

Credit Union News

A force for good

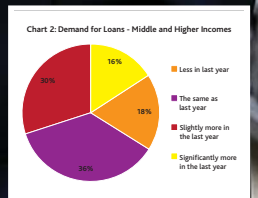
Interview with
Ian McCartney MP
Chair of the All Party
Parliamentary Group
on Credit Unions

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Meet the challenge

Ian McCartney MP sets out some interesting challenges for credit unions in his interview for *Credit Union News* (see page 6). It is up to us to rise to these challenges and meet the wider expectations that people like Ian now have for our sector.

From store loyalty cards to Christmas Clubs, partnerships with banks to working with other mutuals, Ian identifies a range of opportunities that credit unions could develop. As Chair of the All Party Parliamentary Group on Credit Unions, Ian has an important role to play in pushing the credit union agenda in Parliament. However, he is also a long term friend of the movement with a good deal of knowledge and experience of credit unions, so his views hold significant weight.

The interview with Ian illustrates how much the perception of credit unions has changed in the last decade or so, particularly at Government level.

No longer are credit unions seen as just a net to catch those who fall out of the banking sector or a fair and affordable alternative to doorstep lenders and loansharks. We are becoming recognised as key financial organisations with an important contribution to make to the financial issues and challenges Britain faces today. Our aims and ambitions should reflect that. We've come a long way in recent years, but we need to step up to the mark and demonstrate to the wider world that their growing expectations are well founded and we are up to even greater challenges.

Our article on the recession (page 5) confirms what we've known for a long time – it's not just people on the lowest incomes that value credit union services. Recent ABCUL research highlights that, since the recession began, a significant majority of credit unions have reported an increase in demand for loans from those on middle and higher incomes. Many credit unions have had new members seeking an alternative to mainstream banks and depositing significant amounts of money. However, our research also highlights the difficulties some members are facing in repaying their loans as the recession bites in communities around the country.

In this issue, we also take a closer look at the work we are doing both at home and abroad to develop opportunities for credit unions and to make sure they are treated proportionately. The article on page 9 explains our support for the European Network of Credit Unions, which is helping credit unions across Europe get their

voices heard at a Parliamentary level in Europe. The article about Moneymadeclear on page 11 gives a snapshot of the great work our Money Guides are doing in the North East of England to provide financial guidance to credit union members.

Moneymadeclear has presented a useful

opportunity for a number of credit unions to develop their services. Next year should bring a roll out of this service and present many more credit unions with the opportunity to get involved in what has been a popular development for consumers. With the planned launch of Saving Gateway accounts, that's

two important opportunities for credit unions before we start on what the new legislation will allow us to do. The next year will bring many more chances to expand both our reach and our range of services.

“We are becoming recognised as key financial organisations with an important contribution to make to the financial issues and challenges Britain faces today.”



Mark Lyonette,
Chief Executive, ABCUL.

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CEO of Capital Credit Union voted onto WOCCU board

MARLENE SHIELS, Chief Executive of Capital Credit Union in Edinburgh, has joined the board of the World Council of Credit Unions (WOCCU). Marlene is only the second British representative ever to have been appointed to the WOCCU board.

The World Council of Credit Unions is the global trade association and development agency for credit unions. It promotes the sustainable development of credit unions and other financial co-operatives around the world to empower people through access to high quality and affordable financial services.

Marlene Shiels said: "I am delighted to be appointed to the board of WOCCU. My appointment will certainly raise the profile of British credit unions at world board level. It is also a great opportunity to work with credit unions throughout the world, sharing ideas, approaches and experiences that will all help develop and expand the credit union movement here in Scotland and in the rest of Britain."



World Council Chair, Melvin Edwards, congratulates and welcomes Marlene Shiels at WOCCU's Annual General Meeting in Barcelona.

W www.woccu.org
W www.capitalcreditunion.com

Fringe meetings examine mutual success

ABCUL PARTICIPATED in fringe meetings at both the Labour and Conservative Party Conferences which examined attitudes towards mutuals following the recession.

The fringe meetings were organised by Mutuo and, in addition to Mark Lyonette of ABCUL, were addressed by speakers from the Building Societies Association, the Association of Mutual Insurers, the Association of Friendly Societies, The Co-operative Financial Services and Which?

Sarah McCarthy-Fry MP, Exchequer Secretary to the Treasury, addressed the fringe meeting at the Labour Party Conference and Mark Hoban MP, Shadow Exchequer Secretary to the Treasury, addressed the meeting at the Conservative Party Conference.

