

# Better off together

Social Impact Report 2022



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# Welcome

## Lewis Ryden



**Welcome to our latest social impact report, where we aim to demonstrate the tangible difference GWCU brings to those who borrow and save with us. Our vision is simple; that we make the people and communities we serve better off. We do this by offering products and services which make borrowing and saving easy, fair, and affordable for everyone, promoting financial inclusion for those traditionally underserved by mainstream finance.**

During 2022, whilst the Covid-19 pandemic may have ended from one point of view, its legacy endures in other ways. We have since been experiencing one of the worst financial situations for a generation, with sustained increases in the cost of living, particularly for food and fuel, which disproportionately affects those in our society on lower incomes.

The deposits of our savers are used to offer fair, affordable loans, making borrowing more accessible to people on lower incomes, and when fairer finance is available, people are less likely to get locked into spiralling financial troubles. We have pioneered new products and services including our Family Finance Plan, which has helped over 1,700 families access affordable credit through their Child Benefit.

Cost of living pressures have also affected those on middle incomes too, which we have acknowledged by continuing to develop Money@Work, our employer-partner proposition. We link with local businesses and organisations, supporting employees with simple payroll

saving and borrowing products, and in turn helping to support their financial wellbeing. We have now lent over £1.6 million since launching Money@Work in 2019.

Our objective is to grow our membership further, extending the benefit of our services to more people across the South West. During 2022, we secured further investment to enable us to grow the provision of affordable credit by working with Fair4All Finance to build a comprehensive growth strategy. As we launch this report, we are extending the opportunity to a wider audience to invest in our future, through a bond offer with Ethex.

Of course, we couldn't do any of this without the dedication of our entire staff team, continued commitment of our volunteers including my fellow Directors, and the support of our members and investors. I would like to thank them all.

A handwritten signature in black ink, appearing to read 'Lewis Ryden', written in a cursive style.

**Lewis Ryden**  
Chair of Great Western  
Credit Union

# Mission and vision

Great Western Credit Union (GWCU) is a mutual, financial co-operative, owned and operated by its members. Since 1999, we have provided ethical savings and fair loans to the people of Bristol, Bath, Gloucestershire, Wiltshire, Somerset and Dorset. We offer banking services in a way that is fair, inclusive and strengthens our local communities and economies.

Together, our savers and borrowers create a pool of money that enables us to benefit all in our communities. We actively support financial inclusion in areas that are traditionally underserved by the mainstream market, and badly served by others. Our members are our only shareholders, so any profit we make is reinvested into the business or shared with them as dividends.

Our vision is simple:

**We make the people and communities we serve better off.**

## Our year in figures

At the end of 2022, GWCU had **17,794** members, of whom **5,679** were borrowers. **5,769** new loans were made in 2022 averaging at **£1,335**.



**£7.7m**  
out on loan



**5,769**  
new loans



**£1,335**  
average loan  
amount



**17 months**  
average loan  
period



**£8.1m**  
in members'  
savings



**5,165**  
savers



**1,008**  
junior saver  
members



**£1,568**  
average savings  
balance



## Measuring our social impact

To understand the social impact we have delivered within our community, we look at the short-term outcomes we have focused on such as, providing borrowers with alternatives to high-cost lending and access to credit when they need it.

When paired with long-term goals such as, increased financial capability, higher rates of saving, a reduced reliance on borrowing and potentially, an improved credit rating, we ensure that GWCU's vision is deeply-rooted in the organisation's operations and culture.

**The aim of this report is to show the ways in which we are driving positive change for our community while also providing a comprehensive overview of the social value GWCU delivers to members, and the wider community across the region.**

This report draws on member data as well as survey data collected in January 2023\* from:



627

responses to a survey sent to **3,907** existing loan members



285

responses to a survey sent to **2,042** existing saver members

\*These are labelled as 2022 data since it reflects member experiences during that year. We also draw comparisons with data from the 2021 report, which was based on a survey conducted in January 2022 (labelled as 2021 data).



**"I personally seek out businesses with this ethos, and the fact that there is a strong local connection, whilst maintaining a global outlook, means that I will continue to support this community and recommend family and friends to do the same."**

-S. E.



# Our loan members

Through the survey responses from members who held a loan with us during 2022 we are better able to understand who is benefiting from borrowing through GWCU.



