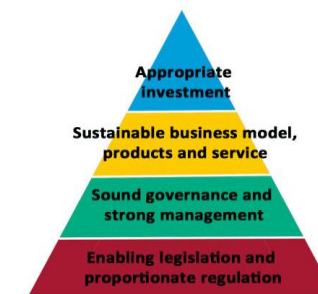


Credit unions offer responsible savings and loans to 1 million people and have the potential to do much more. They need to grow in a sustainable way and offer the products and services to appeal to a broad range of people. Credit unions need the right legislative, governance, business and investment environment in order to do this.



## Enabling legislation and proportionate regulation

Original challenges for the Sector	Already achieved	Challenges remaining
Outdated, restrictive legislative framework	Legislative Reform Order came into force in January 2012.  Interest rate cap raised in 2014.  Insolvency options broadened in 2014	<b>Making sure credit union objects are wide enough to enable boards to meet members' financial needs</b>  <b>Clarifying powers to act – ensuring it is clear that boards have powers to act in accordance with rule book to achieve its objects</b>  <b>Resolution procedures to assist at risk credit unions to merge instead of fail</b>
Lack of effective, proportionate regulation	Joining FSA in 2002 brought largely proportionate regulation, and entry into the Financial Services Compensation Scheme and Financial Ombudsman Service which increased credibility for sector.	<b>Ensure dual regulatory regime remains proportionate.</b>  <b>Mitigate the indirect impact of banking regulation (e.g. Basel III and AML) on credit unions' access to corporate and agency banking.</b>  <b>Acknowledgement of credit unions' position in personal insolvency</b>

## Sound governance and strong management

Original challenges for the sector	Already achieved	Challenges remaining
Need for skilled staff and effective boards to provide safe management and strong growth.	Credit Union Code of Governance created. Training programme and key resources created and being developed in CUEP. New legislation opens up more opportunities for partnerships and corporate volunteering.	<b>Input needed from financial services professionals – corporate volunteering, mentoring, secondments etc</b>  <b>Training, support and professional development services for credit unions need to be enhanced.</b>

# What Credit Unions Need

## Sustainable business models, products and service

Original challenges for the sector	Already achieved	Challenges remaining
Credit unions need to develop a sustainable business model. For many this will include increasing the competitiveness, the quality and the convenience of their offering to members	Credit Union Current Account and Credit Union Prepaid Card launched. Other shared tools being introduced as part of Credit Union Expansion Project.	<p><b>Shared Business Model Project and Credit Union Expansion Project are working towards this.</b></p> <p><b>Commitment to payroll deduction for government employees and encouragement of private sector to set up payroll schemes to improve access to credit unions services and boost financial well being for millions.</b></p> <p><b>Fair and transparent access to payment services and agency banking.</b></p> <p><b>Better access to credit data for lenders to enable responsible lending.</b></p>

## Appropriate investment

Original challenges for the sector	Already achieved	Challenges remaining
Investment needs to be designed to allow credit unions to grow to a point where sustainability is possible.	Funding moved away from development agencies to core credit union funding. Growth Fund moved towards contract funding based upon results.	<p><b>Attract continued investment in credit union growth and expansion.</b></p> <p><b>Investment in shared business model to enable credit unions to modernise and reach more people from a broader membership base.</b></p> <p><b>Capital investment in credit union balance sheets to boost growth.</b></p> <p><b>Explore the potential for social investment in credit unions.</b></p> <p><b>Potential supporters should be encouraged not to provide revenue subsidy</b></p>

