

## The march of the mutuals

---

*Speech given on 8 May 2024 at the Building Societies Annual Conference, Manchester  
(check against delivery)*

At my first BSA Conference in 2014, here in Manchester, on this stage, I set out the big strategic question that has underpinned so much of our campaigning in the past ten years. It is a question that many of you will be familiar with – and a question to which I believe we have both a clear answer and have made some substantial progress towards answering:

**“What is the financial services sector that we want for the UK in 20 years time?” and “what are the steps that we need to take now to have the best chance of achieving that outcome?”**

**We want building societies, credit unions and the wider financial mutual sector to be at the heart of the future of a properly diverse, competitive and resilient UK financial services sector.**

In setting out our aspiration and our strategy for achieving that outcome, I also gave a pretty honest appraisal of the challenges facing the sector as I saw them at the time. The problem statement if you like. And in doing so, I was accused by some of our members afterwards of being a bit of a grumpy git.

But, by laying out the challenges, we were seeking to establish the basis and platform from which to move forward.

And let’s be honest, back in 2014 we had a prudential regulator setting out a pretty bleak stall for the future of building societies, and political support that was far more about hearts than minds. If we did nothing about it, the risk was that we would have a much smaller sector, a sector that felt increasingly like a legacy part of financial services. Now I love the National Trust, but I was not ready to see our wonderful purpose driven sector consigned to be heritage assets.

**So what have we done about it? What has the BSA done? What have you all done?**

We have campaigned long and hard with government and regulators. We have argued strongly that it is in their interests to have a properly diverse sector – for consumer choice, for competition, for structural resilience in the face of crises – and we’ve had a few of those.

We have promoted building societies, credit unions, mutuals and co-operatives as positive contributors to competition, choice and resilience in financial services and the wider economy.

We have built alliances and partnerships across the political spectrum and the business world. In a world dominated by the shareholder ownership mind-set, we have been dogged in calling out the need for diversity in every sector.

And we have sought every opportunity to level the playing field between building societies and banks. Whether that is Strong & Simple, Basel 3.1 or, most recently, with the support of Julie Elliott, the MP for Sunderland Central and some parliamentary “good fortune”, updates to the Building Societies Act that could free up billions of additional lending to first time buyers and further facilitate competition with the banks.

We focus on UK business, not UK PLC. We talk about the purpose of business being for the benefit of our communities and our society, not remote, overseas shareholders. We focus on long-term value and sustainability, not short-term earnings maximisation. And by long-term, we do not mean five to

ten years. Ours are inter-generational businesses. Your roles running mutual businesses are genuinely about stewardship, about balancing the needs of current members with those of their children and grandchildren, your future members.

And you have come back from the financial crisis bigger, stronger, better governed, in many cases with fresh understanding and insight into your purpose and role in society.

Since I first stood on this stage, you have maintained the mortgage market when the banks drew back, **increasing your market share from 19% to 23%**. You have helped almost **a million people fulfil their dream of owning their own home**. You have paid **£9 billion more in interest** to your members than they would have got from a high street bank.

Should we still call them high street banks? You have grown your **share of high street presence from 15% to 28%** as they have deserted our towns and communities. And you have grown your membership by **1.7 million so that there are now more than 26 million memberships of building societies and credit unions in the UK. And over 74 million memberships of mutuals and co-operatives – rather more than the total population.**

Some heritage asset!

You have a history of building co-operative technology businesses, co-operative estate agents, even co-operative auditors. And now, two of you have set out on the road to mutualising bank assets, re-establishing a co-operative banking sector in the UK. Bucking the trend internationally. Giving hope to small businesses, social enterprises, ordinary people up and down the country who want and deserve better from their banks.

By this time next year, when we meet in Birmingham to celebrate the 250th anniversary of the founding of the world's first building society, we will have a new government. Whatever the outcome of the election, a new government will bring new opportunity. Support for co-operatives and mutuals extends right across the political spectrum.

**Now is the time. Now is the opportunity.**

Starting with Richard Ketley, the landlord of a pub in Snow Hill, Birmingham. Starting with ordinary working people coming together in co-operation to save money, to buy land, to build homes for themselves and their families. We have 250 years of mutual history as inspiration for collective futures. 250 years building sustainable businesses for the benefit of our communities and society. 250 years of purposeful business.

In partnership with the whole of the co-operative and mutual sector, we have proposed building a new covenant between our whole sector, government and society. For the benefit of society.

To help us deliver on our side of the bargain, we have called on an incoming government, firstly to:

- Design an environment which supports the growth of co-operatives and mutuals, which includes co-operatives and mutuals at the heart of government strategy and decision making; secondly to
- Deliver an overarching legislative and regulatory framework to provide a level playing field, comprehensively updating legislation, extending the CMA's remit to include responsibility for developing and maintaining corporate diversity; and reviewing the credit union common bond framework; and thirdly to
- Create and preserve capital to support new and growing co-operatives and mutuals, including access to pools of genuinely mutual start-up and growth capital via British Business Bank and through pension scheme reform

The Labour Party have committed to doubling the size of the mutual and co-operative economy. That should be our ambition, whatever the outcome of the election. That is our side of the bargain. For building societies, we think that doubling memberships from 26m to 52m over ten years would be a suitably challenging target. Achieving that outcome in substantial part by addressing the huge

societal problem we have in poor household financial resilience. By encouraging regular savings directly and through the workplace. Underpinning our role in improving and building society.

**Something to be proud about.** The choice, ultimately, is yours – to seize the opportunity or let it pass.

One of our CEOs said to me recently that it really does feel like the march of the mutuals. And let's make no mistake, our march needs to be a quick march; a steady march towards that positive future of a properly diverse UK financial services sector with our mutual businesses at its very heart.

Thank you