



ANNUAL REPORT 2021



MANCHESTER
CREDIT UNION

OUR MISSION



MCU aims to be a leading provider of ethical and affordable financial services, whilst contributing to the alleviation of poverty and the economic regeneration of its community.

OUR VALUES

- 1 Members first** – striving to put members' needs at the heart of what we do, and striving to provide excellent customer service
- 2 Participation** – to promote full participation by welcoming the views and concerns of all our members.
- 3 Self help** – credit unions help people to help themselves by taking control of their finances.
- 4 Democracy** – one member, one vote – regardless of how much you have in savings.
- 5 Equality** – we treat all our members fairly and equally, regardless of who they are and where they come from
- 6 Integrity** – to act at all times with honesty and integrity and within legislative and regulatory requirements.
- 7 Co-operation** – credit unions work together with other credit unions to strengthen the credit union movement as a whole.
- 8 Community** – credit unions help to improve communities and the lives of people within by reducing the negative impacts of financial exclusion and high cost credit providers such as doorstep and payday lenders.
- 9 Supporting the local economy** – saving and borrowing with your local credit union keeps more money in members pockets, in the local economy, and is not paid out to external shareholders.
- 10 Openness and Honesty** – the way we do business is transparent and open, and if we make a mistake we will take responsibility for it and make improvements to ensure it does not happen again.
- 11 Education** – credit unions strive to educate their members, providing opportunities to improve financial capability. MCU also aims to act as a caring and responsible employer, encouraging the development and training of all our staff.

CHAIR'S REPORT

It's been another extraordinary and unpredictable year for all of us, and again I hope that you and yours are well. Many have suffered loss this year again: loss of friends and family, loss of health, loss of livelihood, loss of support in various ways. Our thoughts are with you. The credit union continues to be here for members, and that is the most important thing we do, and we have continued to be here and offer our services throughout the pandemic. Our staff have been simply brilliant again through all of the changes and uncertainty of the last year, and we awarded them a bonus again this year. We think they thoroughly deserve it.

The pandemic has not gone away yet, but as an organisation, we have had another successful year, doing what we do, namely looking after your savings, and using them to make loans to members, many of whom would otherwise be forced into borrowing from high-cost lenders.

Our family loans, which are backed by repayments directly from child benefit, continue to be popular with our members, and many borrowers who start with a family loan are building some financial resilience by building their savings at the same time as they repay the loan, which is brilliant.

We would like to make our services available to more members. We have grown a lot since we began, but there must be many more people who would benefit from the ethical savings and loans that we provide. We have recently taken on a Marketing Manager, and we have been working on a marketing strategy. If we get that right, then we will attract new members. But word of mouth is perhaps the best weapon we have. People are much more likely to join if they get a personal recommendation from a



family member or friend, so do please tell people you know about what we offer.

We made another healthy surplus this last year, and we are investing in our IT systems, including significant amounts on system security. When even big businesses can be vulnerable to hacking, computer viruses, ransomware, and identity thefts from customers, we want to make sure we have the most effective measures in place to keep you and your savings safe, and the business running smoothly for all our members.

During the year, we co-opted two new directors to the board, and we are today nominating them for your consideration to be elected to the board. I would like to thank all of my fellow directors who have worked hard, and often remotely, in recent years, in support of Christine Moore, the CEO, and her staff. Together, I think, we are making good headway towards a strong and secure future, and an effective organisation which enables us all to support each other as members. Long may that continue.

Peter Mitchell
Chair of the Board

CEO REPORT

It has been another challenging year, and I would like to offer my condolences to anyone who has lost loved ones or been adversely affected by COVID-19 in any other way. Unfortunately the pandemic has only served to widen the gap between those who are fortunate to have well paid secure jobs and those with precarious employment and/or managing on benefits.

Whilst we have not yet seen the full impact we expected with the end of the furlough scheme, we know that the majority of our members are going to be affected by the rapidly increasing cost of living, and in particular impending energy price rises. Please remember you can talk to us in confidence if you are experiencing difficulties and we will try to do whatever we can to help.

During the year we conducted a survey of members in order to find out how you preferred us to communicate with you and how we can improve our products and services. We were delighted to hear that 98.9% of you would recommend us to your friends and family, which is amazing. We are acting upon all of the feedback and responses we received in order to make it easier for our members and potential members.

Once again I have been really proud of the way the staff have worked together throughout the year, covering for illness and self-isolation. The 24/7 self-serve share withdrawal facility has meant that staff have had more time to process applications, help those members needing support with technology, loan applications, and re-negotiating loan repayments.



Face to face access has been maintained at all MCU offices throughout the year for those members who need to come into branch for help.