**16%**  
are from ethnic minority backgrounds.



**Nearly half**  
(47%) are single parents.



**Over 1 in 4**  
(27%) describe themselves as having a disability.



**Two-thirds**  
(68%) have children under 18 living with them.



**About a quarter**  
(29%) of our borrowers work full-time with a further quarter (25%) working part-time or self-employed.



**22%**  
unable to work due to illness or disability.



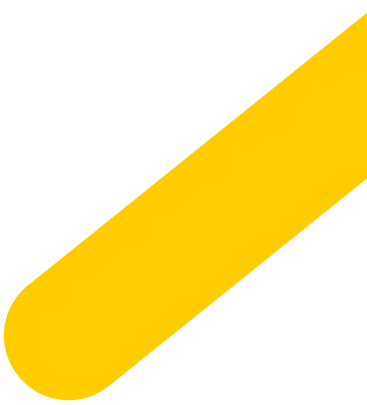
**38%**  
earn under £18,000.



**Nearly two thirds**  
(64%) rent from the Local Authority or a housing association, over one in five (22%) renting privately.



**7%**  
do not have either a current bank account or bank account with a debit card.



Our values are to ensure we **help those at risk of financial exclusion** and those who would most benefit from access to affordable credit. GWCU is there to provide for all people in our communities, and this is even more important now that our coverage has widened. We also keep in mind that the events of the past few years, the Covid-19 pandemic and the general increase of living costs, have placed a great financial burden on many households. Part of our ongoing engagement is to ensure that we are meeting the needs of all members, wherever they live, and however they interact with us.

Based on the responses to our survey, GWCU loan members are more likely, on average, to be from low-income households or to be from one or more of the groups who are financially struggling. Research into the financial wellbeing of the UK, conducted in October 2022<sup>1</sup>, highlights the worsening situation for many households, particularly for the types of households that GWCU members are from. Over 40% of social renters were in serious financial difficulty. Single parents, those earning under £20,000 and those from Black, Asian, and ethnic minority backgrounds were also much more likely to be 'in serious difficulties' with their finances.

Access to financial products can also play a role in financial exclusion. As in 2021, around 7% of our borrowers still did not have either a current account or a basic bank account with a debit card, much higher than the UK as a whole<sup>2</sup>. Those who are unbanked have a more difficult time accessing funds, setting up direct debit payments and budgeting.

<sup>1</sup> The Financial Wellbeing of UK Households in October 2022: 7th Financial Fairness Tracker Survey

<sup>2</sup> FCA Financial Lives 2020 survey: The Impact of Coronavirus

# Our saver members



More likely to be female (54%).



Around one in five is from a Black, Asian or ethnic minority background (17%).



Majority are working either full-time, part-time or self-employed (55%).



When compared with our borrowers, who are mostly between 25 and 54 (84%), our savers tend to be older - with more than half (66%) aged 55 and above.



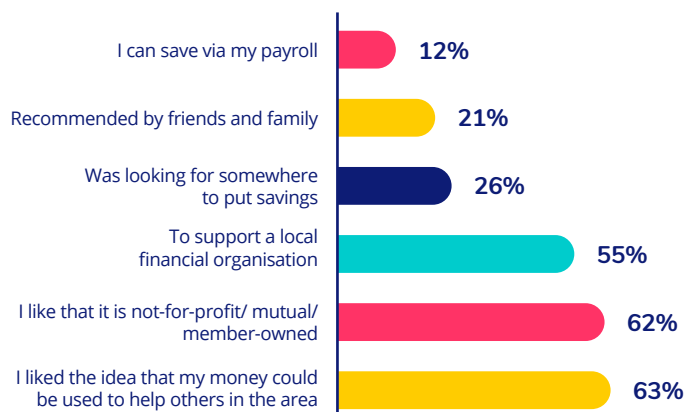
Much more likely to own their own home – nearly half owned their own home (53%) compared with only 6% of borrowers.



## Why GWCU?



### Why did you choose to open a savings account with the Credit Union?



It is evident that our members' values align with our own vision and how we operate. As the key reason for choosing to put their money with us, savers are actively supporting and contributing to our mission to deliver ethical, accessible and purpose-driven finance to thousands across the South West.

