

Seizing Opportunities: Reaching CMS Credit Union's Potential



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ABSTRACT

Through exploring the Borough of Merton with the aid of Commonsense Community Development Trust, a need has been identified for CMS Credit Union to better serve the borough's low-income residents by encouraging savings and providing non-predatory loans. For the credit union to best serve these individuals, we identified four key areas of improvement: accessibility, products, marketing, and organizational structure. To this end, a consultancy report, website, pamphlet, and marketing network were delivered to CMS as part of a recommendations package.

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EXECUTIVE SUMMARY

This project evaluated and stressed the use of Croydon, Merton, and Sutton Credit Union (CMS) within the Borough of Merton, specifically focusing on serving the low-income Pollards Hill area. Over the course of the project, interviews were conducted with expert contacts, local residents, and CMS board members. Additionally, both the local community and CMS were closely explored through guided tours and observations. The credit union industry as a whole was explored through attendance of national events. All of these methods combined into findings focused on the strengths and shortcomings of CMS. This knowledge led to recommendations outlining innovations in the operations, services, marketing, and management of CMS so as to better seize the opportunity for growth in Merton and initiate a positive evolution in the organization.

The findings on CMS were focused on five main areas: physical access, products, presence and marketing, organizational structure, and internal political challenges. A list of the key findings that were used to drive the creation of the recommendations delivered to CMS can be found below:

- CMS has limited physical accessibility options.
- The current loan product line is complex and exclusionary.
- Current marketing materials are out of date and inefficient.
- The organizational structure struggles to accomplish the work necessary for CMS's operations.
- Internal political issues hinder CMS's internal Board of Directors.

Based on the findings on CMS and the data gathered from the community in Pollards Hill, a set of recommendations was put together to address the present shortcomings of CMS and provide it with a detailed and achievable plan for a pilot program aimed at expanding presence, increasing customer base, and revamping operations. These recommendations focused on improving the efficacy of CMS Credit Union at serving the Borough of Merton, specifically focusing on Pollards Hill, but will also improve CMS services for members in all three boroughs that CMS serves: Croydon, Merton, and Sutton. The set of recommendations can be found below.

Accessibility

- Provide a presence in locations close to the community.
 - Set up location in the New Horizon Centre on Fridays from 09:00-14:00 with at least one staff member.
 - Provide weekend hours through collaboration with New Horizon Centre.
- Change opening hours in select current locations:
 - Croydon Monday, Wednesday, Friday 10:45 - 16:45.
 - Merton Civic Centre Wednesday 10:00 -17:00.
 - Move Sutton Civic Centre presence to Thursdays.
- Provide easy access in place of requiring appointments to speak with CMS at the Croydon Bernard Weatherill House.
- Provide checking, debit card, and ATM features to savings customers.
- Allow customers to check balances, submit forms, and join online.

Products

- Consolidate the current loan products line into a single universal loan.

Marketing

- Utilize a network of CMS Champions who are local community leaders enlisted to spread awareness and promote use of CMS Credit Union.
- Develop strong branding by following the principles of simplicity, emphasizing images over text, and consistency showcased in the developed website.

Organizational Structure

- Implement an organizational structure that emphasizes division of responsibilities, accountability, and a clear chain of command.

Additionally, CMS received tangible finished products including a computer interface for a new streamlined product, a fully redesigned website, an innovative budgeting tool embedded on the website, a network of committed CMS Champions, an informational handout for the training of CMS Champions, and a new organizational structure.

These recommendations received the support of Merton stakeholders who were keen to collaborate with CMS in the borough and the support of several CMS board members committed to “make it happen in Merton”.

CHAPTER 1: INTRODUCTION

Indebtedness, or being behind on payments the last three out of six months, is a major problem around the world. In the past few decades, trends of market liberalization and financial deregulation have generally granted consumers increased access to capital but on terms often left unclear and unsupportable to borrowers. Individuals often have access to funds from a variety of sources including the private sector (i.e. banks and credit unions) and the state (i.e. welfare and disability) (Betti, Dourmaskin, Rossi, & Ying, 2007). Despite the fact the abundance and quality of financial institutions differs across nations, certain communities experience greater economic stresses that have the potential to be mitigated through outreach efforts, increased education, and community involvement. This situation has become more prevalent in the United Kingdom, where approximately 18% of the population is considered indebted (Money Advice Service, 2013).

London is divided into thirty-two boroughs governed with a degree of autonomy by individual borough councils. The makeup of each borough can vary greatly: ethnic, cultural, and economic differences are prominent. One particular borough southwest of the official city center is the Borough of Merton. Like many others, Merton faces a distinct set of challenges that are spatially spread throughout its twenty wards. In East Merton, government funding, good financial resources tailored to low wage families, and a wealth of programs other boroughs offer are less prominent. For many residents of the borough, financial inclusion is elusive due to the limited access to appropriate financial services that could satisfy their needs (Fuller, 2006). These and many other factors create a situation where families do not have the time, know-how, want, or ability to reach out for the tools that could help them, which are not necessarily accessible. Beyond the existence of financial resources, proper marketing and exposure are needed to help advance financial inclusion.

Since the issue of indebtedness is so prevalent, demanding, and deals with people's livelihoods, it has been looked at extensively in a wide range of studies. One such study was conducted by the Centre for Social Justice in the UK headed by Iain Duncan Smith, the Secretary of State for Work and Pensions. The goal of this study was to continue research in the UK as to why households are becoming increasingly indebted and what kinds of debt they are facing. They found that household debt has doubled in the past decade but personal savings are at an all-time low (Centre for Social Justice Working Group, 2013). A current effort in the UK that is trying to respond to this trend is

the use of credit unions within indebted communities. Some of the services credit unions provide are loans to high-risk individuals, debt consolidation services, financial education, and community outreach programs. This government-backed initiative has included the creation and promotion of credit unions for certain markets, but their reach could be vastly extended. Credit unions such as the Salford Credit Union in Manchester, UK provide support for a limited number of communities or a finite geographical location (Salford Credit Union, 2012). Unlike credit unions in the US, which are as popular as banks, these institutions do not have a national foothold and their worth has not been popularly recognized. Because of this, the value of the services credit unions can provide has not been explored for all of London, and more importantly, the applications these institutions can have are yet to be understood in many communities.

Our research briefly explored the financial needs of over-indebted families to then focus on the potential benefits of establishing a presence for CMS Credit Union (Croydon Merton Sutton) in Merton, specifically Pollards Hill. By researching similar situations in the United States where credit unions have had positive impacts in their communities, we added to the analysis on the most effective way to consider a community-oriented financial institution serving an unexplored area. Data was gathered from interviews, focus groups, interactions with the community, communication with expert contacts, interactions with CMS Credit Union, and participation in credit union conferences on a national level. Our findings on the needs of the area and the current operational limitations of CMS Credit Union were used to create recommendations for CMS on how to best deploy a product and marketing pilot program in an indebted area that suffers from low financial literacy and inclusion. From our research and experiences in London we witnessed the opportunity for a credit union that works intimately with the community, understands its needs, provides educational programs, and delivers quality financial services to grow in Merton.

The Commonsense Community Development Trust, located in the ward of Pollards Hill, with the participation of CMS Credit Union, is sponsoring this work. Commonsense and CMS aimed to expand CMS's outreach by understanding what could serve the community and then generating positive changes in the management and offerings of the credit union through a pilot program in Pollards Hill. Working with a community development center rich in connections to local residents and community leaders yielded the insights necessary to issue detailed and concise recommendations to CMS. These stressed the opportunities in streamlining its loan products, using a network of well-

connected volunteers to promote its services, utilizing technology and the provided redesigned website to increase its online presence, and solidifying its organizational structure. The recommendations received the support of Merton stakeholders, who were keen to collaborate with CMS in the borough, and the support of many CMS board members committed to “make it happen in Merton”.

CHAPTER 2: BACKGROUND

Around the world there are millions of families who struggle with debt and poor finances on a daily basis. Individuals within society experience different stresses that reach beyond financial wellbeing. Current efforts, particularly in the United Kingdom, point towards more intimate institutions that embrace the for-community mission, but economic realities have created room for new financial players with diverging goals to emerge. Perhaps the best way to address these complexities is at the local level, and organizations such as the Commonsides Community Development Trust (referred to as Commonsides going further) in Merton focus on this objective. To fully understand the complexities of East Merton this chapter will explore the nature of debt and its prevalence in the UK; the concepts of financial literacy and inclusion; the philosophy and promotion of credit unions; the past and present efforts addressing over-indebtedness and credit union inclusion; the positive impact of credit unions in indebted communities; and the role of Commonsides in the community.

Background Topic 1: A Look into Over-indebtedness

Families who struggle with over-indebtedness are certainly not isolated, for the community they live in often displays the symptoms of socioeconomic problems. In order to address these problems, both the private and public sectors can strive to reach an understanding of community needs. By grasping this, actions can be taken by an array of organizations to help influence these families into taking advantage of available resources. With over 8.8 million people in the UK currently in debt, certain archetypes of families must be focused on so as to provide the best methodologies for working with them and their unique situations (Money Advice Service, 2013). What are the realities of being in extreme debt? What is the true nature of it? What causes it and how can it be solved? These are all complex issues that cannot easily be answered, but the resources available can be utilized and certain arguments can be made in hopes of reducing over-indebtedness.

Over-indebtedness in the UK

The Centre for Social Justice, a well-respected UK-based think tank founded by the Secretary of State for Work and Pensions Iain Duncan Smith, found that the average household debt in Britain has doubled in the last decade (Malnick, 2013). The average British household now owes approximately £54,000 compared to £29,000 in 2003. The majority of these debts are coming

from steep rent payments, which unwary owners may have undertaken. Families are "encouraged to borrow more and save less, whilst experiencing rising costs of living and stagnant wages, millions of households now find themselves at crisis point" (Centre for Social Justice Working Group, 2013). This is a common trend across the UK where rising energy costs and lower or stagnant wages can place households into a situation that is difficult to escape from. Additionally, the capital city of London has some of the lowest levels of residence ownership, with the majority of people resorting to renting their homes or apartments due to the high property costs within the city.

Ofgem, the regulator of the energy and gas markets in the UK has concluded that the average users of gas and electricity have increased their debts in this area from £100 in 2001 to approximately £400 in 2011, marking a 400% increase in ten years (Ofgem, 2011). The combination of rising debt, the record low wages in the UK since 2001, and an extreme inability to find and retain available jobs, makes over-indebtedness a very real and common problem (Chu, 2013). With flat rental on the rise, more families are entering into housing contracts with landlords where strict management of funds is necessary. By looking at over-indebtedness in the UK as a whole and investigating the previously mentioned trends, we will next consider certain widespread connections that can be drawn and applied to a particular community in a borough of London.

Over-indebtedness in East Merton, London

The borough of Merton, London has a dichotomy between the West and East ends in which the latter stands in a position of extreme over-indebtedness, low wages, and poor government funding. Over-indebtedness is a major problem in the UK, where approximately 18% of the adult population is described as being three months behind on their financial dues. They feel their situation is a heavy burden and are unable to buy basic necessities (Money Advice Service, 2013). The average unemployment rate throughout London is approximately 9%, yet in Merton unemployment is significantly lower at 7.1%. The average salary in Merton is £33,198, which lies higher than London's and the UK's average wage (City of London, 2014). These statistics create a false sense of prosperity in the borough as a whole, when in truth the prosperity is mostly concentrated in the West. East Merton, comprised mainly of Mitcham and Morden, is afflicted by severe debt, low average wage, high unemployment rates and limited financial options.

The borough of Merton is culturally diverse, and its people hold different levels of education,

income, financial literacy, and employment. The Greater London Authority places the population of Merton born abroad at 43%. One possible aspect that could be contributing to the low wage jobs and job rarity in East Merton is the poor public transportation system. West Merton, which has an acceptable transportation connection to Central London, has a standard or above average wage area and the population is low in debt. East Merton does not have a convenient connection to the main source of jobs throughout London. It is a complex and lengthy (one hour plus) combination of the tube, buses, and walking in order to get to the heart of London. This lack of convenient transport means the borough is somewhat isolated; as such, commerce, jobs, and willingness to travel into the city proper are at a much lower level. The issue of transportation is just one factor of the problem of indebtedness. The complexity of the factors leads to many questions: What characterizes indebtedness in East Merton? How did these people come to owe sizable amounts of money? Why is East Merton in its current situation and what can be done to help it?

Families Affected by Debt

The previously mentioned Money Advice Service (2013) identified eight key groups of people to better understand the types of families that are facing debt and their needs. In order to better understand the major demographics and intricacies of East Merton we will be focusing on low wage families, stretched families, worried working families, benefit dependent families, and uncomfortable retirees.

Low wage families comprise 9.3% of the UK indebted population and are those that make very little money or sometimes a non-livable salary, depending on each paycheck to buy necessities. This commonly refers to single working mothers and new families with entry-level positions. The daily struggle of living and paying bills is a large burden for these families, but they are aware of their situation. They are often receptive to advice and realize they are in a fragile financial standpoint where unexpected expenses could prove problematic. Unfortunately, this group resigns to its situation and simply believes that it is the way life is. Given their rising hopelessness, proactive help and encouragement would help these families' situation.

Stretched families make up 16.3% of the UK indebted population and are described as families where every member works, usually multiple jobs, but have scant savings. Beyond depending on low salaries, these people have little spare time due to their job commitments. Because of this, stretched

families are hard to reach and rarely seek advice or help. This group in particular is resigned to their debt because they hard work every day of the week, yet still struggle. The first step in helping the members of this group would be to provide some comfort or encouragement that their problems can be solved, so that they can seek advice and help.

Worried working families, which comprise 19.4% of indebted people, are in a different situation than most because they are characterized by having satisfactorily paying jobs, secure positions, good skills, education and/or experience, and are financially literate. However, recently situations have arisen where debt and little to no savings have become a problematic. Examples include the cost of their children's higher education, sudden disasters, underestimated costs of luxuries, etc. This group is likely to seek the advice or financial services they need to help themselves. However, this often comes with a feeling of shame or guilt as a consequence of making more than other people in debt. Because of this, worried working families are constantly aware and bothered by their debts and are the most likely group to make use of financial resources.

Benefit dependent families make up 20.2% of the indebted population and live from the small stipends they receive from the government or institutions. Living in social accommodations and living with disabilities are often the aspects of this group's situation. Families or individuals who rely on services like disability pay and pensions fall into this category. These families tend to be middle aged and often support others. This often creates a situation where the only working member of the family must have limited hours at a job because most of their time is for taking care of children or disabled members. This is the most disengaged group with 59% claiming they have no intentions of seeking advice and given people have no direct control over their income, they often feel very hopeless.

The last group is uncomfortable retirees who make up only 1.1% of the population of indebted families. Uncomfortable retirees are inherently older and subsist purely on their retirement funds. Similar to benefit dependent families, these people feel uncomfortable because they lack control over their earnings while realizing they could not afford a sudden expense. Generational differences contribute to the rejection of help or the acknowledgement of their predicament. Interviews with this group as part of different studies convey families are shameful, so indirect advice or non-person-to-person help may be best.

The Complexities of East Merton's Debt

The reasons for and solutions to the debt are not simple and cannot be conclusively answered. However, analyses and certain observations can be made to explore potential solutions. A comparison between East Merton and West Merton can assist in issuing recommendations to the local council, which is familiar with the problem and hopes to alleviate it. In West Merton, approximately 60% of people have some form of higher education and/or job qualifications. The top employment in this area comes from sectors such as business, marketing, and research – all highly skilled jobs. By contrast, in East Merton only 23% of the population obtained higher education, and 22% have very little or no education/professional preparation (Merton Borough, 2013). Most workers in the eastern ward of Pollard Hills work in low-paying entry level jobs such as sales assistants, retail cashiers, and public workers.

This information would tend to suggest that the disparity in income and levels of debt may be proportional to educational levels. On the other hand, this disparity could only be an effect of fewer jobs in the area, low government funding, and lack of necessary financial institutions. This is compounded by the fact that in many ways, East Merton is somewhat isolated from the rest of London and its financially active sector. As such, many successful business and institutions do not seek East Merton to open new locations that could provide much needed jobs and services.

An important overarching factor to consider is the social dynamic that arises from cultural diversity. Ethnic enclaves bind the community together, and bring unique characteristics that differentiate it. With this diversity comes a high concentration of spoken languages, backgrounds, and opportunities. As a large percentage of the population has trouble with the English language, access to and knowledge of finances can become a large hurdle that to a native English speaker may seem trivial. The lack of a cohesive, dominant language also serves to bring distrust to members of the community because they cannot comprehend what is being conveyed in a language they do not have a firm grasp of. Because of this, culturally diverse members of the community tend to shy away from anything that may require them to provide personal information such as bank accounts or financial programs. This, among innumerable factors, creates an area of high poverty, substantial debt and unemployment that only serves to advance a circle of indebtedness in which people cannot make adequate pay and businesses do not flourish.

To better understand the nature of the challenges these families face it is necessary to understand the actual debt itself. The debts faced by community members are primarily bills such as utilities and rent. However, many different families will accrue different and unique debts such as unpaid luxuries, quick loans from payday lenders (see Background Topic 2), credit cards, mortgages for home owners, car loans, social housing dues, etc. Different from the US, healthcare in the UK is not paid directly by the patient but rather through their taxes as part of the National Health Service. Though this provides some solace from sudden incidents or prescription drugs, it also means a higher tax rate. The rising costs of rent, due to the rising cost of energy, means that more than half of these families' "take-home" income goes to regular payments like these, a quarter goes to debt repayments, leaving a quarter for necessities such as food (RT, 2013).

Commonalities with Worcester, MA, USA

Working with a local community housing project in Worcester, MA, USA valuable insights were gained that connects closely with East Merton. Many residents of this community in Worcester work entry-level jobs, such as retail, that require little training. The lack of a predefined work schedule and varying amount of work hours present a distinct challenge that is commonplace with these kinds of jobs. With so many unknowns and unforeseen problems, such as being able to pay the next bill, harassment from debt collectors, and a sense of unease associated with job insecurity, income stability and routine can offer a sense of control and foundation (Vinick, 2014). This, combined with a lack of social support in times of need can cause a large job retention problem. Due to the nature of these jobs, the workers also feel expendable and fear that any misstep may lose them their job. The previously mentioned problems apply to the residents of East Merton.

Worcester and East Merton are very similar in that they are both culturally and ethnically diverse, have a community bond, and struggle to face their challenges. However, they also share a lot of the issues such as low wage jobs, language barriers, high levels of debt, and limited financial literacy and inclusion. The parallels present between these communities increase the values of the insights gathered before our arrival.

