

**Creating Wealth in the West Midlands through
Sustainable Credit Unions**

ACTION RESEARCH PROJECT

**The Establishment and
Development of
South East Birmingham
Community Credit Union Ltd**

Conducted by the
Birmingham Credit Union
Development Agency

**WMSEP Action Research Project
Birmingham Credit Union Development Agency**

Contents

1	Introduction	3
2	Contexts For The Research	4
2.1	The Research Team	4
2.2	The history of the merger	5
2.3	Demographic Issues	6
2.4	Aim Of The Research	6
3	Methodology	8
4	Research Design	9
4.1	Planning the research	9
4.2	Participants	9
4.3	Ethical Considerations	10
4.4	Gathering the data	10
5	BCUDA's Perspective	12
6	Evidence	13
7	Points of Learning	14
7.1	Making the Decision to Merge	14
7.2	Working In Partnership	15
7.3	Forming An Identity	17
7.4	Communication	18
7.5	New Structures	19
7.6	Timetables and the Business Plan	21
7.7	Growth	22
7.8	Resources	23
8	Significance	25
9	Appendices	27
	Appendix I Common Bond Area Profile	27
	Appendix II Ward Profile Summary	31
	Appendix III Interview Questions	32
	Appendix IV Interview Findings Summary	33
	Appendix V Members Questionnaire	36
	Appendix VI Summary of Membership Survey	37
	Appendix VII Key Functions	43

1 Introduction

This action research report examines credit union development through the perspective of a merger. It seeks to determine if there are points of learning from this particular experience that can be of value to the credit union movement as a whole at a time when credit union mergers are becoming more common and more popular.

The methodology of action research enables us to ask questions about our own practice as well as generating insights into the experience of a merger for the other key participants. As a development agency, we uphold the values of community development practice. This report not only explores the issues directly relating to the merger experience; it examines whether such practice has value and shows the progression of our own thinking in the course of supporting the merger.

We believe that we can claim that this research has led to increased knowledge for ourselves and that it can offer helpful points of good practice to be considered when a merger is being planned and undertaken. Aware of current emphases on the need for evidence-based practice, we produce authenticated evidence to support our claim that we have made contributions to improving practices in the development of mergers.

2 Contexts For The Research

2.1 The Research Team

Birmingham Credit Union Development Agency (BCUDA) was set up in 1987 to support the promotion, registration and development of credit unions in Birmingham in an effort to combat financial exclusion. BCUDA is currently engaged in a wide variety of work to deliver this strategy.

The Agency is a non-profit making limited company. It is run by a voluntary Board of Directors, which includes elected volunteers from Birmingham credit unions. BCUDA employs 14 staff who have a range of different responsibilities; development, finance support, shop management, administration. It is currently based in Digbeth but has a shop premises in Kings Heath that is also the registered office for the South East Birmingham Community Credit Union (SEBCCU), the subject of the research.

SEBCCU was the first merger that BCUDA was involved in supporting. As a staff team, we were keen to monitor our own learning in this process and to make our account of learning public so that we could bring our previous learning to current contexts. We wanted to share our learning so that other people could learn from our experience and develop what they have learned in their own contexts.

The development worker was asked to co-ordinate the research and to work with a consultant to plan out the research and to write up the results. With the agreement of the rest of the staff team, an action research approach was chosen as it met the commitment BCUDA has to democratic forms of working. In reality, due to the gap between the SEBCCU merger being completed and the research being funded and undertaken, as a staff team we have already utilised our experience in supporting a merger that is taking place in the North area of the city. We have been able to build on concepts, material, and structures generated by SEBCCU's experience to inform the approach taken by the credit unions in the North, repeating elements that seemed to work well when SEBCCU were merging. However, this learning has not been systematically documented or assessed until now in order to consider its value and effectiveness. Undertaking this research has also encouraged us to be both honest and critical in our reflections and has highlighted the value of giving more time to the evaluation of our practice. It has both confirmed informal understandings, giving them credence and validity, and raised points of change that needed to be addressed in order to improve our practice.

2.2 The history of the merger

In 1996 three credit unions, Sparkbrook Credit Union Ltd (SBCU), Sparkhill and Springfield Credit Union Ltd (SSCU) and Balsall Heath Credit Union Ltd (BHCU), discussed making a bid for funding from the Single Regeneration Budget Phase 2. One of the aims of the project was:

'to promote partnerships between 3 existing credit unions so as to strengthen each of them and add value to the project' (SRB2 Project Proposal Form).

The bid was for three workers who would support the development of the credit unions. This proposal was accepted and the funding obtained by the credit unions whose volunteers then formed a Steering Group to manage the workers. The three credit unions recruited staff and were all involved in the launch of the project. The Credit Union Development Project was launched on Friday 10 July 1998. The three staff employed by this project worked closely with BCUDA staff, but they were employees of the three credit unions not BCUDA. This project was a milestone in the merger process as it represented an acknowledgement that working together with other credit unions would be mutually beneficial.

The Steering Group began discussing the idea of a convergence, and expressed an interest in working towards developing common systems and transparency of accounting across the three credit unions. The group agreed that the convergence should be a standard agenda item from December 1998. A convergence working party was established with representatives of the three credit unions. They agreed that sharing information between the three credit unions would be beneficial and the credit unions then began to circulate monthly financial statements. Alongside this sharing of information it was agreed that there was a need to reach agreement on common policies and procedures.

A joint day on 24th April 1999 was organised and facilitated by the staff of the Credit Union Development Project to enable the volunteers to meet together to plan the future and explore the idea of merging. Problems were identified at this stage, in particular, defining the common bond of the new credit union. Doubts were expressed as to the location of a central base and accessibility for members. In January 2000 Sparkhill and Springfield Credit Union withdrew from the merger process and the Credit Union Development Project.

New partners came forward to join the partnership. Green Hollies Study Group was formed as a result of a Council of Churches millennium project. The study group initially wanted to form a new credit union but after gaining information from volunteers from BHCU and SBCU

decided to become involved in the merger. Warstock and Yardley Wood Credit Union (WYWCU) also became part of the proposed merger.

A series of training days were then facilitated by BCUDA staff and involved practical training on the range of committee duties but also allowed volunteers to meet and develop relationships with each other. As a result of these days it was agreed that the volunteers would have a Shadow Board that would meet in preparation for the launch of SEBCCU. The opening of the Credit Unions Shop in Kings Heath provided a valuable focal point for the volunteers and staff. The members of the Shadow Board had a sense of ownership of the premises and a new sense of purpose was established.

The Informal Submission was sent to the FSA in October 2000.

SEBCCU was officially registered with the FSA in February 2003.

2.3 Demographic Issues

South East Birmingham Community Credit Union (SEBCCU) was the first community credit union merger to be registered in Birmingham. The new credit union covers 7 wards in the South East Birmingham area with a population of 178,537 (see Appendix I). The expanded common bond covers a population that is economically diverse with areas where indices of deprivation are considerably higher than average, such as Sparkbrook, amongst some more affluent areas, for example Moseley. This is providing good opportunities for the credit union to meet both its social goals and economic requirements (see Appendix II). It currently operates 8 collection points across its common bond area as well as using the Credit Union Shop in Kings Heath. It has 923 members and a volunteer base of 40 volunteers.

2.4 Aim Of The Research

During the period of time that the merger application took, other credit unions expressed an interest in knowing whether SEBCCU could provide them with information and advice about mergers. They were particularly interested in knowing how the decision making over merging was conducted, and what factors had prompted the SEBCCU credit unions to decide to merge. Interest was also expressed in the process itself, how the separate credit unions had successfully formed one larger group. BCUDA had been closely involved in supporting the merger through providing staff resources, facilitating training and joint planning sessions, assisting with the Financial Services Authority (FSA) paperwork, and helping to establish shadow committees in preparation for the merged credit union. BCUDA was keen to determine which elements of SEBCCU's merger experience were specific to their own

Birmingham Credit Union Development Agency

situation, and what could be transferable to inform future mergers elsewhere in the city. As a team who had formulated an approach to supporting the merger, BCUDA also wanted to identify what elements of our practice had resulted in positive outcomes, and what needed to be altered in the light of the findings. We hoped that our own learning experience could be of value to other agencies, workers and volunteers involved in the credit union development field.

3 Methodology

BCUDA began this research project from the point of view of analysing a credit union merger as experienced by the credit unions that formed SEBCCU to determine what lessons could be learnt for future mergers. However, in conducting the research, we became aware that as members of BCUDA, we could not be placed in the role of an external observer as we played an integral role in both the process of the merger and how it impacted on those taking part. Just as SEBCCU's experience produced information for other credit unions undertaking mergers, BCUDA's experience as a team of workers engaged in the process has altered our thinking and our practice in supporting such credit union mergers.

