

An 8% maximum dividend is another limitation.

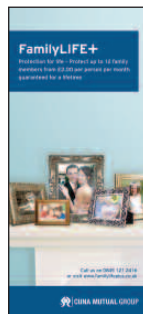
TRUE Commitment to Credit Unions



CUNA MUTUAL Group has been committed to the credit union market since our founding in 1935, which was also a time of economic crisis. We have a rich heritage of service to credit unions and our policyholders. Year after year we demonstrate true commitment to you and your members' financial security. It is this commitment that we believe will help us grow and retain the trust you have in our organisation.

- Our focus is clearly on your credit union, your staff, volunteers and members. But it's not just about offering products and services. We work to understand your needs and deliver value-focused resources that help you build stronger relationships with your members and improve their financial security.
- This month sees the launch of our Staff & Family Programme which rewards the very people who make credit unions a success:-

- For all ABCUL credit unions – your staff, volunteers and their families are entitled to three months free cover when they purchase "FamilyLIFE+ Protection for Life". We sent the Staff and Family discount code to every credit union by post – make sure your credit union received your instructions for using the code at www.familylifepius.co.uk or over the phone on 0845 121 2416.



- We are also committed to our sponsorship of ABCUL national events, and look forward to seeing you at the 2010 AGM & Conference in Blackpool. We'll be sharing the findings of our National Credit Union Survey and talking about how we help manage risk for your credit unions and your members.

More than products and services

- Insurance and protection for your credit union and members.
- Marketing programmes to help get the message out there.
- Employee protection to recruit and retain the right employees.
- Peace of mind for your volunteers and board of directors.

At CUNA Mutual, we've built a dedicated team with unique industry expertise and the ability to transform ideas into valuable growth opportunities for you. Whether you use our various online resources or contact us directly, we always welcome the chance to help you build your credit union.

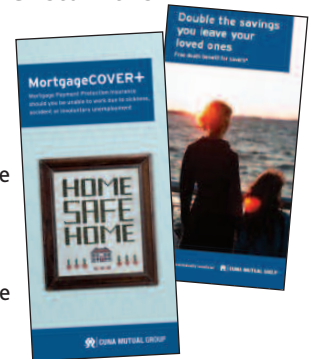
In 2010, we will continue to invest in:

Technology – to ensure our products are affordable and easy to use. Our online quote system and telephone services are constantly updating to give your members the services they expect.

Product support & marketing – to help credit unions and their members make informed choices about protection and financial security. In addition to our Life Savings promotional materials, look out for Loan Protection leaflets and

posters to help inform your members on the benefits of their credit union.

Our people – to deliver service excellence for credit unions and their members. Contacting us is easy, our head office can be reached on 0121 359 0221, where we'll put you in touch with the right person for your enquiry.



Protecting loans is more important in uncertain times

The Chartered Institute of Personnel and Development has predicted that unemployment may peak this summer at 2.8 million, with the jobs market only showing signs of recovery in the second half of 2010. Couple this with the rising number of families finding it difficult to meet their financial commitments and it's becoming more important for credit union members to consider protecting their loan repayments.

CUNA Mutual protects over £32 million of annual credit union loan repayments in the UK alone. More and more credit unions are varying their FSA permissions to allow them to offer a wider range of protection products, tailored to the individual member's requirements. There is no doubt that protecting the financial wellbeing of your members helps protect your credit union too.

Alan Dodds, CEO CUNA Mutual UK, says: "Our Payment Protection products help to ensure members can meet their monthly bills if they become seriously ill, have an accident or even if they lose their jobs. But in these tougher times, these products offer even bigger benefits. They offer credit unions protection against potential losses from loan delinquencies, bankruptcy or voluntary trust arrangements.

"The financial strain of disability is a leading cause of bankruptcies and mortgage repossessions – and that brings me back to the point of all CUNA Mutual products: helping members, and subsequently credit unions, to protect their financial security. In today's economy, there is no question that payment protection is more relevant than ever."

Visit www.mortgagecoverplus.co.uk to see how your members can benefit from extra peace of mind and improved protection.

For more information on all CUNA Mutual products, visit the Product Section of our website www.cunamutual.co.uk, contact us now on 0121 359 0221 or email info@cunamutual.co.uk and we'll be happy to talk about your individual requirements.

Northern Money Conference report

HELEN GOODMAN MP, Minister for Financial Inclusion at the Department for Work and Pensions, and Shadow Treasury Minister Mark Hoban MP travelled to Liverpool to address delegates at the Northern Money Conference on 1 March.