Background Topic 2: Credit Unions and Financial Inclusion/Literacy

Financial inclusion and literacy are useful tools in fighting the effects of over-indebtedness. Without these tools, families are often not able to take advantage of the financial breaks available to them, including tax breaks and refinancing opportunities. The over-indebted population is often lacking these tools more than any other segment of the population, increasing the direness of their situations. In many communities, credit unions have served as a valuable resource to improve access to these tools, and in the process help out over-indebted households.

Financial Inclusion

Financial inclusion is the ability of people to easily access affordable financial services. A lack of financial inclusion can be detrimental to the efforts of over-indebted households to improve their financial situations. In many communities, the level of financial inclusion has been decreasing as banks attempt to “reduce risk, cut costs and repair profits” by reducing the ease with which they make credit available (Fuller, 2006). Specifically, many minority groups find themselves excluded from economic resources due to a lack of available credit from established financial institutions (Fuller, 2006). Those who believe that a lack of self-control is the root of over-indebtedness, and that credit restraints are the only solution, reinforce the affecting financial limitations as they encourage tight credit policies (Gathergood, 2012).

The implications of financial exclusion are severe, and as society moves closer to a “cashless economy”, those who suffer from financial exclusion will be further excluded from society. Those who are not able to access financial services can find themselves unable to cash checks, pay bills, receive wages, and without insurance. Financial exclusion “reinforces social exclusion”, pushing those most vulnerable further to the edges of society (Mitton, 2008).

When financial services, such as savings accounts, borrowing options, and financial advice, are easily accessible, over-indebted families are more likely to be able to utilize them to improve their situations (Conaty and Mayo, 1993). By restricting these families’ access to credit, the established financial community impedes their chances for improvement. While these problems have been present in the United States in the past, they are now becoming more common within Britain, causing the escalation of “withdrawal of financial services from certain social groups and localities” (Fuller, 2006). East Merton is especially affected due to its high rates of over-indebted households.

The UK government has taken steps to help alleviate the problem of financial exclusion. It has placed pressure on major banks to offer basic financial services to over-indebted individuals (Fuller, Mellor, Dodds, & Affleck, 2006). It has also established a Financial Inclusion Fund and a Financial Exclusion Taskforce to increase access to “banking, affordable credit, and financial advice.” The government has also turned to local institutions, such as credit unions, to provide a cheaper form of credit to those vulnerable of financial exclusion (Fuller et al., 2006).

Credit unions have been shown to be effective at increasing financial inclusion within their target communities (Leyshon and Thrift, 1997). They offer “affordable financial services” to families with modest incomes, allowing households to better participate in the financial system (Marshall, 2004). In the United States, credit unions often operate closely with banks to provide “finance for local development” that improves the community as a whole (Marshall, 2004). Unfortunately, credit unions are not currently widespread within the United Kingdom, reducing their efficacy as a solution to financial inclusion problems. In addition, credit unions cannot always bear the risk of lending to the most high-risk borrowers (Mitton, 2008). While helpful, credit unions cannot be a complete solution to the problem of financial exclusion.

Financial Literacy

Financial literacy, or “the ability to make informed judgments and take effective decisions regarding the use and management of money”, is a vital skill to possess in a modern economy. Those with a sufficient level of financial literacy are more effectively able to manage money, plan ahead, choose beneficial financial products, and stay informed about their overall finances. In contrast, those with a lack of financial literacy often pay more for financial services, making it harder for them to access the services at all and decreasing their overall level of financial inclusion (Atkinson, McKay, Collard, & Kempson, 2007).

The consequences of not possessing a sufficient level of financial literacy can be great. A study completed at the University of Nottingham explored the effects of a lack of financial literacy on net worth and indebtedness. This study found that there was a positive relationship between a household’s financial literacy and net worth. It also found that there is an even stronger relationship between a lack of financial literacy and a low net worth. In a similar vein, households with a lack of

financial literacy were shown to utilize more expensive credit and to possess higher levels of overall consumer credit debt. The study showed that those that have little to no financial literacy suffer from an increased level of debt and a lower level of net worth, leaving them in a financially precarious situation (Disney & Gathergood, 2011). An interview conducted by our team of a local spiritual leader in London and member of a debt management campaign called the Jeremiah Project believes that an individual's inability to make informed monetary decisions, consciously be aware of their budgets, and understand financial prioritization is the driving force behind severe indebtedness.

In recent decades, financial deregulation has eased access to credit, increasing the need for sound financial literacy to safely navigate the available credit options. Furthermore, a study completed by the Adult Financial Literacy Advisory Group, a branch of the National Research institution of the UK, concluded that the need for financial literacy would only increase in the future as governments continue to reduce involvement in financial markets (Marcolin & Abraham, 2006). To meet the demand for financial literacy, there is a real need for literacy curriculums to be made available to vulnerable and indebted households. By doing so, debt levels can be decreased and financial inclusion can be increased.

Credit Unions

Credit unions are cooperative financial institutions where members provide accessible savings and loan services to each other (Fuller, 1998). They differ from traditional banking institutions in that they provide services that focus on local communities and facilitate the local transfer of money between those who wish to save and those who need to borrow. Credit unions provide a resource that low income families can take advantage of to access financial services, therefore increasing their levels of financial inclusion. In addition, many credit unions offer courses and seminars that aim to increase the financial literacy of the local population. Low income families are able to “reduce their economic vulnerability and increase income” by taking advantage of the financial services that credit unions offer (Fuller, 1998). Below in Figure 1 is a flow chart of how Credit Unions work.

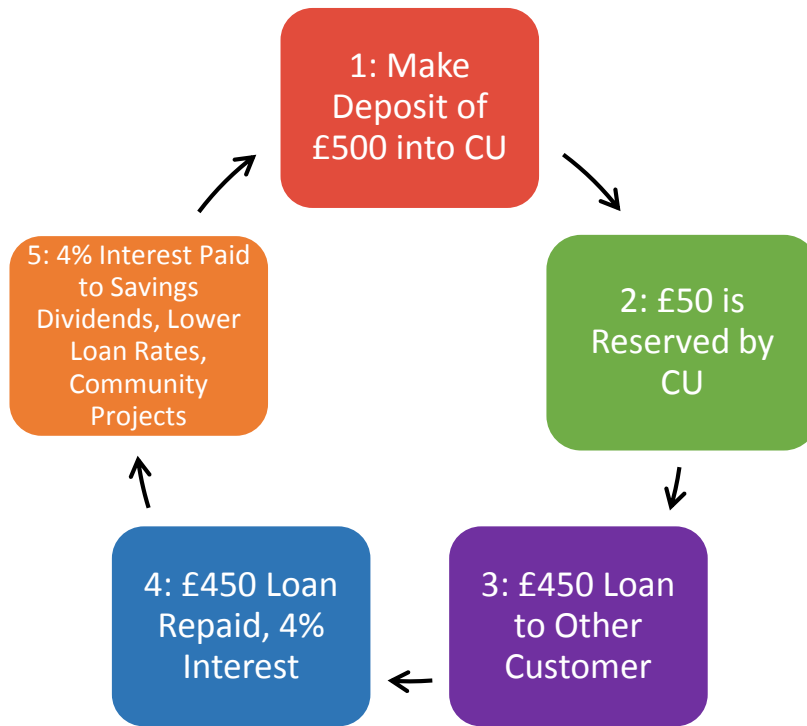


Figure 1 How Do Credit Unions Work?

In recent years, banks have continued to leave low-income markets in favor of more affluent, and profitable, regions. Without traditional banks and the financial services they offer, many indebted individuals are forced to pay more for even the most basic financial services, are vulnerable to high cost lenders, and make poor financial decisions (Jones, 2008). These factors have continued to increase the need for credit unions to serve these otherwise underserved markets.

In order for credit unions to be sustainable, they must provide appealing services to more than low-income households. Modern credit unions run like more traditional financial institutions, taking advantage of sound business principles and professionalism to provide a more appealing environment to their customers. In addition, moderate income customers are needed to offset the additional risk that a large quantity of low-income borrowers puts on the credit union (Jones, 2008).

For credit unions to affect lasting and permanent improvement throughout a community, they must do more than provide basic financial services. A recent study completed by Barclays has recommended that for credit unions to be successful in helping over-indebted communities, they must take a “holistic approach.” Such an approach would include offering financial counseling, budgeting advice, and financial education in addition to the basic financial services that most credit

unions already offer (Jones, 2008). By making these services available at a single location, households are able to easily access them and better equip themselves for life in the modern economy.

In the United States, credit unions take on such a holistic approach as community development credit unions. They aim to increase financial inclusion and stability in the community as a whole by providing educational and counseling services in addition to general financial services (Jones, 2008). These credit unions also focus on how they can help develop the community as a whole by making credit available to local entrepreneurs and developers to take on projects that otherwise would not be funded by traditional financial institutions.

Unfortunately, credit unions are not and cannot be a silver bullet for over-indebtedness, poverty, and financial exclusion (Fuller, 1998). While they focus on low-income areas and offer credit to higher-risk customers, credit unions cannot serve the highest risk customers. This particularly underserved and over-indebted population generally cannot find help from the private sector, and instead must rely on charity and government programs to improve their situation. However, credit unions that offer a holistic approach to financial education and inclusion can provide services to these people that help them gain access to resources available to them, such as government grants or tax refunds (Jones, 2008). While credit unions cannot solve over-indebtedness for everyone, they can do much to help the community as a whole.

Background Topic 3: Efforts to Overcome Indebtedness

Many different approaches have been used to address the issue of over-indebtedness. Past efforts promoted by government agencies and private enterprises have highlighted the importance of financial literacy. More recently the need for alternative financial providers has come to the national attention of both the U.S. and UK. These efforts have often generated discussions on the value of financial literacy and on the promotion of alternatives to banking, as it will be explored in this topic.

Past Financial Literacy Efforts in the U.S.

Financial literacy has become more prevalent in the past few decades. Awareness in the United States about the need for financial literacy arose as high rates of bankruptcy, widespread consumer level debt, and low saving rates became more prominent among Americans. As a reaction to this, there was a surge in financial literacy programs; 75% of current programs began after the 1990's (Vitt, Reichbach, Kent, & Siegenthaler, 2005). Diverse industries took on financial education projects, but a considerable amount received funding from Federal agencies. A more structured push came with the institution of the Office of Financial Education by the Treasury department in 2002. This agency clarified the goals of financial literacy programs by setting a vision "to provide Americans with the practical financial knowledge that enables them to make informed financial decisions and choices throughout various life stages" (U.S. Department of the Treasury, 2003). Beyond setting a vision, the agency takes action in chairing the Federal Government Financial Education Coordination Group (FCFRCG), coordinating financial education efforts through the cooperation of federal agencies, developing credit management fundamentals for consumers, and reinvigorating the curriculum of educational institutions with financial courses (Wisconsin Institute for Financial and Economic Education, 2003).

Due to the broad concepts that financial literacy encompasses, several categories can be distinguished within ongoing efforts. These categories vary mostly in content, but all aim to teach skills and knowledge that can help individuals or target groups manage their financials better. A national standard explaining such categories has been created for personal financial education in grades K-12 in the USA (Jump\$art Coalition for Personal Financial Literacy, 2007). The details for each can be found in Table 1.

Table 1 Financial Literacy Categories (Adapted from Jump\$tart)

Category	Objective	Standards
Financial Responsibility and Decision Making	Use of information and systematic decision making in personal finance.	Taking responsibility for personal financial decisions, considering alternatives and consequences, developing financial communication skills, finding information.
Income and Careers	Use career outlook to estimate personal income potential.	Explore career options, identify sources of personal income, describe factors affecting net income.
Planning and Money Management	Have organization in personal finances and cash budget.	Develop a spending/saving strategy, keep financial records, understand different payment options, consider benefits of a will.
Credit and Debt	Have good credit, borrow strategically and control debt.	Understand different credit options, explain purpose of credit record, review consumer credit laws, investigate ways to prevent and overcome debt.
Risk Management and Insurance	Apply cost-effective risk management strategies.	Identify risk management strategies, understand insurance protections.
Saving and Investing	Find a personalized diversified investment plan.	Discuss benefits of saving, evaluate investment alternatives, understand market regulations.

The efforts in personal finance education have prevalently focused on young people. The banking industry has taken a leadership role in this sector, having 87% of the banks participating in the Consumer Bankers Association survey confirm their presence in public schools (Consumer Bankers Association, 2002). In addition to the benefits that come with greater education of the coming generations, some studies have determined that financial literacy becomes beneficial as people approach middle age. A recent study compared individuals who attended school with statewide financial education programs with others who did not receive mandatory training and found that people reaped their positive effects between the age of 35 and 49 (Bernheim, Garrett, and Maki, 2001).

Beyond mandatory education, financial literacy in the workplace has gained importance. Employers have become more aware of the challenges that come with financial responsibility, and they have implemented initiatives to help their employees in that matter. The study by Bernheim (2001) found

that employees who received financial coaching at their place of employment had higher median savings rates than those who did not. Although the reasons behind this are not clearly determined in the study, a correlation between mandate school programs and workplace trainings can be drawn. In both of the studies previously mentioned, people received training at a location where they would spend time in regardless of the financial education. In other words, these programs proved successful because they did not require people to mobilize or rework their schedules.

Beyond making a case for the benefits that come with various types of financial education, studies have highlighted the challenges associated with such programs. One of the most pressing difficulties comes when trying to assess the efficacy of any given program. Due to the broad nature of the topics under the financial umbrella, the challenge of financial educators is isolating the effects of the counseling and education (Bayer, Bernheim, and Scholz, 1996). Given some studies have lumped together different delivery methods (pamphlets, sessions, etc.), the isolated effects of each cannot be measured. Bayer and company consider this an issue of data collection, and argue efforts can be made to collect more results using a holistic approach. Instead of tackling the difficulties associated with developing metrics for each type of communication or tool used for financial education, educators should focus on analyzing the value of the information delivered, the receptiveness of the target group, and the change in financial habits of individuals. By examining the value of a program using these and other big picture metrics, more meaningful adjustments can be made within an effective timeframe because there is no need to wait for extended data collection on burdensome detail that might be difficult for people to evaluate.

A different challenge comes when considering the relationship between the duration of financial education efforts and the benefits to the target audience. A recent study found that any sessions or training extending beyond 8 hours had little or no additional effect on individuals (Schreiner, Clancy, and Sherraden, 2002). This challenge becomes particularly relevant when considering educational programs teaching highly complex financial skills or multilevel sessions. Once again advocating for a holistic approach, the case can be made for these types of research findings to serve as informal rules of thumb that do not drive or determine the methodology behind education programs, but instead provide a guideline or best practice to be followed.

Credit Unions in the U.S.

Credit unions in the US are similar to banks in the services they offer, but are fundamentally different in the way they operate internally. Credit unions represent themselves as not-for-profit organizations and stress community involvement, transparency and continued improvement for the customer. They do this by generally offering short-term loans or remortgaging to higher risk groups such as indebted peoples or low wage families. Commonly, regular banks would tend to be risk adverse and not lend to someone who could not prove they could reliably make their payments.

Many credit unions in the US will offer some form of "Debt Consolidation Loan", which is a loan from the credit union that is promised to have a lower interest rate than the loans the customer will be paying off. This helps indebted families because it allows them to borrow one lump sum of cash from one place and pay off multiple other loans. If they keep themselves from going into debt in other areas, they now only have one loan with one fixed interest rate to pay off over a usually generous amount of time. Not only does this make managing the customers finances easier, it provides a sense of comfort and stability that is often required if someone is to try and escape a financial crisis.

Credit unions in the US are very popular and there are usually several in a given city or town. By nature, they work intimately with the local communities where they often sponsor sports teams, community groups, educational programs, etc. This local involvement is what spurs a sense of trust that encourages "financially-nervous" families to step outside their comfort zone and engage with the credit union. Credit unions have become entirely mainstream in the US yet they were only introduced in a major way during the 1970's (National Credit Union Administration, 2014). If all the experience and information gained from their popularity in the US could be applied to ramping up the efforts in the UK, credit unions could become mainstream in a much shorter time. The process of popularizing local credit unions within the UK has already started.

Credit Unions in the UK

Credit unions have gained relevance in the UK in the past few years. Given the rise of the cost of living and stagnant wages, people have been forced to find new alternatives to meet their immediate financial needs. These people are often short on cash, and need assistance to meet their bills and or repay debt on a regular basis. Despite the fact several industries such as banks, payday loan companies, and credit unions are all potential remedies for these monetary needs, credit unions have gained strength in the number of people they serve. According to the Bank of England, the total number of credit union members in Britain grew from 562,000 in 2004, to over 1 million in 2012. Alongside this growth, the value of credit unions doubled from £432m to close to 1 billion pounds. A factor that has not experienced a similar growth is the number of credit unions. In recent years, the number of active credit unions dropped over 25%, giving British people 390 institutions to choose from (Jones, 2013). Despite the fact that the number is in the hundreds, the nature of credit unions often limits the area they can potentially serve, and drastically reduces the amount of money available for services.

The ceased credit unions have typically been small in size and number, garnishing perhaps a few hundred active members. Nonetheless, all credit unions are covered by the Financial Services Compensations Scheme (FSCS) — a compensation fund of last resort for customers of authorized financial services (FSCS Website, 2014). The FSCS covers financial institutions that have been authorized by both the Prudential Regulation Authority (PRA) and by the Financial Conduct Authority (FCA). Having been created in 2012 as a part of the Bank of England, the PRA focuses on promoting the safety and soundness of financial institutions, which are key to the stability of the UK financial system (Bank of England, 2013). Complementary to their efforts, the FCA works as a separate institution with a mission to preserve competitiveness among financial firms and to provide regulations to protect consumers. Jointly, the PRA and the FCA supervise the fairness of financial institutions and allow the FSCS to guarantee up to £85,000 of each credit union member if the financial firm is unable to pay back deposits.

When taken into perspective, the role credit unions play on the average British citizen's life is still relatively small. The Bank of England confirmed that only about 1.5% of the adult population in England belong to one, when the percentages are more favorable in Wales with over 2% and in Scotland with close to 7% (Jones, 2013). In the last few years important public figures and even

government officials have openly called for a growth in membership. Iain Duncan Smith, the Work and Pensions Secretary, recently stated that credit unions not only offer the most competitive loan and dividend rates, but also represent a positive investment in local communities. In an interview with a political magazine Total Politics, the Archbishop of Canterbury, Justin Welby, admitted telling the head of the prominent payday loan company Wonga that there is an effort to try to compete them out of business (Macrory, 2013). Welby believes these lenders operate on a predatory model that takes advantage of the most vulnerable, contributing to the financial stresses the UK has recently experienced. His alternative to payday lenders is to create credit unions that nurture their local communities and that offer superior professional services than other financial firms. Another respected figure in London who is adding momentum to the expansion of credit unions and who publicly praised the Archbishop's war on usury is Lord Maurice Glassman. Peer to the Labour Party, Glassman advocates community based solutions, which include the creation of sensible credit unions and the establishment of regional banks (Moss, 2011).

