



**London Mutual**  
Credit Union

Employee benefits with  
ethics from London  
Mutual Credit Union

**Transform  
financial  
wellbeing in  
your workplace**





# London Mutual

Credit Union

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Current as of August 2019

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**BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY**



**“** I've had a savings account with LMCU for almost a year now. My savings come straight from my wages so I don't even see them to miss them!

**Susan**

Joined in 2014

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## At a glance

- Membership open to those living or working in Southwark, Lambeth, Westminster or Camden and to UK Armed Forces
- 30,086 members and £26.85m assets
- Founded in 1982 as Southwark Employees Credit Union
- Fully regulated by the FCA and PRA, part of the Financial Services Compensation Scheme



# Introduction

**London Mutual is an ethical financial provider. We work with employers across London to support financial well-being in the workplace by making it easy for their employees to save regularly and to borrow responsibly.**

We were founded by Southwark Council employees in 1982, and now serve over 30,000 members across Lambeth, Southwark, Camden and Westminster.

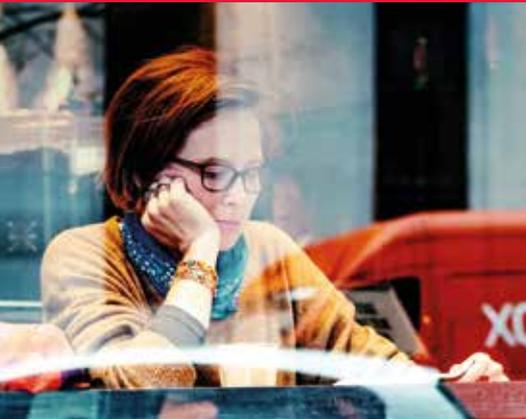
Through our salary deduction scheme, we make it easy for employees to build their savings, creating financial resilience, and to borrow responsibly at low rates which reflect the reduced risk of repayment directly from salary.

As a financial co-operative, we are owned by our members, with all profits reinvested in our services or returned to members.

## Current partners include

- Southwark, Lambeth and Camden Councils
- Ministry of Defence  
(all UK service personnel)
- Greater London Authority (GLA)
- Houses of Parliament (IPSA)
- Guy's and St Thomas' NHS Foundation Trust
- Royal Free London NHS Foundation Trust
- London Ambulance Service
- King's College Hospital
- Peabody Trust
- Lambeth College
- Royal Household (Clarence House)

# Why financial well-being matters



**Economic conditions over the past decade mean that more of us than ever are feeling the financial strain. 6 in 10 UK employees now report being 'somewhat' or 'very' stressed by their financial situation.**

These problems are even more acute in London, where housing and high living costs have resulted in over a million Londoners in serious debt.

It's not just an issue for lower paid staff. Higher earners are struggling with unsustainable levels of credit card debt, while many under 35s report living in their overdrafts, without the security of savings.

Low levels of financial literacy and readily available high-cost debt mean that it's all too easy for colleagues to become financially stressed—regardless of how much they earn.

For employers, the challenge is clear. There is a clear link between financial well-being and employee productivity and retention.

Employees with money worries are likely to be distracted and unable to complete tasks. The quality of their work may suffer, and they may also have difficult relationships with other colleagues. They are also more likely to be looking for a new job.

## The problem

**25%**

of employees 'regularly' lose sleep over money worries.

**26%**

of working age adults have no savings at all.

**60%**

of employees report being 'somewhat' or 'very' stressed by their financial situation.

## The impact

**90%**

of younger employees say their mental health is affected by the cost of living.

**59%**

of employees with money worries say they are not working at their best.

**56%**

of employees do not feel comfortable talking about money issues at work.

Sources: Money Advice Service, CIPD/Close Brothers, Mercer/Mental Health at Work

## How we help

**At London Mutual, our mission is to improve financial well-being by providing high-quality products with something to offer your whole team, whatever their individual financial circumstances.**

At the core of our offer is a 'salary deduction' facility. By partnering with you to offer this service, we make it easy for colleagues to save regularly from their pay, without the inconvenience of direct debits or the temptation to spend it first.

