



Credit Union Conference
24 September 2021

FACING CONTEMPORARY CHALLENGES

CFCFE
Centre for Community Finance Europe



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Introduction

This was CFCFE's first conference since the social distancing rules in Great Britain made in-person attendance practicable, and fifteen attendees gathered in Manchester to meet alongside seventy online participants.

The event followed the unexpected and saddening death of Ralph Swoboda RIP: CFCFE's chair, a giant of the credit union movement and friend to many. After a brief introduction to the agenda for the day, and with thanks to CFCFE's corporate members (see page 9 below), Paul Jones introduced tributes to Ralph from Ireland and Britain from friends and colleagues Declan Mooney and Chris Smith.

The event explored some of the opportunities and challenges faced by credit unions as long-term social, economic and technological trends combine with the specific impacts of the global pandemic. Delegates heard experts address topics such as leadership and regulation based on contemporary research, and participated in Q&A and breakout groups.

This is a summary of the proceedings: the presentations and recordings from each of the sessions can be found [here](#).

Welcome and tributes to Ralph Swoboda RIP, 1948-2021

Dr Paul A. Jones, Director of Research at CFCFE and Reader in the Social Economy at Liverpool John Moores University

Paul welcomed attendees to the conference and thanked in particular CFCFE's corporate members (listed on page 9). Paul opened the event by paying tribute to his colleague and friend for many years, the late CFCFE Chair, Ralph Swoboda, who passed away two weeks ahead of the event.

Credit union leaders from Ireland and the UK also paid tribute to Ralph. Declan Mooney from CUFA in Ireland talked about Ralph's contribution to the credit union movements in the USA, Britain and Ireland, adding that his spirit would live on and his many friends would cherish his memory. Chris Smith, a director of Co-op Credit Union, described Ralph as a visionary for credit unions in Britain who inspired change across the global credit union family.



The tributes were followed by a minute's silence to remember Ralph.

Paul announced that CFCFE would be renamed the Swoboda Research Centre in Ralph's memory. Details of the new name would be confirmed in due course.

High performing leadership in credit unions

Lucy Harr, consultant in conversation with Ciara Davies, CEO Metro Moneywise Credit Union

Ciara introduced Lucy Harr as a writer, editor, PR professional and expert in credit union governance.

Their conversation covered several topics:

Virtual board meetings

Lucy explained that in the US more and more board meetings are now hybrid, which can be a challenge. Her tips for a successful virtual board meeting included:

- Having a strong chair who is a good facilitator
- Mandating feedback from all participants including via chat and polling functions
- Choosing regular short meetings over marathon sessions, which can lead to 'Zoom fatigue'
- Having a single point of contact to improve inclusion within the meeting.

Both Ciara and Lucy agreed that meeting face-to-face on a regular basis was also beneficial.

Lucy also explained how credit unions could prevent groupthink among their board members by assigning groups to debate their point of view.

Good governance

Lucy mentioned the importance of gathering feedback either by gathering information around the room or via post-meetings online surveys and over a longer term by hiring a consultant to carry out further surveys.

In the US credit unions have an associate director position/adviser to the board who participate in meetings and can offer comments but do not vote. Such a role, thinks Lucy, can help to attract talent on boards and offer new perspectives.

Ciara explained that recruiting board members could be a challenge for some credit unions. One solution to the problem employed by her credit union is to specifically ask members to put themselves forward. Lucy agreed that being intentional was key to being able to recruit new board members. She suggested identifying specific people whose skills boards might lacking.

Good leaders

Moving on to what makes a good credit union leader, Lucy said that the required qualities included being authentic, understanding one's strengths and weakness, being self-aware, having empathy and social skills and having the right social skills to be able to work in a team.

Women in leadership roles

Lucy highlighted some challenges faced by women aspiring to more senior level positions in credit unions, such as taking on childcare and eldercare, the existence of unconscious bias within some boards or the lack of coaching and mentorship needed to succeed.

Great boards

In terms of what makes a great board, Lucy said it was crucial for all board members to understand what their credit union aims to accomplish and focus on anticipating members' needs, while working with the chief executive to achieve these goals.

Ciara also highlighted the importance of boards and chief executives working together closely and thinking forward and strategically.

The role of a secretary

While the role of a secretary in some other co-operative sectors is very important, notably retail co-ops in Britain where it is fulfilled by qualified company secretaries, this is not the case in credit unions. Lucy said that some US credit unions have a corporate secretary but the role tends to be fulfilled by someone on staff rather than by an independent third party.

