



Defining our **PURPOSE**

Chair's Foreword



Credit unions are social businesses.

As co-operatives, we are owned by the members that use our services and it is only for their benefit that we exist at all. We have no far-flung shareholders to whom our profits are due. But as a Board of Directors we feel strongly that when thinking about our purpose, simply to rely on being a co-operative is not enough; we need to take the time to continually revisit what our purpose is as an organisation and to think about how we ensure that we are doing all we can to realise it.

That is why at our Annual General Meeting in January 2021, we announced the start of a process of reflection and consultation around our core purpose as an organisation and how we ensure we are meeting it. This has been a thorough and, at times, challenging process to undertake. It is not always easy to explore these questions honestly and openly – we have various audiences to think about: ourselves as a board, our staff team, the stakeholders and partners we work with, our regulators and, most important of all, our members themselves. Often these groups have the same interests in mind but it is not always the case. Like for any organisation there are tensions within these key relationships which aren't always straightforward to resolve.

Challenging as it has been, this has ultimately been a rewarding and valuable process. We emerge from it much clearer on the big questions that motivate us and set the backdrop to the big strategic questions that our board and staff grapple with everyday.

We are proud of the work that we have done and the fact that in doing so we have been identified as thought leader in the credit union sector.

I hope that in reading what follows, you will agree that we have arrived at a clear and coherent statement of purpose underpinned by tangible and achievable commitments to ensure that our values as a credit union are fulfilled in our everyday practice.

Most of all I hope that you'll agree that we are The Co-op Credit Union and We Help People.

**David Fawell,
Chair,
The Co-op Credit Union**



Introduction

As a credit union, we are all about helping our members – those people that both use and own our services.

But exactly how we help them, with what services, and how that fits with our obligations to our stakeholders – be they our regulators or the employers that we work with – are questions which need careful consideration.

In January 2021, at our Annual General Meeting, we announced The Purpose Project, a process of reflection and consultation, led by a committee of our board and staff team, to go to the heart of what we're here for and how we make sure we don't lose our way as we try and achieve it.

What follows summarises the process we've been through, the consultation we've undertaken, the themes of our new purpose and the commitments we are making to deliver on these themes.



Reflection & consultation

In order to deliver The Purpose Project, the board convened an ad hoc committee of board and staff to reflect on the purpose of the credit union and to come up with proposals with which to consult our membership. This committee was as follows:

- **Chris Smith, Director and Purpose Project Leader**
- David Fawell, Chair
- Nisha Ravat, Director
- Peter Harris, Director
- Lisa Parry, Director
- Robin Webster, Director
- Matt Bland, Chief Executive
- Andrew Davey, Operations Manager
- Matthew Watkins, Member Services Officer

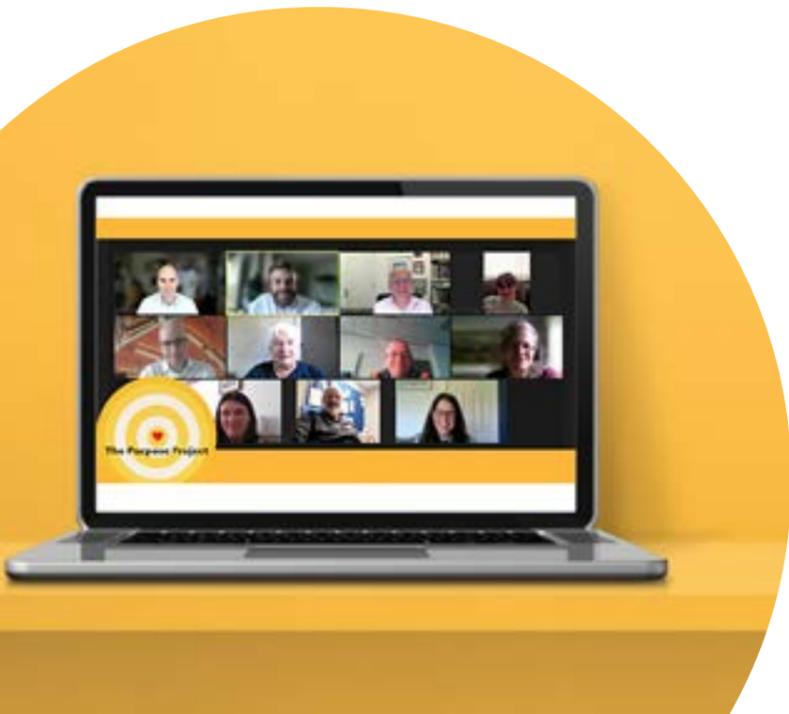
Through a process of meetings, discussions and focussed group work, this committee came up with a set of proposals focussed around five themes:

