



SOCIETY matters



Rounding off the BSA's 150th year:

Reflecting back & looking forward

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The views expressed by authors in this magazine are not necessarily those of the BSA.

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Hello and welcome to the winter edition of
Society Matters



Blame it on the mince pies, the mulled wine, or as any excuse to distract ourselves from the unrelenting political turbulence... but this time of year brings with it a warm sense of nostalgia. So as our 150th anniversary year draws to a close, what a great time to take stock of all our sector has achieved!

Building societies themselves have been around far longer than the BSA – 99 years longer, to be precise. However, in the past 150 years we have witnessed some of modern society's biggest challenges and changes: World wars, shifts in human rights, economic crashes and ecological disasters. Therefore it's so genuinely interesting to see how building societies found their way through all of the upheaval and change – carrying on, and innovating, to keep their members front-and-centre of everything they do. Perhaps that's why our sector is as resilient as it is?

In this special edition, journey through some of these historic events through the eyes of building societies, and take a peek of things likely to come in the next century. It all starts on page 8.

Elsewhere in the edition, Saffron Building Society tells us about their involvement in their local Business Improvement District – a team dedicated to promoting, utilising and sharing local talent for the good of the local community (P6).

ClearBank share their views on where the customer journey is going in the next 150 years (spoiler: it's digital) and how societies can harness digital to grow their membership without detracting from their core values (P14).



BSA CEO Robin Fieth talks culture and purpose (P3): it's been the preserve of our sector since its establishment, but has permeated the PLC world in recent years. What are our sector's options in moving ahead, to stay ahead?

Have a magical Christmas and an exciting New Year – I'll see you in the spring edition, available at the end of March.

AMY McCLUSKEY
Society Matters Editor



The raspberry ripple effect



By **ROBIN FIETH**,
BSA Chief Executive

It has taken the shareholder owned business world forty-nine years to realise that there is more to corporate life than seeking to maximise profit for the benefit of shareholders. It was back in September 1970 that Milton Friedman famously wrote in the New York Times that "for a company to pursue anything other than profit would be pure and unadulterated socialism" and that the responsibility of corporate executives "will generally be to make as much money as possible while conforming to the basic rules of society, both those embedded in law and those embodied in ethical custom."

Quite a shock then, when the US Business Roundtable announced earlier this year that it was redefining the purpose of a corporation to accommodate a broader group of stakeholder, including employees, customers, suppliers and communities. But, as Karen Firestone noted in a recent Harvard Business Review article¹, stock markets didn't seem to react. So far there has been no general re-rating to reflect the lower forecast corporate profitability that one would expect by this apparent abandoning of the Friedman Doctrine. Why is that? And what might it tell us about how we in the mutual and co-operative world should respond?

These are important questions as we come to the end of the BSA's 150th anniversary year and start looking forward to the even bigger celebrations in 2025 to mark the 250th anniversary of the founding of Ketley's Building Society. I have spoken and written

many times about how we use our sector history of business founded on social purpose as the inspiration for our futures and how we secure that future by being at the heart of UK financial services in the 21st century.

It seems to me that we have two basic choices. We can assume that the world of shareholder-owned businesses is having a bit of an aberration and, after a while, will revert to type and return to its previous ways, leaving the field of purpose driven business clear once more for us to occupy. Or, we can welcome their conversion to the bright side of business life, and recognise that we will need to up our game in response.

A decision to go with the first option might feel OK if you take the view of one of the US fund managers quoted in Karen Firestone's article that "until the formulas for CEO compensation in the US changes to reward

them for more than earnings per share and stock price appreciation, we are unlikely to take the Business Roundtable statement seriously."

But is that something you want to bet the ranch on? For starters, when you reflect a little more on the second part of Friedman's statement about conforming with the basic rules of society, you might conclude that corporations are not abandoning Friedman at all, but rather are recognising that those basic rules of society, both legal and ethical, are changing. That is a very different competitive proposition. It could imply that corporations will increasingly recognise that developing or re-discovering their clear purpose in society is the route to maximising profits over the mid to long term.

In a 2018 article, also in Harvard Business Review, Joseph Bower and Lynn Paine discuss what they see as the error at the heart of corporate leadership² – the concept of



1. How Investors Have Reacted to the Business Roundtable Statement, Harvard Business Review, November 2019
2. The Error at the Heart of Corporate Leadership, Harvard Business Review, [2018]



shareholders owning the business rather than the shares in the business. This they see as rife with moral hazard, not least because shareholders do not have the traditional incentives of owners to exercise care in managing the business, and are not accountable as owners for the corporation's activities. A much better model, they propose, "would have at its core the health of the enterprise rather than near-term returns for its shareholders. Such a model would start by recognising that corporations are independent entities endowed by law with the potential for indefinite life. With the right leadership, they can be managed to serve markets and society over long periods of time."

That will sound very familiar to those of us who are involved with mutual, co-operative, community and social enterprise organisations. And it is why I think it would be dangerously complacent to assume that corporations will get over their flirtation with purpose.

So, we turn to the second option and a phrase that former BSA Chairman, David Webster, used when describing the concept behind our MSc programme – that it should have mutuality running through it like raspberry ripple in ice cream.

It may have taken the shareholder owned business world forty-nine years to wake-up. We have nearly 250 years' experience of putting members at the heart of everything we do. The BSA's 2018 Ownership Matters research showed us just how embedded this is. Building Society employees think that 37% of the value created by a building society flows to customer-members and 12% flows to local communities. Asked the same question, PLC employees reckon customers get only 13% of the value created by their companies and local communities get a measly 3%.



