

Credit Union News

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The front page shows attendees at the Credit Union Fair in Westminster Hall.

An exciting year ahead

2012 IS GEARING up to be an exciting year for credit unions, with many opportunities and challenges.

The International Year of Co-operatives was launched in New York in October at the United Nations. This is a great opportunity for credit unions to demonstrate both their differences from mainstream financial services providers and their affinity with other co-operatives both in Britain and around the world.

But the main opportunities for the sector this year come from changes to legislation and regulation that we have been campaigning on for many years.

Credit unions will be freed up to develop and expand on partnerships with many organisations, including employers, housing providers, schools and prisons – all partnerships which were showcased to MPs, peers and policy makers in a successful event at Westminster Hall in November. News of this and a very supportive debate held on the same day can be found on page 7.

Credit unions' enthusiasm for the changes shines through on pages 3 to 6; credit unions are looking forward to using the powers in a number of ways. Some plan to expand common bonds to provide services to all tenants of large housing providers or bring in new groups of employees. Some are planning on bringing local traders, churches and community groups into membership, or attracting investment from their key stakeholders which will expand the money they have available to lend to members.

Some credit unions of course will make no changes to how they operate as a result of the changes, at least for a few years, but this is the beauty of the law as it now stands. What credit unions have gained is more flexibility and a legislative framework they can grow into, rather

than having changes forced upon them.

With this new legal framework in place, credit unions now need the infrastructure to help them to work smarter. Back office services will enable

“The main opportunities for the sector this year come from changes to legislation and regulation that we have been campaigning on for many years.”

credit unions to sustainably provide a wider range of services to meet the needs of increasing numbers of members. At the time of writing we are still awaiting decisions from the Department for Work and Pensions on how a potential £73 million investment in the sector could be spent. There is widespread support for expanding back office services which could bring

exciting developments such as credit union access through the Post Office.

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Mark Lyonette, Chief Executive, ABCUL.

Credit unions welcome legislative reform

CREDIT UNIONS across England, Scotland and Wales are celebrating legal reforms which will free them up to offer more services to many more people, enabling the sector to expand and fulfil its true potential.

The new powers that credit unions will gain from January 2012 have been sought after for many years by generations of credit union volunteers keen to meet the needs of those in the communities they serve.

As far back as 1978, credit union leaders were bemoaning the restrictions in the Credit Unions Bill which would mean more restrictive common bonds and stop credit unions from providing services to community groups and local businesses. Writing in *Credit Union News* in 1978 Jack Pawsey, then a director of ABCUL's predecessor, the Credit Union League of Great Britain, said of corporate membership:

"Unless the Bill is amended, credit unions will not any more be able to serve parochial church councils, social clubs or other voluntary organisations as such. Its terms restrict membership to individuals. The opportunity for mutual aid between credit unions and other community ventures is one of

the exciting possibilities in the renewal of co-operation in Great Britain. The dangers of corporate membership to the essential nature and purpose of credit unions are obvious, but limitations on the numbers of such members combined with the common bond and the principle of autonomy built into a credit union's rules could provide adequate safeguards."

But the new law when it was made in 1979 was welcomed broadly, insofar as it provided a legal structure for credit unions, which had existed in one of a number of forms since the 1960s, and recognition of their value to British society.

Eighteen years later, and there had been very limited changes to the law, while credit unions had grown in popularity and were by now serving over 200,000 people – an eight-fold increase in the previous 10 years.

In 1997, ABCUL published *Why We Need a New Credit Union Law*, setting

Just some of the changes...

The Legislative Reform Order (LRO) will allow credit unions to:

- provide services to community groups
- attract investment from local businesses
- extend services to new groups, including housing association tenants and employees
- pay interest on savings, instead of a dividend, so people will more easily be able to compare rates.

out the Association's objectives for a new Credit Unions Act. The previous year, the World Council of Credit Unions had stated: "The current credit union legislation in Great Britain is amongst the most restrictive in the world." The document called for a wide range of changes, including the relaxation of the common bond and of non-qualifying member rules, corporate membership and less strict limits on lending and savings.

