

Policy Delivery Team (MG07)  
Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA

12<sup>th</sup> November 2023

Dear Policy Delivery Team,

### **CP22/23 – Occasional Consultation Paper – October 2023**

We welcome the opportunity to respond to this consultation. The Association of British Credit Unions Limited (ABCUL) is the primary trade association representing credit unions in England, Scotland, and Wales, with around two thirds of credit unions in Great Britain affiliated to the Association.

Credit unions are co-operative societies who provide financial services – primarily savings and loans facilities – to their member-owners. They are registered as Co-operative Societies under the Co-operatives and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. As deposit-takers they are dual-regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

Credit unions have since their inception in Britain in 1964 been closely associated with anti-poverty and financial inclusion. They tend to provide savings and loans facilities to those with limited or no access to financial services from mainstream providers, generally due to their low income and / or lack of a developed credit profile. They have been a central element of numerous government and philanthropic initiatives to extend financial inclusion and address the lack of adequate provision of affordable credit and secure savings facilities for large sections of the population. They are capped in the interest that they can charge at 42.6% APR under the Credit Union Act 1979 and provide credit in competition with high-cost lenders.

They are numerous, with nearly 250 credit unions active in Great Britain today with more than 1.4 million members and £2.3 billion in assets under management. They range from mid-sized businesses of up to 50 staff to small voluntary organisations.

### **Overview of Response**

The credit union sector strongly supports the proposed amendment to DPP 9.2 to reduce the timescales FSCS must pay compensation to depositors, from ten working days to seven working days. Reducing the timescale for a depositor of a failed firm to receive their funds builds assurance in FSCS and enhances depositors' confidence should the worst occur.

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We are also supportive of the development of the Portal, building on the Bank's continued work to improve depositor outcomes. Developments that aim to reduce disruption to depositors affected by an insolvent firm are fully supported by the sector, especially for those whose day-to-day accounts and access to money have been impacted. We agree all depositors of failed firms should have the ability to determine which method of payment they would prefer to utilise. The introduction of electronic transfers as a payment method will also help to reduce the timescale for depositors receiving their funds.

We are hesitant to fully support the amended wording of DPP9.2 until we have clarity on the process that will be in place for those individuals who are unable to access the Portal. Our main concerns relate to the reliability and timeliness of the automatic issue of cheques, and the potential of a two-tiered service. Quicker results for those who are computer literate and able to use the Portal, and a longer waiting time for the automatic cheque distribution to then be triggered, posted, and deposited by the individual who is not utilising the Portal. This could then impact the depositor's wellbeing, financially and mentally, especially for those who used the affected accounts as their day-to-day bank account.

We welcome the proposed amendments to Senior Managers and Certification Regime (SM&CR) Forms C and D to align the Forms with the FCA's Consumer Duty rules. The amendments proposed will allow the reporting of breaches or disciplinary action in relation to the Consumer Duty easier to complete.

Please get in touch should you wish to further discuss our response.

Yours sincerely,

A handwritten signature in cursive script that reads "Natalie McQuade". The signature is written in dark ink on a light-colored background.

Natalie McQuade

Head of Advocacy and Regulatory Affairs, ABCUL