



# ACE Credit Union Services

## MEMBERS' NEWSLETTER

### OCTOBER 2020

# TRADE BODIES' MEETING WITH CREDIT UNION REGULATORS SEPTEMBER 2020



### COVID-19 Update - Key Messages:

In dealing with their members, including those who are in debt, Credit Unions are expected to comply with the FCA's Principles for Business.

- Principle 6 ('A firm must pay due regard to the interests of its customers and treat them fairly') and
- Principle 7 (A firm must pay due regard to the information needs of its clients).

In addition, the FCA Credit Union Sourcebook requires Credit Unions to:

- have a documented arrears management policy, setting out the procedures and process for dealing with borrowers who fall into arrears.
- have a clear, robust and effective approach to handling arrears and be able to satisfy the FCA on a continuing basis that it has adequate management and control systems in place to monitor arrears.

### FCA Branch & ATM Closure Guidance

The FCA's Branch and ATM Closures Guidance was published on 14 September and came into force on 21 September 2020. Before Credit Unions make a final decision on office closures the FCA will expect them to undertake an analysis of the needs of members currently using the sites, the impact of the proposals on those members, and alternatives that are, or could reasonably be, put in place if they implement the proposals. If a credit union decides to implement its closure or conversion proposals, it will be expected to clearly communicate information about this to its members no less than 12 weeks before the proposals are implemented. This should include making members aware of alternatives they can use.



**BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY**

### PRA announces Rule modification to minimum provisioning requirements

Due to the ongoing stress caused by the Covid-19 outbreak the PRA has decided to publish a model direction modifying a PRA rule on minimum provisioning requirements. The modification will come into effect for all consenting credit unions on Saturday 2nd January 2021 and will be available until Saturday 31st December 2022. The modification is identical in effect to a modification currently available to all credit unions, which expires on Saturday 1 January 2021.

To date just 50 UK credit unions have opted to modify the provisioning requirements but it was felt that the extension to this period would attract more applications.

Where credit unions consent to the modification, minimum provisioning requirements for bad debt will be reduced to the rates set out below:

	Current %	Modified%
<b>More than 3 months in arrears</b>	<b>35%</b>	<b>20%</b>
<b>More than 6 months in arrears</b>	<b>60%</b>	<b>40%</b>
<b>More than 9 months in arrears</b>	<b>80%</b>	<b>60%</b>
<b>More than 12 months in arrears</b>	<b>100%</b>	<b>100%</b>



**COVID-19 Impact – Data Analysis – UK credit unions**

	31/03/2020	30/06/2020	Change
Shares	£2,983m	£3,770m	+26.5%
Loans	£1,669m	£1,583m	-5.2%

**Liquidity continues to increase** - 23% above the February 2020 level.

**The average capital to assets ratio across the group is 14.26%**

**2.14% of all loans have repayment holidays**

**Arrears continue to increase** - Feb-4.11% - June - 5.95% - July -6.35%

**ACE ANNUAL AGM TO BE HELD ON WEDNESDAY 18<sup>th</sup> NOVEMBER 2020**

The re-scheduled ACE Annual General Meeting will take place on **Wednesday 18th November 2020 at 12.30pm.**

The original date for the AGM was the 16<sup>th</sup> May 2020 at the Annual Conference that was due to be held in Bristol. However, the Covid-19 pandemic meant that the 2020 Conference had to be cancelled due to the national Lockdown imposed by the UK Government.

Due to the continued impact of Covid-19 the ACE Board of Directors has decided to hold a Virtual AGM for the first time in ACE's 20 year history.

Formal notice has been sent out to all ACE credit unions asking each credit union to nominate a single person who will be able to vote on behalf of each credit union. Credit unions that are not able to attend will be invited to nominate a proxy voter from another ACE credit union in their absence.

No motions are planned from the current ACE Board of Directors. A formal invitation to attend the Zoom call will be sent to all members by the CEO well before the date of the AGM.

**ACE Model Rulebook**

It has recently come to our attention that some of our members who have joined ACE after being a member of another trade body, have yet to adopt the ACE Model Rulebook. Whilst it is perfectly permissible to maintain the Rulebook that you were first registered with this may cause a problem if you subsequently have a Rulebook challenge or a question that ACE cannot advise you on.

