

Credit Union News



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The importance of saving

SAVING IS an essential part of the credit union business model.

The vast majority of credit union loans are made from members' savings and, as these are invested back into communities, credit unions need to make it easy and convenient for members to save. Credit unions do this in a variety of ways, as we show on pages 4 to 8.

When the new legislation comes in, it will be easier for credit unions to set up and develop new partnerships to make saving easier for many more people. One of the reasons we lobbied for more flexibility for credit union savings was so employees of national companies could be added into the common bond of credit unions without the need for them to fit tidily into a geographical area.

This will mean that the benefits of payroll deduction, as outlined on pages 4 and 5, can be made available to many more people, and these savers too will not miss the money, as it will be in their savings before they get paid. Making savings easy is the key to encouraging good savings habits and we look forward to seeing this practice grow in years to come.

The Welsh Assembly Government, in its new credit union action plan (see page 15), has committed to making sure all public sector employees can access credit union services through payroll deduction and we would encourage Scottish and UK Governments to follow suit.

Like most habits, the earlier you start them, the easier they are to keep up. That's why the work that credit unions carry out in hundreds of schools is so valuable. This was given a high profile at a reception hosted by the All Party Parliamentary Group on Credit Unions before Christmas, when we launched a research report funded by Home Retail Group which contains a number of recommendations for how credit unions can work in secondary schools.

The first credit unions in Britain were formed in London back in 1964 and 47 years later the capital still has areas where credit union services are not available. But this is changing fast, as we outline on pages 10 and 11. There are many successful borough wide credit unions and the

map is filling up fast as new areas gain access to credit union services. As the longest serving member of ABCUL staff, still with the Association after over 30 years, Peter Bussy is ideally placed to explain how these changes have happened.

At the other end of the country, one of the largest unserved geographical areas is without credit union access no more, as the Western Isles Credit Union has expanded to become Hi-Scot Credit Union – serving the Highlands and Islands in Scotland – including Shetland and Orkney.

This and the recent activity in London are just two examples of how credit unions are reaching out to more people. And that's before the new

legislation – which I hope I will be welcoming in the next edition of *Credit Union News* – comes in. I look forward to even more activity and growth once credit unions are free to add new groups to their common bond, helping many more people get the savings habit the easy, ethical and convenient way, with a credit union they own and control.

“Making savings easy is the key to encouraging good savings habits and we look forward to seeing this practice grow in years to come.”



Mark Lyonette,
Chief Executive, ABCUL.

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Launch of research encouraging saving in secondary schools

NEW RESEARCH encouraging saving in secondary schools was launched by ABCUL at an All Party Parliamentary Group on Credit Unions reception in December.

MPs, credit unions, and representatives from banks and businesses, gathered at the House of Commons for the launch of the new research report. The report sets out recommendations for creating successful and sustainable partnerships between secondary schools and credit unions that allow young people to build their financial skills through practical experience of money management.

The aim of the research, which was carried out by ECOTEC Research and Consulting and sponsored by Home Retail Group, was to identify what works and why in terms of credit unions and schools working together at Key Stages 3, 4 and 5. The scope of the study included both state and independent schools, and pupils aged 11 to 18. This includes Year 7 to 13 in England and Wales, and Primary 7 and above in Scotland.

Promising

The overall conclusion was that there are strong grounds for ABCUL to support credit unions to work in partnership with secondary schools. The results of the study showed that credit union projects are both viable and worthwhile in secondary schools, with promising evidence of positive outcomes of pupils' money management, confidence and communication skills.

Speaking at the launch, Minister for Pensions Steve Webb MP said: "The Government is working hard to reinvigorate credit unions in Britain, but we recognise that a number of groups have a role to play in expanding credit union services including banks, the private sector, charities and organisations such as ABCUL. As Pensions Minister I have a natural interest in encouraging saving, and this research is a welcome addition to the debate."

Damian Hinds MP, Chair of the APPG on Credit Unions, added: "The research highlights the valuable role that credit unions can play in teaching secondary school children the importance of money management. This demonstrates how community



From left to right: Mark Lyonette, Chief Executive of ABCUL; Michelle Smith, Head of Barclays UK Consumer & Community Affairs; Steve Webb MP, Pensions Minister; Cathryn Cotterill, Head of Regulatory Compliance, Home Retail Group; Damian Hinds MP, Chair of All Party Parliamentary Group on Credit Unions.

organisations such as credit unions can actively help people take control of their lives."

The report was sponsored by Home Retail Group as part of their ongoing programme to support the local and national communities in which they operate. Home Retail Group is the UK's leading home and general merchandise retailer which sells products under two distinctive and complementary retail brands, Argos and Homebase.

Cathryn Cotterill, Head of Regulatory Compliance at Home Retail Group, said: "We are excited by the possibilities of giving young people an opportunity to 'learn through doing', making real decisions about managing their finances. We hope that this report will encourage credit unions to form successful partnerships with secondary schools so that pupils can benefit from active participation in such schemes."

Mark Lyonette concluded: "There is a growing interest amongst credit unions to work with secondary schools, which reflects new opportunities in the curriculum. Our

research showed that credit unions, with their ethical and co-operative credentials, are particularly welcomed by school staff as an alternative to the role of high street banks in supporting financial education within the curriculum."

A copy of the report is available for download at:

W www.abcul.coop/media-and-research/research/creditunionsandschoolsreport

Summary of conclusions

- Credit union projects are shown to be viable and worthwhile in secondary schools, with promising evidence of positive outcomes of pupils' money management, confidence and communication skills
- There is a growing interest amongst credit unions to work with schools, reflecting new opportunities in the curriculum
- Once awareness is made, school staff are supportive of partnerships with the ethical and community roots of credit unions
- In order to develop effective partnerships with schools, particularly in the secondary school environment, credit union capacity building would be necessary.

Saving made simple

CREDIT UNIONS offer a wide range of savings products to suit the many different needs of members. From Christmas to holidays, education to budgeting, credit union savings products are safe, secure and simple to use. With the benefit of payroll deductions for employees, many members can save without even thinking about it, and there are plenty of other ways people can save conveniently and easily.

A sample of ISA rates in 2010 shows that credit unions paid an average of 2.9% dividend, which is competitive with or better than many high street bank savings rates.

In order to encourage local residents to open credit union accounts and start saving, Nottingham Credit Union for example, has set up partnership projects with three local social housing providers.

Tenants of Nottingham Community Housing Association aged 16 or over are eligible for a £10 voucher to open a savings account at NCU. Any tenants who start saving regularly are also



77% Junior Savings

61% Christmas Savings

23% Budgeting

27% Other

Savings accounts offered by ABCUL credit unions

The latest ABCUL policy survey shows which savings accounts are offered by ABCUL credit unions

0 Percentage 100

entered into a prize draw to win £50.