# Helping our members financially

The main benefit we deliver for our borrowing members is by helping them to avoid higher-cost borrowing, and the cycle of debt that it can cause. We know that many of our members have had to rely on high-cost credit at some point, or even continue to use it. The table below demonstrates how much money borrowing from GWCU can save in comparison with other lenders<sup>3</sup>:

	Term	Loan	Interest	Weekly payment	Monthly payment	Saving with GWCU
LoanPig	12 months	£1,000	£1,000		£166.67	<b>£794.45</b>
Great Western Credit Union	12 months	£1,000	£205.55	£22.97	£100.47	
Quid Market	6 months	£500	£494.08		£165.68	<b>£440.29</b>
Great Western Credit Union	6 months	£500	£53.79	£21.08	£92.30	

<sup>3</sup> Costs as of May 2023



We made **1139** loans to people in the bottom 20% of areas by levels of deprivation.



These account for nearly **1 out of 5** of our loans.



Assuming they had used a high-cost lender instead, we have saved these borrowers **£501,490** across the year.



Across all of our members in the South West, we have saved our members **£2.8m** in total interest for loans issued in 2022.

We are helping our borrowers to become more financially stable, by encouraging them to build their own savings safety net. In 2022:

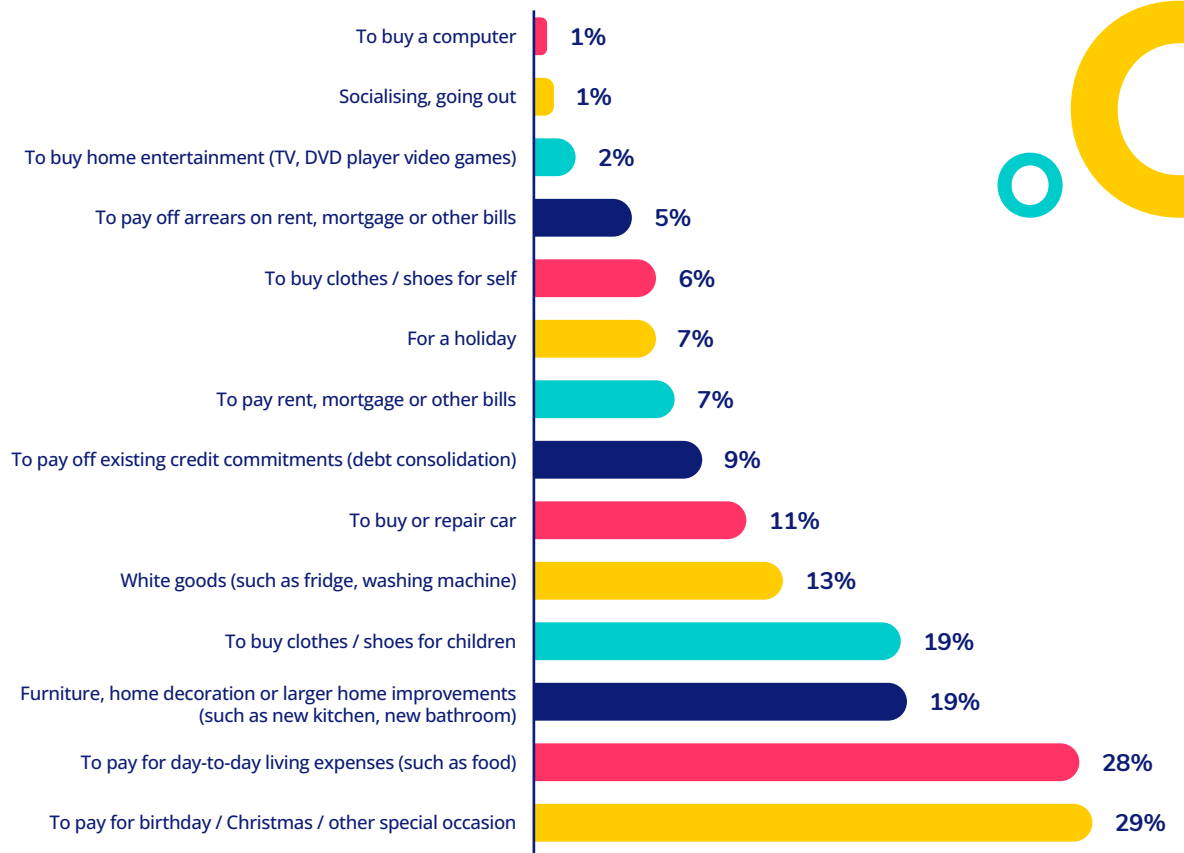
**377**  
of our borrowers also  
saved with us

