

Credit Union News

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Delight and delays

THIS EDITION contains a range of stories but the two main issues occupying the minds of credit unions are the very welcome work being carried out by the Department for Work and Pensions and the continuing delays to legislative reform.

We are delighted that the feasibility study on future investment in the sector is now in full swing, and very much look forward to hearing its conclusions later this year. Progress on the Legislative Reform Order for the sector continues to be delayed however. As you can see on the page opposite, there is significant demand for these changes, which will bring major benefits for both credit unions and consumers, so we hope that the sector's frustrating wait will soon be over.

Away from Westminster, the new Welsh and Scottish Governments have pledged their support for credit unions and all of the party leaders in Scotland have given their support to the Credit Union Charter, as illustrated on page 4. We look forward to working with the new administrations over the next five years to make sure credit unions get the recognition and appropriate support that they deserve.

In Wales, one of the biggest credit union mergers to take place has recently been completed. The story of how it happened is an interesting one which is providing inspiration and knowledge to many other credit unions keen to collaborate to bring their members a wider range of services and a stronger business base. You can find out more on pages 8 and 9.

Examples of work of credit union foundations around the world outlined on pages 6 and 7 demonstrate what a force for good credit union movements can be, especially when they have become a significant player in their countries. British credit unions' ambitions to greatly increase their scale and reach will allow our Credit Union Foundation to emulate some of this work and increase our education work with credit unions and the general public.

One of the sectors that will benefit from increased partnership opportunities with credit unions once legislation changes is the social housing sector. On page 10 we are pleased to report on recent research from the Chartered Institute of Housing which highlights a number of benefits that are being gleaned by existing partnerships.

I attended the recent launch of the Money Advice Service's new online health check. I was

impressed by the new resource which we are promoting to credit unions and their members as a valuable way to help people manage and plan their finances more effectively. More information is on page 11.

And on page 12 I'm delighted that we're able to provide news on the Credit Union Prepaid Card. We only decided to launch the card once we'd found a way of providing it that beat the available deals – because we've cut out the middle man we've

managed to launch a product which, as well as offering great value to credit union members, also gives credit unions more control over how the card works.

Although we're developing a range of new services we are still retaining our focus on training and education for credit unions. Although Project DELTA funding has now finished the investment has left a great legacy for the sector and we continue to offer a wide range

of online and classroom based training courses.

Finally I would like to offer congratulations to Alan Squirrell from Norfolk Credit Union. Alan was awarded an MBE for voluntary service to Norfolk Credit Union in the recent Queen's Birthday Honours list.



Mark Lyonette,
Chief Executive, ABCUL

“I was impressed by the new resource which we are promoting to credit unions and their members as a valuable way to help people manage and plan their finances more effectively.”

Survey demonstrates demand for legislative reform

RESULTS OF a recent ABCUL survey demonstrate how much demand there is from credit unions to use the powers that will be available in the delayed Legislative Reform Order, originally introduced to Parliament in March 2010. An analysis shows that the expansions will provide nearly £100 million in benefits to credit unions and consumers over the next few years.

Hundreds of thousands of people are set to benefit from access to credit union services once the law changes to remove the requirement for all potential members to have something in common. Many of them are tenants of housing associations or employees who would benefit from payroll deduction facilities.

Over 70% of respondents are waiting to extend their common bonds to increase partnership working with social housing providers, which are keen to work with credit unions to make sure affordable financial services are available to residents in areas they look after. This figure rises to 84% for larger credit unions with over 3,000 members.

Over 60% of credit unions have plans in place to work with employers and help their staff gain payroll deduction facilities and encourage convenient and easy savings habits, with 88% of larger credit unions eager to take up this opportunity.

Gaps in the country without credit union coverage are set to be filled, as around 60% of credit unions intend to extend their services into new geographical areas.

Limited at the moment to providing services to individuals, over 70% of credit unions are eager to change this, and they are fielding enquiries from

organisations of all sizes waiting to deposit money in the credit union, so they can invest in their communities or get services they can't access elsewhere.

One credit union commented: "We have been approached by two charities and two churches asking to open accounts with us because they sympathise with the philosophy and ethical banking protocols of the credit union; we cannot yet get involved with them." Another is expecting a large deposit from a housing association which it will use to make finance available for shared ownership properties.

One credit union is eager to get into a scheme supported by local businesses which will use finance from the credit union and expertise from successful local businesses to support other micro businesses to expand and thrive. And grants for tenants' and residents' associations are on hold in a number of areas, while the local authority waits for the groups to be able to open credit union accounts for their money, as the groups have struggled to open mainstream bank accounts.

For the ABCUL credit unions keen to take up these opportunities, the increased membership, deposits and loan business that these changes will

produce will have an estimated net benefit of over £50 million pounds. The increase in the availability of affordable credit will mean net benefits for consumers of a similar amount.

Plans announced by the Government to invest in credit unions and a back office for the sector, which will lead to a vast increase in credit union accessibility through the Post Office, also rely on the completion of legislative reform to happen. Feasibility studies are currently being carried out by the Department for Work and Pensions to decide how a new modernisation fund should be spent.

A credit union activist who was delighted when the legislative reform process started and has followed the progress of the changes closely said: "I am finding it increasingly difficult to keep up the enthusiasm of our would be partners who are as excited as I am by the potential of these changes and are keen to get cracking on working together. I realise that delays caused by the election were unavoidable, but do hope that we see some progress soon and that changes will be in place before we're looking back at five years since the process began."

W www.abcul.coop/media-and-research/briefings/legislativechange

Legislation Reform Timeline

- November 2006 – review of legislation announced
- June 2007 – review of Co-operative and Credit Union Law launched
- December 2007 – response to consultation published, working group formed
- June 2008 – Further consultation on draft Legislative Reform Order
- April 2009 – response published by HM Treasury, all ABCUL proposed changes accepted
- March 2010 – Draft Legislative Reform Order laid before Parliament
- June 2011 – awaiting re-laying of Draft LRO

2006

2007

2008

2009

2010

2011

THE NEW Governments in Scotland and Wales have pledged their support for credit unions. In the run up to the elections, both the Scottish National Party and Welsh Labour committed to developing a thriving credit union movement and ABCUL is looking forward to working with the new administrations over the next five years.

New Governments pledge credit



Photos show: ABCUL Scottish Chapter Chair Charles Sim and ABCUL Vice President and Director for Scotland Angela Hampson with (from top to bottom) SNP Leader Alex Salmond, Scottish Labour Leader Iain Gray and Scottish Conservatives Leader Annabel Goldie.