Some of the demands, such as raising limits on loans and for juniors' savings and relaxing the maximum number of members had been made by the time credit unions began to be regulated by the FSA in 2002. The change of regulator was a major step forward for the sector in itself, bringing with it membership of the Financial Services Compensation Scheme and the Financial Ombudsman Service. A rise in the

What the changes mean for credit unions

“ We plan to take advantage of the expansion possibilities presented by the LRO as soon as they become available. Three of our four branches are located in vibrant street markets, so we hope that the street trading businesses can be attracted to join London Community Credit Union. We have good relationships with a number of housing associations that operate in our common bond, and we now hope to expand and formalise this into offering memberships and services to their members outside our common bond. ”

Gren Bingham – Vice President,
London Community Credit Union

Credit unions welcome legislative reform (continued)

New powers welcomed

“ I want to see credit unions grow to meet the needs of their members and communities they serve. The LRO is key to that and I am pleased that it passed through Parliament on 8 November. I look forward to hearing how credit unions will use these new powers when they come into force in January. ”

Mark Hoban MP
Financial Secretary to the Treasury



President Helen Baron says: “Our services are highly regarded by our members, and they recommend us to their friends and workmates, but we constantly have to turn away people wishing to join. Membership in 2010-11 grew by 68% with savings and loans values rising to over £1.7 million, but the LRO will allow us to offer our services to many more people, encouraging them to save for the future, and reducing the costs of borrowing at times when they need to.”

The credit union has a number of major employers providing payroll deduction facilities for local staff, and they would like the credit union to provide services for staff currently living and working beyond the current boundaries, often just yards away.

Martin Groombridge, Manager of Haringey, Islington & City Credit Union, adds: “History repeats itself, and the history of the co-operative movement shows that larger credit unions are more financially stable and able to compete in the marketplace.

interest rate ceiling for credit union loans followed in 2006.

But it is not until now that many of the fundamental changes that past credit union leaders have argued for over the years have been realised. And this has been a true cross party initiative. A review of co-operative legislation was first launched in 2007 by the then Labour Government. At the time it had support from other parties, much of this was channelled through the All Party Parliamentary Group on Credit Unions. The Legislative Reform Order (LRO) which eventually made the changes in November 2011 was taken up by the Coalition Government, one of the few initiatives to make the transfer between administrations. Credit unions can now get on with the job of expanding and innovating, without outdated laws designed for another time.

financial co-operation to a much greater number of residents and workers in north London. Their Board has already agreed in principle to extend the common bond to the maximum possible extent and to accept deposits from corporate members. With a high loan to share ratio and a low default rate they see corporate membership as a crucial way of providing additional capital to lend and, in turn, drive further membership growth.

What the changes mean for credit unions

“ The freedom the LRO gives the Co-operative Credit Union enables us to consider issuing shares to corporate members, issuing interest-bearing shares and especially changing to a more flexible common bond. We have prepared for this legislative change for some time and yet these things can't happen overnight, unlike banks, we involve our members in the changes. It's been a long time coming, but I congratulate Mark Lyonette and his team at ABCUL who have persuaded successive Governments to introduce modern reforms for British credit unions. The new legislation begins to create a level playing field and provides opportunities for wider scale competition with other players in the financial services market. ABCUL has shown tenacity and focus throughout and our members will benefit directly from these reforms. ”

David Dickman – The Co-operative Credit Union



What credit unions say...

The LRO is eagerly awaited by credit unions around the country. Haringey, Islington & City Credit Union, for example, sees a real opportunity to bring the benefits of



Martin Groombridge, Manager of Haringey, Islington & City Credit Union.

We welcome the cross party support for credit unions and look forward to this long awaited legislative reform.”

