

Question: CQ17.01

Cabinet – 1 December 2020

Re: Agenda item 17 - Avon Mutual Regional Community Bank

Question submitted by: Councillor Don Alexander

I welcome the development of increased local banking capacity. **Could Cllr Cheney please explain any differences between Avon Mutual and the Bristol Credit Union and whether they will be complementary?** Thanks.

1. Differences

- Credit union licenses allow a restricted range of products specialising in providing savings and loans to vulnerable individuals.
- By contrast, Avon Mutual's key added value for vulnerable individuals is the provision of a full-service current account, saving people without a bank account up to 63% on the Poverty Premium. Approximately 12,500 people in Bristol do not have a current account, including 13% of Bristol Credit Union's (BCU) loan customers.
- Avon Mutual will also provide larger loans to more people at larger scale (£500m lending compared to BCUs £5.9m) including mortgage provision. Avon Mutual will also provide significant banking and lending to businesses. This represents a significant opportunity for AM to further improve financial inclusion and resilience within the region.

2. Complementary activity

- They attract very different types of savings - money, shares versus deposits. There is demand for both models in Bristol.
- What unites BCU and Avon Mutual is the desire to provide relevant, affordable, and impactful financial services to businesses and individuals in Bristol and the West of England. Credit unions and community banks actively collaborate around the world in the mutual interests of their members