

3. Joining a Credit Union

The previous chapter examined some of the issues facing the people trying to set up and manage credit unions. The focus now turns to the members. What sort of people were they; how had they come to join the union; what did they hope to get out of it? There is a big change of gear in the presentation of the findings at this point. Earlier discussion has relied largely on evidence provided by individuals with experience of promoting or managing credit unions. This chapter, and the following two, are based on interviews with 231 ordinary members, using a formal questionnaire. The results of this survey appear in the form of tables showing how many people gave one reply or the other, rather than quotations of the views of individuals. The survey method has been summarised in the Introduction; more technical details appear in the Appendix.

The survey covered about 33 members of each of seven credit unions. Some of the findings apply equally to all seven; but in other respects, the groups turned out to be very different from each other. This diversity means that the experience of any one union may not be typical, and it is difficult to reach general conclusions about 'credit unions' as a breed. Constant comparison is needed between the different experiences. This is quite hard work for both the analyst and the reader, and it may help to try to fix the seven unions in the mind before proceeding to detailed analysis. The seven have not been identified, in order to protect the anonymity of our informants. Instead, they have been given names which indicate roughly whereabouts they were. All the charts in the following three chapters present the seven unions in the same order. The list starts with the 'richest' unions, as

measured by the incomes of their members, and ends with the 'poorest'.

- Suburb:** *A long-established credit union in a prosperous London suburb, based on a Catholic parish, but not confined to members of the Church.*
- Borough:** *A credit union organised among the employees of an urban local authority. This is the only employment-based union in the survey.*
- Yorkshire:** *Another church-based union in a residential area of a medium-sized town.*
- Belfast:** *A union established across the sectarian divide in Northern Ireland.*
- N. Ireland:** *A large, professionally administered credit union, also in Northern Ireland. Like most unions there, linked to the Catholic Church.*
- Northern:** *A small and recently established credit union in an inner city housing estate.*
- Scotland:** *Another union based on a poor estate, this one in Scotland.*

Readers may find it helpful to put a bookmark in this page of the report, so that they can use the outline description of the credit unions as a point of reference through the remainder of the analysis.

Members

Economic circumstances

In one sense, all sorts of people join credit unions. The survey identified bank managers, solicitors and company directors; cleaners and dustmen; retired, sick and unemployed people. Looking at all seven unions, the jobs of the members* were as follows:

Professional or managerial	17 per cent
Clerical	16 per cent
Skilled manual	19 per cent
Semi- or unskilled	17 per cent
Retired	10 per cent
Others not in work	21 per cent

* For married couples, we have analysed the occupation of the partner with the higher earnings; usually but not always the husband.

But although the sample as a whole was a broad cross-section of society, each union recruited its members from a rather narrower spectrum (Chart 3.1). At one extreme, two-thirds of the members of the Suburb credit union were in professional or managerial jobs. None of the others had more than a seventh of their members in these senior occupations. At the other end of the scale, the N. Ireland union, and the two groups established on inner city housing estates (Northern and Scotland) included large proportions of unemployed or otherwise unoccupied people. In the middle of the range, three unions drew the majority of their members from among clerical and manual workers.

Chart 3.1 Work of chief economic supporter: members of different credit unions

A family's income depends partly on the occupation of the chief economic supporter, but also on possible earnings of his or her spouse, and on taxes paid and social security benefits received. Throughout this report, we have compared the net income of each family in the sample with the supplementary benefit ordinary scale rates in force at the time of the survey, plus housing costs. (The benefit system changed in April 1988; the supplementary benefit ordinary rates are roughly equivalent to the income support basic rate for people aged 25 to 59.)

This comparison takes account of variations in family size, and effectively shows how far each family was above or below the minimum income specified by the government. For example, a married couple with a child in primary school, paying £30 per week in rent and rates, would have been entitled to a basic £59.75 per week in benefits at the time of the survey; if one of the families in our sample fitted this description but had a net income of £139.75 per week, the family's 'available income' would be calculated to be £50.

The average 'available income' of union members' families was £68 per week:

- the richest quarter of the sample had an available income above £110 per week.
- the poorest quarter had an available income of less than £10 per week.

