

SWOBODA RESEARCH CENTRE

Report on the Credit Union Research Colloquium Ireland, 14 January 2022

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1. Introduction

The Swoboda Research Centre (Swoboda) has a mission to produce, facilitate and stimulate actionable research that supports the credit union movement in Ireland and Great Britain.

Credit unions in Ireland are facing a demanding present and a very challenging future. Research that informs their response to risks and opportunities is vital to their continued relevance and salience in Irish society. Swoboda is a direct conduit for research to practitioners, supporting transformation and positive change in the short, medium and long terms.

Up to now, there has not been a visible, comprehensive overview of research taking place or required in the Irish credit union sector. Swoboda convened an online seminar on 14th January 2022 for researchers and practitioners to come together to discuss the priorities of credit union leaders and stakeholders, to update on current research projects and future ideas and to identify potential research collaborations. Participants are listed at the end of this report. The focus was on research applicable to credit unions in Ireland.

2. Views from the movement: practitioners and stakeholders

Contributions were made by credit union CEOs, representatives of the trade associations, the Department of Finance, CUAC and the Central Bank of Ireland. In general, they concentrated on the business priorities for the sector, rather than specific potential research ideas. Inputs ranged across six broad themes.

1. Purpose and business model

- Necessary and substantive change to the business model has not yet occurred; a competitive value proposition is required
- Understanding and articulating clearly the purpose of the credit union movement, as actors in community formation and economic development. Could credit unions and co-operatives be the next disruptors in finance or more widely?
- What is the role of credit unions in meeting social needs such as financial inclusion, microcredit, financial education, lifetime financial health and wellbeing?
- The agenda of 'ESG' (Environmental, Social and Governance), is increasingly a yardstick for companies to be judged by. ESG should be a strength for credit unions. What is credit unions' role in the endeavour to address climate change?

2. Commercial performance and utilising assets

- "It's all about lending" – meeting the economic challenge of increasing loan income is fundamental to the health of credit unions. Lending remains at 2012 levels and mortgages are yet to take off
- The best use of the savings held in credit unions, to the extent they are not lent out
- Why doesn't the high levels of trust in and affection for credit unions in Ireland translate into trading?



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- The importance of collaboration in enabling credit unions to offer a wider range of products and services, moving from talk to action.

3. Competitors, disruption and technology

- The impact of incoming competitors and disruptors such as FinTech and buy-now-pay-later (BNPL), and exiting ones, such as banks and moneylenders
- The role of technology, including digitisation and how to work effectively with software providers.

4. Engaging members and society

- Engaging effectively with members, to maximise the co-operative advantage
- Engaging younger people in general, as credit union memberships are skewed to older citizens.

5. Policy, regulation and advocacy

- The role of representation and advocacy in driving change in policy and regulation
- Policy and regulation change, for example to enable credit unions to collaborate further such as sharing membership and loan opportunities.

6. Governance

- Governance, notably risk management, needs to be strengthened.

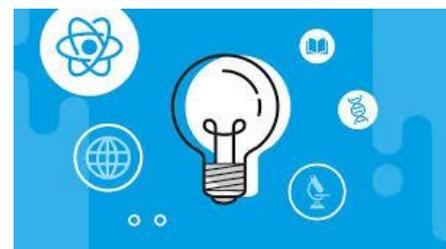
3. Researcher responses

There were researchers from nine universities in attendance, who offered many observations, including how university research is delivered, what projects are currently underway, their ideas for the future and barriers to and enablers of good research.

3.1 How university research is delivered

Points to note:

- The nature of different types of research: some of the issues raised could be dealt with through market research rather than academic research. The latter is particularly important where insights from other research need to be brought in to test and synthesise
- University research is governed by very robust ethical guidelines, which could be an advantage over other research bodies, but adds time to the process
- The process for publishing papers is onerous so some material can take years to be reported.



