

Cross-Party Group on Credit Unions

Minutes of the meeting held at 5.45pm on Wednesday 17th December 2014 in
Committee Room 5, The Scottish Parliament

Present

John Wilson MSP (Convener), Anne McTaggart MSP (Deputy Convener), Frank McKillop (Secretary), Kenny MacAskill MSP, Margaret McDougall MSP, Steven Cunningham (Alexander Sloan), Kevin Dann (Grampian CU), Alison Dowling (Renfrewshire Wide CU), Michael Hope (Cumbernauld Central CU), Stephen Jones (Scottish Government), Nancy MacGillivray (ACE), Kenny MacLeod (Scotwest CU), John McClay (West Lothian CU), Marlene Shiels (Capital CU), Charles Sim (Scotwest CU), Laura-Jane Sneddon (Accountant in Bankruptcy), Alex Spence (Capital CU), Jim Suddon (Capital CU), Billy Thomson (West Lothian CU)

Apologies

Jackie Baillie MSP, Claudia Beamish MSP, Kezia Dugdale MSP, Mary Fee MSP, Neil Findlay MSP, Patrick Harvie MSP, Hugh Henry MSP, Jim Hume MSP, James Kelly MSP, Jenny Marra MSP, Mark McDonald MSP, Mary Scanlon MSP, Drew Smith MSP, Allison Barnes (Money Advice Service), Sharon Bell (StepChange Debt Charity), Chris Boyland (Accountant in Bankruptcy), Norman Crawford (Let's Build Credit Unions), Gerry Docherty (East Kilbride CU), Chris Donald (PRA), Bobby Gould (CUNA Mutual), James Graham (SAOS), Angela Hampson (ABCUL), Natalie Humphreys (Value CU), David Hunter (Church of Scotland), Robert Kelly (NHS CU), Stephen Kelly (Inverness CU), Jim Lally (Education Scotland), John Lange (East Kilbride CU), Yvonne MacDermid (Money Advice Scotland), George MacDonald (Tay Valley CU), Roger Marsh (PRA), Richard McCready (Co-operative Party), Carol McHarg (1st Alliance (Ayrshire) CU), Charles Meehan (Dalmuir CU), Robbie Mochrie (First Scottish University CU), Dermot O'Neill (SLCU), Claire Orr (Accountant in Bankruptcy), Duncan Osler (Social Enterprise Scotland), Eddie Percy (Glasgow City Council), Susan Rice (Lloyds Banking Group), Donald Thomson (Solway CU), Donald Urquhart (Capital CU), June Walker (Glasgow CU), Andy Wright (1st Class CU)

- 1 The Convener welcomed all to the meeting.
- 2 Attendance and apologies were noted as above.
- 3 Minutes of the meeting held on 04/06/14 were read, moved as correct by Charles Sim, seconded by Billy Thomson, and agreed. There were no matters arising.
- 4 Maureen Watt MSP had contacted the secretary to inform him that she was required to leave the membership of the Cross-Party Group as she had been appointed Minister for Public Health, and Ministers are not allowed to be members of any CPG.
- 5 It was noted that the *Scotland's Financial Health Service* website had been launched at Scotland's Credit Union Conference on 03/12/14, and the *Lightening the Load* advertising campaign would roll out in the new year.
- 6 Kevin Dann (Chief Executive, Grampian CU) presented on the theme: *Credit unions working with employers*, followed by extensive discussion. Points made included:
 - We need to demonstrate to employers that access to savings and loans from a credit union makes for happier, healthier staff;
 - Research by the Chartered Institute of Payroll Professionals showed that 1 in 3 people have taken time off work due to debt issues, and 12% have left employment for this reason. Links have also been drawn between financial worries and stress-related illness, and even domestic violence;
 - The employer link boosts member retention for credit unions;
 - Partnering with employers helps credit unions diversify their membership mix;
 - Payroll deduction allows the credit union to plan around anticipated cash flow;

- Payroll deduction helps manage bad debt, and members can access a wider range of services as the credit union has confidence in their ability to repay;
- Credit unions with very local common bonds may be unable to serve all of a company's employees, although the recent UK legislative reform has allowed more flexibility;
- Many employers are unaware of or don't understand credit unions;
- Some employers assume setting up payroll deduction will be too expensive or too difficult, when it is actually a relatively cheap and simple process;
- Some employers might consider that offering credit union membership is interfering in an employee's private finances;
- Credit unions need to get a "foot in the door" using business networking events, existing contacts at an employer, asking members to be "workplace champions", trade union connections, or approaching HR managers;
- Some employers are looking at "payday advance" schemes, but it is much simpler to partner with a credit union;
- Employers should be encouraged to see offering credit union membership as part of corporate social responsibility;
- The Government should consider a tax break for employers that offer credit union membership;
- There was support for the Scottish Government's Financial Health Service and simple, effective messages around improving financial behavior;
- The importance of financial education to help people resist the dangers of consumer debt culture was emphasised;
- It is important to ensure the public do not come to regard credit unions simply as "ethical payday lenders" or a "last resort" for people in desperate situations;
- However, there was a view that credit unions need to be more ready to lend to people in need, and this might be done with more confidence if there was a Government-backed loan guarantee scheme;
- It was hoped the marketing element of the Credit Union Expansion Project could help publicise credit union services;
- It was noted that capital investment makes a far more positive difference to credit unions than revenue funding;
- It was noted that Citizens UK are calling on the Government to spend money raised from fines charged to the financial services sector on community finance;
- It was noted that the transition to Universal Credit may cause problems for employees who also receive benefits, which employers should seek to mitigate.

The Convener thanked Kevin for his presentation, and all who contributed to a lively discussion.

7 AOCB:

- Anne McTaggart MSP highlighted the Action for Children research paper titled *Paying the Price*, which credit unions might want to read and consider how they might be able to help.
- The Convener reported that the Business Minister Fergus Ewing MSP has convened a Credit Union Working Group which aims, by October 2015, to identify and plan action on the major issues for credit unions.
- The Convener reported that he has enquired about holding a conference at the Scottish Parliament on International Credit Union Day in October, which would aim to bring credit unions together from across Scotland to network and learn from each other.
- StepChange Debt Charity has published a report titled *Scotland in the Red*, which attendees might find interesting.
- It was noted that the Prudential Regulation Authority is consulting on implementing the European Deposit Guarantee Scheme Directive, and credit unions should take the opportunity to make their views known on the potential implications for credit unions' deposits in banks.

8 The Group's next meeting will be held on 04/03/15 at 5.45pm. A theme and speakers would be decided based on the topics discussed.

9 The Convener thanked all for their attendance and closed the meeting.