New tenants of East Midlands Housing Association are offered a voucher worth £5 to open a savings account at NCU. They then have one month to go into the credit union and open their account.

From 15 November 2010 to 31 January 2011, Affinity Sutton residents in Nottingham were able to join NCU with

a £5 voucher. During the six months after they open their account, their savings balance up to £30 is matched by Affinity Sutton.

NCU Chief Executive Irene Smith says: "Our local housing associations are very supportive and these schemes aim to help encourage savings amongst their tenants, whether it is for a rainy day or a special occasion."

Savings take off at Plane Saver

NEIL ASTLEY works for British Airways as cabin crew, travelling all over the world on short and long haul flights out of Gatwick Airport. He has been a member of Plane Saver Credit Union since 2002 and pays into his account using payroll deduction.

Neil came across Plane Saver by chance when he saw their stand at Jubilee House, where BA staff at Gatwick report in for work. Neil was attracted by the competitive interest rates on their loans and the decent returns on savings, so decided to find out more. He opened a savings account with Plane Saver and pays in a regular amount each month using payroll deduction.

"Payroll deduction is ideal," says Neil. "There's no stress as the money is taken straight out of my salary – there's no messing about with cheques or transfers, which I would forget to do. I'm saving a bit each month without really thinking about it and the money is there if I need it."

Neil, who has been flying for 16 years and with BA since 2000, does all his transactions with the credit union either online or over the phone.

"It's nice to be able to log on and see how much I've saved," he explains. "It can be a pleasant surprise to see how the money has built up."

Neil adds: "Plane Saver is fantastic – they offer great rates of dividend on savings and they're a very friendly bunch of people!"



Neil Astley.

Payroll deduction



PAYROLL DEDUCTION is a convenient way for employees to save with a credit union, as the money is deducted from their pay packet by their employer, before it gets to their bank account. This means that the payment is less noticeable and people are less likely to spend the money instead. It is also beneficial for the employer and the credit union.

By making a regular contribution savings soon build up and many employees are pleasantly surprised when they get their annual credit union statement to see just how much money they have saved. Enabling employees to manage their money in this way can help to reduce financial stress and debt problems, which can have a knock on effect on performance and wellbeing, which is good news for the employer as well as the employee.

Research by Police Credit Union shows that the key reason their members choose to save with the credit union is the option of payroll deduction. As the charts show, over 80% of their members put this first in a 2010 survey, rising to over 90% for those who completed the survey online.

Efficient

Peter Evans, Chief Executive of Police Credit Union, says: "Payroll deduction is a marvellous facility to have available, not only for members but also for management of a credit union.

"Members are able to save and make their loan repayments without any thought beyond the initial authorisation to allow deductions from pay. It means that the net pay they receive from their employers already has the deductions made and the members do not have to concern themselves about making arrangements to pay or make allowances for money to be available for the savings or loan repayments.

"The credit union can operate so much more efficiently and confidently, being able to plan and budget for specific amounts of money to arrive at set times each month, all electronically. The normal fluctuations on monthly money inflow that a business would expect are no longer a major issue."

Plane Saver Credit Union serves British Airways employees and the credit union's CEO David McMullan says: "As well as providing access to saving straight from payroll, we help BA staff manage their money more effectively. This can only be good for the company, as it helps prevent employees getting into financial difficulties, which could have a negative effect on their work

performance, health and happiness. It's a win-win situation."

London Fire Savers Credit Union serves London Fire Brigade employees and their families and Brigade Watch Manager Richard Melrose is a member. "The advantage of being a member of London Fire Savers Credit Union," says Richard, "is that it has given me the flexibility of being able to save at my own pace knowing that in this financial climate, my money is secure and in a fund that ultimately helps other members."

Benefits

A wide range of employers already recognise the benefits of a credit union and have set up payroll deduction schemes for their employees.

Manchester City Council works with Manchester Credit Union to offer a range of credit union services for its staff, including savings and Christmas club accounts, affordable loans and insurance products. Savings can be taken directly from salaries each month through payroll deduction.

Executive member for finance and human resources at Manchester City Council, Councillor Bernard Priest, says: "We take the financial wellbeing of our staff seriously, and having access to Manchester Credit Union is one way they can get independent financial advice and services."

Difference

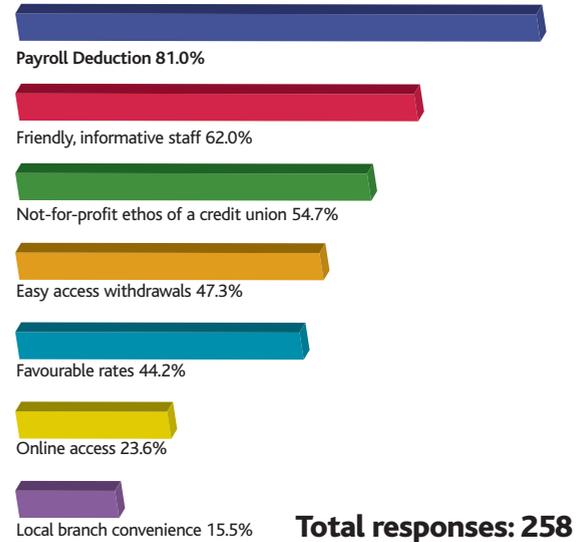
Brian Souter, Chief Executive of passenger transport company Stagecoach, says: "Credit unions can help people take control of their money. They provide a flexible way of saving and if employees are better equipped to make sound choices when looking after their money and their future financial security, it can make a real difference to their lives."

Hull and East Yorkshire Credit Union is looking forward to the introduction of the new credit union legislation in 2011, as it will provide a major opportunity for it to expand and offer services to a wider field of members.

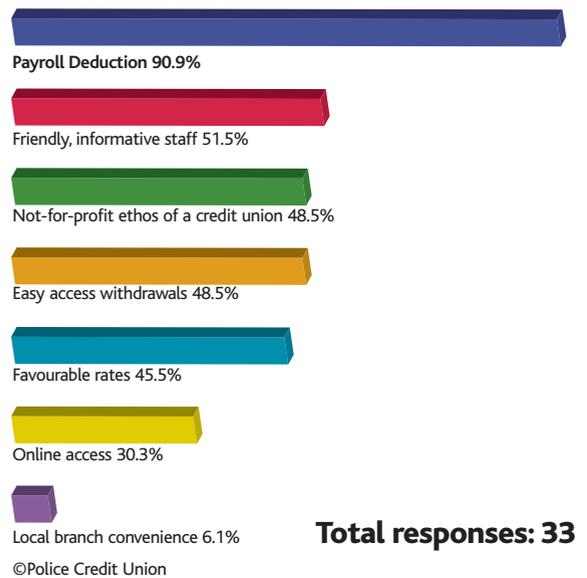
Manager John Smith says: "There are firms that will most likely sign up as

What are the key reasons you choose to save with Police Credit Union?

