



Questions

- In the early church, there was a lot of sharing of resources (e.g. Acts 4: 32- 35; II Corinthians 8: 13- 15). How can the church today learn from these principles?
- A number of the parables Jesus told involved people investing or being entrusted with money. Jesus also spoke about “the deceitfulness of wealth”, and how that sometimes gets in the way of our walk with God see Matt 13: 22. Is it important that we have a right relationship with money, and how do we ensure that we do?
- In what ways could your church help to support a local credit union:
 - Offering space in our church buildings?
 - Church members volunteering to help staff a credit union?
 - Encouraging people in the church to save with a credit union?
 - Other ways?



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A Credit Union

A common bond for
a common good



Discussion Points



A Credit Union

A common bond for a common good

A credit union is a financial services co-operative. It starts with a collective of like minded people, providing ethical, practical solutions with the objective of sharing wealth among its members and access to low cost affordable credit which might otherwise be unobtainable to some people.

Credit unions are open to everyone in the community. Indeed this is the very strength at the heart of every credit union in Scotland, saving together and lending to each other, regardless of social or economic circumstances. Those members who save are directly helping those who need to borrow whether for a very small loan right through to larger value loans such as mortgages.

When you join a credit union, you automatically own a share of the business, and the profits, after running costs, are distributed among the members in the form of a dividend or reinvested in providing additional services and products. But that's not all that credit unions offer people.

Credit unions are required to have a "commonality" amongst members (known as a common bond). This might be a geographical area, an employer or a place of worship. For example, Capital Credit Union serves people working or living within Edinburgh, the Lothians and the Scottish Borders. Scotwest Credit Union in Glasgow serves people who live in the West of Scotland. The idea being that the credit union serves the community in which it resides thereby creating a common bond of continuing wealth in the community.

The board members within a credit union are volunteers, and this is an important point because all crucial decisions made on the running of the business, are made purely for the benefit

of the member and with the members and the community interests at the heart of every decision. There are no external shareholders to pay, which is important because we have seen what happens when shareholders demand that the price of their share increase year on year, and of course this encourages other financial institutions to make decisions based on profit rather than what is best for the customer.

Being part of a credit union offers many other personal benefits. These include free life insurance on savings and loans with many of Scotland's credit unions, access to low cost loans and savings products as well as mortgages, current accounts, prepaid debit cards and Cash ISA's.

Credit unions are moving with the times. In order to compete with other financial institutions, some credit unions are now implementing fully functional online bank accounts which rival those used by the high street banks. This will enable people from all walks of life and with differing financial needs to access the entire range of online banking functionality that they may already be using elsewhere.

Another area in which the credit unions have risen to the challenge, is the ongoing issue of very high cost payday lenders. These organisations offer loans to people who are struggling to get through the month and need a small £value loan in order to see them through to pay day at the end of the month. These lenders offer loans, some with interest rates of over 4,000%. This is another example of how the lowest earners in society can only access the highest rates of credit. Credit unions have tried to combat these organisations by offering smaller loans, usually between £250 and £1,000, at significantly lower rates, whereas most high street banks would only offer an overdraft which again is costly, and encourages the customer to get further into debt with the bank. Legislation has been

put in place which prevents a credit union charging more than 2% per month interest therefore keeping the cost of credit affordable.

In January 2012, the government created new legislation which effectively allows a credit union to extend its common bond to offer churches, charities and other organisations to become part of their credit union by opening their own credit union account.

To be a member of any one of the 124 credit unions operating throughout Scotland, which are already representing over 300,000 members, there is only one condition you will be asked to meet; that is, you must save on a regular basis, but this can be from as little as £1 a week for most credit unions. A credit union exists to distribute wealth among its members, to lend responsibly between members, and to pay a dividend at the end of the trading year.

Local government, the Scottish Parliament and chief executives in the private sector, amongst others, are getting behind the credit union movement in order to provide unique, ethical and professional financial services to their constituents and employees. This can only benefit credit union members and the communities in which they reside.

Churches across Scotland can help by telling parishioners about this ethical, low cost, accessible alternative to high street banks. Local churches and local groups can also support credit unions by becoming members of their local credit union. For everyone who uses the services, they are safe in the knowledge that they are also helping a friend, family member, neighbour or local community group.

Saving and lending together: it makes sense.