

Social Impact Report

January 2024



Helping our
local communities
since 1987

leedscreditunion.co.uk



Affordable. Flexible. Fair.

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Social Impact Report

January 2024

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LCU is like
a safety net
that I can always
rely on.

Hilary

“Welcome to Leeds Credit Union”

Mark Fleet / Chief Executive



“Within this report, we aim to demonstrate the vital support Leeds Credit Union provides to our members and those in the communities in which we operate.

We have a simple purpose, to be a sustainable, member-focussed co-operative helping those in society who struggle to access traditional financial institutions by providing a range of affordable, flexible and fair financial products.

2023 has seen the cost-of living challenges get harder, with more people being affected, and as you’ll read in this report, in our latest member survey, two thirds of members felt their finances had been greatly affected by the cost-of-living increases.

As a credit union we have not been immune to these challenges. However, I’m pleased to say that we have still managed to achieve a great deal; increasing our membership base, increasing the amount of lending to help those in financial straits, met some important new regulatory requirements, improved our IT systems to provide greater resilience and security, and launched new products and ways for members to access those services.

Since I joined the credit union, I have been impressed by the dedication and commitment of our entire team – all focussed on delivering the best possible service to our members and I would like to thank them all.”

Mark

90%

of our members would recommend Leeds Credit Union to friends & family.

Credit Unions play an important role in helping individuals in our communities with financial resilience, helping them build savings, giving access to affordable credit and providing basic transactional capability. As an ethical and responsible organisation, helping the communities in which we operate is something Leeds Credit Union prides itself on and we strongly believe in the value of highlighting the positive impact we have on our members' lives.

What we have achieved in 2023

- **Over 4,950** new members
- Loans granted: **8,685**
- Loan amount: **£8.275m**
- Saved our members **£11.358m** compared to them using doorstep lenders
- Had over **965** referrals to our Money & Budgeting Service

We continue to support our members to:

- **Reduce** their arrears and ensure their bills are always paid on time.
- Develop a savings habit and build a pot of savings, **reducing reliance on credit.**
- Break longstanding dependencies on loan sharks and high-cost credit providers by providing them with access to **affordable** credit through **innovative products** such as our Family and payroll loans.

81%

of members feel we offer value for money



4.4

4.4 star member rating

We work with

56

local authorities payroll partners and housing associations

leedscreditunion.co.uk

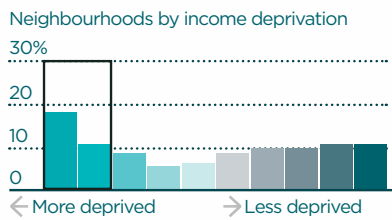
Where we operate

LEEDS

Out of Income deprivation of 316 English local authorities, Leeds ranks as **86th most deprived** with 14.3% of the population income deprived. Of the 482 neighbourhoods in Leeds, 138 were among the 20% most deprived in England.*

35.7% of residents potentially financially vulnerable.**

Leeds

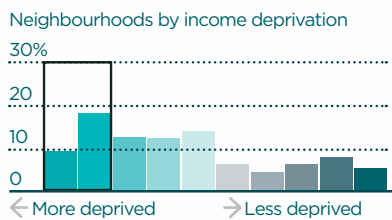


WAKEFIELD

Wakefield is the **78th most income-deprived** with 14.7% of population income deprived. Of the 209 neighbourhoods in Wakefield, 58 were in the 20% most deprived in England.

39.5% of residents potentially financially vulnerable.**

Wakefield

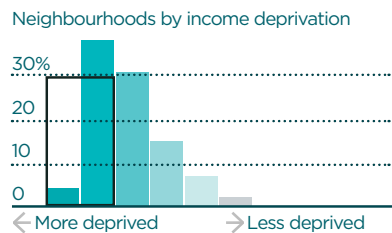


LONDON BOROUGH OF BARKING & DAGENHAM

Barking & Dagenham is the **10th most income deprived** with 19.4% of population income deprived. Of the 110 neighbourhoods, 49 are in the top 20% most deprived.