Credit Union Charter

ABCUL prepared a Credit Union Charter for both Scotland and Wales outlining the key objectives for credit unions in both countries, and encouraging credit unions to lobby election candidates in their area to pledge their support for the sector. In Scotland, candidates from all the main parties, including the leaders of the Scottish National Party, Labour and the Conservatives, signed up.

The Credit Union Charter outlined the priorities for Welsh and Scottish credit unions during the next session of the Welsh Assembly and Scottish Parliament. First and foremost, ABCUL called on the parties to recognise and encourage credit unions as thriving, sustainable social enterprises, providing a service for everyone in the community and bringing real diversity to the financial services sector.

Signing up to the charter means supporting access to safe savings and affordable credit for everyone through credit union membership, including the opportunity for every school pupil and young person to join a credit union and encouraging credit union membership for all social tenants. The charter also included the important aim of access to credit union membership and payroll deduction for every public sector worker – and encouraging more private and third sector employers to offer the same for their staff.

Some of the other main points of the Charter included: supporting the capacity of credit unions to provide an ethical alternative to loan sharks and high cost lenders; supporting bill payment services and budgeting accounts through credit unions – helping people keep on top of their finances and avoid missed payments;

supporting the availability and take-up of insurance products – including home contents insurance and funeral plans – which are accessible and affordable for all, and encouraging every local authority to offer Non Domestic Rates relief to credit unions.

In addition, ABCUL called on the Governments to help build partnerships between credit unions, housing associations and the advice sector to take a holistic approach to financial capability; ensure fair treatment for credit unions in Trust Deeds and bankruptcy; help publicise credit unions, and support the growth of the credit union movement through the back office and Post Office partnership announced by the UK Government.

Welsh manifestos

In the run up to the elections in Wales, all four main parties pledged their support for credit unions in their manifestos.

In its manifesto, Welsh Labour promised to continue to support and expand the credit union network with £3.4 million of funding until 2013, as set out in the Credit Union Action Plan by the previous Labour / Plaid Cymru administration. They said they would explore working with credit unions to develop innovative solutions for delivering investment in public service provision, raise awareness of the dangers of loan sharks by providing advice and support to victims and directing them to other sources of affordable lending, such as credit unions, and rolling out payroll deduction for local authority employees to boost credit union membership.

Plaid Cymru's manifesto pledged to support the development of credit

“Over the last decade, credit unions have received valuable assistance from the Scottish and Welsh Governments and have enjoyed considerable support from MSPs and AMs of all parties.”

union support



First Minister of Wales Carwyn Jones AM
by Natasha Hirst © Welsh Labour.

unions and to form a Co-operative and Mutual Taskforce to take the sector forward. They said they would examine the possibility of paying public sector workers through credit unions, providing money for the credit unions in order to lend to small and medium enterprises, promote financial education among children and young people and encourage young savers to use their local credit unions.

The Welsh Liberal Democrats committed to working with credit unions to develop a credit union system along the lines of that seen in Glasgow, where one in five people is a member of a credit union, which could offer small loans to people or businesses in need of credit.

The Welsh Conservatives promised to support the use of credit unions to decrease reliance on doorstep lenders and to encourage links between credit unions and post offices, as the preferred method and location for community financial service provision.

Scottish support

In Scotland, in their first term in Government, the Scottish National Party invested £1.3 million in Scotland's credit unions through the

Third Sector Enterprise Fund and the Third Sector Credit Union Fund and ABCUL is looking forward to their continued support for credit unions as part of a diversified Scottish financial services sector.

The Scottish Green Party's manifesto outlined their support for the growth of Scotland's credit union movement, and the Scottish Labour Party launched a mini manifesto for co-operatives and mutuals at East Ayrshire Credit Union in Kilmarnock which included explicit support for ABCUL's Credit Union Charter and a number of pledges to support credit unions in the new Parliament.

Frank McKillop, ABCUL's Policy Officer for Scotland, says: "In such a dramatic election in Scotland, a number of credit union supporters were unfortunately not successful in their campaigns for re-election to the Scottish Parliament, including the Convener of the Cross-Party Group on Credit Unions Frank McAveety and fellow founding member of the Group Bill Butler. Scotland's credit union movement is extremely grateful to them for their tremendous support and wishes them well for the future."

Working with new Governments

Now they are in Government, ABCUL is keen to continue to work with both Welsh Labour and the Scottish National Party to implement their policies on credit unions.

"Over the last decade, credit unions have received valuable assistance from the Scottish and Welsh Governments and have enjoyed considerable support from MSPs and AMs of all parties," says Mark Lyonette. "However, there is much more scope for credit unions to offer fair and ethical financial services to people right across Scotland and Wales, especially in these more challenging economic times, so it is vital that the new Scottish and Welsh Governments continue to support the work of credit unions."

Scotland's 110 credit unions serve over 250,000 people who are saving £200m and borrowing £170m. In Wales, 28 credit unions serve over 42,000 people (compared with 11,000 in 2000) who are saving £15m and borrowing £11m.

www.abculscotland.coop

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Launch of Scottish Labour's mini manifesto for co-operatives and mutuals at East Ayrshire Credit Union.



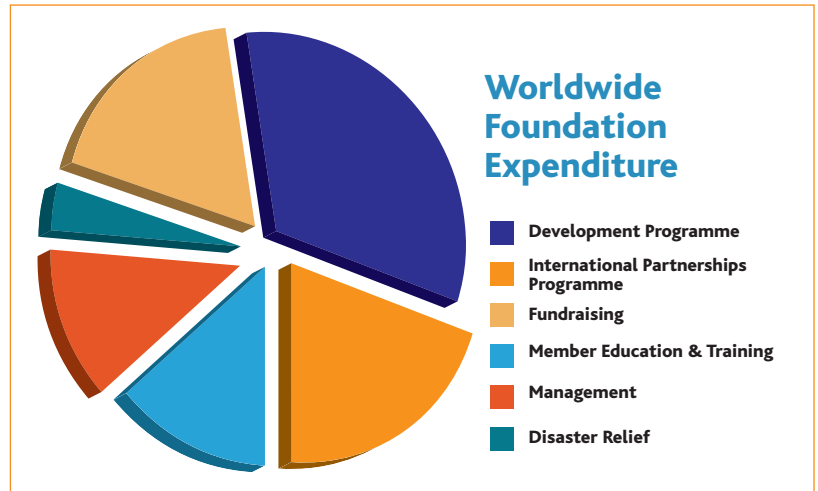
Building a firm foundation

MANY CREDIT union associations around the world have set up foundations dedicated to helping individuals and communities at home and abroad. Their work often includes credit union development, disaster relief, international partnerships, charitable giving and education and training. With the imminent relaunch of the ABCUL Credit Union Foundation, we take a look at some of the other foundations around the world.

