

Alexander Zaremba
Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA

12th May 2023

Dear Alexander Zaremba,

CP7/23 – PRA regulated fees and levies: rates proposals for 2023/24

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

Response to Consultation

On behalf of ABCUL member credit unions, we would like to express our support for the PRA's plan to maintain the existing fee structure and to retain the current level of minimum fees for credit unions.

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Credit unions offer not-for-profit financial services, with any surplus profit returned to their members via dividends on savings. Throughout the Covid-19 pandemic, credit unions worked conscientiously to support their members. However, they were also financially disadvantaged by the imbalance in savings and loans instigated by the unprecedented social circumstances of the last three years. Whilst credit unions have been recovering from this uniquely challenging period, they are now in another period of economic uncertainty due to the broad increases in costs. As a result, we are pleased that the PRA continues to minimise the cost implication of regulated periodic fees to credit unions.

We appreciate that the PRA continues to demonstrate its support for the credit union sector by working to maintain the level of minimum periodic fees in the context of high inflation.

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

Yours sincerely,

Natalie McQuade

Head of Advocacy and Projects, ABCUL