To adopt the revised ACE Rulebook is free but does require a vote of your credit union's members to amend their rules in the manner set out in the rulebook. If you are adopting the new model Rulebook in its entirety, you will need to submit a 'complete amendment of rules' to the FCA <https://www.fca.org.uk/firms/mutual-societies-forms> The Forms are here (and specifically here: <https://www.fca.org.uk/publication/forms/complete-amendment-to-rules-great-britain-credit-union.docx>)

An electronic copy of the revised Model Rulebook is available from [bill.hudson@acecus.org](mailto:bill.hudson@acecus.org)

**Health Checks Provided by ACE from Quarterly Returns**

All ACE members that send their Quarterly Returns to the ACE CEO are rewarded with an annual data analysis on how their credit union has progressed over a 12 month period compared to other credit unions of a similar size to their own. The reports can be used as a part of a credit unions Management Information system. The FCA expects all credit unions to use Management information (MI) as an important way of analysing trends, helping you forecast the future and solving any problems you identify.

In recent months since the Covid-19 pandemic hit the world ACE is able to provide all ACE members with a Covid-19 impact analysis as well.

CEO Bill Hudson said: "Every 3 months I am able to provide our credit unions with a useful data analysis tool that can be used to identify trends both good and bad, so that actions can be taken when they need to be taken."

The information collected is treated confidentially and not shared with anybody else. Please make sure that you take advantage of this service.

# CFCFE

Centre for Community Finance Europe

The Centre for Community Finance Europe (CFCFE) held its second conference of the year on the 22<sup>nd</sup> September 2020, entirely online. Scheduled to be held in Dublin this Conference was delivered through Zoom to more than 100 delegates from Irish and UK credit unions. The theme of the day was 'Planning for the New Normal' The impact of Covid-19 on our credit unions was discussed at length looking at the negative and positive impacts of the pandemic. Brian Corr, Head of Credit Union Policy at the Department of Finance within the Irish government said that the positive areas were in the acceleration of digitalization in the sector and the increase in collaborative work within the movement.

During a CEO Forecasting Roundtable reflecting on the challenges that have come in 2020, a group of 6 CEOs the panel identified a real opportunity for credit unions to meet emerging saving and borrowing needs that were being caused by the financial strains of the pandemic.

Mathew Vernon CEO at Quo Money summarized findings of a research project undertaken in collaboration with CFCFE looking at current practice in loan declines in Britain. Mathew considered the possible opportunities for giving more help to members so they can be successful applicants in the future.

Nick Money, Director of Development at CFCFE, facilitated a panel discussion to consider how to ensure consistency in lending while managing the individual characteristics of members and how to help them out of a decline situation without weakening the commitment to responsible lending and what future lending trends might look like.

Dr Paul A. Jones, CFCFE's Director of Research, noted:

"We had some trepidation about convening online, but we're delighted with how it went and with the very positive feedback we have received. Apart from the learning opportunities offered at our conferences, we want to support solidarity across the movement, and this event has definitely helped build new relationships."

## ACE Training Events Proving Popular with Members

The three training event Webinars have been offered by ACE over the past couple of months and each of them have proved to be popular with ACE members.

The first of a trio of events was held in June 2020 was the **Impact of Covid-19 on Credit Unions**. A total of 28 delegates from 10 ACE credit unions signed up for this session delivered by Mandy Bygrave from Coventry & Warwickshire CDA.

**"Good to hear that we were not the only ones whose loan book had diminished and also hear that things were now picking up"**

The second event was **Social Networking Marketing** session held in September that attracted 20 delegates from 14 ACE credit unions. This session was delivered by Clair Stephenson from Up Write.

**"I really enjoyed the session, there was lots of great info."**



There was then a must attend session for **New and Existing Directors Training** held in October 2020, which attracted 24 delegates from 10 ACE credit unions delivered by Mandy Bygrave.

