



Mr Russell George AM
Chair of Economy, Infrastructure and Skills Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

15th January 2020

RE: WELSH GOVERNMENT'S RESPONSE TO THE NATIONAL ASSEMBLY FOR WALES' ECONOMY, INFRASTRUCTURE AND SKILLS COMMITTEE REPORT ON ACCESS TO BANKING

Dear Russell George AM

We write with regard to the document "Welsh Government's Response to the National Assembly for Wales' Economy, Infrastructure and Skills Committee Report on Access to Banking" filed in December 2019. This letter specifically refers to the response from Welsh Government to Recommendation 14 of your committee report on Access to Banking:

'Recommendation 14: The Welsh Government should actively pursue other collaborative ideas for delivery of banking services, including through partnership arrangements, alongside its support for the Banc Cambria community banking model. Its criteria for supporting proposals to improve access to banking services should have a strong emphasis on guaranteeing greater financial inclusion.'

As part of its response, Welsh Government stated: "Welsh Government Officials have also met with the Welsh Credit Union Network to explore opportunities to collaborate wherever possible."

We would like to clarify that to date, there has been one meeting between Credit Unions of Wales and Welsh Government officials, where Banc Cambria was included as an agenda item. This was the Credit Union Collaboration Meeting that took place on 9th October 2019, organised by the Financial and Digital Inclusion Unit, which took place at the Welsh Government's QED offices in Treforest.

Officials from the Economy, Skills and Natural Resources department attended part of this meeting, to give credit unions an update on the progress of the Banc Cambria project as per the agenda, which we have attached.

The update took place, but as can be seen from the agenda and minutes (attached), the purpose, and outcome, was not exploring opportunities to collaborate wherever possible. At this meeting, it was recognised in discussions that there was a need for

greater engagement and understanding of the potential impact Banc Cambria would have on credit unions in Wales, particularly around the intention to offer personal loans, currently already offered by credit unions as a core product. It was therefore agreed that Welsh Government would facilitate a meeting between Banc Cambria and the credit unions. That meeting is scheduled to take place on 22nd January 2020.

We are concerned that the meeting in October with Welsh Government officials from the from the Economy Skills and Natural Resources department and the meeting scheduled for 22nd January are being construed as ongoing collaborative work with Banc Cambria, as demonstrated in a statement made to the committee by Minister for the Economy and Transport Ken Skates AM in the Senedd on 11th December 2019 that 'work is already well underway to ensure that credit unions and the community bank and building societies work in collaboration'.

We would like to emphasise that we are only aware of talks between Banc Cambria and one credit union and stress that the credit union is not representing the wider network in those discussions. That credit union is independently writing to Minister for the Economy and Transport Ken Skates to clarify its position. Although we share concerns about the withdrawal of banks from high streets across Wales, we remain very concerned that Banc Cambria will have a significant and detrimental impact on the credit union movement in Wales and the members we serve.

Once Banc Cambria' has finished its feasibility study and detailed proposals are published, we will request a meeting as Credit Unions of Wales with Minister for the Economy and Transport Ken Skates AM.

Yours sincerely

Brecon Credit Union
Bridgend Lifesavers Credit Union
Cambrian Credit Union
Cardiff & Vale Credit Union
Celtic Credit Union
Dragonsavers Credit Union
Gateway Credit Union
Islwyn Credit Union
Merthyr Tydfil Borough Credit Union
Newport Credit Union
Red Kite Credit Union
SaveEasy Credit Union
Smart Money Cymru

Credit Union Collaboration Group

Meeting: Wednesday 9 October

Credit Union representatives pre-meeting - 10:00 – 11am

Collaborative meeting – 11am – 1pm

Venue: (Treforest Lounge)

Welsh Government building, QED, Treforest

AGENDA

1. Welcome and introductions
2. Minutes of the last meeting
3. Update on Community Bank/Banc Cambria
4. Grant funding – 2020/21
5. Grant funding - update on projects – problems/ barriers/ successes?
6. Any current issues the sector is facing?
7. Any other business

