



ACE CREDIT UNION SERVICES

MEMBERS' NEWSLETTER

July 2021



**BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY**

PRA Welcomes Transfers of Engagements as a positive option for credit union closures.

At the Trade Bodies meeting with the Regulators on the 21st May 2021, the PRA announced that there were now 420 credit unions in the UK with 1.9 million members and combined assets of £3.9 billion in assets.

In 2020 there were 14 credit union closures with 12 of these coming through a transfer of engagements to another credit union.

There was one solvent closure and just one closure through an FSCS default. So far in 2021 there have been 2 closures through a transfer of engagements and one due to an FSCS default.

Reviewing the impact of Covid19 between March 2020 and December 2020, the PRA said that shares held in credit unions rose by 10.96% with loan books falling by an average of 6%.

Loan delinquency during this period had risen by 4.31%. 76 UK credit unions have so far taken advantage of the lower level "modification by consent" option of bad debt provisioning.

The PRA also confirmed that they will be reviewing credit union policy, against the background of HM Treasury's plans to review legislation and the fact that large credit unions continue to grow and expand the scope of their activities. The PRA recognised that there will still be a large proportion of credit unions that will remain small with a simple business model and the PRA aims to be proportionate in its approach to credit union regulation.



Engaging with Firms

The FCA noted that the Financial Services (FS) Register <https://register.fca.org.uk/s/> information is not always kept up to date, despite this being a requirement of firms. This can create difficulties in contacting the firms. The FCA passed on thanks to all Trade Bodies for helping to contact firms where they were experiencing difficulties. The FCA urged the trade bodies to encourage their members to review and update their submissions regularly to ensure the FS Register is up to date.

Irresponsible Lending

Trade body delegates shared feedback on the issue of a rising number of irresponsible lending complaints and the associated risks for the sector. The perception is that this activity is increasing, with some speculative complaints by individuals, but also as a result of a focus by debt advisers on family and child benefit lending. These debt advisers were relying on CONC, which can then generate ombudsman cases, thereby increasing burden on the firms. There is also a concern that as the furlough scheme ends and financial difficulties materialise, there may be a spike in individual complaints. It was recognised by the sector that credit unions can make errors and it was important that they had appropriate policies and procedures in place to ensure that lending was responsible. The FCA agreed and noted that following a review of FOS ombudsman's decisions most had found in favour of the credit union and recognised that it is reasonable for credit unions to take a proportionate approach with respect to assessing affordability. Where the ombudsman had found in favour of the complainant, the indications were that this reflected specific weaknesses in responsible lending controls, for example failing to identify vulnerability, rather than FOS imposing unduly high standards on the sector.

100 year old “Rab” says join the Credit Union

West Lothian Credit Union was very pleased to assist in contacting Royal Artillery and British Legion to help Robert (Rab) Patterson’s family celebrate his 100th birthday, as far as we know the oldest credit union member in the UK.

As well as a card from WLCU, with a picture of this handsome young man taken during his time in Pune, India Robert received a ‘telegram’ from Her Majesty Queen Elizabeth, a special letter from Lieutenant General Sir Andrew Gregory KBE, CB, DL. However, the highlight of the day was the visit from Field Marshall Buffalo Thomson and his troop of Countess Orla Markievicz Durkin, Lieutenant General Ronan Durkin otherwise known as Rab’s great grandchildren Orla and Ronan Durkin, with an unfortunate absentee of Jude Rees who was unwell and unable to fly from his home but made a virtual appearance.

WLCU were pleased to have been invited along to the day to join in with the celebrations but not only for Robert’s birthday but also to celebrate him being the oldest member of a credit union in the UK. What an achievement! Congratulations Rab, you now qualify for free membership!

Nancy MacGillivray, chairperson said ‘It was a great day, filled with family and friends, a visit from local Royal British Legion comrades who presented Rab with medals, regimental tie and further invitation to celebrate with them the 100th Anniversary of the founding of the Royal British Legion as guest of honour at Scottish Military Museum, Linburn in August and at their annual concert in November.

Nancy was completely astonished when Rab said ‘the credit union is the greatest thing’ and turning to all the guests encouraged all present to join informing us that his funeral had been arranged through the credit union. That won’t be for a few years yet for this very youthful 100-year-old. Happy Birthday Rab and we will look forward to celebrating with you next year as well.



WLCU Chair Nancy MacGillivray with Rab Patterson



Rab with Family members and Military dignitaries



Rab Patterson

Unify Credit Union to say Goodbye to Elaine Chillag



Elaine Chillag – Unify Credit Union

Long-term Chair of Unify Credit Union Elaine Chillag has announced that she will be retiring from the Unify Board of Directors.