Relatively low home ownership levels in areas like London means credit union members there are very mobile, moving quite regularly. The ability to increase the proportion of “non qualifying members” will allow credit unions to keep many more members and strengthen their business – and the credit union movement as a whole.



www.policecu.co.uk

Peter Evans, Chief Executive of Police Credit Union (PCU), agrees that the expanded common bond facility will hugely benefit credit unions, and the opportunity to allow corporate membership, by formalising links with police federations and other corporate bodies such as social clubs, savings clubs, Christmas clubs and sports clubs, will be an undoubted boost for PCU.

“We are very closely linked to police federations for introductions and communications to potential and existing members and the legislation changes will help us to strengthen those links,” explains Peter. “It will also potentially provide us with access to

What the changes mean for credit unions



We will be able to expand our membership to a wider circle of people and be able to offer savings accounts to members of the local civic society. We intend to open up membership to small businesses in the area which have been let down by the banks, providing them with savings accounts and loans. We’ve already received enquiries from local churches and charities. The expansion of our common bond will enable us to partner more easily with housing associations that may have housing stock both in Kent and just outside Kent. The ability to provide a range of interest bearing accounts will draw in money to fund loans.



John Fowler – Kent Savers Credit Union

larger sum savings deposits, which may enable us to save funding provision costs from outside the police family. We’d rather pay the police family than our bank for the extra funding we often need for loans.”

Peter adds: “We are often asked about various club memberships from within the police family and availability of these would help to cement links with any given police force even more.”

New powers welcomed



The Legislative Reform Order was first introduced under the last Government and is now being carried forward by the Coalition. It opens up so many new possibilities for the sector to evolve, innovate and grow. The regulatory changes will help credit unions work more effectively with partners including housing providers and employers, and encourage more people to develop a savings habit. And it opens up potential new opportunities with micro-enterprises and local charities.



This is a very exciting time for credit unions. Right across the political spectrum, there is a recognition of credit unions’ potential to massively widen access to affordable credit. As well as the LRO, the new Government has made clear its support through the provision of a new modernisation fund, which can help the sector innovate, and holds out the possibility of a game-changing partnership with the Post Office network.



Damian Hinds MP
Chair of the All Party Parliamentary Group on Credit Unions

Credit unions welcome legislative reform (continued)



Lincolnshire Credit Union is planning to hold its AGM as soon as it can in the New Year and put resolutions to change its rules so that, as Secretary David Lynn explains, "we can join up corporate bodies and/or unincorporated associations as members of the credit union, e.g. Scouts and Guides, community and faith groups, so they can make deposits with us. This is a very rapid way of increasing deposits to lend out."



Hull and East Yorkshire Credit Union (HEYCU) is also looking forward to the legal changes, according to Chief Executive John Smith.

"We have known for some time that lots of community-based groups across our area would like to open accounts with us. In a recent member survey we asked our existing members if they knew of any groups that would be interested. The response was very positive. They see us as a dynamic and trusted organisation offering a different approach to the faceless multi-national banking corporations.

What the changes mean for credit unions

“ We will be able to link with the larger companies especially in Canary Wharf. We have one organisation that wants to open a corporate fund with us so that they can help the financially excluded in Tower Hamlets. We cover both Tower Hamlets and Hackney where there are a large number of financially excluded residents preyed upon by loan sharks. The help from corporate funds would help us expand our offer of affordable services to more of the local community.

Also, changes in regulations would help many housing associations who have links or schemes with us. Many registered social landlords (RSLs) have properties outside of our common bond, which means we are unable to help all their residents. The change would mean we can expand our services to their other residents who may live in other parts of the country, thereby helping RSLs offer a better service to their residents with affordable credit and sound savings.

”
Jo Everest – Community Relations Manager,
 London Community Credit Union

"Being owned by, and working to support the people of Hull and East Yorkshire, was often mentioned as a key point of difference. We are planning to offer a simple, easy to use account to provide local organisations

with a safe home for their spare funds, while managing their receipts and payments efficiently without fuss."

To find out more about the legislative changes visit www.abcul.coop.

What the changes mean for credit unions

“ We are planning to add some housing associations onto our common bond when the LRO comes into effect. The main one up to now is Great Places who have 15,000 homes across the North West. We are also planning to introduce differentiated interest rates in order to attract more savers.