Survey completed as a hard copy



Survey completed online



payroll partners once it becomes legal to include all their staff within our common bond."

- www.policecu.co.uk
- www.planesavercu.co.uk
- www.firesavers.org.uk
- www.manchestercreditunion.co.uk

FOLLOWING THE collapse of the Farepak hamper company in 2006, which left thousands of people, who had been sensible enough to save up for Christmas, without their hard earned savings and unable to get fair compensation, many credit unions set up their own Christmas savings accounts.



Christmas saving

Unlike the Farepak scheme, credit union Christmas savings accounts, like all credit union savings products, are safe and secure as they are covered by the Financial Services Compensation Scheme. One of the benefits of a credit union Christmas account is that, unlike many other Christmas hamper

or voucher schemes, they pay out in cash rather than in food or vouchers to spend at a particular store.

It is estimated that between 60% and 70% of credit unions offer special Christmas savings accounts. Some of the biggest and most successful products are from credit unions

including Glasgow, Nottingham, Ipswich and Suffolk and Hull and East Yorkshire.

Glasgow Credit Union has been running its Christmas Savings Club since January 2007. It was set up as a direct result of the collapse of Farepak. Many of their members were also

Christmas club funds festive spending for work colleagues in Hull

FAY BAKER and her work colleagues at the Humber Bridge – the UK's longest suspension bridge – are just some of those who have benefited from Hull and East Yorkshire Credit Union's (HEYCU) Christmas Savings Club.

In 2010, HEYCU's Christmas Savings Club paid out a record £230,000 plus a 2.5% dividend bonus to 500 members. Fay Baker explains how employees at the Humber Bridge got involved.

"Originally each staff member saved £2 a week towards the office Christmas party, but this eventually grew to the point where the savings

could be used for presents too. The number of savers also grew yearly so we had to find somewhere safe to keep the funds. That is where the credit union came in.

"Christmas can be a stressful time but by saving up a little each week, the financial pressure is lighter. By saving with the credit union we managed to accrue enough dividend for some bottles of wine for our office party!"

Dividend is added to all HEYCU Christmas Saver accounts on 31 October and then the funds are available to draw at the credit union's offices.

Fay adds: "Other Christmas clubs use your cash and give back vouchers or food hampers, but we like to have cash so that we can choose where to spend. The credit union offers us this flexibility."

HEYCU introduced its Christmas Savings Club after Farepak collapsed.

John Smith of HEYCU says: "Our Christmas Club has been growing in popularity every year and we are pleased to be able to help our members to manage their money wisely in this way."

W www.hullandeycu.co.uk



Fay Baker (back row, far left) and her work colleagues.

Farepak savers who were hit hard when that company went bust.

Marketing and Communications Executive Hayley Street says: "Some members had to use their credit union savings to pay for Christmas 2006 – money that they had allocated to other expenses such as holidays. Others had to borrow from the credit union to cover the cost of Christmas."

Glasgow CU now has over 600 Christmas Savings Club members who all have other accounts with the credit union. The total saved by Glasgow Credit Union members including Christmas Savings Club accounts is over £64 million.

Same dividend

Hayley explains: "Members tell us they like receiving their Christmas Savings Club letter in November telling them how much they have saved throughout the year. We also reward all our Christmas savers with the same dividend as our other savings accounts, which was 3.25% for 2009-2010 – a much needed boost at a costly time of year."

Nottingham Credit Union (NCU) has always had a Christmas Savings account on which there is a restriction that the money cannot be withdrawn until November. They have never encountered any problem with the restriction on withdrawals, in fact there is research to show that people often prefer there to be a restriction to stop them from withdrawing the money.

Kick the habit

CEO Irene Smith says: "We have tried to encourage people making the transition from doorstep loans for Christmas to continue to pay the same amount as they did to the doorstep lender, with the balance going to savings. Not everyone wants to do this or keeps it up, but those who do have managed to kick the habit of borrowing in favour of saving for Christmas."

NCU has 200 members with Christmas Club accounts who had savings of about £19,000 in November 2010. A group of mums at a local school, for example, decided that they wanted to save specifically for Christmas and 10 of them saved £4,200 between them.

www.glasgowcu.com

www.nottinghamcu.co.uk

Ipswich pensioner's Christmas savings boost brings joy

THANKS TO Ipswich and Suffolk Credit Union's Christmas Savings Club, pensioner Margaret Holmes managed to save up enough to cover her Christmas costs.

At the beginning of last year, a volunteer at the Ipswich and Suffolk Credit Union (ISCU) suggested to Margaret that she put some money aside for Christmas in the credit union's Lock It Away Christmas Club. With a large family – Margaret has three children, nine grandchildren and six great-grandchildren – paying for Christmas is always a struggle, so the savings club seemed like a great idea.

Margaret joined the Christmas Club in January and put £3 each week into her account. At the beginning of November she drew the money out.

"Without the scheme, I'd have muddled through like before, but it was never easy," explains Margaret. "The Christmas Club has been a real help and has allowed me to save up enough to

cover my Christmas costs and buy presents for all the family."

Margaret left a few pounds in her Christmas club account ready to start saving again for next Christmas. She has also been recommending the scheme to friends and family.

"The whole credit union has been so helpful and it is such a good scheme I am telling everyone about it," says Margaret.

ISCU started its Lock It Away Christmas Club when Farepak collapsed in 2006. The success of the ISCU scheme, and other similar Credit Union Christmas Club schemes, shows that people like locking their Christmas savings away from the other pressures to spend money all year round.

www.iscu.org.uk



From left to right: Sue Raychaudri, ISCU Acting Manager, Margaret Holmes and her husband Keith, and Sally Chicken, ISCU Director.



Saving mobilisation

SUPPORTERS OF Liverpool FC are saving for a stake in their football club with help from Partners Credit Union.

To become a reality, the supporter ownership campaign organised by Liverpool FC supporters' organisation – Spirit of Shankly (SOS) – had to address issues of affordability and establishing a secure mechanism for holding funds.

through Parliament means that they will eventually be able to open up membership to those who live or work elsewhere.

Members can save as much or as little as they want in the share account and the money remains theirs up until

give local people the chance to do their bit."

Jay McKenna, spokesperson for Spirit of Shankly, adds: "As supporters of Liverpool FC, we care passionately about its future. Having gone through turbulent times under owners whose interests did not match ours, the only way to truly safeguard the future of our football club is with supporter investment and ownership.

"Working with Partners means all supporters, regardless of income, can save for a stake in their football club. They can have a voice and a say in how the club will be run, all by saving towards their share in our plans for supporter investment and ownership.

"When the day comes when the keys to Anfield are handed over to us the supporters, then I am sure the initial work done by Spirit Of Shankly and Partners will be looked back on with a view that 'that's where it all started'."