The discussion was followed by breakout sessions which looked at: the most significant qualities a leader should possess, how to manage challenge vs. support between directors and directors and staff; and the role of boards' self-evaluations.

Time for a change in regulatory capital requirements for credit unions

Séan Murray, CEO, Comhar Linn INTO Credit Union

Séan's presentation explored the findings of [a new paper by the Credit Union CEO Forum](#), which calls for reform of regulatory capital requirements for Irish credit unions. The CEO forum aims to help progress and develop the business model of credit unions through the identification of change enablers.

Referring to the paper, he made several key points:

- The Irish credit union sector is trusted by members. Credit unions hold a significant market share in Ireland - 10% of the savings market and 34% of the personal lending market.
- The implementation of caps in 2019 led to reduced growth to below market levels, a reversal of the previous historical trend.
- The caps are ineffective, with some credit unions arriving back quickly to their pre-cap savings levels.
- The savings caps were used as a tool to protect regulatory capital but from a risk perspective the balance sheet profiles were less risky than in 2009, when the 10% capital ratio was first introduced.
- The balance sheet of Irish credit unions is not risky or complex with funding coming from members' savings and retained earnings and a cautious member attitude towards borrowing, with a very marked preference towards saving and reducing debt
- Irish credit unions should be considered lower risk from a capital perspective - 73% of their balance sheet is in low-risk investments.
- Irish credit unions are wholly reliant on retained surpluses to grow capital and they do not have access to capital markets or alternative sources of capital.
- The current capital regime could be a blunt instrument rather than a risk-sensitive mechanism to protect members.
- There is a significant excess of capital in Irish credit unions as measured under other international capital regimes and Basel III requirements.
- Capital requirements should be based on the underlying asset class rather than total assets, which would enhance the viability of the Irish credit union model.

Séan took questions from the audience. The issues raised included:

- Does making capital requirements more responsive to the risk posed have drawbacks? Smaller credit unions could find the process complex or there could be a risk in terms of supervisory burden from the regulator. Would it be easier to argue that the 10% ratio is too high and should just be lower?

- A two-tier system could be what emerges, depending on whether credit unions want to diversify or not. This would enable differentiation based on the risk appetite of individual credit unions.
- The UK already has a tiering system. It's not something that can be changed quickly and if it were to be changed there might be some changes credit unions might not like - it might be difficult for credit unions to cherry-pick.

Regulatory change roundtable

Séan Murray, Lorraine Greville (CFO Life Credit Union), Michael Ahern (CEO Dubco Credit Union), Ismail Ertürk (Lecturer, Alliance Manchester Business School), and Caroline Domanski (CEO No1 CopperPot Credit Union), facilitated by Jeremy Palmer, Head of Financial Policy at the Building Societies Association

Jeremy asked the panellists to comment on regulatory matters and led a subsequent discussion where it was noted that:

- Due to the fact that they have to hold so much capital, Irish credit unions have difficulties pricing competitively and this poses a risk to their business model.
- Any financial institution that manipulates anything must be dealt with by the regulator. It is unfair to say there could be manipulation, that's where the regulator needs to step in.
- The regulatory environment is indirectly encouraging Irish credit unions to invest in a risky manner to get a return. Thus the capital requirement is making credit unions riskier, which should not be the case.
- Caution is needed when adopting any risk-based approach as the approach itself can lead to changes in individual and collective behaviour
- Unlike banks, credit unions cannot increase fees or do interest rate swaps to lock in the net interest income, which means they are more affected by the low interest rates.
- Developing new lending products could be key. For example, using the savings of the elderly and the wealthier to reduce the cost of borrowing for the younger generations.
- Basel was developed for more complex organisations; credit unions are not complex enough to implement it but some of the principles within it can be explored.
- Despite challenges from FinTechs, credit unions have the advantage of being trusted by customers who are loyal to them.
- Current regulation restricts UK credit unions from entering other markets, which also limits their ability to build capital.

The roundtable discussion was followed by breakout sessions exploring the greatest legal/regulatory challenges for credit unions and the ways in which these are being dealt with.

The state of the credit union nation

George Hofheimer, Hofheimer Strategy Advisors

A credit union strategist and former chief research & development officer for the Filene Research Institute, George provided an overview of some of the challenges and opportunities faced by credit unions in the USA.

