

Woolard Review calls for Legislative Change



Christopher Woolard

The Woolard Review of change and innovation in the unsecured credit market says that Credit unions offer an important alternative to high-cost credit and enable wider financial inclusion and recommends to the FCA Board that:

“To fully realise their potential there is a case for removing some of the current restrictions on their activities. The FCA should work with the Bank of England, Treasury and Northern Irish government to set the timetable on updating the Credit Unions Act 1979 and Credit Unions (Northern Ireland) Order 1985 to allow credit unions to expand their product offering.”

The Woolard Review was set up not only to look at the unsecured credit market but also the effect of changes in regulation and the extent to which there may be a need for further regulation. In particular in relation to emerging business models that were currently outside the scope of consumer credit regulation.

The report made some 26 separate recommendations. Between them, the recommendations envisage a large-scale programme to reform the way the consumer credit is regulated with a view to improving outcomes for consumers. The recommendation related to credit unions recommends that the FCA works with the Bank of England, Treasury and Northern Irish government to update legislation to allow credit unions to expand their product offering

Key trends of Covid-19 2020 - CMutual data



According to the CMutual data for 2020 Covid-19 has profoundly increased both the number of credit union members dying and changed the causes of death across CMutual Credit Union base in 2020, and into 2021. In 2020 alone, over 13% of members who died had Covid-19 listed as a primary or secondary cause of death.

The rate of Covid-19 related deaths in Credit Unions surged from March to May and then declined rapidly during the summer. However, by November, the rate of deaths across Credit Unions caused by Covid-19 had increased beyond the levels in March. By December, the percentage of members dying from a Covid illness had risen to over 30% higher than in the March-May peak.

Put simply, the new variants of Covid have had a much greater impact in Credit Union communities than the earlier variants and have taken more members' lives than the earlier variants. This trend has continued into January 2021.

General impact of Covid-19 on Credit Union members

The broader impact of Covid-19 on communities, and in particular, Credit Unions' communities is still emerging. However, some key patterns are emerging. Community-based Credit Unions have been affected to a much greater extent than those with an industrial common bond, and certain communities have been impacted to a far greater extent than others. Gender, co-morbidity (where a member has a pre-existing medical condition) and age have all played a role in how Credit Unions' members have been affected. 18% of all bereavement claims across Credit Unions in the UK during this March to July period have had Covid listed as a primary or secondary cause of death.



Scottish Government
Riaghaltas na h-Alba
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Scottish Government launches £13.5 million grant fund to support Scottish credit unions

In recognition of pressure that their credit unions have been under during the Covid-19 pandemic the Scottish Government and the Welsh Government have made a substantial amount of grant funding available. In Scotland 73 credit unions have benefited from grants totaling £13.5m to promote the availability of affordable credit and or to strengthen the credit unions balance sheet. The Scottish funding has primarily been allocated in line with the size of the credit union.

Communities Secretary Aileen Campbell said:

“We know the pandemic has had a financial impact on many people in Scotland and we want to strengthen services that support people with managing their money. Credit unions provide ways of saving, lending, and accessing affordable credit. They can be a financial lifeline for people who can’t always access what they need from high street banks, helping them to avoid riskier ways of dealing with debt, like going to pay day loan companies.”



The Welsh Government has similarly made a Capital grant fund available to its’ 16 credit unions to help reinstate lost capital as a result of Covid-19. Grants of between £40k and £160k have been made available to all Welsh credit unions on a sliding scale according to membership size.

ACE CEO Bill Hudson said:

“The Scottish Government and the Welsh Government should be applauded for their ongoing support of credit unions in their countries. The majority of credit unions have suffered a decline in capital as a result of Covid-19 and these grant funds will be an enormous benefit for credit unions in both Scotland and Wales.”



New CEO for Citysave Credit Union

After 43 years working in Financial services and five very happy years at Citysave Credit Union, Nigel Bailey has retired as CEO.

He has been replaced by Sean Lynch who will be returning to Citysave as Chief Executive after two years working with the England Illegal Money Lending team and is looking forward to reacquainting with many of you.



Sean Lynch

On his new appointment Sean said:

“I am delighted to start back at Citysave Credit Union as CEO, it is truly a dream come true. A big thank you to Nigel Bailey and the team for being so welcoming and I look forward to working together to take the business forward.”



Nigel Bailey

Malcolm Hayes, Chair, Citysave Credit Union said:

“Nigel’s hard work, drive and extensive financial services experience has all been tremendously important to the development of Citysave over the last few years. Nigel leaves the business in a strong position with all our best wishes for a long and happy retirement.”

Avoid coronavirus scams

Cloning of authorised firms poses a risk to credit union members, who may inadvertently deposit money with fraudsters posing as their credit union or be lured into making payments for other financial services. In addition, credit unions themselves could be vulnerable, for example, where they are seeking to make permitted investments or deposit funds with their bank.

Credit unions may wish to consider whether their guidance to members and their own internal controls over external payments are sufficient.