Valuable role

This initiative demonstrates the valuable role that credit unions can play in mobilising groups of people to save for a particular purpose.

For SOS members, the money builds up in their account until they have saved up £500 for their share purchase and until the day that the supporters' put in their bid for ownership.

Everyone who raises the £500 share is consulted on the investment negotiations and the way in which the club would be run once the investment is made.

In addition to securing the funds for supporter ownership of Liverpool FC, Spirit of Shankly also works to develop the model of supporter ownership and to represent over 50,000 Liverpool fans.

W www.partnerscreditunion.co.uk

W www.spiritofshankly.co.uk



Tracey Fletcher, Chief Executive of Partners Credit Union.

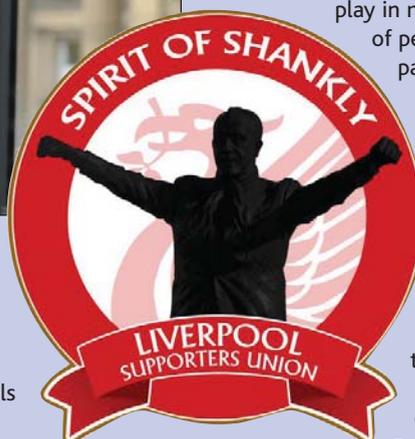
Representatives of SOS contacted Partners Credit Union because it was a like-minded ethical organisation which could offer a safe haven for supporters to save for shares in the ownership scheme. Partners was the ideal choice as it is a local, community run business, and the range of other services offered by the credit union was a bonus too.

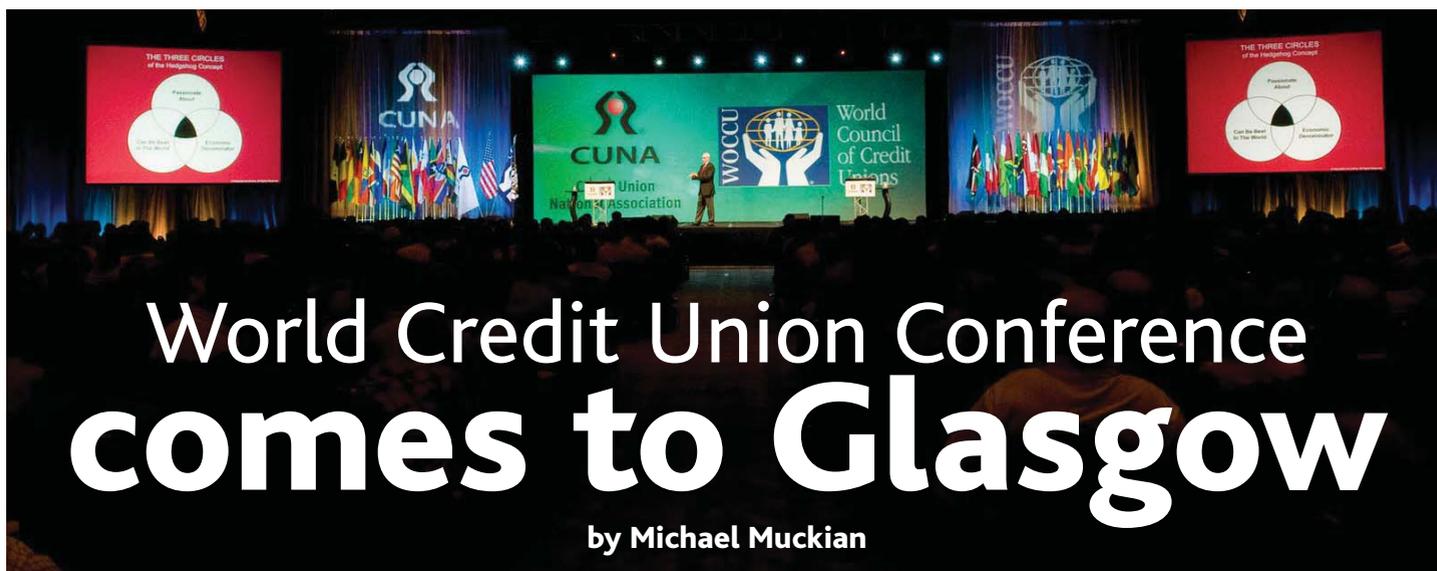
Take a stake

To take a stake in the share account, supporters must first join the credit union. The SOS share account is only available to members of Spirit of Shankly and, at the moment, Partners Credit Union can only accept membership from people who live or work in Merseyside. However, the proposed new legislation going

the point the member signs it over to buy a share in the supporter ownership bid. Share withdrawals are generally not available on the account because of the reasons it was set up, but one withdrawal per calendar year is permitted to allow for member emergencies.

"The benefit of the credit union share account is that anyone can get involved in saving towards supporter ownership of Liverpool FC, no matter how much they can afford," says Tracey Fletcher, Chief Executive of Partners Credit Union. "Partners was keen to help as we believe in the aims of the campaign and we wanted to





World Credit Union Conference comes to Glasgow

by Michael Muckian

THIS YEAR, Scotland's largest city will provide the perfect setting as host for World Council of Credit Unions' 2011 World Credit Union Conference. The global credit union movement's annual event will be held from 24 to 27 July at the Scottish Exhibition & Convention Centre on the banks of the River Clyde.



Glasgow's current role as one of Europe's most forward-thinking metropolitan centres, coupled with the city's rich history as part of the United Kingdom, mirrors the historic strength and progressive strategies that have come to define the global credit union movement. As many as 2,000 professionals and volunteers from up to 50 countries are expected to take part in this year's gathering of the credit union "clan" to share ideas and strategies among themselves while rubbing shoulders with native Glaswegians.

"Individual"

Glasgow has been described as "unshakably individual", with a unique blend of character and nuance that sets it apart from Edinburgh and other Scottish cities. Glasgow blends the historic with the modern, and exhibits a predisposition for the arts, shopping and fine dining second only to London within the UK's borders.

The agenda for this year's

conference, co-sponsored by the Association of British Credit Unions – WOCCU's member organisation in the UK – will follow four distinct tracks that focus on raising standards in both leadership and operational issues, as well as offering strategies for newly developing credit union movements and ways to turn credit unions' philosophical characteristics into sound operational strategies. Credit union movements worldwide have faced unique challenges during the past two years' global financial crisis. Strategies and solutions to those challenges will become the topic of many sessions, as well as the multiple networking opportunities available to attendees.

In addition to conference activities, the Global Womens' Leadership Network will convene its annual forum and hold its second annual golf tournament fundraiser at the picturesque Carrick Course at the Cameron House Resort. For more information and to register for either event, go to: www.cuwomen.org.



There also will be a special invitation-only reception for WOCCU Supporters at the Kelvingrove Art Gallery and Museum. For more information on becoming a WOCCU Supporter, visit: www.woccu.org/involved/supporters.

