



**Credit Union Conference**

**24 September 2021**

**FACING CONTEMPORARY  
CHALLENGES**

***CFCFE***  
Centre for Community Finance Europe



## Welcome from CFCFE

### Dear attendee

Thank you for attending the second CFCFE credit union conference of 2021, and the first since early 2020 where at least some of us are able to meet in person.

For us and many of you, today is overshadowed by the loss of our great friend and inspiration, Ralph Swoboda RIP. We will open the conference with tributes from Ireland and Great Britain to this tirelessly committed, endlessly knowledgeable and always engaging credit unionist.

We are sure that Ralph would have wanted this event to go ahead, and we look forward to the excellent contributions from both speakers and attendees that have become features of these gatherings. We will make recordings and notes available in due course after the event.

Thank you again for joining us, and for your support for CFCFE.

Yours sincerely

Handwritten signatures of Paul and Nick in black ink.

**Dr Paul A. Jones** and **Nick Money**, Directors

**Ralph Swoboda RIP**



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## **Introduction – Facing Contemporary Challenges**

Presented by the Centre for Community Finance Europe, in collaboration with Liverpool John Moores University

Credit unions are facing a multitude of opportunities and challenges as long-term social, economic and technological trends combine with the specific impacts of the global pandemic.

In determining which battles to fight and how, credit unions are both enabled and constrained by the internal capability of their leadership, both at board and management levels, and externally by the regulatory framework in which they operate.

How can credit unions ensure that these factors are accelerators not handbrakes?

This conference will hear expert speakers address leadership and regulation based on contemporary research and provide opportunities for attendees to ask questions and to discuss the issues in small groups with peers.

**Contact for queries** Nick Money, +44 7540 259053, [nick.money@cfcfe.eu](mailto:nick.money@cfcfe.eu)

## Thank you to CFCFE'S Corporate Members

We are grateful to the following organisations who subscribe as Corporate Members. Our Corporate Members are reputable suppliers to the sector who wish to support the work of the Centre.



# Agenda

- 10.00 **Welcome and introductions**, Dr Paul A Jones, Liverpool John Moores University and CFCFE
- 10.10 **Tributes to Ralph Swoboda RIP from Ireland and the UK, followed by a minute's silence**
- 10.30 **High performing leadership in credit unions**, Lucy Harr in conversation with Ciara Davies, CEO Metro Moneywise Credit Union  
Lucy discusses key themes from her papers on [high performing boards](#) and [CEOs](#) to stimulate thinking about leadership
- 11.20 **Over to you**, breakout sessions  
How good is the leadership of your credit union? What needs to change?
- 12.00 **Time for a change in regulatory capital requirements for credit unions**, Séan Murray, CEO, Comhar Linn INTO Credit Union  
Séan presents the highlights of the recent [CEO Forum paper](#) on the need for a more tailored regulatory capital regime.
- 12.30 **Lunch break**
- 13.15 **Regulatory change roundtable**, Séan Murray, Lorraine Greville, Michael Ahern, Ismail Ertürk, and Caroline Domanski, facilitated by Jeremy Palmer, Head of Financial Policy at the Building Societies Association  
A discussion of priority regulatory changes to unlock credit union potential.
- 14.00 **Over to you**, breakout sessions  
What are the legal/regulatory challenges that you find to be the biggest? And how do you plan to deal with them?
- 14.30 **The state of the credit union nation**, George Hofheimer  
Personal perspectives from the well-known US credit union strategist and former chief research & development officer for the US Filene Research Institute.
- 15:20 **Concluding remarks**, Dr Paul A Jones
- 15.30 **Close**

# Food for Thought – Policy and Regulatory Threats to the Credit Union Business Model

*Much of CFCFE's work is focused on what credit unions can do to improve or enhance their organisations to better serve members. A new paper, authored by [Ismail Erturk](#), Senior Lecturer at the Alliance Manchester Business School, takes a more 'outside-in' perspective, considering how policy and regulation may constrain the credit union business model and how this could be changed. Ismail is one of the panellists discussing regulation today. The paper will be published in the coming weeks, and here Ismail provides a summary.*

## **Monetary policy and regulatory threats to credit union business model and proposals to strategically respond to such threats to continue delivering socially useful finance**