Speakers discussed the fact that the mutual sector, whilst not immune from the economic downturn, has proved its durability over



Mark Hoban, Shadow Exchequer Secretary to the Treasury.

the last 18 months. Although the reputation of many leading businesses has been damaged, the mutual sector has emerged relatively unscathed – its long-term approach and clear business purpose insulating it from the worst of the economic storm.

Sarah McCarthy-Fry explained that the Government was committed to a strong mutual sector and that the Reforming Financial Services White Paper would

support competition through diversity. She noted that, although the mutual sector would not solve all the ills of global capitalism, mutuals were generally better capitalised. The Government would be looking at the possibility of shared operating functions, she added.

As Minister responsible for credit unions, Sarah said that she would work to support the sector and allow credit unions to innovate.

Mark Hoban said: "In the past, the Conservative Party has perhaps not talked enough publicly about their support for the mutual sector but now there is a renewed interest in mutual organisations across the House of Commons.

"I have always thought that credit unions play an important role in providing an alternative to the banks and doorstep lenders, and they now have a tremendous opportunity to seize the moment and become the real alternative to the High Street banks."

Mark Lyonette explained that credit unions, as community-owned and controlled organisations, offer local people a well-trusted financial solution.

"Credit union services are in demand more than ever, both from people looking for affordable places to borrow and from people looking for a safe home for their money.

"Now that credit unions can offer a current account, many more people are leaving banks behind and having all of their wages or benefits paid into their credit union. Large numbers of credit unions have reported big increases in deposits – sometimes with members crossing the road clutching four figure sums they've just withdrawn from their bank."

Newry Credit Union launches current account

NEWRY CREDIT Union in Northern Ireland has become the 22nd credit union to launch the Credit Union Current Account (CUCA) and the first outside England, Scotland and Wales.

The CUCA was launched by Margaret Richie, Minister for Social Development in the Northern Ireland Executive, and marks a watershed both for increased collaboration between the Irish and British movements and for a new level of service for the many credit union members in Northern Ireland.

Margaret Richie congratulated Newry Credit Union on being the first credit union in Ireland to offer such an account.

"I applaud the forward thinking of Newry Credit Union in working to deliver this new service for the benefit of its many customers in the greater Newry area.

"It is a difficult and volatile time in financial services and it is all the more pleasing to see a community-based financial organisation leading the way with new, innovative product offerings. I wish you every success with the new current account."

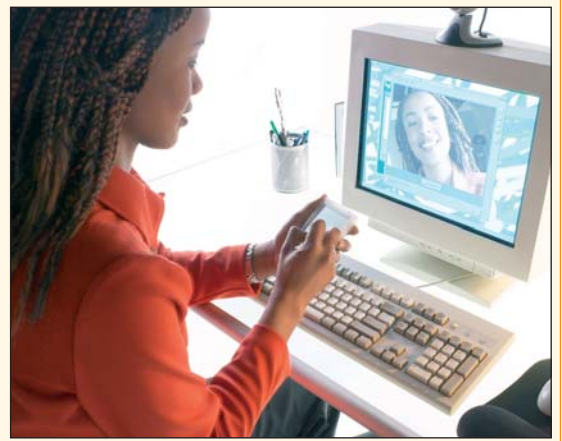
Margaret Richie went on to thank The Co-operative Bank and ABCUL for their role in developing the CUCA.

Newry Credit Union is the second largest in Northern Ireland with a membership of 16,000.

www.newrycu.com



Margaret Richie, Minister for Social Development in the Northern Ireland Executive, with Brendan Jackson, Newry Credit Union General Manager (centre), and Peter Jackson, Newry Credit Union President.



New self paced online courses

ABCUL has launched six new online courses to add to the five already proving popular with credit union directors, volunteers and staff.

Chris Canham, Business Development Manager at ABCUL, says: "Self paced learning is the ideal way to up-skill already busy staff and volunteers by offering study at a pace that suits the individual learner. Once you register on one of our self paced courses you have access to high quality course materials and links as well as the support of our web training team."

The new ABCUL self paced courses are:

- **The Credit Union Difference** – a course aimed at helping people to understand the values and philosophies of the credit union.
- **Treating Customers Fairly (TCF)** – a course exploring the regulatory requirement for TCF and how it can be implemented and embedded into the culture of the credit union.
- **Introduction to Data Protection** – a guide to the law surrounding data protection and the handling of personal information.
- **Handling Complaints** – an introduction to complaint handling in the credit union.
- **Understanding and Interpreting the Final Accounts** – a basic introduction to the final accounts of the credit union and how to read and interpret the information within them.
- **The Governance Certificate for Credit Union Directors** – a more advanced course for the more experienced director exploring the four key areas of Leadership, Strategic Planning, Board Development & Evaluation and Governance in the Credit Union. With a supporting workbook, this course offers a more in-depth look at credit union directorship.