”
Christine Moore – Manchester Credit Union



Hull and East Yorkshire Credit Union staff outside the credit union's new Hull central branch waiting to welcome new members.

House of Commons Fair showcases credit unions

CREDIT UNIONS and partners showcased their work to MPs and policy makers at a Credit Union Fair and Reception at the House of Commons in November. The event was organised by the All Party Parliamentary Group on Credit Unions and sponsored by Santander.

Credit unions from across the country attended the event to show how they work with partners including housing providers, employers, schools and prisons to bring financial services, including convenient savings accounts, affordable credit and current accounts to their members.

This included Castle and Minster Credit Union, which is working in partnership with Kirklees Neighbourhood Housing (KNH) to set up and administer a budgeting account for KNH tenants and leaseholders. Assisting tenants to manage their money is part of the landlord's work to help its tenants transfer to Universal Credit and direct payments. Through the scheme, Castle and Minster will provide transactional banking via the Credit Union Current Account to those without access to a bank account.

Also exhibiting was Clockwise Credit Union, which has many strategic partnerships for advancing the financial wellbeing of the people of Leicestershire. For example, the credit union works with the Department for Work and Pensions to extend affordable credit through the Growth Fund. Another key partnership is with

local schools, whose pupils run their own regular credit union collection point and learn vital money management skills as a result. In addition, a local Citizens Advice Bureau runs a regular debt project in Clockwise's offices.

Partnerships with employers and employees' representatives were also highlighted at the event. Voyager Alliance Credit Union represented the four credit unions serving workers in the public transport industry. They were joined by Mersey Travel, which as the Merseyside Passenger Transport Executive helped to form the credit union to provide services to its employees. All four transport credit unions now sit within the top 20 credit unions in Britain by size. The Police Credit Union was joined by the West Midlands Police Federation, with which it has a long standing partnership.

Chair of the All Party Parliamentary Group on Credit Unions, Damian Hinds MP, said: "Today's event is testament to the excellent work credit unions are doing across the country with a wide range of partner organisations in order to bring ethical and affordable financial services to those that are most in need.



The speakers at the event (from left to right): Damian Hinds MP, Alan Eagle from the Santander Foundation and Antony MacRow-Wood (ABCUL President).

Now that the Legislative Reform Order is in place, this type of partnership working will become much easier to expand to the great benefit of many across the country. It was particularly heartening to hear the cross-party support that credit unions enjoy in the Westminster Hall debate on Credit Unions and Financial Inclusion which took place alongside the Fair."

Responding to the debate on the role of credit unions in promoting financial inclusion, which was held the same day in Westminster Hall, Department for Work and Pensions Minister Chris Grayling MP said: "We regard the sector as enormously important. We want to see credit unions grow and develop in an effective and efficient way, delivering support to those in debt at the bottom end of the income scale, driving to the heart of communities, attracting savings from a broader range of people and sources, and absolutely at the heart of what we hope to deliver for local communities and, as my honorable friend the Member for East Hampshire [Damian Hinds MP] says, the Big Society, through the community groups that will give support right across the country."



Damian Hinds MP with Loanna Morrison from the Conservative Co-operative Movement and Jo Purdy from Clockwise Credit Union at the fair.

Credit unions and prisons project



UNLOCK, THE National Association of Reformed Offenders, has teamed up with Paul Jones from Liverpool John Moores University to support the long-term development of partnerships between credit unions and justice agencies in England and Wales.

The purpose of UNLOCK is to enable people who are serving or have completed sentences, and their families, to access community financial services in order to build a positive future for themselves.

Research by UNLOCK and the Prison Reform Trust (*Time is Money*, 2010) and Liverpool John Moores University (*Banking on a Fresh Start*, The Co-operative Bank, 2008), has found significant difficulties in accessing basic financial services. *Time is Money* concluded credit unions are in a unique position to help, through their products, services, experience and ethos. Prisons and credit unions have already begun building community partnerships, generating examples of both best practice and significant challenge.



