



Be part of Eden Credit Union



What is a Credit Union?

It is a not-for-profit financial institution, owned and controlled by its members (ie mutual).

Credit Unions are locally based savings and loans organisations, set up, owned and run by their members. Credit Union members save together to create a pool of money from which low cost loans can be made to members. They are regulated by the FSA and the security of savings is guaranteed by the national compensation scheme (which also covers bank

and building society savings), so they are a safe home for people's money.

Credit unions serve the community and keep local money in the area. When you invest in your local Credit Union you know it's your neighbours or colleagues who are benefiting, not outside shareholders.

How will the Credit Union work?

- The Credit Union will need to attract enough savers, to have a sufficient pool of money to meet the members' requests for loans.
- From the money lent to borrowing members, it must earn enough interest to give an attractive return to saving members and pay the Credit Union's operating expenses. Well established credit unions pay between 0.5 and 3% interest on members savings.



The typical cost of a Credit Union loan is highlighted in the table below:

Typical cost of a Credit Union loan (over 1 year)

Your savings £	Maximum loan £	52 Weekly payments £	Interest payable £	Total payable £
150	300	6.09	16.62	316.62
200	500	10.15	27.75	527.75
250	1000	20.30	55.58	1055.58

Carlisle and District Credit Union

- An equivalent £500 loan from a typical doorstep lender would cost £910 over the same period.

Who runs a Credit Union?

- A Credit Union is supervised by a Board of Directors, who are all members of the Credit Union and are elected by the members at the Annual General Meeting.
- A Credit Union may employ a small number of permanent staff, to manage the Credit Union on a day to day basis. They also need to recruit and train a large team of volunteers,

who can perform a wide range of activities in the Credit Union – including running collection points in their local communities, doing book-keeping, running marketing campaigns, training others and helping with administration. The training and experience gained as a volunteer in a Credit Union can lead to useful transferable skills.



How safe are Credit Unions?

Savings are protected in a Credit Union in several ways:

- A Credit Union is regulated and authorised by the Financial Services Authority.
- Members of a Credit Union with savings are protected by the Financial Services Compensation Scheme, like savings in Banks and Building Societies.

Eden Credit Union Study Group is not currently a fully formed Credit Union and as such can not yet offer loans or take deposits as transactions would not be covered under the Financial Services Compensation Scheme.

Do Credit Unions offer a good service?

Credit Unions thrive throughout the world. The international Credit Union movement is made up of more than 170 million people in over 90 countries, served by around 36,000 Credit Unions.

A Credit Union should be able to provide an excellent service and a great deal to its members, because;

- Credit Unions have low operating costs, plus they enjoy various subsidies and some tax exemptions.

- Profits are returned directly to members and potentially local communities, not external shareholders.
- Credit Unions provide a friendly and local service.

In Cumbria there are six Credit Unions. These Credit Unions currently have around 6,000 adult members and around 2,000 junior savers.



What's in it for me?

This is an opportunity to create a local organisation run for our community, by our community. You can be a part of this as a saver, a borrower or as a volunteer.

After saving a small amount for a short time, you will be eligible for a loan at an affordable rate of interest which will be more attractive than many other high street and doorstep lenders (see the example in the table).

As a longer term saver, not only will you be earning an attractive return, you will also be investing in the community as all the Credit Union's funds are kept within the local community.

As a volunteer you will be contributing your time for the benefit of the local community, plus you will get the opportunity to train and to learn some valuable skills along the way (eg financial, administrative, marketing etc.)

What's next?

Without your support, the credit union will not happen! If you would like to support a Credit Union in Eden, please fill in a pledge form online at www.edencreditunion.org.uk, print one off and drop it off

at your local library or post it to us at: Eden Credit Union Study Group, Eden Community Unit, Penrith Library, St Andrews Church Yard, Penrith, CA11 7YA.





To find out more about Eden Credit Union:

www.edencreditunion.org.uk
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phone: 07780031045

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