The first five of these new courses are short courses with study time of 60 to 120 minutes; the final course requires study of up to 120 hours. To see the courses in detail and browse the innovative virtual classroom and regional face-to-face courses, simply visit and register at:

www.abculearning.coop

Weathering the recession with a credit union

THE CREDIT crunch and resulting recession have had a huge impact as many banks have tightened their lending criteria, slashed interest rates on savings, increased fees and cut back on the number of loans they provide. This has forced many people into serious financial difficulties and credit unions around the country are picking up the pieces. However, the crisis has also made many people think carefully about their finances and look for safer, more ethical alternatives for their hard earned money.

A policy survey of its members, carried out by ABCUL earlier this year, showed that 66% of credit unions had seen an increase in demand for loans from those on low incomes over the last year and 46% had seen an increase in demand from those on middle and higher incomes, as shown in Charts 1 and 2.

28% of those credit unions which responded to the survey saw a significant increase in the demand for loans from those on low incomes and 16% saw a significant increase from those on middle and higher incomes. The increase in demand for loans from people on middle and high incomes, in particular, illustrates the growing appeal of credit unions, with their local, ethical model and perceived reduced risk levels following the collapse of major banks. It could also reflect a shift towards member owned and run businesses in general, given the fury over bankers' bonuses, pensions and so on.

Huge increase

Barry Roberts, Manager of Llandudno and District Credit Union in North Wales, says they have seen a 50% increase in loan applications over the last year.

"At the start of the credit crunch we saw a huge increase in loan applications as banks tried to get their money back on overdrafts, loans and credit cards and people had to look elsewhere for help. With students, for example, some banks seem to have been quite aggressive, slashing their overdrafts and charging them higher fees."

At the same time, the number of new credit union members depositing money into credit unions has increased dramatically. As Chart 3 shows 62% of credit unions have seen an increase in deposits over the last year and, of those 24% have seen significantly more deposits.

Rod Ashley, Chief Executive of Scotwest Credit Union in Glasgow, says: "As the credit crunch continues to hit the pockets

of so many, people are becoming more aware about how they spend and save.

"We have noticed a steady increase in the number of people coming to us for information on our different savings accounts and also enquiring about how best to save. There is a sense that people are looking for a more ethical and reliable means to look after their money."

Blantyre Credit Union, also in Glasgow, has seen a doubling in new members saving with them over the last year. They see this as a direct result of the problems caused by many banks, and a number of new members have closed their bank accounts and moved all their money to the credit union. The deposits they are seeing range in size, with some large deposits of £20,000 or more.

Although credit unions such as Blantyre report that they haven't seen a negative impact from the fall out of the credit crunch, evidence suggests that more credit union members are struggling to repay loans. The ABCUL survey showed that, 73% of credit unions had reported an increase in the number of people struggling to repay since the credit crunch. This demonstrates the challenges presented by the crisis and the need for credit unions to be vigilant about bad debt.

Rod Ashley at Scotwest says: "Credit unions like other financial institutions have seen an increase in delinquency levels. Our members are not immune to the financial crisis and many are struggling."

The huge increase in loan applications experienced by many credit unions hasn't necessarily translated into the same number of new loans. Evidence shows that there has been a large rise in the number of loan applications rejected. 64% of ABCUL members reported an increase in application rejections.

Evidence suggests that many people are struggling to access credit and credit unions are providing a much

needed lifeline. Although credit unions, like all financial institutions, need to keep a close eye on their lending criteria and levels of bad debt, as Rod Ashley says, "we must be on hand wherever possible to help people weather the financial storm".