Even though income (measured in this way) is not simply a matter of people's wages and salaries, the differences between the credit unions stand out again (Chart 3.2). In Suburb, only one member of the

Chart 3.2 Available family income: members of different credit unions.

Note: 'Available income' is calculated as the difference between the family's net income and the supplementary benefit scale rate.

sample was anywhere near the poverty line; the majority had an income at least £110 clear of their basic needs. None of the other credit unions came near this level of prosperity. At the other end of the spectrum, over a third of the members of the Northern and Scotland unions had barely enough to live on, and hardly any were in the comfortable income bracket enjoyed by many of those in the Suburb union.

So, even though people from all walks of life are prepared to join a credit union, there was rather a strong tendency for people in similar circumstances to join each other. This concentration may reflect the common bond which is a central element of the credit union concept. It has some important implications both for the finances and the management of the unions, however. A large proportion of the people with plenty of money were recycling it within a single union, for other people with plenty of money to borrow. Meanwhile the majority of the unemployed and other poor people in the sample were members of two unions where they had to rely on each others' meagre resources to build up a savings and loans fund. It may also be assumed that the 'richest' union had a large reserve of people with managerial and financial experience to help run the union, while most of the rest, especially the two poorest, would have had to learn these tasks from scratch.

Much of the analysis in the remainder of this report will focus on the experiences of members at different levels of income.

Another indicator of people's economic circumstances is their housing. Nationally, more than 60 per cent of all households own their own home. Among credit unions, just under half (47 per cent) of the householders in the sample were owner-occupiers; most of the rest were council tenants. But the full range was between 89 per cent home ownership in Suburb, to none at all in the housing estate on which the Scotland union was based. Chart 3.3 shows that not many of the council employees belonging to the Borough credit union were owner-occupiers; otherwise, the pattern between unions closely followed the analysis of employment and income.

Chart 3.3 Housing tenure: members of different credit unions.

Note: Chart confined to householders.

Demographic characteristics

Four of the credit unions had been set up by, or with the support of, the Catholic Church. Two of these, including the large union in N. Ireland, were (almost) exclusively confined to Catholics; the other two defined their common bond in such a way as to include other people, and about a quarter of their members were non-Catholics (Chart 3.4). The two British unions which had no direct connection with the Catholic Church nevertheless found that a significant minority of their members were Catholics. But in Northern Ireland, the Belfast credit union which had been set up deliberately to embrace both Catholics and Protestants turned out to consist mostly of Protestants. This was surprising, since its leaders had told the researcher that their membership split about half and half. Perhaps the Catholics within this union's catchment area were already members of other credit unions.

Chart 3.4 Religious denomination: members of different credit unions.

Only 14 per cent of credit union members were over the age of 60, compared with 21 per cent of the adult population, and it appears that elderly and retired people are relatively unlikely to join. Otherwise, the membership was evenly spread across age-groups.

Many of the credit unions had recruited a large proportion of women among their members. Taking the members of all seven unions together:

- 16 per cent were non-married men;
- 17 per cent were married men whose wife had not joined;
- 18 per cent were married couples, both of whom had joined;
- 21 per cent were married women, whose husband had not joined;
- 27 per cent were non-married women (including many lone mothers).

Not surprisingly, there were no members of the workplace-based union (Borough) who reported that their spouse was also a member. This was the only union where men predominated (Chart 3.5). Among the community based groups, the two oldest established (Suburb and N. Ireland) had a large number of married couples, both of whom had joined the union; here (and also in Belfast) there was a fairly even

balance between men and women in the membership as a whole. But at the remaining three unions, more than half of the members were women who were either not married, or whose husband had not joined. The predominance of women was particularly marked in the two poorest unions (Northern and Scotland), reflecting, perhaps, the heavy responsibilities for budget management carried by women in poor families.*

Chart 3.5 Sex and marital status: members of different credit unions.

Note: 'Men' includes single men, and also husbands whose wives have not joined; 'women' similarly; 'couples' means husbands and wives who have both joined.