The conference also will offer city tours of Glasgow and Edinburgh for companions and spouses, as well trips outside the city limits to picturesque areas that were important to Scotland's history. For more information and to register for the conference visit:

www.woccu.org/events/wcuc

Michael Muckian is editor of *Credit Union World* and WOCCU's senior manager of communications. Contact him at mmuckian@woccu.org.

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Covering the capital with

PETER BUSSY has worked with credit unions in London since 1979, helping to develop and support the sector. Ahead of his retirement next year, Peter looks back on the work he has done for ABCUL and the expansion of credit unions in the capital over the last 30 years.

"Originally I had an adult education role, working with people in their homes who were involved with credit unions – teaching them book-keeping and the basics of running a business," explains Peter.

"The credit unions at that time were based around an anti-poverty social model which, by definition, had to

remain small. They were generally neighbourhood, ethnic or faith based.

"We inherited a number of mainly Afro-Caribbean credit unions, for example, which were set up as self-help organisations – for the first ten years we were largely supporting them, sitting round dining room tables."

However, the publication of a report in 1998 by Paul Jones at Liverpool John Moores University on sustainable credit unions was a watershed for the sector. The study provided the basis for a more professional credit union business model, introducing ideas from employee credit unions such as payroll deduction, for example.

Peter says: "Paul Jones's report laid the ground for credit unions to become more successful and to expand, and it meant we had a much more robust business model to sell – mainly to local authorities.

"Now we could convince people that credit unions had credibility, that they weren't 'Toy Town' banks, but were very serious in helping employees manage their money and in reducing poverty and deprivation in communities. This was an offering that made sense to local councils and tied in with the funding packages available at the time."

In those days, only Southwark Credit Union (now London Mutual) existed for council employees, and Tower Hamlets (now London Community Credit Union)



Peter showing off his new Credit Union Current Account card in 2009.

About Peter Bussy

PETER BUSSY was ABCUL's Business Development Manager for London and the South East and more recently Training & Development Manager. He has over 30 years' experience of developing successful credit unions in communities and in the workplace.

Peter originally trained as a teacher and was very heavily involved in setting up Camberwell Credit Union (which became part of Southwark CU, now London Mutual Credit Union). His involvement in this community credit union gave him first-hand experience of the realities of volunteering.

He has produced, or assisted with, training materials covering nearly every aspect of credit union operations. He managed the production of the first "Credit Union Book-keeping" manual in 1986, and its revision in 1999.

More recently he worked with the Institute of Financial Services as part of the DELTA project on the accredited Award in Credit Union Practice for credit union staff. Peter also co-ordinates ABCUL's consultancy services.

was set up shortly after. Peter set about working with local authorities to develop the sector further, but as he explains, it wasn't just a question of ABCUL approaching councils.

"They approached us as there was funding available – such as the Single Regeneration Budget and the New Deal for Communities – funding for credit unions which councils could tap into."

Implementation

Once the decision to set up a credit union had been made, the next step was implementation.

"Our work usually started with a feasibility study, which included a detailed action plan about how a credit union could be formed," says Peter. "This often became the organisation plan for the credit union."

Credit unions such as Lewisham, Islington, Hackney, Havering, Lambeth, Camden, Hammersmith & Fulham and Newham, as well as various credit unions in Greenwich, were soon springing up.

As the number of credit unions began to increase, Peter and his team produced a map showing the expansion of credit union coverage across London (see the latest version opposite). The map was regularly updated as the situation continued to develop and by the time



Peter Bussy (far left) about the time he started at ABCUL in 1979.

credit unions

the ABCUL "London Plan" finished in 2008, there was credit union coverage in sixteen of the boroughs of London – and expansion continues to this day.

The London project was funded by the Association of London Government (ALG) which represents the 33 London boroughs, as Peter explains.

"We made funding applications to the ALG every year and the funding paid for me, as business development manager, and two part time training and

Continued expansion across London boroughs

Recently completed extensions

- Ealing Credit Union to Brent
- M4Money (Hillingdon) to Harrow.

Extensions currently underway

- Thamesbank Credit Union (Hounslow) to Richmond
- Croydon Savers has extended to Sutton and Merton and they are talking to Kingston as well
- Islington Credit Union is preparing its case for extension to Haringey
- Liberty Credit Union (Havering) is applying for extension to Barking and Dagenham.

development officers. My focus was on the development of new credit unions and working with councils to set up credit unions. The two officers worked with existing credit unions."

Peter says that the project played a very important part in the development of credit unions in the capital, especially as it could offer ongoing service and support.

"My colleague Kathleen Egan, for example, played a huge role as she understood the corridors of power at councils, having worked for one, and she also understood fundraising and credit unions. As a team I think we all achieved a great deal."

In 2008 the project came to an end. There was a change of government in London and a shift in power to a majority of Conservative councils at the Association of Local Government.

"The Association had control over the £28 million grant fund and was responsible for distributing the money," says Peter. "The funding criteria changed and there was no longer any mention of addressing financial inclusion. We had to

bid on the basis of funding to promote social enterprises instead and the money went to Social Enterprise London."

Summing up the achievements of the project, Peter says you just need to look at the map to measure the success and to see how much of London has been covered by credit unions.

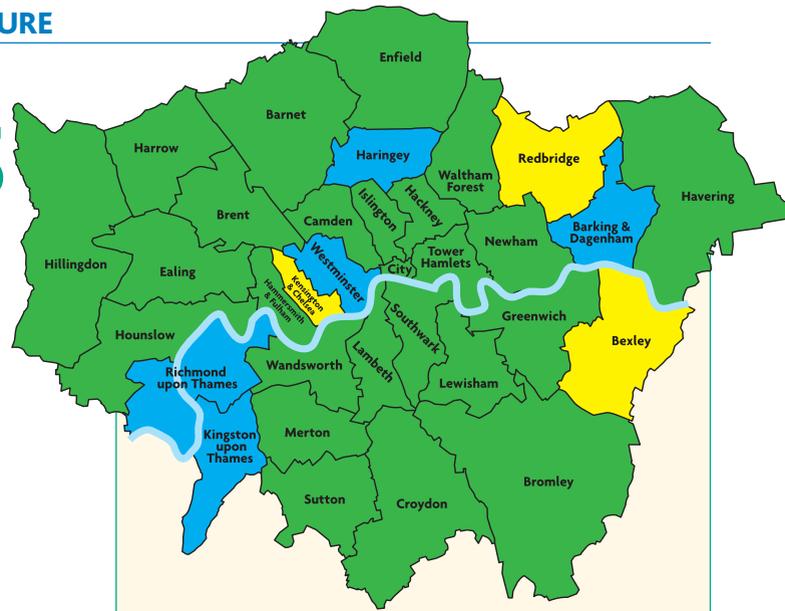
Another important outcome is that credit union development in London has taken on a life of its own, with strategic mergers, common bond extensions and other initiatives now regularly taking place.

