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Regulation of credit unions is a ‘win-win’ situation

The regulation of credit unions from today (2 July) will benefit credit unions and communities, according to Suzanne McCarthy, chief executive of the Financial Services Compensation Scheme (FSCS). “It’s a win-win situation,” she says.

“Providing protection to credit union members is a key step to financial inclusion at all levels,” says Suzanne McCarthy.

Customers can now be confident that their money has the same protection as funds placed in a bank or building society. It should also help to create opportunities for credit unions to grow and encourage more people in a community to use their services.

FSCS acts as a safety net for customers of finance sector firms. The Scheme provides compensation if an authorised financial firm fails and owes money to its customers. If a deposit-taking firm were to fail FSCS would pay 100% of the first £2,000 deposited and 90% of the next £33,000, making a total of £31,700.

Consumers can download a guide to the Scheme from its website at www.fscs.org.uk or call its Helpline for more information on 020 7892 7300.

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