



ACE Annual Conference in Chester

26th - 27th May 2023

This year's ACE Conference will be held in the 4* DoubleTree by Hilton in Chester.



The DoubleTree by Hilton Hotel and Spa Chester is a lovingly restored 18th century Manor House situated in beautifully landscaped garden on the outskirts of the historic City of Chester, Ideally Situated just off the M53 junction 12.



Manchester international is just 53k and can be reached in under forty minutes, John Lennon International Airport, Liverpool is on 37k from the Hotel and is within a 35 minutes' drive. Chester mainline Railway Station is just a 2-mile drive away.



There is free parking available, with the venue being easily accessible from Chester Railway station and a £6-8 taxi journey from the station.

The 2023 Conference is sponsored by Sercle and Quantuma.

Conference Exhibitors:

- Sercle
- Quantumas
- Conaccess
- Caroma Systems
- Engage
- Lindley Adams Chartered Accountants
- Optimus Cards

Conference Programme:

Friday 26th May 2023

- 13.00 – 13.45 Registration – Buffet Lunch
 - 13.45 - Welcome & Introduction
 - 14.00 – 14.45 - **Vince Cox** - Community Finance Engagement Manager – Fair4All Finance
 - 14.45 – 15.30 - **Rhian Hughes** – Partnership Manager – Money and Pensions Service – Update on the MaPS Financial Wellbeing Strategy
 - 15.30 – 16.15 - **Csaba Sandor** – Financial Services Compensation Scheme
 - 16.15 - Tea & Coffee
 - 16.30 - 17.15 - **Trish Cassidy** - LIAISE Officer National Illegal Money Lending team (England)
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- 19.30-23.30 Evening Meal

Saturday 27th May 2023

- 8.45 - 9.00 Tea, coffee and biscuits
 - 9.00. – 10.30 - **Mitchell Kellwood** – Financial Services Regulator, Credit Unions Team - Prudential Regulation Authority + **Sam Bragg** (Lead Associate Mainstream Lenders and Credit Unions) Financial Conduct Authority
 - 10.30 – 11.15 - **Caroline Domanski MBE** – (CEO at No1 CopperPot Credit Union) – Consumer Duty - Credit Unions Interpreting the FCA guidelines
 - 11.15 – 12.00 - **Muna Abdel Aziz** – YourB Credit Union - YourB Credit Union Ltd is the first Sharia complaint credit union in the UK.
 - 12.00 – 12.45 - **ACE Special General Meeting – Motion** – “This SGM agrees that it would be beneficial for ACE members to convert from a Company Limited by Guarantee to a Co-operative Society.”
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- 12.45 – 13.45 Lunch served in Restaurant
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- 13.45– 15.15 **Afternoon Workshops - 13.45-14.30 (Repeated - 14.30-15.15)**
 - Workshop 1** - Dealing with IVAs and Trust Deeds - **Samantha Owen (Finance Manager)** – Unify Credit Union and **John McClay (Manager)** West Lothian Credit Union
 - Workshop 2** - Could you identify a credit union in distress? - **Dina Devalia** – Quantuma
 - Workshop 3** – Combating Fraudulent Activity - **David Adams** – Lindley Adams Chartered Accountants
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- 15.15 - Workshop Feedback
 - 15.30 Conference closes

Somerset Community Credit Union

25 Years of Service Freely Given

Having been a founder member of Taunton Credit Union which was registered by the Registry of Friendly Societies in 1998, Bob Andrews has announced his retirement after 25 years of service given freely to the credit union. Taunton Credit Union then became Moorvale Credit Union, Taunton Deane and West Somerset, Bridgwater Credit Union, Sedgemoor, Highbridge, Bridgwater and District Credit Union before becoming Somerset Community Credit Union in 2017 after a series of transfers. Bob estimates that several hundred volunteers have given their valuable time to the various versions of the credit unions in Somerset over the past 25 years.



Now 83 years old Bob said of his credit union colleagues:
“They have all been salt of the earth people and I wish them well as I am sure there will be many more changes in the future”



Bob Andrews at a Somerset Community Credit Union meeting the day before his 80th birthday

- act in good faith
- avoid causing foreseeable harm
- enable and support retail customers to pursue their financial objectives

The new Duty is more onerous than the current Treating Customers Fairly guidance and will require credit unions to update policies and procedures. All credit unions will be required to regularly review their products for compliance with the Duty and ensure this is properly documented.

Credit unions have a diverse set of business models and sizes; therefore, the FCA expect there will be a range of different approaches to implementation. What is proportionate, in terms of approach, will differ across the sector.

Credit unions will need to focus particular attention on the following issues:

1. Governance and oversight

Under the Duty, Credit unions must act in good faith towards members, avoid causing them foreseeable harm, and enable and support them to pursue their financial objectives. To do this Credit Unions must have governance arrangements which ensure effective oversight and robust systems and controls. For example, we expect credit unions to implement risk management frameworks which prevent risks of harm to members going undetected.

As more credit unions move their services online, it is important that the risks of cyber threats and consumer scams are managed effectively. Credit unions need to ensure that adequate systems and controls are in place to counter the risks of money laundering and financial crime. The FCA’s Financial Crime Guide: A firm’s guide to countering financial crime risks (FCG) and Financial Crime Thematic Reviews (FCTR) outline the steps Credit Unions must take to defend against financial crime.

The Duty applies to credit union savings products but does not apply to exempt credit-related activities, for example, lending money under agreements that are exempt within the meaning of article 60B (3) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001. Basically, any lending where a Consumer Credit Licence is required are covered by the Duty but not the standard loan product.



Consumer Duty and Credit Unions

All of you will have by now received a letter from the FCA about how the new Consumer Duty regulations will impact upon credit unions.