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3.2 Projects underway or recently completed

There is a range of current projects where Irish credit unions are the primary or secondary subjects of the research:

- CUAC - undertook a comprehensive survey of the views of credit union directors, and published some findings in 2020. More evaluation is now underway, but the database created could be explored further (contact: [Lorraine Corcoran](#))
- Government - There is an ongoing [retail banking review](#) that will have relevance to credit unions, and will include a consumer survey that could offer insights
- Queens University Belfast - a PhD project is looking at how (AI) technology can be deployed whilst retaining trust (contact: [Barry Quinn](#))
- University College Cork - credit unions have featured in projects / articles on personal microcredit, alternatives to money lending, Buy Now Pay Later (BNPL), affordable credit, financially squeezed consumers and energy efficiency (contact: [Olive McCarthy](#))
- University of Ulster - PhD projects in Northern Ireland (NI) on the motivations and values of board members, the quality of accounting in credit unions, innovation in NI, Scottish and Ghanaian credit unions (contact: [Ann Marie Ward](#))
- University of Coventry – best practice in managing loan declines positively in GB (with Swoboda, contact: [Lindsey Appleyard](#))
- CEO Forum – 2022 agenda is being developed, and the Forum is already looking into gathering national credit union data (contact: [Donal McKillop](#))
- Swoboda Research Centre – imminent publications on how the wider financial system affects the business model, social impact and the legitimacy of credit unions. Nick Money is working on the future business model for credit unions as a PhD with UCC (contact: [Paul Jones](#))
- EU – does relevant research get disseminated to credit unions? (question raised).

3.3 Potential research projects

Several ideas were put forward by participants:

- Autonomy vs federal action - credit unions largely act independently; could there be benefits from acting much more federally, and what is blocking this? There is existing literature on credit union development towards a federal model
- Measuring social impact – still early days for credit union reporting. Is there a need for sector-wide approaches?
- Mergers – what is the impact of increasing the distance between members and decision makers arising from scale and / or geography? Does it dilute links between place and credit union?
- Key societal agendas
 - Net zero targets for CO₂ emissions - mainstream banks are not innovating on this, but could credit unions?
 - What is credit unions' role in sustainable communities? How can credit union capital be linked to community investment opportunities?
- Credit unions and co-ops
 - An historical perspective could be valuable, in the context of co-operation and co-operative development, and credit unions as actors in the social economy
 - Commercial collaboration between credit unions and co-ops



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- Engaging members through education in co-operation
- Use comprehensive sectoral credit union data (once achieved)
 - To identify role model credit unions
 - To identify viable (and non-viable) credit unions
 - To evaluate the nature and role of the common bond
 - Whilst being aware of the risk that consolidating and 'averaging' across the country could marginalise valued individual characteristics that distinguish each credit union.

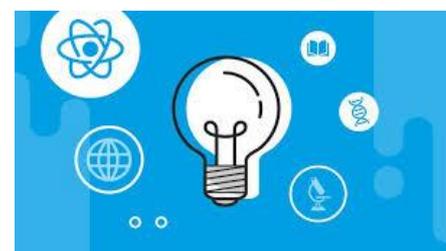
3.4 Barriers and enablers

Researchers identified obstacles and advantages for undertaking good research:

- There is a critical lack of movement-wide data for Ireland and NI, for example in relation to
 - Benchmarking (as noted above)
 - Understanding important data points, e.g. how many unique credit union members there are
 - Working out what the members of credit unions want (and what they actually value)
 - Understanding the penetration of products, services and digitisation across credit unions
 - Mapping common bonds to create a spatial data set.
- Funding is usually required for research
 - A little funding can go a long way, but too little is a constraint
 - There may be funding available from government departments where credit unions could credibly be a part of solving environmental or other societal issues. The Department of Finance and Economics in NI has been a funder
 - There are opportunities to support research by funding PhDs, which can deliver findings over a three- or four-year period at €80k+, or a Master's student at much lower cost, or undergraduates doing basic research or blogs for relatively little money
 - Sometimes universities have internal funds
 - Swoboda has modest funds, including the annual [Credit Union Prize](#)
- Researchers need access to credit union people (staff, volunteers and members) to understand values, opinions, perspectives and knowledge
- There is an opportunity to bring in researchers from outside traditional sources - researchers with credit union knowledge - to those with primary expertise in other areas, e.g. in digitisation. There is much to learn from these authorities.

