

A collage of three images related to Stirling, Scotland: a panoramic view of the town and snow-capped mountains, a close-up of a stone tower, and a stone bridge over a river.

Introduction to Stirling Credit Union

Let's explore!

What's different about a Credit Union?

A well-kept secret!

Why Credit Unions matter

Join the team and help us

1. What's different about Stirling Credit Union?



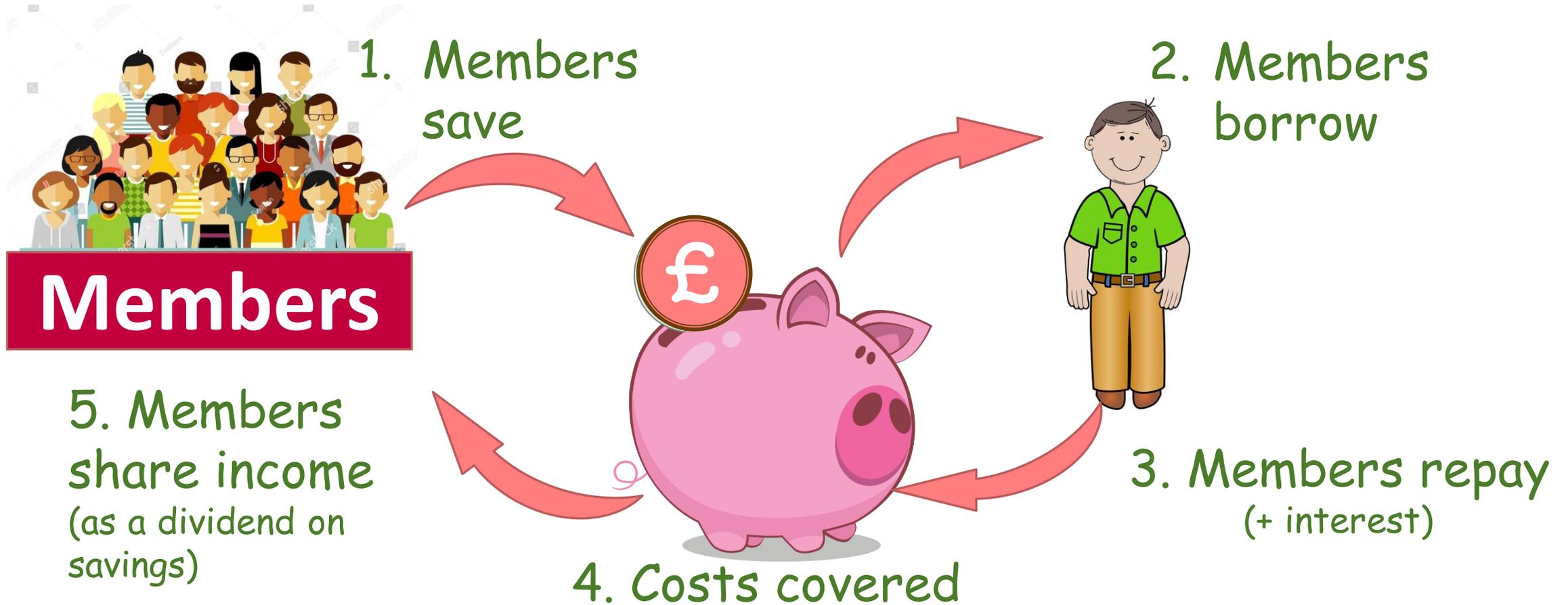
Put simply, a credit union is a community bank

We are a non-profit member-owned financial cooperative, controlled by our members

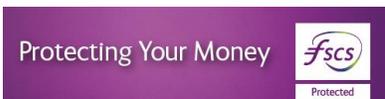
Our aims include to:

- Provide community-based financial services
- Promote savings and good money management
- Provide loans at fair and reasonable interest rates
- Provide access to services for the financially excluded
- Be local, human and personal

Our business model is simple: members lend to each other and share the income generated



Although the model is simple, members' savings are protected and credit unions are regulated



- We are **regulated and closely monitored** by the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA).
- Individual **savings protected** up to £85,000 by the Financial Services Compensation Scheme (FSCS)
- We are a member of ABCUL, a **trade body**, that provides support and represents UK credit unions at a national level.