**976**  
savers were living in  
Bristol's more deprived  
areas and between them  
had £1.3m in savings

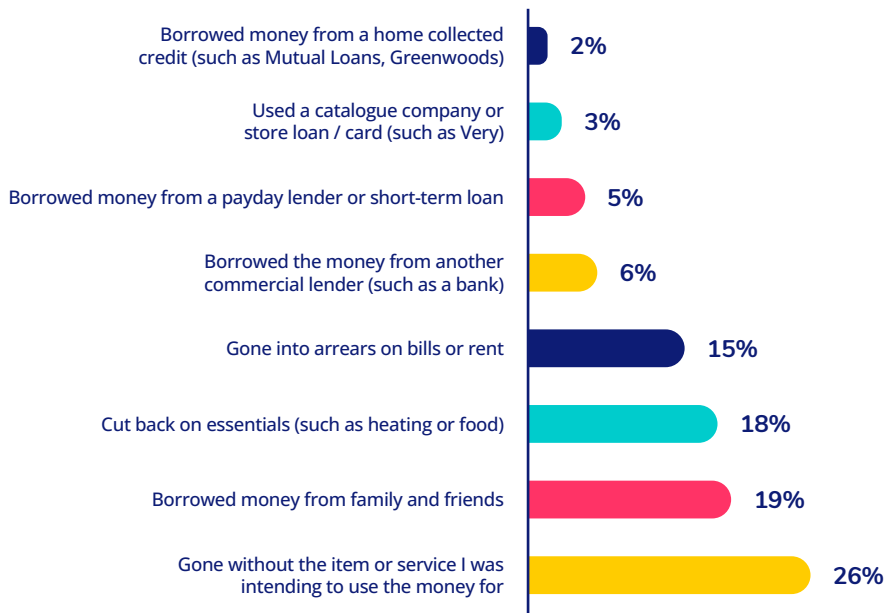
**12%**  
of our borrower  
respondents had savings  
with us - almost double  
than those who had savings  
with other banks/building  
societies

Through our lending, we not only save our members money, but we also reduce the consequences of not being able to access money when they need it, and the potentially negative impacts of going without, often for essential items or needs. **Over a quarter (28%) of our loans are used to meet day-to-day living expenses**, and nearly one in five (19%) to buy clothes or shoes for children.

### What did you use your last credit union loan for?



### What would you have done if you hadn't borrowed from the Credit Union?



**“Being vision impaired and not computer savvy, I contact staff by phone or email to support me. They have always been happy to do so. I know they will always be helpful and friendly with any issues I have and makes it more comfortable for me to contact them. A good and ‘open’ business.”**

**- K.B.**

# Meeting our members' needs

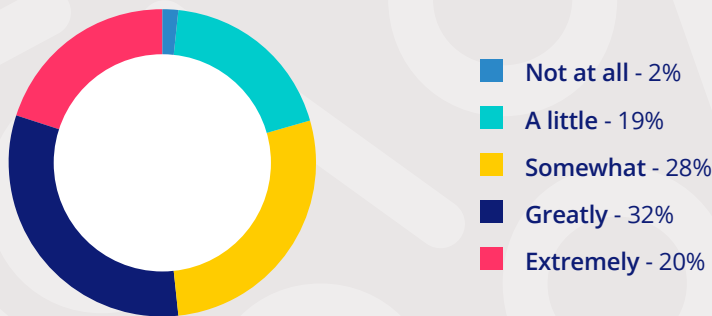
## Cost of living crisis

This year, we asked our loan members how they were coping with the cost of living crisis, to better understand the areas in which we are meeting our members' needs and areas in which we can improve.

When asked if and how our borrowers financial situations have been negatively impacted in the last 12 months, about half (48%) stated general increases in living expenses had been the cause. A further 52% stated their household had been either 'greatly' or 'extremely' affected by the increase of living costs.