How to protect yourself

- Use the [Financial Services Register](#) and [Warning List](#) to check who you are dealing with.
- Reject offers that come out of the blue.
- Beware of adverts on social media channels and paid for/sponsored adverts online.
- Don't click links or open emails from senders you don't already know.
- Avoid being rushed or pressured into making a decision.
- If a firm calls you unexpectedly, use the contact details on the Register to check you're dealing with the genuine firm.
- Don't give out personal details (bank details, address, existing insurance/pensions/investment details).

Debt Respite “Breathing Space” Scheme

The FCA has recently issued a Policy Statement on a new Debt Respite (Breathing Space) Scheme, which comes into force on the 4th May 2021. It will give someone in problem debt the right to legal protections from their creditors including credit unions. The new regulations apply to creditors in both England and Wales.

<https://www.fca.org.uk/publication/policy/ps21-1.pdf>

This scheme will give people in problem debt the right to legal protections from creditor action for a defined period. The intention is to give them time to receive advice and potentially enter an appropriate scheme to resolve their debts.

Breathing Space notifications can only be made by regulated debt advice providers. As a creditor, if you are told that a debt owed to you is in a breathing space, you must stop all action related to that debt and apply the protections. These protections must stay in place until the breathing space ends.

FCA launches guidance on the fair treatment of vulnerable customers

FCA guidance on fair treatment of vulnerable customers clarifies its expectations of firms on the fair treatment of vulnerable customers, and aims to drive improvements in the way firms treat vulnerable customers.

[\[https://www.fca.org.uk/publications/finalised-guidance/guidance-firms-fair-treatment-vulnerable-customers\]](https://www.fca.org.uk/publications/finalised-guidance/guidance-firms-fair-treatment-vulnerable-customers)

Circumstances in life can change and leave people vulnerable at any time. The FCA's recent Financial Lives research [\[https://www.fca.org.uk/publications/research/financial-lives\]](https://www.fca.org.uk/publications/research/financial-lives) shows that 27.7 million adults in the UK now have characteristics of vulnerability such as poor health, experiencing negative life events, low financial resilience or low capability. These circumstances may impair individuals decision-making ability and leave them at risk of being taken advantage of by unscrupulous organisations.

The FCA wants firms to ensure fairer outcomes for vulnerable people. Nisha Arora, Director of Consumer & Retail Policy said:

"Protecting vulnerable consumers remains a key focus for us and given the impact of the Coronavirus pandemic, it is more important than ever that firms get this right. The guidance being announced today will help ensure vulnerable consumers are treated fairly and achieve outcomes as good as other consumers.

trained leadership coach and runs her own HR consultancy business.

Human Resources Syndicate

Supporting ACE Credit Unions

ACE is pleased to announce that it has agreed to work in partnership with a Human Resources syndicate being delivered by Jan Coverley, Jo Clayton and Kathryn Rawding. Jan, Jo and Kathryn are experienced and qualified HR professionals who have been supporting credit unions, both community and employer based, for several years.

They have now teamed up with ACE to provide an integrated approach to HR support for their member credit unions with the first hour of advice and guidance paid for by ACE as part of the member benefits package. The hourly rate for the HR Syndicate is £65.



Jan Coverley

Jan has been working with credit unions for about 20 years, since her days working for The Co-operative Bank and latterly Co-operative Financial Services. She then formed her own HR consultancy business in 2007 working for a broader section of credit unions across the UK.

Jo Clayton

Jo's whole career has been in HR, with the last 20 years being in the financial services sector. She met Jan whilst working in the HR team at Co-operative Financial Services and has been providing HR advice to credit unions and other SME organisations as a consultant for the last 5 years. Jo runs her own HR consultancy business.

Kathryn Rawding

Kathryn has been working alongside Jan and her team since 2017 providing HR support across the credit union movement and charity sector. Prior to that Kathryn held several generalist HR roles within the manufacturing sector. As well as being CIPD qualified, Kathryn is also a

a trained leadership coach and runs her own HR consultancy business.

The types of HR support the syndicate provide includes;

- Conflict management
- Performance management
- Job descriptions
- Restructure and redundancy
- Mergers
- Discipline
- Grievance
- Mediation
- Recruitment and selection
- Reviewing policies and procedures

HR Toolkit

In addition to bespoke HR advice and guidance, the team also offer an HR Toolkit which is designed for small businesses who don't have an HR function. The Toolkit includes the latest updates on employment legislation along with clear and easy to understand policies, procedures and a suite of standard letters and documents to ensure full compliance. If anyone is interested in discussing this further please email;

Coverleyjan@gmail.com



Jo Clayton



Kathryn Rawding

ACE Training Events Proving a Success



Over the past 3 months ACE has delivered three successful training events to members. On the 3rd February 2021, 18 delegates attended a session entitled **“Introduction to Human Resources”** delivered by Jan Coverley.

Delegates made the following comments:

“I found the seminar very relevant and helpful with the material being presented with great clarity.”

“Got so much out of the presentation.”

“It was really good. Enjoyed it.”

This was followed by a session on **“General Data Protection Regulation (GDPR)”** which had 34 delegates from 10 ACE credit unions. This session was delivered by Mandy Bygrave,

Delegates made the following comments:

“It was very informative and gave us some points to think about.”