"We have nearly 250 years' experience of putting members at the heart of everything we do."

There are numerous stories that bring these stats to life. An old one that I heard quite recently related to one of our larger members whose board, a number of years ago, determined to engage in some quite

un-mutual behaviours towards their members, only to be thwarted by branch staff, who effectively blacklisted the offending products by refusing to hand the relevant leaflets out over the counter.

That sort of culture is incredibly difficult to create through short term change programmes. And it is precisely that sort of bottom-up culture that continues to give our sector a huge advantage today. At a time when trust in business generally, and financial services in particular, continues to bounce along the bottom, we have opportunities every day to stand out in a crowded and competitive market place for all the right reasons. With aggregate building society membership growing in recent years at a rate of about one million new members a year, something is clearly working.

The current trading environment is incredible tough. It may take some courage to stick to the mantra that if you look after your customer-members really well, the profits will follow – and we are under no illusion about the importance of running profitable businesses. Perhaps the PLC world is onto something in recognising the importance of purpose and the positive role that business should play in society as the route to sustainable long term profit maximisation.

I think we are all clear that our purpose and our role in improving the lives of our members is fundamental to the long term success of building societies, credit unions and the wider financial mutual sector at the heart of UK financial services. Let's celebrate the mutual raspberry ripple effect!

Next steps:

You can follow Robin on Twitter [@bsaceo](#)



"Housing for all"



the BSA's key housing focus, and how Government can make it happen



By KATE CREGGH, BSA Public Affairs Manager

Modern Methods of Construction: widespread adoption crucial to sufficient housing supply

As the housing sector innovates to meet the challenge of demand for housing, Modern Methods of Construction (MMC) is playing an important role in increasing housing supply.

The term MMC covers a range of different techniques, which allow all or part of a property to be built off-site in a factory. It is often used in self and custom built properties – which building societies specialise in lending on.

MMC has a number of advantages. It avoids disruption by the wonderful British weather and allows greater precision in construction techniques. It also allows more energy efficient materials to be used. With the Government's legal target of reaching zero carbon by 2050, all parts of the economy need to contribute to this target.

For MMC to become mainstream a number of actors need to play their part, from surveyors and valuers, from warranty providers to mortgage lenders. Everyone needs to focus on facilitating MMC, so more people can have a good quality home of their own – rented or owned.

The Ministry of Housing, Communities & Local Government (MHCLG) has been leading the way with work on terminology, but more needs to be done. The Housing, Communities & Local Government Select Committee in

the 2015-17 Parliament recognised the BSA's recommendations to help MMC grow. These are:

- the introduction of digital logbooks for MMC-built properties, as construction methods are not always evident to buyers or repairers,
- the gathering of durability data, critical for mortgage lenders when making 25-40 year lending decisions, and
- the standardisation of warranties to ensure all methods and elements of an MMC property are covered

"The new Government can encourage MMC to achieve its target of building more new homes. That support is vital to encourage investment in skills and the technologies."

The new Government can encourage MMC to achieve its target of building more new homes. That support is vital to encourage investment in skills and the technologies.

Green & Sustainable

As the Government prioritises building more new homes, it is vital that they are carbon neutral. The UK's Committee on Climate Change reports 14% of the UK's carbon emissions stem from home energy usage. It is clear that existing housing must be decarbonised to meet the UK's target.

The December BSA Property Tracker survey results revealed that 77% of people think the energy efficiency rating of a property is important when buying a home. When it comes to who is responsible for improving a property's energy efficiency, 42% think the homeowners, 25% cited the government and 17% think responsibility lies with the energy companies. But the costs involved can be a significant barrier for homeowners wanting to make these improvements. When asked 54% of homeowners said lower council tax would be the biggest incentive to make energy efficiency changes to their home.

Consumer confidence is key to decarbonising. Consumers need good quality information from a trusted source and they want to be confident in companies which help them decarbonise. The measurement of energy efficiency needs to be robust and consistent as well.

Conclusion and asks

Both MMC and the decarbonisation of housing play a crucial role in increasing UK housing supply and ensuring it is of a high standard for future generations.

Government, along with their advisors and regulators, need to consider how they respond to these issues and incorporate them into their policies. Only then will we have enough housing for all.

Next steps:

For more information visit bsa.org.uk



By **CLAIRE HUNNABLE**,
Community Business
Partner, Saffron
Building Society

Working best with communities through Business Improvement Districts

The BSA's Reinvigorating Communities report highlighted that people believe businesses should have a positive impact on the communities in which they operate.

As Community Business Partner at Saffron Building Society, I recognise that one of the key challenges facing us is to maintain our relevance not only to Members but also the wider community.

We took the difficult decision to close three branches this year. Whilst on one hand we were grateful that we received few complaints and it all happened with minimal fuss, on the other hand it did make us question just how relevant we really are.

We have now changed our thinking. Instead of member engagement we now think of engaging with communities and key stakeholders to make a sustainable positive difference. We believe community engagement will in turn drive member engagement.

We looked at our local communities and considered how we can best influence and connect with them. It was at this time I became a Director of Saffron Walden BID (Business Improvement District). Saffron Walden is a small medieval market town in North Essex with a population of 15K. It offers specialist shops, museum, churches and medieval buildings. Nearby is Audley End House, an English Heritage site.

In working with the BID I have had the opportunity to work alongside local businesses, local authorities and other stakeholders, providing invaluable insights into our town and an essential understanding of local issues and needs.

What is a BID?