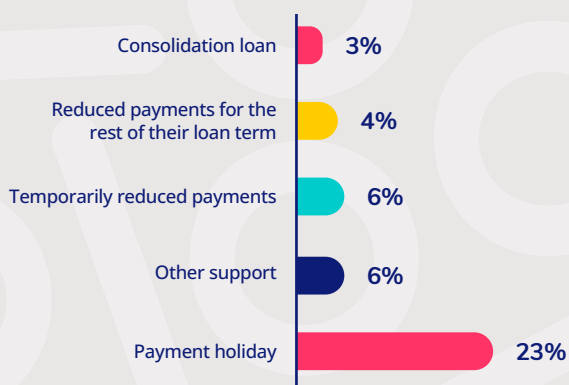
Consequently, over 1 in 2 of our borrowers (51%) spent less on food shopping and other essentials with 42% cutting down on their gas and electricity usage to lower costs.

### How much has the cost of living increase affected your household financially?



GWCU is committed to supporting members in times of need. In 2022, over 1 in 3 (36%) of our surveyed borrowers benefitted from our support in the form of payment holidays, temporarily reduced payments, or reduced payments for the rest of their loan term.

### Please let us know if you have benefited from any of the following support with this loan.



## Money@Work

We have continued to develop our Money@Work programme, working with employers across the region to support the financial wellbeing of their staff through the ongoing cost of living crisis.

By joining Money@Work, employers can offer their employees savings and loans options directly via payroll. This helps people to better manage financial bumps in the road by saving as they earn, whilst accessing ethical, affordable and convenient lending rates from GWCU.

Recent national research commissioned by Fair4All Finance showed many positive impacts of payroll savings and loans for employers, employees and lenders<sup>4</sup>. These included:

- Higher rates of approval for payroll loans.
- Reduced friction helps budgeting, positive money management and savings behaviours.
- Far lower rates of arrears for payroll loans compared to standard loans.
- More confidence about managing their money, stated by 70% of payroll loan respondents.

<sup>4</sup> Fair4All Deduction Lending Research Summary Report, March 2023

We now have 38 employers enrolled with the Money@Work initiative, representing a combined workforce of 42,000 people.

### Some of our Money@Work employer partners include:



**“Having the GWCU available through my employer gave me the chance to start building credit with a reliable lender that does not use ridiculous interest rates. This is great service, response is fast and fair”**

- K.R.



# Financial Resilience Project

At GWCU, we are dedicated to working with the community to discover new ways to bring financial stability and wellbeing to as many people as possible. In 2022, we partnered with the University of Bristol (UoB) to conduct research that aims to understand the financial habits of families, specifically mothers. With help from community researchers, UoB and GWCU led in-depth interviews with 16 mothers to uncover the vital role mothers play in household finances. Not only have we found that mums are often the sole managers of household finance, but they also give importance to building savings. Regardless of how tight their budgets are, mothers are constantly planning for their children's needs.



A framework of financial resilience showing how diverse factors - infrastructure, financial, social and environmental - interact to build or hinder financial resilience<sup>5</sup>.

<sup>5</sup> Policy Report (2022): From mothers for mothers – supporting financial resilience through user-centered services

This research has given us insight into the importance of families' financial wellbeing and motivates us to build resources that are targeted at, and valuable for, families. And so, we will be piloting a new product, aimed at parents, that helps families build their financial resilience through manageable saving habits. By creating products that contribute to building financial resilience for diverse groups, we are serving our community, while simultaneously growing our membership, enabling us to serve thousands more.

## UK Resettlement Scheme

In 2022, we helped 128 refugee families through the UK's Resettlement Scheme.



**88**

Syrian families



**35**

Afghan families



**5**

Ukrainian families



“Being a first generation immigrant, I don’t have any help from family so I’m by myself. Found myself in debt and needed a debt consolidation. GWCU assured me they’d be able to help me and they helped me clear my debt with debt consolidation at a very low interest rate, even seemed to be lower than high Street banks”

- D.

