

Credit Unions, Gambling and Vulnerability Report on Research Seminar, 24 November 2021



Introduction

Over 50 attendees from credit unions, trade associations, regulators, universities and other interested organisations from Britain and Ireland, joined an online seminar facilitated by the [Swoboda Research Centre](#) (formerly known as the Centre for Community Finance Europe), and the [Personal Finance Research Centre](#) (PFRC) at the University of Bristol, to consider the increasing evidence of potential harmful gambling within credit union member loan applications and how - or if - credit unions should respond.

A poll of attendees at the outset of the seminar asked: 'Do credit unions have a responsibility to identify and support members who are at risk of financial harm from gambling?' 29% of attendees answered 'Yes, absolutely', 60% 'Yes. To some degree,' 7% 'Maybe a little,' and 3% were 'Not sure'. No-one responded 'No, not at all.'

This is a summary of the seminar, which is the first stage of a research project to develop a guide to best practice in this area for credit unions.

Context

[Professor Sharon Collard](#) of the PFRC presented an outline of the scale of the gambling problem in Britain and Ireland. Up to 1.2 million adults in Britain and Northern Ireland are classified as 'problem gamblers' with 3.1 million more adults who are affected by someone else's gambling, while in the Republic of Ireland there are 30,000-40,000 people with gambling problems, with another 330,000 likely to be affected.

PFRC's [recent research in this area](#) has been framed around the six expectations of financial services providers by UK regulator the Financial Conduct Authority in relation to treatment of vulnerable customers: understanding customer (member) needs, staff skills and capability, product and service design, customer service, communications and monitoring and evaluation. Sharon showed why credit unions need to actively consider their response in each of these areas in the interest of members, but also to in the interest of the credit union business.

Sharon's slides are available [here](#).

Summary

Credit unions are seeing more evidence of members' potential harmful gambling.

Most credit unions believe they should actively support members.

Some credit unions have provided prompts and information for staff, most have not.

Specific training on this group of vulnerable members is rare.

Some credit unions provide general advice on gambling to all members.

There is an appetite for advice on good practice in providing appropriate help and guidance to members.

Participant discussion: how this issue is presenting in credit unions today

Seminar participants joined facilitated breakout groups to discuss what they are currently seeing and doing in this area of harmful gambling. For several British credit unions, open banking has 'pulled back the curtain' on the scale of some members' gambling transactions, while for others the incidence remained low but they expected it to grow. Open banking functionality is not yet available for Irish credit unions, but it was recognised as a growing issue in Ireland.

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Credit unions had different experiences of the scale of the issue varying between, for example, age groups or men and women. Some attendees noted that members can be aggressive or defensive when the credit union seeks to raise the potential issue, or refuse to accept there could be a problem, but there were also cases where members appeared relieved to talk about it. Working out when gambling may be potentially harmful is a challenge – particularly when members may be winning money as well as losing.

Some credit unions have worked on how and when they can sensitively initiate a conversation with a member on this issue, but many were still concerned about how they could broach the subject. A minority were unsure whether it was appropriate for them to do so. Some participants discussed whether there were ratios of gambling to income which could help them identify potentially harmful gambling. It was agreed that credit union staff could not become counsellors in this context, although some credit unions had asked gambling addiction experts to provide advice or training, and those that had longer experience in seeking to address gambling had become more confident (“braver”) in their approach.

There were examples of credit unions providing general guidance around gambling on website wellbeing pages, on social media and on in-branch posters.

Credit unions had an appetite for more support around conversations, signposting, and appropriate information, and a mentoring network was suggested. Attendees flagged the differences between credit unions (such as different common bonds, size and resources) of which any guide should be mindful.

Participant discussion: what are the potential actions that credit unions could take?

The breakout groups were asked to discuss a range of potential actions. Key points were as follows:

- Understanding members’ needs – by using transaction data; getting sector-wide appropriate training
- Build organisational skills and capacity – training is essential (what are the red flags? how to conduct the conversation, when and where to make referrals); development of guidelines or checklists rather than a ‘script’; create links with relevant agencies
- Product / service design – develop conduct policy; monitor products over time; consider account freezes for vulnerable members; specific risk from misuse of revolving credit; regulator guidance
- Responsive customer service – increase internal awareness of trigger points and behaviours; educate all members and make the subject more open, e.g. stories / videos on websites and other comms
- Communication – provide information on websites about where to get help; tailored personal communication with an individual member is really important – the conversation is fundamental.

Next steps

The research team will use this seminar material, in conjunction with PFRC’s previous work, to develop a practical handbook of good practice. The handbook will recognise the differing contexts and capacities of credit unions. For more information or to get involved, contact nick.money@swobodacentre.org.

About the research partners

The Personal Finance Research Centre is an independent research centre at the University of Bristol, which specialises in social research across all areas of personal finance, mainly from the consumer’s perspective.

The Swoboda Research Centre is an independent, not-for-profit organisation delivering participative, action-orientated research and events to credit unions and community finance in Ireland and Great Britain.