White Rose Credit Union Ltd

One of these credit unions is White Rose Credit Union, which operates in Wakefield, West Yorkshire. Richard Stevens from the credit union said: "We have been working with Wakefield Prison since 2009 by opening saving accounts for prisoners and then upgrading to a Current Account just prior to release. There is clear evidence that one of the significant factors in reducing re-offending is to have access to financial services on release; White

Rose are pleased to be able to offer this service in conjunction with their partners in the Prison service."

The action research project will form an expert consultation group, review relevant policy, conduct a survey and engage with practitioners. It will share learning via both practical guidance for practitioners and a report for Ministers and officials on the benefits, barriers and options for the strategic expansion of partnerships between credit unions, prisons and probation.

If you or your organisation would like to contribute to the research, please contact julie.harmsworth@unlock.org.uk or p.a.jones@ljmu.ac.uk.

25th anniversary fun day

NO1 COPPERPOT Credit Union celebrated its 25th anniversary recently with a fun day outside its offices in Cheshire.

In 1986 a group of Greater Manchester Police (GMP) officers decided to start their own credit union. Initially they sought the support of the National Police Federation, but when this wasn't forthcoming, decided to go it alone and create the Greater Manchester Police Credit Union, with backing from the then GMP Chief Constable and the ABCUL CEO at the time, Len Nuttall.

Following the success of the new venture, the credit union eventually merged with the North Wales and Cheshire Police Forces Credit Union to become the No1 Police Credit Union. Then, in 2006, No 1 Police Credit Union joined with CopperPot Credit Union, which covered many police forces in the east of England, to form No1 CopperPot Credit Union Ltd.

To celebrate its 25th anniversary, the credit union organised a Family Fun Day in and around its offices in Cheadle and, despite the rain, lots of members came along to enjoy performances from the GMP band, see vintage police cars from Police Car UK and take a turn on the bouncy castle and rodeo bull!



On reaching 25 years CEO Frank Corcoran said: "A year is a long time in politics, 25 years is a long time in the credit union world. During that time we have seen growth from not only the GMP force but also expansion into other police forces, including mergers with North Wales and CopperPot.

"I have been fortunate to be here for 11 of those years, but even in that relatively short time No1 CopperPot has grown from providing a basic savings and loan account

with 6,000 members, to offering a whole range of services including highly regulated ones, like ISAs, and mortgages to over 22,000 members from 42 police forces, spread across the whole of England and Wales."

The fun day was very successful and a great way for credit union members to celebrate. The credit union is now looking forward to another 25 successful years!

www.no1copperpot.com

Community finance for London

IN NOVEMBER, around 80 people from London boroughs, community groups, credit unions, social housing providers and organisations working to support local communities in London attended the "Community finance for London" seminar.

This was organised by London Councils, the membership body for all London local authorities. The idea was to prompt a discussion on how local authorities, social housing providers and debt advice agencies could work more effectively with credit unions and social finance organisations to help people to save, to fight over-indebtedness and poverty, and to achieve financial stability.

The seminar was occasioned by the recent publication of the report, "*Community Finance for London: Scaling up the credit union and social finance sector*", launched in the House of Commons in July. Written by Dr. Paul A Jones of Liverpool John Moores University and Anna Ellison of Policis, and supported by Santander, the report explores the nature and potential of credit union expansion in the capital.

Rapid expansion

There are 35 credit unions operating within Greater London; and now anyone who lives or works in 27 of London's 33 boroughs can join a credit union. There are also plans to open credit unions in two further boroughs. This marks a rapid expansion over the last 10 years and credit unions are now growing in London faster than they are in Britain generally. In the period 2005 to 2009, their assets grew by 92%. Apart from Fair Finance, a social firm in East London, credit unions are the only community finance institutions offering affordable financial services in the capital.