"We have taken credit unions to all corners of London and that's a great feeling," says Peter.

Of course, Peter's involvement with credit union is not going to end when he retires.

"I will still be involved with credit

unions – there is a lovely credit union in Greenwich where I live, and I would like to give them first refusal, even though I'm a member of London Mutual CU, and the team there has achieved great things."



London borough coverage – January 2011

The boroughs in green are already covered by credit unions, the boroughs in yellow are not yet covered and the boroughs in blue are under application for extension and should be covered very soon.

London Mutual and London Community Credit Unions



Opening of new Brixton branch of London Mutual Credit Union.

TWO OF the longest standing boroughwide community credit unions in London are among those going from strength to strength. London Mutual (formerly Southwark Credit Union) and London Community (formerly Tower Hamlets Credit Union) have recently rebranded and now cover more than one borough.

London Mutual covers Southwark and Lambeth and is looking to extend into Westminster at some point in the future. London Community covers both Tower Hamlets and Hackney. Both credit unions have been very successful and have taken advantage of initiatives such as the Growth Fund and the Credit Union Current Account, and have been very proactive about their development.

Most recently, London Mutual opened a new branch in the heart of Brixton.

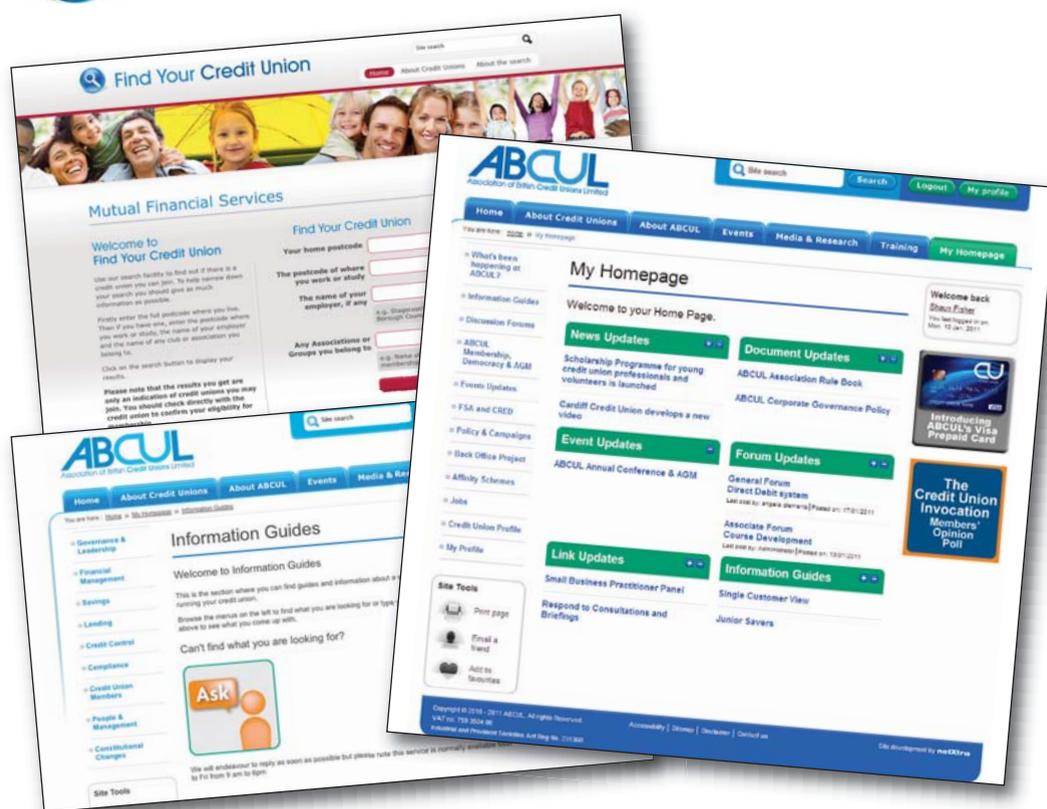
Treasurer Roy McLeod said: "The new branch has been made possible through funding from Lambeth First, the Borough's local strategic partnership, and Lambeth Council who have supported the expansion of its services."

Councillor Sally Prentice, Lambeth Council cabinet member for regeneration, planning and employment, added: "As a financial co-operative, members of the London Mutual Credit Union have a say in how the organisation is run and can be confident that their interests are being looked after. This co-operative approach is one which as a council we are seeking to establish and we're proud to work closely with the credit union to make financial services more accessible to residents."

www.creditunion.co.uk

www.thccu.co.uk

 www.findyourcreditunion.co.uk



New websites go live for credit unions

OUR NEW website www.findyourcreditunion.co.uk got off to a flying start after it was launched in October.

The site received almost 14,500 unique visitors in December alone and this reached a peak when www.moneysavingexpert.com – the website of personal finance guru Martin Lewis – publicised the site in its weekly email on 15 December. Their email newsletter goes out to over 5.5 million people and, in all, 2,700 people visited the site though a link from this website in December. On 27 November, the launch was also featured in *The Mirror*, the national newspaper with a circulation of 1.2 million.

December as a whole saw 17,368 visits to the new site, which worked out as an average of 560 visits per day.

Speaking at the launch Mark Lyonette said: "Now, for the first time, all of the 450 plus credit unions in Britain can add their details to one website, making it easier for people to find a credit union – wherever they live or work."

Visitors to the new website can search for a credit union using their postcode, their employer's name or details of any associations they belong to – such as trade unions or religious groups.

The new ABCUL website – www.abcul.coop – also saw a boost in visitor numbers, with unique visits in December up to more than 6,000. On the new members' section of the site there are over 70 information guides for members, along with information on policy, democracy, affinity schemes and projects. The members' forum is used by ABCUL staff to answer queries from members and to keep them up to date with news and developments.

By the end of December, 415 people were registered on the ABCUL members' section of the site and 56 credit unions were updating their own details.

www.findyourcreditunion.co.uk

Growth Fund helps thousands of credit union members

THE LATEST round of a Government fund designed to increase access to affordable credit for poorer consumers is due to finish at the end of March. Over 120 credit unions have worked with the Department for Work and Pensions (DWP) Growth Fund, to provide hundreds of thousands of consumers with access to affordable loans, as well as savings and bank accounts.

The Growth Fund was announced by Chancellor Gordon Brown in 2004 to help promote financial inclusion by increasing the availability of affordable personal loans via third sector lenders such as credit unions and community development finance institutions. Since the scheme began in July 2006, over 370,000 loans had been approved by the end of December 2010 to a total value of over £160 million.

