

Capital and Compensation Standards Team  
Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA

30<sup>th</sup> June 2025

To Whom It May Concern,

### **CP4/25 – Depositor Protection**

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

Credit unions are co-operative societies that provide financial services – primarily savings and loan 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 loan 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 over 230 credit unions active in Great Britain today with more than 1.5 million members and £2.7 billion in assets under management. They range from mid-sized businesses of up to 50 staff to small voluntary organisations.

## Consultation Response

We would like to take the opportunity to respond to the PRA's Depositor Protection consultation paper. We will provide comments on the consultation that are relevant to the credit union sector.

ABCUL supports the Bank Resolution (Recapitalisation) Bill's implementation which seeks to expand the functions of the Financial Services Compensation Scheme (FSCS) to include making recapitalisation payments where necessary and levying firms to recoup the payments. This will support the resolution of smaller banks in the event of a failure. ABCUL welcomes the exclusion of credit unions from the associated payments and levies due to the sector being unable to access the funds in the unlikely event of a failure.

ABCUL recognises the passage of the Bill is necessary to introduce changes to the PRA rules and the Deposit Guarantee Scheme which will facilitate the raising of the depositor protection limit under the FSCS, which has not been increased since 2017, and inflation has eroded its value. Increasing the protection level is key to increasing consumer confidence in the security of their deposits.

ABCUL also supports the proposed timescales for the updates to be implemented by firms, with a six-month transitional period that offers sufficient time for firms. Additionally, we also support the extended timescales for disclosing the new depositor protection limit.

Please contact us at [advocacy@abcul.org](mailto:advocacy@abcul.org) if you have any questions about our response to your consultation.

Kind regards,



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ABCUL