In attendance

Nigel Moss (NM)	Head of Digital and Financial Inclusion Unit – Welsh Government – Chair
Charlotte Anscombe (CA)	Credit Union & DAF Policy Manager – Welsh Government
Leanne Herberg (LH)	Cardiff and the Vale Credit Union
Christina Stoneman (CS)	Dragonsavers Credit Union
Andrina Davies (AD)	Smartmoney Cymru Credit Union
Jackie Bull (JB)	Brecon & District Credit Union
Ann Francis (AF)	Cambrian Credit Union
Claire Savage (CS)	Credit Union Policy Officer
Ben West (BW)	Newport Credit Union
Daniel Arrowsmith (DA)	ABCUL
Nicola Field (NF)	Bridgend Lifesavers Credit Union
Steve Mallinson (SM)	Celtic Credit Union
Delyth Shearing (DS)	Merthyr Tydfil Borough Credit Union
Rhidian Morgan (RM)	Welsh Government (ESNR)
Catrin Lloyd (CL)	Welsh Government (ESNR)

Apologies for non-attendance

Sara Birch	Gateway Credit Union
Brian Phippen	Gateway Credit Union
Bill Hudson	ACE

Welcome and introductions

1. Nigel welcomed everyone to the meeting, and round-table introductions were made for the benefit of new group members.

Minutes of the last meeting

2. The minutes of the previous meeting held on 7 March were agreed as a true record.

Action points carried forward:

- CA advised that the action point regarding the Ministerial letter remains open to interested credit unions. Action – credit unions to consider if they want the letter issued and contact CA with a list of local employees. Leanne advised that they are considering employers operating in the care and support field, so will be in touch.
- Action point regarding debt management and IVRs and DROs remained current

Action – CUs to share examples of inappropriate cases with WG so this can be progressed with colleagues working with the debt advice sector.

Update on Community bank / Banc Cambria

3. Nigel welcomed Rhidian and Catrin to the meeting and invited them to provide an update on the plans to establish a community bank model in Wales. The group heard that the plans are at the project set up stage, with first stage feasibility work underway before

moving on to pre-application stage, with the application planned to be submitted by summer 2020 and the first pilot bank to be set up by summer 2021. Rhidian stressed this will not be Welsh Government owned, with Banc Cambria free to approach funders including local authorities. Rhidian advised that stakeholder engagement is happening, including with credit unions, whom Mark Hooper is keen to engage with. There is a clear brief for the community bank and it includes not duplicating work of the Development Bank of Wales and Credit Unions.

4. Concern raised that funding provided to credit unions will be diverted to Bank Cambria. It was stressed that this is a completely different budget, initial investment funding for Banc Cambria coming out of Economy Skills & Natural Resources budget, with the Prosperous Futures budget funding Credit Unions. It was agreed this is a high risk investment, there is potential there but there are many obstacles to overcome.
5. Concern raised that Banc Cambria will be offering personal loans, which will place it at odds with credit unions, who also provide personal loans, and not just to financially excluded customers, which is a common misconception. LH clarified that credit unions provide personal loans up to £15,000 above the value of held savings. Credit unions rely on this business in order to cross subsidise their work with financially excluded customers. This duplication places them at risk. RM stressed that this dialogue is needed as the boundaries need to be established. These boundaries will be clarified in the market assessment which will identify gaps and duplication. RM gave assurance that he will be supporting credit unions on this and added that Bill Hudson has been asked to act as an advisor to the Board of Banc Cambria, so will also be representing the interests of credit unions.
6. It was agreed that CA would convene a meeting during mid November using the collaboration group membership, inviting all credit unions, with RM/CL inviting Mark Hooper and James Moore, from Banc Cambria, to discuss areas of concern.

Action – CA to arrange a meeting between credit unions and Banc Cambria.

