

Social Impact Report

2020

Fair and affordable financial services
supporting people and communities
across the Humber



HEY Credit Union

The Fairer Alternative

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HEY Credit Union exists to provide inclusive, fair and affordable services for our member-owners, helping them to afford their lives and improve their financial wellbeing.

Working co-operatively with, and supported by, a diverse range of people and organisations, credit unions can be powerful drivers of social benefit, helping the communities they serve to become better off.

As we approached our 21st anniversary in 2020, our member-elected Board of Directors desired to assess and record just how much practical difference we have made for those we serve.

Producing this report has required us to think carefully about our vision and purpose, and how we already help our members and stakeholders, but also appreciate our potential to do even more in the years to come.

This is our first attempt at a Social Impact Report and we should be pleased to receive feedback from readers (info@hullandeycu.co.uk), to help us improve future reporting.

From our member surveys and other interactions, it's clear that many people are proud to support what we stand for and share our exciting journey. I conclude by thanking all our staff, volunteers, partners and members for their ongoing dedication, support and loyalty.

Andy Stankard
President of HEY Credit Union

www.hullandeycu.co.uk



What is HEY Credit Union?

A not-for-profit financial co-operative serving the people of City of Hull, East Yorkshire and Northern Lincolnshire, and selected employers over a wider region, with fair and responsible savings and loans.

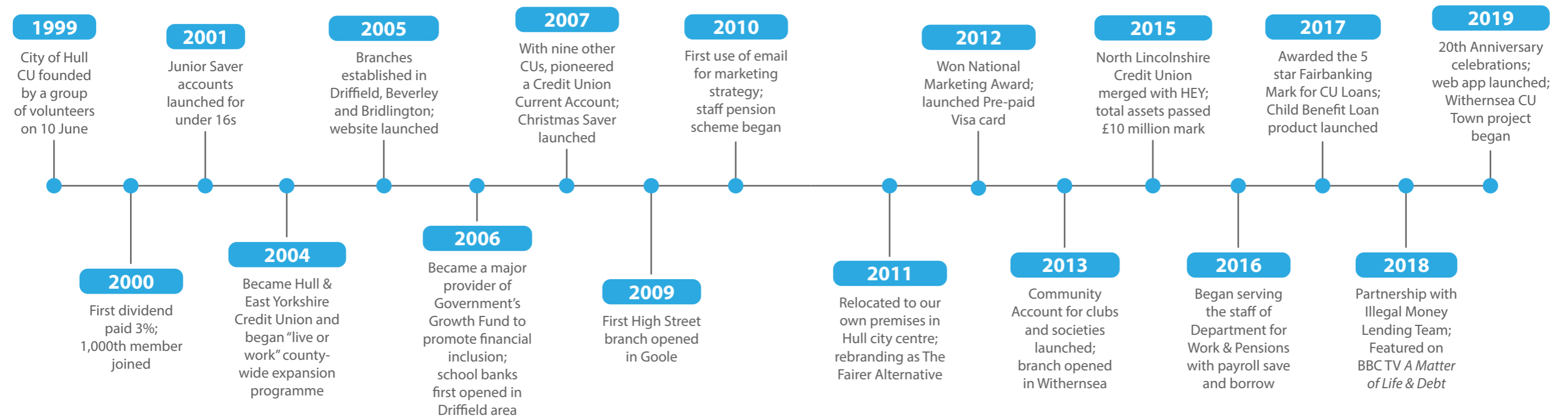
Established in 1999, we have become one of the UK's larger credit unions, with over 15,000 members and junior savers, assets of £14 million, six main community branches and 22 staff. We've issued over 50,000 loans to a value of £40 million to help our members to afford their lives, looked after their savings of over 12 million, and made a significant contribution to the regeneration and wellbeing of the region we serve.



John Smith, Chief Executive



Key milestones in our journey



Our vision, aims and objects



"To enable everyone within our common bond to improve their financial well-being by becoming a member-owner of our organisation."

We will achieve this by:

- providing a fair and responsible range of financial products that our member-owners continue to use and confidently recommend to others;
- helping our member-owners to afford their lives and making them proud of our achievements;
- engaging co-operatively with local communities;
- supporting the ethics and values of the worldwide credit union family; and
- making our organisation sustainable for the benefit of future generations.



Our aim is to provide efficient, caring, ethical and confidential financial services to all our members.