Elaine joined Unify as a member when she worked as a debt advisor for Wigan and Leigh Citizens Advice Bureau. She was always very supportive of the credit union and when she retired from work, she agreed to join the Board of Unify in 2011 and was elected as Chair in 2012.

Over the last nine years Elaine has overseen some major changes at Unify, including purchasing premises and linking with local authorities to expand the services of Unify to cover a large geographical area.

Elaine will be standing down from the board of Unify later this year and on behalf of the board, staff and member of Unify we would like to express our thanks for her support during her time of office.



ACE Training Sessions Available on YouTube



The following recorded training sessions are now available to ACE members only on the ACE website so if you missed any of these or you would like to share them with fellow directors/volunteers/staff then please feel free to do so.

Internal Audit - Review the knowledge and skills to plan and conduct internal audit.

Board of Directors - New & existing Directors. All you to know need to understand their strategic roles.

General Data Protection Regulation - Make sure you are complying with legislation and protecting your members personal information.

Human Resources – Getting the right people for your credit union and keeping them.

Anti-Money Laundering – All you need to know to satisfy regular training requirements.

Succession Planning - No matter how stable your credit union's leadership is, things happen. Ignoring succession planning will lead to future problems.

To access these webinars go to the ACE website, login and click on "Training Recordings". You will need to have been allocated with your ACE member login details so please let us know if you have yet to receive these. Contact: bill.hudson@acecus.org

ACE is now looking at setting the Training Programme for the next 6 months and we would like to hear from all ACE members about which training sessions you would like us to deliver. The ACE Board will be sending out a members' survey in the near future which will be your opportunity to let us know your training needs.

ACE Model Rules – Internal Audit



Following the recent training webinar on Internal Audit there was some confusion amongst the delegates as to whether or not ACE credit unions members could have directors on their Internal Audit Committee or whether the functions of the Board of Directors and the Internal Audit Committee should be clearly separated.

Many argued that for smaller credit unions with a limited number of volunteers completely separating the two functions would be problematic.

The sealed ACE Model Rulebook approved by the FCA in 2020, allows members the choose either of these possibilities. Rule 78 of the ACE Rulebook states that:

78.1.b. election of a Supervisory/internal audit Committee consisting of between 2 – 5 members elected by the membership at an annual general meeting. The nominees must not be Directors, Committee members, paid staff.

However Rule 78.2 says:
Alternatively, the Board of Directors may establish one of the following;
a. appoint a Supervisor; or
b. appoint a Supervisory Committee consisting of between 2 – 5 members. Those appointed as supervisors should be independent of the day-to-day operations they supervise.

The second option allows an elected director to sit on the Internal Audit Committee as long as they are not a part of the operations that they are overseeing.

Guernsey Community Savings gets Praise from Bailiff for Vital Service



The Bailiff of Guernsey, Richard McMahon has praised the 'vital service' offered by Guernsey Community Savings (GCS) to people who have been financially excluded from society because they have been unable to open a bank account.

Speaking on a visit to the charity's offices in the Bordage, the Bailiff who is Patron of GCS, commented, 'By arranging basic banking services for Guernsey residents who have been unable to obtain accounts, Guernsey Community Savings enables them to take their place in and contribute to their community. The charity is providing a vital service – it is an essential piece of what can be a complicated social jigsaw puzzle.

'It is clear people are confident in the wonderfully simple process and appreciate the personal approach and dedicated support of the team.'

General Manager Jane Kerins gave the Bailiff an overview of what has been achieved since the charity was set up and the challenges that have been overcome. Manager Liz Pirouet Douglas then took him through the process of setting up an account.

Finally, the Bailiff spoke with Guernsey Caring for Ex-Offenders Co-ordinator Mary Herve who explained the particular challenges faced by people who have been recently released from prison.



Left to right: Liz Pirouet Douglas, Peter Neville, Mary Herve, the Bailiff Richard McMahon, Jane Kerins

Wales to open a new Community Bank with 30 branches



The Welsh government says 30 branches of a new community bank will open across the country within the next decade.

First Minister Mark Drakeford pledged to create a community bank for Wales in his successful campaign for the Welsh Labour leadership in 2018.

Banc Cambria will work to address the “devastation” of branch closures across Wales, Social Justice Minister Jane Hutt told Senedd members.

The new community bank will be owned by its members, becoming the first bank of its kind in the UK.

Jane Hutt AM said: “It will improve access to banking services and access to cash, with multilingual and multi-channel bilingual banking services for people and businesses and also collaborating with the Welsh financial ecosystem, for example, credit unions.”