**"I found it extremely interesting and very helpful"**

There is also a further session scheduled for November 2020 on **Anti-Money Laundering** that has already attracted 20 delegates from 9 ACE credit unions. This session is still open for members to join.

If there are any future training events that you would like ACE to deliver please email

[bill.hudson@acecus.org](mailto:bill.hudson@acecus.org)



## SaveEasy Credit Union wins 'Access to Financial Services' Award

On International Credit Union Day 2020, SaveEasy Credit Union in Llanelli was awarded the prestigious "Access to Financial Services" award in this years' Credit Unions of Wales awards.

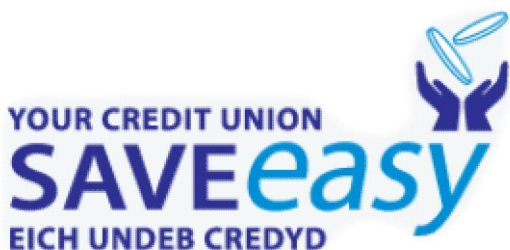
Janine Marengi, SaveEasy's Chief Executive said:

"We've opened pop-up branches in areas where bank branches are on the decline or in rural areas with no access to banking facilities. Winning this award is a testament to our hard working staff and their commitment to growing our Credit Union services. We have opened pop-ups in Brechfa, Pencader, Lampeter, Carmarthen and Narberth. We would also like to thank the community hubs and centres who have supported their local Credit Union by hosting our pop-up branches."

Daniel Jones, Branch Development Manager said:

"Our pop-up branches bring the credit Union movement to a wider audience. When looking to borrow this Christmas, joining your local Credit Union may save you money. We are a lower cost alternative to doorstep lenders and strongly recommend potential members give their local Credit Union a call."

SaveEasy Credit Union has a £7.5m loan book which represents 70% of the shareholding of its' 5,500 members. Approximately 40% of SaveEasy Credit Union savers also have a loan with the credit union.



## Unify Credit Union Loses Finance Manager Peter Kelly

It is with great regret that we have to tell you that the Unify Credit Union Finance Manager, Peter Kelly, who many of you will have known, has sadly passed away after a short illness.



**Peter Kelly**

Unify Credit Union CEO Angela Fishwick said:

"Peter was the epitome of everything that Unify stands for and was highly respected and loved by all. Our credit union family will never forget him or the contribution he made to not only our credit union but many across the country, over more than 30 years. Peter had an amazing sense of humour and fun and brought a smile to our faces every day."

"They broke the mould when they made Peter."

Peter's funeral will take place on the 5th November and anyone wishing to pay their respects can do so at 12.30pm on Lily Lane, Platt Bridge, Wigan.

Our thoughts are with his wife Diane and their family at this very sad time.



**Peter Kelly and his wife Diane**



## Welsh Government works with Credit Unions to address Covid-19 Impact

A new loan scheme for tenants with rent arrears due to coronavirus has been launched by the Welsh Government. The £8m Tenant Saver Loan Scheme is for private sector tenants who are not on benefits.

It will not apply to those who were in significant rental arrears before March, when lockdown began. Housing Minister Julie James said she hoped the scheme would "stop many thousands of people" from being evicted. Paid directly to landlords or agents, the scheme will offer 1% APR loans to be repaid over a period of up to 5 years and will provide an affordable way to cover rent arrears, or future months' rent, reducing the risk of eviction and homelessness. Once a tenant has applied for the loan they will be able to access support and advice services to help them manage their financial situation.

Managed by Wales Council for Voluntary Action (WCVA), the loans will be provided by seven Credit Unions across Wales. The Credit Unions will firstly work with tenants to find out whether they are eligible for the loan scheme and how much they could afford to repay. If the scheme is suitable for the tenant, then the Credit Unions will provide them with support for the duration of the loan repayment term.

It has been estimated that around 20% or all dwellings in Wales fall into the private rented sector.

The Welsh Government estimates that around 8% of private rented sector tenants are behind on their rent as a result of Covid-19, which is equivalent to around 10,000 people.

Bill Hudson, ACE CEO said:

"We welcome the Welsh Government's housing initiative which is a positive response to the Covid-19 impact on vulnerable individuals in the private rented sector in Wales."