52.4% of residents potentially financially vulnerable.**

Barking and Dagenham



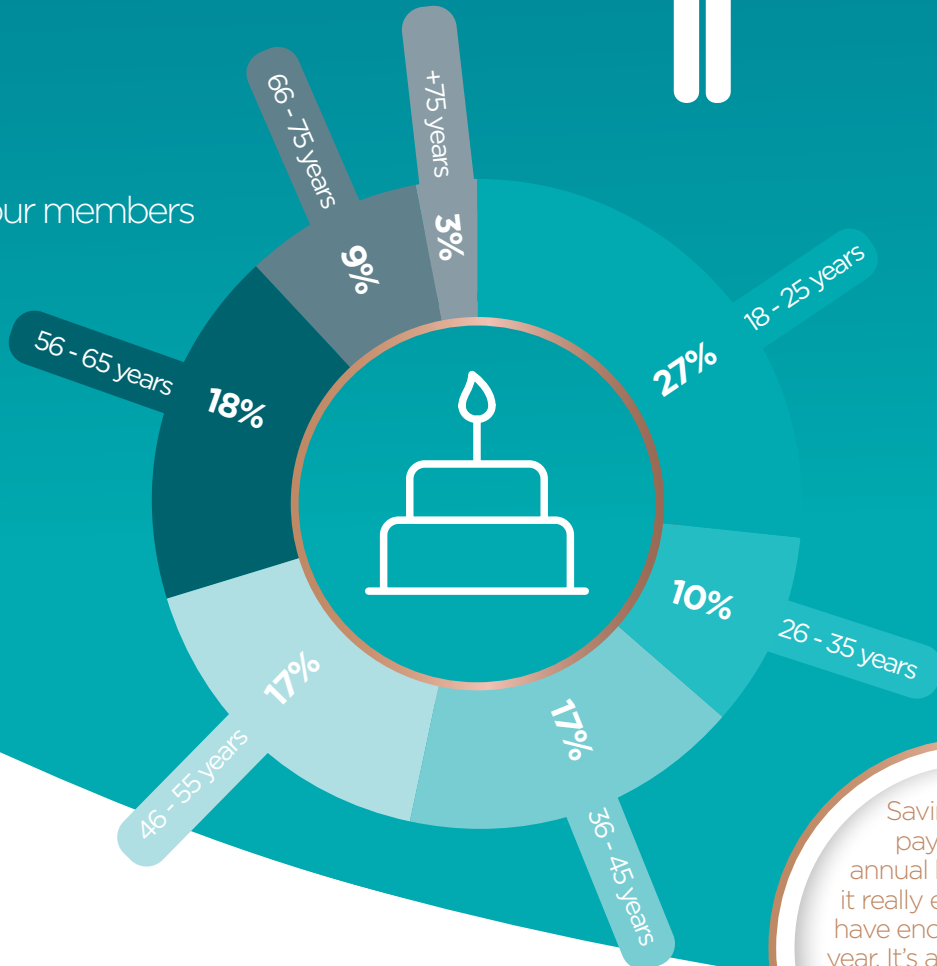
Source: *ONS Income Deprivation 24 May 2021
** Fair4All Finance data

Our Savers

Gender



Age of our members

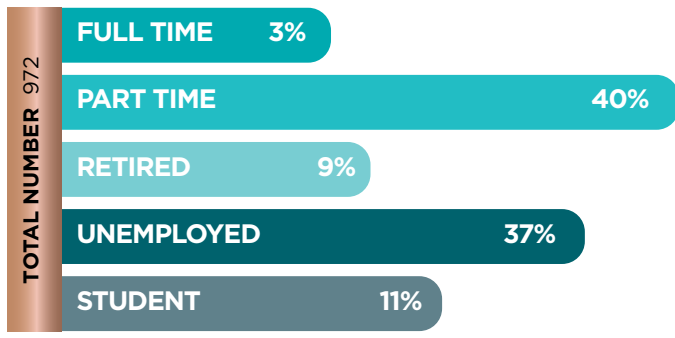


Average Savings Balance
£639.91

Saving through payroll for my annual holiday makes it really easy to ensure I have enough there each year. It's a convenient and simple way to budget for a regular, significant expenditure.