Chart 1: Demand for Loans - Low Income

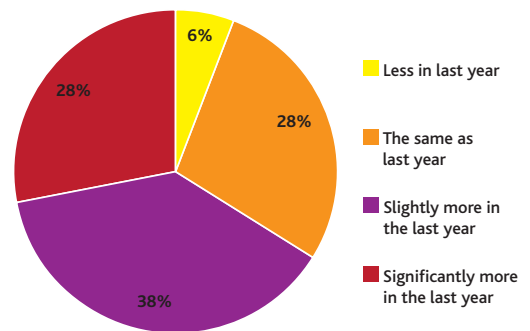


Chart 2: Demand for Loans - Middle and Higher Incomes

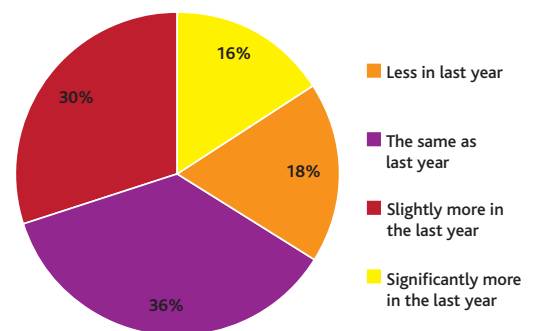
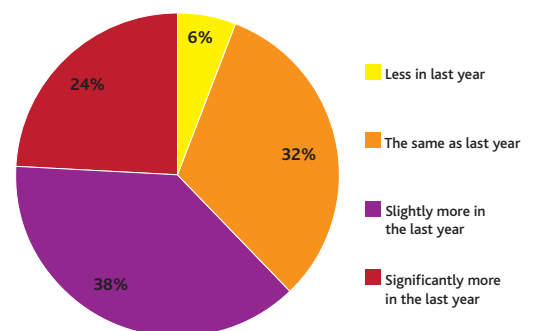


Chart 3: Significant Increase in Deposits



IAN MCCARTNEY MP was recently appointed Chair of the All Party Parliamentary Group on Credit Unions, which aims to promote the interests of credit unions and their members across all parties in Parliament. Talking to Ian, it is clear that he sees access to secure and safe savings and loans as a massive priority for Government and he is keen to see Government, credit unions and other financial institutions working more closely together.

A force for

"I was brought up with savings schemes," says Ian McCartney. "As a teenager my parents were active trade unionists and were involved in promoting savings schemes. Our school uniforms were bought using these schemes so it's in my blood."

Ian entered politics because of his commitment to social justice and is a staunch advocate of affordable credit and safe savings for all. This helps to explain his commitment to the All Party Parliamentary Group on Credit Unions (APPG). "I first encountered credit unions back in 1968 in Glasgow. My trade union had a credit union and I joined it back then," he says.

But it was in Wigan in 1982-83 that he first got involved in forming a credit union. "Back then I was supporting a women's group that was campaigning against loan sharks

"If sub-prime brings down national banks, what do you think it does for a poor council tenant?"



in the Platt Bridge area. A credit union – Unify Credit Union – was established and I am still a member," he explains.

His credit union credentials are well established and it is in Parliament that he was able to work towards encouraging growth in credit unions and making them a higher profile within Government policy making.

"As Consumer Minister I worked to expand the capacity of credit unions. I believe firmly that there needs to be a safe and secure alternative to loan sharks before you can stop them operating. If you just prosecute the loan sharks and don't add in an alternative you are not helping any low paid person to the full extent.

Investing

"The last few years have been about helping credit unions more, helping them to diversify and modernise and this is the first government in Britain that has significantly helped the sector by investing millions of pounds in increasing the amount of money available to lend out as well as all the modernising legislation that we have championed."

But, by his own admission, "there is much more to be done." He believes that other financial institutions need to play their part too. "Credit unions will need to work with the Post Office, banks and in other partnership schemes with companies."

He cites the example of store loyalty cards where he says ABCUL should be talking to retailers such as Tesco, to convert their customer card scheme into a savings and loan scheme. He also suggested that there is now a renaissance in Christmas Clubs and that credit unions should be working with these new players to provide products that can really help those on middle and lower incomes.

good

On this issue, he says that it is now time for the Government inquiry into Farepak to be made public. "No one knows any of the findings," he says, "and there are now some effective players out there in the Christmas savings market. It is in their best interests that the report is issued to support these new players."

One of the things that really ignites a spark in Ian is his opinion on 'door step lenders'. Unlike loan sharks, which are clearly illegal, Ian rails against the interest rates being charged by these 'sub-prime' lenders, which can be higher even than the rates charged by the illegal loan sharks.

No moral sense

"I support a maximum loan rate," he says. "We have a voluntary maximum interest rate on credit cards and I confidently predict that if policy makers or city people used these doorstep lenders, then changes would have been made to this system to stop them charging rates like 9,000% APR. Poorer people don't have the voice of the professional classes."

He clearly thinks that it makes no moral sense for the companies operating in this sector to argue that they need to charge this rate of interest because of defaults and their high cost base. "If they need to charge these levels of interest, then, I for one, don't think we want their products," he says. "The market needs to compare itself to other appropriate financial services providers, companies comparing themselves with loan sharks is just not on."