Supported by The Co-operative Bank and organised by ABCUL, in partnership with Liverpool John Moores University and Citizens Advice, the event was attended by over 250 delegates from a wide range of organisations including local authorities, consumer bodies, housing providers, money advice agencies and credit unions.

Helen Goodman started her keynote speech by congratulating delegates on their work to tackle financial exclusion. She wished ABCUL well in its aspirations to see credit unions supported by back office services and credit union services accessible through the Post Office Network.

Helen Goodman said: "We are committed to ensuring people on low incomes have access to the financial services and advice many of us take for granted.

"The credit union movement plays a vital role in helping people get through difficult financial circumstances. It is changing the lives of those who were in debt by helping them to build and rely on their own savings rather than borrowing from unscrupulous lenders."

Enterprise and Bristol Credit Unions, which were running a workshop at the conference, came in for particular praise from the Minister. She recounted the story of just one Growth Fund recipient, who had previously repaid over £2,500 to high cost lenders. A Growth Fund loan from Enterprise Credit Union meant this individual could build up enough savings so that last year, for the first time, she didn't have to borrow for Christmas.

Mark Hoban told delegates how financial inclusion had been a thread running through his work since he

became a Shadow Treasury Minister in December 2005. He spoke about how the focus has changed during this time and how the financial crisis has now focused attention on a sustainable approach to debt and an increased focus on savings. Mark said we were paying the price for a 'spend now, pay later' society and needed to shift to one based on savings – for Government, business and consumers.

Empowering people to make better choices is key to making sure people think through the implications of debt, explained Mark Hoban. He went on to confirm that a future Conservative Government would support the roll out of the MoneyMadedclear money guidance programme. As well as better access to information about credit and savings, and more transparency on credit agreements, he spoke about how behavioural economics can play a role in encouraging people to save.

Mark Hoban was joined on the panel by Director of Policy at Citizens Advice, Teresa Perchard, Sophia Parker, Acting Director of the Resolution Foundation, and ABCUL Chief Executive Mark Lyonette. Business Leader in Corporate Communications at Co-operative Financial Services, Graham Leftwich, had earlier welcomed delegates to the conference.

After presentations from the panellists, delegates were invited to raise issues from the floor. A number of topics were discussed including local authority support for financial inclusion, interest rate caps, tax credits and personal responsibility. Workshops in the afternoon allowed delegates to focus on a range of issues including the future of credit unions, money guidance, the role of local authorities and housing associations, and encouraging savings.



Mark Hoban MP, Shadow Financial Secretary to the Treasury.



Helen Goodman MP, Minister for Financial Inclusion at the Department for Work and Pensions.



Graham Leftwich, Business Leader Corporate Communications, Co-operative Financial Services.

Manchester Credit Union launches current account



ABCUL's Banking Services Co-ordinator James Wright, congratulates James Longhurst from Manchester Credit Union on the launch of the account.

MANCHESTER CREDIT Union has become the 24th credit union to offer the Credit Union Current Account (CUCA).

Christine Moore, Chief Executive of Manchester Credit Union, said: "We are delighted to be introducing the new current account and we are looking forward to offering our services to people across the city."

Councillor Bernard Priest, Lead Member for Finance and Human Resources at Manchester City Council, said: "Manchester City Council is committed to supporting Manchester Credit Union to help reduce the financial inequalities that our residents face. Although there are signs the recession is easing, financial times are still hard and we recognise that the credit union is

offering a transparent way of managing money."

Banking Services Manager at ABCUL James Moran added: "The expansion of the current account is central to our vision for full-service credit unions. Last year, 3.7 million transactions went through CUCA – this reduces costs for the credit union and allows credit union members to manage their money in a way taken for granted by many."

Currently 26,000 accounts are open and operational with a combined balance averaging over £3 million.

www.manchestercreditunion.co.uk

Ethical sales grow three fold in decade says The Co-operative Bank

The **co-operative** bank
good with money

“The growth in energy efficient products such as boilers, white goods and more recently light bulbs, has been underpinned by Government intervention.”

Neville Richardson

EXPENDITURE ON ethical goods and services has grown by almost three fold in the past 10 years according to The Co-operative Bank's Ethical Consumerism Report.

The annual report, which has been acting as a barometer of ethical spending in the UK for a decade, shows that, overall, the ethical market in the UK was worth £36 billion in 2008 compared to £13.5 billion in 1999.

The authoritative report analyses ethical sales data for various sectors including food, household goods, eco-travel and ethical finance. Whilst most sectors have outstripped the market, which has seen overall consumer spending increase by 58% in the 10 year period, Fairtrade has enjoyed phenomenal success with sales up 30 fold.