Robert

Employment status



Living status

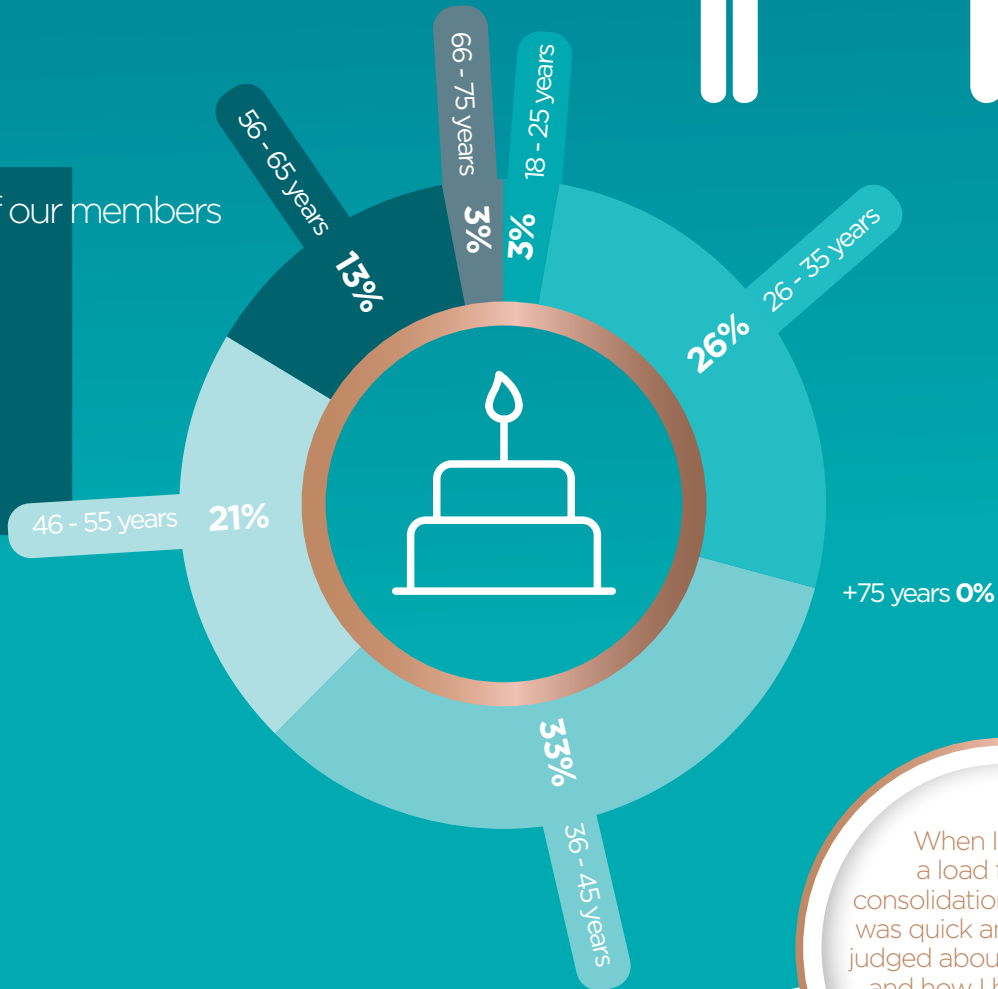


Our Borrowers

Gender



Age of our members



When I needed a loan for debt consolidation the process was quick and I never felt judged about my finances and how I had handled them.

Greg

Employment status



Living status



Member Survey Results

Background

An invitation to complete an online member survey was sent to all 'active' members in early September 2023.