Opportunity

Speaking about the APPG he says that the time is right for the Group to be pursuing a 'mutualisation' agenda. "I think there is a real opportunity here to influence the Chancellor and the Business Secretary. There is a changing climate now and ABCUL needs to explain more about where we need to get to in restructuring financial institutions. Credit unions need practical access to capital, and real partnerships with banks is the way forward."

"If banks are really keen on changing themselves, then ABCUL should be knocking on the door of Northern Rock and others and explaining what the mutual sector and credit unions can offer."

"What I find amazing, and totally unjust, is that the products used regularly by the better off are regulated, but so many people think that when it comes to poorer people, then the market will sort it out. That's what we need to change. Fair markets for all and let's start with doorstep lenders, pay-day loans and other sharp practices, which are going down so many of our fellow citizens."



About Ian McCartney

Ian McCartney was first elected to represent the Makerfield Constituency (Wigan) in 1987.

Ian has held a number of senior posts in Government since the election of the Labour Government in 1997 including:

- Minister of State for Trade, Investment and Foreign Affairs (2006-2007)
- Chairman of the Labour Party (2003-2006)
- Minister Without Portfolio (2003-2006)
- Minister of State for Pensions at the Department for Work and Pensions (2001-2003)
- Minister of State for the Cabinet Office (1999-2001)
- Minister of State at the Department of Trade and Industry (DTI) (1997-1999)

Born in 1951, Ian did a number of jobs after leaving school, including working as a seaman and a local government manual worker. He was a councillor for Wigan Borough from 1982 to 1987.

At the DTI, Ian McCartney was dealing with employment relations, the Post Office, company law and inward investment. During his time there, he succeeded in steering through legislation creating a national minimum wage, the fairness at work legislation and the Competition Act.

www.ianmccartney.com



A way out of the mortgage maze

THE MORTGAGE market has changed dramatically in the last 18 months. With a decline in lending from traditional routes, higher set up fees and the need for bigger deposits, access to a mortgage for many would-be homebuyers is much harder, and more expensive, than it used to be. However, a number of credit unions around Britain are stepping in to fill the gap with straightforward, fair and more affordable alternatives.

There are five credit unions in Britain with mortgage permission and, of those, three of the largest members of ABCUL – Glasgow Credit Union, Scotwest Credit Union and Capital Credit Union – provide mortgages in sizable amounts.

Scotwest currently offer a variable or fixed rate mortgage, each with competitive rates and low (or no) product fees. All are available up to a maximum 90% of a property's value.

Irene Walker, 34, from Cumbernauld, North Lanarkshire, has been a member at Scotwest for just over two years. She started using the Christmas savings club scheme to help her save for presents for her family. After saving for 18 months and being satisfied with the level of service at Scotwest she and her partner decided to take out a fixed rate mortgage with them until April 2011.

Irene Walker says: "Mortgages can be very confusing. However, Scotwest's level of service, advice and knowledge have helped make buying a house a relatively easy process. My partner and I compared their rates to the banks and the rates that Scotwest offer are very competitive."

Rod Ashley, Chief Executive of Scotwest, adds: "Buying a house can be a very stressful period. After responding to our members we now provide two mortgage options that make the choice as stress-free as possible. They are both very competitive and help our members make the most of their money."

Capital Credit Union in Edinburgh began offering mortgages in 2004 to members as part of its commitment to be a full service credit union.

Its first mortgages were through a partnership with one of their local authorities that wanted an ethical lender to support Council tenants under the Government's "right to buy" home purchase scheme. The popularity of the product was such that within the first year the whole allocation had been committed and this sum had to be increased almost four-fold.

One of Capital's mortgage holders, Douglas Howie, says: "This is a superb product, extremely competitive and I am pleased to be one of first members to benefit from the service."

Marlene Shiels, Chief Executive of Capital Credit Union, adds: "We always knew that a number of our members would wish to use their credit union as a mortgage provider but were pleasantly surprised by the response. Our product is specially designed to ensure members are able to benefit from our mutuality and ethical way of doing business, especially in the current economic climate."

Capital has a policy of lending a maximum of 85% of a property's value, at a multiple of either two and a half times a couple's annual income or three times an individual's.

W www.scotwest.co.uk

W www.capitalcreditunion.com

W www.glasgowcu.com

Case study

31 year old Carol-Ann McNulty took out a two year fixed rate Glasgow Credit Union mortgage last year.

Carol-Ann says: "I was coming to the end of my current mortgage deal and was having trouble sourcing a new mortgage. All the seemingly low rates on the High Street either had extortionate set up fees in the small print or the low rates were only for people with huge deposits.

