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Why should Churches bother with Credit Unions?



Anthony Baker is founder director and first Chairman of St Albans District Credit Union, like all credit unions, an independent body with its own trustees, run by its members for its members. He writes:

Credit unions have already made a mark in Hertfordshire, through enabling scores of people to avoid doorstep and payday lenders, who can legally charge 100s if not 1000s of percent annual interest. Credit unions are financial cooperatives aimed at encouraging saving and providing fair-cost loans. Membership is available to every adult in the community, including people who would not have access to full banking services. Credit unions are widely regarded as socially and economically desirable and fit well with the Christian ethic of service and personal responsibility. At this time of economic hardship, their services are needed more than ever. Credit unions now need more systematic help from Churches (and other Faith and Community groups) in order to continue to grow and be more effective.

Every church could help greatly by:

- a. Forming an active support group for a local credit union, which would provide moral, financial and volunteer support, and could act as an information and promotional body for local church members.
- b. Encouraging church members to join and be active in a credit union. There is often a mistaken view that credit unions are just for "poor people". If you are better-off, you can save in a credit union, and even support it, financially or with your own talents.
- c. Once you have joined, using your credit union instead of borrowing on credit cards or store cards. You will probably save yourself interest, and by paying back your loan "on the nail", you will help the credit union build up its financial reserves, even to pay a small return to savers. A major financial threat to credit unions is from bad debts, which arise because a high proportion of current borrowers pose higher risk.
- d. More committed and able volunteers are always needed - with tasks ranging from being a friendly helper in an office, organising rotas to helping with accounts, or making lending decisions.

Why not find out among yourselves if there are 6-10 of you who would actively like to promote credit union membership?

If so, and you contact any of the credit unions listed below, we will organise a local presentation when questions can be posed and a way-ahead worked out.

Hertfordshire Credit Unions

- Black Squirrel Credit Union (based in North Herts): 01462 642045 www.bscu.org.uk
- Dacorum First Credit Union (based in Hemel Hempstead) 01442 400232

- HertSavers Credit Union (based in Welwyn/Hatfield, Broxbourne and East Herts) 01707 269239 www.hertsavers.co.uk
- St Albans District Credit Union 01727 859135 www.stadcu.org
- Stevenage Credit Union 01438 740844 www.stevenagecreditunion.com
- Watford Credit Union 01923 236401 www.watfordcreditunion.co.uk

By law, each credit union is an independent body, but these credit unions cover the entire County. Each of them has between 500 and 1000 adult members, but collectively with a combined total savings of around £3 million of which over £2 million is out on loan. They charge 12.7% APR (or less) interest on loans to regularly saving members, but can charge up to 26.8% APR for more risky loans. Each is regulated by Government, so all savings are protected by the Financial Services Compensation Scheme and the first £85,000 in savings per person, per institution is secured. Many more loans could in principle be made, but a credit union is a responsible lender and will only lend if it judges that a borrower will be able to repay.

Bedfordshire Credit Unions

- Bedford Credit Union, 01234 346352, bedfordcreditunion.org.uk
- Money Matters Credit Union 01582 666877 www.mmcu.co.uk

There are also various credit unions covering North London but none actually located in St Albans Diocese. There is a search facility available on The Association of British Credit Unions Ltd's (ABCUL) website (www.findacreditunion.co.uk) or telephone 0800 015 3060 to locate a credit union in your area.

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