

SWOBODA RESEARCH CENTRE

The Reflections Series

Insights and experience from practitioners

**Purposively Purposeful:
the case for credit union
clarity of purpose**

Matt Bland

May 2022

The
Coop
Credit Union

From the Reflections Series
Insights and experience from practitioners

**Purposively Purposeful:
the case for credit union clarity of purpose**

Matt Bland



Published by the
Swoboda Research Centre
Dublin, Ireland
In collaboration with Liverpool John Moores University
May 2022

SWOBODA RESEARCH CENTRE



© 2022 Swoboda Research Centre
Publication #SWOBODA036, ISBN 978-1-913885-33-5

The Swoboda Research Centre: The [Swoboda Research Centre](https://www.swobodacentre.org) (Swoboda, www.swobodacentre.org) is a not-for-profit research organisation incorporated in 2016 in Dublin, Ireland. Its mission is to undertake high quality research, to lead on ideas and innovations, and to explore tested solutions related to credit unions, co-operative banks and similar not-for-profit providers of community-based financial services in Europe.

The Centre is rooted in values of co-operation, participation, social and financial inclusion, transparency, integrity, and excellence. Much of its work is done in collaboration with Liverpool John Moores University.

Swoboda is financially supported by the subscriptions of its members, by donors desiring to support its work, and by project grants from foundations, governmental bodies, and others who commission specific research that is consistent with the Centre's mission and values.

Although the Centre seeks suggestions and critiques on its work from its members and other funders, it is an entirely independent organisation, and it is solely responsible for the work it performs and publishes. The contents of its research papers and any opinions they may contain are in each case solely those of their authors, and they should not be attributed to members, funders or any other third parties.

Contact the Swoboda Research Centre: paul.a.jones@swobodacentre.org

Author: Matt Bland is CEO at the Co-op Credit Union. Under his leadership, the credit union is pursuing a growth and renewal agenda with Purpose at its heart. Matt has worked in the British credit union sector for 13 years and is formerly the Head of Policy & Communications at the Association of British Credit Unions Limited (ABCUL) where he led external affairs and played a key role representing British credit unions internationally via the European Network of Credit Unions, the World Council of Credit Unions and leading a partnership with Inclusiv in the US, formerly the National Federation of Community Development Credit Unions.

Contact Matt: matt.bland@co-operativecreditunion.coop

The Reflections Series: Most reports and papers from Swoboda are based on primary and / or secondary research, presented by subject matter experts, often academics. In this series, launched in 2022, Swoboda seeks to give a platform to the practitioners - executives, directors and staff – of community finance providers, to present their views and ideas. These papers are rooted in their own experience of organisational planning and delivery, rather than the study of others', and provide an insightful complement to traditional research papers.

Table of Contents

Summary.....	1
1. Don't we already know what our purpose is anyway?.....	1
2. Where do we start?.....	2
3. Credit union legislation – the building blocks of our purpose	2
4. No credit union is an island – drawing on our context.....	3
5. Think, talk and test – consult and be humble, we don't always get it right ..	3
6. So what do you think a credit union's purpose is?.....	4
7. I'll show you mine, if you show me yours	6
References and further reading	7
Membership of the Swoboda Research Centre	8

Summary

In this piece, Matt offers his reflections on why we as credit unions should invest time and energy in defining and codifying our purpose as organisations, offers suggestions on how we might go about doing so and proposes his own framework for our social purpose as a movement. He ends by sharing The Co-op Credit Union's recently-published purpose statement – *Defining our Purpose* – as an example of what this kind of project might result in. As a British credit union Chief Executive, the reflections draw mainly on the British credit union context, with some international examples, and should be read with that in mind by Irish readers and those from elsewhere.

1. Don't we already know what our purpose is anyway?

We are credit unions. That's what we are. Savings and loans, owned by members, run for members. End of story. What more do you need to know?

Flippant it may be but how many of us can genuinely say that we've thought about our purpose as a sector more than in these superficial terms? If we're truly honest with ourselves, I think that far too few of us in the credit union sector have really given this question the thought it deserves.

But you might quite reasonably challenge me – why does navel-gazing about our meaning and purpose matter when there are so many people out there in need of a service delivered by credit unions, a service that has only the needs of our members in mind?

And this is a challenge that I accept completely. We are mostly small organisations, stretched and strained just to balance the books and, if things go well, pay our loyal savers a dividend. We can't afford to spend long hours musing about the meaning of what it is to be a credit union.

Quite right – wasting time on useless contemplation is not something any of us should be spending our precious working hours on.