The added security and reduced costs associated with salary deduction mean that we are able to offer borrowing at lower rates, and with

greater flexibility than other providers. This enables us to provide attractive alternatives to credit cards and high-cost online and payday lenders.

As an ethical provider, our products are designed for long-term financial health. We encourage borrowers to save at the same time as they repay, building a savings pot as they go along, and to continue regular deductions after the loan itself is repaid.



### **Lisa Walder**

Deputy Manager of our branch in Peckham, where our head office is also located.



Providing a salary deduction service is a great way for your employees to get into the habit of saving regularly and borrowing responsibly.

## Our services



### Savings

Salary-deducted savings, with dedicated holiday and Christmas savings accounts.



### E-account

A free account for rent and household bills, enabling members to save money by paying via direct debit.



### Short-term loans

These are designed to provide an affordable alternative to payday lenders. Borrow up to £400 over 3 months.



### Personal loans

Low-cost childcare, season ticket and rental deposit loans from 4.5% APR.



### Debt consolidation

A balance transfer service for consolidating and paying off existing debt.



### Commodo card

Combining the flexibility and convenience of a payment card with the reassurance of salary-deducted repayments.

# The benefits

**As a not-for-profit and a social enterprise, we genuinely believe that what is good for you and your employees can be good for us all.**

Partnering with us as an employer provides a highly-valued employee benefit at next-to-no cost, while contributing to the overall financial well-being of your staff.

And it works for us too. We're actively looking to grow our footprint across Central London. For us, a growing and diverse membership provides strong foundations for our work to promote financial inclusion and education throughout the community.

## For you

- A highly-valued employee benefit, with zero cost
- Improved staff performance and productivity
- Staff retention and reduced turnover
- Reputation as an employer
- Support for a community-based organisation

## For employees

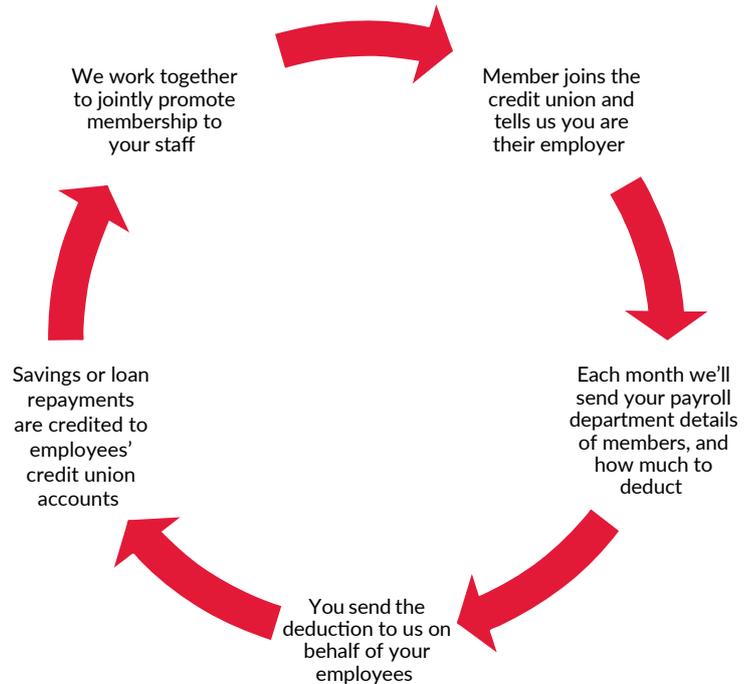
- A convenient way to save on a regular basis
- Access to banking services for staff new to the UK
- Reduced money worries
- A means of consolidating and getting on top of existing debt
- Access to low rates for responsible borrowing



## How it works

We have over 35 years of experience in working with employers to offer payroll deduction to their staff.

We're committed to making it straightforward to set up and easy to run, with minimal work or additional costs for your team or payroll provider.