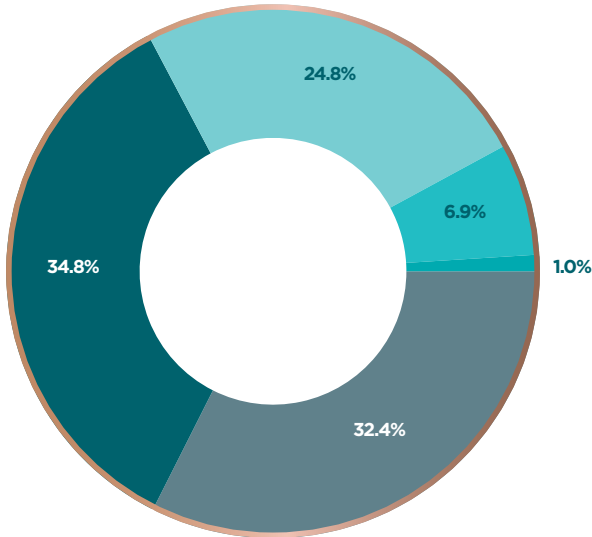
The survey sought to understand the following:

- The impact of the cost of living crisis on members' lives & finances;
- For borrowers, what they used their loan for and what they would have done if unable to borrow from LCU;
- Members' likelihood to recommend LCU to friends and family;

There were 765 completed surveys.

Impact of the cost of living on members

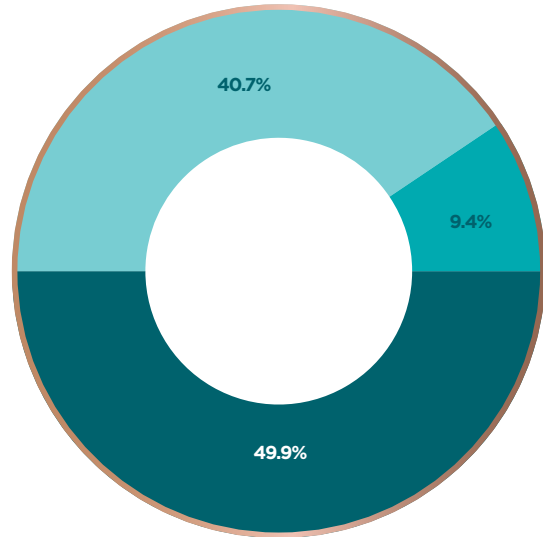
How much has the cost of living increase affected your household financially?



- NOT AT ALL
- A LITTLE
- SOMEWHAT
- GREATLY
- EXTREMELY

- 67.2% of respondents said their household finances had been affected 'extremely' or 'greatly' by cost of living increases.
- 99.0% said the cost of living crisis had impacted them to some degree.

Are your finances in better or worse shape than last year?



- BETTER OFF
- ABOUT THE SAME
- WORSE OFF

- Almost half (49.9%) of respondents said their finances were in a worse shape than last year.
- Only 9.4% said they were better off.

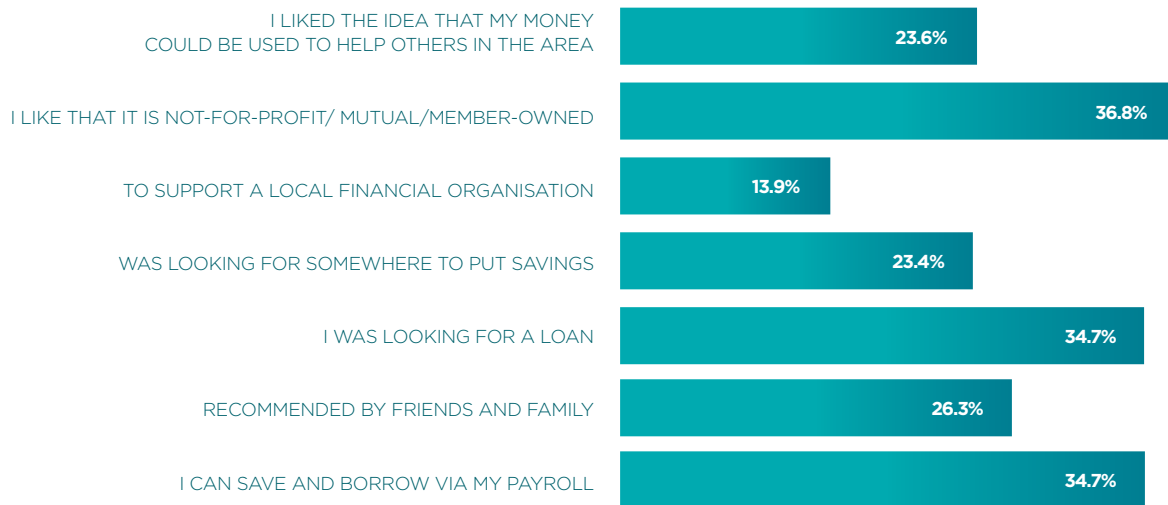
It has helped me a real lot. I wouldn't have been able to buy essential clothing etc for me and my son, or if I did I would have to save and cut back on food.