Banc Cambria, Project Lead, Mark Hooper has met with Welsh credit unions on a number of occasions, most recently in June 2021, when he told credit unions that Banc Cambria would work in partnership with credit unions and not in competition with them as they would be working in different markets.

Banc Cambria expects to get PRA approval later in 2021 and launch officially in 2022.

Cambria Credit Union based in north Wales has been working closely with Banc Cambria and have said:

“The launch of Banc Cambria will mean that Wales will have a full house of Welsh mutual financial services: mortgages from building societies, consumer credit from credit unions and full retail banking from Banc Cambria. Together we can all work for the benefit of our customers, members and communities rather than line the pockets of remote ‘fat cat’ investors.”

Google told to tighten Ads Screening Rules for Financial Service Providers



The FCA has warned that it will take legal action against Google and other social media companies if they continue to accept advertisements for online financial scams that have flourished during the pandemic.

The FCA’s head of enforcement, Mark Steward, told the Treasury select committee that the UK had been blocked until recently from taking action against online platforms that failed to screen financial adverts to make sure they were approved by an FCA- authorised firm or individual. That was due to the fact that EU rules on financial adverts did not extend to online platforms such as Google. This “exception” effectively allowed scammers to post fraudulent adverts online since they did not need to go through extra checks. But the FCA is now free to crack down on rule breakers.

Scams and fraud have escalated over the past year as locked-down consumers spent more time online. Some people have lost money after using search engines to research investments at a time of record-low interest rates, while others have been tricked by adverts on social media sites. Many scams have involved cryptocurrencies such as bitcoin or schemes that claim to offer early access to pension pots.

From 30 August, 2021, any company advertising financial services on the search engine must be authorised by the FCA. Last year, the FCA issued 1,200 consumer warnings about scams advertised by fake companies through social-media platforms.



Credit Union Members with Diminishing Capacity

We had a case recently where a member whose husband (also a member) had been taken into a care home as he suffered from a degenerative condition. The husband had indicated that he wanted to continue saving with us, but his wife wanted to know if there was any arrangement we could put in place for her to be able to access his account. She told us that her husband did not currently have a Lasting Power of Attorney in place.

The case raised a number of issues and having worked through them, we felt it might be helpful to share the information with other Credit Unions.

Firstly, the Husband had decided to continue saving with us. This suggested that he had the 'capacity' to do so, but the first step we needed to take was to have that established beyond doubt. The reason for this is that if a person has been medically assessed as no longer having 'capacity' and there was no Lasting Power of Attorney in place, then all decisions concerning that person's financial affairs, health and welfare transfer to nominated officers (*known as deputies*) of the Court of Protection – (*Mental Health Act 2005*). Setting up any arrangement with his wife without the approval of the Court of Protection or their nominated officers could then lead to legal action being taken against us.

The second issue that flowed from this was what should we do if the Husband had not been assessed as being without 'capacity' at this point in time, given that he is suffering from a degenerative condition that we now know about and that could lead to a different assessment further down the line. To date, we have never made any arrangement for a members' spouse/partner or anyone else to access a member's account and, whilst we are naturally sympathetic to the tragic circumstances involved here, we are satisfied that it would be wrong to do so.

The third issue that arose raised some wider concerns. In this particular case, the Husband and Wife prefer to conduct their transactions face to face with our staff rather than use our online services. However, had they used our online services could the Husband have simply given his wife all of the necessary log in details? Probably. Do we need to be more alert to this happening, particularly bearing in mind the potential risks in respect of any of our members who may be classed as vulnerable? We had been planning on having some initial training on the issue of vulnerable adults when the pandemic hit. We have no immediate answers to this issue but plan on taking professional advice from

NORTH TYNESIDE EMPLOYEE CREDIT UNION

various sources including Data Protection and Mental Health specialists.

We have formed one other conclusion from this particular case and that is that we should be encouraging our members to set up Lasting Powers of Attorney – there are actually two, one covering the person's financial affairs and the second covering health and welfare. All of the required documents and guidance can be accessed online from the website of the Office of the Public Guardian (*an executive agency of the Government's Department of Justice*).

It should be noted that a family member or friend can become an "appointee", but this only covers benefit related payments from the DWP and does not apply to wider financial matters.

The important point here is that a person can only set up Lasting Powers of Attorney while they still have the mental capacity to do so. We know that dementia is a rapidly increasing condition and there are many other conditions and circumstances that can strike without warning. Better to be prepared.