2. A well-kept secret!

Unfortunately, even if people know about CUs (and public awareness in the UK is low), misconceptions abound!



We recently engaged a **digital marketing agency** and commenced an ambitious social media and email marketing pilot!

Source: Deeks Report, 2015

Despite the misconceptions and lack of awareness, encouraged by both UK and regional governments, membership is growing

1.4m UK members

- 240 credit unions across England, Scotland and Wales
- £1.95 billion total assets
- £1 billion in loans

Source: ABCUL, September 2020



UK credit unions are part of a global movement involving 118 countries, with 270 millions

The UK has some catching-up to do: elsewhere credit unions are big. **Really Big!**

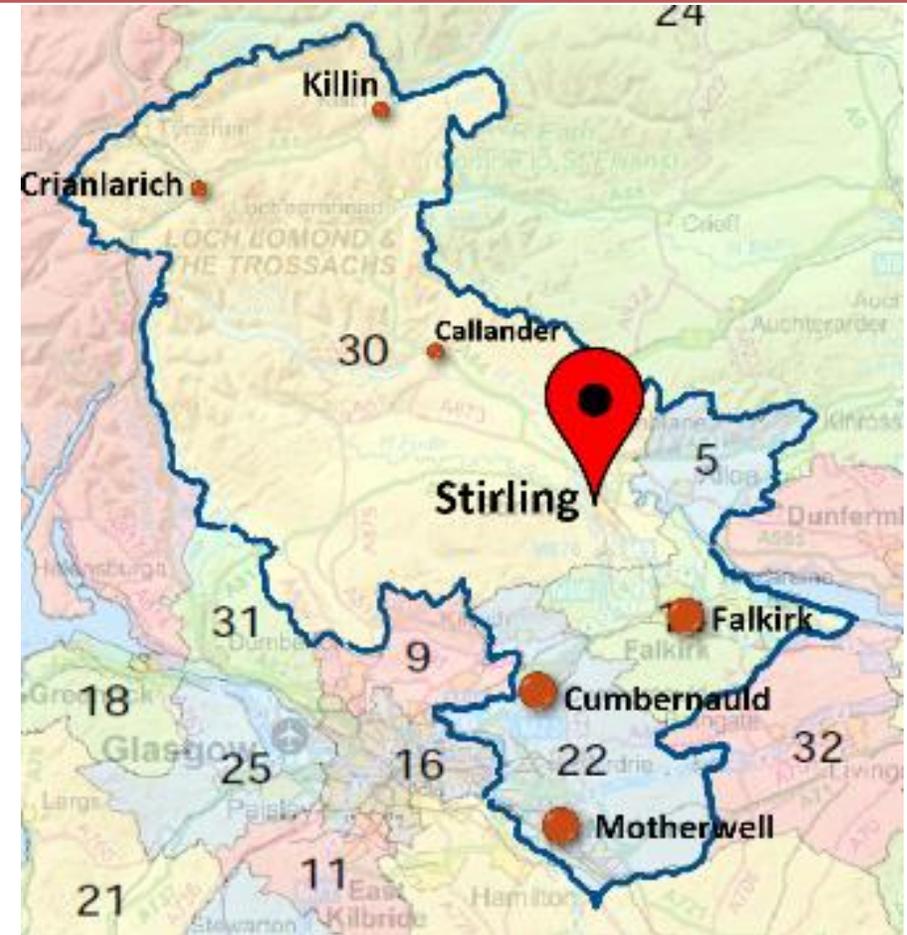
- 66% population of the Caribbean (3.5m members)
- 57% population of the USA (122m members)
- 42% population of Canada (10.5m members)
- 32% population of Australia (5.3m members)

A credit union's "Common Bond" defines its market

Overseen by the FCA, the **Common Bond** is intended to create the sense of "community" and local accountability.

It can be based on

- a **common employer** (e.g. NHS employees), AND/OR
- a **geographical area**, where people live or work (e.g. Stirling CU's Common Bond, shown here), AND/OR
- **ONS job codes** (e.g. people working in hospitality)



Our Common Bond covers a large geographical area across central Scotland

Currently includes **anyone who lives or works in:**

- Stirling
- Clackmannan
- Falkirk
- North Lanarkshire

A “catchment” of around 1m people



Despite the pandemic, we continue to grow!