# Making it a success

**Once established, we are committed to working with you to make the partnership a success.**

We'll do the heavy lifting, offering ready-made promotional materials and face-to-face opportunities to raise awareness among your staff.

We also recommend identifying an employee to serve as a 'Credit Union Champion'. We'll support them to help promote financial education and credit union membership in your workplace. They or a separate member of your team can also act as our point of contact.

## What's available

- A named point of contact and annual review meeting
- An MOU between us setting out how the partnership will work
- Printed materials to promote the scheme
- Digital content for use on social media
- Credit union staff available for workshops and staff training events
- An annual review meeting
- Networking opportunities with other local employers and community groups

# Why London Mutual

**We're different to other salary benefit providers. That's because as a member-owned financial co-operative, we exist to serve your employees, not our bottom line.**

With us, you can be confident that you are working with a provider with the right values, that is part of the community and which has your employees' best interests at heart.

There are hundreds of credit unions across the UK, each serving a distinct community, known in law as our 'common bond'.

London Mutual is one of the largest, and one of only a small number to offer a comprehensive range of products including current accounts, high street branches and online & mobile banking.

We are fully regulated by the Prudential Regulation Authority and Financial Conduct Authority, just like a bank. All members' deposits up to £85,000 are guaranteed by the government under the Financial Services Compensation Scheme (FSCS).

## What's next?

If you are interested in how we can work together, or would like to know more, let's grab a coffee.

**Ben West**

Head of Business Development

**[ben.west@creditunion.co.uk](mailto:ben.west@creditunion.co.uk)  
020 7358 5702**

# Answering your questions

## How much does the service cost?

This employee benefit is offered completely free of charge to employers. Individuals who join the credit union pay a one-off joining fee of £2, which is taken from their first savings or loan repayment.

## What happens if an employee leaves the organisation?

If an employee leaves, we will work with them to set up a direct debit to replace the former payroll deduction payment. This enables them to remain a member of the credit union.

## Is there any liability or risk involved?

All services are provided directly by London Mutual and we accept individual and corporate liability for the operation of the scheme. We are fully regulated by the FCA and the PRA, who are also responsible for banks and building societies.

These regulators require rigorous financial systems, fully trained staff and internal/external audit systems. Individual members are also covered by the Financial Services Compensation Scheme (FSCS) for all savings up to £85,000.

## Are the rates offered competitive?

Loan repayments via salary deduction come with a much lower risk of an employee defaulting on repayments. This enables us to offer better rates and more flexibility than other lenders.

Our rates on larger and medium-sized amounts are substantially lower than those available from banks and via credit cards. Short-term loans (up to £400 over 3 months or less) are designed to provide an alternative to online and payday loans. All our profits after costs are returned to members as a dividend on savings.

### **Are we encouraging debt?**

Our priority is to promote financial resilience by encouraging members to save. All our products—including loans—are designed to help members to build savings and to end the cycle of borrowing for day-to-day expenses, as well as relieving high-cost debt.

For most people, there will be times when they do need to borrow. We consider this a normal part of life, and encourage our members to do it responsibly. We seek to provide an attractive and low-cost alternative to high street bank loans and other forms of consumer credit.

### **Is this a proven model in the UK?**

London Mutual was the first credit union to offer salary deduction when it was founded in 1982 by Southwark Council employees. Across the UK, there are almost two million credit union members.

### **How much administration is there for the employer?**

Minimal administration is involved. All the employer is required to do is to facilitate monthly deductions from salary, which can be arranged via physical or electronic means.

### **How do you ensure that lending decisions are fair?**

As a responsible lender we carry out credit reference checks when considering loan applications, and may also ask applicants for evidence of their income and expenditure (such as payslips and bank statements) to assess affordability.

To reach a decision, we aim to take a full range of factors into account including a member's savings record and other relevant facts, not just a score.

**[www.creditunion.co.uk](http://www.creditunion.co.uk)**

 **[lmcu\\_london](#)**  **[love\\_lmcu](#)**  **[londonmutualcreditunion](#)**

**For more information, contact**

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All information current as of August 2019

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