



Lines open Mon - Fri 10am - 6pm

0808 801 0338

Free to call from all landlines and mobiles

What is a Credit Union?

- A Credit Union is a cooperative financial institution, meaning that it is owned and controlled by its members.
- Credit Unions are not-for-profit collectively owned and managed institutions, largely run by volunteers.
- Credit Unions offer financial services to its members and financial education.

What is a Credit Union's purpose?

Credit unions aim to help you take control of your money by encouraging you to save what you can. Once you have a reliable record as a saver, you can apply to borrow money from them. They will let you borrow what you can afford to repay.

A credit union may suit you if:

- you don't want a bank account, or you want a diverse choice of financial providers
- you want the flexibility to save what you can, when you can
- you prefer a local, ethical co-operative.

Credit Unions operate to promote:

- saving

Credit Unions also provide:

- credit (including mortgages at reasonable rates)
- other financial services to its members.

How does a Credit Union work?

A credit union is a cooperative financial institution, meaning that it is owned and controlled by its members. It can be formed by a group of individuals who share a common bond, for example:

- living or working in a specific area.
- belonging to the same housing association.
- belonging to the same trade union or occupation.

Credit unions differ from banks and other financial institutions in that the members who have accounts in the credit union are the owners of the credit union.

Credit Unions elect their board of directors in a democratic one-person-one-vote system regardless of the amount of money invested in the credit union.



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What services does a Credit Union offer?

Credit unions offer most of the same financial services as banks, often using a different terminology; common services include:

- savings accounts, including Christmas savings accounts
- current accounts
- credit cards
- funeral plans
- and online banking.

UK credit unions are classified under two types: type 1 are the smaller CUs while type 2 are larger.

- From November 2006 many type 2 Credit Unions began offering their members debit card accounts which enabled CU members to obtain funds from any Link ATM. UK credit unions do not offer cheques as these are generally being phased out in UK financial transactions.
- Credit Unions offer the same protection as mainstream banking (FSA regulated and protected).
- Life insurance is usually included with membership (subject to pre-existing medical conditions and other exclusions). Death benefits vary between unions, but commonly include lump sum payments, writing off of outstanding loans and doubling of savings

Are Credit Unions safe?

- Since 2002 Credit Unions in the UK have been regulated by the Financial Services Authority (FSA).
- Financial services Authority - www.fsa.gov.uk.
- Credit Unions are reliable as the members own the group; credit unions are not-for-profit and offer services to young people that may not be otherwise available, or available on as good terms.
- Membership of a Credit Union can benefit you later in life, when you may require credit. Many young people traditionally have difficulty obtaining credit because their incomes are low and they have little or no credit history. Credit unions, in contrast, are chartered to serve their members' needs and are more likely to offer request for credit.
- Credit Unions can therefore make loans that other lenders do not and will offer low rates and minimal or no fee's as the organisation is not-for-profit.

To find out more about Credit Unions in your area/accessible to you, contact the Association of British Credit Unions at www.abcui.org

For more information on banking options now and in the future, please go online to our **EXTRA** website www.youngscotextra.org, alternatively you can call our freephone InfoLine on 0808 801 0338 for all your information needs!

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