“The monetary system is the cornerstone of an economy. Not an outer facade, but its very foundation. The system hinges on trust. It cannot survive without it, just as we cannot survive without the oxygen we breathe. Building trust to ensure the system functions well is a daunting challenge. It requires sound and robust institutions.” (Borio 2018, p. 16)

The quote above from the Head of the Monetary and Economic Department of the Bank for International Settlement, the institution that is responsible for the Basel capital adequacy framework and influences the global initiatives for financial stability, would make one think that credit unions, with their trust-led contribution to the fabric of the financial system, would be supported by the regulatory authorities and would be used as a model in appropriate contexts. However, the evolution of monetary policy and the regulatory choices by banking authorities since the 2007 Great Financial Crisis have inadvertently created a financial system that sucks the air out of the credit union business models.

I identify three major threats to the credit unions' socially useful business model:

1. Central bank quantitative easing policies aiming zero-bound/negative interest rates that put net-interest margin business models at existential risk.
2. Computationally complex Basel capital adequacy framework that ignores a) the member-driven simpler credit and liquidity risk profiles of credit unions and b) the lack of agency problems of shareholder value-driven banks.
3. Favouritism by the regulators for FinTech, financial technology companies, which introduce technological innovation to finance and banking, in its better examples, but where apparently sustainable socially useful business models are, in fact, suspect in many cases like Greensill in the U.K. and Wirecard in Germany.

My report will provide evidence and argument why these three forces create a toxic macro-economic and regulatory environment for credit unions. After this analysis I will propose how credit unions can respond to these threats. My proposals are as follows:

- Central bank imposed historically low interest rates are here to stay for medium- to long-term. Therefore credit unions need to counteract the margin losses by volume solutions. Such volume solutions can be socially useful community lending to address intergenerational wealth balances, lack of affordable housing, need to replace more expensive debt, extend maturity of other consumer debt, etc.

- A robust engagement with the regulators regarding the unintentional consequences of Basel capital adequacy accord - a one-size-fits-all model for credit unions that are not shareholder value-driven and have credit and liquidity risks that are of a different economic order than the ones at complex banking conglomerates.
- Consider creation of a socially useful collectively built credit union mobile phone delivery infrastructure that complements the existing branch infrastructure. Linking members' digital payments to their credit union savings and deposit accounts increasingly looks a necessity. Credit unions should have access to similar sandbox support from the regulators in developing such mobile payment services as FinTech companies and other incumbent financial institutions.

## Conference Speakers

**Michael Ahern** is CEO of [Dubco Credit Union](#). He is currently a member of CUAC, the Credit Union Advisory Committee that reports to the Minister for Finance in Ireland. Michael is one of the four credit unions that formed the very recently approved credit union-owned Approved Housing Body investment entity, ensuring all benefits of this fund stay within the credit union sector. Michael was a member of the initial group of five credit unions that engaged with Fexco in an initiative that led to the formation of the joint venture Metamo, a collaborative effort between 16 Credit Unions and Fexco. Michael was also a member of the management committee of CUDA for several years. He is also a joint author of the recently published paper on capital issued by the CEO Forum, with Séan Murray and Lorraine Greville.

Michael is a Chartered Accountant. Prior to joining Dubco, Michael worked in practice in the 1980s, across the FMCG sector in the 1990s and across the construction sector in the 2000s.

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**Ciara Davies** is CEO of Metro Moneywise Credit Union (MMCUCU), a payroll credit union based in Rochdale in the North of England. Ciara joined MMCUCU 3 years ago as the credit union's first CEO where she has undertaken a programme of organisational transformation, and was selected to take part in a leadership programme for new and aspiring female CEOs. Prior to joining MMCUCU Ciara worked to promote the financial inclusion agenda mainly across Greater Manchester, establishing and chairing a number of regional Financial Inclusion Forums and working with the DWP on their "Now Let's Talk Money" Campaign. Ciara started her career in the credit union sector, working for the Association of British Credit Unions (ABCUL) in a range of roles including policy development, where she worked on ensuring credit unions could offer the Child Trust Fund, implementing the insurance mediation regulations and lobbying for the Growth Fund. Ciara was also Vice-Chair of Manchester Credit Union for 10 years, during a period of significant growth for the credit union.