Within our Common Bond, membership will be open to all who can make use of our services and are willing to accept the corresponding responsibilities.



In accordance with the Credit Unions Act 1979 and our Rule Book, HEY Credit Union's objects are to:

- Promote thrift among its membership by their accumulation of savings;
- Create sources of credit for the benefit of its members at a fair and reasonable rate of interest;
- Employ members' savings for their mutual benefit; and
- Train and educate members of the community in the wise use of money, the management of their financial affairs, and the successful operation of a co-operative business.

Who are our Stakeholders?

And how do we aim to meet their needs?



Members
(savers and borrowers)
including Individuals, Junior Savers and Corporate Members

Relevant products and services delivered reliably and ethically; security of funds and data; fair and competitive terms and rates; multi-channel access; convenience; no unfair discrimination; democratic control.



Employees & Volunteers

Fair rewards and conditions; job satisfaction; training and development; security, consultation and engagement; pride in work and mission.



Our Regulators

Legal compliance; prompt and accurate returns; open, honest and co-operative relationship; good standards of governance.



Strategic Partners
- such as local authorities, social landlords, employers, schools, IMLT, Big Local

Work together to deliver affordable, responsible financial services and create mutual benefit; protect any investments; promote mutual trust and reputational confidence.



Local Communities

Keep money circulating within the local economy; maintain local presence; support local campaigns; be a good "corporate citizen".



Central & Local Government

Payment of rates and taxes; prompt and accurate statutory returns.



Suppliers & Contractors

Promote mutual trust; prompt payment; support local businesses as much as possible.