However, if we haven't deeply engaged with what we're trying to achieve as organisations, what makes us different and how we fit into the overlapping worlds of financial services, the social economy and the co-operative sector, how do we answer even basic strategic questions of priority and business focus? How do we decide how to spend our relatively tiny marketing budgets when we don't know who we're talking to? Where do we invest what limited means we have when we don't know how we propose to deliver our services, or what services our members and potential members want?

Equally, when we're looking for investment or support from stakeholder and partners; the likes of employers, housing associations or local councils, common supporters in the British credit union world, why should we expect them to know what we're all about and how we might add value to their agendas if we can't clearly articulate our purpose for ourselves?

Both strategically and tactically; from a commercial as well as a social perspective, whichever way you come at the question, there are real merits to being crystal clear about what our purpose is as organisations.

2. Where do we start?

As member-owned co-operatives, we have a head start when it comes to defining our purpose. We are purpose-driven in our very DNA as organisations. Whereas our private-sector competitors are profit-driven by definition, we are founded on a belief in more than money.

We are also defined in simple terms by what we do, functionally. Credit unions are savings and loans organisations, deposit-takers and regulated financial institutions. So whatever our purpose is, it clearly incorporates simple, retail financial services. Provision of savings facilities and the extension of credit.

So far, so simple. And if we combine these two elements of our fundamentals – our social-conscience and our functional role – we begin to alight on our distinctiveness as organisations. We're about delivering savings and loans in a socially responsible way. This means being open, being affordable and treating our members with dignity and respect.

3. Credit union legislation – the building blocks of our purpose

We might also return to the Credit Unions Act of 1979, copied more or less directly from Irish credit union legislation, which set down in statute our core legal framework as institutions. This legislation contains within it four objects which are at the core of what a credit union is as distinct from some other legal body:

- a) the promotion of thrift among the members of the society by the accumulation of their savings;
- b) the creation of sources of credit for the benefit of the members of the society at a fair and reasonable rate of interest;
- c) the use and control of the members' savings for their mutual benefit; and
- d) the training and education of the members in the wise use of money and in the management of their financial affairs.

Here we begin to see something else emerging within our rubric as credit unions – education and behaviour change, i.e. the promotion of thrift. We're not just socially minded and responsible lenders offering savings products, we're about moving people from a state of indebtedness to a state of resilience through saving, based on a fundamental principle of encouraging thrift.

Ok – so now we have the four fundamental building blocks of our purpose:

- Member-focussed
- Savings & loans
- Education & behaviour change
- Thrift.

4. No credit union is an island – drawing on our context

But these founding principles only take us so far – they don't speak to the key motivating context, both specific to each individual credit union, and generally across society, which bring these principles to life. We still need to answer:

- Who are our members? Which markets are we serving, which partners do we support, which communities are we active in?
- Where is the need? Which parts of our “common bond” are those that are most in need of our service, which have the least access to fair and responsible services and, in particular, credit; which demographic groups, ages and ethnic communities need our help most?
- How do we deliver our service? What is the most effective way of getting our services and support into the lives of as many of our target audience as possible? Which methodologies and techniques are the most effective ways of bringing about change?
- What is different about our audience? Are there things we need to do differently in order to have the maximum beneficial effect on our members?

5. Think, talk and test – consult and be humble, we don't always get it right

Once we have begun to ask these questions, how do we ensure that we get the best possible answers. First of all, each credit union should make time to think deeply and discuss these questions at all levels within the organisation. Such discussions and debates, as far as possible, should be data-led and we should invest appropriate time to building a coherent analysis of our businesses and our environments to inform these discussions and ground them in the reality for each individual business.

Secondly, we should consult widely – that means talking with our partners, peers and stakeholders and asking their views on how we can best align with their ambitions and learn from what is effective for others doing the same thing. But most importantly we should continually ask our members for their feedback on how we can best meet their needs, what their needs are and where our current way of working is in need of improvement or change. We cannot always act on all feedback and, in some cases at least, we may not wish to so we should be clear when asking for feedback, how it will

be used and not promise action on everything raised. But we should always be open to listening and to challenging ourselves and our preconceptions.

Thirdly, we should trial and test our ideas as we go along, returning to members and stakeholders for feedback and input as we gradually seek to do things differently in order to meet the needs that we've identified. This means taking things slow and having the humility to admit when we don't get things quite right – which will inevitably happen often.

And finally, we should set in place frameworks and mechanisms which force us to hold ourselves to account. That means setting up the means to ensure that we can track our performance against the goals we set and committing ourselves to reporting on our progress in an ongoing way. Building this practice into our fundamental operations as businesses will pay huge dividends in the long run as it builds trust and buy in across our networks and within our base of support.

6. So what do you think a credit union's purpose is?

As well as being the Chief Executive of The Co-op Credit Union, some readers may know that I spent 11 years working in the field of policy and communications at the Association of British Credit Unions, latterly heading the team that represented the interests of our members and the wider credit union sector.

