



ACE Credit Union Services

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MEMBERS' NEWSLETTER

September 2018

Meeting with the regulators

Trade Associations Meeting with the PRA and FCA – 17/07/2018

The PRA started proceedings with a presentation on Operational Cyber Risk based on the recently published Discussion Paper Building the UK financial sector's operational resilience. The paper suggests that credit unions need to be more aware of the risk of becoming victims of cyber crime by having a policy on how to identify, protect, detect, respond and recover from cyber crime. It was suggested that there maybe a benefit for credit unions to test their resilience to Cyber Crime by being tested through "ethical hacking".

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/discussion-paper/2018/dp118.pdf>

Marcela Hashim then discussed credit unions returns to the BEEDS system which still showed a lack of understanding on what the returns should cover and a lack of accuracy in key areas which showed some impossible outcomes including balance sheets that did not balance and credit unions reporting zero capital. Of the 458 active UK credit unions Marcela reported that just 118 credit unions reported that they had corporate members.

The FCA led the afternoon session with a presentation from Ciara Forde who focussed on the FCA's new approach to credit union supervision which would be split between pro-active and re-active supervision. The FCA has identified three areas of weakness in poorly performing credit unions which are:

- poor governance
- a lack of understanding of the regulatory requirements
- a weakness in financial crime controls.

Pro-active supervision will focus on communication, education and support where weaknesses are identified, whereas re-active supervision will identify issues that individual credit unions display that could lead to the potential to cause harm credit union members.

The FCA reported that a Policy Statement published on the 4th July 2018, introduced a new prescribed responsibility for the training of staff on the conduct rules and reporting breaches which must be allocated to a Senior Manager by the 1st November 2018, using Form J, which will be available from the 10th September 2018.

The FCA then raised the issue of credit unions undertaking Consumer Credit Activity that did not have the required Consumer Credit Licence. Credit unions were advised to contact the FCA contact line to clarify if they needed to have a CCL. There was then a discussion on the use of the term "Community Bank" by around 30 credit unions that had applied to the FCA and granted permission to use the term. Some of the TA representatives questioned why this had been allowed when credit unions had been warned by the regulators for comparing themselves to banks. The FCA will look at this again and respond to the Trade Associations.

Nominated Beneficiaries – Maximum Payment

The Industrial and Provident Societies Act 1965, was an Act of the [Parliament of the United Kingdom](#) that regulated [industrial and provident societies](#) in Great Britain and the Channel Islands.

It was renamed in the UK to Co-operative and Community Benefit Societies and Credit Unions Act in 2010. From 1 August 2014 this Act, was repealed and replaced by the consolidating [Co-operative and Community Benefit Societies Act 2014](#).

UK credit unions are governed by this Act as well as the Credit Unions Act 1979, which is the Act that most of us will be far more familiar with but the [Co-operative and Community Benefit Societies Act \(CCBSA\) 2014](#), contains a ruling that many of us were unaware of regarding the maximum amount a deceased credit union member can have paid to their nominated beneficiary which is fixed at a maximum of £5,000. Some of our credit unions have recently been challenged by firms of solicitors by attempting to pay the nominated beneficiary more than £5,000. In the section 37 of the CCBSA 2014, that relates to the "distribution of member's property in society on death" the Act says:

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37. Nomination by member of entitlement to property in society on member's death

- (1) A member of a registered society may, in accordance with subsection (2), nominate one or more persons to become entitled at the member's death to —
 - (a) the whole of any property in the society (whether in shares, loans or deposits or otherwise) which the member may have at the time of death, or
 - (b) to such part or respective parts of that property as may be specified in the nomination.
- (2) A nomination must be -
 - (a) made in a written statement signed by the member and delivered at or sent to the society's registered office during the member's lifetime, or
 - (b) made in any book kept at the society's registered office.

- (3) The nomination of a person who (at the date of the nomination) is an officer or employee of the society is valid only if that person is the nominator's spouse, civil partner, parent, child, brother, sister, nephew or niece.
- (4) For the purposes of the disposal of any property which is the subject of a nomination, if at the date of death the amount of property in the society comprised in the nomination exceeds £5,000, the nomination is valid to the extent of £5,000 but not further or otherwise.

The £5,000 maximum would be applied to all of the deceased member's beneficiaries if there were more than one nominated beneficiary. For example if there were two beneficiaries and no instruction had been given as to how the amount should be split then each would receive £2,500. Any shares over the £5,000 maximum would need to be paid into the deceased member's Estate. Insurance payments to the deceased member's beneficiary are not included in the £5,000 maximum.

2019 ACE Conference & AGM Heading for Liverpool

Having voted the city of Liverpool as the preferred option for the 2019 ACE Conference & AGM, the venue chosen for next year's event is Jury's Inn. The hotel is located at Kings Waterfront in the iconic docks area of Liverpool. The hotel is directly opposite the Echo Arena and Convention Centre. The hotel is just a ten minute walk from Liverpool Central train station and 5 minutes from James Street station. A taxi from Liverpool Lime Street station costs in the region of £6.50. Albert Dock is also just next door to the hotel. The hotel has in excess of 300 rooms and has excellent Conference facilities on the first floor.



3rd Barclays Master Class to be held in December 2018

In what is now the fourth and final year of the Barclays Credit Union Support Programme, Barclays has announced that it will host another Master Class for up to 40 credit union delegates at their central offices in Canary Wharf, on the 4th and 5th December 2018. The two day event will be free to all credit union delegates and will include Workshop sessions on Developing Products and Propositions; Risk Management; Future Support for the Sector; Evolving Marketing Methods; Measuring Social Impact.

ACE and UKCU have worked closely together to deliver the Capacity Building part of the Barclays Programme which has benefitted 40 credit unions since 2014.



New CEO at Saveeasy Credit Union

Saveeasy Credit Union, based in Llanelli, have recently appointed a new Chief Executive. Sheila O'Connor joins them with considerable experience in the financial services sector and a background working in a number of UK locations.

Sheila was delighted to have the opportunity to build upon the considerable success of her predecessor, Jeff Hopkins, who sadly passed away earlier this year and in whose memory we named the ACE Conference Bursary Fund – the “Hoppy” Fund.

With a strong, committed and focussed team in Carmarthen and the surrounding areas, Sheila will continue to provide the support and contribution to the local communities that Jeff worked so tirelessly to achieve, whilst looking to grow and develop Saveeasy in the years ahead.



CEO Gets Out and About

Bill Hudson, ACE CEO, has been busy visiting a number of ACE Credit Unions since the York Conference in May 2018. Credit Unions visited over the Summer period include:

- North Tyneside Employees Credit Union
- Whitehaven Egremont Credit Union
- Carlisle District Credit Union
- Grampian Credit Union
- Knowsley Mutual Credit Union
- Citysave Credit Union
- Birmingham Inner Circle Credit Union
- Saveeasy Credit Union

The meetings have been extremely useful and have given the chance to put names to faces and to meet up with a wide range of ACE credit union directors and staff members. Please let Bill know if you would like him to visit your credit union. bill.hudson@acecus.org



A selfie in Quayside Newcastle

Contacting ACE while CEO is away ...

Bill will be on annual leave from 20th September until Friday 12th October and although he will still be able to pick up emails and respond to you, please contact the following ACE Directors if you need to speak to somebody urgently:

Nancy MacGillivray - 20th-28th September - 07801 533104 - nancy100@blueyonder.co.uk

Alan Robson - 1st-12th October - 07753 226443 - alan.robson@northtyneside.gov.uk