



ACE Credit Union Services

ACE CREDIT UNION SERVICES MEMBERS' NEWSLETTER – APRIL 2022

ACE Conference 27-28 May 2022 Jury's Inn – Hinckley Island



This year's ACE Conference is being held in the 4* Jury's Inn in Hinckley, Leicestershire. This will be the first ACE Conference held since the one in Liverpool in 2019 due to the Covid-19 pandemic.

The Conference programme, which will have the theme of "Credit Unions and Financial Wellbeing" will highlight key areas of work that credit unions have been involved in over the years and their role in future Financial Wellbeing projects. The event will start at 1pm on Friday 27th March 2022, with the following speakers confirmed:

Nick Money – Swoboda Research Centre – Credit Union Research: its purpose and its impact on the development of the movement.

Abbie Shelton - Oral History Project - In this session Abbie will talk about the outcomes from the National Lottery Heritage Funded Save & Sound project which highlights the history and heritage of British credit unions.

Dawn Cummins – Regional Manager - Money and Pensions Service - Ten-year UK Strategy for Financial Wellbeing – Role for Credit Unions.

Trish Cassidy - LIAISE Officer (Credit Unions) - National Illegal Money Lending team (IMLT) – The IMLT has been working with credit unions in England since 2013 using proceeds of crime money to encourage people to save and raise awareness of loan sharks.

Saturday 28th May 2022 speakers confirmed:

Marcela Hashim – Credit Unions Team - Prudential Regulation Authority – Regulatory Update from the PRA.

Dina Devalia - Managing Director – Quantuma – Why credit unions fail and what are the warning signs and the issues related to recent credit union closures?

Michelle Ohren- Head of Cyber and Innovation, The Cyber Resilience Centre for the West Midlands. What are the cyber threats for credit unions and how you can become more cyber resilient?

Mark Hooper – Project Lead – Banc Cambria – Working with the support of the Welsh Government, Banc Cambria will become the Community Bank for Wales, working in partnership with the credit union sector in Wales.

Paul Jones – Liverpool John Moores University – What are the main risks faced by our credit unions and how we should manage and mitigate these risks?

Saturday Afternoon Workshops:

- **Undertaking a Transfer of Engagements**
- **The Financial Impact of the Covid-19 on UK credit unions**
- **The Future for Credit Union branches moving forwards**

If you have not already done so you will need to confirm your attendance by Monday 9th May 2022 by sending your details to bill.hudson@acecus.org

Key Risks of Harm for Credit Unions

In a recent letter sent to credit unions dated 07/03/2022 the FCA's Brian Corr, Director of Retail Lending highlighted the FCA's view of the key risks of harm to members of Credit Unions. These are:

Governance:

Credit Unions that fail to have effective governance arrangements in place leading to poor oversight, systems and controls.

Credit Unions are unable to attract and retain new Board members and Directors. Boards should proactively plan for the future, in particular ensuring succession planning.

Operational issues:

Credit Unions that fail to have adequate systems and controls, policies and procedures in place to mitigate the risk of operational events.

Credit Unions relying on outsourcing arrangements fail to implement effective monitoring and oversight of third-party providers resulting in the risk of member harm not being effectively managed and prevented.

As more Credit Unions move their services online, the FCA has seen a risk of increased cyber threats and consumer scams, posing greater risks to members as some firms are insufficiently equipped to manage these.

Credit Unions with weak systems and controls and a lack of training, are increasingly susceptible to the risks of fraud and financial crime. This includes being aware of the money laundering risks that a Credit Union is exposed to.

Offering new products can potentially present different and higher risks to members, as well as benefits.

Fair treatment of members

Credit Unions fail to recognise and address the needs and challenges facing members in vulnerable circumstances and fail to ensure that they obtain the same fair outcomes as other members.

Financial resilience

Credit Unions should monitor their financial health as part of appropriate systems and controls

In concluding Brian Corr says: "we want firms to encourage staff and volunteers to take responsibility for their actions, improve conduct at all levels and provide clarity on roles and responsibilities."