- BIDs invest in and deliver projects to improve the local trading environment, drive down business costs and raise the area's profile.
- BIDs are led and controlled by businesses; they are independent organisations with ring-fenced resources and finances.
- The projects are funded by raising finance, principally through a levy. Throughout the term the BID are accountable to their levy-paying businesses and must demonstrate how they make a difference.



The BID business strap line is Attract, Engage & Thrive, echoing the society's community strategy.

Attract

The BID ran Christmas Vintage Coaches, linking Audley End House to the town centre. This followed survey results that showed over 80% of visitors to Audley End had never been into Saffron Walden town. The Society has further supported the town by providing the premises for the BID's Santa's Grotto a first for the town and already proving hugely popular!

"Instead of member engagement we now think of engaging with communities and key stakeholders to make a sustainable positive difference."

Engage

We have had Fairy Hunts, Egg Hunts, Elfie selfies, Christmas and Easter Spend with prizes of vouchers to be spent in town. We have run a Support Local Campaign with video on social media featuring independent businesses.

Thrive

We have introduced Business Watch to alert BID businesses of any crime or anti-social behaviour issues working closely with the police. We have secured loading permits for businesses that use their personal vehicles and reduced minimum season parking permits to one month (previously six).

Of course, the focus on community is only one part of operating a successful business. As a Building Society, we have to maintain the focus on providing quality propositions at the right price and through the channels that our customers want to use, but in these areas it is difficult to stand out from the competitive pack. We will struggle to compete with larger providers on cost, whilst new challengers will often have the edge with technology. We should be competing and winning when it comes to our communities and the impact we can make and more people being introduced to Saffron Walden will inevitably promote new and existing opportunities for Saffron Building Society.

Next steps:

For more information or to find your local BID, visit: gov.uk/guidance/business-improvement-districts



By **NICK LAWLER**,
Head of Business
Development, DPR

Key digital themes for 2020:

Digital efficiency will reign supreme, and agile societies could lead the way

2020 vision

Despite the political and economic uncertainty that has continued throughout the last year, the competitive nature of the financial sector has continued apace and seen it witnessing ongoing change. It's no secret that providers are facing increased competition from multiple challengers in the banking world, including large technology companies and digital-only counterparts, but what has 2019 bought to the savings and mortgage sectors, and what does it mean for banking technology requirements in 2020.

The savings market has seen deposits grow over the last 12 months, with the latest statistics from the Bank of England revealing that deposits increased in August 2019 compared to the same month in 2018.

Digital adoption

According to the recently released Growth of Digital Banking Report by CACI, the second wave of digital adoption is now occurring. We have seen a shift in focus by regional building societies looking to broaden their customer demographics through digital channels with an aim of enabling greater agility and speed to market. An increase in process efficiency via a fully automated end-to-end platform that removes legacy issues has been well-received. While more accounts are expected to be

opened via online channels it is important that banks and building societies don't leave customers who prefer traditional transaction channels behind. The drive to better serve customers with functionality that can enable self-service and improve retention of existing customers continues.

"Banking will continue to be shaped by digital and data-driven innovation, with the expectations and demands of customers continuing to accelerate."

The ultra-competitive nature of the low-interest rate mortgage market has seen a growing number of mortgage lenders focusing on lending criteria and policy in order to enable them to help customers, such as contractors, the self-employed, and customers borrowing into later life.

Specialist lenders and challenger banks have diversified their products and approach in order to gain more market share. While the Bank of Mum and Dad has remained relevant and questions continue over any possible replacement for the popular Help to Buy scheme. In order to improve processes and the onboarding of customers, mortgage lenders have continued their efforts to improve agility and operational efficiencies within their businesses with the resultant aim being improved service for customers.

I believe that these key themes will continue into 2020. Providers will seek improved speed to market alongside quicker mortgage application processing to create more frictionless application journeys. An improved understanding of customer changing needs will also improve retention numbers. Regulatory demands can be met by improving Anti Money Laundering (AML) checks and document verification that will further improve operational efficiencies.

It is the growth in fintechs that will continue to facilitate these improvements.

Meeting the challenges

The approach we're evolving allows rich integration with more third parties to improve areas such as AML and speed to verify customer information. A banking platform should empower its clients to diversify into new sectors market quickly without the need for costly upgrade projects. Even when business requirements change, societies need the freedom of choice now and in the future.

Banking will continue to be shaped by digital and data-driven innovation, with the expectations and demands of customers continuing to accelerate. I believe banking technology providers need to engage further with their customers and understand what their employees and customers need day to day. This approach will ensure that Societies don't simply play catch up, but they lead the way with their offering to their customers and their employees.

Next steps:

For more information visit dpr.co.uk





By **AMY MCCLUSKEY**,
Press & Publications
Officer, BSA

Introducing the special edition: 150 years of change

When the BSA was founded in 1869 building societies were already an established part of the UK's financial services sector, with 99 years' of experience under their belt.

Though the phraseology has changed over the centuries, the clarity of the BSA's purpose remains the same: to champion the sector and support all of its members. Today, with 25 million members, people clearly agree that building societies are important as ever.

World events shaped our society – and our Societies

A lot has changed in 150 years but building societies have lived through it all, evolving with the times. This special edition takes a step back from our usual content to share some of these examples.

Ipswich Building Society recounts its founding principles: that "all members, regardless of gender or age, should be treated equally and be entitled to vote on how the Society is run". It's pretty revolutionary that at a time when women weren't allowed to vote, they could purchase a home thanks to our sector. In addition, the 'common man' was given the vote thanks to the Forty Shilling Freeholders movement (P10).