Grant funding 2020/21

7. CA advised that there is uncertainty at the moment about Welsh Government revenue budgets for financial year 2020/21, and as yet budgets have not been determined. This is primarily due to Brexit uncertainties. Given this, plus the wish of credit unions to have a two year funding offer following a grant application stage which may be unlikely, CA advised that she is working on the basis of seeking Ministerial approval to roll forward those revenue projects which could naturally run for another financial year. This would be subject to agreement and performance. Time bound projects would not be considered for this extension. CA is in the process of arranging monitoring meetings with all projects to discuss progress. CA advised that should agreement be given for an extension, small tweaks would be able to be made to existing projects, and that these issues will be discussed at the individual meetings planned over the coming weeks.

Action – CA to book meetings with all credit unions currently receiving revenue funding.

8. Jackie Bull added that WCVA have grant funding available through the Active Inclusion Fund.

Grant funding – update on projects – problems/barriers/successes

9. LH advised that all three projects are on track, with the payroll project ahead of target. The back office staff of Cardiff & Vale Credit Union are located at the new office and the current occupier of the ground floor of the new premises in Woking Street are due to vacate by the end of this year, allowing the move to be completed to schedule.
10. AD advised the Tredegar office is using a different approach rather than the planned 5 days a week opening – it is open for 3 days. This model has been more successful in getting engagement from certain areas of Blaenau Gwent. By using the time that the office is closed on the 2 days to increase the number of community points in more isolated/ inaccessible areas of Blaenau Gwent, has been able to overcome accessibility problems from some areas of the valley. On the Caerphilly rapid Growth project, the Development Officer is beginning to make some headway with signing up staff working at CCBC. Good progress at the Health Board.
11. JB advised a new Development Officer has been employed this summer so there is a plan of work over the coming months.
12. AF reported Cambrian Credit Union has made a profit at the close of the credit union financial year for the first time in 5 years. A new Marketing Officer has been appointed and this arrangement is working well. The rural project has been adapted to accommodate the significant restructure that the credit union underwent last year. This may well need to be amended further. Ca added this was always a pilot, to trial new ways of working and the funding has remained flexible to support this.
13. BW added that the number of payroll loans has improved and is starting to have an impact. Family loans remain very popular and this has been aided by the appointment of a Family Loan Development Officer.
14. NF updated on the projects, both collaborative and individual. The prison project has benefitted from prisoners at Parc having access to the prison intranet, on which the savings scheme has been advertised and actively promoted. Monthly statements are now being sent to prisoners to alleviate concerns that they cannot access the scheme as easily when they move onto other prisons ahead of their release. Project on track against performance measures, as are the other projects - for the schools savers project, two new school schemes have been opened recently, plus there have been many requests from schools for the financial education package to be delivered by Damian.
15. CS updated on the collaborative marketing project, highlighting the work involving schools to design a school savers logo has been really successful. Winners of this competition, to design either a video or a poster, will have a tour of the Senedd with Jane Hutt AM. A Christmas survey looking at the cost of Christmas generated 600 responses, which highlight a stark issue in terms of debt and people struggling with affordability. This is the theme being used by most Welsh Credit Unions to mark International Credit Union Day, on 17th October. Credit Union awards set for 20th March, with Jane Hutt speaking at the event.
16. SM advised that the community outreach and schools project is working extremely well, and is gaining momentum. Celtic Credit Union received money from the Wales Illegal Money lending Unit to fund an extensive leaflet drop recently, which again should help to boost awareness of their services across Neath and Swansea.

17. DS – advised that they have made a successful appointment for their Payroll Marketing Officer following difficulties in recruiting for this post. They are now operating in 22 out of the 24 schools across Merthyr Tydfil, however their biggest issue remains the retention of volunteers within primary schools, as they lose parent volunteers once their children move into secondary school.

Current Issues

18. The mobile app collaborative project was raised – NF advised that the Change Account has taken over Kesho, the supplier of the mobile banking app being purchased by the credit unions collaborating in this project. NF remains in close contact with the Change Account and as yet they have not revealed their plans in respect of making any changes to Kesho – the banking platform used by the majority of Welsh credit unions. AF added that Engage, the supplier of the Engage Card, are planning to develop an alternative to Kesho, so this will be something to keep under review.

Any other business

19. None