The average loan value was £434 and it is estimated that around 68% of customers who took out a Growth Fund loan also opened a bank or savings account at the same time.

Consumers taking out Growth Fund loans could have paid ten times or more interest had they borrowed from a home credit provider instead.

Mark Lyonette says: "The end of the Growth Fund does not mean the end of credit unions lending affordably, and many will gain capital which they can continue to use in their communities.

"However, the end of the revenue funding for credit unions to make these loans may mean that some are unable to continue to lend at the levels they have been doing and it remains to be seen how lending figures will change. Support for credit unions is still needed in the short to medium term to help them to reach a scale which will mean that they can maintain and expand this level of small, short term loans to lower income consumers."

Prime Minister backs credit unions

FOR TWO consecutive weeks in January, David Cameron took the opportunity to set out the Government's support for credit unions at Prime Minister's Questions, the weekly set piece event in the House of Commons.

On 19 January, responding to a question from Tom Blenkinsop, Labour MP for Middlesbrough South and East Cleveland, about the Government's policy on illegal money lending, David Cameron said: "I think there is unity across the House that we should try to encourage credit unions and try to get people out of the hands of loan sharks. That is our policy and that is what we want to do [...]."

A week later on 26 January, in answer to a question from Dr Stella Creasy, Labour/Co-operative MP for Walthamstow,

asking for support for her motion to cap the cost of credit for poorer consumers, the Prime Minister again mentioned credit unions in his answer:

"...On the issue of controlling loan sharks, one part should be encouraging credit unions. There is all-party support for that."

As far as we know, this is the first time credit unions have been mentioned in Prime Minister's Questions for two weeks in a row.

Response to new IFRS Accounting Standards

AT THE ABCUL Autumn Conference in November, Helen Poole from the Accounting Standards Board (ASB) and John Smuland of Princercroft Willis LLP accountants were in attendance to outline the current situation regarding International Financial Reporting Standards (IFRS) and how their roll-out in the UK is likely to affect credit unions.

IFRS are a set of accounting principles which have been developed internationally to harmonise accounting in the global economy. As a result of a process of bringing together a wide variety of practices from around the world, much of the resulting standard is far removed from the current UK Generally Accepted Accounting Practices (UK GAAP).

The ASB has developed a three tier approach to applying IFRS in the UK:

- Tier One is based on EU-adopted IFRS, which is the full standard suitable for very large corporations in public ownership, operating on a cross-border basis and dealing in sophisticated investment vehicles such as derivatives
- Tier Two (or FRSSME – Financial Reporting Standard for Small and Medium Enterprises) is based on IFRS for SMEs and contains a tenth of the detail of Tier One, making it much simpler to apply
- Tier Three (the FRSE – Financial Reporting Standard for Small Enterprises) is for the very smallest companies.

Originally, the ASB proposed to apply Tier One to all those firms in public ownership – i.e. plcs – and those which accept deposits, regardless of size. This would have meant

that all credit unions would be covered by the same accounting standards as those applied by high street banks and major international corporations.

ABCUL argued in response to the original proposals that small credit unions should not have to apply this level of financial reporting, which extensive research showed us would provide little or no benefit whilst creating massive extra costs. ASB accepted this and has altered its proposals so that those credit unions with total assets less than £3.26 million may now, if they wish, apply FRSSME.

Increases

Whilst the vast majority of credit unions may now apply the less-onerous FRSSME regime, the largest will still need to apply the Tier One regime which is likely to raise accounting, auditing and other associated costs very significantly. ABCUL estimates potential increases in audit costs of around 250 to 300% in the transitional year and 100% thereafter. For general costs to the credit union it estimates an increase of potentially 5 to 10%.

ABCUL's Mark Lyonette says: "These are very significant costs considering we do not anticipate any material benefits from the changes. Indeed numerous accounting

professionals have told us that they feel IFRS will make credit union accounts less accessible to members, and besides, the FSA obtain their own financial information via their return system so would not benefit from the changes either. We are continuing to engage with the ASB and do our best to influence their thoughts as the policy making process continues."

Training

John Smuland adds: "When you read through a set of credit union accounts under IFRS, like Judy Garland, you may say 'I don't think we're in Kansas any more!'. Either version of IFRS will mean additional software, training and time for the annual accounts. Whilst the quality of the accounts are enhanced under IFRS, the ordinary credit union members will not understand how to interpret the many extra pages and probably won't even begin to look at them. Board members will need training to understand what they are signing. I also have concerns that the FSA did not comprehend similar accounting disclosures from the big banks. So more time and costs for everyone concerned but a commensurate benefit may not be realised."



Announcing the launch of FuneralProtect+

CUNA MUTUAL The co-operative funeralcare

A RECENT study by YouGov reveals that an overwhelming 82%* of GB consumers have made no provision for their funeral costs. In plain terms, this equates to 40 million Brits who would leave their families with an average £3,000 immediate bill for the cost of their funeral.

Nearly half of those consumers questioned (45%) stated that they are concerned about their own funerals, with their main worry being cost (18%). The research also identified a growing trend for people to personalise their funerals.

Therefore CUNA Mutual, in association with The Co-operative Funeralcare, have launched FuneralProtect+ – a two in one funeral product designed to simplify the funeral process by combining affordable insurance with expert funeral care.

FuneralProtect+ is a unique approach to funeral planning for those who want to make regular, affordable payments towards their family's funeral costs and provides practical support and reassurance knowing the funeral will be arranged by the UK's leading Funeral Director.

FuneralProtect+ Launch Event

On 14 September 2010 CUNA Mutual, in association with The Co-operative Funeralcare, officially launched FuneralProtect+. The launch event, took place at Tatton Park, Knutsford, near Manchester. Thank you to all those who attended the launch event, your continued support is very much appreciated.

Key Benefits of FuneralProtect+

FuneralProtect+ is a life insurance policy that provides a fixed cash sum towards funeral costs arranged by The Co-operative Funeralcare. You can take out the policy for yourself, or you can choose to cover you and your family. You simply pay an additional amount for each person you wish to include on the policy. FuneralProtect+ provides

protection for the policy holder and their family, at an affordable price.

- Affordable premiums from only £2 per month, per person
- Available for anyone up to the age of 70, with no lower age limit
- Suitable for you and your family
- There is a choice of fixed benefit levels - £2000, £3000, £4000 and £6000, everyone included on the policy has the same level of cover
- Under 18's are covered for free
- Guaranteed acceptance and there are no medical questions
- Eligible for full benefits after only six months.

For further information please speak to your Sales and Support Manager, or visit:

www.funeralprotectplus.co.uk

* YouGov, September 2010

Action plan launched for credit unions in Wales



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

THE WELSH Assembly Government has launched a three year action plan to support the development of credit unions in Wales.

The action plan, "Raising the Profile: Meeting the Challenges", aims to help create a strong, sound and effective credit union movement in Wales and identifies a number of key objectives to enable credit unions to achieve long term sustainability.