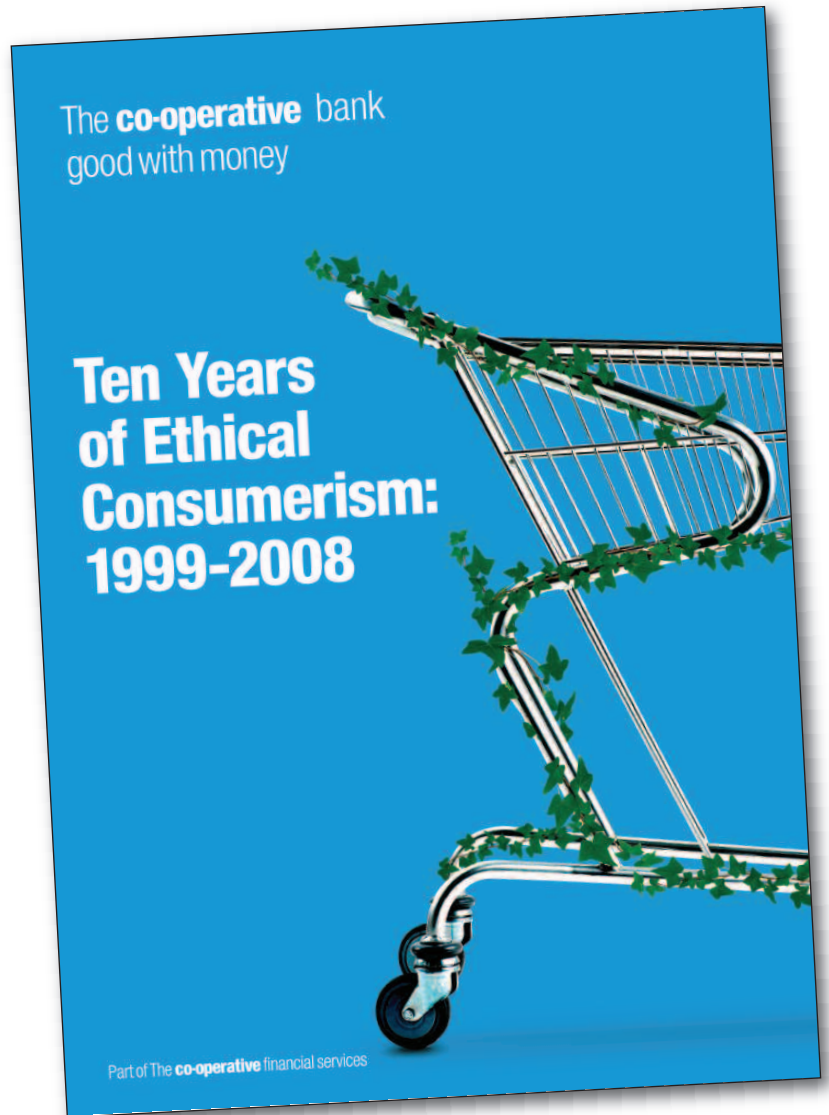
Sales of Fairtrade goods and produce, that give a premium to growers and producers in developing countries, were just £22 million back in 1999 but last year that figure had grown to £635 million and it is expected that during 2010 Fairtrade purchases will break the £1 billion barrier for the first time.

The data also shows that sales of energy efficient electrical appliances and boilers, which have grown 12 fold and nine times respectively, have also seen exceptional growth while the mature financial services market has seen ethical banking and investments triple over the course of the decade. Deposits in credit unions have increased from £149 million in 1999 to £478 million in 2008.



Neville Richardson.

Neville Richardson, Chief Executive at The Co-operative Financial Services, said: "This annual report gives a unique insight into changing consumer trends.



It is clear that UK shoppers have grown accustomed to supporting growers in developing countries by buying Fairtrade, an initiative pioneered by The Co-operative.

"Although the report shows that the idea of ethical purchasing is now well established amongst many consumers there is still a long way to go if we are all going to adopt the low carbon lifestyle needed to avoid cataclysmic climate change.

"The growth in energy efficient products such as boilers, white goods and more recently light bulbs, has been underpinned by Government intervention.

"In order for the UK to reduce its carbon emissions by 30 per cent by 2020 there will need to be a step-change in take-up of low carbon technologies, and this will need a new contract between business, Government and the consumer."

The Co-operative itself has been largely responsible for the success of Fairtrade, having been the first major supermarket to support the concept 15 years ago. Through an ongoing strategic approach including product development, innovation and campaigning, The Co-operative has convinced the food industry to follow its lead and engage in Fairtrade support.