The main takeaways from his presentation were:

- The US economy is opening up following economic stimulus. However, credit unions are just not lending in the United States at the levels that they have.
- There are now historically low yields on assets (3%) as investments grow and rates remain low.
- As a result, credit unions are at almost at zero delinquencies. Charge offs are also close to zero.
- The reversing of loan losses is creating a synthetic return from a net income perspective for credit unions, probably masking some other performance indicators that are not so good.
- Consumers are pre-paying the loans they have and getting rid of debt; meanwhile savings rates are at historically high levels.
- The home mortgages market has a supply issue so it is not generating the type of loan value credit unions would like to see.
- Car loans are the major parts of many credit unions' loan portfolios but some carmakers have supply issues.

Close

Dr Paul A Jones, CFCFE and Liverpool John Moores University

Paul closed the conference by thanking the speakers and the attendees for their participation, and for enabling CFCFE's first ever hybrid conference to be a success. It was a fitting tribute to Ralph Swoboda.

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 (logos carry embedded links to websites for those reading e-copies of this report).



Conference Speakers

Michael Ahern is CEO of [Dubco Ireland 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 (MMCUC), a payroll credit union based in Rochdale in the North of England. Ciara joined MMCUC three 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 MMCUC 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 (ABCUC) 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.

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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.

Contact Caroline: CDomanski@no1copperpot.com

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 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.

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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.

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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.

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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, Ireland
Affinity Credit Union, Ireland
Alliance Manchester Business School, GB
Altura Credit Union, Ireland
Ballyfermot Inchicore Credit Union, Ireland
Bank of England, GB and NI
Black Raven Credit Union, Ireland
Building Societies Association, GB and NI
Cantor Fitzgerald, Ireland
Capital Credit Union, GB
Capital Credit Union, Ireland
Cardiff & Vale Credit Union, GB
Centre for Co-operative Studies et al, University College Cork, Ireland
Comhar Linn INTO Credit Union, Ireland
Commsave Credit Union, GB
Community Credit Union, Ireland
Connect Credit Union, Ireland
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 Ireland Credit Union, Ireland
European Commission, EU
ECCU Assurance DAC, Ireland
EMA Consultancy Group, GB
Enryo, GB and NI
Finance Innovation Lab, GB and NI
Financial Inclusion Centre, GB and NI
First Choice Credit Union, Ireland
First Rate Credit Union, GB
George Hofheimer, USA
Glasgow Credit Union, Scotland
Great Western Credit Union
Health Service Staffs Credit Union, Ireland
Heritage Credit Union, Ireland
Hoot Credit Union, GB
Irish League of Credit Unions, Ireland
Kilnamanagh Credit Union, Ireland
Life Credit Union, Ireland
Liverpool John Moores University, GB
Malahide & District Credit Union, Ireland
Manchester Credit Union, GB
Member 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
Queens University, Belfast, NI
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
The Co-op Credit Union, GB
TransaveUK Credit Union, GB
TUI (Teachers Union of Ireland) Credit Union, Ireland
UK Credit Unions, GB
Ulster University, NI
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 55 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 21st 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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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 CU* , Ireland	Dundalk CU* , Ireland	Progressive CU* , Ireland
Core CU* , Ireland	Health Services Staffs CU* , Ireland	

Credit Union Gold Members

Capital CU* , Ireland	First Choice CU* , Ireland	No1 CopperPot CU* , England
Central Liverpool CU* , England	Glasgow CU , Scotland	TransaveUK CU , England
Commsave CU* , England	Life CU* , Ireland	Savvi CU* , Ireland
Dubco CU* , Ireland	NHS CU* , Scotland	Tullamore CU* , Ireland
Enterprise CU* , England		

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Capital CU , Scotland	Plane Saver CU* , England	TUI (Teachers of Ireland) CU , Ireland
Pennine CU , England	St Canice's CU , Ireland	

Credit Union Bronze Members

1st Alliance CU , Scotland	First Rate CU , England	Partners CU , England
Altura CU* , Ireland	Great Western CU , England	Penny Post CU , England
Cambrian CU , Wales	Heritage CU , Ireland	St. Anthony's & Claddagh CU* , Ireland
Cardiff & Vale CU , Wales	Hoot CU , England	St. Jarlath's CU* , Ireland
Celtic CU , Wales	Just CU , England	Salford CU , England
Clockwise CU , England	London Mutual CU* , England	Saveeasy CU , Wales
Clonmel CU , Ireland	Manchester CU , England	Smart Money Cymru CU , Wales
Community CU , Ireland	Member First CU* , Ireland	South Manchester CU , England
Co-operative CU , England	Metro Moneywise CU , England	Unify CU , England
Donore CU , Ireland	Naomh Breandán CU , Ireland	Youghal CU , Ireland
Dragonsavers CU , Wales	Palmerstown CU , Ireland	

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Filene Research Institute, USA

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