The Association of British Credit Unions Limited (ABCUL) is the leading trade association for credit unions in England, Scotland and Wales. ABCUL offers a wide array of services to its member credit unions including governmental representation, financial advice, training, collective buying power, consultation, and developmental services. With over 70% of all UK credit unions represented by ABCUL, it is their goal that this cohesion will help to make credit unions the primary source of financial services in the UK (ABCUL, 2014). ABCUL consistently works with local governments and organizations to brief them on matters concerning credit unions and financial literacy and inclusion. It also runs a website (www.findyourcreditunion.co.uk) that helped 130,000 people in the 2011-2012 fiscal year find the nearest credit union to them. In that same year 36 ABCUL credit unions grew their membership by over 25% while another member, the Glasgow Credit Union, became the first Credit Union in Britain to reach £100 million in assets. Like the credit unions it promotes, ABCUL is governed by its members and tries to act as transparently and accountable as possible (Annual Report, 2011-2012).

Current Credit Union Political Debate

The promotion of credit unions and the larger call for reform of the financial service industry has taken priority in the political agenda. A great number of powerful initiatives to address the issues thousands of British are facing come with an association to a political party or a social

figure. After the Labour Party's defeat in the 2010 election, the party has been associated with promoting community-centered solutions that appeal to many people. One of the newest figures is Lord Glassman- a 50-year-old academic with a background in political theory. Glassman was involved with the London Citizens network, which advocates for a social justice in London (Citizen Organising Foundation, 2014). His involvement led him to publish a manuscript titled "Blue Labour" which argues, "Labour should embrace patriotism and a return to a form of community values based on trade unions and voluntary groups" (Lawrence). Beyond his political role as a peer in the House of Lords, Glassman is currently working on the establishment of a Bank of Salford alongside Unite, a union vested in improving the lives of its members through negotiations with industries and government (Unite the Union, 2013).

The city of Salford is afflicted with higher rates of people who are not able to make ends meet than in the rest of Britain. The growing financial struggles of families earning low wages have highlighted the need for a financial institution capable of responsibly catering their needs. Local members of the community took on the task of revamping the existing credit union and establishing a solid financial firm that offers more than easy access cash loans. Using Salford Credit Union as groundwork, the services they offer include secured savings, affordable borrowing, life insurance while upholding responsible regulation of services and generating local profits. Their publicly available membership handbook explicitly compares these services with that of doorstep lenders, which offer small loans at high rates and call/visit people's homes to collect payment, and pay-day lenders, which offer fast money at extremely high interest rates with a short repayment time (Sanford Credit Union, 2012). In a statement by Alex Halligan, the chair of Unite's Young Members committee and company secretary, Unite confirmed its commitment to take this initiative to a national scale by launching a nationwide credit union in 2014 (Halligan, 2013).

Other Financial Avenues

Payday lenders are private enterprises that instantaneously provide small sums of money to be paid on the customer's next payday. The advancement of money, in the form of cash or electronic transfer, is often tied to extremely high interest rates hovering around 4,000% on an annual basis or APR (Eley, 2013). This service commonly targets families or individuals who experience a shortage of cash as a result of low wages, high bills, or unexpected costs. In the UK, thousands of people, mostly in unstable financial standing, have become avid customers of this type

of lending which some companies such as Wonga make borrowing as simple as clicking a smartphone app. The sector has developed into an industry worth billions, lending almost £4 billion annually (Osborne, 2014).

Despite the fact easy access to cash can be beneficial, the industry has faced national scrutiny in the recent past. The Office of Fair Trading, whose mission is to make markets work well for consumers, conducted an investigation in 2013 that found around half of payday loan customers roll their debts or incur new ones within 30 days. Their work also identified typical customers as young males who do not own their housing (Osborne, 2014). Other studies have found opposing conclusions that indicate payday lenders offer valuable services to people in financial distress. One such study focused on the positive effect of payday borrowing for people looking to maintain their housing under mortgages after being affected by natural disasters. The study found that from the 4.5 units or homes out of 1,000 that face foreclosure after a natural catastrophe, about 1.0 – 1.3 units keep their homes through the use of payday loans (Morse, 2010). Despite the fact the scope of this project does not focus on unfortunate eventualities, parallels could potentially be drawn to the unexpected costs that families in East Merton face in their daily lives.

Background Topic 4: Commonsense Community Development Trust

The East Merton area suffers from a large problem of over-indebtedness among its residents. Within this community, Commonsense works to improve the situations of the local residents. Commonsense works with its partners to offer programs that aid the locals in accessing fitness resources, financial counseling, and job training. Unfortunately, Commonsense suffers from an outreach problem, which prevents it from aiding all those who need help (Martin, 2014). By expanding its outreach capabilities, Commonsense would be able to help the locals find the resources they need to alleviate some of the stresses they may face.

Commonsense Community Development Trust and Partners

Commonsense serves the East Merton area by providing community events and development programs to residents. Most of Commonsense's programs occur in the New Horizon Centre, a community center located in Pollard Hills that came about following the merging of the Trust with the Pollard Hills Community Centre (Commonsense Community Development Trust, 2014; Trust, 2014). Commonsense strives to "create a better future for" the people and families of Merton. Below in Figure 2 is a picture of the New Horizon Centre in Pollards Hill.



Figure 2 New Horizon Centre

According to the website, Commonsense focuses on executing its vision through the adherence to a

“three-point action plan”, which includes community focus, strategic partnerships, and strong internal programs. Commonsides core purpose is “to assist local people and improve their lives”, and thus focuses its efforts solely on the community. It also has put in place a strong financial system that will help manage the resources that it needs to execute on its vision effectively.

Commonside works with numerous partners on helping the residents of East Merton, including the London Learning Consortium, Merton Economic Wellbeing Group, the Citizens Advice Bureau, and many others.

Commonside is a member of Locality, a network of community development trusts throughout the United Kingdom. Locality was previously known as the Development Trust Association prior to merging with BASSAC (the British Association of Settlements and Social Action Centres) (Locality, 2014). Locality is committed to promoting and supporting the visions of its members and offers consulting and financial support services to the organizations that comprise it. Locality recognizes the need for and supports the use of organizations with social justice agendas to attend the needs of areas where state and private efforts have not been successful. Locality reviews its current efforts, existing problems, and potential solutions in an annual Impact report (Locality, 2013).

Commonside's Current Programs

Commonside runs numerous programs that work to improve the lives of the residents of East Merton. Commonsides offers a health facility and works to promote healthy living in the community. It also hosts classes in aerobics, Zumba, dance, and other fields in an effort to reduce local levels of obesity and heart disease. Additionally, it offers programs for mentally ill individuals to access the support they need. Commonsides runs a lunch club program for senior citizens. The daily lunch club includes a two-course meal and is followed by an hour of entertainment and activities. The lunch club aims to provide a supportive and enriching environment for the participants (Commonside Community Development Trust, 2014).

In addition to these programs, Commonsides also offers employment training and financial support to residents through its Step Forward Programme. The program aims to “support residents to increase their confidence, knowledge and skills to successfully manage everyday life.” It offers support and advice to households on topics such as learning, work, money, parenting, housing, wellbeing, environment, community, confidence, and family activities. Through this program,

Commonside also offers a basic set of financial literacy services that residents can take advantage of to improve their financial situations.

Commonside's Challenge to Reach the Community

Through its collaboration with its partners, Commonside is looking to expand its financial outreach programs in the East Merton area. Commonside identifies a number of hard to reach groups of over-indebted people that it would like to better serve. These groups were originally identified in a report put out by the Money Advice Service and include: low wage families; stretched families; worried working families; benefit dependent families; and uncomfortable retirees (Money Advice Service, 2013).

Certain families do not wish to be involved with financial institutions, as they fear giving out more personal and monetary information than they already have. It is also an issue that is very hard to address, that some families are so busy they feel that the only services worth their time would be those that can guarantee some form of money. Therefore, a lot of the programs Commonside offers to help people make good financial decisions won't seem appealing despite their potential long term worth (Jiusto, 2014). Also, many of these families may not have the means of even hearing about Commonside if they are not actively involved with the community, are a farther distance away, or do not have modern means of communication.

Since these challenges are present, Commonside has to promote the use of credit unions in a strategic way. This involves marketing them to the community in hopes that not only will their worth be recognized, but also that a circle of trust can be formed between Commonside, the community, and the credit union. Currently, Commonside has not yet marketed or held any educational events concerning credit unions. Due to the relatively new idea of credit unions addressing indebtedness in the UK, they have not gathered a specific set of credit union marketing instructions and analyses tailored to their community. With not enough information concerning this in their area, they feel their level of experience and knowledge concerning credit unions is not complete enough to justify marketing them (Martin, 2014). In order to initiate this marketing within Merton, Commonside needs a team to gather and elaborate on the information and assessment that is currently beginning to form.

Commonside as a Player in Merton's Community Plan

The Borough of Merton issues a Community Plan (CP) that sets the direction and vision for the borough goals until 2019 (Merton Council, 2009). The body overseeing the creation of the plan is the Merton Partnership— a Local Strategic Partnership. The Partnership was set up in 2002 and consists of the Executive Board, thematic partnerships, and the general body. The Partnership is chaired by the Leader of the council who represents the person with the clearest democratic authority in the borough. The decision making executive board is chaired by the Chief Executive of the Council, and meets bimonthly to bring together the organizations with the largest financial capabilities in the borough and to create projects, which guarantee the aspirations set out in the CP. As a community development organization, Commonside plays a direct role by feeding into the objectives of the CP. Beyond sharing goals to improve the community, the Executive Board of the Partnership seeks thematic partnerships with community focused organizations to sponsor activities and programs for the Borough.

The Community Plan was launched in 2006 and has been revised every three years since. Despite its early launch, the plan was agreed to come into effect until 2009. The Community Plan for Merton works in agreement with the Local Area Agreement (LAA) approved by the central government in June 2008. Currently the LAA is focusing on “Bridging the Gap” between the affluent west Merton, and the impoverished east Merton. Additionally, this plan is closely linked with the area’s Local Development Framework (LDF), which promises progress and dedication. In Merton, the Core Strategy of the LDF and the CP was been developed in parallel to guarantee an overlap in vision and effort. As of 2009, the Core Strategy was still being developed.

A community plan that involves the potential of forming a local credit union can be invaluable. Kingston upon Thames is a bordering borough to the west of Merton that faces an even more severe debt challenge. Kingston's latest community plan included an initiative to open and market a branch of SurreySave Credit Union. In cooperation with Kingston Voluntary Action (KVA), another community development corporation, they were able to open a local volunteer-operated credit union branch as put forward in their plan (Kingston Voluntary Action, 2012). Commonside will be in a similar situation where cooperation with Merton could be possible.

As the Community Plan highlights, Merton is a borough of contrasts. “Bridging the Gap” aims to

expand opportunities for people in the eastern end of Merton, so that their quality of life can be rivaled with that in the West by 2019. The major issues to overcome in order to achieve this goal relate to health and education, with an emphasis on the young population and children. As laid out in the Community Plan (2009), the following initiatives took place since 2006:

Table 2 Initiatives in Merton since 2006 (Adapted from Community Plan)

#	Initiative	Players	Beneficiaries
1	Provide business and employment support through volunteers	Mitcham Means Business	Volunteers gain experience and training Businesses receive help
2	Address Wimbledon operational issues and encourage local business collaboration	Merton Chamber of Commerce	Mitcham Morden Colliers Wood
3	Estates Excellence project for business improvement districts on two industrial estates	Society of Manufacturers	Industrial estates in the area
4	Business startup support and assistance for green initiatives	Merton Chamber	Local businesses
5	Guide for Council to encourage local sourcing	Merton Council	Local providers
6	Set up of worklessness consortium to help people move off incapacity benefit into work	Merton Council	Borough of Merton Local businesses looking for employees Local workforce
7	Initiate Merton Credit Union	Merton Council Partner Credit Unions	Local residents
8	Courses on work skills and community learning	Learning and Skills Council	Local residents

CHAPTER 3: METHODOLOGY

The WPI Commonside Team’s purpose has been to cooperate with Commonside to foster the idea of a credit union that would serve the indebted families of East Merton. To that end, the team has worked with CMS Credit Union in order to identify current resources, build a network of CMS Champions ready to refer clients to CMS, expand the marketing and educational efforts concerning credit unions, and issue recommendations to the trust and CMS on how to proceed with credit union accessibility, products, marketing, and internal structure. Most of the work on this project was completed from March 17th, 2014, when we arrived in London, to May 3rd, 2014, when we departed. We completed additional work familiarizing ourselves with credit unions in the United States in Worcester, which can be found in the background section. We created a schedule that provides a timeline for the work we accomplished whilst in London, which can be seen in Figure 3.

Commonside Team Detailed Schedule							
Activity	16-Mar	23-Mar	30-Mar	6-Apr	13-Apr	20-Apr	27-Apr
Settle In / Get Acquainted	█	█					
Phase I: Getting to Know the Community	█	█	█	█			
Interview Commonside Contacts	█	█	█				
Sat on Commonside Programs	█	█	█	█			
Assesed Availability of Financial Services in the Area	█	█	█	█			
Assisted with Commonside's Operations	█	█	█	█			
Phase II: Assessing the Efficacy of CMS Credit Union at serving Merton		█	█	█	█	█	
Interviewed Expert Contacts		█	█	█	█	█	
Interviewed Local Community Members			█	█	█	█	
Conducted Focus Groups				█	█		
Interviewed CMS Credit Union Board Members				█	█		
Attended CMS Meetings				█	█	█	
Attended Credit Union Confereces at National Level				█	█		
Phase III: Analysis & Recommendations						█	█
Assesed CMS Current State						█	█
Developed Reccomendations for CMS						█	█
Consolidated Local Ambassadors "Champions" Program						█	█
Created Final Presentation						█	█
Finalized IQP Report							█

Figure 3 Project Work Timeline

The work that we conducted for this project has been divided into three phases: familiarization with the community of Merton and Croydon Merton Sutton Credit Union (CMS), data collection on the financial needs of the local community and on the current state of CMS Credit Union, and analysis/recommendations for CMS Credit Union to expand its outreach and improve its

operations. A more in depth diagram of the work that has been completed in these phases can be seen in Figure 4.

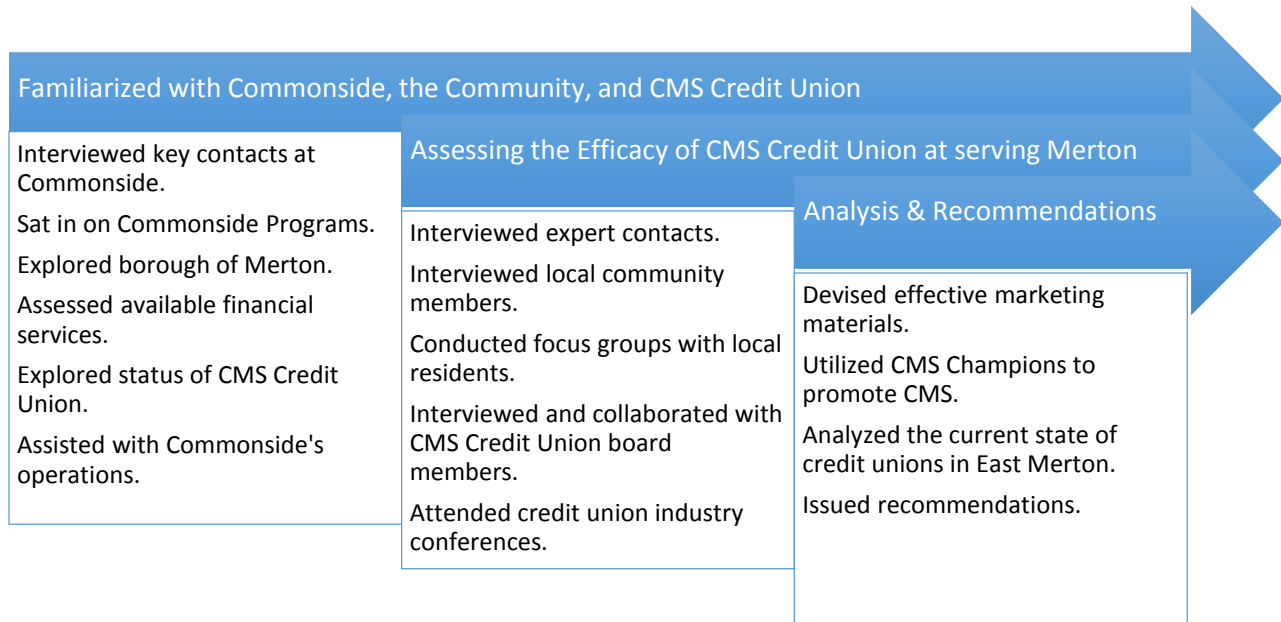


Figure 4 Methodology Process Flow

The following objectives guided the development of our methodology and defined how we aimed to achieve our project goals.

Objectives

- Identify the tools and resources that are available to over-indebted families in Merton.
- Familiarize ourselves with the community through interviews and focus groups.
- Devise new methods available through CMS Credit Union that could assist these families financially or otherwise.
- Issue recommendations on how to extend, optimize, or change current services, products, accessibility options, and presence of CMS Credit Union in the borough of Merton.
- Plan ways to deliver and market CMS Credit Union to over-indebted families that are both within and outside of Commonsense’s current reach.

Phase 1: Familiarizing Ourselves with Commonsense, the Community, and CMS Credit Union.

Upon arrival in London, our initial efforts were focused on familiarizing ourselves with the Borough of Merton and Commonsense. This was done by utilizing interviews and guided tours of the area to improve our understanding of the issues that the local residents face. The procedures for interviews were previously approved by the Institutional Review Board at Worcester Polytechnic Institute to comply with consent requirements and ethical protocols.

Integrating with Commonsense Community Development Trust

Our first priority was integrating ourselves more deeply with Commonsense, understanding the way that it functions, and becoming acquainted with the individuals it serves. We mainly accomplished this by conducting interviews of contacts at the New Horizon Centre (Commonsense's office). Our first contact was an in-person interview with Naomi Martin, the Director of Commonsense. From this we went on to interview each member of staff in an informal way to build a rapport and understand each staff member's role in the center. This included members of the Step Forward Programme, the Lunch Club, and various administrators. The template found in Appendix G was used to guide these interviews.