Terri

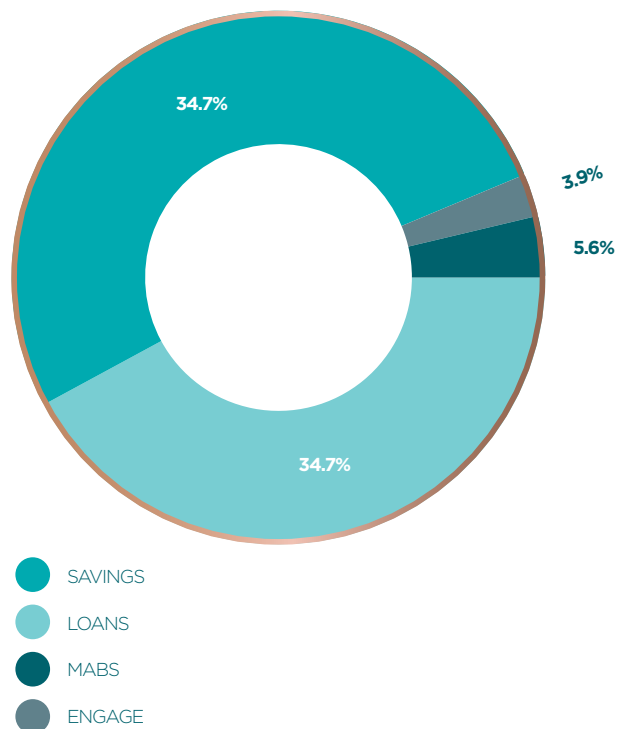
Why did you join LCU?

- There was a relatively high percentage of responses relating to the credit union's community principles, with 36.8% joining because it is member owned; 23.6% because they felt they could help others; and 13.9% wanting to support a local financial organization.

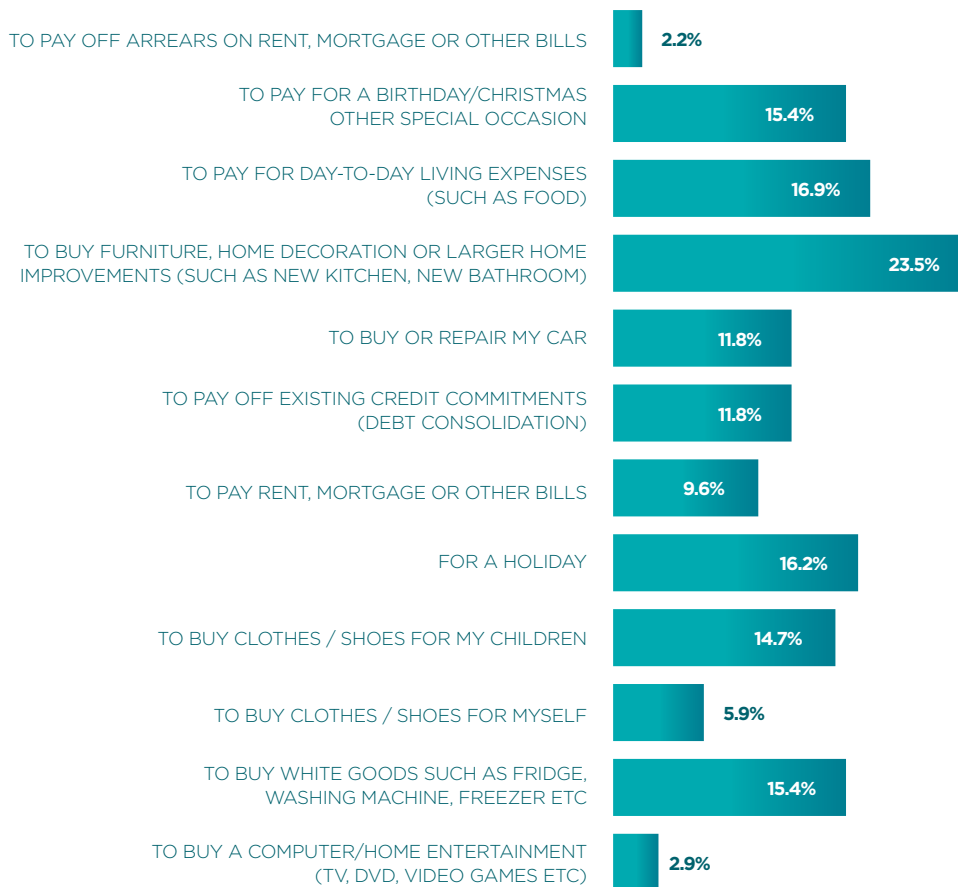
- Just over a third (34.7%) joined to take out a loan.
- The same percentage joined because they could save and/or borrow via their payroll.
- 23.4% joined so they could build their savings.