London includes some of the most deprived communities in the UK and faces a pressing need for affordable credit union financial services. People on low incomes have lower incomes than the national average for low income households; and, despite a need to borrow, they face greater difficulties in accessing credit than people on low incomes elsewhere in the UK.

In the seminar, Paul Jones offered, based on the findings of the report, an analysis of the impact of credit unions in communities throughout London and highlighted some of the organisational and financial challenges still faced by the sector. He argued that credit unions now have a new opportunity to expand their reach throughout the city but success



will depend on a step-change in their organisation and management, and on a new radical collaborative approach to their development.

New opportunities

Mark Lyonette, Chief Executive of ABCUL, explained the new opportunities to be offered to credit unions through new legislation and regulation and how this would widen the scope for local authorities, social housing providers and others to engage with the credit union sector more effectively. New products and services, he explained, are also coming on line, and there was considerable interest shown from participants in the credit union pre-paid debit card and budgeting accounts.

Some of the major issues raised in the seminar included how credit unions could assist people into work and away from welfare dependency and how they could support people to manage the transition to Universal Credit. There was significant interest shown by many in developing greater links with the credit union sector.

Mark Brangwyn, Head of Community Services at London Councils, remarked in closing the seminar: "Our seminar delivered the promise – credit unions and Fair Finance have a real

Community finance for London

Scaling up the credit union and social finance sector
Paul A. Jones & Anna Ellison



Supported by



contribution to make to London and with some extra help from working with boroughs, they can play a greater part in tackling poverty, creating opportunities for saving and helping people not to fall into debt. Paul Jones' excellent review of community finance in London was brought to life by the energy in the room."

Both an executive summary and the full document can be downloaded from <http://www.abc.ul.coop/media-and-research/research/london-community-finance-report>.

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SNP delegates out in force for credit unions

ANOTHER BUSY party conference season for ABCUL came to a close in October with a fringe meeting at the SNP Annual Conference in Inverness.

Following successful events at the Liberal Democrat, Labour and Conservative conferences, the cross-party support for credit unions was once again evident as a full house of 85 SNP delegates came to hear John Wilson MSP – Vice Convener of the Scottish Parliament's influential Economy, Energy and Tourism Committee and also the new Convener of the Cross-Party Group on Credit Unions – and ABCUL Chief Executive Mark Lyonette speak about the potential for credit unions to provide a viable alternative to commercial banks in a more diversified financial sector.

Enthusiasm

Mark Lyonette said: "At all the party conferences, the appetite of delegates for a different way of providing financial services has been evident, and the widespread enthusiasm for credit unions has been greatly encouraging.

"It was clear at the SNP conference that people are looking for more options about where to save and borrow, and many bemoaned the demise of so many of the mutuals that were once a substantial feature of Scotland's financial services landscape. There could be a historic opportunity for credit unions to step up to fill that gap in provision."

In Liverpool, Manchester and Birmingham, ABCUL once again joined together with other providers of mutual financial services to hold fringe meetings at the conferences of the Liberal Democrats, the Labour Party and the Conservative Party. Mark Lyonette updated delegates at each event on developments in the sector.



Guests at the Holyrood Reception listening to speeches.

Holyrood celebrates credit unions

OVER 50 GUESTS from the credit union movement, supportive organisations and MSPs from across Scotland gathered at the Scottish Parliament to celebrate International Credit Union Day at the end of October.

The reception was organised by ABCUL and hosted by John Wilson MSP, SNP Member for Central Scotland, who formally announced the re-establishment of the Scottish Parliament's Cross-Party Group (CPG) on Credit Unions. The CPG will resume its programme of meetings in this new Parliamentary term with John as Convener and Scottish Labour MSP for Glasgow Anne McTaggart as Vice Convener.

Also speaking at the event were ABCUL Chief Executive Mark Lyonette and Ann Robertson MBE from 1st Alliance (Ayrshire) Credit Union.

Mark spoke about the exciting opportunities which lie ahead for Scotland's credit union movement with legislative change for the sector imminent at Westminster, while Ann spoke about her experiences as one of 1,800 international delegates at the World Credit Union Conference in Glasgow last July, which ABCUL's Scottish Chapter sponsored her to attend.