We felt it was vital to focus on interactions with the individuals who run Commonsense's day-to-day operations and key programs to gain an in-depth insight into the way Commonsense functions. We relied on the insights of these contacts to help further our understanding of the situations that the local residents face. A summary of the aims of interviewing these contacts can be seen in Table 3. The information that was gained from these initial interactions at Commonsense helped augment the background research as our project developed.

Table 3 Interview Synopsis

Interviewee	Definition	Benefits
Commonside Contact	<ul style="list-style-type: none"> • Associated with Commonside. • Works with the community. • Possesses knowledge about the workings of Commonside. • Possesses knowledge of the experiences of local residents. 	<ul style="list-style-type: none"> • Knowledge of how Commonside works with locals. • Insights into sensitive subjects concerning local residents. • Perspective on the needs of the community.
Expert Contact	<ul style="list-style-type: none"> • Works closely with the community or similar communities. • Possesses expert knowledge on relevant topics, such as indebtedness, credit unions, marketing, etc. • Possesses insights on the experiences of local residents. • Has ample experience working in related industries. 	<ul style="list-style-type: none"> • Knowledge of specific topics. • Insights into sensitive subjects concerning local residents. • Information on similar communities and efforts that have been successful. • Have the ability to influence or reach out to their local network.
Local Resident	<ul style="list-style-type: none"> • Possesses views on the state and needs of the community. • Has personal experience within the community. 	<ul style="list-style-type: none"> • Local perspectives on the problems and opportunities of the community. • Insights into local experiences with and views on financial institutions.

To further our understanding of the dynamics of the community, we sat in on many of the programs that Commonside offers. We often attended the daily Lunch Club at Commonside. This allowed us to conduct productive and candid conversations with the residents who frequent it. Also, we were able to include a senior citizen section of the population into our considerations because of this program. These conversations provided us with a clearer picture of the day-to-day realities for some families in Merton. In addition, we had extensive conversation with the Step Forward Programme, giving us even more detailed information. Another key contact was Operations Manager Andrew Hodge. He was a constant support around the office and provided us with key thinking points and suggestions with how to move our project forward.

Experiencing Pollards Hill and the Borough of Merton

Once we had familiarized ourselves with Commonside and obtained a high level overview of the East Merton Community, specifically the ward of Pollards Hill, we asked residents or guides to give us tours of the area. These tours ranged from being led by local leaders who have lived in the community all their lives to informal walks through the community. Mr. Hodge gave us tours of the entire borough of Merton as well as the City of London. Thanks to Mr. Hodge, we were able to get

a very good view of Pollards Hill and its Moat housing estate, as shown in Figure 5.



Figure 5 Moat Housing Estate, Pollards Hill

These tours helped us immerse ourselves in the community further and assess the presence of financial services using the template in Appendix A. During our time at Commonsides, we frequented the few restaurants and shops that call Pollards Hill home in our efforts to become more ingrained with the area. The center of Pollards hill can be seen in Figure 6. The figure shows the only shops and restaurants in the area that are neighbored by closed doors and failed businesses.



Figure 6 Pollards Hill Centre

During our project, we were given the opportunity to help one of the local families Commonsides

assists. This involved helping move a family out that was unfortunately recently evicted. Through this terrible situation, we were able to really understand the hardships some of these families face. This situation is not uncommon to the area, where benefit dependency, poor financial management, and lack of sufficient income often leave families in dire circumstances.

Understanding CMS Credit Union

As soon as we arrived, we made it a primary goal to acquaint ourselves and develop an intimate working relationship with CMS Credit Union. To this end, we contacted Andrew Wakefield, the Vice President of CMS Credit Union. With his experience in the private sector, faith groups, and other activities throughout London, Andrew Wakefield is a prominent figure in the community with an extensive network of contacts. Mr. Wakefield played a large role in the development of our project. We conducted interviews with Mr. Wakefield throughout the process to understand his views of CMS Credit Union, the intricacies of the CMS board, and the direction he felt the project should go in.

During these interviews, Mr. Wakefield shared his ideas for the future of CMS Credit and the focus on Merton he wanted to bring to the board. We had lengthy discussions about key topics and questions concerning how best to improve CMS penetration within Merton. These meetings helped to develop our project and define specific goals and directions as we moved forward. This new direction aimed to determine what the people of Merton wanted from a credit union, specifically pertaining to accessibility, products/services, marketing, and how CMS could deliver. These initial contacts with Mr. Wakefield opened the door to further discussions with other members of the CMS Board of Directors.

In Phase 1, we were able to integrate ourselves with Commonsense, CMS Credit Union, and the communities of Merton. We built relationships with local residents and gained an understanding of the area they live in and the resources available to them. Having settled in Merton, and with this foundational knowledge, we commenced with Phase 2.

Phase 2: Assessing the Efficacy of CMS Credit Union at Serving Merton

Following our initial contact with Commonsense, the community, and CMS Credit Union, we began our data collection concerning the efficacy of CMS Credit Union at serving Merton. This was done by interviewing expert contacts, members of the CMS Credit Union board, and local residents. A focus group helped supplement these interviews. These techniques provided us with a clear understanding of the financial needs of the local community and helped further develop our background research as we moved towards creating a set of concrete recommendations for the borough, Commonsense, and CMS Credit Union.

Exploring the Status of the CMS Credit Union

Our first data collection step was to assess the status of the local credit union, CMS Credit Union. We visited the credit union to interview contacts concerning programs and resources available to the community and attended the programs offered by the credit union to assess content, attendance, and effectiveness. The tool we used while surveying CMS Credit Union's locations can be seen in Figure 7.

Credit Union Overall Information Form			
Credit Union			
HQ Location			
Number of Branches		Branch Hours	
Number of Employees		# Volunteer	
# Part-time		# Full-time	
Outreach Efforts			
Notes			

Figure 7 Credit Union Information Form

This document helped to develop an understanding of some of the reasons people may or may not

take advantage of the credit union. Through it, we gained deep knowledge of the accessibility of the credit union that is addressed in our findings.

We interviewed several members of the CMS Board of Directors during this process. These interviews provided us with varied views on the problems that CMS faces and the shortcomings it must address. They also showed us the areas where CMS possesses strength. We visited CMS locations at different hours to observe how they operate and to get the customer's perspective firsthand. We used these visits to gather existing marketing materials made available to the public. In addition, the President of CMS Credit Union, Mr. Christopher Hunt, provided us with tours of the operations. Mr. Hunt provided in depth information into the operations of CMS and the existing procedures surrounding processing loan applications, standing orders, BAC transfers (electronic debit and credit transfers), and other daily duties of the credit union.

To complement our forays into the physical locations of CMS Credit Union, we looked in the community for any publicity concerning the credit union. We visited the local libraries, such as the Pollards Hill Library, to look for CMS marketing materials and mentions of CMS in community newsletters.

We gained access to additional publications and documents that offered other, more in-depth, perspectives of CMS Credit Union. These included an Experian consulting report for the credit union, internal operations policy and training documents.

Exploring the Status of Credit Unions Nationwide

In addition to focusing on the local credit union, we explored credit unions at a larger level by attending several national events. Firstly, we attended a Credit Union and Payday Lender Roundtable in City Hall, London. There were representatives from the Mayor's Office, the Greater London Assembly, Association of British Credit Unions Ltd (ABCUL), Barclays, Liverpool University, the Church of England, and approximately 12 credit unions, including CMS, at the event. The purpose of this event was to bring credit unions operating within England together to strategize on what changes needed to take place to increase collective market share and challenge the payday lender industry. The results of this event can be seen in the Findings chapter.

The second event we attended was the Marketing Champions Credit Union Workshop in Manchester held by Cornerstone Mutual Services Ltd., a consulting company hired by ABCUL to carry out a marketing campaign for credit unions on a national level. The opportunity to attend this workshop came as an invitation from CMS Credit Union President Christopher Hunt with the intention of deepening our knowledge in the subject.

Represented were 16 credit unions from both Britain and Wales. The workshop mainly consisted of updates on diverse marketing campaigns including a two-week “launch campaign” for the Cooperative Credit Union involving a physical presence of trained staff at a business center to recruit new members. The daylong workshop generated discussions that highlighted the challenges credit unions are currently facing previously mentioned in the background section. Findings for this workshop were integrated into our recommendations in the Findings chapter.

Interviewing Expert Contacts

We interviewed as many expert contacts as possible during our data collection phase. This began with contacts provided by Naomi Martin, and snowballed to many other contacts referred to in the process. Our aim was to gain an expert opinion of the situation in Merton and the benefits a credit union might bring to this area. Such expert opinions have helped guide our thinking and illuminate strengths and shortcomings of the current credit union efforts. Additionally, their insights have shed a lot of light on the community as a whole and gave us a strong sense and experience of the nature of the problems.

We define an expert contact as someone from any of the following backgrounds with knowledge of either credit unions, financial literacy, or financial inclusion related issues:

- Community organizer.
- Community activist.
- Financial advisor.
- Financial institution employee.
- Government official.
- Local spiritual leader.
- Academic.

We spoke with several local councilors, the local MP, and staff at the Merton Civic Centre. We were

also able to obtain their cooperation in further promoting CMS Credit Union to their networks, which will be elaborated on in Phase 3. We also spoke with representatives from organizations such as the Citizens Advice Bureau and ABCUL. Links and communications were established with other credit unions to see what adaptations might work best for CMS Credit Union.

These interviews took the form of key informant interviews, which are defined as qualitative in-depth interviews with people who know what is going on in the community (UCLA Center for Health Policy Research, 2014). We tended to ask the interviewee open-ended yet guided questions so that we could gain a wide range of knowledge and allow for topics we did not foresee. Questions were designed to reduce bias we may have brought to the interview and were centered upon over-indebtedness in Merton, the effectiveness of a credit union, the experiences of local residents, and the benefits system. The template used to conduct these interviews can be found in Appendix D. A synopsis of some of the types of questions that were asked is shown below. These were often supplemented by other questions depending on the interviewee.

- What are your daily professional responsibilities?
- From your experience, what problems do the people you work with face?
- What are the underlying factors of the problems?
- What types of resources are available to families in the area? Do you provide any resources through your work?
- Do you have any familiarity with credit unions, in the area or otherwise?
- How do you think credit unions might help these individuals, if at all?
- How many people do you work with on a weekly basis?
- How many of these people do you work with often? (On Average)
- Would you be willing to participate in an ambassador program for CMS Credit Union, using it as a tool to promote to people you work with that it may help?

Interviewing Local Community Members

For our project, interviewing locals provided complementary insights to our expert contact interviews. We needed their input to understand how we can best cater programs and marketing of CMS Credit Union to their needs.

Our positions at Commonsense have allowed us access to local residents. In the process of interviewing them, we were very careful not to ask information that may have been too sensitive such as income, mental health, personal issues, etc. Interviews were tactfully conducted to ensure

that we respected the privacy of the interviewees. Through these interviews we hoped to gain information concerning the following topics:

- Experiences with Commonsense.
- Experiences with financial services.
- Knowledge of credit unions.
- Opinions of credit unions.
- Likelihood of using credit unions.
- Desires for local financial institution.
- Preferred financial services and accessibility.

We used the document outlined in Appendix E as a guide and a tape recorder to ensure that we fully captured the insights from these interviews.

In addition to these interviews, we attended events held at the New Horizon Centre to conduct discussions with the local attendees. We utilized a tabletop sale event to ask buyers and sellers of their knowledge of credit unions, prospective use of credit unions, and current use of financial services. We also ran a table at a “Fun Day”, a social event with entertainment for all ages open to the public, to further reach out to community members on these questions. It should be noted that this yielded no new findings and was only effective in gathering more data on the community’s perception of credit unions.

We also gathered data from larger focus groups at Commonsense. In the focus group setting, we anticipated easier access to general feelings and opinions of multiple individuals at the same time. In addition, we assumed people would be more outspoken when those around them were sharing their insights on the experiences of people in the community, reminding them of their own experiences. As with our efforts interviewing families and experts, we used a similarly structured document to guide our focus group interactions found in Appendix F.

Conducting Credit Union Market Research

To help form our recommendations concerning credit unions, we planned expand our understanding of the desired financial services by the local residents through a survey. The planned market research was not executed because of the great challenges CMS Credit Union faced at the moment to carry out any type of marketing campaign the research would have pointed to. These

challenges are reflected in the Findings chapter and addressed in the recommendations provided to CMS Credit Union. Additional information on the planning and goals of the market research, as well as the survey questionnaire can be found in Appendix H.

Phase 3: Analysis & Recommendations

Once we felt we had gathered sufficient data about the communities of Merton and CMS Credit Union, we analyzed it and worked towards our final set of recommendations. During this process, we made it our objective to devise effective ways to market and operate CMS Credit Union in a way that would serve the people of Merton, lower income people in all three boroughs (Croydon, Merton and Sutton), and potential customers in general. We also analyzed the current state of CMS Credit Union and its presence in the area. We used all this data as well as the information gathered from families and experts to identify shortcomings and strengths of existing initiatives. Finally, this analysis was combined into a set of concrete, achievable, and measurable recommendations that have been delivered to Commonsense and CMS Credit Union.

Utilizing CMS Champions

We worked with Commonsense and the community to establish a Champion program to help promote the use of credit unions. We identified CMS Champions as local leaders in the area that are well respected and have existing networks they can easily reach out to and influence. We validated the potential benefits of this initiative for CMS Credit Union during our interviews with expert contacts who suggested outreach efforts utilizing local leaders are often more successful at engaging residents because of their relationships and trustworthiness within the community (Vinick, 2014). We also identified these personal relationships to be based on trust, which is essential in attempting to promote a new financial institution.

CMS Champions were contacted via email initially after being referred to by expert contacts and those working alongside this project. Further communication was carried out either via email, phone, or in person to convince individual leaders to agree to promoting CMS Credit Union and its services to their networks. An explanation of how our Champion program works in practice can be seen in Figure 8.

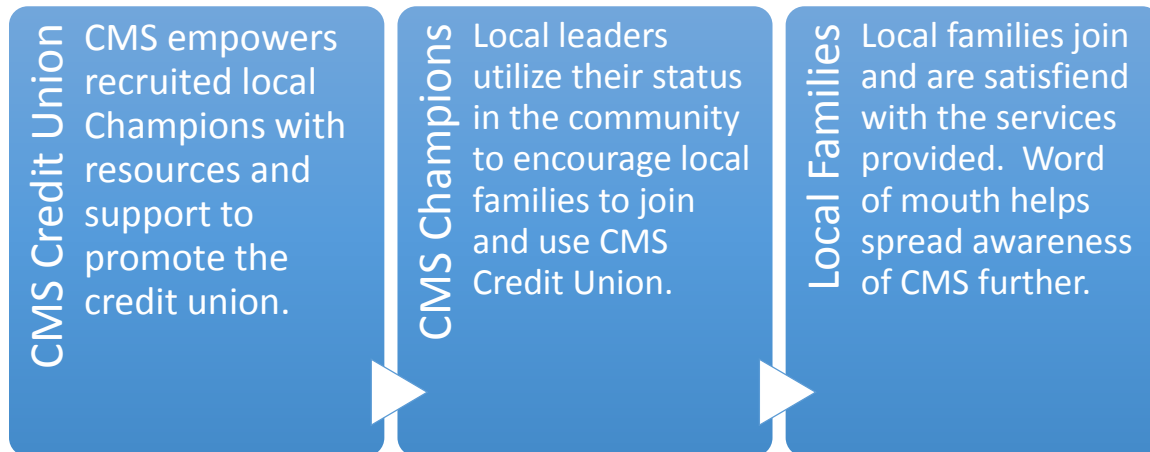


Figure 8 CMS Champions Program

To help train these Champions, we put together a pamphlet explaining the products and services that CMS offered at the time. Using the pamphlets to promote the credit union at their discretion, the Champions were empowered with information, resources, and communication lines with select CMS Credit Union board members. This handbook can be found in Appendix I.

Devising Effective Marketing Materials

Based on our background research, we observed that the current marketing materials used to advertise CMS Credit Union have not been able to reach as many people as is ideal. To rectify this, we used the data gathered from locals to develop a tailored marketing effort focused on relatable and easy to understand graphics that draw in the interest of the locals.

Marketing materials created were the training handbooks that would be distributed to CMS Champions, an email campaign to current members, and a redesigned web presence. We explored similar marketing campaigns and websites from other financial institutions including credit unions, payday lenders, and banks to develop a set of design guidelines that can be used to create competitive marketing efforts.

We developed a redesign prototype of the web presence using standard web technologies such as HTML and CSS. We utilized existing libraries to speed up the design process, such as Semantic UI, jQuery, and jQuery UI. Using these technologies, we created an example of the potential of a web presence and further web marketing to include in our recommendations to CMS Credit Union. A

portion of this website can be seen in Appendix J.

Analyzing the State of CMS Credit Union

Using our collected data, we analyzed the accessibility, products, marketing and internal structure of CMS Credit Union. The scope of our analysis covered:

- Utilization of the credit union, assessed by interviews with locals.
- Difficulties in using the credit union, assessed by interviews with locals and personal experience.
- Complexity of the product line as presented in marketing materials and by personnel.
- Purpose of the product line as assessed by usage scenarios and target market.
- Comparison of the product line with those of successful banks, credit unions, payday lenders.
- Shortcomings and availability of existing marketing materials, compared with those available at other financial institutions.
- Key elements of successful marketing campaigns used by financial institutions.
- Outreach potential of the ambassador program.
- Strengths and deficiencies of the current staffing structure.
- Dynamics of the Board of Directors.

In analyzing the current accessibility options, we looked at the physical locations as well as alternative access options such as web access and mobile phone access. To understand the strengths and weaknesses of current products, we broke down each product into a set of pros and cons (from the perspective of both credit union and customer) and identified the underlying intent. In exploring existing marketing materials, we compared them to the materials used at other institutions and identified the strengths of both. Looking at the existing staff structure, we identified points of weakness in the process flow and attempted to develop potential solutions to those weaknesses. The results of all of our analyses concerning the credit union are covered in Chapter 4.

Issuing Recommendations for CMS Credit Union

The final product combines the analysis on the state of the credit union with the marketing campaign and CMS Champions network we devised into a set of recommendations delivered to Commonsense and CMS Credit Union.

We composed a final presentation outlining these recommendations with the intent of delivering

them in an easy to understand and compelling way that tells a story. This presentation demonstrated how our recommendations could be implemented to increase revenues and growth for CMS Credit Union while serving the community. These recommendations follow the **SMART** guidelines, which are **S**pecific, **M**easurable, **A**chievable, **R**ealistic, and **T**imely (Karen L. Smith Faculty Center for Teaching & Learning, 2014). These guidelines were useful in the process of devising findings and results that best met our objectives. The resulting recommendations that we created can be found in the next chapter.

