

Cross-Party Group on Credit Unions

Minutes of the meeting held at 5.45pm on Thursday 19th April 2012 in Committee Room 5, The Scottish Parliament

Present

John Wilson MSP (Convener), Anne McTaggart MSP (Deputy Convener), Frank McKillop (Secretary), Maureen Watt MSP, Emma Balfour (Citizens Advice Scotland), Allison Barnes (Money Advice Service), Trisha Butler (Drumchapel Community CU), Ian Caldwell (Scottish Police CU), Alison Dowling (Renfrewshire Wide CU), Bobby Gould (CUNA Mutual), Angela Hampson (Glasgow CU), Robert Kelly (NHS CU), Sylvia Lynch (Money Advice Service), Carol McHarg (1st Alliance (Ayrshire) CU), Eddie Percy (Glasgow City Council), Theresa Potter (Office of Anne McTaggart MSP), Joe Reilly (Shettleston & Tollcross CU), Ann Robertson (1st Alliance (Ayrshire) CU), Alex Spence (Capital CU), Alison Wright (West Lothian CU)

Apologies

Jackie Baillie MSP, Sarah Boyack MSP, Margaret Burgess MSP, Hugh Henry MSP, Jenny Marra MSP, Margaret McDougall MSP, Mary Scanlon MSP, Dr Richard Simpson MSP, Bill Walker MSP, Deirdre Forsyth (Scotwest CU), Yvonne MacDermid (Money Advice Scotland), Nancy MacGillivray (West Lothian CU), Cathy McGrath (Glasgow CU), Catriona McKay (Scottish Government), David Ogilvie (Scottish Federation of Housing Associations), Brenda Rothead (Education Scotland), Marlene Shiels (Capital CU), Charles Sim (Scotwest CU)

- 1 The Convener welcomed all and apologised that the meeting had to be rescheduled from March due to a change to Parliamentary business on the original date.
- 2 Attendance and apologies were noted as above.
- 3 Minutes of the meeting held on 18/01/12 were read, moved as correct by Carol McHarg, seconded by Joe Reilly and agreed
- 4 Following the January meeting on Trust Deeds, Frank McKillop reported that credit unions had formed the second largest group of respondents to the Scottish Government's Protected Trust Deeds Consultation, and encouraged all credit unions to respond to the ongoing consultation on Bankruptcy Law Reform, which includes questions on exempting credit union debts from discharge.
- 5 Presentations were given on the theme of "Credit unions for all" by Ian Caldwell (Scottish Police CU), Alison Dowling (Renfrewshire Wide CU) and Trisha Butler (Drumchapel Community CU).
- 6 The Convener thanked the speakers for demonstrating the diverse range of credit unions' work with three very different presentations on the same theme, and opened discussion of the issues. Points raised included:
 - A successful credit union presence in schools can raise awareness among parents, grandparents, teachers and guardians and lead to an increase in adult membership;
 - The appetite exists among many credit unions and many schools to work together on financial education projects, but there is a major resource issue;

- Demand for card and technology-based services by high school students must be balanced with need to teach financial responsibility through a physical and emotional connection to saving and spending in cash;
- High cost lending is not just a problem for low income households; many people in employment and on good salaries are using payday lenders, struggling to cope and pursuing debt relief;
- Aggressive marketing of payday lenders is a major problem unless people have a greater level of financial capability to discern between a good deal and a bad one;
- The legality of the operations of some payday lenders under Scots Law was queried;
- If credit unions operate under an interest rate cap, why is there no such cap for other lenders and what might the consequences be?
- Credit unions have kept default rates on Growth Fund loans low; below 3% as compared with 7% for Scotcash;
- More affluent people who do not currently use credit unions need to be encouraged to save and borrow with a credit union;
- There may be an opportunity for credit unions to fill some of the gap left by the commercialisation of savings banks;
- Credit union savings can effectively be a bond for life insurance too;
- The opportunity to work with local churches to provide new collection points, volunteers and members was highlighted, especially in light of the report by the Church of Scotland's Economics Commission;
- There is not so much a need for more credit unions in Scotland, but more support for and accessibility of existing credit unions to enable them to serve more people;
- Credit unions need to change to think and behave in a more business-like fashion to keep offering their services in a cost-effective manner;

The Convener thanked all for their contributions to a lively discussion.

- 7 AOCB: It was noted that the ABCUL Scotland Conference will be held in Glasgow on 14/09/12, and that the CPG will mark the UN International Year of Co-operatives and International Credit Union Day with a Parliamentary Reception on 03/10/12.
- 8 The Convener thanked all for their attendance and closed the meeting.