"I had been stung with huge costs and additional fees by my previous mortgage lender, so I had a mistrust of banks in general. I'd also recently been through redundancy and the break up of a long term relationship, so my financial circumstances had completely changed. I desperately needed financial stability when I approached Glasgow Credit Union and it was the best move I ever made.

"Everything about the application and the rates – which were excellent – was completely transparent and there were added incentives like a discounted survey and legal fees."

Scotwest Credit Union keeps its mortgages as simple and straightforward to understand as possible. Originally introduced following requests from their members for larger loans secured on their property, mortgages are now proving to be a very successful part of the credit union's product portfolio.

European voice for credit unions

THE EUROPEAN Network of Credit Unions (ENCU) has been launched at the European Parliament in Brussels. It was established in 2009 to give credit unions in Europe a single voice on European issues and to provide a platform for the exchange of information at the European level. ABCUL, along with four other national credit union associations and the World Council of Credit Unions (WOCCU), is a founding member of the network.

Malcolm Harbour, Chair of the European Parliament's influential Internal Market and Consumer Protection Committee, who attended the launch, said: "We welcome the launch of a new organisation representing credit unions in Europe and look forward to working with them".

In addition to ABCUL and WOCCU, the founder members of ENCU are the Central Federation of Romanian Credit Unions, the Irish League of Credit Unions, the Macedonian Credit Union Movement, the Estonian Union of Credit Co-operatives and the National Association of Co-operative Savings and Credit Unions in Poland. Through its member organisations, the network represents over 1,000 credit unions with over five million members.

The objectives of the network include educating EU policymakers about what a credit union is, how it is structured and what services it provides, as well as raising awareness of the social role that credit unions play, both in European countries and worldwide. ENCU formulates positions on EU policies which impact on the credit union sector

and advocates these positions to EU decision makers. In addition, it aims to engage in an open dialogue with policy makers and other stakeholders.

Dave Grace, Vice President of ENCU, says: "The European Network of Credit Unions provides credit unions with a co-ordinated approach at the EU level, helping to create a stronger voice for the sector. As the European Union impacts more and more on the operations of credit unions, it is vital that our views are represented.

"Mark Lyonette had the foresight to recognise the need for a specialised voice for credit unions in Brussels. We are already seeing EU officials contacting the European Network of Credit Unions for its opinion on items such as the EU Microfinance Facility."

Mark Lyonette, Chief Executive of ABCUL, believes ENCU has an important role to play communicating the views of the sector at a European policy level, as ABCUL does at a British level on behalf of its members.

"By co-operating, credit unions in Europe can help to influence EU legislation so that it does not overlook

or damage the sector. That is why we were one of the founder members and why we support its work."

EU policy affects British and other European credit unions with respect to a number of issues, for example, mortgage lending and capital requirements. The ENCU held its first meeting at the European Parliament on the topic of responsible lending.

Responsible lending

The responsible lending seminar was co-hosted by European Parliament members Marian Harkin from Ireland and Jacek Kurski from Poland. More than 40 people attended, including 14 members of the European Parliament, four members of the European Commission and three from the Council of Ministers.

Speakers included Grzegorz Bierecki, President of the National Association of Cooperative Savings and Credit Unions, and Mick McAteer, Director of the UK Financial Inclusion Centre, an independent research and policy think-tank dedicated to promoting fair, affordable financial services and an efficient, accountable financial system.

Both speakers stressed the importance of operating with sound lending practices, especially in light of the ongoing global economic crisis. Credit unions have an important role to play in maintaining economic stability, especially on behalf of their members, the speakers said.

"In analysing the causes of the financial crisis, it is clear one of the focal points has been the provision of unsustainable credit," said Bierecki. "Credit unions have not been involved in the sub-prime market in the European Union. Instead, credit unions have operated with sound regulatory and internal standards in place that guarantee responsible lending to members."



Dave Grace,
Vice President
of ENCU.



Members of the European Network of Credit Unions at the European Parliament.

Making insurance mutually beneficial



Making Insurance Mutually Beneficial

Serving ABCUL Credit Unions and Their Members

CUNA MUTUAL Group is delighted once again to support the ABCUL Autumn Conference 2009 at Forest of Arden. Since the Conference in 2008, we have been working hard to continuously improve our products, distribution and service.

- So what have been our headlines over the past 12 months?
- In 2008, 196 credit unions received a dividend and 98% had their rates held or reduced. This year, we will pay a dividend to over 200 credit unions and ALL credit unions will have their rates held or reduced.
- We have launched two new products that provide valuable protection and enhance member loyalty.
- In May 2009, we introduced the first web-based click and buy site for credit union members, quickly followed by the launch of our telephone service.
- We have migrated our claims and premium collection from Ireland to the UK and improved the speed and efficiency of our claims service – we aim to pay 95% of complete claims within 48 hours of receipt – ensuring your members and their families receive their benefit payment when they need it most.

