

European Parliament Credit Union Interest Group

In December 2014, ENCU launched the European Parliament Credit Union Interest Group. The Interest Group is an informal, all party European Parliamentary Group that meets twice a year (in spring and autumn) to raise awareness about credit unions and micro-finance among EU institutions and stakeholders.

ENCU consists of a network of experts that are able to brief the European Parliament and other EU decision-makers on credit union developments worldwide and in EU Member States. The Interest Group is Co-chaired by MEP Czarnecki (EPP, Poland), MEP Harkin (ALDE, IE) and supported vice-chaired by MEP Howitt (S&D, UK) and supported by 15 additional Members of the European Parliament:

Member Matt Carthy (GUE/NGL, Ireland)
Member Anneliese Dodds (S&D, United Kingdom)
Member Frank Engel (EPP, Luxembourg)
Member Victoria Ford (ECR, United Kingdom)
Member Brian Hayes (EPP, Ireland)
Member Mairead McGuinness (EPP, Ireland)
Member Luke Ming Flanagan (GUE/NGL, Ireland)
Member Othmar Karas (EPP, Austria)
Member Molly Scott Cato (the Greens/EFA, United Kingdom)
Member Catherine Stihler (S&D, United Kingdom)
Member Kay Swinburne (ECR, United Kingdom)
Member Sirpa Pietikinen (EPP, Finland)
Member Kazimierz Ujazdowski (ECR, Poland)
Member Janusz Wojciechowski (ECR, Poland)
Member Kosma Zlotowski (ECR, Poland)

to showcase the key role of credit unions in European financial policy and aims to ensure an ongoing dialogue between high-level stakeholders and policy experts.

To receive more information about the next meetings, do not hesitate to mail to info@creditunionnetwork.eu.

2015 Spring meeting of EPCUIG - Event summary

The European Parliament Credit Union Interest Group met on 16 April between 9:00 and 11:00 in Brussels to discuss regulatory burdens and financial inclusion. After a short welcome note by European Parliament Vice President Czarnecki Ryszard, the credit union representatives shared examples regarding efforts undertaken on financial inclusion in Estonia, Great Britain, Ireland, the Republic of Macedonia, Poland and Romania.

Brian McCrory (Irish League of Credit Unions) started the discussions by outlining various services provided by Irish Credit Unions such as a free lifesaving insurance or courses to broaden financial literacy. He explained that Irish Credit Unions represent the biggest member of ENCU with EUR 14 billion assets and average loans of EUR 8000. Their three million members can be found across the social structure. He clarified that the financial crisis further contributed to the good image of credit unions and led to an increased number of members.

Matt Bland (Association of British Credit Unions, Ltd.), Great Britain provided figures published by the UK Financial Inclusion Commission. According to the data, nearly two million UK citizens are unbanked and pay a poverty premium of £1,300 per year. Around two million took out a high-cost loan in 2012 with rates of up to 6000%. Furthermore, 8.8 Million citizens are over-indebted, 13 million have no savings and 15 million face financial distress. As financial products and services become ever-more central to everyday life credit unions play a vital role in addressing this public policy challenge and thereby focus on four key areas.

Credit unions everywhere provide a source of affordable, low interest borrowing. In Great Britain, credit unions can lend at a rate of interest of no more than 42.6% APR compared to 1,500% (post-cap) from payday lenders or 400% from the leading doorstep lenders. Credit unions promote savings and

encourage members to save while repaying their loans. Further services provided by many are payment accounts and budgeting services. Credit unions in all parts of Europe actively promote financial education and engage young people to help them develop a savings habit.

Eleonora Zgonjanin (FULM Savings House, Republic of Macedonia) explained that 47% of FULM's account holders are women and that its general goal is to provide financial services to a segment of the society that is disregarded by banks.

European Parliament Vice President Czarnecki provided a short introduction of the second topic on regulatory burdens. He shared CUs' concerns about the unintended consequences of regulation and excessive compliance burdens. He therefore urged CUs to continue this dialogue with EU decision makers in order to prevent overregulation at the European level and to guarantee the ongoing provision of financial services at reasonable rates.

Paweł Grzesik (National Association of Co-operative Savings and Credit Unions - NACSCU, Poland) clarified that credit unions do not generally oppose further regulation as it is essential for their inclusion in the financial sector. It is however crucial that European legislation takes the national characteristics of credit unions into consideration.

Florin Simion (Federation of Romanian Credit Unions - FEDCAR, Romania) explained that credit unions in Romania are considered non-financial institutions. As NGOs, they are falling under a self-regulatory regime provided for via a protocol with the Romanian Central Bank.

Andrus Ristkok (Estonian Union of Credit Cooperatives - EUCC, Estonia) explained that CUs in Estonia are regulated as savings and loans associations. Due to a lack of regulation, it was possible for loan sharks to enter the market four years ago and label themselves as Credit Cooperatives. One potential contribution of EU lawmakers was the provision of guidelines for national governments when it comes to the implementation of European legislation. This could prevent issues from happening such as the varying capital ratio to be applied in Northern Ireland (3%) and the Republic of Ireland (10%).

Michael Edwards (World Council of Credit Unions - WOCCU, United States) summarized the second part of the meeting stating that the question of proper regulation will always be one of striking the right balance.