Financial inclusion & credit unions in the UK

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UK news
Theresa May's 'hostile environment' at heart of Windrush scandal

MPs say policy to tackle illegal migration applied without consideration for social effects
Credit unions & financial inclusion

• UK credit unions:
  • 450 credit unions
  • 1.75 million members
  • £3.17 billion assets
  • £1.5 billion loans

• Challenges
  • Digital
  • Lending
  • Age profile

  • Scale
  • Diversification
  • Capital

• Financial inclusion as an opportunity
  • 40% of population less than £100 in savings
  • Consumer debt at £300bn +
  • 2 million took out high interest loan in 2012
  • 1.5 million remain “unbanked”
  • Half of households in bottom half of income distribution lack home contents insurance
  • Real incomes falling with stagnant wages outstripped by inflation
US v UK – the benefits of international information exchange

• UK CUs limited by regulatory & structural barriers not apparent in US
  • No state-sponsored securitisation – impacts mortgage viability
  • No equivalent to perpetual Federal support – no CDFI Fund or CRA
  • Access to payments more difficult – lack of widespread checking accounts
  • Capital requirements are high

• UK CUs also have some relative benefits
  • Secondary capital available to all
  • Significant regulatory discounts relative to wider market for all

• Less political polarisation around issues of financial inclusion & debt but...
  BREXIT!

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