This role at ABCUL afforded me two very significant advantages when considering the purpose of credit unions – firstly, I had time to reflect upon questions of purpose, one step removed from the coal face while continually asked to articulate, for various audiences, the role and value proposition of credit unions: it was up to my colleagues and I to persuade the government that they should care about supporting the growth of credit unions, the regulators to cut us a break on the rules we had to follow, the media that we were worthy of (positive) news coverage.

And secondly, I was lucky to have the opportunity to engage widely across the British sector and internationally with our colleagues in Europe as well as in the United States and elsewhere. This allowed me to observe various models of credit union, those that have been successful, as well as those less so, both here and abroad.

Now this certainly doesn't mean that my opinion as regards our purpose as credit unions is necessarily the "right" opinion. There is no correct answer to philosophical questions of this nature. But it has given me a clear understanding of what I think our purpose ought to be and I offer it here as much to provoke your own thinking as anything:

- Market – there is a long-standing debate around credit unions in the GB being seen as the "poor man's bank" and the common refrain heard against this is that "credit unions are for everyone". The evidence I've seen over the years – both formal research and in my own personal life – is that most British people don't know what credit unions are at all. So I don't think the poor man's bank debate tells us much aside from highlighting our conflicted sense of identity. For me, we're not only for the poor – indeed, the poorest need something other than credit and a savings account to resolve their problems – but we're not for everyone either – the very wealthy and middle classes have a huge choice of financial services and their business is hotly competed over, driving down its

cost. The people that are most poorly served, and for whom we are most competitively priced, are the low- and middle-income households with modest everyday aspirations of a comfortable life. This isn't a small group – the political sloganeering over the “Just About Managing” and the “Squeezed Middle” demonstrates this as well as formal research from the likes of Money & Pensions Service which puts these demographics in the tens of millions. We shouldn't be afraid to say that we're focussed on a market segment as big as this – and, more importantly, one in dire need of a service delivered in the shape of a credit union.

- Inclusivity and innovation – as co-operatives, we should be inclusive by definition. That means, on the simplest level, being open to people from all backgrounds. But for me we should go further than that – we should be actively striving to bring people from all backgrounds into our credit unions, both as members but also in leadership positions, so that we can truly be an exemplar to groups across the society and economy about the benefits of a truly inclusive approach. And I think to be truly inclusive, we should be prepared to innovate and offer our services in new ways in order to meet needs in new ways – because the lack of true inclusion in society for me points to shortcomings in the way “standard” products and services are designed, offered and delivered. We should be prepared to challenge conventional thinking in order to be truly inclusive. The success of movements like the Community Development Credit Unions of the USA and their Juntos Avanzamos movement of credit unions focussed on serving the Hispanic community demonstrate for me both the social *and* commercial benefits of this approach.
- Education and behaviour change – our defining precepts both as credit unions and as co-operatives point to education and the promotion of thrift as an ideal towards which we should strive. Things like [Save As You Borrow](#) show how this approach is baked into our fundamental model. But for me, the combination of education and thrift point to something much more profound about our difference as credit unions which I think puts our sector in the forefront of a vital global movement towards sustainable living. Everything that one reads in the media around the climate crisis demonstrates that we need, much more urgently than we have so far, to learn to live in a more frugal and responsible way – using less energy, less plastic; thinking about the provenance and longevity of the things we buy. Equally, modern life has become so hectic, pressured and stretched that many millions teeter perpetually on the brink of mental health crisis. These two issues are linked as we are taught to value material possessions and consumption over what is truly important in life – our health, security and happiness and that of our friends, family and neighbours. And I think the concept of thrift neatly and simultaneously addresses both of these fundamental issues of our the 21st century. Our purpose here puts us on the right side of history.
- Collaborative – the sixth of the famous Rochdale Principles of Co-operation is co-operation among co-operatives. We operate in a capitalist economy where our rivals and competitors are motivated by profit alone. Yet the sad fact is that there is more collaboration between our capitalist competitors than there is

between individual credit unions. Think of the payments infrastructure that we all rely on every day to pay for goods and services online and at the till. It was built at substantial cost by the joint efforts of the major banks who are otherwise bitter rivals. Meanwhile, despite having a serious lack of scale, largely distinct target audiences and a significant need for increased investment across the board, credit unions consistently fail to see the bigger picture and work together to achieve things together that individually would not be possible. If we are to truly succeed as a sector we need to put this behind us and collaborate in a way that all of our best-developed international peers realised they needed to do many years ago. But collaboration only starts by working together with other credit unions – crucial as well as this will be the effectiveness of our collaboration across a whole range of relevant organisations and sectors. This is a sure-fire way to turbocharge our growth and achieve our ambitions in domains such as digital technology, marketing, payments and compliance.