Therefore in conducting this research, a framework that allowed BCUDA to be part of the evaluation process needed to be developed. The question to be asked was not simply what can be learnt from SEBCCU's experience, but also what has BCUDA itself learnt from being engaged in SEBCCU's experience? How has BCUDA altered its practices as a result of evaluating past practice in order to create a more effective means of supporting future mergers in Birmingham?

The action research undertaken was part of a larger set of projects being supported by the West Midlands Social Economy Partnership (WMSEP), of which BCUDA is a member organisation. As part of their ongoing support for these funded projects, WMSEP organised external training to ensure that all participants developed confidence around the principles and practices of action research as a research methodology, and that the action research reports being produced were of sufficient quality to merit recognition as research reports. Taking part in this training enabled us to re-assess our findings and to recognise that our own experience and learning was a core aspect of the research presentation. Action research has given us the opportunity to be involved in our own research, addressing areas of learning that have arisen, with the intention of improving our practice. The practical problem solving approach of action research, coupled with its emphasis on change and improvement through learning for all, gave us a framework that allowed us to explore the merger experience in a way that gives value both for other credit unions and for ourselves. It enabled the research findings to be placed in a more integrated context with all those involved, both volunteers and workers, explaining their learning. This in turn reinforces the mutuality of the experience and challenges a 'top down' approach to learning. Rather than workers imparting knowledge down to volunteers, everyone learned from each other and from the experience of working together to identify the best way forward.

4 Research Design

4.1 Planning the research

In planning the research, we wanted to determine how the merger had impacted on the main SEBCCU volunteers who were involved in organising the merger and to record their perceptions. We also wanted to ascertain how the merger had affected SEBCCU members who were not volunteers and thus were not so closely involved. We therefore decided to carry out two separate sets of data gathering with these two groups, utilising different approaches that bore in mind the amount of time the two groups would be prepared to give to the research process. We opted for interviewing the key volunteers face to face to give the opportunity of in depth responses and to draw on their skills and knowledge. With the non-volunteer members who were visiting their collection points for transaction purposes, we elected to request they fill in self-completion questionnaires.

The research was planned to be carried out over the period from June 23rd 2003 to March 19th 2004. The development worker for BCUDA co-ordinated the research, collated the results and wrote up the report. The research was co-ordinated from BCUDA's main office in Digbeth. An external consultant arranged to carry out interviews with the key volunteers during July, August and September 2003. The decision to use a consultant was partly time driven, recognising the time limitations we as BCUDA's staff team were facing. However, we also felt that when the opportunity to take on this particular consultant arose, we wanted to utilise her skills and her past knowledge of working with the credit unions involved. Through her employment with them as part of the SRB2 Credit Union Development Project, she was a known and well-regarded person. She was also able to approach Sparkhill and Springfield and obtain an interview on why that credit union had decided to withdraw from the process.

4.2 Participants

The main participants identified to be interviewed were the key volunteers involved from the original credit unions and study group who now form the new SEBCCU Board and committees. The volunteers were asked to participate because they were so closely involved with the merger and represented the original credit unions as well as the new merged credit union. 'Frontline' volunteers, that is, volunteer cashiers, were also interviewed. Volunteer cashiers are often described as frontline because they operate the collection points that give members their point of contact with the credit union. The consultant met with the participants wherever was most convenient for them; BCUDA's Kings Heath shop, local collection points, people's place of work or their homes.

For the membership survey, members were selected randomly and asked to complete a short questionnaire. This was kept short and straightforward in recognition that members were visiting the collection point to carry out transactions and would not want to be filling out a long or complicated form. BCUDA staff at the shop premises in Kings Heath distributed the members' questionnaire through the shop and the local collection points from September to December 2003.

4.3 Ethical Considerations

BCUDA is conscious that ethical considerations are extremely important in relation to action research. We wanted to ensure we observed good ethical practice throughout our research. We discussed the proposed research with SEBCCU, asking the Board to consider the proposal and seeking agreement before the research was started. Before undertaking the interviews, the consultant attended a SEBCCU Board meeting to discuss her role and to ask permission to carry out interviews. She informed them of the research aims, the methods of data collection and assured them that there would be confidentiality. We decided that if permission to use direct comments from the interviews was obtained, we would use a numbering system with the participants to ensure anonymity.

4.4 Gathering the data

We wanted to find out what the volunteers' perceptions of the merger process were, how agreement was reached, what structures seemed helpful, and what problems they felt were encountered during the process. All the participants identified were asked if they would like to be interviewed. Fifteen volunteers subsequently took part. We aimed to establish the data required through semi-structured face-to-face interviews. We agreed with the consultant a set of basic questions (see Appendix III) designed to act as prompts. The interviews were to be kept informal, focusing on the volunteer's individual perceptions rather than identifying a set of facts. All information given was to be regarded as part of the interview, whether the question was answered or not. The interviews were tape recorded and then transcribed. The transcripts were analysed in terms of common themes and learning points. A summary of the interview findings, highlighting common themes and learning points was prepared and submitted to WMSEP as a required milestone at the end of September 2003 (see Appendix IV).

The consultant also designed the members' self completion questionnaire (Appendix V). We were looking for less detailed information from non-volunteer members and wanted to know if they had been aware a merger had taken place and if so, how had this

affected the levels of service they were receiving. Members' perceptions were recorded through the single sheet self-completion questionnaires distributed at collection points and through the Credit Unions Shop. These responses were collated and a summary of the questionnaire findings, highlighting common themes and learning points was prepared and submitted to WMSEP as a required milestone at the end of December 2003 (see Appendix VI).

The consultant also prepared an area profile, historical performance statistics and collated written minutes, reports and other documents that related to the merger which form part of the data archive.

5 BCUDA's Perspective

In conducting this research, we as BCUDA's staff team want to acknowledge that we have approached it from a pro-merger perspective. Mergers are an important feature of BCUDA's current city wide strategic business plan, which promotes them as the key to sustainable and accessible credit union services in Birmingham. This is not therefore a piece of research that critically examines the principle of merging, whether a merger is a 'good' or 'bad' option. This research is for us to establish helpful insights into the process of merging for the benefits of other credit unions considering a merger, and to examine our practice in a critical manner to improve our support of future mergers, to ensure the experience is as smooth and effective as possible.

It is also important to establish that we approach credit union support from a community development perspective, believing that the social inclusion agenda can be best served by keeping in balance both the economic and social goals of credit unions. Our development strategy recognises the importance of creating economies of scale whilst enabling local ownership and control. As the merger process unfolded, there was a growing recognition that, in community development terms, setting up a new credit union through a merger of existing credit unions was for us significantly different to registering a new credit union. Instead of bringing together a set of individuals and forming a group that can work well and efficiently together, a merger requires existing groups who already have their own methods of working to adapt to a new structure that may well require significant alterations to their policies and practices. The merger offered opportunities to develop new approaches that focused on integrating established groupings into one entity. Community development input is notoriously difficult to quantify or assess to the detriment of both its appreciation and recognition. In undertaking the research, we were also interested to see if our perceived input of community development support would be overtly reflected in the perceptions of the volunteers.

6 Evidence

We were able to draw on the detailed interview transcripts in particular which gave valuable insights into the merger process from a range of perspectives. These transcripts are in our data archive. We looked to highlight common areas of comment or concern to establish the main themes. We were also able to utilise the membership questionnaires despite a relatively low return. In retrospect, we would have promoted these more actively although there is no way of knowing whether members would have been any keener to complete them. The completed questionnaires are in our data archive. As a staff team engaged in different aspects of the merger at different times, we were also able to reflect on training material, planning day reports and merger facilitation notes to document the type of activity we undertook during the merger. But it is the interviews that lie at the heart of this research as they gave an opportunity to record what the experience of the merger really meant for the different volunteers involved, to elicit whether the reality of the process matched their expectations.

7 Points of Learning

Through the evidence presented below, we feel we are justified in saying that there are particular points of learning that will be of use to other credit unions from which other credit unions can learn when considering a merger, and which have affirmed some of our practice and altered other aspects of it.

7.1 Making the Decision to Merge

Credit union mergers are becoming more common, with varying models evolving in different parts of the country. Credit unions make the decision to merge through the democratic agreement of their members. However, given current practices, it is likely that the elected Boards of Directors will have been discussing the pros and cons of merging before any such decisions are invited. The factors that lead to this decision were something other credit unions in Birmingham had been asking BCUDA workers about at their Cluster meetings. The perception often expressed is that a merger is a last resort when no other action is feasible: 'If we don't improve, we'll have to merge.' Deciding to merge can therefore be seen only in a negative way and as a sign of failure. The research showed that although sustainability issues may highlight the need to take merger action, there are also perceived benefits to merging. The volunteers interviewed felt that they were going to struggle to remain viable without an injection of new volunteers, and sharing the responsibilities was a driving force.

