

East End Housing Associations Regeneration Forum

Theme: Financial Inclusion

Feedback Report August 24th 2006

Report

The theme for the Forum on the 24th August was Financial Inclusion. The event was open to agencies and HA's alike. A total of 42 people attended. The speakers were George Redmond from Bridgeton, Calton and Dalmarnock Credit Union, Alasdair Watt, Sharon McPherson from Glasgow City Council DRS and Niall Alexander (Consultant) to speak about Communities Scotland CDFI.

The focus for the evening was to give attendees some background on the various initiatives and organisations who are involved in promoting financial inclusion. Within the East End and other parts of Glasgow financial exclusion is fact. The array of financial products and services available to people play a huge part in their lives however for lots of people conventional services don't meet their needs. Financial exclusion is a growing problem and conventional financial services will not be able to deal with this problem on its own. Alternative solutions are needed for communities not only in the East End of Glasgow but the UK as a whole which will meet the needs of people fairly without having to resort to high interest home credit agencies and illegal money lenders.

Presentation One: George Redmond, Bridgeton, Calton and Dalmarnock Credit Union

George gave some background information into BCD Credit Union (CU) and the role that they have played in the community since 1991. They provide a range of services including financial and insurance through to a foreign currency service (since this service was launched earlier in the year £200,000 has been exchanged). Their membership includes some 5,000 members with the credit union having some £2 million in assets. In the area covered one in three people are members with the credit union hoping to increase this number over time. In the area there has been bank and post office closures with one in four people in the area not having a bank account. The credit union in BCD is owned and ran by the community. The credit union also has economic and social objectives which are to educate and encourage financial management for people who can't access financial services.

Key areas of operation include loans, insurances, saving and foreign currency. The credit union also own their own premises, provide training and professional staff.

Some of the questions from the audience included:

- Weren't credit unions just like the early building societies?
- Department of Trade and Industry, what can the treasury do to help the credit unions?
- Can there be more trust in the credit union from the treasury?
- There are thirty five credit unions in Glasgow giving it strength in the movement it's about time the treasury invested.
- Will the credit unions start using ATMs?
- Are they commercially viable?
- Trust deeds, how do they affect credit unions?
- How can housing associations work closer with the credit unions because their aims and objectives are similar?

Presentation Two: Alasdair Watt, Financial Awareness Officer, Sharon MacPherson, Debt Strategy Officer, Glasgow City Council

The focus for this presentation was on the Glasgow Advice and Information Network (GAIN) and the city council's financial awareness strategy to tackle exclusion through information and education.

The strategy is a three year one that aims to encourage partners to develop financial awareness incrementally and raise the financial awareness of all of Glasgow's citizens.

The strategy identifies four broad strands of work. These include:

Learning; with the emphasis on Pre School, primary schooling and those excluded from secondary education.

Families; with a broad definition of family encompassing young parents and childless households as well as family breakdown

Employability; looking at the transition from schools to training, education and employment and exploring the role of employers and trade unions.

Retirement; addressing the transition to retirement and particular turning points such as bereavement or care.

These workstream's will be taken forward to address key trigger points. The trigger points are stages in the life development of individuals and families when it is important to make good financial choices and plan your finances accordingly.

Financial awareness

The kinds of information, advice, and learning that would be developed to support financial awareness where identified. These included:

Generic information: to raise the profile of financial awareness and identify sources of help and assistance.

Community ambassadors: community activists trained and supported to raise awareness and actively promote the uptake of services amongst the community.

Targeted approaches: including learning opportunities for specific client groups delivered through or in conjunction with particular intermediaries.

Community based independent financial advice: recognising the growing need for advice and guidance on financial products like endowment and pension options.

Areas of work

- Schools
- FSA Partnerships
- PACT
- Credit Unions
- CDFI
- Tenancy Sustainability
- Freephone Helpline & Website

Next Steps

- Overall financial inclusion strategy
- Combining existing work and linking with other initiatives
- Consolidate and join up services

Presentation Three: Niall Alexander, Community Development Finance Institution

The CDFI is a new financial inclusion initiative that will start early 2006 in Glasgow. Its aim is to increase access to affordable credit, bank accounts and financial advice and it is seen as an alternative to high cost lending, catalogues, pawn broking and illegal money lending.

Niall is a freelance consultant who specialises in the field of financial inclusion and has been involved in the development of the Glasgow CDFI over the last 18 months.

Niall gave some background to the CDFI and outlined the context of why there is the need for a CDFI in the city. Within the UK some 80% of the unbanked population have annual household incomes of under £10,000. A high percentage of people in Glasgow rely on home credit with high interest and APR's is charged to people using these services.

Why does Glasgow need a CDFI?

The CDFI is targeted at a specific audience, the unbanked. These people are seen as the home credit customer and not the bank or credit union customer. It is also targeted at people who rent and are perceived as being the most who need a CDFI loan.

20 year targets

- £42.6m lent to Glasgow citizens
- 62,955 loans
- 3.5% - 7.5% home credit market share
- 20% and 25% interest rates plus 5% arrangement fee
- 15% bad debt target
- £29.1m saved in interest payments

CDFI – a balance of idealism and realism

- People will be referred to GAIN and RSL money and debt advice
- Tackle financial inclusion
- Increase credit union membership
- Open bank accounts via RBS (trusted partner)
- Create sustainable social business
- Save Glasgow citizens £29.1m in interest payments

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