- Courage of our convictions – as a purpose-driven sector with a particular view of the world we should be brave enough to speak out where we see injustice and exploitation and we should use what influence and platform we have available to us to speak out on behalf of our members and those we support. Using our voice brings with it risks – being outspoken can sometimes turn people off and entrench differences of perspective – but to remain silent where we see things that deserve to be called out as wrong, we are failing to fulfil our core purpose as distinctive organisations. Having an open conversation with our members about what matters to them and projecting what we hear outwards to our stakeholders positions us as credible and trustworthy, builds engagement and loyalty and garners respect, even where it brings disagreement.

7. I'll show you mine, if you show me yours

Engaging in a process like the one described is easier said than done. Aside from the effort and investment of time and resources required to reflect and consult on purpose, there is also the threat that what you come up with disappoints expectations or, worse, upsets people.

But like in life in general, you only get out what you're prepared to put in and taking a calculated risk can yield great dividends where it comes off.

So at the risk of being shot down, I offer The Co-op Credit Union's recently-published document [Defining our Purpose](#) which concludes our process of reflection and consultation running through 2021 and is our baseline for beginning to achieve some of the aspirations set out in this paper.

We don't claim to have all the answers or to have got everything right, but we're proud to have taken the time to think about and codify what it is that we're here for and we believe it gives us a clear platform for what we hope will be a sustained period of growth over the coming decade and beyond.

References and further reading

Co-op Credit Union (2022), *Defining our Purpose*, Co-op Credit Union, Manchester
https://www.co-operativecreditunion.coop/wp-content/uploads/2022/01/Purpose_Project_Report_2022.pdf

Co-op Credit Union (2022), *Measuring our Impact*, Co-op Credit Union, Manchester,
https://www.co-operativecreditunion.coop/wp-content/uploads/2021/03/Measuring_Our_Impact.pdf

Elliott A. (2017), *Save as you borrow*, Fairbanking Foundation, London, February 2017
<https://fairbanking.org.uk/wp-content/uploads/2017/02/Save-While-You-Borrow-web-1540217.pdf>

Juntos Avanzamos movement website: <https://juntosavanzamos.org/?lang=en>,
Inclusiv

Money & Pensions Service data on the state of financial wellbeing in the UK,
<https://moneyandpensionservice.org.uk/category/research/?cn-reloaded=1>

Membership of the Swoboda Research Centre

* Denotes Founding Member. These organisations supported the inauguration of the Swoboda Research Centre in 2017

Credit Union Platinum Members

Comhar Linn INTU Credit Union*, Ireland

Core CU*, Ireland
Dundalk CU*, Ireland

Health Services Staffs 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 CU, Scotland
Life CU*, Ireland
NHS CU*, Scotland

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

Credit Union Silver Members

Capital CU, Scotland
Pennine Community CU, England

Plane Saver CU*, England

St Canice's CU, Ireland

Credit Union Bronze Members

1st Alliance CU, Scotland
Altura CU*, Ireland
Black Raven 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
Naomh Breandán CU, Ireland
Palmerstown CU, Ireland
Partners CU, England
Penny Post CU, England

St. Anthony's & Claddagh CU*, Ireland
St. Jarlath's CU*, Ireland
Salford CU, England
Saveeasy CU, Wales
Smart Money Cymru CU, Wales
South Manchester CU, England
TUI (Teachers Union of Ireland) Credit Union, Ireland
Unify CU, England
Youghal CU, Ireland

Corporate Members (reputable suppliers to the sector who wish to support Swoboda's work)

AsOne Digital Business Development, UK
Cantor Fitzgerald*, Ireland
CUFA Ltd.*, Ireland/UK

ECCU Assurance DAC, Ireland
Fern Software, Ireland/UK
Metamo, Ireland

OCWM Law*, Ireland
Payac, Ireland
The Solution Centre*, Ireland

Institutional Members (institutions and organisations with an aligned purpose)

Filene Research Institute, USA

Swoboda Research Centre Board

Michael Byrne, Director
Caroline Domanski, Director

Dr. Paul A. Jones, Director of Research
Nick Money, Director of Development

Swoboda Research Centre Advisory Board

Professor Elaine Kempson
(Professor Emeritus, University of Bristol)
Dr Olive McCarthy
(Senior Lecturer, University College Cork)

Roger Marsh
(Bank of England, Retired)
Professor Anne-Marie Ward
(Professor of Accounting, Ulster University)

SWOBODA RESEARCH CENTRE

Swoboda Research Centre CLG

1 Kingsley Mews, Raglan Road, Dublin 4, Ireland

email: nick.money@swoboda.org

www.swobodacentre.org