There are now a record number of members using the members' area on the website and almost 9,000 members have registered to use the MCU App. Despite everything, we have again achieved a healthy surplus which will enable us to pay a dividend for 2020/2021.

Another important project to get off the ground in September was the start of our Journey to Net Zero. This is a really important piece of work and will enable us to not only save energy and money, but demonstrates our commitment to contribute to making Greater Manchester carbon neutral by 2030.

KEY FACTS FROM 2020/21



36,651 loans granted



£12,775,351 loans granted



8,720 members using the MCUapp



139,952 telephone calls answered

2022 - LOOKING FOWARD

This year we will be commissioning a Social Impact report to highlight what difference we make to peoples' lives, and how much we contribute to the local economy. Although we already know some of this anecdotally, other impacts are more difficult to quantify. We will be sending out a survey in relation to this in the coming months, and I hope that you will try and respond if you can. It is really important that we get as many responses as possible, to make the results more meaningful.

The beginning of this financial year we introduced a new tier of loans which has lowered interest rates for loans between £750 and £1,499. We will continue to work hard to lower the cost of lending wherever we can so that our loans are competitive for all our members whatever their circumstances.

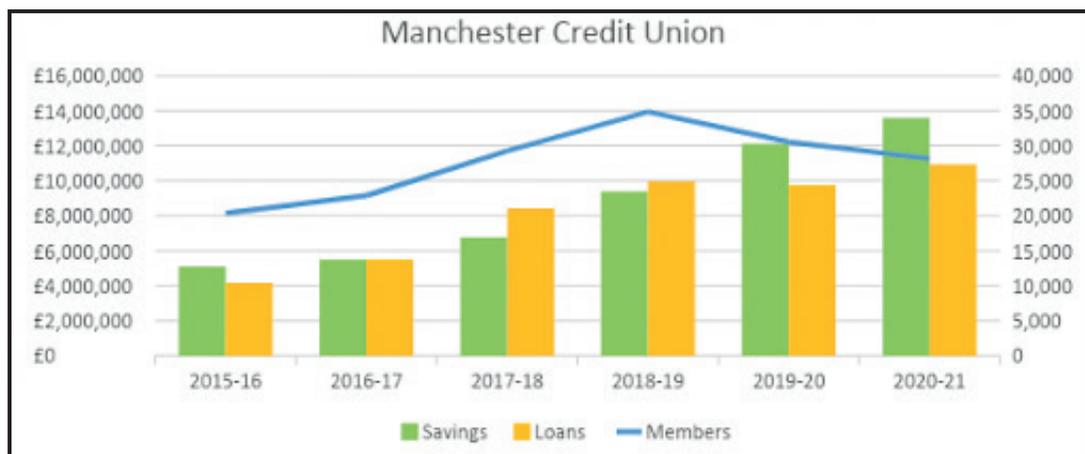
Please ensure we have an up to date email address for you so we can keep you up to date with any new developments. If you could also update your email preferences so we can send you details of any special offers or prize draws that would be great. Due to Data Protection (GDPR) rules, we are not allowed to send you details of promotions without your permission.

Please get in touch if you have any bright ideas about how we can help you or members of your community. I can't promise we will be able to implement them but we will certainly consider them very carefully. I hope you all have a happier 2022.

Christine Moore
Chief Executive

TREASURER'S REPORT

As at 30th September 2021, MCU had 28,477 members with a total of £13,716,199 in savings and £11,156,757 out on loan.



Savings have continued to increase over the past twelve months, but not by as much as the previous year. The loan book has increased by more than the savings amount for the first time since financial year 2017/18.

MCU remains sustainable from its own earned income, and this has enabled us to achieve a surplus this year of £337,774 (2020: £592,358). The decrease in surplus achieved this financial year is due to MCU investing in a more comprehensive back office system to offer a better service to our members and a reduction in grant income. Last year we received a substantial COVID resilience grant from Fair4AllFinance. The surplus does however remain healthy.

This surplus has again allowed us to make significant

transfers to our reserves and bad debt provisions, which will provide MCU with important security in the current uncertain climate. MCU remains compliant with all key ratio requirements imposed on all Credit Unions by the PRA. We are proposing to pay a dividend of 0.50% on all instant access share accounts.

In June and July 2021, MCU received a number of fraudulent loan applications. Eight loans were identified as fraudulent by our Finance team who acted quickly to stop any further applications. Additional security measures were identified and implemented across the Member Services team and these actions, together with our anti-fraud insurance, restricted our loss to just £9,161.