Past & Future Generations

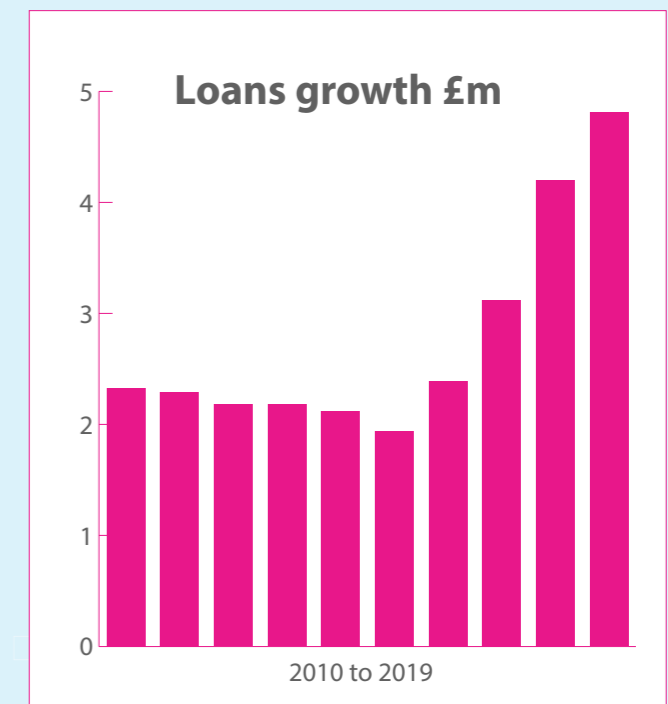
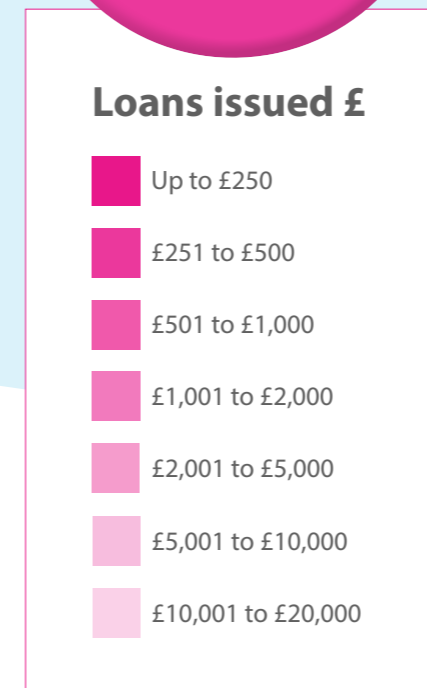
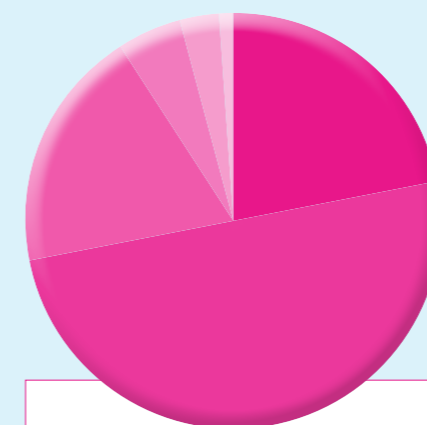
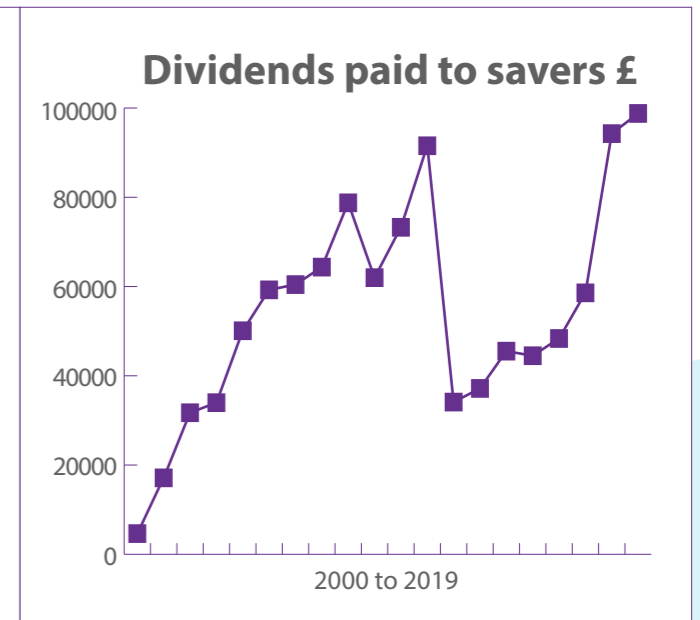
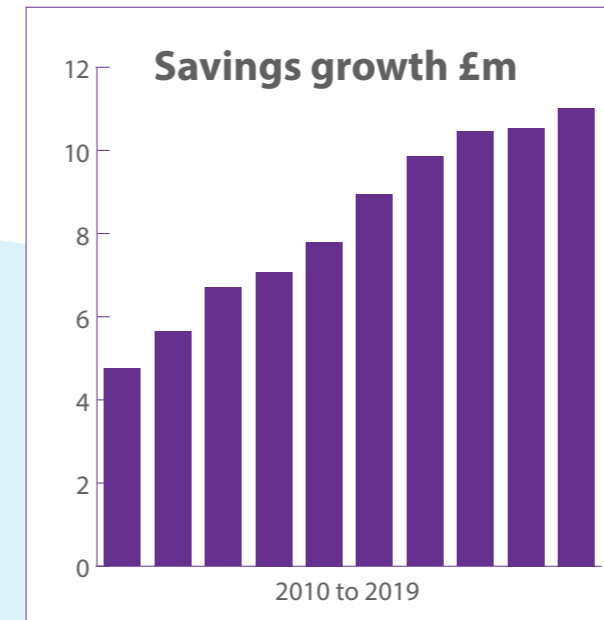
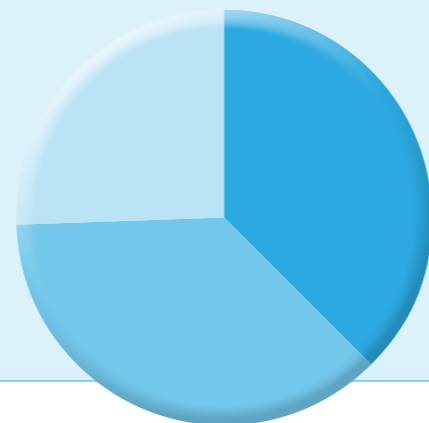
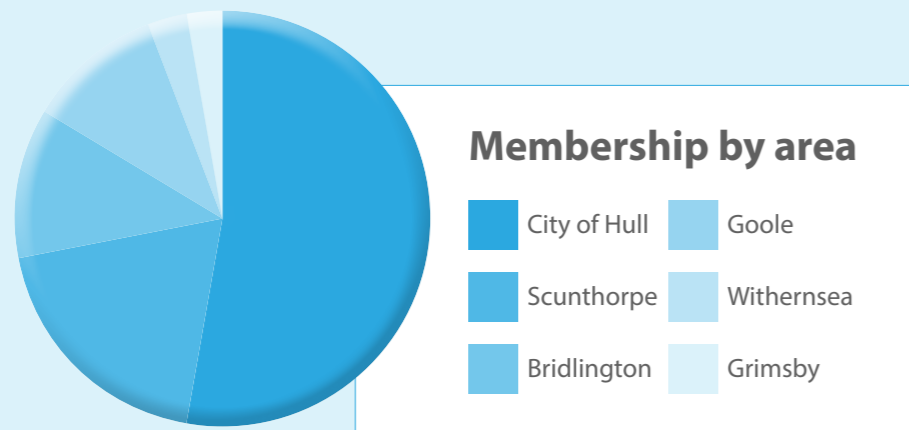
Stay true to the ethics/values of our founders; protect our assets for future beneficiaries.