Joining the credit union

Among the seven unions covered by the survey, the N. Ireland and Suburb unions had been set up a long time ago: on average, their members had been with the union more than ten years. The remainder

* Among married couples, only 14 per cent of the wives of professional and managerial workers had joined the credit union on their own, without their husband. This rose to 30 per cent of the wives of clerical workers; 44 per cent of the wives of manual workers and 51 per cent of the wives of men without employment.

were more recently established, and the average member had joined between two and four years before being interviewed.

Some members had found out about the credit union by receiving a personal visit, seeing an advertisement or poster or reading a leaflet. Most of the members recruited by these slightly formal methods came from two credit unions (Borough and Northern), one of which was the workplace union which would have had convenient methods of internal communication. But the overwhelming majority of members – four out of five – had heard about their union from friends or relatives. Word of mouth recruitment was therefore easily the most important source of members – even for the very largest union, all of whose members said that this was how they came across the possibility of joining. That does not necessarily mean that existing members had actively gone out to recruit newcomers; successful unions might simply have become well-known within local communities.

On the other hand, a lot of members were not keen on the idea straight away. About a third of them, especially those with lower incomes, were doubtful to start with. Most of them did not express specific fears; they were simply nervous about getting involved in something that they did not know much about. And often it was personal contact – with another member or with an officer of the union – which helped to set their mind at ease.

I think people just don't believe that it's as simple as it is. I suppose we're conditioned to being bombarded with things being simple and they are not really when you investigate. They think something run by perhaps a group of amateurs couldn't possibly be successful.

Many a time we said 'wouldn't it be nice if there was one here'. But then it took me a while to come in when it did start because I didn't really know who was involved in it. Then I went into it in more detail and was visited by a committee member who explained it.

When they were asked why they had joined, most members referred to one or other of the two obvious attributes of a credit union. Nearly half said that they were attracted by the opportunity to make regular savings:

I wanted to save small amounts. I would not go to a bank with £2.

It was convenient. It's just down the stairs from here. A handy way to save.

And more than a third mentioned the chance of borrowing. Many of these specifically mentioned the low rate of interest paid on credit union loans:

The interest is low. It doesn't cripple you repaying it. You don't stay awake all night thinking of all the interest clocking up, which I do if I have an overdraft.

Everybody is living on credit and this is the cheapest credit of everybody in fact. And not only that, I think people once they've got the idea, are quite happy to save, to help to use their money to be used to help other people.

Various other specific advantages of the credit union were each mentioned by smaller numbers of members – the convenience of local collections, the ease and speed with which loans could be arranged and the friendly and sympathetic way people were treated:

The insurance is a big thing. I won't benefit because I'll be buried but my family will maybe benefit whenever I pass away.

I think it's a feeling that you know it's there. Even if you're not in the middle of a crisis, you know that if anything did happen you've got something to fall back.

Finally, one in ten had been drawn in by the idealism of the credit union movement:

(I joined) in order to help the community and local people in the parish and to get rid of loan sharks.

You're helping yourself to help other people. With being a member the money is there for you to borrow as well as for everybody else to borrow.

People's motives varied quite strongly, both between unions, and according to their economic circumstances. They were asked to say whether they were more interested in saving or in borrowing when they joined. Table 3.6* compares the answers of people at different levels of income. Relatively poor people were much more likely to be interested in saving than in borrowing; relatively rich people were more attracted by the credit facility than the savings scheme. This is a large difference, and suggests important conclusions about people's approach to the movement.

* Note that Charts and Tables have a single sequence of numbers, so that Table 3.6 follows Chart 3.5.

Table 3.6 Main motive for joining, by family income

Available family income	Percentage of members				
	Total	Less than £10 pw	£10 to £49	£50 to £109	£110 or more
To save	53	65	55	56	36
To borrow	41	30	38	33	59
Both or neither	6	5	7	11	4
(Sample size)	(231)	(53)	(58)	(58)	(62)

Chart 3.7 compares the motives of members of the different unions. These seemed to be linked to the economic circumstances of the members, but that was not the whole story, and each union appeared to have an ethos of its own. It is hard to believe that all these groups belong to the same movement, their members' motivations were so different. At one union, eight out of ten members were principally attracted by the opportunity to borrow money; altogether, three unions were found to be based predominantly on this motive. But the members of the other four unions were mainly interested in saving.