“We thought it was a great session and we both gained a lot from the training.”

The third session was entitled **“Board of Directors – Roles and Responsibilities”** which had 26 delegates from 8 ACE credit unions.

Delegates made the following comments:

“Thank you for organising the directors training today, it was both informative and really enjoyable.”

“Many thanks for the session yesterday. Great feedback from our directors who attended.”

The next training session on **“Internal Audit for Credit Unions”** will be delivered on the 19th May 2021, 2pm-4pm. To sign up for this session please contact Bill Hudson bill.hudson@acecus.org

New “Buddying-Up” Scheme

At a recent ACE Board meeting it was suggested that we should consider setting up a members' "buddying-up system" to provide our credit unions with a link-person in another credit union who might be able to provide valuable information to them. This could be particularly where a member has appointed a new manager who does not have an in-depth knowledge of credit union operational and regulatory issues that they will need to learn about quickly. Fourteen ACE credit unions have agreed to be either information providers or recipients in operational and regulatory areas including:

Mergers, Common Bond extensions, Transfer of Engagements experience, Staff Management, Impairment Recognition, Successful bad debt recovery, Use of Open Banking, Remote Working, Improving Bank Deposit Income, Policies & Procedures, Business Planning and Chairing Meetings. Knowledge of common Financial systems (e.g. Curtains, Focus, Progress, Conaccess etc), Running virtual AGMs and completing the FCA Directory.

If you would like to find a “Buddy” and "buddy-up" for any of the identified areas above please contact Bill Hudson bill.hudson@acecus.org

NestEgg: More referrals for community finance

Over the last three months NestEgg has been building a network of organisations to refer loans to responsible lenders via its app.

Loan applicants can see if they qualify before applying. As a result, lenders do not spend time and money assessing declined applications. In the case of a decline, its nudges help applicants make the changes necessary so they can be accepted for a loan.

[\[http://nestegg.ai/decline-to-accept/\]](http://nestegg.ai/decline-to-accept/)

NestEgg’s app aims to help:

Grow credit union and CDFI loan books. Help banks and building societies find affordable loans for those they must decline. Help money advice agencies make timely referral. Help training and education providers find finance for people looking to enter vocational or other education.





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PRA Operational Resilience Policy

The PRA has confirmed that although the new Operation Resilience policy does not apply directly to credit unions but that certain aspects of the new supervisory statement will be relevant. Marcela Hashim from the PRA has said: "It would be sensible for the credit unions to identify "good practice" given each credit union's size and business model."

Operational resilience is the ability of firms and the financial sector as a whole to prevent, adapt, respond to, recover and learn from operational disruptions. It is not possible to prevent every risk materialising, therefore the proposed policy assumes that major operational disruptions will occur.

The policy requires firms to: (1) identify important business services; (2) set impact tolerances; and (3) take action so they are able to deliver their important business services within their impact tolerances during severe but plausible disruptions.

The PRA considers that it is proportionate for small and medium firms to be excluded from the requirement to assess their potential impact on financial stability when identifying important business services and setting impact tolerances.

Under the Operational Resilience Policy larger firms will have an obligation on firms to set an "impact tolerance" for each of its "important business services"; a requirement that firms ensure that they can remain within these "impact tolerances" in the event of a severe but plausible disruption to their operations and a requirement on firms to perform 'mapping' exercises to identify the people, processes, technology, facilities and information necessary to deliver each of its "important business services"

In para 1.6 of the Policy Statement the PRA are of the view that the background of this matter and the principles of our policy are worthy of consideration for larger credit unions with assets in excess of £40m.

FairLife Charity - FairLife Mark

The Fairlife Charity is keen to expand its credit union supporters ahead of an autumn publicity event in Parliament. Over 40 credit unions have already cited their support alongside organisations from across the finance industry. National coverage to date can be seen on the pin map below.



The FairLife Charity is raising standards in finance with a fair trading mark and improving financial education. The charity awards its trademark logo - The FairLife Mark - to companies that pledge to price honestly and trade fairly with their customers. Aimed at encouraging powerful financial institutions to trade more fairly with the British public, the mark guides customers to products they can trust, and away from providers that cling to poor practises. This will ultimately help customers to choose what they need with confidence, by making products better and easier to understand.

There is a growing public appetite for a fairer society and leading firms are responding. Ethical considerations are becoming more important in driving consumer purchases and the FairLife Mark is a way for companies to highlight their commitment to fair standards. The charity has received backing from seniors from the City, the main political parties, the finance industry, trade unions, consumer associations, schools, colleges and student bodies. The charity's Board comprises a Trustee from many of these groups with others acting as panel members, agents and contributors.

Profits from the charity fund financial education in schools, giving our children the knowledge they need to make good financial decisions throughout their lives. The initiative is about building knowledge and trust. Knowledge to know what you need and trust in the products you rely on. In this way the FairLife Mark is building financial security through knowledge

Credit unions across the UK have played a vital role in establishing the Charity and we are asking you to join your peers in displaying the FairLife Mark. If you would like additional information please email stuart@fairlifecharity.org.