One morning in 1940, Nationwide's then-President woke up to discover his house destroyed by the Blitz. He borrowed clothes from his neighbour and went to work as usual. Nationwide went on to help affected members by reducing mortgage repayments and helping them to claim reparation costs from the government to rebuild their war-ravaged homes (P9). A truly remarkable story.

Nottingham Building Society has recently uncovered stories surrounding its founder: a philanthropic individual whose kindness has inspired and shaped the Society's community

activities going forward (P12). Elsewhere, the Tipton takes us back to the 90s with 'Britain's oldest first-time buyers' (P13).

In a world full of shareholders, be a mutual.

Today instant gratification is a way of life. We can have food delivered quite literally to our sofas in 30 minutes or less, and we have come to expect the same level of convenience and speed in all aspects of our life - including our finances.

Smartphones now allow us to transfer funds instantly whilst at the gym, sign a loan agreement on the daily commute or conduct a mortgage video interview from the comfort of our own homes. Taking it a step further, Open Banking advancements mean we can enjoy more streamlined

mortgage applications, review real-time and personalised product comparisons and even make savings on the weekly grocery shop – all from a single app. And this is just the beginning. Our sector is already embracing Open Banking to complement their existing services, No.1 CopperPot Credit Union and Skipton Building Society share their experiences on page 15.

"Today instant gratification is a way of life and we have come to expect the same level of convenience and speed in our finances."

Moving on

Building Societies are a fundamental part of the financial services sector. Long before

'purpose' became a corporate buzzword, building societies unwaveringly put people – their members – first. And they continue to do so. It is with a building society that ordinary people with more complex needs will find what they need: Think older borrowers, students looking to buy their first home, self-builders creating their very own Grand Designs or those working in the gig economy.

Building Societies' unshakable formula of common sense, carefully measured risk and 250 years' experience is what makes the sector stand out. Let's see what the next 100 years throw at us – we're ready!

Next steps:

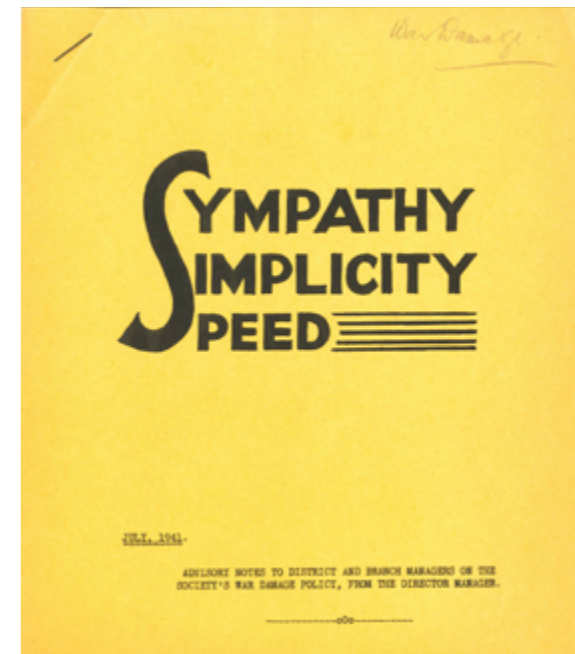
Follow the BSA at [linkedin.com/company/building-societies-association](https://www.linkedin.com/company/building-societies-association)



By **SARA KINSEY**,
Head Archivist,
Nationwide
Building Society

Sympathy, Simplicity and Speed

The 1930s had seen building society membership surge as home ownership became a realistic aspiration for millions. Many of these members turned to their societies for support as the Blitz laid waste to homes during the Second World War.



At the outbreak of war, many societies put their emergency plans into effect. The Co-operative Permanent Building Society (as Nationwide was then known) had been preparing for the worst since 1938 when it purchased a country house near High Wycombe. Most of staff decamped there in Autumn 1939 and stayed put until the war was over. Senior management remained at head office in London but in September 1940 the war arrived on their doorstep. The Society's President, Arthur Webb, woke up in his air raid shelter on the morning of 18 September to discover his house in Wimbledon had been completely destroyed. He was due at a board meeting that day, so he borrowed some clothes from a neighbour and made his way to central London to attend the meeting – only telling his fellow board members about his own misfortune once the business of the meeting was over. His plight was echoed by many thousands of members whose homes were also damaged or destroyed in the Blitz.

What could building societies do to help such members? Nationwide's archives contain a fascinating little booklet issued to staff to guide their dealings with members who had been affected by bombing. The guidance noted

that although there was a compensation scheme for home-owners 'governmental procedure is notoriously long-winded and this is where the Society can offer real assistance.' It proposed that the Society would finance any necessary repairs and then reclaim the costs from the government to save the member having to do it. The pamphlet ends by telling staff: 'It is of utmost importance that that members should be dealt with in full Sympathy, with Simplicity and Speed. That blueprint for customer service, especially for customers in times of need, at times of vulnerability, is one that still guides our behaviour today.

As the war wore on, the minutes of the Co-operative Permanent also record other measures taken to help members. Around 300 members each month were allowed to reduce payments to interest-only because of problems with their properties, or problems with repayments, and survey fees were waived in 'hardship cases'. Many building societies followed such a tack, trying to help their members through the tough times. The smaller

societies were themselves finding the going heavy with the housing market at a standstill and sources of income hard to come by. The Co-operative Permanent took over the engagements of a handful of smaller societies who were struggling to stay afloat.