1. **Campaigning – giving a voice to our members & their concerns**
2. **Social goals – defining and measuring our social value**
3. **Code of conduct – committing to industry best practice**
4. **Co-operative principles – living up to our co-operative values**
5. **Inclusion & diversity – responding to the diverse needs of our members**

From these themes, we spent time consulting our key stakeholders in a number of ways:

- A member survey attracting 850 responses – c.10% of our membership
- Consultation meetings with partner organisations including Co-op, Usdaw & MidCounties
- Focus groups with members – two focus groups looked in depth at our proposals in October

From this process of consultation, we have arrived at the following commitments to deliver on our social purpose as an organisation.



In October 2021 we carried out online focus groups with members to look at our proposals in more depth. (Left: video call image from one of these member sessions).

Our overarching theme: Supporting good mental health & wellbeing

In all of the consultation we undertook, there was one key theme which kept coming up – the importance of good mental health & wellbeing.

With the stress and strain that comes along with the fast-paced digital world of the twenty first century, we are all continually bombarded with information which we struggle to comprehend and keep up with.

In times past, we have relied upon personal relationships to help us cope with these pressures, but as we increasingly move online – and with the impact of the pandemic & being locked down only accelerating this – those personal connections that support us to cope are gradually eroded.

Nowhere is this process more evident than in the world of personal finance. On the one hand we are encouraged to live for today and spend to achieve the lifestyle that our social media feeds tell us we should have; on the other we face falling real incomes due to high inflation, inducements to borrow at every turn and the guilt and anxiety of not saving adequately either to protect against the unexpected let alone to give us a comfortable life in retirement.

That's why we are making supporting good mental health & wellbeing through supporting good financial wellbeing the overarching theme of our purpose as an organisation.

We are small and we can't do everything but we know how important good financial health is to good mental health and that's where we're focussing our efforts.

There are a number of ways in which we will do this:

- **Redoubling our efforts to deliver cheaper credit and to help members build savings**
- **Providing tools to help members manage their money better and plan for the future**
- **Providing real support to vulnerable members who face particular challenges managing their money**
- **Raising awareness of issues to the mental health of our members & their peers**



Theme one – campaigning

Campaigning is about giving a voice to those people and issues that all too often go unheard.

In our consultation we were overwhelmed by the support we received for the proposal that we should begin to actively campaign and engage with our members with issues that matter to them.

And when we asked what the theme of our campaigning should be, mental health and wellbeing was consistently the theme you told us to focus on.

So we will begin to actively campaign for better mental health and wellbeing, with a focus on those financial matters that drive poor mental health.

What that means in practice is:

- **Having an ongoing conversation with our members about mental health**
- **Raising awareness of relevant issues in the media relating to mental health**
- **Considering how our activities as a business impact upon mental health and changing things where we think it will lead to better mental health**
- **Telling the stories of our members, staff and board around challenges with mental health**



“ **People with mental health problems are three and a half times as likely to be in problem debt** ”

Money and Mental Health
Policy Institute

moneyandmentalhealth.org

Theme two – social goals

As a credit union, we are a social business and as well as having objectives to grow, support more people and be profitable, we also want to ensure that we are having a positive social impact on the wider needs of our community. This is fundamental to being a co-operative.

