

# A guide to responsible finance – and how you can join in!

---

Responsible finance serves people who are not well-served by mainstream lenders. It is an alternative service to traditional banks and finance providers, which aims to provide a safe and supportive service through a clear and transparent approach, while at the same time still complying with Financial Conduct Authority requirements and the Responsible Finance Code of Practice. With responsible finance, profits are reinvested to generate social and economic benefits, providing good value for money for both clients and providers.

Responsible Finance providers, formerly known as Community Development Finance Institutions (CDFIs), are lenders who provide affordable loans to the business community, social enterprises and individuals. You can search for your nearest provider at [www.findingfinance.org.uk](http://www.findingfinance.org.uk). Businesses and individuals can also get affordable loans and savings accounts through Credit Unions, which are financial cooperatives run by their members. Like Responsible Finance providers, they aim to provide an ethical service and create products tailored to their members' needs. You can search for your nearest Credit Union at [www.findyourcreditunion.co.uk](http://www.findyourcreditunion.co.uk).

## Credit Unions

Credit unions are very diverse, ranging from very small, entirely volunteer-run ones with fewer than a hundred members and very limited services, through to the largest credit unions with 20,000 or more members, high-street branches, and predominantly employed staff, offering a wide range of financial services, including current accounts, ISAs, home insurance and mortgages.

**“We must help credit unions to become bigger, better known and easier to access,” says the Archbishop of Canterbury, Justin Welby. “We have a unique opportunity to make a difference. We can begin simply by saving some money with our local credit union, using their services and encouraging others to do the same. Some churches are already doing this, so we know the difference it can make to the local community .”**

In addition to the Archbishop's suggestions there are various other ways in which churches, community groups and individuals can support credit unions. We'll now look at some of those...

### **1) Save with a credit union**

By saving with the credit union you will be helping some of the seven million people on low incomes who are not being adequately served by major high-street banks and are turning to other, high-cost, sources of credit. Credit unions have a number of clear aims and values that you will be promoting by your investment:

- encouraging members to save, as well as borrow responsibly
- offering loans at reasonable rates, only to people who can afford to repay them
- training and empowering members to use money wisely
- using members' savings efficiently and for the mutual benefits of the community.

### **2) Volunteer with a credit union**

Many credit unions would welcome volunteers with professional skills in IT, marketing and communications, fundraising, volunteer management, as well as banking and finance.

Helping to strengthen the governance of credit unions by becoming an elected director is another opportunity for service, and is crucial to the future development of the sector if it is to compete effectively with other financial service providers.

Start by finding out about your local credit union. Visit one of their branches or access points to see what services they offer and consider becoming a member yourself. Find out who the manager or board members are, and arrange a meeting to ask about their plans and how you or your church or organisation might be able to help them to achieve their goals.

Visit [www.findyourcreditunion.co.uk](http://www.findyourcreditunion.co.uk) to get started and find out where your local credit unions are based.

### **3) Open a credit union access point**

Although larger credit unions have their branches online services, many credit unions use community buildings - libraries, schools, community centres and churches - as access or collection points. If there is not an access point in your neighbourhood already, then think about whether you could offer your church premises. This would ideally be linked to a café or other church-based activities that attract a regular flow of visitors.

Some access points simply provide information about the credit union and field membership enquiries. Others provide a full range of services, where members can deposit sav-

ings, apply for loans and make repayments. Typically, collection or access points are open for one or two mornings a week and are staffed by trained volunteers. Your credit union may be able to help with set-up costs and training volunteers, but you may have to fund some of this as part of your church's community work. Having a group of willing and able volunteers is also crucial.

#### **4) Raise awareness**

One of the biggest barriers to the growth of credit unions is lack of awareness. Many have not heard of credit unions and even fewer people understand how they work. But, when told about them, are attracted by what they stand for, and say they would benefit from the services they provide.

You can help by telling friends and neighbours about credit unions and by publicising their work among your congregation, explaining the important practical and theological reasons for supporting them.

It is important that credit unions are not seen as the poor man's bank if they are to grow in a sustainable way, so think about how you could reach different audiences.

#### **5) Payroll savings**

One of the very best ways for credit unions to expand their reach is by offering employees the chance to save straight into a credit union account via their pay packet. Some credit unions will also offer loans through payroll lending. This is especially helpful in big organisations such as NHS Trusts, universities or businesses.

If you or someone you know has access to the finance or HR departments at one of these employers, consider making an introduction to the credit union so that they can work together to offer employees payroll savings. Using this 'relational power' is a vital part of our work.

---

#### **Just Finance Foundation**

Church House, 27 Great Smith Street, London SW1P 3AZ

Telephone: 020 7898 1647 Email: [enquiries@jff.org.uk](mailto:enquiries@jff.org.uk) Website: [justfinancefoundation.org.uk](http://justfinancefoundation.org.uk)

President: The Archbishop of Canterbury Chair: Douglas Flint Executive Director: Rowena Young

Registered Charity No. 1172050. A company limited by guarantee. Registered Company No. 1024667