Contact Ciara: [cdavies@metromoneywise.co.uk](mailto:cdavies@metromoneywise.co.uk)

**Caroline Domanski MBE** is CEO of [No1 CopperPot Credit Union](#), and has had an extensive career in credit unions spanning 17 years. No1 CopperPot is one of the largest credit unions in the UK, with over £150 million in assets and 36,000 members.

As an executive director Caroline's main focus is on the strategic directors of the business. Working alongside the Board to drive change which ensures the credit union remains forward thinking with a member-centric approach. Caroline regularly represents credit unions throughout the wider mutual movement, raising the profile of the industry and ensuring that credit unions are seen as a sustainable part of the financial services system within the UK. Caroline currently holds a representative seat at the Trade Bodies Round Table and newly formed Trade Associations Cyber Information Group, and is a member of Co-operatives UK's Governance Expert Reference Panel.

Caroline was awarded the UK's National Young Leader of the Year Award in 2012 and awarded the World Council's Young Credit Union Person (WYCUP) scholarship in 2013 and has recently completed the BSA's MSc programme with Loughborough University.

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**Ismail Ertürk** is a Senior Lecturer at the [Alliance Manchester Business School](#) (AMBS). He joined AMBS in January 1987, having worked previously for a merchant bank in Istanbul. From 1982-1983 he was a research fellow at Hull University. He then continued his postgraduate studies at New York University where he specialised in banking. He has taught corporate finance, bank financial management and international finance on MBA and Executive Centre programmes. In recent years his teaching reflects his research interests in financialization and financial innovation that he investigates as part of an inter-disciplinary team at the University of Manchester. He has undertaken advisory work for companies and government institutions internationally and has developed and directed senior banking programmes for AMBS. He has held visiting positions at Stockholm School of Economics, St Petersburg, Istanbul Bilgi University, and ESCP-EAP, Paris.

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**Lorraine Greville FCA** is CFO at [Life Credit Union](#), a post she has held since since 2018. A chartered accountant by profession, Lorraine has gained extensive experience working with a number of international financial services organisations at various levels for 15 years prior to joining Life Credit Union.

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**Lucy Harr** is a veteran writer, editor and public relations professional, who has dedicated most of her career to work in the credit union movement. She held a number of senior executive positions at Credit Union National Association, the primary national trade body for US credit unions. More recently, as an independent communicator, Lucy has authored and co-authored numerous books and articles on such credit union topics as lending, governance, public relations, community credit unions, and marketing to select employee groups. She has served on local and national boards of directors and is currently Advisor to the Board at University Credit Union, in Maine, USA.

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**George Hofheimer** has 20+ years' experience advising the consumer finance industry.

George was the head of research and development at Filene Research Institute, the [credit union industry's think tank](#), for 15 years. Previously he was the chief learning officer at CUES, the credit union industry's leading executive education association for 8 years.

He has conducted nearly 400 advisory and speaking engagements with consumer finance organizations across the globe and authored dozens of research reports.

George began his career in international business development, including as a member of the first group of Peace Corps Volunteers in the former Soviet Republic of Uzbekistan.

George obtained his MBA from the University of Wisconsin-Madison.

Contact George: [george@hofheimer.org](mailto:george@hofheimer.org)

**Dr Paul A. Jones** is Director of Research at [CFCFE](#), and also Reader in the Social Economy at Liverpool John Moores University, where he heads up the [Research Unit for Financial Inclusion](#). He is also visiting lecturer in the social economy at the Czech University of Life Sciences in Prague. Paul has had over twenty-five years' experience in academic, action and evaluative research in credit union organisational development, financial services for lower and moderate-income households, and money and debt advice services. Paul is a director of Enterprise Credit Union and chairs the Audit & Risk Committee at Manchester Credit Union.

Contact Paul: [paul.jones@cfcfe.eu](mailto:paul.jones@cfcfe.eu)

**Nick Money**, Director of Development at CFCFE, is an independent management consultant to co-operative and not-for-profit enterprises. Nick has specialised in advising executives and boards on governance, strategy and business development, and is now focused on developing CFCFE's membership and research activity. Nick is an associate of the Research Unit for Financial Inclusion at Liverpool John Moores University and is also a consultancy project supervisor for students on the MBA programme at the Alliance Manchester Business School.