Our core services as a credit union are about delivering affordable credit and savings facilities but in order to maximise our social impact we need to deliver these products in a way that ensures we are filling a gap and addressing a market failure.

In particular, we deliver loans to those either excluded or charged exploitative interest rates, and help our members build small scale savings.

As we pursue our business ambitions of sustainable, profitable growth, there will always be a temptation to drift towards a different market focus which more easily delivers our aims at the cost of our social impact.



That's why we are committing to minimum levels of business in the following ways:

- **Maintaining at least half of our loan book at loans of £1,000 or less**
- **Maintaining at least two-thirds of our savings book of accounts with £500 or less**

We are focussing on smaller loans and smaller savings balances as it tends to be those looking for this kind of account who are poorly served, and too often ripped off, in the market.

In addition, we will deliver the following:

- **Provide tools to our members to support their budgeting**
- **Help members to access all of the benefits they are entitled to**
- **Build links with gambling and mental health charities to refer vulnerable members**

Theme three – code of good practice

In order to deliver a service that does everything it can do to support financial wellbeing and resilience, particularly among the vulnerable and underserved, we need to ensure that, we must aspire to achieve best practice standards in everything that we do.



Fair4All Finance is an arms-length government organisation funded by dormant bank and building society account money with a mission to support access to fair and responsible credit and other financial services for all.

They have developed an Affordable Credit Code of Good Practice which sets standards in the following key areas:

- Organisation set-up and social purpose
- Approach to customers
- Lending
- Repayment & recovery
- Customer support & wrap around services

fair4allfinance.org.uk

The Code represents an objective and directly relevant standard for credit unions and other social lenders with similar missions in respect of financial inclusion and wellbeing.

We are committed to maintaining our compliance with the Code of Good Practice and will report annually on our own assessment of our adherence with its requirements

Theme four – co-operative principles

As a credit union, we are a co-operative. That means we are owned by our members – in our case, the people that use our services – and organised for their benefit rather than the benefit of shareholders or private owners.