A review of the housing stock of the country at the end of the war showed much work to be done. 200 000 homes were completely destroyed, a similar number were severely damaged. A major rebuilding programme was needed – the building societies were keen and ready to play their part.

Today building societies are just as relevant as they were all those years ago as they continue to support their members through good times and bad. Whether that be helping them buy their first home, move up the housing ladder, building up a savings nest egg or supporting them through periods of financial difficulty.

Next steps:

For the latest from Nationwide Building Society, visit [nationwide.co.uk](https://www.nationwide.co.uk)





By **JAKE CORNISH**,
Digital and Campaign
Assistant, Ipswich
Building Society

How building societies have shaped the world we live in today

Building societies have been great engines of social change in our country – from expanding the franchise and empowering women to be able to vote, to laying down hundreds of housing estates and designing large parts of the towns and cities we recognise today.

The rise of the forty shilling freeholder

Britain in the early 19th century was riven with division and infighting, with rapidly worsening relations between the disenfranchised industrial middle classes and the voting landowners. Tensions came to a head when a radical movement known as the Chartists incited mass protests and demonstrations to demand reforms – suffrage for all men, annual elections and fair representation.

These ideas were far ahead of their time and hit a brick wall, with the government deeming the movement a risk to national security – so a new solution was needed.

The National Freehold Land Society movement was founded by James Taylor in Birmingham in 1847, with the principal aim of enabling the common man to buy land to qualify him to vote. Back in those days, the voting criteria was such that it only enfranchised men who owned a freehold property with a minimum value of forty shillings – about 14% of the adult male population at that time.

The model was simple enough: anyone who was interested would be able to invest their savings in the society, with this money being used to buy areas of freehold land which was then divided into plots of sufficient size in order to confer its owner the right to vote. These plots of land were offered at cost price and usually allocated by a ballot of members to give each member a fair chance of being able to purchase a plot.

The movement gains momentum

Taylor travelled hundreds of miles to explain to others the political potential of land societies, with the aim being to enfranchise enough men as to be able to swing elections in favour of the working classes. Within months, word spread across the midlands and societies formed in Coventry, Wolverhampton, Dudley and Stourbridge. In 1849 Taylor travelled to Ipswich – and following this visit, the Ipswich and Suffolk Freehold Land Society was formed in October of that year. In fact, there were some 21 other societies set up in 1849 alone



including three that are still around today. Just before the end of the year, on 1 December 1849, a notice was placed in the Suffolk Chronicle advertising the Ipswich's first public meeting, with the stated aim being to "improve the social position and promote the moral elevation of the unenfranchised population of this country".

Into the 20th century

By 1910, there were some 1,723 building societies in existence in the UK with more than 626,000 members as the movement continued to grow. As it did so, the aims of building societies shifted from political to socio-economic, with many playing a pivotal role in rebuilding after World War 1 and helping to develop homes for displaced veterans.

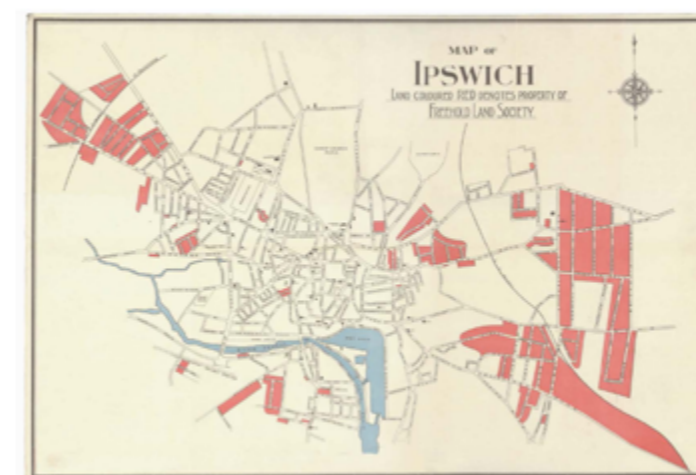
In our own back yard, the Ipswich & Suffolk Freehold Land Society was busy laying out new roads and housing estates across Ipswich and in the surrounding areas.

Paving the way for women's rights

As a mutual society, fairness and equality are at the core of our business model as they have been since we were founded as the Ipswich & Suffolk Freehold Land Society (FLS) in 1849.

The FLS was established on a belief that all members, regardless of gender or age, should be treated equally and be entitled to vote on how the Society is run. Even this stance was controversial, as the Chartist movement that led to the development of building societies was largely male-dominated and was only demanding suffrage for men.

At a time where women would not be able to vote in national elections for another sixty or seventy years, the decision to give equal voting rights to both men and women in the 1850's was nothing short of extraordinary.



Captions

1. Historical map of Ipswich: Red denotes property of Freehold Land Society
2. Branch staff help members
3. Henniker Road plan with members' names allocated to plots
4. Ballot Poster 1906: 'Be your own landlord' - promoting mortgages at the same weekly rate as rent for better accommodation

"The FLS was established on a belief that all members, regardless of gender or age, should be treated equally and be entitled to vote on how the Society is run."

In 1885 records show that in a ballot of 9 houses on a newly-constructed estate in Felixstowe, no fewer than five went to female members, meaning that a substantial proportion of the 470 members balloted must have been women. It's possible that many women were encouraged to set up businesses and take advantage of the newly passed Married Women's Property Act 1882, which significantly altered English law regarding the property rights of married women, and besides other matters, allowed married women to own and control property in their own right.

More than 8.4 million women did eventually get the vote in 1918, and full suffrage was

achieved in 1928 on the passing of the Representation of the People Act, which made women a majority of the electorate.