Barry James, Treasurer, February 2022

AFFORDABLE LENDING PROJECT

At Manchester Credit Union we recently partnered with our software providers, incuto, and Experian to begin offering loans on mainstream loan comparison sites, opening up our products to a wider market of eligible customers looking for loans.

If you're looking for a loan, aggregator sites are intended to let you see offers from a number of Lenders, giving you the chance to find the most appropriate loan for you. However, research suggests that up to 40% of consumers searching for loans on these comparison sites are not eligible for loans with mainstream banks and lenders.

People seeking credit who are not able to find an offer through mainstream providers may end up getting high cost loans, for example from payday loan companies, or worse still, a loan shark.

This is the first time they have been able to find out if they are eligible to access not-for-profit lenders through a major money comparison provider. This represents a significant and previously untapped market for community lenders like us. For the first time, we have direct access to eligible borrowers who are looking for affordable loans online.



With many people struggling financially following the Coronavirus outbreak, the initiative aims to provide financially excluded consumers with access to affordable credit from non-profit institutions.

We accepted our first loan application in March 2021 and have since lent over £650,000 to over 170 new members coming to us in this way. The project has increased the number of loan applications we receive and made us visible to a whole new group of potential members

At the moment we are working with just one aggregator, Experian CreditMatcher, but by the end of the summer hope to also be visible in searches on Money Supermarket, Clearscore and Credit Karma.

INDEPENDENT AUDITORS REPORT

MCU's accounts are audited by Alexander Sloan.
The final audited accounts for 2020/21 can be found at:
<https://manchestercreditunion.co.uk/media/s54nm2w0/annual-accounts-signed-2020-21.pdf>

REPORT FROM THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is a committee appointed by the Board of Directors and meets on a quarterly basis. It comprises of several directors of the board and an independent chair (who is not a member of the board).

It is responsible for overseeing the work of the credit union's internal auditor, which is an external audit company employed to ensure that the credit union is run well and in the interests of the members, and that it complies with all legislation and regulation. The committee receives the reports of the internal auditor and, together with the Senior Management Team, considers how the credit union can respond to any comments made in the reports.

The Audit and Risk Committee oversees the risk management framework of the credit union. This means that it considers, with the staff team, all the different risks that the credit union faces, and how these can be mitigated, reduced or overcome.

During 2020/21 five internal audit reviews were carried out by T.I.A.A. the firm used to conduct our internal audits. These reports were seen, considered and responded to by the committee. The five reports were:

- **Loan compliance (undertaken each year given the centrality of lending to the credit union)**
- **Business Planning**
- **Savings**
- **Marketing**
- **ICT Infrastructure**

In each of these reports the internal auditors made recommendations for improvements to policy and practice and the Audit and Risk Committee can confirm that these were taken on board by the staff team. The internal audit is an essential function within the credit union as it ensures that our credit union is a safe and secure financial institution for all its members.

The oversight of risk is an important role of the Audit and Risk Committee. At each of its meetings, the committee considers a comprehensive register of all the risks facing the credit union. It looks at strategic risks, financial risks, operational risks, credit risks, governance risks, regulatory risks, and reputational risks. The committee measures the level of the likelihood and the impact of risk against a numerical grading system.

In addition to the risks above, the committee also looked in further detail at risks related to Cyber Security and loans paid through Child Benefit.

The Audit and Risk Committee can assure the membership that the monitoring and mitigation of risk is robust within the credit union.

The committee also reviewed the following internal policies:

- **Risk Management Policy**
- **Information Security Policy**
- **Anti-bribery & Anti-corruption**
- **Conflict of Interest**

One element of risk management is regulatory risk. The Audit and Risk Committee regularly checks the compliance checklist to ensure that the credit union is operating with the law and within regulation. The Committee can assure the membership that MCU complies fully with the legislation and regulation.

*Paul A Jones, Independent Chair,
MCU Audit and Risk Committee*



2021 MEMBER SURVEY

98.9%

of respondents said they would recommend
MCU to friends and family.

.....

80.6%

said they would approach us for another loan
when they needed one.

.....

83%

said they thought it was important to have
a savings account.



**12,807 families supported
with Family Loan**



**£5.2million interest saved
2020/21 for FL members**



Telephone: 0161 231 5222

Email: info@manchestercreditunion.co.uk

Website: www.manchestercreditunion.co.uk



Manchester Credit Union



@CUManchester

Manchester Credit Union (MCU) is open to anyone living or working in Manchester, Bury, Rochdale, Tameside, Trafford and the High Peak. It is also open to staff and tenants of Great Places, Irwell Valley, Mosscares St. Vincent's and Arcon Housing Associations.

MCU is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). Firm Ref: 231400

Deposits are protected by the Financial Services Compensation Scheme.