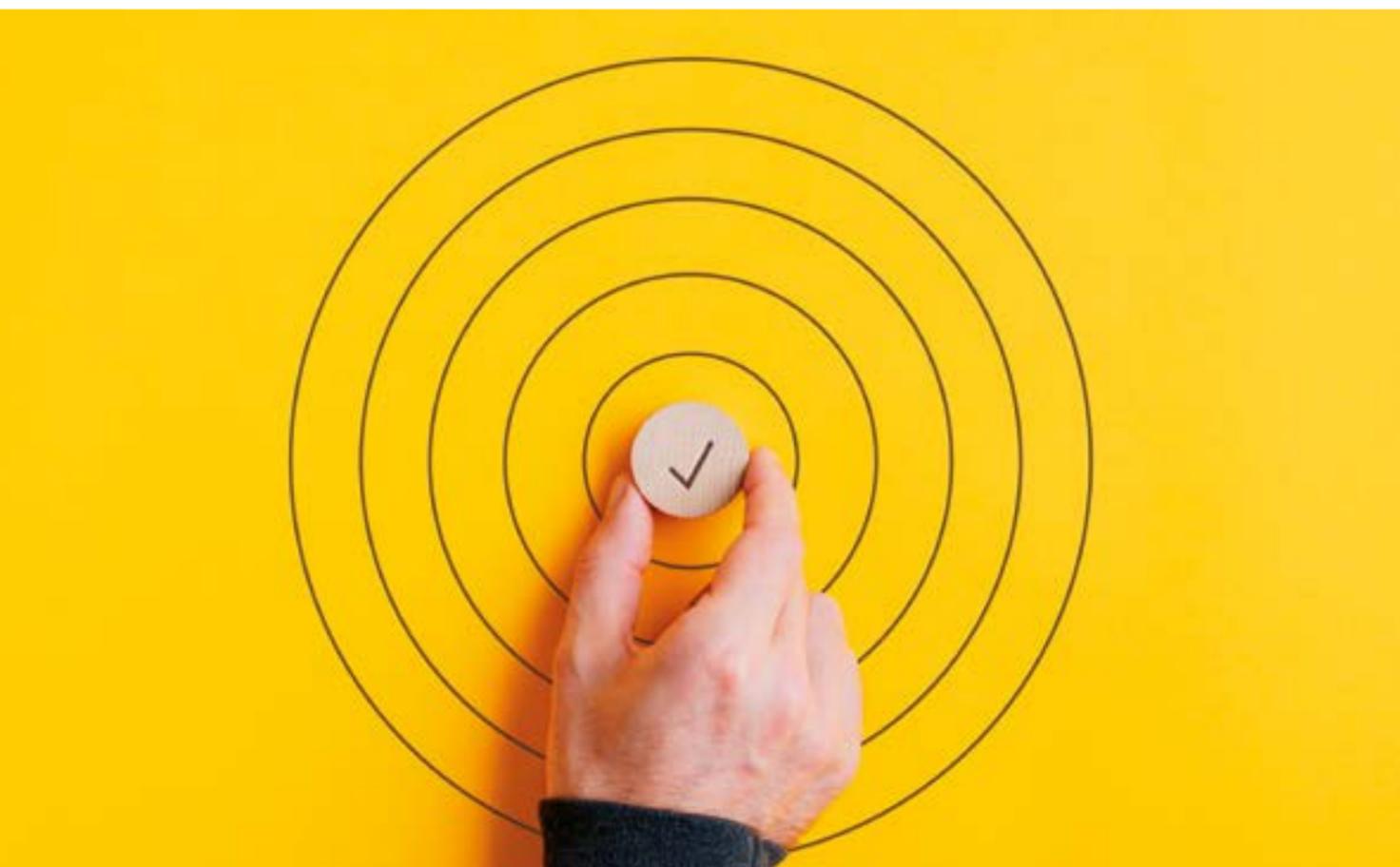
But being a co-operative is about more than just how we're owned – the Rochdale Pioneers, a group of working men one of the first co-operatives in 1844, set down seven principles which continue to determine how co-ops should be organised and run today. The principles are as follows:

- Voluntary and Open Membership
- Democratic Member Control (one member, one vote)
- Member Economic Participation
- Autonomy and Independence
- Education, Training, and Information
- Cooperation among Cooperatives
- Concern for Community

As a credit union we are committed to delivering on all seven principles. However, while some – such as democratic control under one member, one vote – are built into our organisational constitution, others are something we have to make additional efforts to fulfil.

In particular, we are committed to focussing on delivering on three of the principles:

- **Principle 5: Education, Training and Information:** we will deliver new tools in relation to budgeting and financial education as well as income maximisation which will support our members achieve their financial goals and become more resilient.
- **Principle 6: Co-operation among Co-operatives:** we will work closely with our peers in the credit union sector to contribute to the continued development and strengthening credit unions in general as well as focussing on supporting the employees and members of other co-operatives with our services.
- **Principle 7: Concern for Community:** everything in this document is about delivering on our wider commitment and concern for our community as a credit union.



Theme five – inclusion & diversity

As a social business, we are committed to the importance of diversity and inclusion and we recognise that it's everyone's responsibility to proactively address these deep seated social issues.

However, we have much to do if we are to be reflective of our membership in terms of the diversity of our team.

Similarly, we recognise that in order to maximise our social impact, we need to respond to the needs of diverse communities in the products and services that we deliver and the support they offer to members.

In order to make positive progress in addressing these challenges, we are committed to delivering two things:

- **Create a new Inclusion & Innovation Commission** – a group of members from diverse backgrounds who will meet annually and provide feedback and ideas on how we can become both more inclusive and innovative in how we deliver services relevant to diverse audiences. It will also provide a route for members to becoming directors of the credit union.
- **Measure and analyse our diversity** – we will develop a new approach to anonymously and compliantly measuring and analysing the diversity of our membership so that we can measure our success in becoming more diverse and inclusive.