Worldwide Foundation for Credit Unions

The Worldwide Foundation for Credit Unions helps the World Council of Credit Unions (WOCCU) fulfil its mission by raising funds from both the global credit union movement and those individuals interested in supporting international development through credit unions.

"WOCCU has been working to help people living in poverty worldwide who lack access to basic financial services since 1971," says Brian Branch, WOCCU's Executive Vice President and Chief Operating Officer. "By helping communities set up their own credit unions, WOCCU gives people the chance to access affordable loans and a safe home for their savings, giving families



and local economies the chance to lift themselves out of poverty.

"WOCCU has implemented more than 250 development programmes around the world."

As the official fundraising and gift-receiving organisation for WOCCU, the Worldwide Foundation for Credit Unions helps make WOCCU's work possible in a number of ways. Its programmes are funded by member subscriptions, government agencies and grants and annual gifts from WOCCU supporters.

International development programmes assist credit unions and national / regional credit union associations with rebuilding during and after conflict or natural disaster. Disaster relief funds provide immediate assistance in the form of food, water and shelter to credit union staff, members and the affected community when disaster strikes. After immediate needs are met, funds are saved for rebuilding efforts so that communities can begin to build for a brighter future.

An international partnership programme brings together credit union movements from around the world to exchange ideas and technical expertise with the goal of building stronger institutions for the benefit of their members. In addition, WOCCU's annual education and training events include the Global Women's Leadership Program and the Pacific Credit Union Technical Congress.

National Credit Union Foundation

The United States' leading credit union association, the Credit Union National Association (CUNA), set up the National Credit Union Foundation (originally called the CUNA Foundation) in 1980. In its first 30 years, the Foundation awarded over \$25 million worth of grants to fulfil its mission "to promote and improve consumer financial independence through credit unions".

The National Credit Union Foundation (NCUF) raises funds, makes grants, manages programmes and provides education so people can achieve financial independence through credit unions. The Foundation raises funds in a number of ways including donations from credit unions, sponsorships, and support from CUNA and the credit union leagues and foundations in the different US states.

The Foundation also works to respond to immediate and unanticipated needs. For example, NCUF served as the US credit union movement's focal point for disaster relief contributions supporting credit unions and their employees devastated by Hurricane Katrina.

In order to raise funds for other major disasters affecting credit unions and their people, the Foundation set up CU Aid, an online disaster relief fundraising system for credit unions. With the help of CU Aid, for example, the credit union

Worldwide Foundation case study: Enzar from Afghanistan

When Enzar Gull lost both legs, his left arm and two fingers in a landmine, he had to find a new way to support his wife and two children. So he turned to the one skill he knew well: gardening.

Enzar used his knowledge as a former hospital gardener to convert his small plot of land into a plant nursery, but he needed money for fertilizer. In his small village, he could only borrow from business people who charged very high interest rates, which would leave him with very little income.

When Enzar heard about a local credit union supported by WOCCU, he joined and applied for a loan at a much more affordable rate. No longer at the mercy of unscrupulous lenders, he received the credit he needed to buy fertilizer. His income instantly doubled, and he has since applied for a second, larger loan to expand his business.

Enzar said: "Business is good and my family's future is brighter than ever."

Credit unions in Afghanistan are known as Islamic Investment and Finance Co-operatives (IIFCs) and operate in compliance with Shari'a law.



movement in America raised over \$1 million to provide immediate relief to victims of the Haiti earthquake. These funds are also being used to finance the rebuilding of Haiti's credit unions so they can assist members and support local relief efforts.

"I'm proud to celebrate the Foundation's powerful work over the years and am enthusiastic for our future," said NCUF Board Chair Gary Oakland. "The need for consumer financial freedom is as strong as ever. Our grants and programmes in the years ahead are vital to helping credit unions make that independence a reality."

Credit Union Foundation Australia

Credit Union Foundation Australia (CUFA) is the development agency for the Australian credit union movement. CUFA supports Australian credit unions to achieve and promote sustainable corporate, economic, social and environmental practice, and to promote financial and social well-being in communities. It also develops community access to affordable financial services in the Asia Pacific region, building capacity in emerging credit union movements to create sustainability, improve lives and relieve poverty.

Recently, CUFA helped to co-ordinate the Australian credit union movement's contribution to the Queensland Flood Relief Appeal. CUFA partnered with credit unions and mutuals to collect donations to assist communities affected by the extensive flooding throughout Queensland and the appeal raised almost \$60,000 (Australian).

CUFA also supports the Pacific Credit Union Technical Congress, which aims to strengthen and grow the credit union movement in the Pacific region, to increase knowledge and resources – both financial and human, to provide sustainable and accessible financial services and support communities to grow and prosper into the future.

Forthcoming initiatives include the CUFA Cambodian Leadership Challenge, which takes place in June 2011. Comprising a fundraising challenge and a physical cycling challenge, participants engage in a range of activities to support CUFA's Children's Financial Literacy Programme in Cambodia.

Irish League of Credit Unions International Development Foundation

The Irish League of Credit Unions International Development Foundation (ILCU Foundation) was established in 1980 and its main goal is to alleviate



Worldwide Foundation case study: Benadette from Kenya

Benadette, a widow and mother of five, has been a volunteer early childhood teacher at Busia Compassionate Centre in Kenya since 2003. She teaches 27 six-year-olds in a small, concrete floor classroom with little furniture and fewer books. Although she struggles personally to make ends meet as a volunteer, Benadette said the children are quite bright, and she loves teaching them.

The orphans have received school scholarships through the local credit union, and have started a garden project with WOCCU's guidance to ensure they have regular, nutritious food while learning farming skills and responsibility.

poverty in developing countries through the provision of financial and technical assistance to credit union movements.

The ILCU Foundation works through long-term integrated programmes with developing credit union movements in selected countries in Africa and Eastern Europe. Its current partners include Albania, Russia, Sri Lanka, Ethiopia, The Gambia, Ghana and Sierra Leone. The ILCU Foundation has been working with many of these partners for at least five years and in some cases a lot longer.