Continuing the fight into the 21st century

Today we are a very different Society, and while we don't build and ballot houses anymore, we try to remain true to the principles on which we were founded. In 2018 more than 70% of our staff are female, with women representing 45% of our Senior Management Team. We remain committed to fostering a workforce free from discrimination in all its forms and proudly diverse, ensuring equal opportunities for all staff and progression based on merit.

We've also been delighted to sign up to the Women in Finance Charter, committing us to improving gender balance across the UK Finance sector. The Charter is an initiative from HM Treasury reflecting the government's aspiration to see a fairer and more gender-

balanced sector across all levels. The charter commits firms to support the progression of women into senior roles and requires them to publicly report on their progress against these targets to drive transparency and accountability.

Through the charter we've committed to achieving 30% female representation on our Board of Directors by 2023 (currently 22%) and we have already undertaken a programme of unconscious bias training for all recruiting managers. We will also continue to review all salaries annually to ensure there are no equality issues.

We're proud to be empowering women in the financial services industry, following in the footsteps of our FLS forefathers.

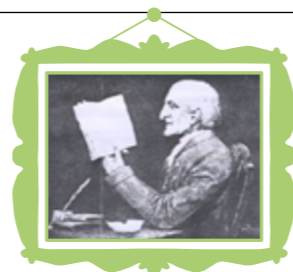
Next steps:

Follow Ipswich Building Society on Twitter: [@IpswichBuildSoc](#) Instagram: [@ipswichbs](#), or find them on LinkedIn and Facebook



By **DAVID MARLOW**,
Nottingham Building
Society CEO

A legacy of doing the right thing



It was thanks to Nottingham City Council's 'StoryParks' project that we ended up at the local library with the archives team going through all the information they had on our founder, Samuel Fox.



With 2019 marking our 170th year, it was the perfect time to delve deeper into our history and understand more about the man who made it all possible. We knew he was a generous and philanthropic character but the more we uncovered, the prouder we are to be part of a Society that was built on a genuine purpose for the greater good of society.

It was once stated about Samuel Fox that; "No man was better known in Nottingham or more generally respected". However, as the years have gone by, his name and story have become less familiar and, dare I say it, almost forgotten. So our team, along with the council, thought what better time to bring it to life than as part of StoryParks?

We invested in the project that took place during the summer from July to August and focused on encouraging young families to develop their literacy skills in five of Nottingham's parks with pop-up reading and numeracy installations with free activities, crafts and games.

Finding out more about our founder confirmed that supporting StoryParks was a fantastic continuation of his philanthropic efforts, 170 years on. One of Samuel's accolades at the age of just 17 was being a founder of the UK's first adult school. Years later, after Samuel

and a group of local businessmen founded Nottingham Building Society, his commitment to literacy continued as he would close the society early to encourage his workers to visit local factories and help unskilled workers learn to read and write.

"The more we uncovered, the prouder we are to be part of a Society that was built on a genuine purpose for the greater good of society."

Story Parks brought this to life with an animated fox character to tell the Tales of Sammy Fox that was used at the free storytelling sessions. As well as his passion for education and literacy, the project shared other tales such as when a market trader's barrow collapsed in front of his shop, and everything fell into the mud, Sammy went outside and bought all the ruined produce from him so he would still earn his money.

In 1832 when cholera hit the city, over 300 people died and there wasn't enough room to bury everyone, Sammy donated land so that a new cemetery could be built and also paid for many of the working classes funerals. During the famine in the 1840's people were starving so Sammy bought huge quantities of maize flour and sold it from his shop for less than

he'd paid to ensure even the poorest people in Nottingham could eat.

And finally, the reason we are here talking about him, when people in the city were living in appalling conditions Sammy set up the Nottingham Building Society to help people have a better quality of dwellings and a safe roof over their head.

We continue his 'Doing the right thing' ethos to this day by giving our team members two days paid leave for volunteering for a local cause or charity and 28 of our team members used these days to volunteer at one of the 25 StoryParks sessions this summer. Such was his passion for education and literacy that we believe he would certainly have approved with the work The Nottingham does today supporting literacy projects like StoryParks but also our charity partnerships with Young Enterprise and Framework Charity who tackle homelessness in the East Midlands. When a society is built on such meaningful foundations, continuing that work is not just the right thing to do, it's maintaining a legacy.

Next steps:

Learn more about StoryParks: thenottingham.com/news/introducing-story-parks

Britain's oldest first time buyers

BSA reports from 2015 and 2017 predicted a shift 'up the age scale' in terms of housing equity and mortgage debt, largely due to societal shifts and affordability barriers. They also highlighted that 'older borrower' doesn't necessarily mean 'riskier borrower' – it's simply a different set of risks to a younger applicant. Today 36 building societies will lend to borrowers aged 80 or above.



By **RICHARD GROOM**,
Head of Mortgage
Sales, Tipton & Coseley
Building Society

But back in the 90s, the Tipton and Coseley Building Society was already helping some of their older members finally achieve home ownership. Provided that risks are measured, minimised and the borrower is informed there is no reason why our sector can't facilitate homeownership in our bid for 'housing for all'.

With the struggle of saving a deposit, rising house prices and a lessened supply of housing, it is no surprise that first time buyers are getting older, with the average first time buyer now aged 33 years old¹. This is a large increase considering the average first time buyer age in the 90s was just 29².

While first time buyers in the 90s were typically younger, in 1993, Tipton & Coseley Building Society bucked the trend, when it granted a mortgage to Britain's oldest first time buyers to Jack and Mary Davies – then aged 79 and 75.

