



Association of British Credit Unions Limited

David Cheesman
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

14 January 2019

Dear David

Financial Conduct Authority – CP 18/34 – Regulated fees and levies policy proposals for 2019-20

We appreciate the opportunity to respond to this discussion paper. The Association of British Credit Unions Limited (ABCUL) is the main trade association for credit unions in England, Scotland and Wales. Out of the 266 credit unions which choose to be a member of a trade association, 71% choose to be a member of ABCUL. There are currently 303 credit unions registered in Great Britain.

Credit unions are not-for-profit, financial co-operatives owned and controlled by their members. They provide safe savings and affordable loans. Some credit unions offer more sophisticated products such as current accounts, ISAs and mortgages.

At 31 March 2018, credit unions in Great Britain were providing financial services to 1.3 million people using credit unions, including almost 140,000 junior depositors. The sector held more than £1.57 billion in assets with more than £890 million out on loan to members and £1.33 billion in deposits.

Credit unions' work to provide inclusive financial services has been valued by successive Governments. They provide a valuable social role in providing affordable credit to those otherwise excluded from mainstream credit, a secure and regulated place to save and encourage people into a savings habit, often for the first time. Successive Governments have legislated and invested in credit unions to expand this role.

Response to consultation

Overall we are supportive of the proposals outlined in this year's fees policy consultation. In particular, we welcome the proposal to exempt credit unions from paying consumer credit fees which will encourage credit unions to consider becoming affordable alternatives in markets such as the rent-to-own market which recently saw regulatory intervention whilst streamlining the FCA's administrative process.

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Chief Executive Officer Robert Kelly

Industrial and Provident Societies Act Reg No. 23136R

We also welcome the removal of charges for inspecting the public register except where a member requests a personal visit to the FCA offices. The removal of these fees should improve transparency for mutual societies through allowing members and third-parties to access the information they require without cost. It is right that this should not extend to personal visits providing that the information is available in electronic form and we accept the FCA's rationale for increasing the fees for those wishing to visit the FCA's offices.

Maintaining the mutual societies register

As authorised firms, variable fee-paying credit unions would be in the minority of mutual societies which would be required to absorb the costs of this proposal. Whilst those contributing credit unions would have at least £10 million modified eligible liabilities the entire credit union sector is a fraction of the size of the largest retail mutual societies. Additionally, as the minimum fees are now linked with the FCA's annual funding requirement these costs may ultimately filter through to even smallest credit unions (those under £500k MELs).

We agree that the costs of the smallest mutual societies should be absorbed by FCA fee payers in order to increase the efficiency of invoicing and debt collection whilst reducing the burden on what are often small, voluntarily-run mutual societies. However, we would prefer that the FCA give greater thought to whether it might ask the largest mutual societies to contribute a reasonable fee to the costs of maintaining the mutual societies register given their scale and ability to pay.

Whilst such a system may not fully address the concerns that the FCA has with processing paper returns, we believe the FCA should encourage rather than require all mutual societies to submit electronic returns. This could be done through better provision of electronic reporting systems, for instance. Not only could this reduce the costs of manual processing for the purposes of fee setting and invoicing but would also reduce the costs of providing the transparency benefits of the mutual societies' register which may see increased activity due to the proposed reduction of fees for electronic inspection of the register.

We would be happy to discuss this feedback or provide further details should that be required.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'm. Bland', written in a cursive style.

Matt Bland
Head of Policy & Communications