A small proportion of their budget is set aside to support a limited number of one-off projects, which are consistent with the basic objectives of the Foundation. Over the last three years the Foundation has funded between six and ten of these projects annually, from HIV/AIDS projects in Brazil and Malawi to the building of homes and schools in Kenya and South Africa.

Credit Union Foundation in Britain

In Britain, the Credit Union Foundation is a registered UK charity that was set up by ABCUL in 2002. All Trustees of the Foundation are decided by the ABCUL Board and are a mix of ABCUL Directors and external people. It was formed with a focus on education work for credit unions and the general public.

The Foundation has run a number of Development Educator (DEUK) courses and given encouragement and confidence to over 100 credit union staff and volunteers in this way. The Foundation is currently reviewing the structure of this course and plans to resume it next year.

Trustees are also keen to expand the focus on financial education work for the general public, following the project with the Home Retail Group which researched how credit unions can successfully expand their role in secondary schools.

Angela Hampson, ABCUL Vice President, is the current President of

the Foundation. She is assisted by ABCUL Board representatives Antony Macrow-Wood and Kevin Waters. The current external trustees are David Dickman, who has a successful career with the Co-operative Bank behind him, and former ABCUL President Mary Henderson. ABCUL Chief Executive Mark Lyonette is the secretary of the Foundation.

Trustees are discussing how the activities of the Foundation can move to another level and more details about its plans will be available later this year.

www.woccu.org/involved/supporters

www.ncuf.coop

www.cufa.com.au

www.ilcu.ie/foundations

ILCU Foundation case study: Albania

Albania has had a long and troubled history of communist dictatorship, but the country has been classified as an emerging democracy since the early 1990s. The transition has proved challenging as successive governments have tried to deal with high unemployment, widespread corruption, a dilapidated physical infrastructure and powerful organised crime networks. Although Albania's economy continues to grow, the country is still one of the poorest in Europe, hampered by a large informal economy and an inadequate energy and transport infrastructure.

The ILCU Foundation first became involved in Albania in 1995, at a time when the country had no credit union movement at all, and now supports credit unions there through the national apex body, Jehona. By 2010 Jehona had a membership of 22 credit unions and total savings of credit union members stood at over €3.2 million. Support from organisations like the ILCU Foundation, through the provision of training for example, is helping the Albanian credit union movement improve the level and quality of services that credit unions provide to their members.



Lili was able to greatly improve her family's economic situation by opening a successful byrek (a type of filled pastry) shop, all financed by her local credit union.



Sofokli Daka is an Albanian farmer who lives in the rural village of Mize, near Divjake. He transformed his unproductive farm into a fully efficient one with the help of a loan from the credit union.

EARLIER THIS year five credit unions merged to form the North Wales Credit Union. This was the culmination of a great deal of hard work and careful planning by all those involved, with financial support from the Welsh Assembly Government and a feasibility report from ABCUL.

Merging credit unions



Caledfryn, Clwyd Coast, Llandudno and District, Wrexham and Y Llechen Credit Unions, all of which were members of ABCUL's North Wales Chapter, agreed to merge, and the new credit union, which has 9,500 members, was formed on 1st January 2011.

The Board of North Wales Credit Union (NWCUL) said: "We believe that the merger will offer a strong viable credit union, supporting both our existing and potential new members, providing them with a safe home for their savings."

Chair of NWCUL John Killion added: "This exciting union builds on the strong foundations laid by all the merging credit unions, but also heralds a new range of products and services now available to members."

Background to the merger

2005: a step forward in the work of the North Wales Chapter which saw increased co-operation between the credit unions in the region, new relationships created and the opportunity for member credit unions to understand the differences, as well as what there was in common, between them.

November 2007: process of funding for the Credit Union Current Account (CUCA) started. There were two bids from North Wales' credit unions which the Welsh Assembly Government and the Department for Work and Pensions were keen to support. Llandudno and District Credit Union was ultimately successful in its bid.

Early 2008: discussions on how to achieve CUCA coverage across North Wales. Chapter meetings continued to be the focus of these discussions, and it was there that the option of merger was first recognised. This was then considered not just as a solution for extending the CUCA, but for the wider benefits it might bring to the credit unions and their members.

May 2008: the Chapter engaged ABCUL to assist in commissioning a feasibility study. Through membership services, ABCUL provides members with assistance and advice on issues such as merger. As part of the study, Chapter workshops were organised, as well as meetings with individual credit unions. Data was collected, including looking at experience elsewhere in Wales. Time was also spent looking at wider research.

Benefits for members

In combining the experiences of all five credit unions, NWCUL has a clear objective of continuing to work in the best interests of all its existing and future members. The merger will help the credit union to deliver improved levels of service for its members, with a wider network of offices and collection points, improved opening hours, higher savings limits and larger loans. In addition, it will offer a broader range of services, such as insurance, budgeting and financial planning, as well as extending access to the Credit Union Current Account.

The merger has received the backing of the Welsh Assembly Government (WAG) as they believe it will help many more people to access local financial services. ABCUL, too, is fully supportive of the merger because the new credit union offers the opportunity for its member credit unions in North Wales to continue to improve their financial position and to continue to grow their membership.

Barry Roberts, the new General Manager of North Wales Credit Union, says that work is now underway bringing all the systems of the five credit unions together with a view to officially launching to the public in July.

"The data was merged in January with all offices networked using Curtains software. It has been a challenge merging all of our day-to-day operating processes, and bringing all our paperwork together into one credit union. Equally challenging is bringing all the people together into one organisation – a merger of personalities as much as anything else!"

A new brand

"We are planning an official launch in July to tell the wider public and our stakeholders about the new credit union and to launch our new brand," says Barry, "although of course many people already know about us and we have a temporary website explaining things."

Barry adds that everything is going well so far and the credit union has established a network of local forums

to keep local directors and volunteers involved and up-to-date with feedback to and from the main Board.

Feasibility study

The Study, prepared by ABCUL's consultants, as well as Barry Roberts and Mac McCarthy (former Director of Caledfryn Credit Union), was formally adopted by the Chapter in late spring 2009. The key conclusion was that the time was right to consider merger to create a North Wales Credit Union. An essential foundation of this was the enthusiasm and commitment of the credit unions involved to looking for ways to improve their service to members including merger if that was appropriate.

