



ACE Credit Union Services

ACE Credit Union Services MEMBERS' NEWSLETTER July 2020

ACE ANNUAL AGM TO BE HELD ON WEDNESDAY 18th NOVEMBER 2020



ACE Credit Union Services

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

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

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

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

ACE credit unions will also be asked to forward any motions that they wish to appear on the AGM agenda which must be sent to the CEO by Wednesday 16th September 2020.

No motions are planned from the current ACE Board of Directors. A formal invitation to attend the Zoom call will be sent to all members by the CEO 28 days before the date of the AG

FCA Message for Credit Unions Issuing Payment Cards to Members

The FCA has issued advice to all credit unions that issue Payment Cards such as the Engage card and the Change Account card to members to allow them to access their deposits digitally.

In the interest of protecting consumers and ensuring members must have clear information on the financial products they are using, the FCA feels that it is important for members to be reminded that funds transferred out of the credit union account to payment accounts are not covered by the Financial Services Compensation Scheme (FSCS) in the same way their credit union deposits are.

The FCA says that many credit unions have already taken proactive steps to raise awareness on this, including: notices on firm websites, staff training to manage queries and temporary funding being made available to affected members. The FCA is encouraging all credit unions using such cards to remind members of the lack of FSCS protection and flag the guidance that they have made available on the FCA website.

NEXT TRADE BODIES' MEETING WITH CREDIT UNION REGULATORS SCHEDULED FOR 15TH SEPTEMBER 2020

Credit Union Response to Covid-19

With Covid-19 continuing to have a negative impact on UK credit unions, ACE credit unions were invited to attend a Webinar hosted by Filene and CMutual entitled "A Credit Union Response to Global Pandemic". The webinar was led by George Hofheimer, Chief Research and Development Officer at the Filene Research Institute. George suggested some key areas for credit unions to consider going forwards:

- 1) **Safety of Your People** – ensure that your staff, directors and members are protected as far as they can be from exposure to Covid-19
- 2) **Credit Unions are Counter-cyclical** – using the 2008 banking crisis as an example it was suggested that credit unions do well in economic downturns as demand products and services continue regardless of the economy
- 3) **How Much of the Problem can your Credit Union solve?** – Identify those things that credit unions can help with (lending needs) and not what they have no power to change (unemployment)
- 4) **Take the Long View** – increase the number of products on offer to members including digital services and non-cash products. Increase deposit rates and market credit union products.
- 5) **Have a Plan and Stay the Course for Members-** Plan for the future when Covid-19 has gone. Decrease in shop-front activity. More digital and mobile services.
- 6) **Act Early and Decisively** – Seeing things sooner and acting faster – more staff working from home
- 7) **Keep Lending** – Jump into lending categories that commercial banks are jumping out of. Attract Loan Loss Reserve Funds from national and devolved governments (Loan guarantee schemes)
- 8) **Document and Amplify your Impact** – Credit unions should give back to the communities that they serve.
- 9) **Reduce Friction** – Challenge and remove "hippopotamuses" those with big mouths and little ears. Challenge and remove rule freaks and petty tyrants
- 10) **Be More Aggressive** – Lend more and challenge mainstream banks that do not support those that need help

'Ethical' Payday Loan delivered by Unify Credit

An innovative short-term loan product known as **Just Borrow**, delivered by a partnership of not-for-profit credit unions including Unify Credit Union, has just been awarded the FairLife Mark.

The FairLife Mark represents a new fair-trading initiative for the finance industry and recognises ethical savings and loan products that are priced and delivered fairly – thus helping customers to find products they can trust. Chief Executive of Unify Credit Union Angela Fishwick said:

"We are delighted that our efforts to transform short-term borrowing and make unaffordable payday loans a thing of the past have been recognised. People may think that with the demise of Wonga, Quick Quid and last week Sunny, this problem has simply gone away. But it is still a huge problem with lots of these firms out there, charging hardworking families ridiculous amounts of interest to borrow small amounts of money. Unify wanted to give local people a real and affordable alternative."

The financial regulator, the FCA reports that around 800,000 High Cost Short-Term loans are taken out annually in the North West with an eye-watering average of 1,250% APR. This means that borrowing the average sized loan of £250 costs a whopping £163 in interest and fees. Unify's Just Borrow loans are a fraction of the cost at just 42.6% APR - so the same loan spread over 3 months costs less than £27 with Unify Credit Union.

Operating for over 30 years, Unify Credit Union, the town's mutually owned community bank with almost 10,000 members, is available to anyone living or working in Wigan, Leigh, Chorley, Leyland or Skelmersdale. Only launched 12 months ago, Just Borrow has already collectively lent over £250,000 of these small value short-term loans. The online platform makes it quick and simple to apply 24/7 at www.justborrow.co.uk. It gives applicants an immediate decision on loans between £100 and £750 that can be repaid over 3 to 9 months. And if approved, the money is transferred quickly into the borrowers' bank account with repayments automatically collected each month.

