

Lesley Griffiths AC / AM
Y Gweinidog Cymunedau a Threchu Tlodi
Minister for Communities and Tackling Poverty



Llywodraeth Cymru
Welsh Government

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Peter Black AM

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8

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Dear Peter,

During my Oral Assembly Questions on 26 November, you raised a number of queries in relation to the Credit Unions Wales marketing campaign and subsequently wrote to me, setting out your questions.

My previous correspondence to you advised of an increase in membership of 2819 between July and September 2014 which you quoted during Oral Questions. This increase made during the second quarter is in line with the target for the marketing campaign. The target was to increase membership by 25% above predicted growth rates of 8206 new members for 2014. The campaign would, therefore, increase new membership to 10,258 for a 12 month period. From the returns received by Credit Unions, for the 6 month period (from April to September) since the campaign started, the increase in new membership is 5,323, so exceeding the six month target of 5,129. Progress on this will be monitored closely by officials.

The targets set at the start of the marketing campaign did not include cost per acquisition, however as the new members joining Credit Unions continues to increase, the cost per acquisition will decrease.

I was disappointed by your comments made during Plenary on the overall decrease in total membership. Whilst Credit Unions carry out routine dormant account exercises as part of their normal business practice, the closure rates reported recently by Credit Unions were above normal levels for two clear reasons and so cannot simply be attributed to normal business as usual activities as you suggest. I conveyed this to you in my previous correspondence on this matter and I am happy to explain it once again.

In my previous correspondence, I made you aware of the first reason for the decrease. The introduction of new PRA guidelines has resulted in a loss of 2,158 adult members from one Credit Union alone during the second quarter as they look to make adjustments to meet new requirements. Secondly, I have been made aware a number of Credit Unions participating in DWP's Credit Union Expansion Project (CUEP) have drastically reduced their number of dormant accounts in response to the announcement of the CUEP banking platform pricing, which will incur a per member monthly charge and which will have a significant impact on affordability.

These two combined factors have resulted in an accelerated closure rate which has significantly impacted on overall membership figures during the second quarter and is something which is not within the control of the Welsh Government. Given this position, I cannot accept your view of the recent closures being due to regular standard exercises carried out by Credit Unions.

I want to see Credit Unions thrive and am pleased to see the good work carried out by a number of Welsh Credit Unions in working to attract new members. I am sure you will agree with me on this.

You requested a breakdown of how many of these new members were tier 1 and tier 2, however, I cannot provide details on this as Welsh Government does not hold this information. Since April this year Credit Unions provide information to Welsh Government in line with the SGEI funding they receive, which is focused on the tackling poverty agenda. Therefore, the information reported directly to Welsh Government by Credit Unions concerns the numbers of financially excluded individuals who are supported by a Credit Union and the support provided to them.

Going back to the campaign, it is important to remember that in addition to attracting new members, it aimed to give Welsh Credit Unions a new common identity under the brand 'Credit Unions Wales'. This new branding has helped to unite the Credit Union movement in Wales who are increasingly working together to achieve sustainability.

I wish them well as they continue to promote their work under this banner. I will continue to support Credit Unions.



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