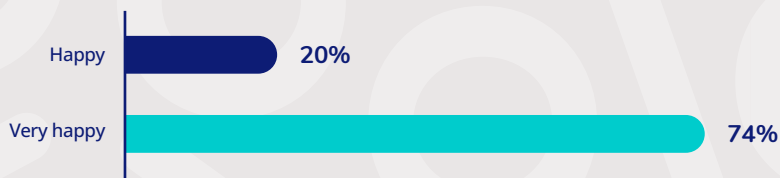
# Meet our members

## Member satisfaction

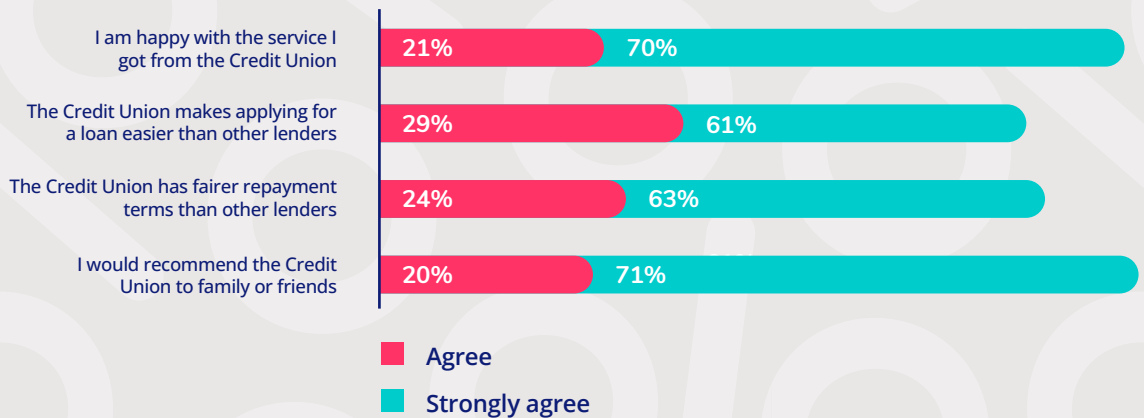
At GWCU, we believe we should do more than just provide inclusive financial services, we believe it should be done in a way that works for our members.

Our digital platform has successfully allowed us to automate and speed up some decision making, increase efficiency in application processing and create an open line of communication for our members to reach our member services team. We are proud that 93% of our members are happy with our service and about the same would recommend us to their friends and family.

### Overall, how happy are you with GWCU right now?



### How strongly do you agree with the following statements?




Sheena is a Salary Saver member who joined the credit union in 2002. Whilst working for Bristol City Council, she chose to save her money with GWCU stating that she:

“like[d] that it was a cooperative and nonprofit”. Starting with just £25 a month, Sheena has built up her savings throughout the years, occasionally dipping in to fund family holidays, car repairs and other needs for her children. “I liked that it came out of my wages before I got a hold of it” she said. Sheena has been able to build a safety net, giving her “the confidence to reach for things”.

Joy has been an active borrower and saver with GWCU since 2013. More recently, Joy took out a loan with us to help accommodate her disabled husband at home.


“I had awful trouble trying to borrow money because of our age and couldn’t get a grant. In the end, I contacted the credit union and managed to get a £500 loan which helped us start things and get going.” When asked the value we have provided to her and her family, Joy said, “It’s taken worry off if I do find I’m going up to my overdraft, I can check on the Credit Union and there’s usually a bit in there that I can pay before just [to] tide me over until the pension comes”.



Stephen is one of our recent borrowing members. As someone suffering from long Covid and other physical and mental health issues, he has found himself on a reduced work schedule, only able to work 15 hours a week.

“The reason why I wanted to top up is because if I get sick at work, I don’t get any pay. There was a gap in income while I had long Covid, so I applied and got accepted within a few hours”, he said. Being a recipient of benefits, he was glad to see GWCU fairly assessed benefit recipients, as well as those with a poor credit score. “It [took] the strain off day-to-day living... you’ve boosted my confidence- the fact that you’ve taken me on.”

Matt is the Member Support Manager, here at GWCU. During his tenure, Matt has been able to:







“meet a wide range of customers from all aspects of life. You learn to communicate with people differently... in a more friendly manner”. While he has worked with various people within his team, he agrees that his fellow employees are “working with [the] same common goal in mind. I believe in what the Credit Union stands for- I like being part of a job where I am part of the solution and not part of the problem” he said when asked why he joined GWCU 14 years ago.

# GREAT WESTERN CREDIT / UNION

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