Dumbarton Credit Union
~ National History ~

In Britain, in spite of a long history of co-operation going back to the Rochdale Pioneers in the 1840s there were no credit unions until the early 1960s with the arrival of Caribbean and Irish emigrants. Prior to this some working class communities had informal arrangements in their neighbourhood usually organised by local women, where they would pool their money. This would then be given to a member of the group. Everyone took their turn to receive the money. These arrangements encouraged people to save small sums that they were unlikely to miss, allowing them to build up a large sum which they would receive.

Britain was the birthplace of the co-operative movement and credit unions are located within that tradition. Co-operatives are different to organisations in the private or public sector.

The British economy can be divided into three economic sectors – private sector, public sector and co-operative sector. These sectors are represented in the institutions of the British financial industry as well as other parts of the British Economy. Each sector summarised below has unique characteristics and features that reflect its philosophy.

Private sector financial activities are those undertaken by financial firms that are controlled by individuals who own shares The primary purpose of a privately owned institution is to maximise the wealth of its shareholders. Shareholders elect directors who hire teams to manage these financial firms. Management teams, in turn operate the firm and make decisions that will maximise shareholder returns. Each shareholder has one vote. Example:- Royal Bank of Scotland

Public sector financial activities are those undertaken by government regulated bodies. These bodies either attempt to influence the general economy i.e. Bank of England regulate the financial service industry or The Post Office which offers a number of financial products.

Co-operative sector financial activities are those undertaken by institutions that are governed by co-operative principles. Each financial sector is governed according to its own values, principles and modes of operation. Financial co-operatives pool their savings to get financial services at reasonable costs. Financial co-operative institutions include credit unions and building societies. Credit unions are democratically controlled organisations that provide financial services to their members.

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Credit unions like other co-operatives are autonomous, locally directed co-operatives that operate according to a policy of one member, one vote. All members are equal owners regardless of the number of shares held. Membership of a credit union is identified by the nature of its common bond i.e. living in a specific area. Credit unions offer a personal saving and loan facility

Credit union members elect a board of directors from their own number. The board of directors serves as volunteers to formulate the plans and policies that will enable the credit union to grow and develop. To carry out their plans, the volunteer directors employ staff to manage the day to day operations of the credit union. Volunteers are also involved in operating collection points and fund-raising activities. Credit Unions are social and economic organisations. Many credit union activists come into credit unions to achieve social objectives.

It is clear that private banking firms are by far the largest of the three financial sectors. Nevertheless credit unions are the fastest growing part of the co-operative sector in Britain. In August 2008 there were 477 credit unions in Britain with approximately 652,200 members. They had shares of £475 million and assets of over £593 million.