Training members

A 'good' member of a credit union was...

... someone who saves regularly, borrows wisely and repays on time and therefore has a good understanding of how the credit union works and the principles behind it.

And to encourage a 'good' membership officers aimed to explain to joiners at an early stage the purpose and function of a credit union. This could involve a one-to-one chat with an officer or another member or attendance at education sessions which were held at regular intervals. Attending such a session could be made a condition of granting the first loan.

On the night we get them, we sit down and we take as much time as is needed to try and explain to them properly. We feel that if you don't get them on the first night and let them know what a credit union is, you've lost them.

Somebody is recommended and we say okay, buy the handbook and read it first and then we'll come and talk to you. So at least

Chart 3.7 Main motive for joining, by family income

having read the handbook they've got the outline of the philosophy and the method, how it works.

But officers found that it was not until members began to make full use of the services that they really began to understand how the union worked. In particular joiners often had problems in understanding why they should take out a loan rather than use their savings.

Mary's mother was in it. She didn't like the borrowing aspect of it. She hated it. She couldn't understand it at all. She wanted to go to Ireland but she just didn't want a loan, she wanted her savings.

Nine out of ten people I speak to, they don't really understand what the credit union is about until they have joined and started to borrow and started to pay back and all of a sudden the penny drops. They become thrifty because it's so important for them to save. If they don't save, it means that they think we're moneylenders. But it's usually once they start to borrow and pay back and start saving they say 'I know now what you were getting at at the beginning'. They usually stay quite loyal.

Involvement in union activities

The survey of credit union members included interviews with some committee members and officers who happened to be selected in the random sample, so they can be compared with the 'ordinary' members. 24 members of the sample were found to be 'leaders' – that is, they were current committee members or officers, or they had been in the past, or they were one of the people who had helped to set the union up in the first place. The leadership group therefore represented about 10 per cent of all members. The survey confirmed that there was a fair degree of continuity in the leadership group. More than half of those who had ever been leaders held office at the time they were interviewed. One third of the leadership group appeared to have held office ever since they had joined the union; another third had been leaders for at least half of their period of membership. But there was no sign that their work was a burden to them; some said they would be prepared to put in more time on union affairs, none said they wanted to cut down on their involvement.

Some leaders were keen to build up a cadre of potential committee members by involving rank and file members in various tasks such as collecting money, making tea, introducing new members and so on. Leaving aside the leadership group, about 5 per cent of members said that they were 'helpers' of one sort or another. Another 8 per cent said that they would be interested in helping in some way, and may be considered potential recruits. The majority of those expressing this interest, however, had never attended any of the meetings arranged for the union's members, and it may be doubted how eager they would be in practice.

Most unions organise regular collection sessions, at which members pay in their weekly or monthly savings instalments or loan repayments. Attending these (probably only for a few minutes) would be a normal part of the routine of membership. The survey asked questions about attendance at other types of meeting, to get an idea of the extent of ordinary people's involvement. Table 3.8 suggests a big cleavage between the leadership group and the rank and file. The leaders reported regular attendance at the AGM; most had been to social gatherings; and many of them had attended education sessions and other types of meeting. But 'ordinary' members were much less likely to have been to sessions of this kind. At a rough estimate, about half of the people at one of these meetings would turn out to be drawn

Table 3.8 Attendance at meetings: leaders compared with rank and file

	<i>Percentage of members</i>		
	Total	Leaders	Rank and file
Annual general meeting			
Regularly	12	72	5
Sometimes	9	15	8
Rarely/just once	11	-	12
Never	69	13	75
Education sessions			
Ever attended	17	40	15
Social gatherings			
Ever attended	20	78	14
Other meetings for members			
Ever attended	9	53	4

(Sample size)	(231)	(24)	(207)

from the leadership group. Although most of the meetings are intended to draw the rank and file into closer involvement with the union, nearly two-thirds of them (63 per cent) had never been to any of them.