The couple had lived in their local authority home for ten years and had recently celebrated their 56th wedding anniversary when the opportunity to purchase their two-bedroom terrace house came up. The property was based in the West Midlands, and valued at £39,000, at the time. However, Mr. and Mrs. Davies were offered the property for just £18,300 by Sandwell Borough Council, making it an offer that was hard to refuse.

Their wishes to buy their established home, were granted by The Tipton, allowing great-grandparents Jack and Mary to spend their twilight years together, in their existing home.

The couple commented at the time: "Several people on our estate started asking us if we had brought our house, which got us thinking. We are never going to move from here now, we like it and we have been settled here for ten years, so we decided to have a go.

"I suppose it is a buyer's market at the moment, so we thought why not? The



"Their wishes to buy their established home, were granted by The Tipton, allowing great-grandparents Jack and Mary to spend their twilight years together."

mortgage repayments are only a little more than the rent, so it will not make much difference to us. It will just be lovely to know we have a home of our own."

The Society's then-Chief Executive added: "They are our oldest ever first-time buyers, but as long as we discuss the full terms of the mortgage with the family and ensure certain criteria is met, age is not a barrier.

"It is a great investment and it is wonderful to think Mr. and Mrs. Davies will now be able to spend the rest of their lives in a home they can call their own."

The story caused quite a media stir in its time, but it just goes to show how building societies have always been, and continue to be, at the forefront of innovating in line with ever-evolving societal needs. The Tipton, along with 15 other Societies, now offer mortgage products specifically geared to older borrowers with no upper age limit, provided they pass stringent affordability criteria and lending risk assessments.

Next steps:

Follow the latest from the Tipton Building Society at thetipton.co.uk

¹ <https://www.bbc.com/news/business-47070020>
² <https://www.independent.co.uk/property/first-time-buyer-age-increase-1960s-housing-market-cost-property-ladder-a8244501.html>



By **JONATHAN BOON**,
Relationships Manager,
ClearBank

How will today's digital journey change membership for the next 150 years?

Digital solutions are becoming an ever-increasing priority for account providers worldwide, so unsurprisingly this sits at the very top of many Building Societies' agendas. But what will this big shift really mean for the future membership of Building Societies?

The Big Shift

The rise of digital has undoubtedly changed banking in the last decade. With the likes of Monzo, Revolut and N26 on the scene, challenger banks now have 13 million customers combined, which is expected to increase by over 150% in the next year. This huge take-up is driven by the technology-led Millennials and Generation Z's who expect more immediacy and on-demand services than traditional banks offer.

In response to this shift, we have already seen some big-name banks dip their toes into the space, with RBS launching Bó, NatWest introducing Mettle and HSBC announcing their own digital-only bank, Kinetic.

Raising the question: how are Building Societies going to adapt to this transition and set themselves apart?

Why not a Building Society?

The favouring of younger generations to new challenger banks is largely due to changing expectations, but also, in no small part, facilitated by the disconnect felt with traditional banks. The growing number of fines, the miss-selling of PPI and the general distrust following the 2008 recession have led many to seek alternatives.

However, the alternative doesn't need to be a challenger bank. Why not a Building Society? What many people seem to forget is that Building Societies are not the traditional bank. Building Societies work for their members, not shareholders, and members can directly influence decisions within Building Societies. Even with this in mind, the move to digital is inevitable and necessary for Building Societies to stay in the game for the long-haul.

"How are Building Societies going to adapt to this transition and set themselves apart?"

I'll take the Ferrari, please

A digital front-end is without question a key ingredient for a successful FinTech, from ease of access to the overall user experience for people managing their hard-earned money. But it is just the start.

Putting a digital front-end on an out-dated core banking platform is like putting a Ferrari body around a Reliant Robin engine. It might look great, but it just doesn't drive like it should.

That's why the "plumbing" is so essential. Platforms now need to be able to support real-time payments. Waiting hours or even days for money to hit your account doesn't cut it anymore and with clearing scheme requirements set for a shake-up soon, systems need to be future-proofed and adaptable to change. Building Societies need to support traditional customers whilst also upgrading to attract the technology-led generation. An example of this could be the move from physical cheques to cheque imaging. They both achieve the same thing, but you can do one of them whilst sat at home on the sofa. It might even be time for more Building Societies to provide current accounts.

150 years into the future

So, where do we go from here? It's hard to know what exactly the industry and its membership will look like in 150 years and the banking systems of the future will be supported on technology not even invented yet. But, the current digital transformation is without question going to be one of the most formative periods for Building Societies and I fully expect for the average age of memberships to reduce in a significant way.

Next steps:

For more information visit clear.bank



By **ROBERT THICKETT**,
Digital Policy Manager,
BSA

Pioneering mutuals early adopters of Open Banking

Since Open Banking launched in 2018 giving consumers control over their own data, there has been a mountain to climb in terms of the technical implementation to make it a reality. However, building societies and credit unions have been some of the early pioneers using Open Banking in the market.

Consumer research in 2017 on attitudes to Open Banking has posed a challenge, with it highlighting reluctance on the part of consumers to share their data with third party firms.

Despite this, the latest data from the Open Banking Implementation Entity (OBIE) shows good progress taking place. There have been more than 180 million successful API calls for customer account information using Open Banking over the last two years.

And new Open Banking fintech propositions like Volt, Chip, Emma, Plum, and banks' own services, have started to highlight the possibilities it can open up for managing money or saving cash.

The other big use case for Open Banking is around assessing affordability for lending and Skipton Building Society and No.1 CopperPot Credit Union have been some of the first firms to use it for this purpose.