'We were worried about the levels of volunteers'

(Participant 10 interviewed 3/09/03)

'We were all struggling in similar ways'

(Participant 3 interviewed 4/08/03)

'A lot of the anxieties around merging were based on fear'

(Participant 4 interviewed 3/09/03)

However they also felt that it was a positive development. They saw the merger as a way of flourishing rather than just surviving, and recognised that they would be able to achieve far more together than if they remained separate. Above all, they were concerned with delivering the best possible service to their members.

'It made sense to pool resources'

(Participant 3 interviewed 4/08/03)

'I would advise all community credit unions to merge'

(Participant 15 interviewed 6/09/03)

‘‘At the beginning there was a real sense of togetherness and a strong sense of purpose’ (Participant 6 interviewed 12/08/03)

Membership service and satisfaction should lie at the heart of any decision-making taken by a Board of Directors when considering the future of their credit union. SEBCCU’s members feel that on the whole, their level of service has not been affected with over 90% indicating in the members’ survey that services have stayed the same or improved

We feel that SEBCCU’s experience demonstrates the practical benefits of smaller credit unions merging and the exciting synergy that is generated. When discussing mergers with other cluster groupings, we will be highlighting these benefits as well as the necessity, with the added evidence of SEBCCU’s experience.

7.2 Working In Partnership

In the process the South East credit unions followed, one credit union is nominally the ‘lead’ credit union. However it is important that in the process, there is agreed equality within the partnership, with no one credit union being regarded as better or more important than the others. The research demonstrates the determination of the credit unions to ensure that there was equality of representation in all decision-making structures to ensure a wide base of local knowledge from across the different areas.

‘It was agreed that every credit union should be represented on the new shadow board’ (Participant 3 interviewed 4/08/03)

‘Trying to ensure that there were representatives from the different areas on the committee (Participant 11 interviewed 20/08/03)

This structure of equality also enabled those involved to find new ways of working together to generate a strong united partnership.

‘What was so exciting at this stage was that we had big day events with 50-60 volunteers attending these events and discussed a raft of issues’ (Participant 6 interviewed 12/08/03)

‘This was a good way of people coming together and honestly expressing themselves’ (Participant 4 interviewed 7/08/03)

‘though we were not really known to each other we got to know one another. Working through scenarios and problems, spotting the expertise other people had and seeing them make decisions and how wisely they behaved gave a great amount of respect’ (Participant 11 interviewed 20/08/03)

With three established credit unions coming together, some of the volunteers involved had each been carrying out specific roles for a number of years, working in their own established ways. People were comfortable with their own credit union's mode of operation. In facilitating merger discussions we have found that in principle most people think standardisation is a good idea. However in practice they tend to mean that everyone else will adopt their policies rather than there being shared compromise, and this becomes apparent when discussion moves from agreeing the principle to examining current differences.

The challenge for everyone involved in this merger process was to avoid highlighting differences at this early point and instead to find a way of working together that focused discussion and decision-making on an effective workable structure for the new common bond.

BCUDA and the volunteers took the opportunity to find a different approach through looking at the organisation of the credit union not in terms of roles and positions but in terms of the key functions required to ensure a successfully run credit union over a wide common bond area (see Appendix VII). Instead of spending time thinking about who will do what using whose way, the question became, how can we all work together to identify solutions that meet these key function requirements.

'Decisions were made about who wanted to be involved in the different functions rather than those who wanted to take up specific positions.'
(Participant 1 interviewed 17/07/03)

Looking at the structure in terms of functions offered a new playing field for everyone to become involved with no particular aspect being viewed as more important than any other.

'In a sense the volunteers were more interested in becoming part of the team carrying out the function rather than the position'
(Participant 2 interviewed 17/07/03)

Task groups emerged through the training days to consider different key function areas. Scenarios were used to explore the reality of implementing key function requirements, to check out whether the suggested solutions would work in practice. Working in task groups encouraged teamwork and focused individual minds on the real nuts and bolts of running and managing the Credit Union.

As tasks were completed and the submission made to the FSA, task groups evolved into a shadow committee structure with people signing up for roles and positions of responsibility. The perceptions that arose out of the interviews were that the whole process seemed natural and had consensus rather than conflict at its heart.

*'No formal process much more a sense of evolving roles'
(Participant 5 interviewed 11/08/03)*

*'There was a relatively informal process about people saying they wanted to be involved in a particular area. By the time we got all the people who wanted to be involved together, there wasn't much of a clash'
(Participant 6 interviewed 12/08/03)*

*'when we began meetings of the proper shadow Board for SEBCCU we already had the mutual respect and admiration for one another'
(Participant 11 interviewed 20/08/03)*

Although there were some disagreements, by the time people were being asked to sign up for roles, most of the essential differences had been worked through and there was clarity over how roles could be assigned. We have used the key functions approach with other cluster groupings in Birmingham to generate discussion and highlight areas of similarity. Rather than time being taken up with looking at differences, people are able to start from a position of areas of agreement. The research appears to confirm that this is a useful route to pursue.

7.3 Forming An Identity

During SEBCCU's merger process, BCUDA was also working to meet recommendations that had been generated by research into the future of credit unions in Birmingham recorded in the report 'People, Communities and Credit Unions'. One of these recommendations called for the establishment of credit union shop front premises to improve access to credit union services and to raise the profile of credit unions. We were successful in obtaining European Regional Development Funding that enabled us to secure and refurbish shop front premises on the Kings Heath High Street in the proposed SEBCCU common bond area. The shop project and the SEBCCU merger were not interdependent; nevertheless there were strong links that were mutually beneficial. BCUDA and SEBCCU saw the shop as a way of generating growth through new members and this was its stated primary objective.

However the research highlights the additional value the shop also had in helping to pull the SEBCCU partnership together into a strong identity. As soon as it was practically feasible, all training and shadow meetings took place at this new 'neutral' venue. The shop is now SEBCCU's registered office. Those interviewed identified the shop as a cohesive element that drew the different credit union groupings together. The shop had no previous 'history' of belonging to one particular group. It also had a concrete presence that contributed to

SEBCCU's feelings of existence, representing them in a solid, high profile manner.

'I wouldn't have had a sense of SEBCCU if it wasn't for the shop'
(Participant 13 interviewed 3/09/03)

'The shop gave everyone a new place in which all groups had ownership'
(Participant 1 interviewed 17/07/03)

This was not a benefit that we had really considered when planning the shop project, but is definitely a lesson for us for future mergers. A shop front is of course not a necessity from this point of view, but an identifiable base that has no previous 'ownership' has, as demonstrated by our research, been shown to galvanise the formation of a strong identity.

7.4 Communication

Good communication between Boards, frontline volunteers and members is always an important consideration for a credit union. The research shows in particular that there needed to be stronger communication between the Shadow Board and the frontline volunteers. In part this is a common issue for many credit unions, with frontline volunteers sometimes complaining that their Board of Directors do not keep them sufficiently informed about decisions. Frontline volunteers are the first point of contact for members and if there is a problem or a change of policy, it is the cashiers who often bear the brunt of any complaints. The research demonstrates that effective communication is vital to the merger process and that this was an area that on occasion broke down for SEBCCU, causing conflict and a lowering of volunteer morale.

'The merger isn't really the issue for members, it hasn't affected the members, more the cashiers as it is stressful'
(Participant 7 interviewed 19/08/03)

'In some ways there was 'too much' communication to cashiers who were told changes were going to happen only to then be told of more and more delays'
(Participant 1 interviewed 17/07/03)

Members on the whole were aware of the merger but were not concerned as evidenced in the survey (Appendix IV). However, volunteer cashiers felt excluded when they felt they had not been given enough information about the changes during the merger process.

'The main thing is there is no comeback, we feel completely out of the loop'
(Participant 8 interviewed 19/08/03)

'As a cashier have a sense that others don't feel as involved. Cashiers operate a rota system and this means some may have been kept informed however it hasn't been passed onto the next lot of cashiers.'
(Participant 2 interviewed 17/07/03)

There was also frustration around the amount of wrong information supplied or when too many changes were introduced at once, creating confusion. The three credit unions before merging were on manual book keeping systems. During the merger process, they moved to computerised systems and some volunteers saw the two processes as the same rather than distinct, which led to further confusion as to when the merger was going to be completed.

This was an area that we as a staff team had underestimated. Much time had been given to ensuring the Shadow Committees felt informed and that members had received sufficient information. Although some of the frontline volunteers attended the joint training days and all were invited, not all were present and did not receive the same levels of information or the same opportunity to ask questions.

The volunteers involved with the Shadow Committees had strong local links and quickly picked up on the dissatisfaction and confusion at the collection points. Although many of the registration delays were outside of their control, they did try to remedy the situation.

