

New Developments in Community Finance: Reviewing 50 Years of Credit Unions, and Looking to the Future

BRIEF REPORT OF EVENT
Friday 19th June, 2015, 11.00-16.00

Joachim Room, College of St Hild & St Bede, Durham University



This one-day event was co-organised by the Centre for Social Justice and Community Action, Durham University; Political Economy Research Centre, Goldsmiths, University of London; FINCAN; and Thrive Teesside. The event was funded by a Knowledge Exchange grant obtained by Goldsmiths from the Economic and Social Research Council (ESRC grant reference ES/M006433/1). The aim was to discuss the possible future(s) of community finance given its recent growth and rapidly changing nature in the wake of the recent financial and economic crises and austerity politics-led recovery. Legislative change, partnerships between CDFIs and credit unions, new technologies and opportunities to raise capital all have moved the sector forward. Given this context, this event sought to (re)-imagine community finance over the next ten years.

Of the 85 participants that registered for the event, 69 attended, representing a wide range of local and national organisations including: CDFIs, credit unions, other third sector organisations, housing providers, advice agencies, national and local government departments and universities.

Sarah Banks, Durham University, introduced the event and Daniel Tischer, Manchester University, presented the findings of a recent report undertaken by the Political Economy Research Group, Goldsmiths, University of London: *Gaining Interest: A New Deal for Credit Union Expansion in the UK*.
http://www.perc.org.uk/project_posts/gaining-interest-credit-union-report-launch/

Following several short presentations on key issues pertaining to community finance, delegates selected to attend a workshop from four topic areas (see attached programme). A final plenary concluded the event, with closing comments from Tim Hall, University of East London.



Key themes emerging from the event included:

1. *Partnership and collaboration* – Attendees agreed that credit unions might work more closely together and engage with other local actors, including CDFIs, local government, social enterprises and organisations offering social wellbeing and housing services. In doing so, it was argued that credit unions can strengthen their position within local communities not only by offering financial services but also responding to advice needs of credit union members.
2. *Being effective lenders* – To enhance credit unions' ability to serve local community needs, it was argued that they need to modernise further, by, for example, embracing local and collaborative platforms and developments in service delivery offered by organisations/partnerships such as *Northern Money*. Moreover, local businesses and government need to be better educated to encourage credit union membership by more clearly recognising the potential positive impact that implementing payroll deduction schemes can have (improved productivity through lower absenteeism etc).
3. *The role of large institutions in driving development in community finance* – In particular, the Church of England might clarify its demands and actively support credit unions (financially and educationally), encouraging churches and other places of worship of all denominations and faiths to give access to existing local credit unions. Moreover, given the number of churches and universities operating across the UK, both institutions need to "put [their] money where [their] mouth is" and become more active in and supportive of the credit union sector.
4. *Calls for a university credit union [system]* – given the potential to serve a large number of customers under one common bond, universities were encouraged by some participants to create a university credit union, or a federal system of local university credit unions. Given the increasing interest in university-credit union partnerships to offer financial services to students and to educate them financially, this may be a worthwhile avenue to enhance the profile of credit unions. However, any such development must consider the impact on existing credit unions locally.

Potential actions:

1. *Development of a local network* – this was discussed in one particular workshop with participation of FINCAN and Five Lamps CDFI. It was suggested by participants that given the diverse set of organisations with similar interests present in the room, the formation of a local network was the next step forward. Catherine Mitchell, FINCAN, volunteered to organise a further meeting in the near future to set a local agenda.
2. *Study the demand for credit union services in universities* – given the presence of university representatives involved in credit union activism and research, it was suggested that a more thorough analysis of the demand for credit union services in universities was required. It was felt that the impact that financial difficulties could have on students' academic performance was under-researched and should be subject of a cross-university investigation, including the Universities of Durham, East London, Manchester and Northampton. Findings could provide a powerful argument in convincing universities that actions are required.

Some delegates stated they would be 'prepared to be involved through sharing ideas and learning with colleagues from across the UK', 'facilitate a link up with churches to develop volunteer networks', 'promote financial and digital inclusion and support' within their organisation and partner organisations and work to 'advocate further development of understandings between Credit Unions and CDFI's.'

For report of event: www.dur.ac.uk/beacon/socialjustice/researchprojects/debt_on_teesside/

Contacts: s.j.banks@durham.ac.uk; daniel.tischer@mbs.ac.uk; t.w.hall@uel.ac.uk



New Developments in Community Finance: 50 Years of Credit Unions, and Where Next?

Joachim Room, College of St Hild & St Bede, Durham University, Durham

Friday, June 19, 2015

11.00 am – 11.30 am Registration and coffee

Part 1 - Presentations

- 11.30 am – 12.00 pm **Welcome and setting the scene**
 Sarah Banks, *Durham University*
 Daniel Tischer, *University of Manchester*
 Damon Gibbons, *Centre for Responsible Credit*
- 12.00 pm – 13.00 pm **Short presentations on key issues** (Chair, Alison Baxter)
 Sian Williams, *Toynbee Hall*
 Andrew Breese, *Northern Money*
 Graeme Oram, *Five Lamps CDFI*
 David Barclay, *Church Credit Champions Network*
 Angela Clements, *FairForYou*
 Mick McAteer, *Financial Inclusion Centre*
- 01.00 pm – 01.45 **Lunch and networking**

Part 2 - Workshops

- 01.45 pm – 03.15 pm **Parallel workshops (choose one, details overleaf)**
- i. *'Modernising' Community Finance*
 - ii. *Strategies for Raising Capital and Developing Payroll Deductions*
 - iii. *Working Together: Credit Unions and CDFIs*
 - iv. *New Arenas for Community Finance*
- 03.15 pm – 04.00 pm **Tea, workshop feedback, future actions,** Sarah Banks, Tim Hall, Daniel Tischer

Workshop Information

i. 'Modernising' community finance

Panel: Chair: Paul Jones, *Liverpool John Moores University*
 Andrew Breese, *Northern Money*
 Mick McAteer, *Financial Inclusion Centre*

This workshop will discuss the impact of mergers between credit unions; and consider the implications of the growth of a few larger players for the sector, in particular with respect to new entrants and diversity of the organisations. In addition, what would be the impact of legislative reform allowing a "community bank" model?

ii. Strategies for raising capital and developing payroll deductions

Panel: Chair: David Tinmouth, *Durham County Council*
 Lindsay Melvin, *Chartered Institute of Payroll Professionals*
 Mat Danaher, *Unison*

Issues surrounding the implications of a widened common bond on, for example, payroll and capital requirements will be at centre of discussion in this workshop.

iii. Working together: Credit Unions and CDFIs

Panel: Chair: Tim Hall, *University of East London*
 Tracey Herrington, *Thrive Teesside*
 Graeme Oram, *FiveLamps*

What is the potential for partnerships between credit unions and CDFIs? What are the benefits and challenges? Examples will be given of current partnerships between CDFIs and credit unions that seek to join forces to tackle payday lending and other forms of high-cost credit in local communities.

iv. New arenas for community finance: Led by Durham CU; Carl Packman,

Panel: Chair: Carl Packman, *author of Loan Sharks & The Rise and Rise of Payday Lending*
 Julie Pullman & Neville Hallam, *Dunelm CU, Durham University*
 David Barclay, *Church Credit Champions Network* & Andrew Orton, *Durham University*
 Bruce Peterson, *Northampton University CU*

The theme of this workshop revolves around new opportunities for credit unions and CDFIs to be established, looking specifically at examples of developments in Universities, the NHS and the faith sector, and their (potential) impact on the credit union sector.