CHAPTER 4: FINDINGS

Exploring the opportunities for CMS to grow its customer base and provide financial services to a deprived area of Merton yielded findings that are not borough-specific, but instead provide key insights into the limitations and challenges of the credit union as a whole. These findings reveal the combination of factors that have and continue (as of April 2014) to hinder CMS's capacity to service its current customers and expand its member base. These factors, included in this report in the form of findings, include CMS's limited physical accessibility options, its complicated and exclusionary product line, its inefficient and out of date marketing, its struggling organizational structure, and its internal divisions. These findings were used to create a series of recommendations for CMS's Board in the form of a consulting report. This chapter describes the findings that were not explicitly included in the report to CMS, but that drove the recommendations. The final consulting report delivered to CMS in chapter 5 is the recommendations component of the project.

Current State of CMS Credit Union

The only credit union serving East Merton is Croydon, Merton, and Sutton Credit Union (CMS Credit Union). CMS has been in existence for many years, but until recently served only the Borough of Croydon. Having recently expanded to Merton and Sutton, the credit union faces a number of challenges in reaching these new communities. The current product offerings of CMS Credit Union do not effectively serve the populations of Croydon, Merton, and Sutton. Specifically, current policies exclude middle to low-income populations. The customers that CMS serves tend to be ideologically in favor of credit unions and use it for moral reasons, while depending on other financial institutions for their regular business. The challenges faced by CMS can be divided into four distinct categories: access options, products, public awareness, and politics.

Physical Access

The physical access options are dispersed among multiple locations within multiple boroughs, with no regularly available presence. In addition, there is a lack of equity in access options between each borough, with Croydon having a presence three days a week, compared to two a week for Merton and Sutton. At some locations, an appointment is required before anyone can speak to a credit union representative. Personal information is required to make this appointment, which can be uncomfortable for new customers. We found through our interviews with expert contacts that

many people generally are fearful and uncertain about revealing personal information and details of their financials. The irregular physical access options present a significant obstacle for potential users of the credit union, causing them to have to plan out in advance and find transportation to different locations whenever they wish to tend to their finances.

Products

In our task to analyze CMS's products we came across telling findings about their marketing and operations. CMS does not have any information on their loan product line beyond out of date pamphlets and the knowledge of their volunteers and staff. Staff and board members often could not convey the details and purpose of the individual loan options. The difficulties we experienced trying to understand CMS's services from an insider's perspective are only magnified for customers who must not only decipher the loan products, but then categorize their situation into one of four constrictive scenarios.

For savings, CMS Credit Union provides a basic savings account. The savings account does not provide interest; instead there is a dividend that is paid to each member of the credit union on a regular basis. In 2013, no dividend was paid due to a lack of funds after covering operating costs. The accounts can be funded through deposits made by the customer or through a payroll deduction scheme run by the credit union. Withdrawing money can be done by completing and delivering a form to CMS. The money is then delivered to an associated bank account, through a check, or as cash at a post office (a £2.50 fee accompanies this option) within five business days. Both the access options for withdrawing money and the wait required pose large obstacles to individuals that wish to use the credit union. These limitations discourage withdrawing money, which can also discourage saving or opening an account for some individuals, especially low-income customers.

A customer must maintain a CMS savings account for three months to access the loan products offered by the credit union. The loan products themselves widely range in purpose, with different products for each possible use case. This fragmentation of the product line needlessly introduces complexity at the very beginning of the loan process and increases operating and training costs for the credit union. The analysis of the current loan products offered by CMS can be found below in Figure 9.

Savers Loan	Premier Loan	Family Loan	Security Loan
Encourages savings. Long turnaround time. Confusing terms. Membership qualifications.	Borrow large over their savings. 12 month membership requirement. Minimum savings requirement.	No membership requirement. Quick access to small sums. Must pay child benefit. Confusing. Lose control over benefits.	No membership or minimum savings requirement. Loan amount cannot exceed savings.

Figure 9 CMS Loan Products Pros and Cons

A full and more detailed analysis of these loan products is attached in Appendix L.

In addition to the three-month account requirement to take out a loan, there is a 50-day backlog of loan applications as of April 2014. This backlog is caused by a number of factors, including loan application complexity, staffing shortages, and training shortcomings. In essence, somebody wishing to borrow from the credit union must wait nearly five months before his or her loan will be considered. This wait is unreasonable for many people who need a loan because of changes in circumstances and are not able to plan out their required loan five months prior to applying for the loan.

To apply for a loan from CMS, a customer needs to fill out a lengthy and complex loan application. The application asks for a large amount of data on financial history and other debts. It also asks for items such as bank statements, proof of income, and credit card statements. The complexity of the application is daunting to individuals with low levels of financial literacy – the very individuals who would benefit the most from the services of a credit union. The application also excludes those with little to no levels of financial inclusion through its requirements of bank and credit card statements. The application requirements present yet another obstacle to prospective customers, especially from low-income populations.

Presence and Marketing


Within the boroughs of Croydon, Merton, and Sutton, there is a very low level of awareness of the credit union. Very few individuals know that it exists or even what a credit union itself is.

With little to no physical storefront, it is difficult to spread word of the credit union in a natural way. Other marketing efforts, such as pamphlets and handouts, are almost nonexistent. The marketing materials that do exist are outdated and do not present the products of CMS in a clear and cohesive way. There are no marketing materials that outline the full range of products that CMS offers. Combined with the complexity of the product line, this ensures that spreading the word on CMS's benefits will remain a challenging task for the credit union.

CMS has two leaflets – both of which are outdated. These leaflets are heavy with text and light on visuals, making them challenging to understand for many people. The materials also do not actually convey much information on the products and services offered by CMS.

In addition to its leaflets, CMS has a website (www.cm SCU.co.uk). The web presence is also very outdated in terms of design and content. The home page, shown in Figure 10, is cluttered and hard to read. The page is very text dense, making it difficult to get important information. Additionally, there is nowhere on the website that fully explains the product line of CMS. On the borrowing page, shown in Figure 11, only the savers loan is mentioned briefly. No details are provided about the workings of the various loan products. Occasionally, the home page displays detailed information on all loans; however, the page changes content on a rotating basis, meaning there is not a place to see the information at all times.

The current state of the website and leaflets used by CMS to promote itself and its products fail to provide information to customers in a quick and easy way. The difficulties customers have in getting this information is detrimental to the marketing efforts of CMS and drives people away from the credit union.



CMS Credit Union
Savings & loans for people in Croydon Merton & Sutton
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
Firm registration number 213603. Industrial & Provident Society No: 569c.

Contact Us Bernard Weatherill House, 8 Mint Walk, Croydon, Surrey CR0 1EA
Telephone 020 8760 5711
Email: CU-info@cmscu.co.uk

Google™ Custom Search

Home page

We are now processing loan applications received after 04/04/2014

Welcome to Croydon, Merton & Sutton Credit Union

Volunteer at your Credit Union

Minute taker
Role: recording the proceedings of the Board Meetings, including accurate notes of discussions and action points.

- accurate note-taking
- organised
- ICT competency - word processing and email
- discreet

The Board of Croydon Merton & Sutton Credit Union meets monthly on the third Tuesday at 6:30pm. Meetings are usually at Croydon Town Hall, though in August and November we plan to hold our meetings in Merton and Sutton respectively.

We have a requirement for a competent person to take minutes of our discussions, noting Action Points, and distribute them promptly after the meeting. It would be of assistance if the candidate could work with the Operations Manager and President/Chair to plan the agenda of coming meetings.

Most of this work is commercially sensitive and discussions are sometimes confidential in nature, so discretion is important.


Expenses will be paid. Consideration will be given to an honorarium

Officers of the Credit Union Loan Panel
Role: consideration of individual loans to members and the making recommendations to the Board on loan policy and management of bad debt. Candidates must be:

- an adult member of the credit union, not in arrears re a credit union loan;
- regarded as a 'Fit and Proper Person' by the FSA.
- able to visit the central office weekly for 2 hours to consider loan applications.
- skills and confidence in numeracy are essential;

Training and support will be given.

HELP WANTED



▷ About CMS Credit Union
 ▷ Report & accounts
 ▷ Report & accounts
 ▷ CMSCU rules
 ▷ Member Benefits
 ▷ Latest News
 ▷ Contact us
 ▷ Become a member
 ▷ Borrow affordably

Figure 10 CMS Website Home Page



CMS Credit Union
Savings & loans for people in Croydon Merton & Sutton
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
Firm registration number 213603

Join Us Taberner House, Park Lane, Croydon, Surrey CR9 3JS
Save Money!
Telephone 020 8760 5711
Industrial & Provident Society No: 569c
Email: CU-info@cmscu.co.uk

Borrow affordably

Borrowing from us

Because we have no outside shareholders to pay, no big offices to run and many members help us with voluntary work, we can offer cheap and unsecured personal loans. We charge a fixed rate of interest to all members, not discriminating against anyone and not advertising rates that are rarely offered in reality.

We charge no set up fees, no repayment penalties and there are no hidden charges. You decide how much and how often you want to make repayments.

'Saver Loans'

As we are committed to promoting saving rather than borrowing, we require or encourage borrowers to put a small sum from each payment into a savings account. These savings cannot be withdrawn until the loan is repaid. We often require people to have been a saving member for a short period before applying for a 'saver Loan'.

The schemes offer low cost and flexible loans with no minimum sum, no set up charges and no early repayment penalties.

Contact us for a free no obligation quote and application pack.
Telephone 020 8760 5711

▷ About CMS Credit Union
 ▷ Member Benefits
 ▷ Latest News
 ▷ Contact us
 ▷ Become a member
 ▷ Borrow affordably
 ▷ Save easily
 ▷ Repayment problems
 ▷ Christmas 2013
 ▷ Payroll deductions

About us
Croydon Merton & Sutton Credit Union is a savings and loans co-operative authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Ethical savings
Investing up to £10,000 with the credit union can give you a social and financial return.

Affordable credit






Figure 11 CMS Website Borrowing Page

Organizational Structure

There are challenges in running an organization with a mixture of volunteers and paid staff. With CMS's current resources and philosophy it is necessary to have this mix. Referring to their organizational structure in Appendix K, at the top are CMS's members who they pride on owning the organization. There are opportunities for improvement with CMS's current structure in that it is difficult to recognize what group is responsible for what task or whom they report to. Through the analyses of this structure, we have found that these two aspects of its current structure create difficulties when it comes to both the board doing staff jobs and lack of communication within in the organization. Working to maintain CMS's member-owned mindset and mixture of volunteer and paid staff, we formed a recommended organizational structure which can be seen in our CMS report following.

Political Challenges

Potentially the largest challenge that CMS faces can be found within its own inner-workings and the politics surrounding its operations. There are multiple factions within CMS Credit Union that have differing views for the future of the credit union. The politics surrounding these factions is toxic to the future of CMS and is a serious obstacle to improving the credit union.

Within the Board of Directors, one group wishes to stay true to a strict interpretation of the duties and ideals of a credit union. They desire for the credit union to be community based, run by volunteers, and to be based on ideals of sound savings and borrowing. These individuals back many of the limitations and obstacles present in CMS's current policies, as these policies are founded in the principles of what credit unions should ideally be. These policies can be harmful to the ability of the credit union to compete with other financial institutions in the modern day market and meet the needs of less affluent individuals in the area. In contrast, competitors such as the predatory payday lenders provide low cost, barrier-free loans to individuals, at the cost of a high interest rate.

A separate group in the credit union recognizes the challenges that CMS faces in competing with the likes of payday lenders. They believe that the credit union must adapt to help out the community and prevent people from turning to the harmful loans. This group is relatively new to the credit union, so they have been limited in what they have been able to accomplish. Many of the ideas that this group has proposed have been perceived as unrealistic or difficult to achieve. These views have

served as obstacles in the way of implementing changes to tackle payday lenders and reach a broader audience.

The hostility present within the credit union has paralyzed action on many fronts and become counter-productive to the betterment of CMS. For change to come, the factions present within the credit union must come together and find common ground from which they can serve the community.

At the time (April 2014), internal tensions were escalating because of a requirement for CMS to have a 3% savings to loan ratio as established by regulatory bodies for financial institutions. CMS's ratio had declined steadily in the past two quarters, reflecting the struggles we observed the board experiencing at agreeing on strategic decisions. The urgency to meet this requirement by September 2014 led to initial talks about mergers with other credit union or being absorbed by a credit union with stronger financials. This finding remained an undertone for our work and validated our position as a third party committed to challenging CMS to transcend its limitations and actively pursue opportunities in Merton and the common bond area.

Credit Unions on a National Level

A Credit Union and Payday Lender Roundtable was attended in City Hall, London. The main findings from this event were: the financial and outreach struggles of credit unions nationally, the possibility of London credit union mergers, and the value of school educational programs. Points were raised on how credit union market share is increased as their integration with local community members rises. This finding reinforced our recommendations emphasizing increased presence of CMS in the borough and collaboration with the community. Another point on the importance of information technologies (IT) to be considered by credit unions desiring to grow backed a strong push for CMS's new marketing and IT materials to be simple and easy to use. Andrew Wakefield also spurred on a discussion concerning interest rates and how they should be lower for those who clearly have the ability to pay them back. It became evident there needs to be a clear directive that our product recommendations should be useful for low income to high income. Additionally, attending the Marketing Champions Workshop mentioned in the methodology revealed that ongoing marketing efforts for credit unions on a national level – including CMS – by ABCUL would not yield results until late 2014 - early 2015, which is too late to help CMS overcome

their current needs for increased presence and modern marketing.

CHAPTER 5: RECOMMENDATIONS

This chapter is presented in the form of a consultation report delivered to CMS to grow its customer base and improve its presence throughout its common bond area, specifically in Merton. The report starts off by clearly defining the scope of the project and the current state of CMS, repeating some of the findings detailed in Chapter 4. This leads into an executive summary of the recommendations as a whole, followed by in-depth analyses and evidence for each recommendation.

Seizing Opportunities

Reaching CMS Credit Union's Potential

29 April 2014

Chris Botaish

Brendan Cavanagh

Jose Cueva



Disclaimer

The material presented here is based on work completed by the WPI Commonside Team comprised of students from Worcester Polytechnic Institute in Massachusetts, USA, over the course of 15 weeks in the year 2014. It was completed in conjunction with Commonside Community Development Trust, with the cooperation of CMS Credit Union.

These recommendations focus on the area of East Merton, specifically Pollards Hill and the area surrounding the New Horizon Centre in Mitcham. However, these recommendations are designed to extend to the entirety of CMS Credit Union.



Project Introduction

Introduction

There is a section of the population in Merton that is **currently unable to access ethical financial institutions**, such as a credit union. These people often lack either the ability to access financial institutions or the knowledge of the institutions available to them. Moreover, there is a gap of knowledge in the available products and services that can meet the needs of low-income individuals due to an absence of CMS Credit Union presence in the area.

CMS is presented with an **opportunity for growth** by reaching out to this low-income potential customer base. This report includes detailed recommendations for implementing a pilot program that aims to achieve this outreach goal. The recommendations focus on **accessibility options, products and services, marketing and presence, and organizational structure**. These recommendations are specifically tailored to be achievable with the current resources available to CMS.

The scope of this report is to identify areas of improvement and provide detailed information of what needs to be implemented while maintaining CMS's own logistical strategies and autonomy.

CMS Credit Union Today

CMS offers ethical, fair, and socially conscious savings and lending products to its members. With a strong emphasis on the personal and financial wellbeing of its members, CMS has positioned itself on the front lines of credit union emergence in the UK. CMS's loan products demonstrate their mission of promoting regular saving.

CMS has the opportunity to expand its reach and grow their positive presence across Croydon, Merton, and Sutton. Currently there are people with financial needs who have not had the opportunity to experience the advantages CMS has to offer. According to the CMS 2013 Experian Report, more than half its member base is Tier 1 (highest income bracket) compared to the average across credit unions of 27%. Thus, there is an opportunity to grow the number of members in Tier 3 (lowest income bracket) from a low 14% to the average of 36%. Current members can also benefit from accessibility improvements and increased marketing efforts. Seizing CMS's opportunities to serve a larger community can allow for marked improvement. These opportunities have to be pursued strategically to best cater to CMS's needs.

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Detailed page numbers can be found in the Executive Summary.



Executive Summary

The following is a summary of recommendations in four key areas:

Accessibility

- **Provide a presence in locations close to the community** (pg. 5).
Set up location in the New Horizon Centre on Fridays from 09:00-14:00 with at least 1 staff member.
Provide weekend hours through collaboration with New Horizon Centre.
- **Change opening hours in select current locations** (pg. 7).
Croydon Monday, Wednesday, Friday 10:45 - 16:45.
Merton Civic Centre Wednesday 10:00 -17:00.
Move Sutton Civic Centre presence to Thursdays.
- **Provide easy access in place of requiring appointments to speak with CMS at the Croydon BWH** (pg. 7).
- **Provide checking, debit card, and ATM features to savings customers** (pg. 8).
- **Allow customers to check balances, submit forms, and join online** (pg. 9).

Products

- **Consolidate the current loan products line into a single universal loan** (pg. 10).

Marketing

- **Utilize a network of Credit Union Champions who are local community leaders enlisted to spread awareness and promote use of CMS Credit Union** (pg. 13).
- **Develop strong branding by following the principles of simplicity, emphasizing images over text, and consistency showcased in the developed website** (pg. 18).

Organizational Structure

- **Implement an organizational structure that emphasizes division of responsibilities, accountability, and a clear chain of command** (pg. 21).



Figure 1 Recommendation Areas

All four of the areas highlighted in Figure 1 are equally important to the realization of CMS's potential.

The circular figure represents that without one of the four areas, the recommendations would not be complete. Despite the fact each area is a separate piece, they are by nature complementary, as they require the unity of the entire organization.



WPI

Accessibility Recommendations



Figure 2 Current and Recommended Physical Locations

Accessibility Recommendations

Provide a presence in locations close to the community.

The current reach of CMS's physical locations can be seen in [Figure 2](#). These current locations do not reach a significant population in the three boroughs that CMS serves. In addition, the locations are primarily located within [civic centres](#), far away from many residential areas. From our research, we have found that **many people do not wish to travel far to access financial services.**

“**This [recommendation] grants CMS Credit Union access to a crucial demographic that is not currently being adequately served.**”

Our recommendation is to begin providing a physical presence in locations closer to the community. As a [pilot programme](#), we recommend setting up a **location at the New Horizon Centre in Pollards Hill on Fridays** from 9:00 to 14:00. This location lies at the border of Merton and Croydon, providing a central access point for residents of both boroughs. On Fridays, the New Horizon Centre hosts a community market, ensuring there will be high traffic throughout the day.