'I think the lessons we have learned mean I would ensure people on the ground could appreciate the process'
(Participant 4 interviewed 7/08/03)

It is also an issue from which BCUDA has learnt valuable lessons. In supporting future mergers, we will be suggesting communication structures that ensure frontline volunteers are kept informed. We also acknowledge that too much change at once is daunting and will be trying to encourage gradual rather than sudden changes in practice. The shop front has also been helpful in providing a source of co-ordination for communication and an accessible point of reference for cashiers to contact if they have a query or a problem.

7.5 New Structures

When planning the new credit union's policies and procedures, those involved were anxious to establish structures that enabled a smooth operation of the central business without losing the strong local links that were a strength of the original credit unions. The new common bond area offered many opportunities but it also created challenges in how the credit union would operate effectively over a significantly wider area. The new structure had to satisfy the remit of the registered rules and regulatory requirements whilst maintaining local connections.

Issues as simple as getting a cheque to the right place at the right time became a major issue when covering a large area.

'The critical thing in terms of the whole process is to make sure we are an effective business and to retain links to communities and to achieve the values we are there to serve.'

(Participant 6 interviewed 12/08/03)

'It was clear that the credit unions and the study group needed to ensure that the new credit union would retain a local focus. Training had to incorporate how this could be facilitated within the merged structure.'

(Participant 1 interviewed 17/07/03)

New structures were worked out during the planning and training sessions that were in addition to the standard three-committee structure. Team approaches were adopted for functions such as treasury work and supporting the supply lines of the collection centres. In recognition of the importance of local knowledge when dealing with loan granting, loaning officers were appointed to deal with straightforward loans. SEBCCU has also been able to utilise the shop and its paid staff who act as a co-ordinating point for information. They are able to provide some secretarial support as well as carrying out SEBCCU's back office processing and a range of administration services that support the work of SEBCCU's finance team. SEBCCU have made the shop manager a cheque signatory and the shop can deal quickly with straightforward loans.

When interviewed, volunteers felt that whilst there were structures designed to deal with covering a wider common bond, they did not feel that these were as comprehensive as they might be. There is a perception expressed that there is still work to be done to improve these, to make them more effective.

'Not sure all the structures are fully in place'

(Participant 2 interviewed 17/07/03)

'There are a lot of process issues we need to get on top of'

(Participant 13 interviewed 3/09/03)

With SEBCCU being the first merger in Birmingham, in many ways they are the pathfinders for such issues. BCUDA recognises that what was agreed in principle does need to be refined or altered in practice. The creation of new structures needs to be a fluid process. SEBCCU's strength is their ability to adjust to new circumstances and to have the confidence to change their approach to their structures if change is required.

7.6 Timetables and the Business Plan

There were particular difficulties for SEBCCU generated by ongoing delays with their application to merge. The informal submission was sent to the FSA in October 2000 during a transitional period, prior to the FSA becoming the official regulatory body for credit unions in July 2002. These delays had a detrimental effect on the development of SEBCCU. The volunteers felt that they were ready to operate in 2000, but the merger was not completed until 2003, affecting levels of enthusiasm and creating a sense of frustration. Volunteers felt strongly that this time delay affected the growth potential and that there was a loss of motivation amongst the volunteers, resulting in some volunteers dropping out.

'The delays caused by the slow working processes of the FSA caused us no end of problems. We were up and ready to go for the millennium and didn't merge to 2002/2003. It was two years of wasted time where we lost volunteers' (Participant 11 interviewed 20/08/03)

Although this situation with a new regulator was in many senses unique and unlikely to be replicated in other merger situations, the research suggests a more general principle of establishing a definite agreed timetable. In the interviews, volunteers felt that their morale was not so much affected by the delays as by uncertainty over when the stages of the merger would happen.

'the unknown was the biggest problem as had we known it would take 4 years we could have planned accordingly' (Participant 2 interviewed 17/07/03)

'its important to note that the delays caused anxiety for volunteers in particular the cashiers' (Participant 1 interviewed 17/07/03)

'Have to bear the possibility of delays in mind. Unknown factor was the main problem' (Participant 3 interviewed 4/08/03)

The business plan sets the goals and aspirations of the credit union into measurable achievements so that the Board can determine if they are running their business effectively. Business planning played a central role in the formation of SEBCCU with a business planning sub group making recommendations and generating the plan. The volunteers involved were keen to establish a tracking procedure from the beginning and ensured that the business plan was a regular agenda item at their monthly Shadow Board meetings. However, the delays with registration meant the plan had to be continually adapted making the tracking process more complicated.

'Tried to alter the targets as we went along, needed a very fluid plan, which was able to be adapted' (Participant 3 interviewed 4/08/03)

*'May have been useful to have a transition phase of the business plan'
(Participant 1 interviewed 17/07/03)*

In supporting future mergers, BCUDA recognises that more contingencies for time delays should be a feature and we would now want to suggest a transitional business plan up to the point of merging. With the business plan constantly altering, it would also have been helpful to have had some more general milestones of achievement that could have been noted and celebrated as indications of development during the merger process.

7.7 Growth

The desire to see high levels of growth is often a prime factor in discussions around merger decisions and SEBCCU were keen to see their membership grow substantially as a result of the merger. The research shows that initially growth was slower than expected which was extremely disappointing to several of those interviewed. The lengthy delays and uncertainty over the start date affected plans for marketing, a factor that is recognised by those interviewed.

*'I don't think we have yet reached our potential in terms of growth'
(Participant 3 interviewed 4/8/03)*

*'In terms of membership we haven't seen as much progress as hoped mainly because it has taken so long to merge'
(Participant 3 interviewed 4/08/03)*

*'I am not aware that the membership has increased significantly'
(Participant 13 interviewed 3/09/03)*

Although the delays will have affected growth projections, we feel that in retrospect, there is a need to recognise that a credit union being formed through a merger may require a period of consolidation before membership levels start to increase. With everyone becoming used to new ways of working and new decision making structures, sufficient energy and capacity may not be immediately available for a comprehensive marketing campaign. However, ensuring that the management over a wider common bond area is strong and efficient will mean that when growth targets are achieved, new and existing members will receive high levels of service that meet their expectations. This needs to be built into future business plans and we will use this information to ensure other cluster groupings considering a merger do not have unrealistic expectations of immediate high levels of growth. Since the interviews conducted in August and September 2003, it is interesting to note that SEBCCU has now started to demonstrate higher levels of growth. The new credit union has also attracted interest from other smaller credit unions who are currently considering

their future, most notably Dawberry Credit Union which has just transferred its engagements into SEBCCU.

7.8 Resources

BCUDA was involved in supporting SEBCCU's merger through staffing input as a resource. Members of staff assisted with the business plan, ran training sessions, facilitated joint training and planning days, helped with the FSA paperwork, provided on the spot support, and attended the Shadow Committee and Board meetings. We believe that the development skills offered enabled the separate credit union groups to come together in a smoother manner. In particular volunteers identified the value of the joint planning and training days, held in 'neutral' venues, and highlighted the ease with which the new credit union formed.

'Stonehall days covered training across the spectrum and were also a good way of meeting people and developing relationships with volunteers from other groups' (Participant 3 interviewed 4/08/03)

'BCUDA coordinated the training and part of it involved developing a sense of unity which was facilitated though mixing of small groups' (Participant 1 interviewed 17/07/03)

'Had 'away days' so that we could get CU's together. A lot of the anxieties around merging were based on fear and these days helped address the fears' (Participant 4 interviewed 7/08/03)

Mergers require an additional commitment of time from the key volunteers involved, people who are already committed to ensuring their own credit unions run efficiently and effectively. These structures cannot simply be abandoned in favour of the new process. The two sets have to be run in tandem to ensure all regulatory and legal requirements are met until the formal merger is completed. This additional time commitment can place considerable added strain on the lives of already busy people. During the process, we were aware of this and when promoting the potential benefits of merging to other clusters, drew on SEBCCU's ongoing experience to warn that a merger can require more in the short term from the existing core of volunteers.

Many community credit unions are currently contemplating mergers as a response to the new regulatory requirements and the recognition of the beneficial economies of scale a merger offers. Whilst not wanting to argue that a merger is not possible without external support, we think it is reasonable to suggest that additional support can address these capacity issues and make the whole experience less stressful and ultimately more successful for both the credit union as a business and the individual volunteers involved. The research thus raises the issue of how mergers can be resourced in order to ensure the establishment of a successful sustainable new credit union.

In our experience, community development skills are often underrated with an assumption that anyone can carry out good community development practice. The loss of Sparkhill from the partnership illustrates the importance of providing the right input. If development support is being supplied, it requires people with the right skills and ability if it is to be of value and to assist rather than hinder the process

8 Significance

We feel that this action research contributes to a broader understanding of the credit union merger process. We believe that it offers fresh insights into achieving a successful merger that will be of value to other credit unions and that in demonstrating this, we are justified in claiming validity for our research.