Some facts and figures

In 2019 19.6%* of the total Humber population lived in areas ranked the 10% most deprived areas in England.

*Source: Indices of Multiple Deprivation DCLG 2019



Promoting thrift among the membership by their accumulation of savings

Research shows that 26% of working age adults in the UK have no savings at all while a further 29% have less than £1,000 saved. So, when an unexpected bill arrives or a family crisis occurs, they may have to borrow, sometimes from high cost lenders.

An important part of our mission is to make it easy for people to accumulate savings, helping them to develop resilience to cope with whatever financial challenges come their way. Members can deposit savings in our branches, set up regular standing orders or Direct Debits from their bank, or arrange to have their wages, benefits or pensions paid in direct.

Since 1999, our 15,000 members and junior savers have built up balances of more than £12 million.

More than 5,000 of members and junior savers have chosen to save regularly with us – weekly, fortnightly or every month. A number have told us in Member Surveys that, before we came along, they had never managed to save at all.

Around 3,000 of our members (21% of all adult members), who work for one of our payroll partners, save with us direct from their pay. It's proven that it's much easier to save regularly if the money doesn't hit your bank account. Thanks to these enlightened employers, people in our region – across all income levels - enjoy a valued staff benefit that provides both a safety net for times of trouble and a "nest egg" for a brighter future.

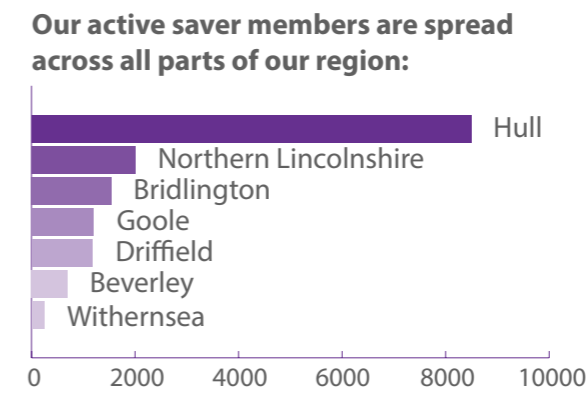
Over 500 members have a Family Loan & Savings Plan with us, based on Child Benefit payments being credited directly to their Credit Union account, out of which loan payments are taken. Many of these members have chosen to leave the remaining funds in their savings, for family birthdays, Christmas celebrations, holidays or just a rainy day.

Saver Account Balances		
As at 7 August 2020		
Balances from	Number of Members	Total balances
£50 - £499	2,774	£577,512
£500 - £999	894	£625,661
£1,000 - £4,999	1,274	£2,717,674
£5,000 - £9,999	207	£1,391,995
£10,000+	185	£3,677,483

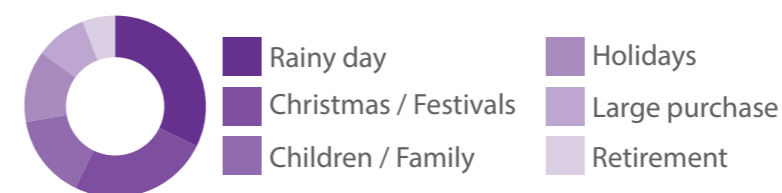
98%

of members responding to our Member Survey 2020 said we are good or very good at dealing with savings deposits and withdrawals.