The Consumer Duty will raise the standards of care for the consumer and put greater obligations on financial institutions. The new Duty will apply to new and existing products and services from 31 July 2023 and from 31 July 2024 for products and services held in closed books. The new Duty will not apply retrospectively but will apply on a forward-looking basis to existing products or services.

The Duty is focused on four outcomes:

- products and services
- price and value
- consumer understanding
- consumer support

The Duty requires firms to consider the needs, characteristics and objectives of their customers (including vulnerability) and how they behave on each stage of the customer’s journey. They require firms to:



2. Planning for operational and financial resilience

The financial and operational resilience of credit unions may be tested as more members get into financial difficulty and seek support. The FCA expect you to anticipate and plan for this scenario so that you continue to provide support that meets customers' needs, in line with the Duty.

3. Products and services

The forthcoming Financial Services and Markets Bill contains amendments to the Credit Unions Act 1979, which include an option for credit unions to offer credit cards, hire purchase, conditional sale agreements, and insurance distribution services to their members. For these new products and services, the Duty will apply to all regulated activities. Offering these new products could potentially present new risks to members, as well as benefits. Credit unions must ensure new products are designed to meet the needs of consumers and deliver fair outcomes. For example, in offering new products and services credit unions should consider:

- **Affordability** – is the credit offered affordable for the consumer?
- **Complexity** - can the consumer understand how the product works and the benefits and costs involved?
- **Information** – does the consumer have sufficient information to understand the benefits and risks of a product and make informed decisions about it?

4. The cost-of-living crisis

The rising cost-of-living is having significant effects on the budgets of UK consumers, putting pressure on their disposable incomes, and pushing more into financial difficulty. Inflation has been rising and this will be felt most acutely amongst the poorest households. The FCA want credit unions to provide a level of support that meets their members' needs throughout their relationship. This means that members should be able to realise the benefits of the products and services they buy and are supported when they want to pursue their financial objectives, when they are in financial difficulty and when they want to complain.

Although the FCA have said that they will take a "risk-based" approach to how they supervise Consumer Duty all credit unions need to include the Duty in

how they operate and link with their members. ACE advises all members to appoint a Consumer Duty Officer to the Board who will oversee the Duty's responsibilities. Consumer Duty should be discussed at regular Board meetings with any CD discussions and actions being recorded in Board minutes. This will tell the FCA that regardless of scale our members are taking CD actions, the first of which should be to review all of their current products and services to ensure that they are providing positive customer outcomes.



Future financial inclusion funding from dormant assets

Following a consultation on the future of dormant assets funding, Fair4All Finance has announced that the government have confirmed that financial inclusion will remain a named cause of the expanded Dormant Assets Scheme. This means future funding from the scheme will continue to help people in vulnerable circumstances access fair financial products and services. Over 3,000 organisations responded to the government's consultation on how to direct this funding. Financial inclusion was supported by over 70% of those who responded to the consultation. Including ACE Credit Union Services. There was strong support for financial inclusion from the financial services industry, where almost 100% of respondents strongly agreed, financial inclusion should continue to receive dormant assets funding.

The decision by the government to keep financial inclusion as a cause will enable crucial funding for years to come.

Fair4All Finance announces fund for smaller credit unions

Fair4All Finance has been meeting with the credit union trade bodies to discuss their plans to set up a fund to help smaller credit unions in bid writing. This is an attempt to level the field as funding beneficiaries to date which have mainly been larger credit unions. There is talk of a £5m fund that will be made available to smaller credit unions in England which could be used to support strategic credit union



mergers and other important areas of priority for smaller credit unions. As things stand this fund will only apply to credit unions in England but Fair4All will be working with the devolved Governments to extend the Fund to Wales, Scotland and Northern Ireland.

Regulatory Submission

Reminders -

FIN074 - Economic Crime Levy submission

One of our members has contacted me to say that they had received an email from the FCA telling them that they were due to make a FIN074 submission and that to do so they would have to register with (<https://regdata.fca.org.uk>) in order to be able to submit the information. The Economic Crime Levy (ECL) is an annual charge that will affect organisations who are supervised under the Money Laundering Regulations (MLR) and whose UK revenue exceeds £10.2 million per year. Although virtually all UK credit unions will be exempt from this levy there is an expectation that all credit unions will need to register their income through RegData.

There is a reporting deadline for this submission of this return of the 18th May 2023. If missed there could be an administrative fine of £250, so make sure that you are registered on the RegData system and that you complete the submission.

You are also required to submit your annual audited accounts within 6 months of the end of your financial year end and, your annual Complaints Return even if it is a Nil return.

ACE CEO Announces Retirement Plan

ACE CEO Bill Hudson has announced that after 9 years of working for ACE Credit Union Services he will be retiring following his 70th birthday in August 2023. Having worked for the credit union sector since 1990, Bill feels that now is the right time for him to pass on the responsibility of running the 24-year-old credit union trade association.

Bill said “When I first started working for ACE in 2014, the Board were uncertain as to whether or not they

could afford to pay a full-time CEO. I had worked closely with previous CEO, Barbara Hann who had not received a salary. I knew at the time that ACE had been set up as an alternative type of trade body that put its members at the top of the tree regardless of size and that’s what appealed to me”



Life-time Hornets fan Bill Hudson to leave ACE

Although he will no longer be the ACE CEO in September 2023, Bill has agreed to remain on the ACE Board of Directors as a volunteer. He said:

“The last 9 years have been very enjoyable and I will leave with many happy memories of working with ACE members and ACE directors who have always been very supportive of me. I will continue to follow the future of ACE and support its development.”

The CEO role has been advertised on LinkedIn and already attracted a lot of interest. If you are an ACE CU Services member and interested in applying for the role, please email bill.hudson@acecus.org for more information or to discuss further.