- Which of these LCU products have you used?



What did you use your last credit union loan for?

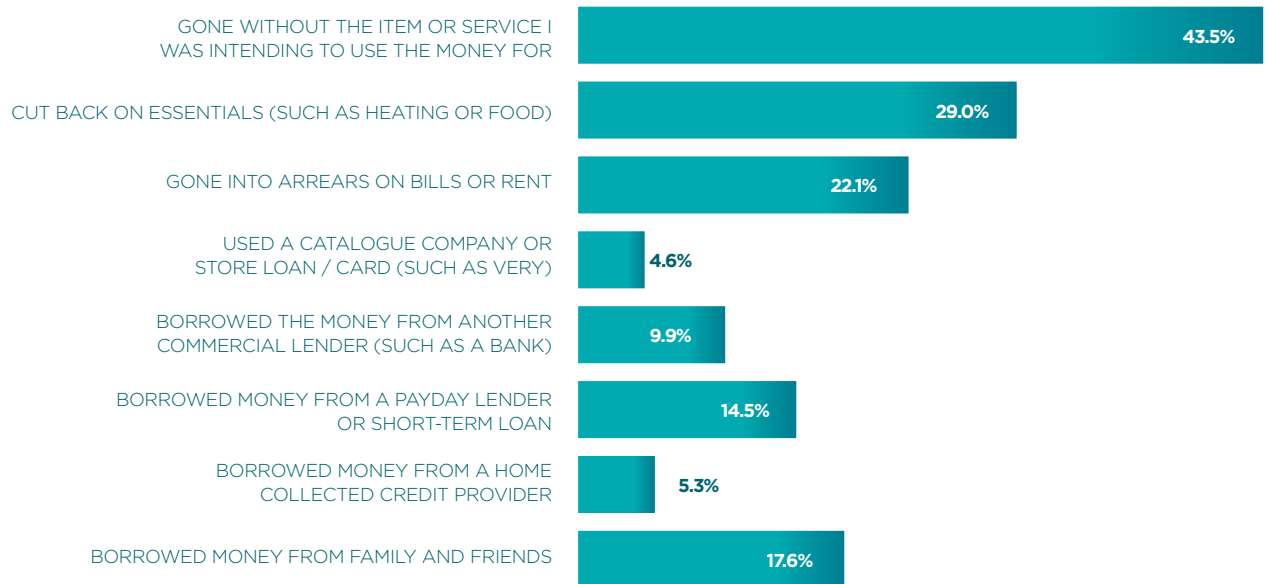


- Main reasons were to buy furniture or larger home improvements (23.5%), for a holiday (16.2%) and to buy white goods (15.4%).
- Unfortunately, 16.9% used the loan to pay for day-to-day expenses or to buy clothes for their children (14.7%).
- 11.8% used their loan to pay off existing debts and a further 2.2% used it to pay off rent, mortgage or other bill arrears.