The information we have gained through this experience can be used to inform our support of other mergers. In particular, we have learnt from the need to suggest better communication structures, to alter business planning and to establish milestones. We have produced authenticated evidence for areas where previously only anecdotal evidence was available, and will therefore help challenge some of the 'myths' around merging, in particular that credit union members don't want mergers to take place, that mergers bring about a loss of local identity, and that a merger should be a last resort. We believe that the research has also affirmed the value of community development skills through the evidence given in relation to the equality of representation and decision-making, the formation of a new group, and the importance of inclusive approaches when faced with potential conflict. We also hope that for SEBCCU, this piece of research demonstrates, through the recording of their actions and their perceptions, that it was their commitment and energy that they gave to the merger that lay at the heart of its success.

More generally, from BCUDA's perspective, the act of undertaking the research has highlighted for us the positive benefits of more formally evaluating our practice. In writing this research we have had the opportunity to examine our values, practice and knowledge and to identify areas of learning and change. As individual practitioners, we have always upheld the value and importance of reflection and evaluation of our methods of working. However, in reality, we would acknowledge that the demands of meeting our work remit and commitments mean that we do not stop often enough to ask, 'How can we evaluate the success of our actions?' and 'How can we improve what we are doing?' This piece of action research has reminded us of the importance of being engaged in an ongoing process of evaluation and to take opportunities to record and learn from this. Of course, such research requires time and it can be difficult to balance what might be perceived as a luxury against the necessity of other work requirements. Nevertheless, the experience of being engaged in such research has challenged us to look for future opportunities to consider our development. From our experience, undertaking research into our practices has been a source of considerable professional learning, and, rather than be seen as a luxury, should be seen as a core factor in organisational growth.

We believe that this action research, which involved documenting the actions taken by SEBCCU and by ourselves as a staff team, has contributed to the wider development of understanding around mergers for the credit union movement at a time when mergers are becoming increasingly common. If a merger is to be successful in achieving a larger community based credit union that is still able to relate to its local communities, the formation of its decision making structures needs to result in a Board, committees and volunteers that work effectively and harmoniously together. SEBCCU's experience shows that this is achievable if everyone can learn to work together in a new way. While this may seem like stating the obvious, it is all too often the obvious that is overlooked, to the detriment of progression. Sustainability is not only built on financial projections or the achievement of business planning growth goals. The structures need to be sustainable and sustainability can only be achieved if those involved are prepared to work together for the benefit of the members.

As the research demonstrates, the formation of a new credit union through a merger carries particular challenges as well as exciting rewards. We would not want to argue that the approach SEBCCU and BCUDA took is the only one to achieving a successful merger. But we would want to offer it as a framework that can and does work.

9 Appendices

Appendix I Common Bond Area Profile

Common Bond Area Profile South East Birmingham Community Credit Union

The qualification for admission to membership of the Credit Union is residing in or being employed within the area of South East Birmingham.

Location

South East Birmingham Community Credit Union serves the following wards in Birmingham: Sparkbrook, Moseley, Hall Green, Fox Hollies, Brandwood, Acocks Green and Billesley.

Population

The total population of the area is 178,537. The figures taken from the 2001 census show that the area covers a total of 38.6 square km and has an average population density of 4698 people per square km. This compares to a city wide density of 3631 people per square km and it is worth noting that the Sparkbrook ward has a high density of 6008 people per square km.

The average age of residents is 36 which is the same as the average age for the whole of Birmingham. The minority ethnic population makes up 29.2% of the total population again similar to the city wide ethnic minority population which makes up 29.7%. Sparkbrook is notable with a minority ethnic community making up 77.9% of the total population.

The large area covered by the credit union means that it can be difficult to reflect the make up and diversity of the communities as the overall figures are very similar to the make up of Birmingham. The key statistics for each of the wards have been included to give a flavour of the diversity contained within the overall area.

The figures for employment in the area are taken from the 1991 census as at the time of writing the 2001 figures were incomplete. There were a total of 63300 people working in the area. If it is assumed that 50% of these jobs are taken by people living in the area there will be an additional 31650 people eligible to join the credit union. This brings the total eligible population to 210,187.

Social Interaction

There are many opportunities for local residents to come together on a regular basis and community resources are well utilised and accessible. The many individual organisations share strong links with each other via key umbrella organisations which bring them together on regular

occasions. These key organisations (listed below as umbrella groups), with their effective administration, ensures information is shared and well communicated. They ensure their contacts and directories are current, produce regular newsletters and assist in the organisation of community events such as the carnivals and regular community lunches.

The following list includes those organisations who have expressed interest and support for the credit union and who all share a commitment in working together to support the community they represent. Details have been provided by the organisations themselves.

Umbrella Groups

Hall Green Council of Churches

Church of the Ascension ; Hall Green Baptist Church ; Society of Friends; Hall Green Methodist Church ; St. Ambrose Barlow RC ; St. Peters Church; St. Michaels ; Trinity URC

Acocks Green Council of Churches

St. Marys Church; Holy Souls RC; Acocks Green Methodist Church; Acocks Green Baptist Church.

Churches Together in Kings Heath

St. Dunstons RC ; St. Bede ; Cambridge Rd Methodist ; Assemblies of the First Born ; Kings Heath Society of Friends (Quakers) ; Kings Heath & Moseley Baptist Church ; All Saints Church ; Hazelwell Church (Methodists); Church of God of Prophecy.

Moseley Council of Churches

St. Agnes ; St. Anne ; St. Columba (URC) ; St. Mary ; Riverside Church (Ind) ; Calvary Church of God in Christ ; Lighthouse United Pentecostal Church.

Billesley Mission Consultation

Holy Cross; Our Lady of Lourdes RC; Billesley Baptist

Community Council

(Bringing residents and organisations within Hall Green, Acocks Green and Fox Hollies together)

Their membership includes, 16 Churches and user groups; 12 resident associations and neighbourhood watch groups; 41 Voluntary and statutory groups providing activities and out of school provision for children and youths; 18 schools and education services; 2 libraries; 43 community and leisure groups/ centres; 3 neighbourhood offices and advice services / 8 health clinics and other care services.

The police and local politicians are also members of the council. They meet at Fox Hollies Forum (see next page).

Local Authority and Voluntary Community Facilities

Kings Heath Community Centre - around 700 regular users, 12 regular user groups plus 25 adult education classes. Regularly used for other social events such as quizzes, fundraising, holiday schemes.

Billesley & Yardley Wood Community Centre - around 350 regular users, 10 regular groups plus some adult education classes. Used for other social events.

Highfield Hall Community Centre - around 1000 regular users, 16 regular groups and over 40 adult education classes. Also used for social events and schemes such as holiday schemes, outings, quiz nights, fetes and wedding receptions etc.

Hall Green Centre - provides an extensive range of adult education classes, leisure and sports activities throughout the year and currently serving around 1000 people.

Fox Hollies Leisure Centre - very active leisure centre offering a full range of sport and fitness activities for all ages. The centre attracts over 7500 users each week of which around 5300 are adults.

Billesley Indoor Tennis Centre - specialist indoor tennis centre run by Leisure services of Birmingham City Council. There are 3500 registered adult members with around 3000 users each week. It also offers other leisure facilities - gym, squash and badminton.

Moseley Hall Hospital - employs 650 staff from across the area, with visitors around 2500 per week.

Libraries (run by Birmingham City Council) as follows :- Acocks Green (500 users + 300 in support groups) ; Hall Green (1500 users + support groups for local history, arts, gardening, Women's Institute, antiques, Weight Watchers, Chinwag club, widows group, coffee mornings as well working with local agencies) Yardley Wood (450 users + around 250 in local support groups) Kings Heath (2900 users + whole host of support groups, similar to Hall Green plus local council surgeries, police liaison, traders groups, and neighbourhood watch groups)

Hall Green Residents Association - currently 2600 addresses on record. Meet at Highfield Hall

Kings Heath & Moseley Residents Association - currently 3000 addresses on record. Meet at Kings Heath library.

Fircone - Friends in Retirement - offering wide range of activities for retired including art & crafts, health & fitness, music & drama, adult education classes, gardening club, social games groups. Over 700 members meet weekly.

Moseley traders Association - meeting of retail group in area, 120 members including police, councillors and local MP.

Kings Heath Retail group - representative of shops in High St area, with 100 individual shops and around 200 members. Supported by local councillors, residents, police. Meets up with Moseley group from time to time.

Fox Hollies Forum - over 800 weekly users attend variety of activities (e.g. parent & children groups, health care, line dancing, luncheon clubs etc) As well as providing a base for these activities, assists in organisation of social events, holidays, fetes, carnivals, visits and outings. Home to community council, for regular meetings and offering administrative

support. They share close links with all the other organisations in the area. The steering committee are keen to establish one of its first collection points at the Forum.

Churches - the list of churches has already been mentioned but between them they have attendees for services and other activities (incl. playgroups, market, Women's Institute, photo groups, dance & music, lunch clubs, neighbourhood support work, social gatherings, coffee mornings, bingo, bible studies, keep fit, scout and guide groups, tea dances, and various sporting activities) of around 15,000 people.