Saveeasy Credit Union Relocates to New Offices in Llanelli



Long time ACE members Saveeasy Credit Union have just moved to larger offices in Llanelli, after more than 20 years at the original offices in Bridge Street, Llanelli. The new offices based in John Street offer new growth opportunities for Saveeasy.

General Manager Janine Marengi said:

“We needed bigger premises to be able to serve our current members more effectively and with the additional space we hope to grow and expand our services once it is safe to do so.”

As well as the Llanelli office Saveeasy also has premises in Haverford West, Pembroke Dock and Cardigan.

Saveeasy Credit Union currently has 5,567 adult members with assets of £8.2m, Savings of £7.5m and a loan book of £5.1m



ACE Credit Unions Furloughing Statistics

Approximately 9.4 million UK workers have been furloughed since March 2020, due to the Covid-19 pandemic. This represents more than 25% of the total UK workforce. However, with credit unions workers being defined by the UK Government as “key workers” the percentage of furloughed credit union staff in ACE credit unions has been much lower. Most ACE credit unions that employ staff have kept all of their workers in full time employment.

Out of the 18 ACE credit unions that employ staff members, 66% have kept all of their staff members with 88 employees continuing to work throughout the Covid-19 pandemic. This represents around 85% of all credit union employees with ACE credit unions.



Face Coverings in Credit Union Branches

HM Treasury has advised credit unions in England that from Friday 24th July 2020 customers will be required to wear face coverings in shops and supermarkets, including banks, building societies, credit unions, post offices and money service businesses. HM Treasury said “the best available scientific evidence is that, when used correctly, wearing a face covering may reduce the spread of coronavirus droplets in certain circumstances, helping to protect others.”

It will not be compulsory for credit union staff to wear face coverings, although credit unions may consider their use where appropriate and where other mitigations are not in place. All credit unions should continue to follow COVID-19 secure guidelines to reduce the proximity of contact between staff.

Tribute to Norman Hind – Somerset Community Credit Union

Somerset Community Credit Union has announced the sad death of long time credit union activist Norman Hind. Norman was instrumental in starting a credit union in West Somerset based on a small savings club which he had originated. West Somerset Credit Union was registered in June 2000. After training for a small group West Somerset Credit Union joined with the existing Credit Union at Taunton to form the Taunton Deane and West Somerset Credit Union. Fellow director and volunteer Carl Watson-Gandy said of Norman:

“Norman was in many ways a remarkable man. He was particularly remarkable for his ability to know everyone. He had contacts with local councilors, council officers, solicitors, and as many credit unions as he could link up with. He was voted "Volunteer of the Year" for "West Somerset a few years ago. He will be very much missed in our credit union for his skills and knowledge, as well as being a good and interesting friend.”

Taunton Deane and West Somerset Credit Union was then part of another merger in October 2017 when they joined with Bridgwater & District Credit Union to form Somerset Community Credit Union.

Fellow director and friend Bob Andrews said:

“Norman was actually born before the war in China at the time when the Japanese were the invaders. He has entertained us with his tales of those days and his interesting and adventurous life. He could speak Mandarin and right up to his death he was involved in helping many folk from foreign lands who came within his compass.”



Norman Hind – Somerset Community Credit Union

ACE CEO Bill Hudson said:

“This is really sad news. Norman was a real character who was dedicated to credit union development in Somerset. Our thoughts go out to his wife Janet and her family.”

Knowsley Mutual Credit Union – Addresses Operational Resilience

Knowsley Mutual Credit Union (KMCU) has responded positively to the Coronavirus pandemic by testing the credit unions operational resilience. The credit union Board has prioritised actions to address vulnerabilities such as those caused by Covid-19 and have been able to minimize the impact of the pandemic.

KMCU Manager Tom Boynton said:

“Over the past few years we have built our tolerance for disruption under the assumption that disruption to particular parts of our business service will occur. Through focusing on our operational resilience we have been able deal much better with the disruption caused by Covid-19.”

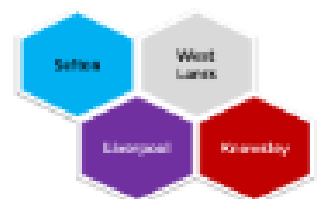
By planning for disruption KMCU have been fortunate to have the systems in place to enable continuity of operations during lock down with staff able to work remotely into the credit union’s server from any location.

Tom went on to say:

“Since 2010 we have been utilising remote working, initially small scale, management running reports from home. In September 2019 we started testing online applications for membership and loans to enable enhanced checking of affordability. We can now analyse 90 days of bank transactions. By March 2020 we found ourselves in the fortunate position being able to continue servicing our members during the period of lockdown.”

KMCU is now a totally cashless credit union which has significantly reduced operational expenditure. KMCU is now reviewing its existing sites and is aiming to further reduce expenditure by entering into a shared space agreements with other local community based organisations.

KM CU



Knowsley Mutual Credit Union Limited