Each year we will publish an update on our progress towards becoming more diverse to coincide with our Annual General Meeting.

Summarising our purpose

Finally, we have tried to capture everything we're committing to with this document in a single phrase with an accompanying mission statement which briefly describes the key things we will do to support our membership and our wider community.

When you boil it all down, it's quite simple really... **we help people.**



To help our members we offer responsible and affordable savings and loans services inclusively. That means that we aim to ensure that we can support as many people as possible, and we actively seek to support those who are underserved or exploited by the mainstream credit market.

Alongside our core services, we help our members by campaigning for things that matter to them, committing to best practice in community finance, adhering to the co-operative principles and providing tools and guidance to help build financial skills and support the vulnerable.



The Purpose Project

The
COOP
Credit Union
...we help people

In our members' words



**Keith Whittaker, Manchester
Co-op Academy Manchester Employee**

"Since I joined The Co-op Credit union over twelve years ago, I've been able to save up money easily since they take money directly from my wage. I also transfer money from my bank into my credit union account, and it's easy to withdraw money if you need it. The best thing I ever did was join!"



**Caroline Sherwood, Cheltenham
Retired, Co-op Bank customer**

"I have been a customer of the credit union for over two decades. The application process is friendly and considerate, and it's so useful being able to borrow small amounts with very reasonable repayment terms. My loans have enabled me to go on retreat and attend courses"



**Simon Ramacci, Ipswich
Asst. Church Pastor & Co-op Member**

"I've been a member of The Co-op Credit Union for about a year. I believe co-operatives are an essential part of a more ethical and climate-friendly economy. By saving money with The Co-op Credit Union I'm not just choosing great customer service, I know I'm also saving ethically and helping fellow members to access affordable loans"



**Angela Brown, Moray
Co-op Food Store Team Leader**

"I Joined The Co-op Credit union 2 years ago. My membership means that I can save money from my wages for Christmas and get easy access for a loan if I ever need one. I also trust the credit union more than banks because my voice is heard".



**Alec Milner, Warrington
Logistics worker and Usdaw member**

"I've been a member for about 3 years having come across The Co-op Credit Union via my union, USDAW. The credit union gives me a great way to save up for those unexpected expenses that would otherwise have left me embarrassed. I also enjoy the feeling of belonging to a wider group of like-minded people all helping each other in their day to day lives".



**Robert Laurie, Hinckley
Co-op Food Store Manager**

I started to use the credit union as an opportunity to save, but it then became a lifeline to support me when I was financially struggling. The ability to get a Loan against my savings instead of credit cards allowed me to pay for car repairs and Christmas without getting into the spiral of debt that many face. The credit union continues to be a great way to save & support others who may struggle".



**Dave Appleton, Warrington
Co-op Food Store Manager**

"I've been with The Co-op Credit Union around 10 years now. It's a wonderful way of saving and removes the hassle of remembering to pay into a savings account. I always recommend the credit union to my colleagues. The credit union was also there for me when I needed a loan which was much cheaper than the bank"



**Emma Raftery, Manchester
Your Co-op Member**

"I've been a Co-op Credit Union member for two and half years now, and in that time I used the credit union to save for my wedding and my maternity leave. I love the fact that savings come out of my wages directly so I never forget. It's so easy - it's great!"

What next?

The publication of this document marks the beginning of a journey for the credit union, not the end.

We will be returning to our commitments each year to review if they remain the right ones, to build on our achievements over time and to report to members and stakeholders on our progress.

If you would like to discuss anything from this document or anything else regarding The Co-op Credit Union, please get in touch:



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Credit facilities are provided by The Co-op Credit Union, are subject to status and only available to those aged 18 or over and resident in the UK.

The Co-op Credit Union subscribes to the Lending Code and is a member of the Financial Services Compensation Scheme (FSCS) and the Financial Ombudsman Service (FOS).

Protected

Firm Reference No 213649. Registered No 558c. Registered office address: 1 Angel Square, Manchester, M60 0AG.

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