Prior to consultancy, Nick worked in a variety of head of function and managerial roles at The Co-operative Bank plc. Nick is a board member of South Manchester Credit Union.

Contact Nick: [nick.money@cfcfe.eu](mailto:nick.money@cfcfe.eu)

**Séan Murray** is CEO of Comhar Linn INTO Credit Union, having joined them in 2018. Comhar Linn is one of the largest credit unions in Ireland, with assets of €280 million. They are a very successful, member-driven financial cooperative owned by its 25,000 members. Sean is also a founding Director of Payac Services CLG, a company set up in 2015 to develop and lead Irish credit unions entrance into the current account market.

Sean was previously the CEO of Life Credit Union Kildare for twelve years and, before that, spent ten years working in International Banking with Citi. He brings practical insight into strategy, leadership, product & project management, board governance and managing risk and compliance matters while delivering strategic growth with excellent member experience.

Sean is currently studying for an MBS in Business Practice with University College Cork and the Irish Management Institute. He also holds qualifications in Strategy and Innovation; Leadership; Credit Union Management, Governance and Compliance; a Bachelor of Financial Services; Certificates in Mutual Fund Services & Financial Services and is a Qualified Financial Advisor.

Contact Séan: [smurray@intocreditunion.ie](mailto:smurray@intocreditunion.ie)

**Jeremy Palmer** is the Head of Financial Policy at the [Building Societies Association](#), and as part of that role provides policy advice, support and advocacy to the BSA's credit union committee, the National Credit Union Forum, and its seven larger credit union members.

He also serves as a voluntary board member at the small and recently established Churches' Mutual Credit Union and chairs its credit and risk committee.

Before joining the Association in 2008, he worked at the former Financial Services Authority on regulatory policy for both building societies and credit unions.

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## Attending Organisations

CFCFE welcomes delegates to the conference from the following organisations (as at 22 September 2021):

ABCUL (Association of British Credit Unions Ltd), GB  
ACE Credit Union Services, GB  
Advance Credit Union, GB  
Afanite Ltd  
Affinity Credit Union, Ireland  
Alliance Manchester Business School, GB  
Altura Credit Union, Ireland  
Ballyfermot Inchicore Credit Union, Ireland  
Building Societies Association, GB and NI  
Black Raven Credit Union, Ireland  
Cantor Fitzgerald, Ireland  
Capital Credit Union, GB  
Capital Credit Union, Ireland  
Cardiff & Vale Credit Union, GB  
Centre for Co-operative Studies, University College Cork, Ireland  
Comhar Linn INTO Credit Union, Ireland  
Commsave Credit Union, GB  
Community Credit Union, Ireland  
Connect Credit Union, Ireland  
Co-op Credit Union, GB  
Co-op Press, GB & NI  
COOPR8 Consulting  
Core Credit Union, Ireland  
CUFA Ltd, Ireland, GB and NI  
Department of Finance, Ireland  
Donore Credit Union, Ireland  
Dubco Credit Union, Ireland  
European Commission, EU  
ECCU Assurance DAC  
EMA Consultancy Group, GB  
Enryo, GB and NI  
Financial Inclusion Centre, GB and NI  
Finance Innovation Lab, GB and NI  
First Choice Credit Union, Ireland  
First Rate Credit Union, GB  
George Hofheimer, USA  
Glasgow Credit Union, Scotland  
Health Service Staffs Credit Union, Ireland  
Heritage Credit Union, Ireland  
Hoot Credit Union, GB  
Irish League of Credit Unions, Ireland  
Just Credit Union, GB  
Kilnamanagh Credit Union, Ireland  
Life Credit Union, Ireland  
Liverpool John Moores University, GB  
Malahide & District Credit Union, Ireland  
Manchester Credit Union, GB  
Members First Credit Union, Ireland  
Metro Moneywise Credit Union, GB  
No1 CopperPot Credit Union, GB  
Palmerstown Credit Union, Ireland  
Plane Saver Credit Union, GB  
Progressive Credit Union, Ireland  
Providing Solutions, USA  
Prudential Regulatory Authority, GB and NI  
Queens University Belfast  
Salford Credit Union, GB  
Sligo Credit Union, Ireland  
South Dublin Credit Union, Ireland  
South Manchester Credit Union, GB  
St Anthony's & Claddagh Credit Union, Ireland  
Tallaght West Credit Union, Ireland  
Temenos, Ireland  
TransaveUK Credit Union, GB  
TUI (Teachers of Ireland) Credit Union, Ireland  
UK Credit Unions, GB  
University College Cork, Ireland  
Youghal Credit Union, Ireland

## About the Centre for Community Finance Europe

The Centre for Community Finance Europe (CFCFE) was launched in July 2017, in partnership with the Research Unit for Financial Inclusion at Liverpool John Moores University. It now has 53 credit union members from Ireland and Great Britain, together with nine sector suppliers. Our members are listed below.