This apparent lack of involvement of ordinary members in the affairs of their credit union contrasted strongly with the ideals of mutual aid and empowerment expressed by the leaders of the movement. Some of the people quoted in the last chapter felt that ordinary members would feel separated from the management if credit unions were allowed to get too large. But the comparison in Chart 3.9 does not particularly suggest that size was the most important factor. N. Ireland was easily the largest group covered by the survey, and about half of its members had attended meetings; the smallest in the survey was Northern, and hardly any of its members had attended meetings.

Chart 3.9 Attendance at meetings: members of different credit unions

Given the many differences between unions, it is difficult to identify the reasons for the variation in member-involvement. It seems likely, however, that the low participation rate in Borough was associated with its base in the workplace. The members saw it as a service provided by their employer, and would have considered attendance at meetings or other involvement in union affairs almost as a form of overtime. (We experienced great difficulty in obtaining interviews from members of this credit union, for the same reason.) It might be argued that if employment provides a strong enough common bond, the credit union could remain viable without active participation by its members.

But the other two unions with low participation rates (Northern and Scotland) were based on inner city housing estates, and might have been expected to have depended very heavily on member involvement to maintain the bond. These were the two groups dominated by low-paid and unemployed families, whose experience in other spheres of life may have made it difficult to believe that their opinions would be taken into consideration. Table 3.10 suggests that participation in union activities was quite strongly linked to income and class: the

better-off, middle class members more likely to attend meetings than poor people. The table may not be surprising, but it might be a disappointment to the proponents of credit unions as agents in the development of working class communities.

Table 3.10 Attendance at meetings, by occupational group

Percentage of members

Occupational group	Manager Professional	Clerical	Manual	Not in work
Ever attended	73	42	44	27
(Sample size)	(38)	(37)	(84)	(72)

When people were asked why they had not been to meetings, the majority gave reasons which suggested that they did not really want to go: they had no time or were too busy; they were not interested in meetings or could not be bothered. But among the non-attending members of the Northern and Scotland unions, nearly half said that they did not know when the meetings were, or had not been asked to any. In contrast, there were two unions (Belfast and N. Ireland) among whose members no-one pleaded ignorance in this way. The management of individual credit unions may therefore have a big effect on the participation rate of members, depending on the effectiveness of communications.

These measurements of participation are based on attendance at special meetings. Some unions, perhaps, placed much more emphasis in participation during the weekly collection services. Certainly, there was a real buzz of community spirit in evidence at the meeting of the Scotland union attended by the researcher – far greater than might have been expected from its low rating in Chart 3.9.

There were few signs that non-participation led to dissatisfaction or alienation. Hardly any (3 per cent) of the people interviewed said that they were at all dissatisfied with the way their credit union was run. The majority were ‘very’ satisfied, and commented on the efficiency of the organisation, the convenience of the arrangements, the availability of low interest credit, and the friendly, welcoming atmosphere.

I think the system for collecting is first class and also all the paperwork. It's really above board and well administered.

The people in the office are very friendly and make you feel welcome, unlike other places where you get interrogated.

The interest is good and the arrangements for loans are very good.

Although almost everyone was satisfied with the way their union was run, less than half of those who had never attended a meeting were prepared to say they were 'very' satisfied, compared with nearly three-quarters of those who were more actively involved. There was also a sign of a connection between participation and enthusiasm when the unions were compared with each other. Chart 3.11 seems to show that those unions which attracted a lot of members to meetings received the most favourable assessments. But the two inner-city unions with a low participation rate got a better rating than would have been expected in comparison with the other five.

Chart 3.11 Satisfaction with the way union is run: members of different unions

If there was little dissatisfaction with the way the union was run, nor was there much complaint about the balance of power between the leaders and the ordinary members.

- 64 per cent of members felt that it was the directors and committee members who had most influence over the credit union;
- 23 per cent thought it was ordinary members who had the most influence;
- 13 per cent thought power was shared equally between the leaders and the rank and file, or did not know.