Further points:

- Build advocacy to
 - Get support from regulators for testing digital product and service innovations, like FinTech does through sandboxes and other initiatives
 - Get regulatory support for change to a capital adequacy framework that is more suited to credit unions' business model.



4. On reflection - five main conclusions

The Swoboda facilitators draw five main conclusions from this very positive collective discussion.

1. The **importance of research** to the future of the credit union movement is accepted and affirmed by practitioners, stakeholders and researchers. This research needs to support the commercial development of credit unions, strengthen their product and service offer, contribute to good governance and effective management and influence the legislative and regulatory framework in the interests of credit unions
2. There is a very **considerable range of potential topics** (“150 years of research!”, as one participant commented). Two notable identified priorities are:
 - a. Lending, e.g. to SMEs to stimulate local economies, or to reduce carbon emissions to achieve net zero
 - b. Directly addressing the Environmental, Social, and Corporate Governance (ESG) agenda, building on work already undertaken in the field of social impact measurement
3. While there were no contradictions or inconsistencies, there were **differences between practitioners’ priorities and other contributions**; those of the stakeholders and the current and potential activity noted by researchers.
4. **Movement-wide credit union data is a critical gap** to many areas of potential research.
5. **Funding is a very important consideration**, if not always critical, but there are potential sources to be explored such as government departments and the EU
6. **The role for Swoboda** is to maintain the dialogue between the movement and the research community, stimulating and organising research projects under its own banner and others, and seeking funding for more and larger initiatives.

5. Actions for Swoboda

Swoboda is currently building a strategic plan and research programme for 2022-2025, and will be building the content of this Colloquium into this thinking and publishing its programme. In the short term, it intends to:

- Map out the existing projects, potential ideas and authors to create **a movement-wide research agenda**, seeking to ensure that research addresses the key issues as identified at the Colloquium by practitioners and stakeholders
- Work with all relevant parties to **fill the credit union ‘data gap’**. This is fundamental to fully understanding the context of credit union operations in Ireland and as a research platform
- Develop potential projects with credit unions which are of immediate interest to **government departments**, e.g. SME lending to stimulate local economies, lending (or investing?) to achieve net zero
- **Investigate EU funding** for the social economy to support research in Ireland
- Seek to **bring more researchers into the sector** with expertise in areas of high priority for practitioners, such as lending and digitisation
- Identify areas where Swoboda can itself take forward relevant research.



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6. Actions for practitioners, stakeholders and researchers

Credit unions might consider whether there are projects they would wish to participate in, and / or support financially.

Stakeholders might reflect on how they can, consistent with their objectives, assist or support Swoboda, researchers or the credit unions in taking forward new initiatives.

Researchers are encouraged to come forward with proposals, and Swoboda will assist in finding funding and research participants.

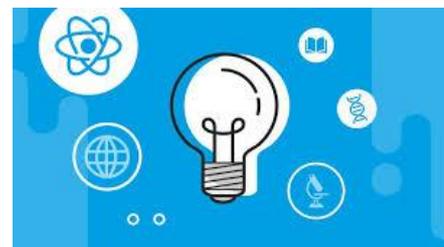
About the Swoboda Research Centre

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.

For more information or to get involved, contact nick.money@swobodacentre.org.

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Colloquium Participants

The Swoboda Centre is grateful to the participation of the following attendees (Ireland unless stated):

Name	Institution	Name	Institution
Dr Lindsey Appleyard	Coventry University, UK	Susan Lynch	Black Raven Credit Union
Paul Bailey	ILCU	Dr Olive McCarthy	UCC and Swoboda Research Advisory Board
Gerry Byrne	ILCU	Gerry McConville	Capital Credit Union
Dr Peter Cleary	UCC	Professor Donal McKillop	Queens University Belfast, UK
Lorraine Corcoran	Credit Union Advisory Committee	Cian McMahon	St Mary's University, Halifax, Canada
Brian Corr	Department of Finance, Government of Ireland	David Malone	ILCU
Katie Cross	University of Bristol, UK	Roger Marsh	Swoboda Research Advisory Board, UK
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Kevin Johnson	CUDA		