Guests also had the opportunity to visit stands hosted by Dumbarton Credit Union, 1st Alliance (Ayrshire) Credit Union, Scottish Police Credit

Union and The Transport Credit Union which were set up around the room to demonstrate the range of services Scotland's credit unions offer to a diverse membership.

Mark Lyonette said: "We're now very close to seeing legislative reforms implemented which will free up the credit union movement in Scotland and across Britain to offer a wider range of services to a much wider potential membership.

"It was great to see not only MSPs taking the opportunity to talk to credit unions about their services and their future plans at this event, but also the variety of supportive organisations from the likes of the housing sector, advice sector, local authorities and employers who could be able to enter mutually beneficial partnerships with credit unions when the law changes.

"The inspiring message to come out of the event was that if credit union movements around the world provide real competition and diversity as ethical players in the financial services market, then why shouldn't Scotland be the same?"

(From left to right): ABCUL Director Carol McHarg and Ann Robertson MBE from 1st Alliance (Ayrshire) Credit Union with new CPG Vice Convener Anne McTaggart MSP.



Mark Lyonette with John Wilson MSP at the SNP Conference.

International Year of Co-operatives 2012

By Barbara Hodgson, Regional Manager, Charity and Social Enterprise Team.

The co-operative bank
good with money

MANY PEOPLE understand the support The Co-operative Bank provides to the financially excluded here in the UK.

Through its long-standing support for the credit union movement, and other pioneering initiatives such as the bank accounts for prisoners' scheme, the Bank has been at the forefront for some time.

However, most people are unlikely to understand the level of support the Bank provides beyond the UK.

Last month, representatives of the Bank were at the United Nations in New York for the launch of the UN's International Year of Co-operatives 2012.

The year will recognise the role the business model plays in progressing social and economic development of communities across the world and will see a series of events held across the world between now and the end of next year.

The sector is estimated to have 800

million members worldwide and employ around 100 million people – more than multinationals combined. Whilst the top 300 co-operative businesses alone generate a combined turnover of \$1.6 trillion, enough to make it into a

It followed this by creating a special \$50 million fund to participate in similar initiatives and provide loans to individuals who might otherwise be denied access to credit. The loans are used to set up small businesses that

“ *In 2005, the Bank contributed \$5 million to a microfinance fund which subsequently helped 300,000 borrowers to launch or grow micro-businesses.* ”

top 15 economy in the world. Of which co-operative financial institutions and credit unions are a significant part.

To coincide with the UN event, the Bank announced the launch of a new type of international investment scheme that will provide much needed finance to third world co-operatives for capital and infrastructure projects.

Micro-businesses

The concept already has the backing of institutions from the UK, US, China, India and France. It will attempt to raise \$50m to provide low cost loans to third world co-operatives, where such funding is in short supply because traditional lenders are either not active in this market, do not sufficiently understand the co-operative business model, or because businesses have limited collateral to put forward.

This initiative builds on the Bank's support for microfinance which provides finance to small businesses in some of the world's poorest countries.

In 2005, the Bank contributed \$5 million to a microfinance fund which subsequently helped 300,000 borrowers to launch or grow micro-businesses.

generate much-needed income; allowing people to trade their way out of poverty, improve the lives of their families and contribute to their communities.

Here in the UK, The Co-operative Bank's support for credit unions goes back over many years and includes preferential banking, joint research into the causes and effects of financial inclusion and providing the back-office systems for the ABCUL current account scheme.

The two organisations are like minded and the Bank sees its support for credit unions as part of a way to help tackle financial exclusion as well as support the movement more generally.

Historically, the Bank has taken a lead in trying to demonstrate within the industry what can be done around financial inclusion.

The Bank remains committed to helping to tackle financial inclusion both at home and abroad and sees its long-standing links to the credit union movement as a way to help support this in the UK.

Barbara Hodgson,
Regional Manager,
Charity and Social
Enterprise Team.

