

Credit Unions—Supporting Financial Inclusion

Report on Co-operation and Mutuality Scotland &
Association of British Credit Unions
Fringe Meeting
Scottish Labour Party Conference
Aviemore 27th March 2008



Bill Butler MSP, Marlene Shiels, Rev. Graham Blount and Jim Lee

Co-operation and Mutuality Scotland (CMS) and the Association of British Credit Unions (ABCUL) joined forces to sponsor a fringe meeting at the Scottish Labour Party Conference in Aviemore in March 2008. The theme of the fringe meeting was *Credit Unions—Supporting Financial Inclusion*. The speakers were Labour and Co-operative MSP Bill Butler, Marlene Shiels the Chief Executive of Capital Credit Union and Rev Graham Blount, the Scottish Churches' Parliamentary Officer and the secretary of the Cross Party Group on Debt in the Scottish Parliament. The event was chaired by CMS secretary Jim Lee.

Rev Graham Blount spoke first, he asked the audience if they knew the price of a pint of milk; he then asked if that price changed depending on your ability to pay and finally whether some people were excluded from access to milk due to low pay. He then pointed out that this is actually how the credit market works. Graham pointed to the Scottish Affairs Select Committee report on poverty which called for a legal cap on interest rates and an expansion of credit unions. Graham highlighted the work of the Debt on our Doorstep campaign which he is involved in. Graham also highlighted the current Scottish Affairs Select Committee inquiry into credit unions which he has given evidence to. Graham concluded by pointing out that Holyrood and Westminster both had responsibilities with regard to financial inclusion. He described it as a mixed up area which required joined up thinking.

Credit Unions for everyone

Capital Credit Union Chief Executive Marlene Shiels then spoke on her experience in the Credit Union sector. Marlene as well as being the Chief Executive of Capital Credit Union is also a director of ABCUL. Firstly she wanted to point out that credit unions are for everyone not just for the poor. Then Marlene highlighted the scandal of payday loans where a 2 week loan can have interest of 16000% or an apr equivalent of 2.6 million percent.

Marlene then went on to highlight the work of Capital, which had £13 million in assets with £10 million loaned out; it has 1 branch and 14 shared outlets and is a full service credit union. It is one of the nine credit unions in the UK which offer full current accounts.

Marlene set out an agenda to achieve the goals of the Credit Union movement; there was a need for permissive legislation and improved regulations; a need for an expanded product range; maintain high quality range; a need for more access for Credit Union Current Accounts; a need for support from key stakeholders and for more financial education. She finished by saying that we needed to stop banks and others from abusing the most vulnerable in society.

End financial exclusion and material poverty

Bill Butler MSP then spoke about the impetus to act. He stated that there was clear evidence to demonstrate that banks and other financial organisations should stop exploiting people—people need to have responsible lending practices. A stick was needed not just a carrot. We need to act against people using sticks against the poorest.



Bill Butler MSP addressing the meeting

Bill went on to say that we need to act together to improve our own lives and the lives of our neighbours. In the UK 7.8 million adults have no access to credit; these people are prey for loan sharks. There is also a problem of insurmountable debt and what is in effect legal extortion.

Bill issued a rallying call stating that Credit Unions are better than banks, and that we need to develop a movement. We need to point out that Credit Unions are modern and up-to-date. We need to exclude loan sharks.

Bill asked the question ‘what is financial inclusion’? He said it is about ending poverty, he stated that there is too much poverty in this country. The mission of progressive politicians to end financial exclusion and material poverty.

To find out more about Co-operation and Mutuality Scotland

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