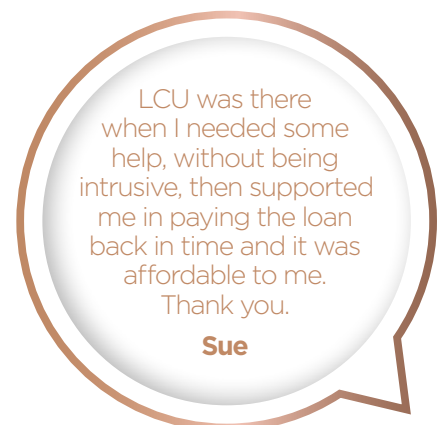
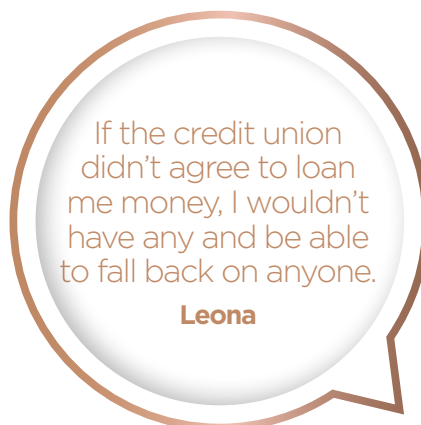
I was given a loan to help get my daughter a new bed and decorate her bedroom, this was a big help.

Courtney

What would you have done if you hadn't borrowed from LCU?