In addition, the New Horizon Centre is a [community centre](#) situated within an area with a large pool of Tier 3 residents. This grants CMS access to a crucial demographic that is not currently being adequately served via a setting that is familiar and comfortable to the community. After this initial location is established, piloting the unexplored option of holding weekend hours at [Commonside](#) would be beneficial. Several community events are held during the weekends at the New Horizon Centre that could expose a lot of individuals to CMS. This pilot would reach a cross-section of the population of interest that is unable to seek financial services during the workweek.

To ease the burden of providing a new location, the groundwork has been laid for cooperation with the [Commonside](#) Community Development Trust, the organization that runs the New Horizon Centre. [Commonside](#) will provide space for the credit union and assist with staffing.

The breakdown of the recommended changes for locations and opening times can be seen in [Table 1](#).

New Pilot Location

New Horizon Centre
Fridays 09:00 – 14:00
Potential weekend hours

Benefits

- Local presence within the community.
- Access to a currently underserved population.
- Access to demographic more interested in loans.
- New Horizon location already attracts potential customer base.

Evidence

New Horizon Centre hosts a weekly community market on Fridays that attracts a large number of potential customers. There is currently weak presence of financial services in the area.

Implementation

Preliminary talks underway.



Accessibility Recommendations

Location	Current Hours	Recommended Hours	Net Change
Croydon BWH	Monday 10:00 - 16:00	Monday 10:45 - 16:45	+1 <u>hr</u>
	Wednesday 10:00 - 16:00	Wednesday 10:45 - 16:45	
	Friday 10:00 - 15:00	Friday 10:45 - 16:45	
Merton Civic Centre	Wednesday 10:00 - 15:00	Wednesday 10:00 - 17:00	+2 <u>hr</u>
Merton Priory Homes	Tuesday 10:00 - 14:00	No Change	-
Sutton Civic Centre	Friday 10:00 - 15:00	Thursday 10:00 - 15:00	-
New Horizon Centre	N/A	Friday 09:00 - 14:00	+5 <u>hr</u>
		Net Change	+8 <u>hr</u>

Table 1 Current and Recommended Opening Hours



Accessibility Recommendations

Change opening hours in select current locations.

The current offerings at the Bernard Weatherill House amount to a Croydon availability of 17 hours per week. It would be advantageous to **shift forward the opening times of all three days by 45 minutes**. Closing 45 minutes later will allow easier access to those with jobs who work through the morning and afternoon. Increasing an hour on Fridays will not only expand Croydon availability to 18 hours per week and **allow for customers later in the day**, but will **keep times consistent**.

“**CMS can benefit from increased traffic and members can benefit from increased flexibility and access.**”

For the current presence at the Merton Civic Centre on Wednesdays, we recommend extending the opening hours by closing two hours later. This will not only allow for a stronger availability in Merton, but will also make CMS available at times when a lot of potential customers will be done with their work day. No changes to the Merton Priory Homes offering have been recommended in order to minimize the strain of staffing additional hours.

Lastly, the hours for the Sutton Civic Centre should be moved from Friday to Thursday. This will supply the current availability gap in any of the boroughs on Thursdays. Additionally, access to the Sutton location will be improved as it moves to a day when people are less likely to be travelling or busy for the weekend. By doing so, **a complete workweek availability will be achieved**.

Provide easy access in place of requiring appointments to speak with CMS at the Croydon BWH.

Currently, reaching CMS at the BWH location requires an appointment coordinated by BWH staff, requiring personal information to be divulged to a third party. This creates an uncomfortable environment for potential new members and existing members alike. Having a wait time imposed by the BWH facility is prohibitive to CMS customers.

We recommend **eliminating the appointment requirement within the BWH**. By allowing walk-ins, CMS can benefit from increased traffic and members can benefit from increased flexibility and access.

Benefits

- Easier access later in the day.
- Physical presence throughout entire workweek.
- Consistent hours throughout the week at BWH.
- Easier access for walk-ins at BWH.

Evidence

We conducted interviews with people concerning opening hours. Our team personally experienced a wait time of over an hour and was then required to give personal details at BWH.

Implementation

Alert BWH staff of a walk-in policy for the credit union to generate immediate benefits.



Accessibility Recommendations

Provide checking, debit card and ATM features to customers' savings.

CMS provides services that work supplementary to a separate bank account. It does not have the capabilities to provide full banking services to members. To access money held in savings, a member must contact CMS to transfer the money to a separate bank account. From our research, we determined that offering debit card and ATM access is essential.

To help meet the desires of the market, we recommend providing debit card and ATM access to members of the credit union.

This is a compromise between the full banking services that many people would prefer and the current offerings of CMS.

This removes a large barrier to entry that many members would face when considering the use of CMS. Access to financial services needs to be easily available particularly when 24-hour availability of ATM and online access has become the norm.

“This [recommendation] removes a large barrier to entry that many members would face when considering the use of CMS.”

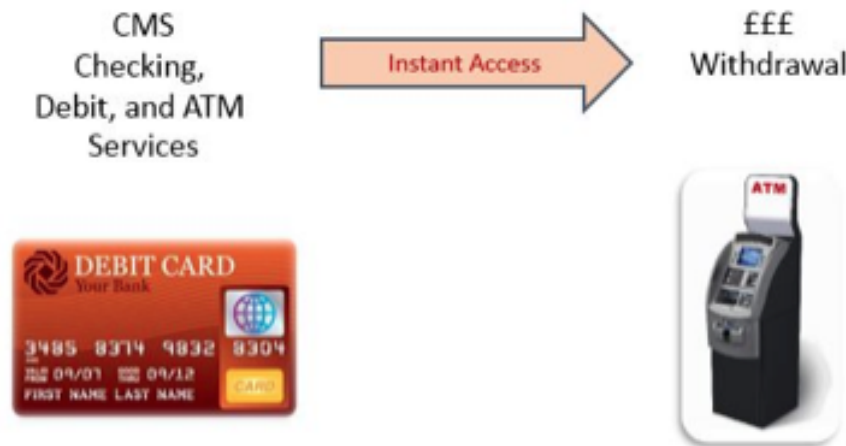


Figure 3 Recommended Checking, Debit and ATM

Benefits

- Quick and easy access to money for customers.
- Help reduce barrier to entry for potential customers.

Evidence

From a focus group conducted with potential new members, we found the current multi-step process to be unacceptable to many people. The top concern voiced by the focus group was the difficulty to access money in savings.

Implementation

There are systems that can be bought into by the credit union to fulfill this essential recommendation. In the meantime, improving current online capabilities discussed below could partially supply this need.



Accessibility Recommendations

Allow customers to check balances, submit forms, and join online.

Most of CMS's operations are currently completed through traditional mediums: telephone, mail, and in-person. These mediums are effective at providing catered and thorough service. However, they are limited by time and availability as these avenues can only be accessed at specific times and locations. CMS also offers some communications through automated text messages, which helps alleviate some of these limitations.

“The experience CMS will gain...will allow for an easy transition into a mobile phone application.”

To improve access to CMS's services, we **recommend gradually implementing various online banking tools**. This access does not need to be all encompassing. Instead, we recommend focusing on providing the ability to view balances, make withdrawals, and complete application forms online as a key starting point to improving overall accessibility to the credit union's services. With this system as a foundation, when resources are more readily available CMS would be able to build upon it to provide a more robust online banking tool.

The experience CMS will gain from this new venue will allow for an easy transition into a mobile phone application at a later date. Other credit unions have already implemented these tools and set a precedent that could be used as a framework for CMS.

The implementation process of this recommendation will be more arduous than that of other recommendations. However, **the benefits of such a system greatly outweigh the challenges** it presents. Not only does this system improve the experience for members of the credit union, increasing their ability to access the services provided, but it can also reduce workload for CMS staff. With the addition of online banking, fewer people will need to come in to conduct their basic banking needs.

Applications and forms submitted online would be able to be processed automatically by the system, as opposed to being manually handled by staff. This improvement to workflow would alleviate pressure on CMS's existing staffing structure.

Benefits

- Reduces workload for CMS staff.
- Access to financial information online helps families budget.
- Potentially minimizes document backlogs.
- Competitive Internet access options.

Evidence

Leading financial institutions offer competitive online access options.

Implementation

We have put together a fully functioning website discussed further in the Marketing Recommendations section, which includes an entry point for some of these key features already. We encourage a strategic effort to further expand upon this opportunity in a way that best suits CMS.



WPI

Product Recommendations

Consolidate the current loan products line into a single universal loan.

The current loan product line marketed by CMS consists of four main loans: the Saver Loan, Security Loan, Family Loan, and Premier Loan. Each of these loans is catered to a specific situation. The loans are carefully designed to reduce the risk that CMS takes on. CMS is committed to encouraging savings and ensuring that the loans will be affordable for borrowers.

The primary issue with this product line is that it is inherently constraining. With four static loans, anyone that wishes to borrow must categorize their needs to fit within the constraints of one of the available options. This not only challenges potential borrowers to categorize themselves, but also excludes sections of the market that are not necessarily served by these four loans. There are innumerable situations for loans, and as such designing a separate loan for each of these is infeasible. The separate loans increase the burden on the borrower and needlessly complicate staff training and marketing communications.

As a solution, we **recommend unifying the loan products into a single dynamic universal loan** that can be readily tailored to

all circumstances. When individuals come to borrow, they do not think about different loan products, but rather want the best loan they can get. This product will be tailored to these customers in two complementary ways:

- The length of time that a member has belonged to the credit union will determine the maximum amount of money they may borrow.
- The ratio of the member's savings to loan size will determine the interest rate (APR) of the loan.

With this system, the customer will receive the best loan possible based on their specific situation. Current loan products contain several constrictive requirements, such as minimum monthly savings and mandatory membership requirements, which our recommended loan eliminates. Anybody who wishes to borrow would be eligible to apply for a loan. Under the proposed framework, **having savings or being a member for a period of time would be rewarded** with increased borrowing limits and lower APR. Additional features can be added, such as paying back with direct deposit of child benefits or life insurance options, while still adhering to the universal loan framework.

Example Product Distribution

An example distribution of how the Universal Loan can work can be seen in [Table 2](#). The distribution represents the underlying structure of the loan product. This setup can and should be modified for specifics. For example, while recommending specific max loan amounts or interest rates is outside of our scope, it is the concept of the universal loan that should be embraced by CMS.

Example Loan Interface

A computer interface can be used to further demonstrate the simplicity of the Universal Loan. Such an interface can be seen in [Figure 4](#). This interface is implemented in the redesigned website provided.



Product Recommendations

Loan Amount Table

Membership Length (Mo.)	0-2	2-4	4-6	6-8	8-10	10-12	12-14
Max Loan Amount (£) ¹	£500 ²	£1000	£2000	£3000	£5000	£8000	£12000
Membership Length (Mo.)	14-16	16-18	18-20	20-22	22-24	24-26	26-28
Max Loan Amount (£) ¹	£16000	£20000 ³	£24000	£28000	£34000	£40000	£46000
Membership Length (Mo.)	28-30	30-32	32+				
Max Loan Amount (£) ¹	£52000	£60000	£70000				

¹ Maximum loan amount is subject to approval by the loan application process.

Being a member for a period of time does not automatically approve you for the specified max loan amount.

² For loans less than or equal to £500, your loan can be paid back with child benefits.

³ For loans over £20,000, you must have savings equal or greater than 50% of the loan amount.

Interest Rate Table

Savings to Loan Ratio (%) ¹	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40
APR (%)	28	27	26	25	24	23	22	21
Savings to Loan Ratio (%) ¹	40-45	45-50	50-55	55-60	60-65	65-70	70-75	75-80
APR (%)	20	19	18	17	16	15	14	13
Savings to Loan Ratio (%) ¹	80-85	85-90	90-95	95-100	100+			
APR (%)	12	11	10	8	5			

¹ For example, a savings to loan ratio of 30% means £300 in savings for a loan of £1,000.

Table 2 Example Universal Loan Distribution



Product Recommendations

How long have you been a member of CMS Credit Union?

10 Mo.

How much do you have saved with CMS Credit Union?

£ 6500

How much would you like to borrow?

£ 7100

Because you've been a member for 10 months, you can borrow up to £8000.*

How long would you like to repay over?

16 Mo.

Representative Loan Example

Based on how much you have saved, your APR could be as low as 10%.*

To pay back £7100 in 16 months with a 10% APR, you will pay **£475.83 per month.**

Including interest, you will repay a total of **£7613.28 for this loan.**

(*) Loan amount is subject to approval based on affordability calculations. APR may change based on past credit history. Availability of loan product is subject to approval through the loan application process. Apply Today.

Figure 4 Universal Loan computer interface shown in redesigned website



Marketing Recommendations

Utilize a network of CMS Champions who are local community leaders enlisted to spread awareness and promote CMS Credit Union.

CMS has limited advertising and current materials are out of date. CMS wishes to more fully integrate itself with the communities it serves and the potential to become a well-known name remains. Current resource constraints hinder the capacity to use mainstream marketing avenues that provide greater exposure and visibility.

To capitalize on these untapped marketing opportunities, **we have recruited a number of people willing to serve as CMS Champions.** These Champions are local community leaders who have existing networks rich in potential credit union customers. These leaders range from local government officials to debt advice councilors. Each of the Champions possesses the trust of a large network of people who they assist on a wide range of matters on a regular basis. Our research has shown financial matters require great amounts of trust, and relying on the trust between the leaders and their clients is an effective way to reach out to people who may otherwise have been unreachable.

With this new network in place, CMS can be integrated into the area to become a resource these leaders point to in their discussions with the community. Using the pamphlet in [Figure 5](#) that engages their commitment and highlights what CMS has to offer, Champions will be able to confidently recommend CMS to someone who may benefit from it. In this way, CMS will reach those truly interested in its services.

All Champions listed in [Table 3](#) were interviewed to gauge their current network as well as their willingness to promote CMS. Every Champion was enthusiastic about what credit unions can offer their clients and are excited to start cooperating with CMS. The **network of Champions contains roughly 20 people** that hold different positions across multiple organizations primarily within the Borough of Merton. The work of champions will go beyond marketing into assisting people with joining CMS and accessing loans.

From the information and numbers we gathered from each Champion, we expect it is possible for this network to recommend CMS to approximately 750 people per week as well as a standing pool of 20,000 people, contingent on the level of action from CMS as seen in [Table 4](#) and illustrated in [Figure 6](#).

Meet a Champion!



Naomi Martin
Director

[Commonsense Community Development Trust](#)

Benefits

- Little to no cost.
- Ability to utilize email databases.
- Increases presence of CMS.
- Reaches hard to reach populations.

Evidence

"The approach [to customers] needs to be more friendly"
-CMS Champion



WPI

Marketing Recommendations

Services Offered

<p>Savings Accounts CMS offers a basic savings account option for all its members. This is a great option for anybody to get started saving. There is just a £1 minimum balance for savings accounts! The return on the account varies yearly based on credit union performance.</p> <p>Saver Loan Interest Rate: 19.6% APR Length: Up to 60 months Amount: Up to £1,000 above savings Requirements: 3 Months Membership £25 savings contribution per month</p> <p>Security Loan Interest Rate: 5% APR Length: Up to 60 months Amount: Up to savings Requirements: None</p>	<p>Loan Product CMS offers four loan products, small amount, their monthly loan product o</p> <p>Premier Loan Interest Rate: Length: Amount: Requirements:</p> <p>Family Loan Interest Rate: Length: Amount: Requirements:</p>
--	---

Applying for a Loan
If somebody wishes to apply for a loan, they should be referred to the loan application form found on the CMS Credit Union website. The completed application should be mailed or delivered to a CMS branch for processing. Alternatively, if a person needs assistance with the application they may stop by in person.



Champions

Using Credit Union to Help the Community
Thank you for volunteering to be a CMS Credit Union Outreach Champion!

-We offer easy access to essential financial services.
-We encourage savings from all of our members and offer affordable borrowing options to those that need them.
-We are a not for profit organization - all of the profits we make are given right back to our members.

All the information you need to recommend CMS Credit Union to the people you work with is here. If you have any questions, please contact us.

Together we can help build a culture of financial resiliency!



Contact Info

Croydon: Civic Centre (BWH)
Monday 10:00 - 16:00
Wednesday 10:00 - 16:00
Friday 10:00 - 15:00

Merton: Merton Priory Homes
Tuesday 10:00 - 14:00

Merton: Merton Civic Centre
Wednesday 10:00 - 15:00

Sutton: Sutton Civic Centre
Friday 10:00 - 15:00

Telephone
020 8760 3711
Email
enquiries@cmscu.co.uk
Website
www.cmscu.co.uk
CMS Credit Union Office
Bernard Weatherill House
8 May Walk
Croydon, Surrey CR0 1SA



CMS Credit Union
Croydon, Merton and Sutton
Credit Union



A Guide to Products & Services
Created for CMS
Outreach Champions

23 April 2014

There is a one-time charge of £1 to cover administration costs. An initial deposit of at least £1 is also required.

Figure 5 CMS Champion Informational Pamphlet (Back & Front)



Marketing Recommendations

Champion	Organization	Position	Ties to Local Community	Outreach*
Siobhain McDonagh	Mitcham and Morden	MP	Has large constituency and works with families.	40 per week. 10,000 email contacts.
Naomi Martin	Commonside Community Development Trust	Director of Commonside	Director of Commonside's activities and customer base.	500 per week.
Andrew Wakefield	Vicar C of E	Several appointments	Spiritual, community, financial leader.	-
Russel Makin	Borough of Merton	Cricket Green Councillor	Councillor of Cricket Green.	-
Caroline Quinn	Moat Housing	Community Development Officer	Works with families living in Moat housing.	10,000 standing.
Gerry Stanton	Pollards Hill Baptist Church	Pastor	Leader of local Baptist Church.	100 per week.
Suzie Rollins	Borough of Merton	Benefits Coordinator	Works with working age individuals and pensioners on managing their benefits.	33 per week.
Trevor Foreman	Citizens Advice Bureau	Benefits Advisor	Helps individuals with benefits problems.	27 per week.
Brenda Fraser	Merton Council	Loathornton Councillor	Resolves local community needs.	25 per week.
David Chung	Merton Council	Loathornton Councillor	Resolves local community needs.	-
Joseph Dance	Borough of Merton	Policy, Strategy, and Partnerships Officer	Works on financial management aid for Merton.	-
Step Forward Team	Commonside Community Development Trust	Financial and debt advisors.	Deal with walk ins and moat housing tenants.	23 per week.
Kevin Vickers	Jeremiah Project & Mitcham Community Trust	Spiritual Leader	Local spiritual leader, debt management and budgeting advisor for Jeremiah Project.	8 per week.
Phil Stone	Christians Against Poverty	Centre Manager - London Streatham	Works with locals to help with poverty and money management.	-
Slawek Szczepanski	Polish Families Association	Director	Aids local Polish families with issues.	-
			Total	756 per week + 20,000 standing.

