

## SUMMARY OF CONTRIBUTIONS

### 1. Introduction

This webinar was to enable [Dr Olive McCarthy](#) of the [Centre for Co-operative Studies](#) at Cork University Business School (and also of CFCFE's Advisory Board) to present the findings of her paper [credit unions and Social Impact Measurement and Reporting: Realising the Potential](#), and for Nick Money, Director of Development at the Centre for Community Finance Europe (CFCFE), to introduce an evolving method of social impact measurement. The event was chaired by Dr Paul Jones, Director of Research at CFCFE.

There were 70 attendees from Ireland and the UK. Slides from the event, and a recording of the plenary discussions, can be accessed [here](#).

Participants made many valuable observations through the meeting chat function, and these are recorded below for information. Where possible, a contributor's organisation is noted the first time they are cited. Some contributions make reference to a group – this is where they are summarising breakout group discussions (breakout groups comprised four to six randomly allocated attendees).

### 2. Participant contributions

#### **Credit union attitudes and intentions in relation to social impact measurement and reporting**

Results of opening poll:

- How important is it to for credit unions to engage in social impact measurement and reporting?
  - Imperative 30%
  - Very important 57%
  - Quite important 15%
  - Not important / Should not be done 0%
  
- How likely are you to do it in 2021?
  - 100% 15%
  - Very likely 37%
  - Likely 20%
  - Unlikely 24%
  - 0% 4%

### **The objectives of credit unions**

Sandra Velthuis (Whitebarn Consulting): Are the social objectives of all credit unions the same or are they different? If they are the same, it should be far easier to achieve a common measurement framework than if they are different.

Mary McKeon: I would see the overarching objectives of credit unions, certainly of the credit union movement, as being the same. However, the objectives of individual local credit unions on the ground would be more nuanced to reflect local situations.

Mary Faherty (ILCU): Perhaps all credit unions could agree to report on two to three common objectives (so that the results could be aggregated up to a national level) then allow the flexibility for credit unions to add an additional one to two objectives if they felt they were required to capture their credit union's specific way of working?

Christopher Smith (Talking Credit Unions): Credit unions should not be afraid of campaigning on difficult issues and measuring the impact of their efforts in changing attitudes in society.

Sandra Velthuis: Biggest decision to make in my opinion: are you doing this primarily to manage the impact of your own local credit union OR is it to build a case for the credit union movement as a whole?

David McAuley (Donore Credit Union): In Ireland we need a national value for our social impact. This will allow us to take back ownership of the credit union conversation and future.

### **What social impact measurement is not**

Sandra Velthuis: Social impact measurement is not marketing activity! Yes, that can be a (small) part of it but it's about so much more than that. Ultimately, it's about being accountable to your members and other stakeholders.

Fionn Travers-Smith (Avon Mutual): Absolutely agree Sandra. And also to help keep you and your organisation true to its values and foundational mission, and to drive up standards internally and outcomes externally too.

### **Where to start**

Sandra Velthuis: Starting simply is a good idea.

Christopher Smith: There is much to be learnt from the Co-op Bank in the UK who was the first UK bank to measure its social impact back in the 1990's. VanCity Credit Union came from Canada to observe and learn from the Co-op Bank's pioneering. One clear lesson learnt from the early days of social auditing is establishing the mandate of the customers (members). The Co-op Bank ethical policy was shaped with customers and voted upon (endorsed) every three

years. It was the customers' ethical policy NOT the Bank's ethical policy. Credit unions' social goals should be endorsed and owned by the members!

Sandra Velthuis: Here is a link <https://www.co-operativebank.co.uk/assets/pdf/bank/news/values-and-ethics-report-2019.pdf> .

### **How to do it**

David McAuley: Our perspective, an independent, transparent - at an arm's length process, means we can stand by the results as they are what is found for us not by us. So it is much more than a marketing tool. It also means we can now use in strategy.

Helen Courtney Power: Unless you get buy in from CEO, BOD, it is a futile exercise, as support won't be given to undertake the metrics around it.

### **What do you think are the social impacts of credit unions and how can these be measured?**

Clare Coyne (Bristol Credit Union): Group 6 - Social impact: financial inclusion and resilience. Education, access to fair credit, living wage and fair work conditions, engagement and relationships, volunteering opportunities - upskilling local volunteers, intergenerational financial impact. Measure difference in interest repaid between credit unions and high cost lenders. measure contribution of volunteers in terms of time, costs saved etc.

Richard Munro (Commsave Credit Union): Group 6 - financial education, bursaries, scholarships, grants, student loans, improving financial resilience, improving mental health, access to affordable loans, moving members from high cost credit.

Fionn Travers-Smith: @Clare Coyne and Group 6 - this report includes an analysis of interest saved between high cost credit and the customers of this small financial inclusion CDFI. Their methodology is pretty good on that point: <https://responsible-credit.org.uk/wp-content/uploads/2020/09/CfRC-Social-Impact-of-Fair-for-you-report-final.pdf> .

David McAuley: Our findings from our members was the really interesting thing in that they really "belong to" and "own" the credit union. More to do.

Sheenagh Young (South Manchester Credit Union): Maybe one way to think of it is the social impact / added value in three aspects - 1. for individual members 2. for employees 3. for communities.

Fionn Travers-Smith: It was mentioned briefly before, but VanCity is really good on membership consultation. They report on wellbeing metrics of their membership and found that VanCity members tend to have higher wellbeing scores than the general populace! Proving whether that's because of the credit union or whether those people are more attracted to the credit union in the first place.