"There was a tremendous spirit of co-operation amongst the credit unions involved and no pressure on the other two credit unions in the Chapter to join in," explains Louis Grills, ABCUL's consultant on the project. "One of those was outside North Wales and the second had already chosen not to participate in the development programme being funded by the Welsh Assembly. However, the credit unions participating in the Merger Study kept their neighbour fully informed about what was happening and continue to seek to maintain a positive relationship."

The draft report had been presented to the North Wales Chapter in February 2009 and feedback taken from each credit union. The Study included an Action Plan setting out the steps to undertake a detailed investigation and preparation for merger.

Approval of the Study recommendation allowed implementation to begin with an application for funding to the Welsh Assembly Government and the Department for Work and Pensions (DWP).

ABCUL played a major role in the feasibility study and were also closely involved in the follow up implementation of its Action Plan. Louis says the role of ABCUL in facilitating the original Study and then the move towards merger was primarily as an "honest broker" – someone who could come in and talk to the credit unions

in North Wales



involved and provide impartial advice. The access to other colleagues in ABCUL who could answer technical questions was also invaluable in supporting the project.

In addition to the business development support provided by ABCUL, the fact that the Welsh Assembly Government was prepared to be generous in their funding for the merger made a huge difference too. WAG was convinced that this was the way forward for the sector in general and in North Wales in particular.

As well as consultancy support, WAG helped to fund technological improvements at the credit unions, such as installing the same software and hardware across all the credit unions involved. This helped to make the eventual merger a much more straightforward process.

Implementation of the Action Plan

In July 2009 a project team was created to oversee the merger implementation. Each credit union provided one member for the project team and there was a mix of directors and managers. There were also four external members including the Chair. Funding from WAG and DWP enabled Barry Roberts to be seconded full time on the merger and expertise to be brought in on areas such as marketing, IT and HR.

By the end of 2009 the project team had completed a key step in consolidating the various business plans. They concluded that a merger was possible and were making real progress on exploring the issues identified in the study report. The team had established and continued a process of communication with an open approach, produced a report, "In the Best Interest of Members", and recommended moving to implementation through the creation of a Shadow Board.

The Shadow Board

The Shadow Board was established in May 2010. This was made up of 12 members, nominated from the Boards of

each of the five participating credit unions, and they were supported by three members of the project team. The Shadow Board took over from the project team the responsibility for oversight of all aspects of the continuing work. Due diligence began in earnest and

space of time before the launch.

Another lesson may be obvious, but do not underestimate the work involved during the merger process as well as running your own credit union. On ABCUL's role, Louis says: "The merger would still have happened

“ The credit unions participating in the Merger Study kept their neighbour fully informed about what was happening and continue to seek to maintain a positive relationship. ”

plans and timescales were adjusted as necessary. It published "In the Best Interest of Members" and then it was the members' decision whether to merge or not.

Each credit union convened Special General Meetings in autumn 2010 for their members to vote on the proposals. Members of all five credit unions voted in favour.

Lessons learned

When it comes to the lessons learned from the project, Louis highlights several things that other credit unions considering merger in future could perhaps do differently. The first is to get a member decision at an earlier stage.

Louis explains: "If members had voted against the merger, the credit unions involved would potentially have done a lot of work for nothing. However, even if members had voted against, I don't think the work we had done would have been completely wasted, because all those involved benefited from the sharing of ideas and good practice.

"Besides, even if one or two credit unions had seen their members vote against, the other credit unions would have probably gone ahead with the merger anyway."

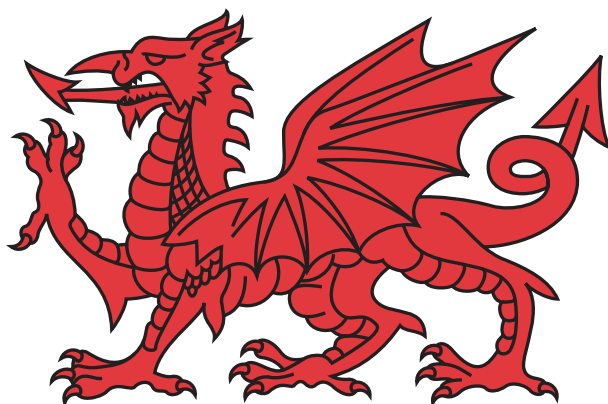
The second lesson follows on from the first, in that if member approval had been secured earlier in the process, it would have enabled the credit unions' managers to do more up front preparation for the merger. This would have relieved some of the pressure to get everything done quickly in a short

without ABCUL's advice and support, but the feedback from those involved is that we really added value to the process. It might not have happened as quickly or as smoothly had we not been there but it was a real team effort by the directors and staff of the five credit unions and it was great to help and support that team."

Louis concludes: "Every merger will be different. North Wales had a strong foundation in people who already had an ethos of working together which helped tremendously. Credit unions considering merger shouldn't underestimate the time, effort and commitment involved but also they shouldn't put off looking at the opportunity that it might offer to their members."

And ABCUL will continue to be supportive of members who wish to learn more about the North Wales experience; Louis can be contacted via ABCUL (Louis.grills@abcu.org).

W www.northwalescu.co.uk



Partnership pays off for credit unions and housing providers

A RECENT report from the Chartered Institute of Housing (CIH) highlights a number of successful partnerships between housing providers and credit unions, which have improved the financial capability and financial inclusion of housing tenants. Looking ahead, new legislation later this year will make it much easier for credit unions to work with housing providers in future.

The report, *Improving financial inclusion and capability in social housing*, explains the work of the CIH's financial inclusion advisors, which has been funded and supported by the Money Advice Service and Barclays for the last two years. The advisors have helped large numbers of housing providers successfully incorporate financial inclusion and capability support into their work.

"Working with credit unions gives housing providers a valuable tool for helping them to improve the financial capabilities of their tenants, for example by helping them build a savings pot or save money on credit, which can ultimately enable them to sustain their tenancies," says Mark Lyonette. "The CIH report highlights the many benefits that can result from such partnerships – not only for individual tenants, but for their landlords and the wider community too. And that's one reason why new credit union legislation is vital, so many more credit unions can build links with housing providers and their tenants."

Paul O'Connor, Income and Inclusion Specialist, CIH adds: "There are some great examples across the UK of social housing landlords working hard to help their tenants make the correct financial decisions and access the right financial products. Improving tenants' financial capability and access to affordable credit is more important than ever before, and will continue to be a priority for the sector in light of the welfare reforms and funding cuts."