CFCFE's mission is to conduct and publish independent, academic-quality action research that equips credit unions with the technical knowledge and practical know-how they need to thrive in today's hugely challenging environment.

The model for CFCFE is the Filene Research Institute, which the late CUFA Managing Director Ralph Swoboda helped establish and on whose Board of Directors he served during the Institute's formative years. As a 'think tank' for the US movement, Filene has been a key resource for credit unions to obtain practical research on their marketplace and its opportunities. The Institute has also served credit unions as a highly credible source of information for US opinion leaders in government and the media, in support of credit union initiatives. The goal is to replicate that success this side of the Atlantic. CFCFE is delighted to have entered into mutual membership with Filene.

CFCFE's reports and research papers since launch have focused on identifying how credit unions can position themselves for success in the 21<sup>st</sup> Century. Recent reports have included: a consideration of how credit unions might approach lending to SMEs, effective CEOs and credit unions and millennials. Imminent publications include an exploration of how credit unions are coping with growing member savings and the Ismail Ertürk report that will expand on the Food for Thought piece above.

In addition to member subscriptions, funding for the Centre's work comes from foundation and government grants, which the Centre's directors have successfully tapped for their research work in Europe over the past several years.

The Centre holds two conferences each year, featuring speakers on topics of immediate, practical importance to credit unions. The conferences bring together sector professionals and volunteers, along with government regulators, trade association and other co-operative organisation representatives, charities and NGOs, and providers of services to the sector. Attendance is free for Centre members, the number of free delegates depending on membership level.

Please consider joining other leading credit unions by becoming a member of the Centre for Community Finance Europe.

**For more information on CFCFE, please contact Nick Money**

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**[www.cfcfe.eu](http://www.cfcfe.eu), [@CFCFETweet](https://twitter.com/CFCFETweet)**

# Membership of the Centre for Community Finance Europe

\* Denotes Founding Member - these organisations supported the inauguration of CFCFE in 2017

## Credit Union Platinum Members

**Comhar Linn INTU Credit Union\***, Ireland  
**Core CU\***, Ireland

**Dundalk CU\***, Ireland  
**Health Services Staffs CU\***, Ireland

**Progressive CU\***, Ireland

## Credit Union Gold Members

**Capital CU\***, Ireland  
**Central Liverpool CU\***, England  
**Commsave CU\***, England  
**Dubco CU\***, Ireland  
**Enterprise CU\***, England

**First Choice CU\***, Ireland  
**Glasgow Credit Union**, Scotland  
**Life CU\***, Ireland  
**NHS CU\***, Scotland

**No1 CopperPot CU\***, England  
**TransaveUK CU**, England  
**Savvi CU\***, Ireland  
**Tullamore CU\***, Ireland

## Credit Union Silver Members

**Capital CU**, Scotland  
**Pennine CU**, England

**Plane Saver CU\***, England

**TUI (Teachers of Ireland) Credit Union**, Ireland

## Credit Union Bronze Members

**1<sup>st</sup> Alliance CU**, Scotland  
**Altura CU\***, Ireland  
**Cambrian CU**, Wales  
**Cardiff & Vale CU**, Wales  
**Celtic CU**, Wales  
**Clockwise CU**, England  
**Clonmel CU**, Ireland  
**Community Credit Union**, Ireland  
**Co-operative CU**, England  
**Donore CU**, Ireland

**Dragonsavers CU**, Wales  
**First Rate CU**, England  
**Great Western CU**, England  
**Heritage CU**, Ireland  
**Hoot CU**, England  
**Just CU**, England  
**London Mutual CU\***, England  
**Manchester CU**, England  
**Member First CU\***, Ireland  
**Metro Moneywise CU**, England  
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