Adrienne Wynne (ILCU): Group 3 - Social impacts: community contribution, dignity, education. Measure: education loans; smaller loans; scholarships.

Social impacts: community/charity contribution. Measure: Schools donation, local spending.

Social impact: education members to improve financial health. Measure: staff and volunteer training, CXI awards.

Social impact: social finance funds – measure.

Also important that we combine measures with other non-balance items such as campaigning that only credit unions do.

Eddie O'Reilly: Group 4 - quantitative & qualitative measures. Start with two or three measures that are clearly defined & consistent.

Peter Cleary (University College Cork, UCC): Group 5 felt that a big issue is how to start measuring and unless there is top management support, it's difficult to see how it can be successful.

Andrea Phillips (Dundalk credit union): Group 7 - defining social impact: raising the living standards of people through credit and, through our members, positively impacting the community we serve; challenge is benchmarking and measuring on an ongoing basis. Also recognised the social impact as relating to the positive emotional wellbeing of members as a result of being a member of a credit union.

Michael Farrell (UCC): Group 1 felt the information and principles already exist, what's needed is an organising framework for credit unions to work with. We also made a distinction between human capital (development of credit union workers) and social capital (impact on members) and also felt that the development of human capital drove social capital too.

Declan Mooney (CUFA Ltd): Group 2 - not everything can be expressed in € or £. Proxy measures like the Deprivation Index can help to track progress over time. Measurement of the market share of the money lenders / fringe lenders, suicide rates ... there are many baselines that can be used to track progress over time. These measures are real and are a clear social impact. We also felt that a 'point in time' measurement is good but to really integrate and embed the social impact it should have a baseline and a target against which to measure over a number of years.

Mary Faherty: Group 10 - Industrial credit union v. Community credit union: it's easier for a community credit union to report social impact; it's more difficult to measure the social impact of an industrial credit union. Social impact of credit unions:

- Sense of belonging; it's about social inclusion in both community and industrial credit unions; access to credit allows people a participative role in society; PMC loans contribute to social inclusion
- Money spent locally: particularly for community credit unions
- Helping people through their life in dealing with shocks and stresses they experience during their lives; reducing financial stress; improving people's financial resilience

- Access to education: look at education loans at primary, secondary and third level, back to school loans etc.
- Home improvement loans: how these improve people's living standards through the deep retrofitting programme; also a positive environmental impact.

Sandra Velthuis: When thinking about outcomes, it is helpful to do this: We do X. So what? What happens as a result? How can you be sure?

**What would the benefits be to your credit union and its stakeholders of engaging in social impact measurement and reporting?**

Clare Coyne: Group 6 Benefits - justifying our existence, achieving funding, remain attractive and relevant, enable lobbying as a movement.

Michael Farrell: Group 1 Benefits - credit unions need to start a conversation. Social reporting helps identify strengths, and uniqueness in meeting social remit. Currently, focus is too much on economic remit and social reporting could address this imbalance.

For larger credit unions, can be used as a lobbying tool to change current regulation. Educating members on the strength of the credit union including services that they may not be aware of. Use of information as a lobbying tool already common in USA.

Smaller credit unions see this information as more important to their immediate community as opposed to Government/Regulators.

Regardless of social impacts, it is tough to deny that social reporting is a marketing tool to some extent. This marketing tool is not only for members (or their employers) but also for future staff members of the credit union who may want to work for an organisation that has a very clear social mission.

With limited resources, social reporting will highlight areas that deliver maximum credit union benefits.

Adrienne Wynne: Group 3 - employer sees employee credit union as supporting their aims; directors feeling good and motivated about what they're doing - help recruit volunteers; greater platform than financial institution; differentiation of credit unions especially for young people; focus for local benefits; involvement of members in social responsibility work for buy in; learnings for credit unions about self and others.

Declan Mooney: Group 2 - Supports education and communication of values, etc. Helps to attract new volunteers. Be sure to include new members in 'stakeholders' definition. Helps to show the value of handling "nuisance" products. Standard Process / Template with National View and sub-groups for Peer Comparison. Over time gradually educate the regulators to the reality on the ground.

Richard Munro: Group 8 Benefits - marketing, new members recruitment, encourage appropriate lending, build member loyalty, stakeholder influencing - employers, trade associations, schools

Andrea Phillips: Group 7 Benefits - imperative to attract new (specifically younger) members who are being seduced by apps and the likes of Revolut and N26.

**What supports would your credit union need to engage in social impact measurement and reporting?**

Michael Farrell: Group 1 - Methodology in place that can be applied commonly across credit unions. This methodology should be a starting point for individual credit union development and not just a “tick the box” exercise.

It's important that this methodology is complemented with education and development for “non-believers” who may be sceptical.

How long does it take the toolkit to complete? Is it very theoretical or is it practical?

Sheenagh Young: Also is there an option to develop tech to help us extract data from our software?

Adrienne Wynne: Group 3 - Supports needed: external auditor - transparency; objective; credible; accountable; resources to undertake research; template - to aid consistency; co-ordination and collaboration; awards for social reporting; government policy rewarding social responsibility

Richard Munro: Group 8 – Resources, maybe via trade associations/chapters, processes/templates, skills.

Declan Mooney: Group 2 - Standard Process / Template with National and View and sub-groups for Peer Comparison. Over time gradually educate the regulators to the reality on the ground.

Andrea Phillips: Group 7 - Standardisation of reporting to drive consistency and also to drive amplification of sectoral impact rather than it being at local credit union level.