## Welsh Government announces Credit Union Capital Loans Scheme



To help credit unions meet their regulatory capital: asset requirements, the Welsh Government has announced a £1m capital loan fund. This 0% capital loan scheme opened on the 10th September 2020 and remained open for five weeks until 15th October 2020.

Credit unions that require a boost in capital following the Covid-19 impact on income levels are able to use the loan as a sub-ordinated debt which allows them to count the money as capital in their balance sheets for a minimum period of 5 years and one day.

Deputy Minister for Housing and Local Government Hannah Blythyn MS said:

"Over the past six months, despite some having to close their doors physically, credit unions have been there for those in need of affordable credit. I am pleased that as restrictions start to ease, credit unions have begun to re-open branches and increase the range of services available. The funding I have announced today will support them to continue to help people in need."

The capital fund is being allocated from the Financial Transactions Capital Fund which is open only to the devolved governments in Scotland, Wales and N.Ireland.



## MaPS Financial Wellbeing Strategy Chairs Publish Covid-19 Impact Recommendations

A new independent report, which contains 13 recommendations to address the urgent financial wellbeing implications of the Covid-19 pandemic, has been released by the Challenge Group Chairs who advise the [Money and Pensions Service](#), (MaPS) on the UK Strategy for Financial Wellbeing.

The 11 Challenge Groups were formed to meet the goals set out in the UK Strategy for Financial Wellbeing, bringing together a cross-sector of groups of committed specialists to help set milestones for the ten-year journey towards better financial wellbeing.

The Challenge Groups were initially convened for a six-month period to address the key strategic financial priorities for the UK, to come up with some bold proposals and help create plans to see them put into action. However, when it became clear that Covid-19 would have a critical impact on people's financial wellbeing as well as their physical and mental wellbeing, the Challenge Groups turned their focus to recommendations for addressing the new crisis.

The report includes 13 recommendations for immediate action to address the urgent financial wellbeing implications of Covid-19, including:

- Raising awareness of affordable credit options from community finance providers to people being targeted by high-cost credit and doorstep lenders
- A no-interest loan scheme for people most in need
- Urgent reconsideration of vulnerability by financial services

ACE CEO Bill Hudson who has been representing the credit union sector on the Credit Counts group said:

"It has been a pleasure to represent credit unions on the Credit Counts Challenge Group, which set out with the aim of reducing the number of people that use some form of credit to pay regular bills from 9 million to 7 million by 2030. Covid-19 has undoubtedly increased this number over the past 6 months and has made us concentrate on how we can respond to the immediate crisis."

## Welcome to Steven Fritze - ACE ICT Support Assistant

ACE is delighted to welcome its' new IT Support Assistant, Steven Fritze. Steven who is from Whitley Bay on the north east coast of England has a computing degree and started his ICT career in PC World as sales assistant.

Having left PC World he has been in educational ICT for the past 13 years. This role has put him in daily contact with staff and students with wide ranging ICT abilities. Talking about his new role with ACE Steven said:

"I am very happy to be working with ACE to try to improve ACE members ICT familiarity. I always try to maintain a simple yet functional approach to my work so that everyone, including myself, has a positive ICT experience."

If you have any ICT questions for Steve then please send these to [bill.hudson@acecus.org](mailto:bill.hudson@acecus.org) who will forward to Steven for a quick response.

## Talk Money Week

Talk Money Week is being held from 9<sup>th</sup>- 13<sup>th</sup> November. Talk Money Week is an annual opportunity to celebrate the work organisations like credit unions are doing to support the UK Strategy for Financial Wellbeing, launched by MaPS in January 2020, which has ambitious ten-year goals to help everyone make the most of their money and pensions. Talk Money Week aims to reduce the stigma around money by encouraging conversations among families, friends, neighbours, customers, colleagues and communities.

Talking openly about money can have a huge impact on managing money worries, and is important for our overall health and relationships. The impact of Covid-19 has made it more important than ever to start conversations about money to look after our financial wellbeing.

For further information visit the Money and Pensions Service website [www.maps.org.uk](http://www.maps.org.uk)