Taking one group with another, the general conclusion was that directors and committee members had more say than ordinary members; but surprisingly it was those who rarely or never attended meetings who quite often asserted that the ordinary members held most power. And, although there were a few people who wanted the directors and committee members to allow the members more say in things, this view was held by the leaders more often than by the members themselves (Table 3.12).

Most members seemed to be happy to make use of their credit union's services, without getting involved in running it.

Community spirit

Credit union partisans often suggest that this way of organising savings and loans provides extra benefits to members, besides the purely financial services which might be obtained from a bank or a

Table 3.12 Opinions on the relative influence of committees and ordinary members, by level of involvement in union

Level of involvement	<i>Percentages of members</i>			
	Leaders	Regularly attended	Rarely attended	Never attended
<i>Who has most influence?</i>				
Directors/committees	85	71	63	59
Ordinary members	9	13	28	26
<i>Should directors have less, members have more control?</i>				
Yes	37	12	11	8
(Sample size)	(24)	(32)	(45)	(130)

building society. The special ingredient is often referred to as 'community': a feeling among members that they are helping and supporting each other. Community is not easily measured, but the survey included some questions to indicate how people felt.

One indicator was people's reasons for joining the credit union in the first place. The majority said they joined because they thought that it would be helpful to them personally. But quite a few gave more outward-looking motives: they thought the union would be helpful to other people, or would get people together and create a community spirit. Similarly, when they were asked to choose:

- 53 per cent said they were interested in the credit union mainly because it was useful to themselves;
- 34 per cent said they were interested mainly in the help it could offer to other members; and
- 13 per cent said they were interested in both equally.

Rather less than half of the members thought that they had got to know more people as a result of joining the credit union:

- 19 per cent knew lots more people;
- 22 per cent some more people; but
- 59 per cent knew no more people.

Considering themselves personally:

- 30 per cent felt that the union had 'definitely' helped to give them a feeling of belonging;
- 26 per cent felt this 'slightly'; but
- 43 per cent did not feel it at all.

But thinking about the members generally, people were more optimistic:

- 50 per cent said that the union had 'definitely' given its members a feeling of belonging and of community spirit;
- 23 per cent felt this 'slightly';
- 14 per cent said it had 'not really' happened; while
- 8 per cent said it had 'definitely not' happened.

Taking these four questions together, there is clear evidence of a degree of community spirit within credit unions, though it may not be as powerful as some leaders of the movement would hope and claim. Rather than analyse each of the four questions in detail, it is useful to combine the answers into a single measure of members' views on this

subject. The technique identifies one-quarter of members whose combined answers showed most signs of community spirit, and one-quarter who showed fewest signs. These are labelled ‘high’ and ‘low’ levels of community spirit, though it is important to remember that these are simply defined in comparison with other members of the sample; they should be interpreted as meaning ‘relatively high’ and ‘relatively low’.

Table 3.13 shows that the level of ‘community spirit’ expressed by credit union members was closely connected with the extent of their involvement in union activities. ‘Leaders’ were more conscious of the

Table 3.13 Level of community spirit, by level of involvement

Percentage of members

Level of involvement	Leader	Attended meetings	Never attended
High community spirit	45	39	18
Medium	55	44	56
Low community spirit	nil	18	26
Average score	6.6	5.3	3.9
(Sample size)	(24)	(77)	(130)

Note: Level of community spirit is derived from the answers to four questions. The average score is out of a maximum of ten.

mutual support provided by credit unions than rank and file members were; and there was a similar difference between ordinary members who did and did not attend meetings such as the AGM. Although these differences were not unexpected, they help to emphasise the difference between the idealism often expressed by the movement’s spokesmen and the more prosaic utilitarian approach of those who had joined a union for the services it provides.

‘Community spirit’ also varied widely from one credit union to another (Chart 3.14). The employment-based union (Borough) scored very low, and this was consistent with other indications of a weak sense of attachment among members of this group. One union (Scotland) stood out to show a much higher sense of community spirit

than any of the others. This was in spite of the low level of attendance at the meetings of this group.

Chart 3.14 Level of community spirit: members of different unions