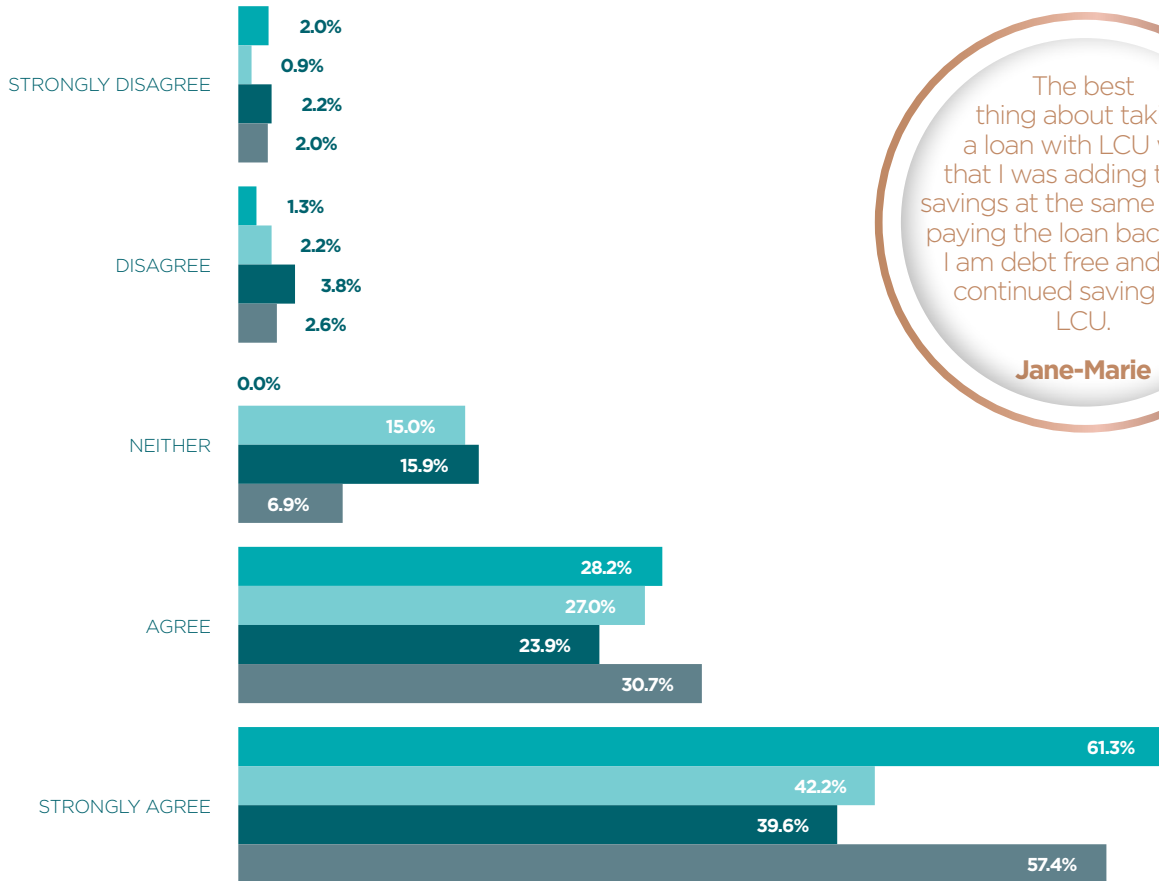


- 43.5% of respondents said they would have done without if they had not been able to secure the loan with LCU.
- 22.1% would have gone into arrears.
- A total of 36.4% would have used alternatives sources such as 'borrowed from friends and family' (17.6%), borrowed from a payday lender (14.5%) or borrowed from a home collection credit provider (5.3%).



LCU Service

How much do you agree/disagree with the following statements...



The best thing about taking a loan with LCU was that I was adding to my savings at the same time as paying the loan back. Now I am debt free and have continued saving with LCU.

Jane-Marie

- I WOULD RECOMMEND LCU TO FAMILY OR FRIENDS
- LCU HAS FAIRER REPAYMENT TERMS THAN OTHER LENDERS
- LOANS ARE EASIER TO APPLY FOR THAN OTHER LENDERS
- I AM HAPPY WITH THE SERVICE I GOT FROM LCU

- 89.5% of respondents would recommend LCU to friends and family.
- 69.2% agreed that LCU had fairer repayment terms than other lenders. 3.1% of respondents disagreed.
- 63.5% agreed that applying for a loan with LCU was easier than applying with another lender. This statement had the highest negative response at 6.0% saying they ‘disagreed’ or ‘strongly disagreed’.
- 88.1% of respondents were happy with the service they received from LCU.




STOP LOAN SHARKS
Intervention . Support . Education

How much we've potentially saved members in interest if they had used doorstep lenders.

£11,358,777.85*

We work with Stop Loan Sharks to provide fair and affordable loans to our members. Stop Loan Sharks investigate, prosecute and put loan sharks in prison. They are the only organisation in England who have the power to stop loan sharks and illegal money lenders. Since 2004, they have got over 25,000 people safely away from loan sharks.

*Based on the total amount lent by LCU during 2023 if it was charged at the source APR of 840.75% interest rate of doorstep lenders less the actual interest charged by LCU. Data from IMLT.



I have been a member for many years and they have been a God send as I can apply for loans (as I have a poor credit rating) to help pay for a new car and holidays in Scotland to see my grandchildren.. and it's safe as you will never get ripped off like loan sharks do to us. The Credit Union is amazing. Thank you.

Wendy

We're constantly developing our service...

New Mobile App

We launched a new mobile app in 2023 with greater functionality, allowing members to see balances, transfer money, make and manage their loan applications and make repayments from their bank card – all when and where it suits them. The new app really puts control of their money at our members' fingertips.

Food Savers Network

We are working with the Food Savers Network to help clients of food pantries across Leeds develop their financial resilience and build a safety net to help with unexpected costs. We launched the first in Armley in September and will be working with Food Savers Network to launch our services at many more pantries across the city during 2024.

Wakefield Outreach

We launched a new service across the Wakefield Council area at the end of 2023, providing nine weekly drop-in clinics in community hubs. At the weekly sessions, people can join the credit union, open savings accounts and apply for loans, receive some help with budgeting and arrange transfers between accounts.

New ways to access your cash

At the end of the year we launched our collaboration with PayPoint to allow members to withdraw cash at over 28,000 PayPoint outlets across the country. All it takes is a quick phone call and the member is sent an e-voucher to their phone or email which they then redeem at their local outlet. This complements our existing Cash Perks, which lets members withdraw cash from ATMs without a bank card.

We also relaunched the Engage pre-paid debit card, which provides all the functionality of a full bank account, including direct debits, faster payments and the ability to make purchases online and in shops.

All of these provide more convenience and security for our members.

Leeds City Credit Union Ltd. is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (FRN 213369).

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