Swimming with Sharks

As the cost of living crisis expands many vulnerable people will be forced into borrowing from high interest lenders with the most vulnerable turning to illegal money lenders. Swimming with Sharks: Tackling illegal money lending in England is a report published by the Centre for Social Justice in March 2022, which suggests that credit unions have a key role to play in providing an alternative to illegal money lenders.

The report makes a number of credit union linked recommendations to enable credit unions to grow and develop including the rewriting of the Credit Union Act 1979 and giving credit unions the ability to provide a greater variety of services. The report further recommends that the Common Bond should be reshaped for the post-pandemic era to allow for a maximum of three million members and not a potential three million members as things stand currently.

All three of these recommendations have been supported by the UK credit union trade bodies National Liaison Group that has already raised these issues with HM Treasury.

The report also recommends that HM Treasury should create a Credit Union Strategic Mergers Fund to support the creation of larger, sustainable credit unions and that this Fund should include an allocation in order to support a digital transition for merging credit unions.

Tony Quigley, Head of the England Illegal Money Lending Team, said: "We encourage consumers to utilise credit unions that provide a safe and convenient route for responsible financial products and services. This helps build financial resilience in communities across the country.

"The Team will continue to work with partner agencies to encourage reporting and ensure that victims who come forward receive specialist support that is tailored to their individual needs and circumstances."



Money &
Pensions
Service

Wales plans to become a Nation of Savers

The Money and Pensions Service in Wales has made a number of recommendations that involve credit unions in Wales to help achieve the MaPS “Financial Wellbeing Strategy” target to increase the number of new regular savers in Wales from people of working age who are defined as ‘struggling’ and ‘squeezed’

The target for Wales is 86,000 new savers by 2030, with credit unions predicted to play a key role in achieving this target. The Wales action plan calls on the financial services sector to co-create a savings charter that will raise the profile and emphasise the importance of building savings.

The action plan will also explore the potential of incentivised savings, working with the Welsh Government, including more localised delivery models to ensure a fairer distribution of prizes or rewards.

The MaPS team in Wales will also consider if there is scope for credit unions to engage people whose Help to Save accounts or Child Trust Funds are maturing.

Work-place savings and financial well-being schemes will also be explored with Welsh employers, to help them recruit and retain staff members. MaPS will also determine if any public sector employers already offering payroll savings could switch to an autosave model, perhaps as a pilot.

As well as the Welsh action plan there will be plans developed for England, Scotland and N.Ireland that will be published later in 2022.

ACE CEO Bill Hudson who sat on the “Credit Counts” Challenge Group said: “It’s good to see that credit unions have a key role to play in the MaPS plans. as providers safe and convenient financial services including opportunity for vulnerable people to both save and borrow.

Unify Credit Union becomes “No Zero Contracts” Accredited Employer



Unify Credit Union has just become a “No Zero Contracts” accredited employer. This accreditation follows Unify Credit Union’s decision to become a Real Living Wage employer in back in 2017.

A zero hours contract is one in which the employer does not guarantee the individual any hours of work. Although zero hours contracts are not illegal some organisations exploit the use of zero hours contracts for their own good, cancelling and changing shifts at short notice, which causes insecurity and anxiety for so many people.

The No Zero Hours Standard applies to organisations who do not employ anyone on a Zero hours contract directly or indirectly (e.g. via an agency). Achievement of the “No Zero” standard allows organisations to use the Zero Hours Justice logo to promote this.



ACE congratulates Unify Credit Union on this achievement and would encourage other ACE members to apply for accreditation promoting best practice in our member credit unions.

www.zerohoursjustice.org/accreditation.html

ACE Training Webinars

Operational Resilience & Risk Management – 18 May 2022

What operational risks are most important for credit unions and what are their levels of resilience?

To sign up for this session contact:

bill.hudson@acecus.org

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