Members

- **9% growth** in membership during the FY ended 30 Sep '21!
- **2,015 active members** as at 21 Feb 2022 (i.e. actively saving)
- **663 Junior Savers** with £91K in savings!

Lending

- Despite the pandemic, **over £500K issued as loans** during 2020-21, **up 13% YoY!**
- Strong balance sheet means we could have lent 3x this amount!

Savings

- **£1,674,844** – up 16% YoY
- **0.3% dividend** paid on all savings, including to Junior Savers



We offer competitive rates on loans



Loyalty Loan

- Our most popular loan – for existing members (i.e. savers)
- Borrow from £500 - £10,000
- **From 12.7% APR (12% pa)**



Secured Loan

- Our best rate for members
- Borrow up to £15,000
- **6.17% APR (6% pa)**



Standard Loan

- Our core loan for joiners / new members
- Borrow from £500 to £5,000
- Borrowers are asked to “save as you borrow”
- **From 19.6% APR (18% pa)**

Remember that interest on lending is returned to savers in the form of an annual “dividend” (Equivalent to interest on savings)

We also operate a growing “Save As You Earn” scheme with local employers



Local Government



Education



Social Care



Non-profits



Manufacturing



Civil Engineering

A technical transformation programme set us up for future growth

1. New **responsive web site** (our “Public Site”)
2. New online **Members’ Area** (our “Secure Site”) for account enquiries & withdrawals
3. New WebApp for **mobile devices**
4. New **Online Applications Processing** (including automated processing)
5. New **payment by debit card** (powered by Barclaycard): telephone & online
6. Enhanced Security, incl. **Cyber Essentials** accreditation
7. New **Automated 3rd Party Online Services**, improving and speeding-up our service:
 - **e-Signatures** for online, instant loan agreements
 - **eIDV and eCredit Reports** for application approvals
 - **Secure email and SMS**
 - **Data validation:** Postcode and address lookup, email and telephone number validation
8. New capabilities to support **remote/home working**

3. Why credit unions matter

Shocking statistics:

Many households in the UK are “living on the edge” – just one payday from financial crisis:

11.5 million adults (or 22% of the adult population) have less than £100 in savings

Source: “Building the financial capability of UK adults”, 2018 Survey, MAS

Shocking statistics:

With little or no savings, when the need arises, people resort to sources of credit

9 million adults (or 17% of the adult population) borrow money to buy food or pay their bills

Source: "Building the financial capability of UK adults", 2018 Survey, MAS

This is just one reason why credit card debt is rising and so-called "payday lenders" are thriving.

Shocking statistics:

The low level of savings across the UK population is not just about income

- **20% of adults who borrow money to buy food or pay their bills have a household income in excess of £50k**
- **20% of working-age adults with less than £100 in savings have a household income of £30k or more**

Source: "Building the financial capability of UK adults", 2018 Survey, MAS



How credit unions help, number 1: Credit unions are helping people re-discover the “saving habit”

Research confirms that a change in behaviour can be expected only when people **believe** they can save and **experience** the benefits:

“Simply teaching skills and imparting knowledge won’t encourage people to save unless we can also win hearts and minds; that is encourage them to think about future savings goals and to believe that they are achievable”

Money Advice Service

- *Building the financial capability of UK adults*
- *2018 Survey*

How credit unions help, number 2:

Credit unions are able to offer loans at reasonable and fair rates



- Unlike banks and building societies, credit unions are usually able to offer small **loans for short periods** (e.g. £50, or £100 for three months).
- Credit unions are usually able to lend to those who otherwise, declined by mainstream banks, might be driven into the arms of payday lenders.
- People with “damaged” credit scores and histories can re-build them through their credit union.