In 2007, in the wake of the Farepak Hamper Club scandal, and at the request of our members, we launched a Christmas Saver Account to help them lock money safely away for the festive season. In our area there is a well-established tradition of saving up for Christmas with informal savings clubs known as "diddlums", often run at workplaces, community centres or by a group of neighbours. Funds in these clubs are not protected from theft and sadly on occasion they have been in the news for the wrong reasons. With over 1,300 accounts amassing nearly £1 million by November each year, ours is arguably the biggest Christmas Club in the Humber Region. It is certainly the safest, with all funds protected by the Financial Services Compensation Scheme. 660 account holders live in some of the most deprived communities in the UK. It is worth noting that no mainstream bank offers a product of this kind.



What our members save for



At HEY Credit Union we are passionate about encouraging children and young people to catch a savings habit and be good with money from an early age. To wide acclaim from parents and carers, in 2005 we brought back the much missed School Banks, at first in six primary schools in the Driffield area, the weekly collections being administered by Credit Union volunteers. From 2013, we rebadged our school banks as Pennies 2 Pounds Clubs, extending them to Goole, Holderness and Winterton (N Lincs), with funding from East Riding of Yorkshire Council and Winterton 2022 respectively. Since 2018 we have worked with Street Games, the Stop Loan Sharks Team and two youth clubs in East Hull to offer a savings facility for young people attending sports sessions, with £25 bonuses for reaching savings milestones. 82 bonuses have already been paid out, returning £2,050 POCA funds to needy communities.

“Without the Credit Union I would struggle to save for Christmas. I have also been able to budget better.”

Since 2015 we have worked with the Stop Loan Sharks Team, and our local authorities, to offer incentive bonuses of £25 or £10 to people who open and use a Christmas Saver account for the first time, using Proceeds of Crime Act (POCA) funding from convicted loan sharks. Over 840 bonuses have been awarded so far.

Each year since we were formed, we have rewarded our members with Dividends, based on our financial results and their average daily balances through the year. Dividends have ranged from 0.25% to 4% as economic conditions have varied over time, but in 20 years we have paid out a total of £1,088,451 – a clear demonstration of the benefits of co-operative trading being returned to our member-owners rather than syphoned off by corporate headquarters or City shareholders.

Creating sources of credit for the benefit of members at a fair and reasonable rate of interest

Since 1999, we estimate that, on loans of £1,000 or less alone, we have saved our members over £15 million in interest charges that they would have incurred if they had used a high cost lender instead of HEY Credit Union. Of course, many of our larger borrowers have also chosen us in order to save money, including those who normally borrow from their bank, or where they have consolidated existing debt. So the total actual saving is likely to be at least £20 million. This represents a significant retention of money to benefit the Humber Region's economy.

We have saved our members over £15 million in interest charges.

By switching their borrowing to HEY Credit Union, we've helped many members over the years to "ditch high cost credit" and avoid the cycle of debt associated with it. For example: *"I'd always had loans with doorstep lenders when a friend told me about one she had got with the Credit Union. I couldn't believe how much cheaper her loan was so I applied to them to get one to pay off my Doorstep Loan. With the money I've saved I've been able to pay for Christmas without having a loan this year for the first time."* - Miss H.

Our aim is to provide a competitive proposition on all sizes of loan, relative to the market. On small unsecured personal loans, a sector not generally served by mainstream banks, credit unions offer loan interest rates many times lower than those typically charged by commercial lenders such as doorstep credit providers, High Street credit shops, payday lenders and rent-to-own weekly payment stores.

We have helped people of all ages to access affordable credit at times of need and spread out their "lumpy costs" such as urgent car or boiler repairs, unexpected bills, Christmas and family birthdays. We aim to be a responsible lender and only allow members to borrow what they have shown they can afford to repay.

70%

of credit union borrowers go on to become regular savers.

89%

of members responding to our Member Survey 2020 said we are good or very good at dealing with loan applications.

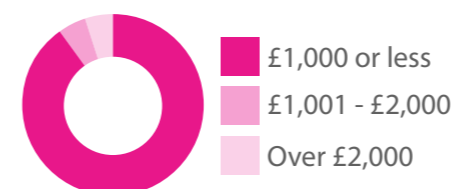
In our first 21 years to 2020, we have issued **59,673 loans** to a **total value of £41,293,985.**

Credit Union members have a personal wellbeing score nearly twice as high as those using payday loans. RSPH report: *Life on Debt Row 2018.*

Loan Comparison			
Example £800 loan repaid over a year:			
	Weekly repayment	Total to repay	APR %
Provident	£28.80	£1497.60	299.3%
HEYCU	£18.40	£955.07	42.6%
Saving with HEYCU £542.53			

Members can come to HEY Credit Union to apply for loans from £100 upwards for any legal purpose, and spread them over sensible time periods. Unlike many lenders we are happy to accommodate repayments to match our member's income profile, thereby helping them to avoid costly bank charges.