Appendix II Ward Profile Summary

Ward Profile Summary

Ward	Population	Average Age	Minority Ethnic Population %	Square km	Population Density	Working %	Owner Occupation %
Sparkbrook	28311	29.6	77.9	4.7	6008	43.3	36.7
Moseley	22447	36.8	32.4	6.2	3631	64.7	62.7
Hall Green	25921	38.1	25.4	5.3	4867	67.5	81.9
Fox Hollies	24083	35.4	24.9	4.5	5380	61.1	58.6
Brandwood	24530	38.9	12.6	5.9	4167	64	62.7
Acocks Green	26271	37	18.9	6.1	4302	67	65.3
Billesley	26974	37.9	12.3	5.9	4537	62.8	63.7
SECCU	178537	36.24	29.2	38.6	4698.86	61.49	61.66

Appendix III Interview Questions

Response to Questionnaire Interview

Name	
Credit Union / Study Group	
Role	
Date of Interview	

1. How did the merger evolve
2. How was agreement reached on membership of board and committees
3. How was the business planning process conducted
4. How were the targets set in the business plan tracked
5. What do you see as the value of merger focussed training
6. How do you feel the merger has impacted on the growth of the credit union
7. Did you feel informed about the merger process and changes that were being made as a result of the process
8. What factors motivated you to remain within or separate from the merger plans
9. What issues arise from covering a large geographical area
10. What structures have been used to provide solutions to these issues
11. What would you do differently

Appendix IV Interview Findings Summary

BCUDA WMSEP PROJECT

Analysis of the merger experience of the three credit unions to form the South East Birmingham Community Credit Union.

Interview Findings Summary

As part of the research into the SEBCCU merger, in depth interviews were carried out by the consultant with key volunteers from all the credit unions and study group involved. A number of common themes emerged from these interviews and are summarised below.

Merger Decision

There were a range of factors which contributed to the initial intention to merge. For the credit unions that went ahead there was a sense that they were going to struggle to remain viable without an injection of new volunteers, and sharing the responsibilities was a driving force. The Green Hollies study group felt that as well as gaining from the experience of existing volunteers they could contribute to credit unions which may have been struggling to get new volunteers. Green Hollies had a representative from the merger group to speak at one of their meetings who explained the process and answered queries. At the initial stages all of the volunteers involved felt that it was an exiting and positive development. With there being areas within the South Birmingham area that were then uncovered by the existing common bonds such as Billsley and Kings Heath, it made sense to include these within the new SEBCCU common bond.

Membership of Boards and Committees

There were a series of meetings and training days where the separate credit unions came together and planned. It was at these informal days that discussion and decision making took place to create the new structure. Equality of representation was agreed to be important, with all the credit unions represented on the Board and committees to ensure local knowledge was preserved. Many of the volunteers interviewed felt that the membership of the Shadow Board and shadow committees evolved naturally with no problems. The development staff at BCUDA had a vital role here in ensuring that the coordination of the volunteers meant that all committees were staffed and that there were no gaps or conflicts.

The business planning was in the initial stages carried out by a business planning sub group facilitated by BCUDA. They met and developed ideas and targets which were then reported back to the Shadow Board and adjusted as time went on. The business plan was crucial in the application to the FSA and whilst the volunteers were the driving force behind it there was also staff input in the form of organisation and

presentation of the plan. The plan was tracked at the monthly Shadow Board meetings and the main problems were the delays in registering, which meant the plan had to be continually adapted to reflect the new merger dates. This was extremely frustrating to the Shadow Board and the business planning sub group.

The merger training took the form of formal days away in which all areas of credit union work were considered, and small mixed groups were asked to consider different aspects of the work. There was also a system of support offered as the Shadow Board and committees began to meet, and generally a BCUDA member of staff would attend these meetings to provide support to the volunteers. The interviews reflect that a major benefit of the training was the opportunity to develop relationships and to work together, as well as working through scenarios which would reflect the issues that might arise in the future.

FSA Delays

The merger has not impacted as significantly on growth as it was hoped. There were considerable delays in registering with the FSA which in turn has had an impact on the marketing plan and the publicity of the credit union. The volunteers felt they were ready to operate in 2000, but the merger didn't take place until 2003, affecting enthusiasm and creating a sense of frustration. Volunteers felt strongly that this time delay has affected growth and that there has been a loss of motivation amongst the volunteers, resulting in some volunteers dropping out. It also affected relations between frontline cashiers and Board members as information went out from the Shadow Board to the collection points about the FSA process but was incorrect about timescales.

Credit Union Shop

The shop was described as having a positive impact on the growth and there is a feeling that it has allowed the volunteers the chance to form a strong identity and base from which to launch SEBCCU. Many of the volunteers felt that the shop was crucial as without it the merger would have meant a long list of collection points without any real focus. There has been a need for staff to foster good working relationships and team spirit in the shop, and having a physical base to meet and work has been invaluable.

Communication

When asked about the information available about the merger there was a marked difference in the responses of Shadow Board members and cashiers. In the main the Board members felt completely informed about the process and were able to access information when necessary. The cashiers however felt excluded from the process and isolated. There was a feeling that expectations were being raised and never fulfilled. There were too many promises which were not kept. The delays with the FSA had a clear impact here as the Shadow Board were genuine in the time scales initially proposed. However with hindsight many of the Board

members felt that the expectations were unrealistic. It is also important to realise that for the cashiers the impact of the merger is minimal; the collection centres don't change considerably as a result of the merger

In order to overcome the issues around the larger geographical areas there has been a sharing of information, and the staff at BCUDA have played a key role in ensuring that this information is available. This is achieved through building a picture of the different areas and trying to ensure each area is represented on the committees. It involves a lot of "behind the scenes" work by staff and a commitment to being present at meetings in the initial stages. The shop has also played a role in ensuring documentation gets from one place to another, and many of the volunteers felt this has been extremely helpful.

Lessons for the future

In thinking about what could have been done differently there were a variety of suggestions. The time delay was a major issue and if this had been anticipated there would have been fewer problems. Many of the volunteers felt that they should have altered their expectations. In practical terms it was suggested that a transition business plan could have been implemented and that this could have given some stability during the transition phase. Some volunteers felt that they should have persevered to ensure that Sparkhill credit union remained involved and Sparkhill would have liked to have seen more joint working taking place before progressing with a formal merger. In advising other credit unions the message was "be prepared for the long haul".

Appendix V Members Questionnaire

Membership No:

Collection Point:

Date:

1) Are you aware that the CU had gone through a merger process?

Yes

No

2) Have there been changes to the service as a result of the merger?

Yes

No

If yes what have the changes been?

3) Are you aware that the CU now has a shop in Kings Heath?

Yes

No

4) Have you used the shop ?

Yes

No

If yes what have you used the shop for?

5) Have you stopped using the collection point in favour of the shop?

Yes

No

Use Both

6) Since the merger have you found accessing details of your account:

same

more difficult

easier

7) Since the merger has the time taken to process loan applications:

stayed the same

increased

decreased

8) Overall as a result of the merger do you think the credit union has:

stayed the same

improved

declined

Appendix VI Summary of Membership Survey

SUMMARY OF MEMBERSHIP SURVEY

A questionnaire to measure the impact of the merger on SEBCCU's members was given out to collection points and the shop in October 2003. It was kept relatively short, in recognition that members would want a format that was quick to complete. The questionnaire was designed to measure

- Levels of awareness of the merger amongst the membership
- Effects of the merger, positive or negative, on the quality of services provided
- Impact of the shop opening on the collection points.

SEBCCU currently has 923 members. With 56 forms being returned, there has been a 6% response rate. Whilst this is a low return rate, it does reflect the difficulties of self completion forms and suggests that some members have no strong opinions either way. Encouragingly, although it is numerically low, the response comes from six collection points and the shop, representing a good cross section of SEBCCU's front line service delivery.

Collection Points Response:

- *St. Ambrose Barlow*
- *Balsall Heath Library*
- *St. Michael's*
- *Acocks Green*
- *Credit Unions Shop*
- *Concord Centre*
- *Warstock*

Please refer to Appendix VI (A) for the full survey results.

Merger Awareness

The vast majority of respondents were aware of the merger. There was a more mixed response to whether the merger had altered the service, with slightly more members noticing change. How a merger affects the quality of local frontline service provision has been an item of concern at initial cluster meetings in Birmingham. The information provided as evidence of change seems to indicate that if the merger is planned properly, members remain relatively satisfied, with some general comments being made about the increase in choice and opening times of SEBCCU. Those who made more specific comments highlighted alterations to collection point days and times. The issue of a change of type of receipt book was raised. This correlates with comments made during the volunteer interviews which highlighted the difficulties of computerising at the same time as merging, creating too many changes at once. There was a query about statements and the speed at which they reach collection points.