Several of the case studies in the report illustrate the benefits of credit unions and housing providers working together. The report is available to download from the Chartered Institute of Housing website.

www.cih.org/policy/fpp-FinancialInclusion.pdf



Case study: Encouraging savings

Newlon Housing Trust is a charitable housing association founded in Hackney, London, in 1968. As well as providing homes for local people, it delivers regeneration programmes through Newlon Fusion. Newlon Fusion linked up with Islington and City Credit Union (ICCU) and London Community Credit Union (LCCU) to give incentives to residents to encourage them to open a savings account and start saving.

Islington residents who open a savings account with ICCU, who save at least £5 per week or £20 per month for three consecutive months, receive a £60 incentive payment credited to their account. Children who open a Young Savers account receive £10 credited to their account as long as they save at least £2.50 per week, or £10 per month for three consecutive months. Newlon Housing residents living in Tower Hamlets who open a savings account with LCCU and save at least £5 per week for ten consecutive months are credited with £50 into their credit union account. Children who have a Young Savers account with the credit union for over a year receive a credit of £10.

The scheme aims to increase credit union membership amongst Newlon Housing residents, raising awareness of local saving schemes and encouraging a savings culture.

Robert D'Brass, a Newlon tenant who joined a credit union in 2010, said: "I always feel comfortable talking about money at the credit union, knowing that they are also credit union members just like me. It means that saving and borrowing has proven to be fun for me, unlike a visit to the bank."

Case study: Sustaining tenancies

Rhondda Housing Association (RHA) is a local community-based housing association with approximately 1,500 properties throughout Rhondda Cynon Taff in South Wales. It provides early intervention advice and support for new tenants. The RHA Financial Inclusion Officer meets with tenants to try to ensure that they have all the information and advice they need about financially managing a tenancy before they move in. Among the measures taken, RHA has worked with Dragonsavers Credit Union and Cynon Taff Citizens Advice Bureau to deliver financial inclusion workshops to tenants through the Money Smart Partnership (MSP).

Case study: Combating loan sharks

Knowsley Housing Trust (KHT) is a voluntary transfer housing association with around 13,800 homes in the borough of Knowsley, Merseyside, which is ranked as the fifth most deprived local authority in the country. KHT has worked in partnership with the Illegal Money Lending Team (IMLT) – part of Trading Standards North West – since 2008 to promote the work that IMLT do to combat illegal money lending. This work includes promoting credit unions as a fair and affordable alternative to loan sharks.

As a result, credit union membership has grown in Knowsley, and over 100 members of KHT staff have been recruited to a credit union payroll deduction scheme, which has been publicised to encourage tenants to do the same. KHT now has approximately 3,000 tenants in membership of two major credit unions. By taking loans from the credit union rather than loan sharks or doorstep lenders, KHT tenants have saved considerable amounts in interest charges.

The Money Advice Service

IN THESE uncertain times, it is more important than ever that we are in control of our money. But sometimes it's difficult to know where to start. The Money Advice Service is an independent organisation here to help everyone understand and manage their money better. Their new nationwide service gives clear, unbiased money advice to help people make informed choices, as they explain in the following article.

Stuart Dodson, National Partnership Manager, comments: "It's important that people are able to take control and make informed choices when it comes to their money. Our money advice and resources can help people to do this. And, crucially, because we're an independent body, there's no selling. Just clear, unbiased advice to help people get to grips with their money."

Advice and information from the Money Advice Service is available online, over the phone and face to face. We provide tailored money advice to help people make choices at key points throughout their lives, whatever their circumstances.

As this help is available to everyone, it is for credit union staff as well as your customers. We have the information and the advice to help you make the most of your money.

Online

Whether you or your customer has just left school, has been retired for a while, or is somewhere in between, our step-by-step guides, calculators and product comparison tables will help with making informed choices – www.moneyadvice.service.org.uk

Our new online health check

The health check is an online money adviser which gives people a personal, easy-to-follow action plan.

It takes just ten minutes to answer some straightforward questions and receive an action plan to help you sort out your money priorities now, and plan for the future – whatever your goals may be.

Over the phone

Our Money Advice Line on 0300 500 5000 gives personalised advice from our unbiased Money Advisers.

Face to face

We offer free face to face money advice across the UK. Our unbiased Money Advisers can cover everything from managing money on a daily basis to saving, credit and borrowing, mortgages, insurance, pensions and retirement planning.

Help at key life points

We can help with money management at those big changes in our lives. The Parent's guide to money gives information and resources to help new parents to plan, budget and save. Your guide to retirement helps employees manage the transition into retirement.

The redundancy handbook helps employees take control of their finances when facing redundancy. And our Divorce and separation site gives information and resources to help people with the money aspects of these changes.

Printed guides

And we have free printed guides on a variety of money matters – everyday money, buying a home, and pensions and retirement options, and Welsh language versions are also available.

Unbiased money advice to help everyone manage their money better.

W www.moneyadvice.service.org.uk
Tel: 0300 500 5000

*Calls should cost no more than 01 or 02 UK-wide calls, and are included in inclusive mobile and landline minutes. To help us maintain and improve our service we may record or monitor calls.



the Money Advice Service™



ABCUL is encouraging its members to link to the new health check and is distributing a link and web button to credit unions. ABCUL's website and the credit union search site www.findyourcreditunion.co.uk will also link to the site, helping both existing and potential credit union members access the services of the Money Advice Service, including the new online health check.

W www.findyourcreditunion.co.uk

ABCUL launches the Credit Union Prepaid Card

ABCUL HAS begun taking orders for its new product for credit unions, the Credit Union Prepaid Card.

A good value prepaid card is a priority for many credit unions and, after studying the market, ABCUL has designed a suitable product for credit unions and their members.

ABCUL's prepaid card project began in the summer of 2010. ABCUL knew that many of its member credit unions were interested in offering a prepaid card, seeing the product as an effective way to offer modern, simple but flexible banking services to their members.

The launch

From the beginning, ABCUL maintained that it would only launch a prepaid card if it could achieve better value and functionality than existing options for credit unions, a fair return for the credit union movement and an infrastructure with long term benefits, including for ABCUL's back office project. ABCUL also wanted to avoid a 'me too' product with the same proposition and pricing as others on the market, many of whom offered a poor return, with most of the revenue heading to 'middle man' programme managers, and minimal ownership of the product, its features and its infrastructure.