Amounts Borrowed



Repayment Terms



Besides Personal Loans, we have a range of credit options to suit different needs:

Our Child Benefit Loan is popular for ease, safety and convenience, helping families to manage their money well by combining sensible borrowing with regular saving. Flexi-Credit works like a cheaper form of overdraft, providing working members with a line of credit to cope with unexpected bills. Matched Loans offer credit secured on savings without needing to dip into them. This is useful as a temporary facility or to help build a credit score.

In partnership with Hull City Council and North Lincolnshire Council we have provided Home Improvement Loans to help residents to bring their property up to the Decent Homes Standard, incentivised with an interest rebate on settlement. Since 2005 we have lent out £750,000 under these schemes, with interest rebates of £110,000.

“I've been a member 17 years and in times of difficulty they have always been there to help. Excellent service.”



We are proud to be the only holder of a 5* Fairbanking Mark based in our region. This award, accredited by the Fairbanking Foundation only after a rigorous independent assessment of consumer feedback, recognises our distinctive approach to lending. Features which helped our Credit Union Loan to receive this accolade in 2017 included:

- Providing a budget planner to help prospective borrowers work out in advance whether they can afford the repayments;
- Clear and fair terms and conditions and the ability to settle the loan early without penalty; and
- Encouraging saving alongside loan repayments. Around 70% of our borrowers typically "round up" or add an extra amount to their regular repayments to provide a savings buffer.

Training and educating members of the community in the wise use of money, the management of their financial affairs, and the successful operation of a co-operative business

Throughout our existence, we have recognised the importance of having a branch presence in our main communities. Since 2004 we've had a walk-in branch in Hull city centre (first in Queens Gardens then from 2011 in Brook Street in freehold premises owned by the members of HEY Credit Union).

Other town centre branches have been established in Bridlington, Goole, Scunthorpe, Withernsea, Driffeld and Beverley (the first three in our own premises; the others in hosted locations). We also run contact points and school banks in various locations (the latter are available for use by adults as well as junior savers).

A visible "High Street" presence not only makes a powerful statement that we are actively serving a community, it also helps those members less confident about using digital channels, who prefer a more traditional face to face interaction with their financial provider.

As not-for-profit organisations, credit unions do not select customers on the basis of profitability, they aim to provide a service for as many as they can.

In 2007 HEY Credit Union was one of the pioneers of the Credit Union Current Account (CUCA), a bank account for credit union members run through the Co-operative Bank. Over the ensuing decade, we helped over 2,200 users to access transactional banking, many for the first time ever. Although CUCA is no longer available we continue to signpost to low-cost alternatives including Engage accounts and basic bank accounts.

By partnering with over 20 employers, large and small, to provide a valued staff benefit called Payroll Save & Borrow, we are able to support the financial wellbeing of people at work. Since 2019, we've joined in an ABCUL national campaign *Work not Worry* to encourage more employers to take up the scheme.



All branches aim to provide a warm welcoming environment for people from all walks of life, in all circumstances, including vulnerable people who may find it difficult to obtain mainstream financial products.

Our members are more to us than just customers, they are member-owners of our co-operative enterprise. We are keen to engage them in our democracy. We conduct Member Surveys at least once a year to check how well we are meeting their service expectations and consult them on our plans. In three areas – Driffeld, Goole and Withernsea - we have established Local Members' Groups meeting several times a year to discuss our progress and promote our activities in their community. Our Workplace Champions help to recruit members at payroll partners. And our AGM is an opportunity for members to come together, hear reports on our progress, and participate in key decisions. Active members can be voted on to our Board of Directors to play a key voluntary role in the good governance of the organisation. They receive ongoing training for their responsibilities.

We promote financial education and wise money management in conjunction with various partners and have devised a Budget Planner and set of leaflets explaining how credit decisions are made, to help people to improve their chances of obtaining credit in the future.

“It's made a real difference to my life and I have been able to give my children a good life thanks to the credit union.

“Access to a range of services that are thoughtful and fair.