Shop Awareness

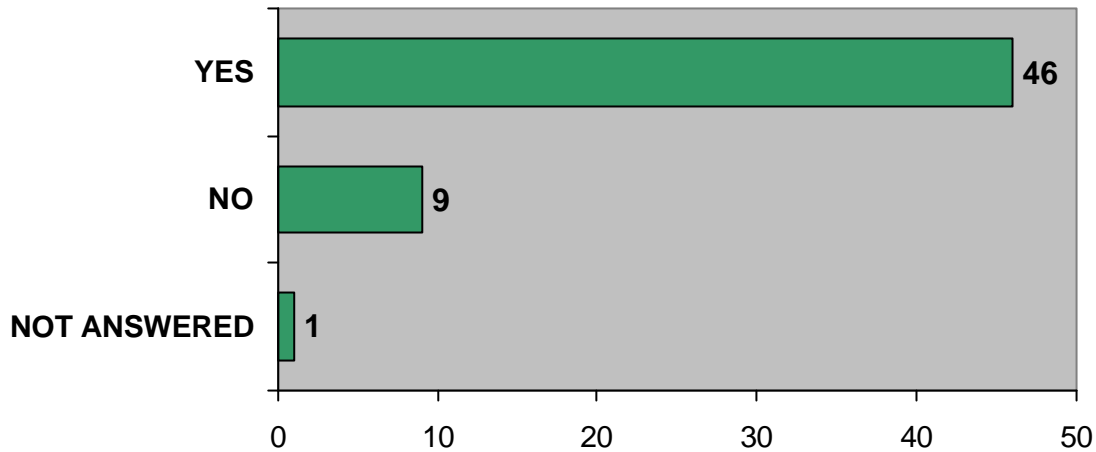
Most of those who completed a survey were aware of the Credit Unions Shop in Kings Heath, with a majority having used it at least once. However most of the respondents have not stopped using their collection point. The impact of a shop front on local collection points has been an issue raised by credit unions when shop front developments have been discussed. This would seem to indicate that for most members, unless the shop is more convenient, their first loyalty remains with their local collection point. A question not asked was whether members completing the forms had joined at the shop and had continued to use it. The shop has been used by respondents for a range of services.

Efficiency of the service

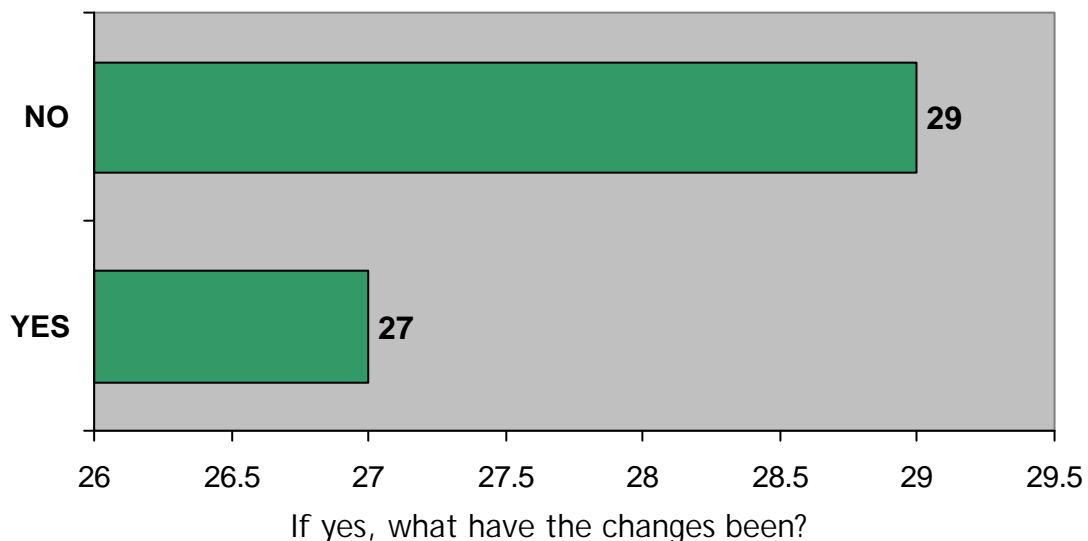
The merger has not had much effect on the speed of services such as account information and loan applications, with about half the members indicating that they have remained the same. Whilst it is positive for the newly merged credit union that an increased common bond area has not had an adverse effect on its levels of efficiency, it is fair to say that SEBCCU would aim for such a survey in a year's time to indicate improvements. However, overall most respondents thought that the credit union had improved as a result of the merger.

Appendix VI(A)

1) Are you aware that the CU had gone through a merger process?

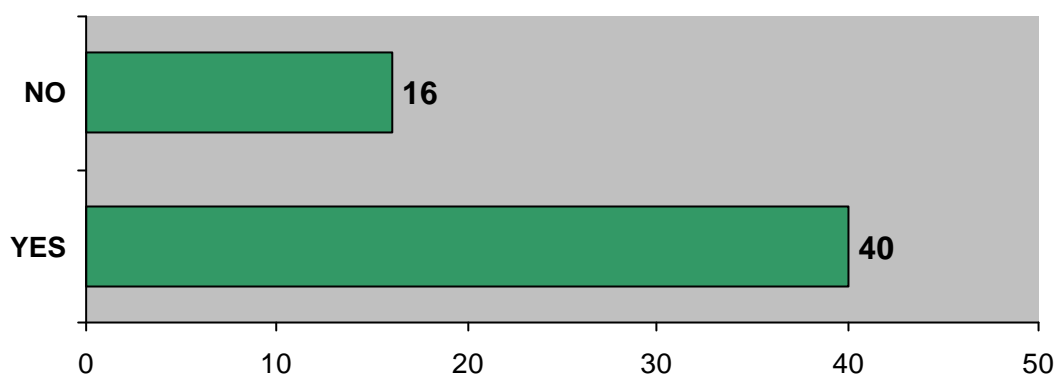


2) Have there been changes as a result of the merger?

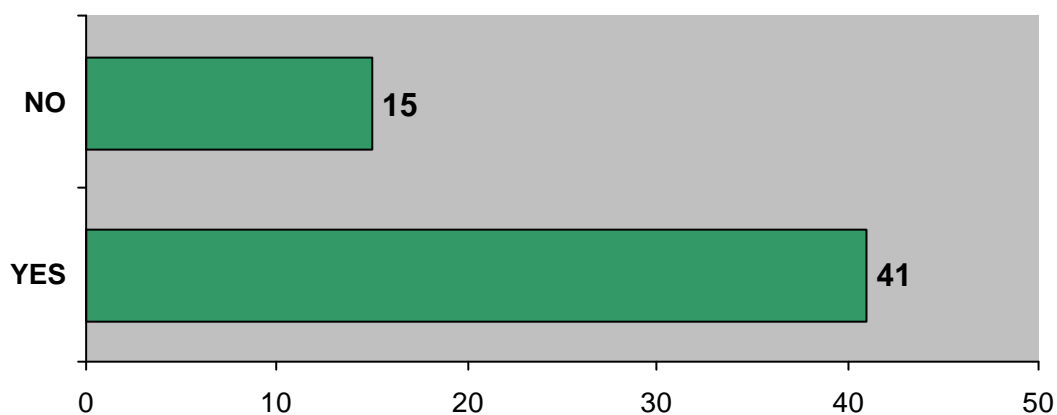


- *No collections on Thursday at the Library*
- *New green books*
- *Collection Points Changing and shop opening*
- *Day has changed to Saturday*
- *Not getting enough information and not getting statements enough*
- *Don't know how we stand with loans as statements take longer*
- *got better- more options for opening times*
- *more choice*
- *Shop*
- *Better service*
- *Thursday nights closed*
- *Quicker turn round for loans*

3) Are you aware that the CU now has a shop in Kings Heath?



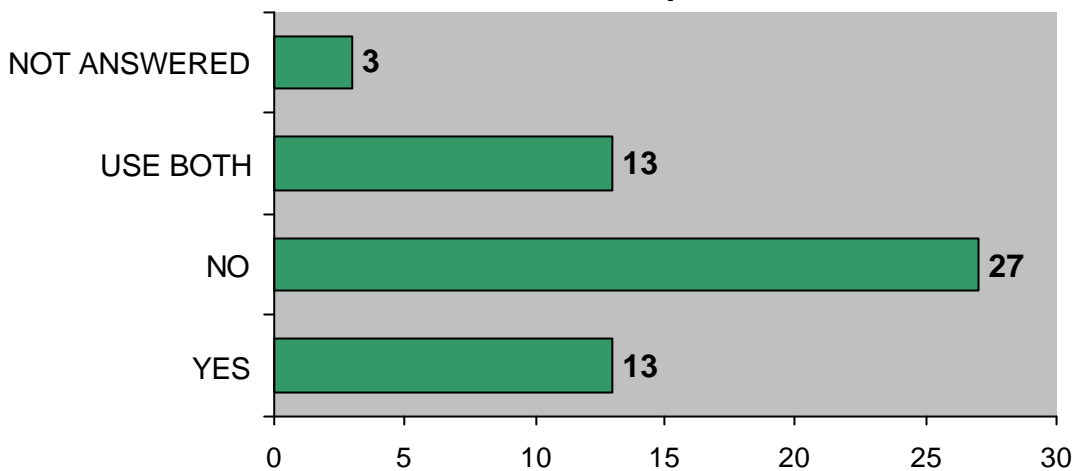
4) Have you used the shop?