* Outreach is defined in number of people.

Table 3 Recommended CMS Champions



Marketing Recommendations

Level of Action

Level of Action refers to the amount of effort put forth by CMS concerning CMS Champion communication, material supplementation, and engagement. Table 4 below describes the specific efforts that define the different levels. Figure 6 displays the outreach potential by level graphically.

Level of Action	Efforts	Outreach Pool*
Level 1	No further communication between CMS and Champions beyond WPI Team.	756
Level 2	Open lines of communication and continued supply of training materials.	756 per week
Level 3	Level 2 efforts + potential banners, application dropoffs, and physical ads to be distributed to Champions.	756 per week + 20,000 standing

*Numbers are based on weekly estimates and standing pools in attached Champion list.

Table 4 CMS Champions Levels of Action



Marketing Recommendations

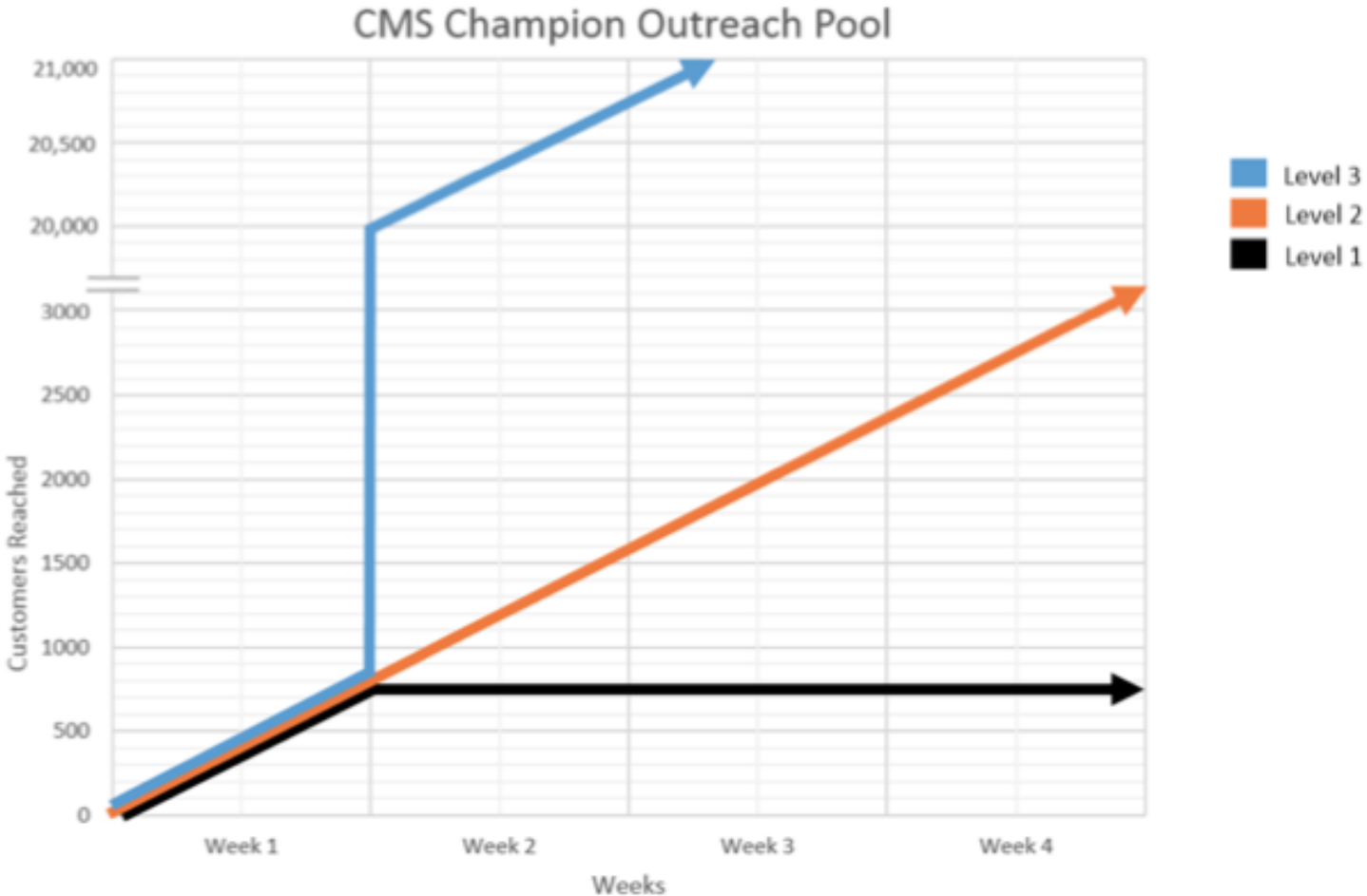


Figure 6 CMS Champion Outreach Graph



Marketing Recommendations

Develop strong branding by following the principles of simplicity, emphasizing images over text, and consistency showcased in the developed website.

Present marketing efforts by CMS have relied heavily on text to explain the available product line. While potentially effective at explaining in-depth the details of the products, these materials are not effective at catching the attention of potential customers or at conveying information effectively.

Our recommendations concerning marketing materials revolve around a set of core design principles. These principles will guide the development of future marketing materials in ways likely to increase their outreach and effectiveness.

Conciseness

Text utilized in marketing materials should be concise and straight to the point. The most important pieces of information should be stated clearly and visibly. Messages should be laid out in a simple to understand and short way.

Consistency

Every design should follow a consistent theme or branding. Doing so will increase the brand power of CMS and make all marketing efforts instantly recognizable.

Visual References

Visual references should be used instead of text wherever possible. Visual tools better illustrate the concepts and increase the potential audience.

Simplicity

Unneeded design elements should be removed or replaced. Less is more. Having fewer design elements can attract attention to the most important pieces of information and improve understanding of the content.

A functioning redesigned website for CMS was created alongside these recommendations. This website illustrates these principles. Screenshots of this website can be seen in [Figure 7](#) and [Figure 8](#). The source code of this website has been provided in digital form.

Benefits

- Strong branding.
- Redesigned website provides branding example.
- Concepts can be easily applied across marketing platforms.

Evidence

We compared current materials to those of other industry leaders to identify strengths and shortcomings.

Implementation

The provided website redesign should be adapted to fit CMS's needs and be deployed. Documentation explaining how to integrate the website with existing systems has been provided in a separate document.



WPI

Marketing Recommendations

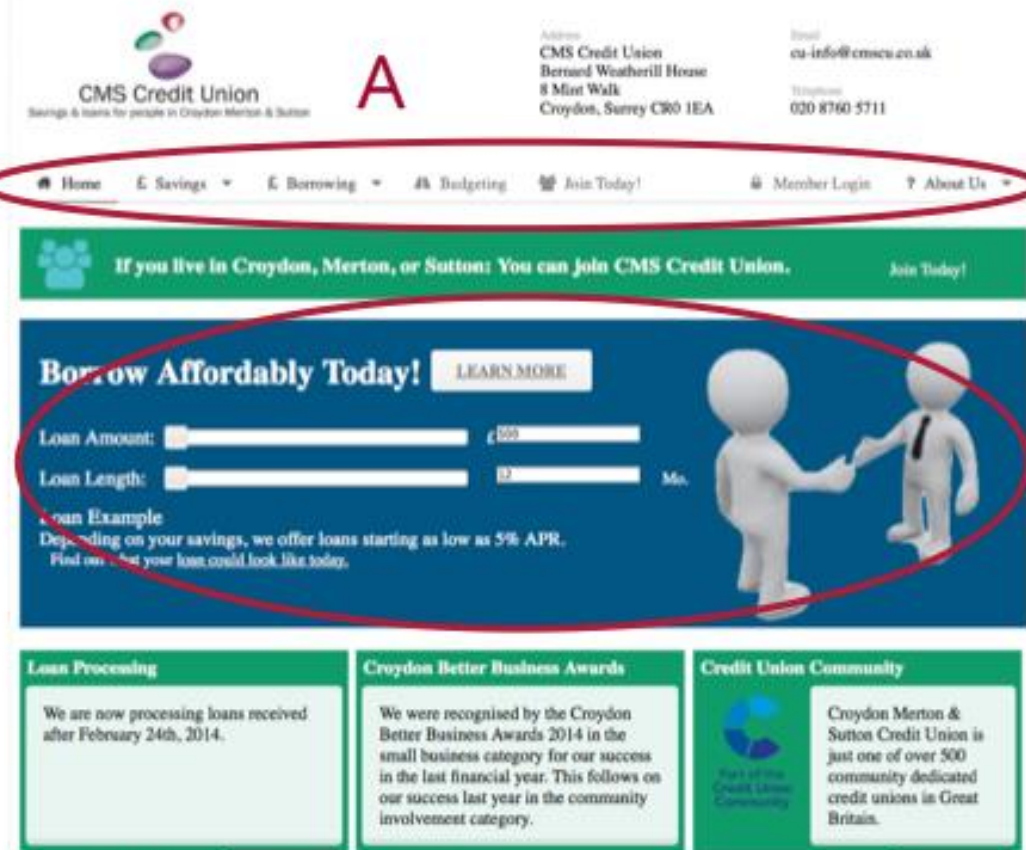


Figure 7 Redesigned Home Page

A: Consistency

This highlighted navigation bar is present on all pages throughout the website. The consistent header at the top provides a frame of reference for visitors to find their way around. It distills the contents of the website into the most important categories.

A similar footer with navigation options is also present on each page, further increasing the familiarity for the user.

B: Visual References

The highlighted dialog on borrowing quickly presents the user some of the core concepts of loans from CMS. It uses visual representations of the loan to capture the attention of the visitor and draw them further into the details of borrowing.



Marketing Recommendations

The image shows a redesigned website page for 'Savings Overview'. At the top, a red banner contains the text 'If you live in Croydon, Merton, or Sutton: You can join CMS Credit Union.' and a 'Join Today!' button. Below the banner is a navigation menu with 'Overview', 'PayPoint', and 'Balance Request'. The main content area is titled 'Savings Overview' and 'Saving for Your Future'. It features a large heading 'Benefits of Our Savings Accounts' which is circled in red, followed by a bulleted list of benefits. Below this is a section titled 'Withdrawal Options' with a single bullet point. The page is annotated with letters: 'C' is next to the top banner, 'D' is next to the navigation menu, and 'E' is next to the bulleted list.

C: Consistency
If you live in Croydon, Merton, or Sutton: You can join CMS Credit Union. Join Today!

Savings Overview

Overview
PayPoint
Balance Request

Saving for Your Future

We promote savings over borrowing; we believe preventing debt is better than treating it.

We provide savings accounts to all of our members. With easy ways to deposit and withdraw, our savings option makes it easy to save for the future while not tying up your money.

Benefits of Our Savings Accounts

- Deposit using payroll deduction, standing order, PayPoint, or cheque/cash at our service locations.
- Withdraw over the phone, in person, or over email. Withdrawals are paid directly into your bank account via BACS or by cheque.
- Receive competitive dividends on your savings.
- Savings are insured by the Financial Services Compensation Scheme.

Withdrawal Options

- To withdraw over email, complete the withdrawal form and email it to en_withdrawals@cmscu.co.uk

D

E

C: Consistency

Like all pages in the website, this page follows a strict theme based on the colors of CMS (red, green, and purple). Using this theme drives home the branding of CMS, increasing the brand value.

D: Simplicity

The structure of each section of the website is stated on the left side of each content page. Seeing this breakdown anchors the user in the website and shows them where to find related relevant information. Using simple layouts is key to providing crisp and clear marketing.

E: Conciseness

The use of large headers highlights important areas of the page. Bullets are used instead of prose to show important information quickly.

Figure 8 Redesigned Savings Overview Page



Organizational Structure Recommendations

Implement a staffing structure that emphasizes division of responsibilities, accountability, and a clear chain of command.

CMS is aware of the challenges that come with managing an organization reliant on volunteer involvement as well as paid staff. Current discussions exploring how the organizational structure can be strengthened to meet new opportunities and develop key undertakings merit a high level of priority. The following acknowledge CMS's willingness to adapt their organizational structure.

In the current organizational structure of CMS, there is a lack of defined divisions of labor, which create an environment where it is unclear who is responsible for different tasks. In such an environment, key operations can be left undone or delayed.

A new organizational structure that clearly defines the roles and responsibilities for each member of the organization can be seen in **Figure 9**. This organizational structure focuses on four main principles.

Division of Responsibilities

Each key task in the organization corresponds to a specific role or division dedicated to its completion in a timely and satisfactory manner. Each role or division avoids participating in much work outside of its scope.

Clear Chain of Command

Each role or division of the organization has a clear supervisor who is responsible for ensuring that the work of those they oversee is completed in a timely and satisfactory manner. The supervisor also ensures that their subordinates have access to the resources they need to carry out their duties.

Accountability

Each role or division must have a specific set of goals or duties that they are responsible for. Based on the chain of command, supervisors are responsible for holding accountable their subordinates for the work to be completed. Likewise, those above the supervisor are responsible for holding the supervisor accountable for any work they or their subordinates complete.

Prioritization

The key operations of the organization must be identified so appropriate resources are provided to accomplish them. This is facilitated through a clear division of tasks within groups of the organization.

Benefits

- Helps ensure operations are completed in a timely and satisfactory manner.
- Reduces workload through division of responsibilities.
- Minimizes work overlap.
- Emphasizes prioritization of key operations.

Evidence

There is a desire within CMS to explore alternative organizational structures to meet current goals.

“Following these four key principles, the recommended organizational structure aims to advance CMS into a more agile, effective, and efficient organization.”



Organizational Structure Recommendations

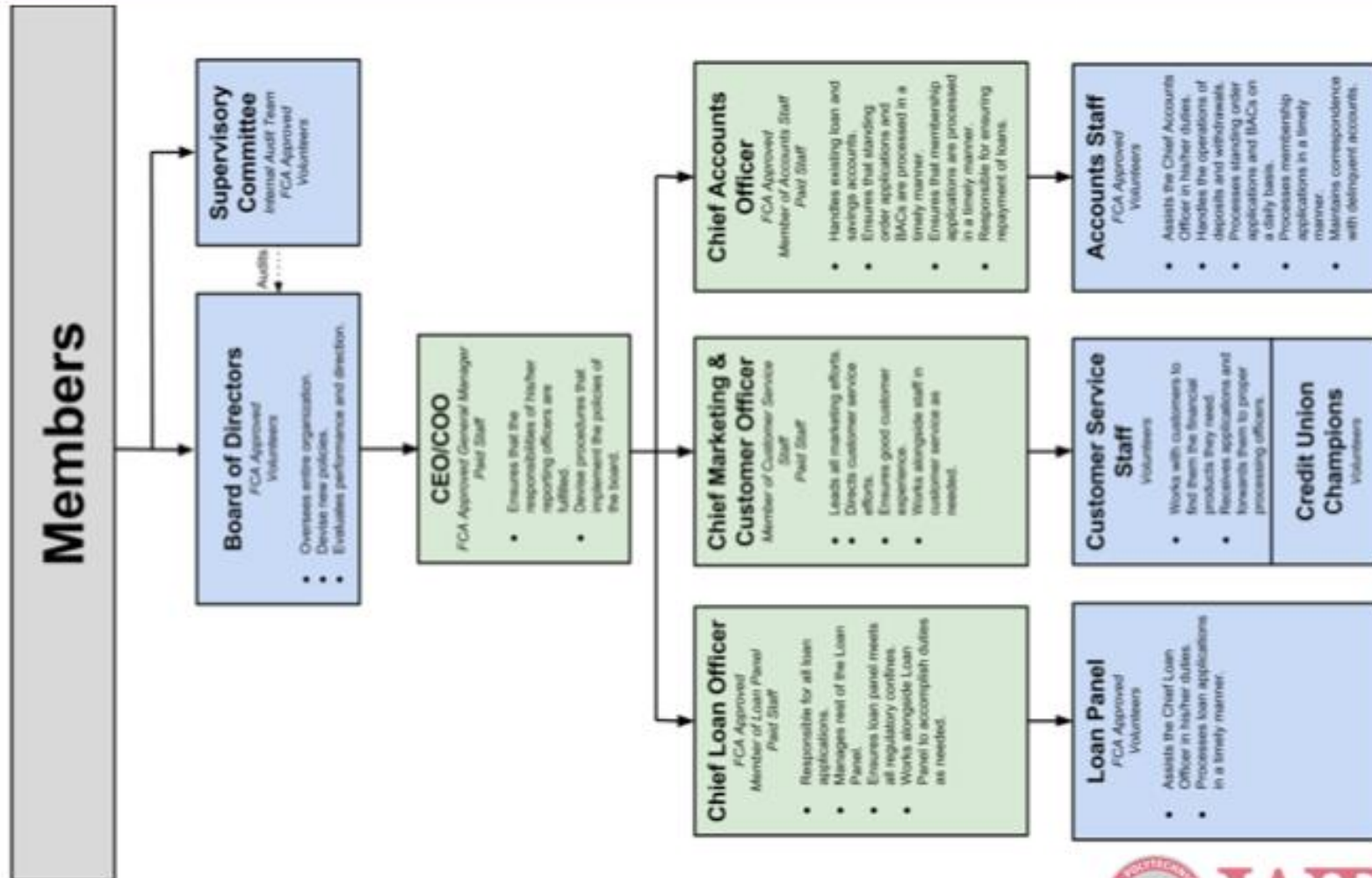


Figure 9 Recommended Organizational Structure



Conclusion

As discussed, there is a clear market and opportunity for CMS. This report has highlighted recommendations concerning how best to seize this opportunity while acknowledging the challenges CMS and the credit union community as a whole are facing. By expanding CMS Credit Union's accessibility, streamlining its products, achieving a strong presence in the area, and adjusting its organizational structure, CMS can serve its members in a more effective way. If implemented strategically and efficiently, these recommendations can provide a strong foundation, which can be continually built upon as CMS expands.

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CONCLUSION

Through exploring the Borough of Merton with the aid of Commonsense Community Development Trust, a need has been identified for CMS Credit Union to better serve the borough by encouraging savings and providing non-predatory loans. Specifically, the ward of Pollards Hill suffers from indebtedness, unemployment, and other financial woes that CMS can help alleviate. Whilst integrating with CMS, challenges were encountered in many key components of its operations – physical access, products, presence and marketing, organizational structure, and internal politics. These issues prevent CMS from being able to effectively serve the whole of Merton.