New and Improved Products

Helping your members protect their biggest assets in times of economic uncertainty.



MortgageCOVER+ is a stand-alone mortgage payment protection policy that will pay members a cash sum each month to cover their mortgage payments and other essential bills when they may need it most.



FamilyLIFE+ is now available and provides "Protection for Life". Simple, low cost life insurance that pays out a cash lump sum when members really need it. It's easy to purchase with a simple five step process either via the online web application or through the new dedicated phone line.



New products bring new benefits for your credit union

- **MortgageCOVER+** and **FamilyLIFE+** are available through our new online web application and also through the CUNA Mutual Contact Centre. This means your credit union doesn't get involved in the sales process – we handle the compliance and keep your administration to a bare minimum.
- Your credit union earns commission on every monthly payment received, year after year and for each policy in force. See our commission calculator example below.
- Good financial health includes planning for unforeseen events – your members can protect their lives and assets with confidence from CUNA Mutual Group.
- Increases the number of products and services your members buy from their credit union.

Ask us how you can switch these new products on for *your* members!

The fact is that only 12 policies per month could generate income in the region of £48,155 over 10 years.

YOUR RESULTS			
	MortgageCOVER+ (4 policies/month)	FamilyLIFE+ (8 policies/month)	TOTAL
Year 1 total	£1,486	£1,248	£2,734
Year 2 total	£4,229	£3,552	£7,781
Year 3 total	£6,971	£5,856	£12,827
Year 4 total	£9,714	£8,160	£17,874
Year 5 total	£12,457	£10,464	£22,921
Year 6 total	£15,200	£12,768	£27,968
Year 7 total	£17,943	£15,072	£33,015
Year 8 total	£20,686	£17,376	£38,062
Year 9 total	£23,429	£19,680	£43,109
Year 10 total	£26,171	£21,984	£48,155

Figures based on an average MortgageCOVER+ monthly premium of £25 (Premium Tax 5%) at standard 20% commission, and FamilyLIFE+ at a monthly premium of £20 with 10% commission, writing all cases spread evenly over period.

Go to www.familylifepius.co.uk and see how easily your members can buy life protection for themselves and their families.

Easier Access and Better Distribution with 0845 121 2416

CUNA Mutual is committed to providing credit unions and their members with value for money products that are affordable, simple to understand and easy to buy.

To make them easy to use, these member-pay products are designed to be bought online and direct by phone. We are delighted to advise you that our new inbound contact centre opened for business on Monday 7 September.

All members can now use the internet and/or the phone to buy either FamilyLIFE+ or MortgageCOVER+ on 0845 121 2416. The Contact Centre is open from 9am to 6pm weekdays and 10am to 1pm Saturdays.

We are proud of our long heritage of serving the credit union movement and at CUNA Mutual we have a simple aim, to make insurance mutually beneficial for both credit unions and their members. The investment in this new service further demonstrates our commitment.

If your credit union doesn't offer these products today, and you are looking to increase member services, provide valuable protection, and increase non-interest income – contact CUNA Mutual on 0121 359 0221 or email us at:

[E info@cumamutual.co.uk](mailto:info@cumamutual.co.uk)

Diary of a Money Guide

AS REPORTED in the last issue of *Credit Union News*, ABCUL was recently appointed as a delivery partner for Moneymadeclear, the Government's new money guidance service.

The Government is committed to ensuring that every adult in the UK can access financial advice and a large-scale pilot or 'pathfinder' of the Moneymadeclear service is taking place in the North East and North West of England. ABCUL is one of the delivery partners for the North East.

ABCUL has appointed two Money Guides to deliver face-to-face interviews: David Hall is based at Northern Oak Credit Union in North Shields, near Newcastle, and Karen Coleman is based at Hartlepool Credit Union. The Money Guides provide their services across the North East through ABCUL credit unions.

Anne Selka, Project Manager at ABCUL, says: "Although the project got off the ground later than expected, we're starting to ramp up delivery and are working closely with the Financial Services Authority. David and Karen are providing an invaluable service to credit union members in the North East."

Here are extracts from the diary of a typical week for Money Guide David Hall.

(Names and some details have been changed.)

Monday, 11.30am

Barry, a 39 year old former soldier, came in to talk about accessing benefits and getting legal assistance for injury compensation. He now works as a HGV driver, but was involved in an accident at work and is on sick leave. He only gets statutory sick pay and is in severe financial difficulties. I gave him information about possible extra benefits he may be entitled to, details of who to go to about legal assistance and guidance on contacting his creditors. I also referred him to Citizens Advice.