Choices

After initial research, two alternatives for delivering the prepaid card emerged. The first meant negotiating with a programme manager directly in the same way as a credit union or any other third party would. The advantages of this included low set up costs, the benefits of marketing experience and a rapid development timescale. However, the disadvantages included costly transaction fees to cover programme manager margins, as well as little control over the programme and no long term infrastructure.

The second alternative meant outsourcing directly to a processor and bringing on board a BIN sponsor (i.e. a financial institution that allows the prepaid card to use its Bank Information Number, represented by the first six digits on the card). Advantages included greater potential for revenue through the exclusion of 'middle man' organisations, control

over the product and the potential for long term infrastructure.

Disadvantages were increased set up costs and greatly increased management responsibilities for ABCUL.

ABCUL reviewed presentations from many programme managers, but chose the second option which gives the movement greater control and greater reward.

"In developing the new Credit Union Prepaid Card ABCUL has cut out the 'middle man' companies and dealt directly with card processors," says Sam Hardwick, Project Operations Manager at ABCUL. "This has helped us negotiate a better deal on our members' behalf, creating a card that reflects their priorities and will give them options to invest in the model and earn revenue."

Where to apply

Launch packs are now available. Contact prepaidcard@abcul.org or visit the website below to find out more.

W www.abcul.coop



Key features of the card include:

- Visa card functionality, including ATM and cashback with purchases
- Instant loading at the credit union
- Cardholder website, SMS functions, contact centre support
- Comprehensive infrastructure, including central card production and fraud monitoring
- Member-owned through ABCUL with regular product and pricing reviews.

250th anniversary of the world's first co-operative

FENWICK WEAVERS Co-operative – the first known co-operative in the world for which records are still available – celebrated its 250th anniversary recently and leading figures from the global co-operative movement met in Fenwick, East Ayrshire to mark the occasion.

On 14 March 1761, sixteen weavers signed their charter in the village's Parish Church and exactly 250 years later ABCUL joined representatives from the International Co-operative Alliance, Co-operatives UK, the Co-operative Group, the World Council of Credit Unions and many other organisations, to celebrate this landmark.

The values which formed the basis of the weavers' society reflect those which would later be adopted as the guiding principles of the co-operative movement and a new charter, recognising the place of the Fenwick Weavers in co-operative history and acknowledging the values and principles of the worldwide movement, was signed by representatives of the main political parties in Scotland, co-operative leaders and civic dignitaries.

As well as working co-operatively to

ensure a fair price for their produce, the Fenwick Weavers established a grocery shop, a lending library, and an emigration society to help villagers start a new life in North America, Australia or New Zealand. There is also evidence of the Fenwick Weavers pooling their savings and making loans to members and villagers who required them – meaning the Fenwick Weavers could also be regarded as an early example of a credit union!

Frank McKillop, ABCUL's Policy Officer for Scotland, who attended the celebrations, said: "This is a significant milestone in the long history of the co-operative movement and it is remarkable to think that the work of small groups of like-minded people, such as the Fenwick Weavers all those years ago, helped to create the multi-trillion pound global movement we see today."



Leading politicians turned out in force at Fenwick Parish Church, including local MP Cathy Jamieson and Scottish Labour Leader Iain Gray MSP (front), pictured with ABCUL Scottish Chapter Chair Charles Sim.



HEYCU moves into new office

HULL AND East Yorkshire Credit Union (HEYCU) has moved into a new office in the centre of Hull. After seven years in Hull Business Centre, the credit union moved its main office in April. The new office is in a prime position in the city centre, very handy for public transport, and close to free parking and two major shopping centres.

Chief Executive John Smith says: "It's a fantastic office, much better than Santander and the Yorkshire Bank across the road!" An official opening will take place within the next couple of months.



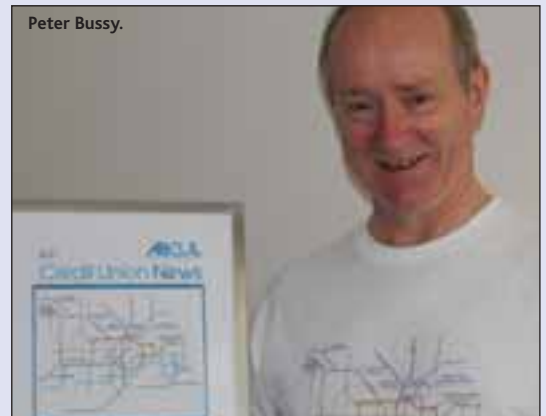
Peter Bussy retires

ABCUL TRAINING and Development Manager Peter Bussy ended a 31 year career with the Association in May.

Peter's expertise and insight was valued by the many credit unions and study groups he worked with over the years and his calm and knowledgeable manner will be missed by ABCUL staff and members alike.

To mark the occasion, ABCUL 'commissioned' a new version of the iconic London tube map, with underground stations replaced by credit unions – many of which Peter helped to establish. A T-shirt of the new map and a special edition of *Credit Union News* were also produced, and signed by ABCUL staff who met in Manchester on the day he retired to wish Peter well.

But Peter is unlikely to be far away from the movement he has dedicated so many years to. As he left, he told colleagues: "Working for any organisation, especially the same one for 31 years, always has its ups and downs, but I am very happy that I worked for ABCUL and credit unions for all those years. We are all working to change the world a little bit for the better. So keep at it; enjoy what you are doing; and I will be keeping an eye on progress from a distance!"



Peter Bussy.



Our True Commitment. Building Bridges to and for Credit Unions.

It's often easy to forget where we all come from in the world of credit unions. We're sure you know what we mean when we say it seems like time flies. We've been here since the beginning of the credit union movement in the 1930s and provided the truth behind the promise of 'the debt shall die with the debtor'.

In 1976, due to our deep knowledge of the credit union movement and shared ethos, we started supporting the development of the UK movement and are proud of our combined heritage and achievements since then.

**Then
Now
Always**

Our commitment was TRUE THEN in 1976 and is TRUE NOW in how we operate, and will **ALWAYS be true of our support for UK credit unions**. Our commitment transcends the business transaction. We walk the talk of commitment through unparalleled support and partnership. Together we've achieved much over the years.

In the past few years:

- Over £12 million paid out in claims and more recently almost 98% of these paid within 48 hours
 - Through you, we have paid almost 9,000 life claims to members' families
 - Over £700 million of credit union loans and shares protected
 - We paid a dividend to over 200 credit unions in 2010
 - And, because we all work together, we've been able to freeze prices since 2007
- demonstrating the real ethos and value of co-operating with each other and community rating.