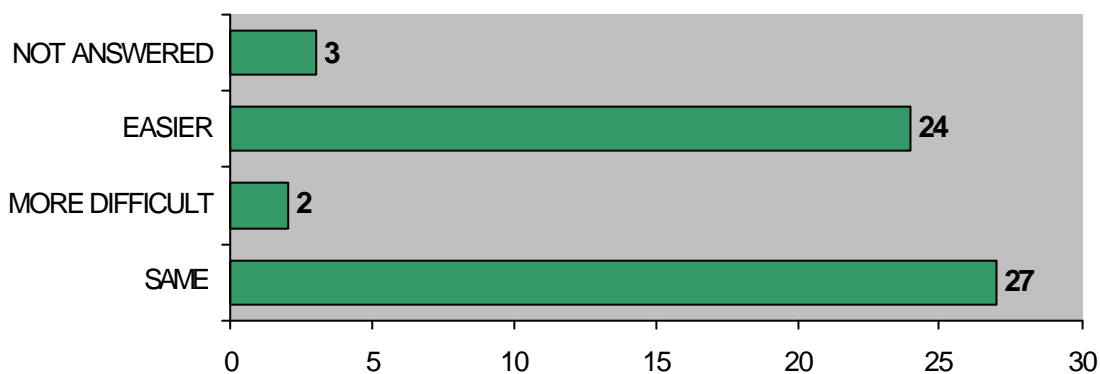
If yes, what have you used the shop for?

- *Loans- Paying In*
- *To get a loan*
- *Loans and Shares*
- *Savings*
- *To log payments and to collect loans*
- *Convenience*
- *Money*
- *Loan*
- *payments and queries*
- *ask for a loan*
- *Various*
- *Statements*
- *To join*

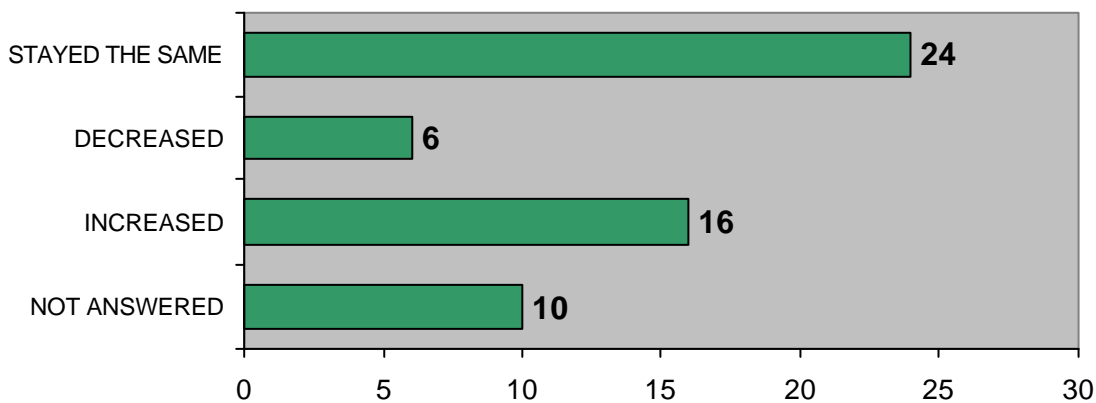
5) Have you stopped using the collection point in favour of the shop?



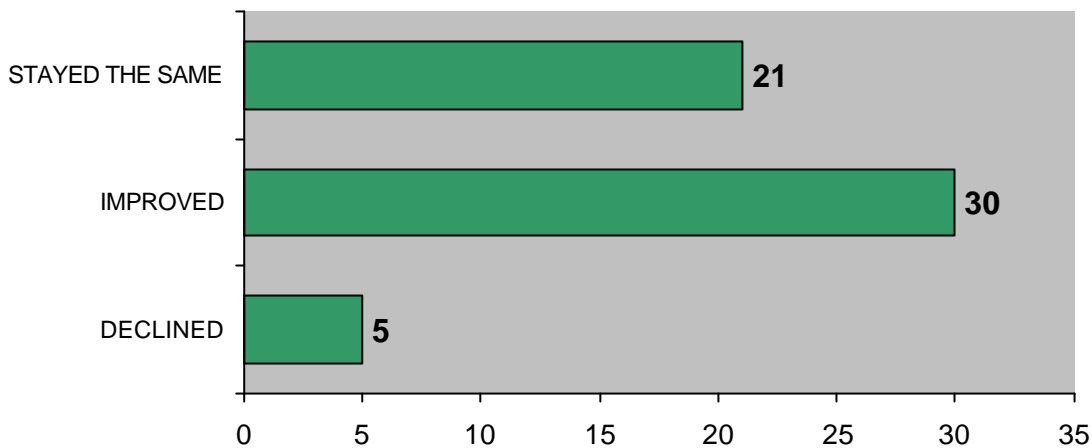
6) Since the merger, have you found accessing details of your account...



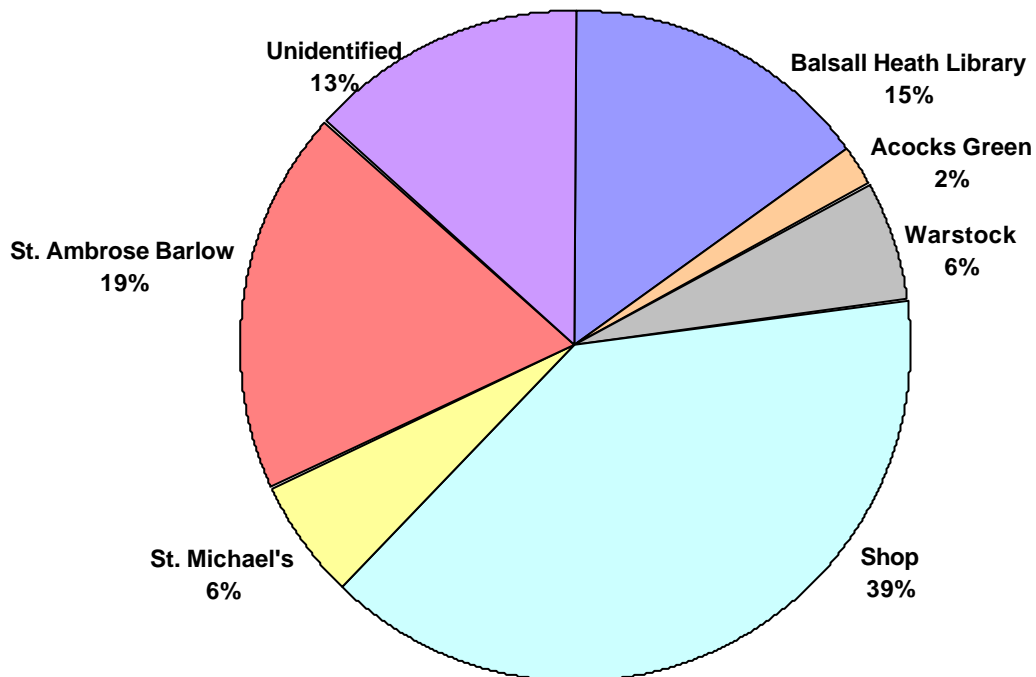
7) Since the merger has the time taken to process loan applications....



8) Overall as a result of the merger do you think the credit union has....



Collection Points



Appendix VII Key Functions

CREDIT UNION KEY FUNCTIONS

- **Administration**
How will the ways in which we administer our services and maintain our records equate to effective management?
- **Collection Centres**
What is the ideal environment/venue for members to access credit union services?
- **Communication**
Bearing in mind the 3 committee structure and appointed frontline officers, how can we implement effective communication systems?
- **Internal Control**
What safeguard systems can we operate to ensure members' money is safe and our insurance covers are maintained?
- **Membership Services**
How will we deliver a quality service to our members where their best interests are continually maintained?
- **Planning For Growth**
Growth is essential to a credit union's viability. What plans can we make to generate and effectively manage growth?
- **Policy Management**
How can the systems we adopt ensure we are well organised and comply with the rules and regulations?
- **Risk Management**
How will we create and control the necessary safety nets to ensure the safety of members' money and provide a quality service?