Independent research found 67% of CU borrowers develop a new savings habit as a benefit of the “save as you borrow” model followed by credit unions

The research included people who said they had believed it “impossible” to put money aside



*Example monetary amounts are for illustration purposes only



Source: The Fairbanking Foundation/Ipsos MORI, “Save as you borrow – credit unions creating good habits”, 2017

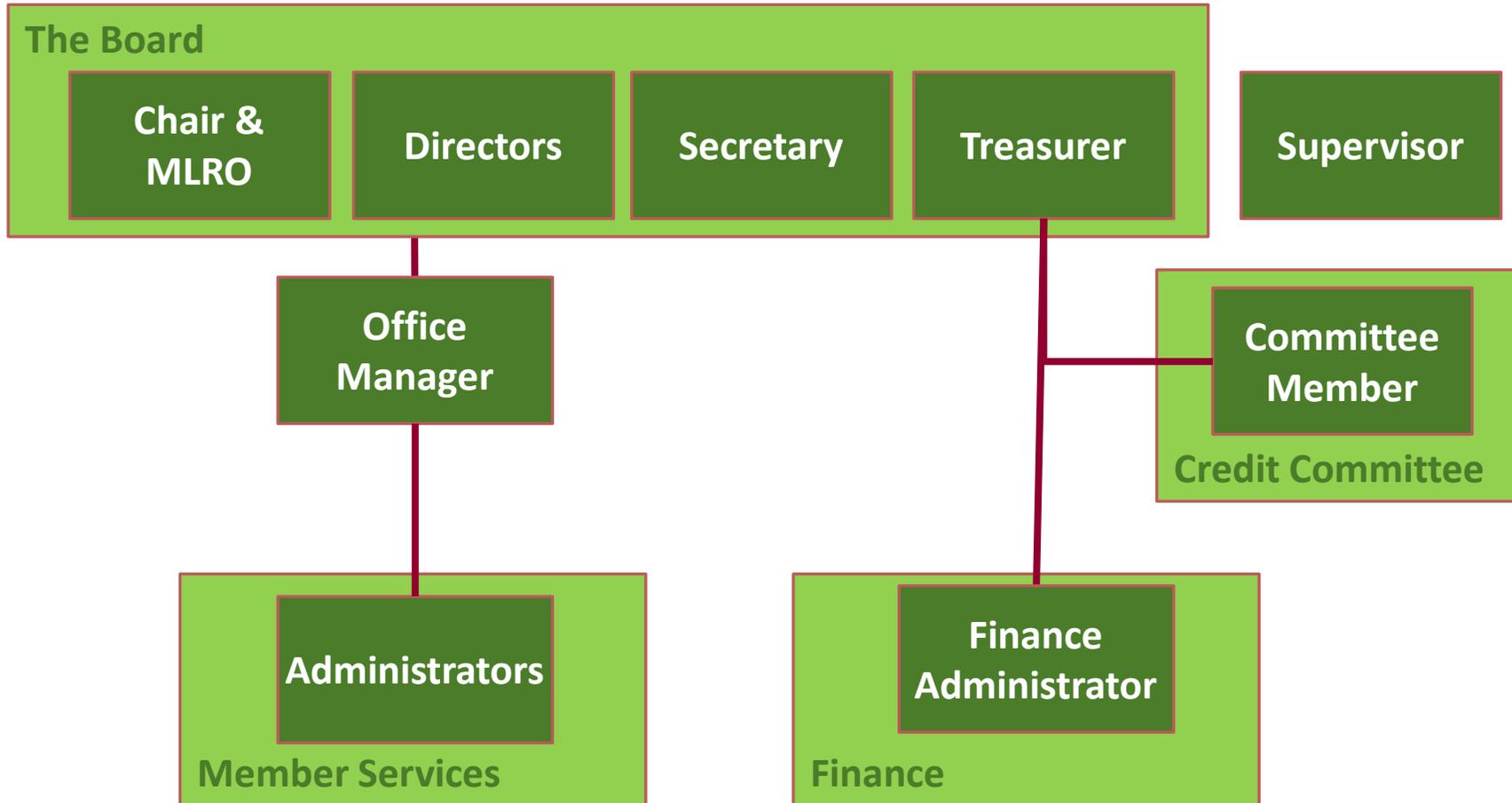
This is why UK and national governments are actively supporting the growth of credit unions

“Credit unions offer an alternative to vulnerable people who have few safe options to get cash when they need it most. They are the antidote to predatory loan sharks or high-interest lenders”

Minister for Welfare Reform,
David Freud, 2015

4. Join the team and
help us

We offer lots of opportunities for volunteering – a little, or a lot!