These objectives include strengthening the governance of credit unions, raising the profile of the credit union movement and achieving significant growth in credit union membership. To achieve the objectives, 20 action points are set out in the plan.

For example, the Welsh Assembly Government says it will work with key stakeholders, including local authorities, housing associations and private sector businesses, to develop a volunteer recruitment programme with credit unions and will work with ABCUL to explore the development of a volunteer hub for employers. It will also support the provision of high level training for directors and managers of credit unions, to strengthen their roles in strategic leadership and good governance.

As part of an increased membership

campaign, the recruitment of members from the public sector will be targeted. Credit unions participating in the year long campaign will be supported to recruit public sector employees through payroll deduction schemes.

The Assembly Government will work with credit unions throughout Wales and ABCUL to explore the potential of developing a partnership agreement between Welsh credit unions and Post Office Ltd. It will also work with ABCUL to ensure that Welsh credit unions are able to offer the Credit Union Current Account to their members should they wish to do so.

Finally, to support credit union work in schools, the Assembly Government will continue to fund schools initiatives and will work closely with ABCUL to share examples of good practice in credit union and schools partnerships.

Social Justice and Local Government Minister Carl Sargeant said: "This action plan demonstrates the Welsh Assembly Government's continuing commitment to supporting credit unions.

"With the support of the Welsh



Carl Sargeant AM, Social Justice and Local Government Minister.

Assembly Government, credit union membership has increased five fold from 10,000 in 2000 to more than 50,000 by the end of 2009.

"I am committed to helping credit unions in Wales secure long term sustainability. By 2013, I hope that many credit unions will have achieved, or be very close to achieving self-sustainability."

www.wales.gov.uk

Highland welcome for growing credit union

WESTERN ISLES Credit Union has extended its common bond to the Highlands and Islands of Scotland and has rebranded as Hi-Scot Credit Union.

Hi-Scot Credit Union services are now available to all those who live or work in the Highlands and Islands of Scotland – that's over 285,000 people across four local

authority areas. The expansion follows a study carried out by The Highland Council that identified the need for a credit union for the region.

Ian Morrison, Chair of Hi-Scot Credit Union, said: "We are delighted to be able to extend our coverage to the Highlands and Islands of Scotland. This enables us to build on the successful growth of the credit union in the Western Isles."

Councillor Carolyn Wilson, Chair of

**HI-Scot
CREDIT
UNION**



**AONADH
CREIDEAS
HI-Scot**

The Highland Council Resources Committee, added: "I warmly welcome the availability of credit union services on a pan-Highland basis and look forward to the benefits that it will bring to the Highland population."

Hi-Scot Credit Union has its head office at Stornoway on the Isle of Lewis. Its services are available to residents of the Highlands and Islands both online and by telephone, as well

as through 37 Highland Council Service Points.

Manager of Hi Scot Credit Union David Mackay said: "We got formal approval for the extension in November 2010, so

it's still early days, but our aim is to recruit 10,000 members and become one of the top ten credit unions in Britain."

The credit union is working closely with The Highland Council, Comhairle nan Eilean Siar and the Orkney Community Planning Partnership to ensure that its services are widely taken up.

www.hi-scot.com

Credit Union Current Account goes from strength to strength

The co-operative bank
good with money

Credit Union Current Account providers

1st Alliance
1st Class
Bristol
Capital
Castle & Minster
Cornish Community Banking
Clockwise
Glasgow
Hartlepool
Hull & East Yorkshire
just Credit
Leeds City
Lewisham+
Llandudno
London Community
London Mutual
Manchester
Newry
Norfolk
North Yorkshire
Nottingham
Scotwest
United Savings & Loans
Voyager Alliance
White Rose

NORTH YORKSHIRE Credit Union has become the 26th credit union to launch the current account for its members.

Since being launched in 2007 the scheme has made steady progress and North Yorkshire follows some of UK's largest credit unions that already participate such as London Mutual, Bristol, United Savings & Loans and Clockwise.

When The Co-operative Bank and ABCUL introduced the scheme just under four years ago, little could both have known what turmoil the intervening years would serve. A banking crisis, the UK's most severe recession in living memory, a global economic downturn and sovereign debt problems have made the financial world a different place in that time.

Loss of faith

These issues have propelled finance up the news agenda to the point that topics like banker bonuses and lending to small businesses are now debated 'down the pub' and generally everyone has an opinion.

An understandable outcome of these issues has been a loss of faith in the banking industry. However, unlike many of our competitors, who needed Government support or to tap shareholders for extra capital in order to survive, The Co-operative Bank has

actually seen consumers and businesses deserting the so called 'big banks' to join it in an apparent 'flight to trust'.

“With consumer sentiment towards those apparently responsible for the financial turmoil at a low ebb it would seem the opportunity is stronger now than it was back in 2007.”

New current accounts, customer deposits and lending have all increased at significant rates as a result of our financial strength and continued commitment to go about business responsibly.

And following the merger with Britannia Building Society in 2009, the Bank is now well positioned to continue to become a viable alternative for customers.

It would seem that the credit union movement would also have similar opportunities. Recent figures from the Bank's annual Ethical Consumerism Report show that the sector saw a significant rise in deposits of a quarter from £465m to £579m in the three years from 2007.

So what part could the current account play in this opportunity?

When ABCUL and the Bank launched the scheme in 2007 it was on the basis that the ability to offer a current account had been a gap in credit union services compared with other financial institutions.

With consumer sentiment towards those apparently responsible for the financial turmoil at a low ebb it would seem the opportunity is stronger now

than it was back in 2007. And potentially even more so in the lower income communities that credit unions generally serve.

Traditional

The product provides many of the services that customers can expect from a traditional current account. It offers members a debit card which can be used in shops and to withdraw money from cash machines. Account holders can also set up standing orders and direct debits, giving them much greater control over their finances. And there is no overdraft facility, so account holders cannot incur charges for going overdrawn.

Whilst the accounts are run and promoted by the individual credit unions, the behind the scenes IT and administration is carried out by The Co-operative Bank.

This is part of the Bank's commitment to tackle financial exclusion which has seen us support the credit union movement over many years, playing a vital role in helping the growth and progress of credit unions during the past decade.

Understandably, just like many consumers and business across the country, credit unions are having to ensure survival with the economic future remaining uncertain. And therefore may be reluctant to make the investment in such new services until the outlook improves.

Recruit new members

ABCUL says the credit unions that have signed up to the scheme so far have found it has enabled them to recruit new members and strengthen their relationship with existing members.

We believe the scheme offers the potential to support the sustainable foundations and continued growth in the movement and we would encourage members to speak to ABCUL about what the account could offer.



Barbara Hodgson, Regional Manager Charity & Social Banking.

www.nycu.org.uk