CUNA Mutual is steadfast in our commitment to serving you. We are both born from the same ideals and ethos. We share the same heritage and we are proud to support you Then, Now and Always.



CUNA Mutual Proud Sponsors of WOCCU 2011

CUNA Mutual is proud to be a sponsor of the World Council annual meeting, which will take place this coming July in Glasgow. Given that it's close to home for so many credit unions we're looking forward to seeing many of you there. Congratulations to Glasgow and ABCUL for hosting the event – it promises to be a great occasion.



Training and development update

OVER THE last three years, ABCUL has delivered 812 training courses to 5,236 individuals as well as 145 strategic or business development sessions to member credit unions. The ABCUL training and business development portfolio has developed during that time to offer a range of courses and business support at different levels to suit all credit unions. From introductory courses about credit unions and being a credit union director, to strategic business planning and lending practices, ABCUL can support your credit union.

Virtual training

ABCUL is unique in the credit union sector in providing much of its training in the virtual learning space. The virtual classroom offers affordable and accessible training on a range of subjects and enables staff and volunteers to undertake training in short bite-size pieces either from the office or from home. The sessions are live and in real time so participants can interact with the trainer and other trainees. Most of these courses last around 90 minutes.

This summer the Association will be offering a range of virtual courses to suit most roles in the credit union. For the first time courses will be linked to provide a training 'journey' that enables the learner to mix and match courses to suit their needs. For example, Treasurer training will offer a choice of courses each month looking at The Role of the Treasurer, Financial Controls, Financial Compliance, Understanding Final Accounts, Management Information, Asset / Liability Management and End of Year Procedures.

In addition to virtual training webinars aimed at bringing you up to speed on issues of the day or information essential to credit unions are available.

All you need to take part in virtual training is a pc or laptop with broadband and a headset with microphone.

ABCUL Associates

ABCUL works with a number of associates in delivering both training and business development. All ABCUL associates have a good understanding of the needs of credit unions with many of them currently or previously working in the sector. In addition many associates specialise in lending, compliance, finance, governance and people management and bring that expertise into a credit union context.



Prices depend on the service required. Virtual sessions cost from £40 per session and webinars are often free to ABCUL member credit unions.

Bespoke training

On offer to credit unions, chapters and study groups, bespoke training offers a tailored solution to training needs. All of ABCUL's courses, including those offered in the virtual classroom are offered on a bespoke basis. The advantage of this is that the credit union, chapter or study group can determine the emphasis and focus of a course and work with the trainer to find bespoke solutions to issues that arise.

ABCUL has also delivered courses on Strategic Business Planning, Role of the Director, Financial Controls in the Credit Union and Strategic Lending Practice. Successful volunteer induction days have been held offering short courses on the credit union difference, health and safety, customer services and anti-money laundering.

ABCUL offers courses in governance, compliance, finance, lending, credit control and people management. Details of all of the courses can be found online at www.abcullearning.coop, where you can also see the latest calendar of virtual training sessions, or in our brochure available from training@abcul.org.

Business development

ABCUL works with a number of experienced and skilled associates to

provide a business development service to credit unions. One of the most successful services is Improve Your Lending Practice. This offers two and a half days of business support in reviewing and improving the end-to-end lending systems in the credit union together with staff training and recommendations for actions and improvements.

Those credit unions that have used this service have reported a more effective and efficient lending process and more skilled staff. Another popular service is the facilitation of strategic planning where our associate will support the credit union board in its planning sessions and introduce techniques and skills that help them to plan better.

If your credit union has a business need that requires advice and support then ABCUL can provide expertise and help with its business development service.

W www.abcullearning.coop



Welcoming Government support for credit unions

By Barbara Hodgson, Regional Manager Charity & Social Banking, The Co-operative Financial Services

The co-operative Bank
good with money

THE GOVERNMENT'S recent announcement to allocate £73m to develop credit unions was excellent news for the movement.

At a time when all public sector finances are under intense scrutiny and austerity is the order of the day this commitment is a massive endorsement for credit unions. It underlines the faith Government has in the role credit unions can play in tackling financial inclusion.

Support

As a long term supporter of the movement, The Co-operative Bank was delighted, and believes this will support continued growth of the sector during a period when many consumers will see credit unions as an alternative to mainstream financial services due to a loss of faith in some of the big banks.

The Government clearly recognises that further modernisation and expansion of credit unions is vital in offering people on low incomes access to money at reasonable interest rates.

Fact-finding mission

Although the Department for Work and Pensions now has a six-month fact-finding mission underway to determine how the cash should be spent over the next four years, some of the areas that it will be put towards seem pretty clear.

- Some will be used to overhaul back office systems and modernise existing infrastructure. This should bring economies of scale to the sector and allow more credit unions to offer a wider range of services to new and existing members.
- It also appears that links with the Post Office will be built via an IT platform that would allow post offices to access customer details, giving them a central role in delivering credit union services. Clearly this would extend the sector's reach enormously and make credit union services available and easier to many more people.

Growth Fund

Credit unions have shown they can provide the financial products and services that meet the needs of people on lower incomes that they might otherwise struggle to get elsewhere.

The sector has already achieved great things in recent years through the recently closed £100m Growth Fund which was set up by the previous Government over five years. ABCUL believes this has helped an estimated 240,000 people, and this new funding enables that good work to continue.

The Co-operative Bank's support for

credit unions goes back over many years and includes preferential banking for ABCUL members, joint research into the causes and effects of financial inclusion and providing the back office systems for the current account scheme.

The two organisations are like minded and the Bank sees its support for credit unions as part of its own commitment towards helping to tackle financial exclusion.

Avoiding problems

Historically, the Bank has taken a lead in trying to demonstrate within the industry what can be done around financial inclusion. Its pioneering prisoner accounts scheme where a basic account is opened for prisoners prior to them leaving prison is now available at 30 prisons. It supports rehabilitation and helps avoid the problems that can be encountered in attempting to open an account after leaving prison. Research has found that this has helped reduce re-offending rates by around a third.

The Bank has also been pro-active in the area of basic bank accounts, a straightforward account with no overdraft facilities. It has around 14% of the basic bank account market, considerably more than its market share for primary current accounts.

Further success

The Bank remains committed to helping to tackle financial inclusion and sees backing for the credit union movement as a means to continue to help support the financial needs of lower income consumers. It believes the new finance can enable further success in dealing with this important issue.

Barbara Hodgson,
Regional Manager
Charity & Social
Banking.