The board and Supervisor meet one evening per month

Our small paid staff team is supplemented by volunteers. For example,

- Administrators, who help out, from an hour or two per week
- Credit Committee members, who review complex loan applications
- School saving clubs coordinators

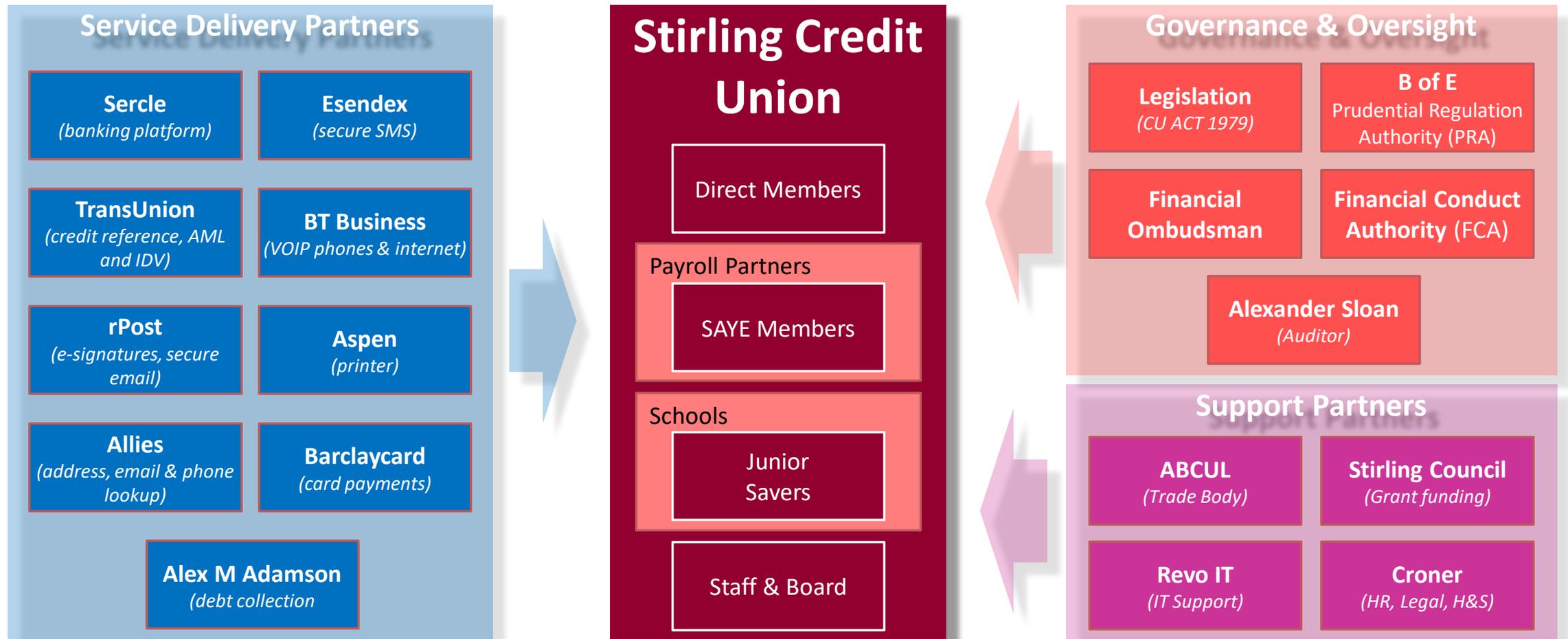
We want a board who will guide our Credit Union's growth



We want

- To increase the number of people on our board.
- Our board to be diverse and inclusive.
- To access the widest possible breadth of expertise and experience

We have a rich “ecosystem”! So, whatever your skillset or experience, we can be sure to benefit from your involvement



Want to find out more?

- Visit our website to download an application form (<https://www.stirlingcreditunion.co.uk/vacancies>) or
- Email chair@stirlingcreditunion.co.uk to arrange a conversation.

A collage of three images related to Stirling, Scotland, set against a background of red and teal diagonal stripes. The left image shows a panoramic view of Stirling town with the Stirling Castle on a hill and snow-capped mountains in the background. The middle image is a close-up of the stone tower of Stirling Castle. The right image shows the Old Bridge of Stirling crossing the River Forth.

Thank you!