Consenting to Open Banking

Skipton is currently piloting the use of Open Banking with its direct mortgage customers. Instead of the customers manually providing bank statements as part of the mortgage affordability process, its customers have the choice of using Open Banking.

"The response to date is that a surprisingly high proportion of customers are willing to



fixed or flexible expenditure, verify their budget, and establish affordability for the loan repayment," says Elise Ney, Lending Manager at No.1 CopperPot. "The response from the members has been positive so far as it can speed up the member journey and means that they do not need to complete budget planners."

Ney adds that since it started the pilot in August, 35% of applications have been processed using Open Banking over the period.

Will 2020 be the year Open Banking takes off?

Technological change has always taken a long while to be absorbed.

In the 150 years since the BSA launched, mutuals have gone from pen and paper, mechanised counting machines to early-computerised systems. Cloud based services, application programmable interfaces and Open Banking are just recent iterations of this continual process of technological innovation.

Given the efficiencies that Open Banking can provide and customer sentiment warming to securely sharing their data, the early signs are that it could have a big impact on a wide range of products and services building societies and credit unions provide.

Next steps:

Keep up with the latest from our sector at bsa.org.uk

"The other big use case for Open Banking is around assessing affordability for lending and Skipton Building Society and No.1 CopperPot Credit Union have been some of the first firms to use it for this purpose."

consent to Open Banking, and it is improving the time to offer for those who do," says Karen Appleton, Head of New Lending Operations at Skipton. "Ideally this would include the verification of income from a payslip perspective and we are working on this future possibility too."

She add that while it's too early to say what the long term impact of Open Banking will be on the wider mortgage industry, Skipton is committed to being at the forefront of offering customers choice, ease of access and digital tools.

Speeding up the member journey

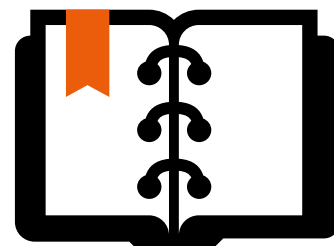
No.1 CopperPot has been actively piloting a variety of technologies over the course of 2019, such as chatbots on its website to deal with member queries.

In August this year, it also started to use Open Banking provider Credit Kudos' Atlas system to assess members' banking activity as part of its loan process.

"Open banking allows us to use the members banking activity to identify their income and their

Dates for your diary

The BSA events programme is regularly updated –
Full listings, information and registration at bsa.org.uk/events



Lending in later life

14 January 2020, London

Recent changes in regulation bringing retirement interest-only mortgages into the standard Mortgage Conduct of Business (MCOB) rules have added further opportunities. On the other hand, the ever-changing pension landscape adds increasing complexity.

This one-day course is designed to upskill Mortgage Advisers to understand the wider implications and possibilities for customers looking to raise money in later life.

Cost: £450 – BSA members and associates only

Information & registration:
bsa.org.uk/laterlife

BSA associates meeting

23 January 2020, London

The objective of this session is to help BSA associate members understand what it is really like to work with building societies, the business conditions facing mutuals and how they are reacting to market changes.

It will also help associates understand how to tailor their approach to BSA members in order to maximise their opportunities for working with mutual businesses.

Places allocated on a first come, first served basis with a maximum of two representatives per associate organisation.

Cost: Free to attend – BSA associates only

Information & registration:
bsa.org.uk/associates

Preparing for successful regulatory visits

6 February 2020, London

Regulatory visits have become more intrusive than ever and can lead to capital and liquidity add-ons, follow-up work and/or other regulatory interventions, including S166s or even enforcement action.

This one-day workshop is especially helpful for those who have not yet experienced a regulatory visit or have a critical visit approaching. It will help you know what to expect from such a visit, how to prepare effectively and how to have a positive effect on the outcome.

Cost: £490 – BSA members only

Information & registration:
bsa.org.uk/reg-visits

Arrears handling

11 February 2020, London

This bespoke one-day course, in partnership with the Chartered Insurance Institute (CII), is designed to help navigate the complex area of arrears handling.

The course will provide an overview of regulatory requirements as well as a basic understanding of the legal process of repossession. In addition, the regulator expects an arrears handler to be able to identify vulnerable customers, deal with them in an understanding and sensitive way and take into consideration their vulnerability when discussing missed payments on their accounts.

Cost: £450 – BSA members and associates only

Information & registration:
bsa.org.uk/arrearshandling

An introduction to treasury management

11 March 2020, London

This course introduces participants to treasury management. It provides an overview of treasury operations within financial services, more specifically within building societies and within the regulatory environment. Following this there is an in-depth study of treasury operations, focussing on liquidity, wholesale funding, credit risk and financial risk.

It has been designed for those with no treasury experience. If you do have some experience, we advise you attend the risk course as your entry level.

Cost: £490 – BSA members and associates / £695 non-members

Information & registration:
bsa.org.uk/treasuryintro

Treasury risk management

12 March 2020, London

This course provides participants with an overview of the financial and balance sheet risks a building society faces and how these risks are managed by the treasury function. We consider liquidity risk, credit risk, market risk and interest rate risk within the new regulatory framework, and examine the role of board governance and the relevant committees, focusing on the Asset and Liabilities Committee. Additionally, we will discuss how to read and understand key reports.

The course will help those with some treasury experience, who need to improve their grasp of treasury risk – including NEDs and senior management.

Cost: £490 – BSA members and associates / £695 non-members

Information & registration:
bsa.org.uk/treasuryrisk