ACE Director Interviewed on the UK Personal Finance Show

ACE Director Chinyere Adeniyi-Alade, who is the Chief Executive of Grampian Credit Union, was interviewed by Phil Anderson on the UK Personal Finance Show on the 26th July. In the interview Chinyere talks about the uniqueness of credit union membership and how they differ from other financial service providers. To listen to the interview on Apple Podcasts go to:

<https://podcasts.apple.com/gb/podcast/the-uk-personal-finance-show/id1530521980?i=1000530001831>



Chinyere Adeniyi-Alade

Unify Credit Union opens new Branch in Leyland



Unify Credit Union has recently opened a new office branch in Leyland, a town based in South Ribble, Lancashire. The new office joins existing branches in Wigan, Ince, Leigh and Chorley. The new branch aims to provide a range of member benefits, accessible by residents and employees of South Ribble, to help support individuals to become more financially resilient.

Councillor Paul Foster, Leader of South Ribble Borough Council said: "The coronavirus pandemic has accelerated the need for financial inclusion and resilience, so we are thrilled to be supporting Unify Credit Union with a grant of £150k."

The creation of Unify in Leyland will create 3 new jobs, one of which will be for a 16-24 year old as part of the government's Kickstart Programme which could lead to further opportunities in the future.

Based in the former Citizens Advice Bureau building, next to Tesco in Leyland town centre, the credit union is in a prime location for residents to access. Unify has helped more than 10,000 members save and borrow for more than 10 years, offering a local and not for profit alternative service to a high street bank.

Unlike with a bank, people can join Unify as a member with benefits such as dividends, free life insurance, online services, as well as helping members make the most of their money - working with partner agencies to help with budgeting, financial planning and debt advice.

As well as offering easy saving Unify also offer affordable loans rather than expensive credit cards or payday loans. The Council also aims to engage with businesses to make it easier for their employees to save with the credit union through payroll deductions.

Working with partner organisations, South Ribble Borough Council will be creating a network of financial inclusion support to help local residents.

Citysave Credit Union Awarded National Lottery Community Fund Grant



Citysave Credit Union has recently invested in its IT infrastructure to ensure they can continue to operate in a flexible manner long term. This has involved moving their IT equipment into a Data Centre with the close support of their IT partners.

To offset this cost, Sean Lynch, CEO, submitted a bid to the National Lottery Community fund. They are currently offering bids from £300 - £10,000

They can support you to:

- * continue to deliver activity - whether your community needs crisis response, recovery, or business as usual activity
- * change and adapt, becoming more resilient to respond to new and future challenges.

Further information can be found here: <https://www.tnlcommunityfund.org.uk/funding/under10k>

Sean commented: " We do not have much experience with bid writing so we were un-sure whether we would be successful with the application. The process itself was simple and not as labour intensive as some I have seen in the past. We found out if we were successful quickly and the funds were transferred to us soon after"

Sean told ACE that he would be more than happy to talk to other ACE Credit Unions about the application process.

Contact:

Mobile: 07787 431350

Email: sean.lynch@citysave.org.uk

Jersey Community Savings Celebrates 20th Anniversary



In partnership with Santander International

Community Savings Ltd has been celebrating a double anniversary. Firstly, it is 25 years since the first steps were taken to set up a credit union-style organisation and, secondly, it is 20 years since the Jersey Financial Services Commission approved the formation of the company and it commenced operations. Jersey law does not provide for credit unions, so a company with a parent charitable trust had to be set up.

The celebration was marked by an event at Government House, the home of the Island's Lieutenant-Governor (Her Majesty the Queen's personal representative in Jersey), to recognise the contribution of the many staff, volunteers, trustees, directors, donors, friends, grant makers, sponsors, supporters and partner agencies who have contributed to its success over the past two decades.

Guests were welcomed by the organisation's founder and executive chairman Brian Curtis MBE and were also addressed by the Bailiff of Jersey, Mr Timothy Le Cocq QC, who, together with the Lieutenant-Governor, is a patron of Community Savings. He paid tribute to its charitable ethos, and to the work of everyone involved, while highlighting the continuing need for its services and the importance of ensuring that everyone in Jersey has access to basic account services.



**The Queen's Award
for Voluntary Service**

The MBE for volunteer groups



The marquee in the grounds of Government House



The Bailiff of Jersey, Mr Timothy J Le Cocq QC

As well as providing accounts for hundreds of Islanders, Community Savings provides advice and support on money matters, as well as loans and grants by way of emergency funding.

It also runs community engagement and education programmes and is part of the Prison rehabilitation scheme. In 2010, Community Savings received the Queen's Award for Voluntary Service.



