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Northern Ireland Assembly ~ Committee for Finance ~ 19th February 2025

My name is Gordon Smyth, and I am Chief Executive of the Ulster Federation of Credit Unions in Northern Ireland. The UFCU is the trade body for thirty-seven credit unions Northern Ireland, and we welcome all who meet our Common Bond.

I very much welcome this opportunity to engage with the members of the Committee for Finance and hope you will find it an honest assessment of the issues we currently face in the credit union sector in Northern Ireland.

For the purpose of this briefing, I want to highlight five headings which will hopefully help your understanding of credit union sector in NI.

Background

The UFCU has been in existence for approximately thirty years. Initially, local volunteers collected savings from members for the betterment of their local communities.

It is important to remember that when the local banking sector collapsed in 2008, it was the credit union sector that helped our members through such challenging times. More recently, the banks in Northern Ireland have greatly reduced the number of branches in the province, causing considerable inconvenience to their members.

Many of our affiliated credit unions still look over their communities providing an excellent service from teams of dedicated volunteers who willingly give of their spare time for the benefit of their communities.

We also have a number of larger credit unions who on a day-to-day basis have highly skilled staff who provide a range of products and services. In addition, many have state of the art IT systems which provide our members with access to funds on a 24/7 basis.

By way of an overview, our affiliated credit unions have currently Shares of approximately £97m and outstanding Loans of approximately £21m. Our capital asset ratios are strong and more than our regulator's requirements.

Funding Challenges

We have a number of challenges to address, but perhaps the most challenging, has been the lack of funding from Westminster which has greatly hindered our development.

I would draw to your attention that Credit Unions in Great Britain have received in excess of £180m of investment to help develop the credit union sector. Funding has come from Westminster, Scotland and from Wales together with funding from local councils.

During the same period the UFCU received £20k and our colleagues in the ILCU's also received £20k.

Given the importance of the credit union sector in Northern Ireland how can this be allowed to happen?

Our staff and volunteers provide our members with an excellent service for their local community. How can England, Scotland and Wales see the benefit of the credit union sector and yet there is no support for credit unions in Northern Ireland.

Outreach

In order to raise our profile both the UFCU and the ILCU have reached out to the local councils in Northern Ireland to see how we can try and help each other.

Mid-Ulster District Council have been most pro-active, but others have failed to engage.

Is there anything that we are not aware of, that your committee could do to help collaboration between the local councils and our credit union sector who give so much to their local communities?

Rates Relief

We have a number of credit unions, many of whom have to pay rates on their properties, which we believe should be exempt from this tax.

Our volunteers give of their time to help their local communities, and we feel that rates are a further burden on our volunteers which should be exempt.

This is a decision that could be made in NI.

Individual Voluntary Arrangements (IVAs)

IVA's are one of the biggest threats to the credit union in Northern Ireland. We firmly believe given the service provided by Credit Unions, they should be exempted in Northern Ireland.

There are already exceptions on IVA's in NI.

Responsibility for credit unions in Northern Ireland is fully devolved. In order for the UK government to legislate on devolved matters, convention means that a legislative consent motion is normally required from the NI assembly.

I would like to raise this at the meeting to be held on Wednesday 19th February 2025.

In closing, I am conscious that the committee members have an already heavy workload, but if they can help in any way with the legitimate issues I have raised, it would be very much appreciated.

I very much look forward to meeting you all in the Senate Chamber, Parliament Buildings.

Kind regards

Gordon.