Particularly, CMS struggles to meet the needs of low-income groups. For the credit union to best serve these low-income residents, we identified four key areas of improvement: accessibility, products, marketing, and organizational structure. To this end, a consultancy report, website, pamphlet, and marketing network were delivered to CMS as part of a recommendations package. These recommendations to CMS apply not only to low-income demographics, but extend to all income tiers. Likewise, these recommendations can benefit not only Merton, but also the other boroughs that CMS serves. These recommendations are essential to helping CMS fulfill their opportunity to not only expand their reach, but more importantly improve the lives of the residents of Croydon, Merton, and Sutton.

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APPENDIX A: FINANCIAL RESOURCES SURVEYING FORM

Financial Resources Surveying Form			
Neighborhood:			
# of Banks:		# of Ads for Banks:	
Hours of Banks:			
# of Credit Unions:		# of Ads for Credit Unions:	
Hours of Credit Unions:			
# of Payday Lenders:		# of Ads for Payday Lenders:	
Hours of Payday Lenders:			

APPENDIX B: CREDIT UNION DATA COLLECTION FORM

Credit Union Overall Information Form		
Credit Union		
HQ Location		
Number of Branches		Branch Hours
Number of Employees		# Volunteer
# Part-time		# Full-time
Outreach Efforts		
Notes		

APPENDIX C: CREDIT UNION PROGRAM ASSESSMENT FORM

Credit Union Program Assessment			
Credit Union			
Location		Date	
Program Name			
Description			
Length		Attendance	
Questions for Facilitator			
How is the retention rate for these programs?			
Do you do anything to assess the effectiveness of these programs?			

APPENDIX D: EXPERT CONTACT INTERVIEW TEMPLATE

Interview Template for Expert Contacts				
Date:		Location:		
			Name	Title Organization
Interviewer:		Interviewee:		
Purpose:				
Introduction:				
Overview:				
Question #1:	What are your daily responsibilities (Professional)?			
Question #2:	From your experience, what problems do the people you work with face?			
Question #3	What are the underlying factors of the problems?			
Question #3:	What types of resources are available to families in the area? Do you provide any resources through your work?			
Question #4:	Do you have any familiarity with credit unions, in the area or otherwise?			
Question #5:	How do you think credit unions might help these families, if at all?			
Question #6:	How many people do you work with on a weekly basis?			
Question #7:	How many of these people do you work with often? (On Average)			
Questions #8:	Would you be willing to participate in an ambassador program for CMS Credit Union, using it as a tool to promote to people you work with that it may help?			

APPENDIX E: INDIVIDUAL FAMILY INTERVIEW TEMPLATE

Interview Template for Families	
Date:	Location:
Interviewer:	
Occupation	Age:
Education	
Introduction:	
Overview:	
Question #1:	How did you first connect with Commonsense?
Question #2:	Have you ever used the services of any financial institution (i.e. banks, credit unions, payday lenders, lenders at large)
Question #3:	What do you look for or expect from the service you receive at a financial institution?
Question #3:	Would you be more likely to utilize financial resources associated with Commonsense?
Question #4:	Do you have any familiarity with credit unions, in the area or otherwise? (If not, explain to them)
Question #5:	What is your opinion of credit unions?
Question #6:	Do you know of any bad experiences people have had with credit unions or other financial institutions?
Question #7:	Have you ever utilized the services of a credit union?
Question #8:	Do you have any knowledge of the nearby credit union? (CMS Credit Union)
Question #9:	Have credit unions ever been suggested to you? If so, by whom?
Question #10:	What services would you like to see a credit union offer?
Question #11:	Would a physical location make you more likely to use the services of a credit union?
Question #12:	Would a web-based service (i.e. phone app, website) make you more likely to use the services of a credit union?

Question #13:	Would automated access (i.e, ATM) make you more likely to use the services of a credit union?
Question #14:	Would one-on-one consulting sessions make you more likely to use the services of a credit union?

APPENDIX F: FOCUS GROUP TEMPLATE

Focus Group Template			
Date:		Location:	
Interviewer:			
# Participants:			
Introduction:			
Overview:			
Question #1:	How would you describe your community?		
Number of Responses:			
Question #2:	What opportunities do you see in your community?		
Number of Responses:			
Question #3:	What problems do you see in your community?		
Number of Responses:			
Question #3:	What does your community need?		
Number of Responses:			
Question #4:	What are your feelings about banks?		
Number of Responses:			
Question #5:	What are your feelings about credit unions?		
Number of Responses:			
Question #5.1:	What experiences do you know of with credit unions?		
Number of Responses:			
Question #5.2:	What would make you want to use a credit union?		
Number of Responses:			

Question #6:	How important are convenient access options (physical location, mobile app, web-based service)?
Number of Responses:	
Question #7:	What kind of programs would you attend at a credit union?
Number of Responses:	

APPENDIX G: COMMONSIDE STAFF MEMBER ACQUAINTING

Commonside Staff Acquainting

Name:

Role:

Team:

Email:

- What are your day-to-day responsibilities at Commonside?
- How long have you been working at Commonside?
- What brought you to Commonside?
- What projects are you working on right now?
- What is your schedule? (When are you available)
- What do you like most about Commonside?
- Roughly how many individuals do you aid per week?
- Did you have any previous training or experience in this field?
- Do you live around the area?
- Is there anything else you would like us to know?

APPENDIX H: MARKET RESEARCH SURVEY

For a credit union to be successful in Merton, it must provide the correct set of products, access options, and marketing campaigns to the community. To help form our recommendations concerning credit unions, we had to establish an understanding of the desired financial services of the local residents. Such an understanding was gained through a strong emphasis on market research, specifically a survey of the local population. The survey focused on the following key marketing points of a credit union:

1. Marketing Strategies - the outreach efforts used to convey the message of a credit union and attract customers.
2. Products/Services - the products and services that a credit union can offer to its clientele.
3. Access Options - the ways that a credit union's clientele reach the offered products/services.

The survey questionnaire was constructed in such a way that it provided us statistically significant results. Each question and their ordering were revised for any potential biases. In addition, the sample set of respondents was thoughtfully chosen to ensure a representative cross-section of the population surveyed. The survey can be found below.

1. Do you know what a credit union is? Yes No

2. Do you use a credit union? Yes No

3. Please rate the following financial services on how likely you would be to use them.

Financial Service	Very Unlikely	Unlikely	Neutral	Likely	Very Likely
Small Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Checking/Savings Account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Debt Consolidation Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mortgage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Car Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Please rate the following add-on services on how likely they are to influence your decision to use a credit union.

Add-on Service	Very Unlikely	Unlikely	Neutral	Likely	Very Likely
High Interest Rate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Initial Account Balance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fraud Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rewards/Cash Back Programme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Free Checking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Debit Card	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>


5. Please rate the following access options on how likely they are to influence your decision to use a credit union.

Access Option	Very Unlikely	Unlikely	Neutral	Likely	Very Likely
Mobile App	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Website	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nearby Physical Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community Centre Presence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merton Civic Centre Presence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ATM Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Where do you receive most of your information?

- | | |
|---|--------------------------------------|
| <input type="checkbox"/> Television | <input type="checkbox"/> Bulletins |
| <input type="checkbox"/> Radio | <input type="checkbox"/> Pamphlets |
| <input type="checkbox"/> Magazine/Newspaper | <input type="checkbox"/> Newsletters |
| <input type="checkbox"/> Word of Mouth | <input type="checkbox"/> Web |

APPENDIX I: CMS CHAMPIONS PAMPHLET



Champions

Using Credit Union to Help the Community
Thank you for volunteering to be a CMS Credit Union Outreach Champion!

- We offer easy access to essential financial services.
- We encourage savings from all of our members and offer affordable borrowing options to those that need them.
- We are a not for profit organization – all of the profits we make are given right back to our members.

All the information you need to recommend CMS Credit Union to the people you work with is here. If you have any questions, please contact us.

Together we can help build a culture of financial resiliency!



Contact Info

Croydon: Civic Centre (BWH)
Monday 10:00 - 16:00
Wednesday 10:00 - 16:00
Friday 10:00 - 15:00

Merton: Merton Priory Homes
Tuesday 10:00 - 14:00

Merton: Merton Civic Centre
Wednesday 10:00 - 15:00


Sutton: Sutton Civic Centre
Friday 10:00 - 15:00

Telephone
020 8760 5711

Email
cu-info@cmscu.co.uk


Website
www.cmscu.co.uk

CMS Credit Union Office
Bernard Weatherill House
8 Mint Walk
Croydon, Surrey CR0 1EA



CMS Credit Union

Croydon, Merton and Sutton
Credit Union



A Guide to Products & Services

Created for CMS
Outreach Champions

23 April 2014

Services Offered

Q&A

Savings Accounts

CMS offers a basic savings account option for all its members. This is a great option for anybody to get started saving. There is just a £1 minimum balance for savings accounts! The return on the account varies yearly based on credit union performance.

Saver Loan

Interest Rate: 19.6% APR
Length: Up to 60 months
Amount: Up to £1,000 above savings
Requirements:
3 Months Membership
£25 savings contribution per month

Security Loan

Interest Rate: 5% APR
Length: Up to 60 months
Amount: Up to savings
Requirements:
None

Applying for a Loan

If somebody wishes to apply for a loan, they should be referred to the loan application form found on the CMS Credit Union website. The completed application should be mailed or delivered to a CMS branch for processing. Alternatively, if a person needs assistance with the application they may stop by in person.

Loan Products

CMS offers four loan products. With each of these loan products, the borrower is required to save a small amount of money each month in addition to their monthly loan payments. A summary of each loan product can be found on this page.

Premier Loan

Interest Rate: 12.7% APR
Length: Up to 60 months
Amount: Up to £7,500 above savings
Requirements:
12 months membership
£40 savings contribution per month
£5,000 minimum loan
£2,000 minimum savings

Family Loan

Interest Rate: 26.8% APR
Length: Up to 60 months
Amount: Up to £500
Requirements:
£25 savings contribution per month
Must sign over child benefit to CMS

What is a credit union?

A credit union is a savings and loans co-operative. Credit unions focus on encouraging savings, but also offer loans at affordable rates to members. All profits gained by the credit union are returned back to members through a dividend payment.

Is money kept in CMS safe?

CMS is regulated and authorised by the Financial Services Authority, just like all UK banks. Money kept in CMS is protected under the Financial Services Compensation Scheme.

Who can join CMS?

Anybody that lives, works, studies, or volunteers in the London Boroughs of Croydon, Merton, or Sutton can be a part of CMS Credit Union.

How can someone join CMS?

Joining is simple. For more information, please visit the CMS Website or contact CMS directly. We recommend that you direct any potential members to a physical CMS location to be served best.

How much does it cost to join?

There is a one-time charge of £1 to cover administration costs. An initial deposit of at least £1 is also required.

APPENDIX J: REDESIGNED CMS WEBSITE



Address
CMS Credit Union
Bernard Weatherill House
8 Mint Walk
Croydon, Surrey CR0 1EA

Email
cu-info@cmscu.co.uk
Telephone
020 8760 5711

[Home](#) [£ Savings](#) [£ Borrowing](#) [Budgeting](#) [Join Today!](#) [Member Login](#) [? About Us](#)



If you live in Croydon, Merton, or Sutton: You can join CMS Credit Union.

[Join Today!](#)

Borrow Affordably Today!

[LEARN MORE](#)

Loan Amount: £ 500

Loan Length: 12 Mo.

Loan Example

Depending on your savings, we offer loans starting as low as 5% APR.
Find out what your [loan could look like today](#).



Loan Processing

We are now processing loans received after February 24th, 2014.

Croydon Better Business Awards

We were recognised by the Croydon Better Business Awards 2014 in the small business category for our success in the last financial year. This follows on our success last year in the community involvement category.

Credit Union Community



Croydon Merton & Sutton Credit Union is just one of over 500 community dedicated credit unions in Great Britain.



If you live in Croydon, Merton, or Sutton: You can join CMS Credit Union.

Join Today!

Borrowing - Loan Calculator

- Overview
- Loan Calculator
- Apply Today

An Easy to Understand Loan

We strive to provide you with easy to understand terms for your borrowing. Answer the simple questions below to see exactly how easy your loan can be. Interested in pursuing a loan from CMS Credit Union? [Apply Today!](#)

How long have you been a member of CMS Credit Union?

0 Mo.

How much do you have saved with CMS Credit Union?

£ 0

How much would you like to borrow?

£ 100

Because you've been a member for 0 months, you can borrow up to £500.*

How long would you like to repay over?

12 Mo.

Representative Loan Example

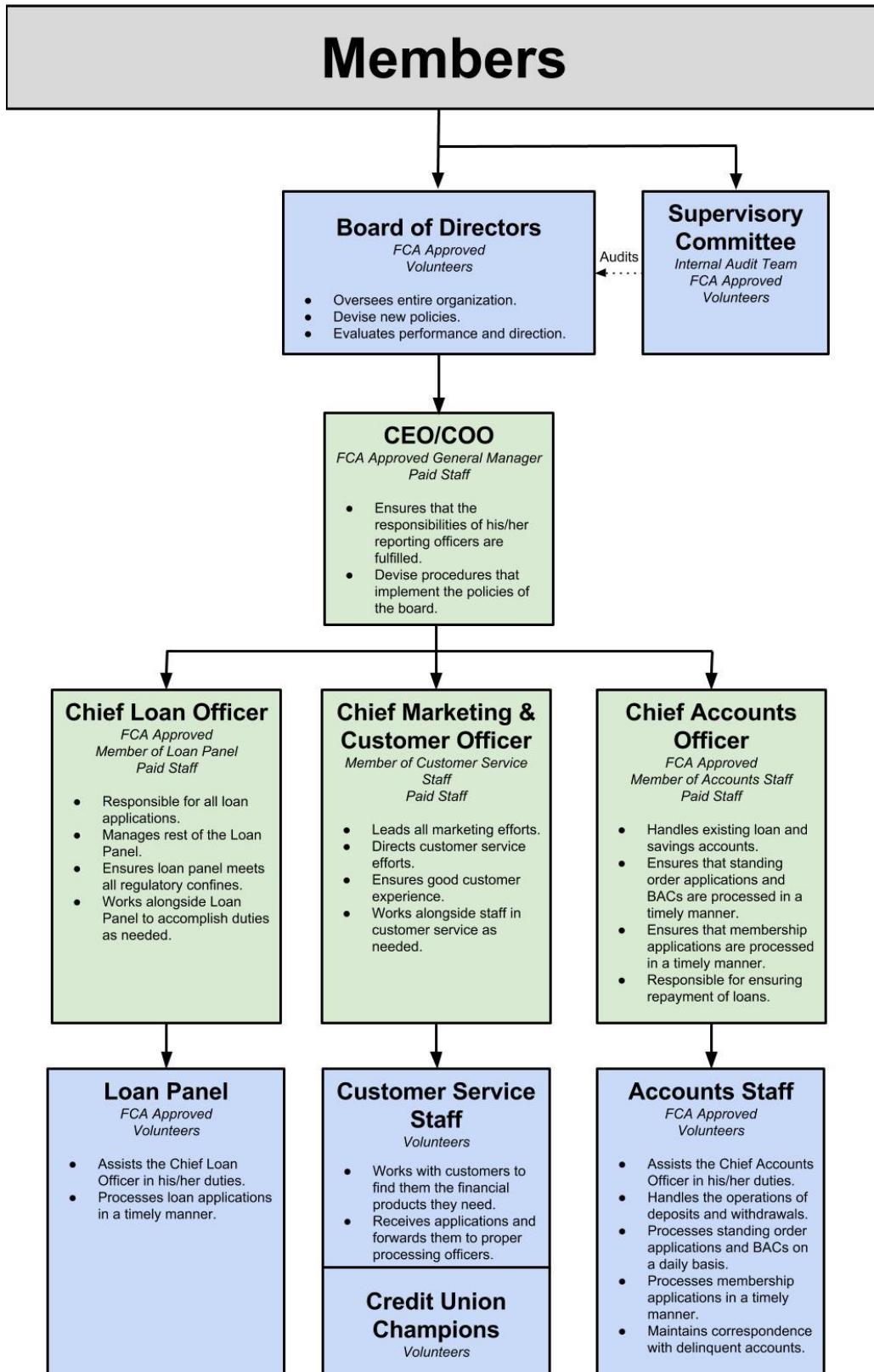
Based on how much you have saved, your APR could be as low as 28%.*

To pay back £100 in 12 months with a 28% APR, you will pay **£9.65 per month.**

Including interest, you will repay a total of £115.8 for this loan.

(*) Loan amount is subject to approval based on affordability calculations. APR may change based on past credit history. Availability of loan product is subject to approval through the loan application process. Apply Today.

APPENDIX K: PROPOSED ORGANIZATIONAL STRUCTURE



APPENDIX L: FULL ANALYSIS OF CMS LOAN PRODUCTS

Product	Customer		Credit Union		Purpose
	Pro	Con	Pro	Con	
Savers Loan	Encourages savings.	Long turnaround time.	Encourages savings.	Long turnaround time.	Providing a multi-purpose loan that encourages savings and minimizes risk through relationship and savings requirements.
	Most popular.	Money is tied up.	Most popular.		
	Builds up a relationship.	Borrow against savings.	Builds up a relationship		
	Low risk.	High interest rate.	Low risk.		
	Borrow against savings.	Minimum savings contribution 25GBP.	Borrow against savings		
	Long payback period.	Confusing terms.	Long payback period.		
		Membership qualifications.	High Interest rate.		
		Minimum savings requirement			
Security Loan	No membership qualification.	Equal up to savings.	Equal up to savings.	No membership qualification.	Providing a low-risk short term loan at a low interest rate.
	No minimum savings requirement.			Low interest rate.	
	Life insurance.				
	Low interest rate.				
Premier Loan	Borrow large over their savings.	12 month membership requirement.	Large return.		Providing a large sum of money for major purchases to loyal customers by rewarding them with preferable interest rate and payback period.
	Good interest rate compared to payday lenders.	Minimum loan is 5000GBP.	Targets a specific tier of customer.		
		Minimum of £40 savings contribution per month			
Family Loan	No membership requirement.	Must pay child benefit	Quicker than other loans.		Providing emergency funds for up to 500GBP with no membership qualification.
	Quicker than other loans.	High interest rate	Targets lowest tier customer.		
	Targets lowest tier customer.	Delay for funds until first child benefit is received	Can be payed back quicker.		
	Can be payed back quicker.	Confusing			