“It's got a great reputation, glad to be a member, the only financial service I trust.

In our Member Survey 2020:

80%

of those responding thought it important that HEY Credit Union has a branch presence in various parts of our region.

97%

are satisfied or very satisfied with their experience of HEY Credit Union.

98%

are likely to recommend us to other people they know.

98%

said we are good or very good at responding to enquiries.



.....
**We have 125 live
Community Accounts
with balances of £372,000.**
.....

Since 2012, we have provided Community Accounts for clubs, groups, societies and small charities based in our region, organisations generally regarded as not being well-served by mainstream banks. Our account offers a no-fuss, no-cost deposit account facility, helping them to keep funds safe, receive grants and subscriptions and make same-day bill payments.

In 2018 Co-op Energy helped us to install rooftop solar panels at our Brook Street HQ, together with a package of energy saving measures including low-energy lighting throughout. This is part of our contribution to reducing our carbon footprint and the sustainability of our planet.



.....
**We provide employment for
22 local people**
.....

(10 full-time/12 part-time; 14 female/8 male) as well as life skills and community engagement opportunities for around 50 volunteers. All our directors offer their services voluntarily, as do those helping to run community contact points and school banks in locations where a staffed presence would not be viable.



In 2019 we began a major partnership with Withernsea Big Local to make Withernsea, on the East Yorkshire coast, a Credit Union Town. We define this as a town that says 'no' to high cost credit, but 'yes' to safe saving, responsible borrowing and good money management. Big Local's 7-year social investment funds a CU Development Worker to engage with the local community and increase access to our services and already membership and lending have doubled.

.....
**We take the worry out of
money management for 150
vulnerable people each year.**
.....

For many years we have worked with Hull City Council to provide a Direct Payments Service for their Social Services clients who employ carers and would find it difficult to manage their money and payments. By offering them a Credit Union account into which Personal Independence Payments can be made, and administering their outgoings by Faster Payments.

The Coronavirus outbreak in 2020 presented us with a huge challenge but one that our team rose to splendidly, as we worked quickly and effectively to switch focus from branch-based activity to more streamlined online and telephone-based services, enabled staff to work remotely and with more flexible hours, and introduced virtual Board and Committee meetings. Safety enhancements were installed at all branches, enabling them to reopen as soon as it was deemed safe to do so.

.....
**In our everyday procurement
we aim, wherever possible, to
support local businesses in
our region.**
.....

Around 34% of total expenditure is sourced locally (nearly 100% in print, IT support, marketing, mailing and office services). We contribute over £20k a year in Corporation Tax and business rates.

Our future plans



HEY Credit Union is ambitious about improving the financial wellbeing of the community it serves. The Board of Directors, in collaboration with the Management Team, staff and volunteers, has developed short-, medium- and long-term plans to reach out to many more, as we evolve and adapt to meet the needs of the next generation of members.

Current Plan Objectives

<p>Technology Experience</p> <p>Continual improvements to make it ever easier for members to connect with us and run their accounts - 24/7 - and for new members to join, borrow and engage with us digitally without friction.</p>	<p>Branch Network</p> <p>A gap in our provision currently exists in the large urban area of Grimsby/ Cleethorpes – population 132,000. Establishing a town centre branch in NE Lincs is a priority for our development plan.</p>	<p>Products and Services</p> <p>Developing our product and service portfolio to meet the evolving needs of members, new and old, and provide appealing solutions to the money challenges they face through life.</p>
<p>Payroll Save & Borrow</p> <p>Increasing the number of employers in our region who provide our valued staff benefit and deepening relationships with our existing payroll partners.</p>	<p>Growing our Loan Book</p> <p>Increasing affordable lending so that a much higher percentage of members' funds are out on loan helping our community and growing our income.</p>	<p>Succession & Team Development</p> <p>Implementing plans for smooth management succession, people development and talent nurturing for our staff and volunteer teams.</p>
<p>Member Engagement</p> <p>Further development of our engagement with members, as owners, through virtual member groups and representation on our governing board.</p>	<p>Partnerships</p> <p>Fostering more partnerships with the communities we serve, for mutual benefit, and increased marketing activity to raise awareness of our social impact.</p>	<p>Towards Sustainability</p> <p>Improving our key business ratios, strengthening our capital reserves and continually improving the benefits we can provide for our member-owners.</p>

Our partners and suppliers



Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority - FRN 213620.