Tuesday, 4.00pm

A middle-aged lady called Jean dropped in to ask for some guidance about selling or renting out her second home. It's currently a holiday home, but she wanted to know what her options were for releasing some money from it. I gave her details about the tax implications for selling it or renting it out, as well as information on offsetting expenses and details of the implications of capital gains tax.

Wednesday, 2.15pm

28 year old family man Grant arranged to see me about a problem with negative equity on his home. He bought his council house a couple of years ago, but the area where he lives has deteriorated since then and the value of his house is now less than his mortgage. He wants to move for the sake of his young family and was considering either just handing the keys back or renting out the property until he could sell it. I gave him information about both alternatives, suggested courses of action and possible sources of advice.

Thursday, 10.00am

An elderly widow called in to ask me about investing her savings. Betty has substantial savings, including bonds about to mature, but is unsure about the advice she has been given regarding reinvestment. I gave her information about the products she had been recommended and details of how to check the credentials of her financial adviser. I provided guidance on how to obtain information about alternative products and how to find a reputable local independent financial adviser.

Friday, 3.30pm

Appointment with Roger and Ann – a couple in their fifties. Roger is medically retired and on benefits, with an occupational pension due. Their finances are complicated and they didn't understand the possibilities open to them with the pension. I suggested available options and referred them to Age Concern and Disability North East for advice and assistance for future needs.

www.moneymadeclear.fsa.gov.uk



Merger creates exciting new chapter

The co-operative bank
good with money

“The merger offers a unique opportunity to create a new force in British financial services – strongly capitalised and with the scale to offer customers a full range of products and services that are ethical, mutual and co-operative.

Neville Richardson
Chief Executive
The Co-operative
Financial Services

THE MERGER in August of Britannia Building Society and The Co-operative Financial Services (CFS), two of the biggest customer-owned financial services businesses in the UK, marks the start of an exciting new chapter in the history of the co-operative and mutual movements.

The new business combines CFS's strong personal and corporate banking, insurance and investment expertise with Britannia's extensive high street presence and savings and mortgage product strength.

The merger created a business with £70 billion of assets, nine million customers, over 12,000 employees, more than 300 branches and 20 corporate banking centres.

Committed

Customers will be able to access the full range of banking, savings, investment, insurance and mortgage services from an expanded network of more than 300 branches, British-based call centres and the internet after integration of the two businesses, which is expected to take up to three years.

The new business will continue to trade under the Britannia and Co-operative brands, as well as the Smile Internet bank and Platform intermediary lender brands. It is

looking to move quickly to a single product range once the necessary integration of customer systems is complete, but customers will see no immediate change to the products and services they receive.

Britannia and CFS are committed to continuing their high levels of member involvement in the combined business. Britannia operates a unique Members' Council and The Co-operative Group is highly regarded for its member democracy.

Both businesses also have a tradition of sharing profits with their members – Britannia through its Membership Reward and CFS through the Co-operative dividend. Customers will have the potential to earn greater member rewards through the wider range of products offered by the most broadly based and diversified financial services mutual in the UK, and through wider membership of The Co-operative Group.

The combined business will expect to deliver more than £60 million a



Neville Richardson, the new Chief Executive of The Co-operative Financial Services.

year in efficiency and revenue benefits from year three and, as a customer-owned business, customers will share in these savings through more competitive rates, improved customer service or increased member dividends.

Unique

Neville Richardson, the new Chief Executive of The Co-operative Financial Services, said: "The merger offers a unique opportunity to create a new force in British financial services – strongly capitalised and with the scale to offer customers a full range of products and services that are ethical, mutual and co-operative.

"The co-operative and mutual movements have never been more relevant. Owing to the damage done by the credit crunch, people have been crying out for a new way of doing business with a financial organisation of substance that truly has their interests at heart – this merger has created that organisation and we'd hope to attract many thousands of new customers as a result."

The new look CFS and The Co-operative Group at a glance

CFS	
Assets:	£70 billion
Staff:	12,000
Customers:	9 million
High Street branches:	over 300
Corporate banking centres:	20
Face-to-face financial advisers:	more than 1,000
Major presence in:	Manchester, London, Leek, Bristol, Plymouth, Skelmersdale and Stockport.
The Co-operative Group	
Members:	5 million
Turnover:	over £14 billion
Staff:	120,000
Retail trading outlets:	4,500
Core business interests in:	financial services, food, travel, pharmacy and funeral care.