

Hume unites with Wellington



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ALLIANCE: John Hume joined forces with Wellington's Alex Dunne to launch CUonline

JOHN Hume will be 70 on Thursday.

Last Friday, the Nobel peace-prize winner performed a pretty run-of-the-mill task.

While Gerry Adams, Ian Paisley (10 years older than the retired Hume) and other players agonised over policing in Northern Ireland, Hume was back in Belfast promoting his first love.

No, not reconciliation. Quite the opposite.

Hume was urging Ireland's creaky credit union soldiers into battle.

Some see them as the Dad's Army of the financial sector.

The former SDLP leader is not widely known for his love of credit unions. But in long-forgotten days he was the founder of the Derry credit union.

It started with just four members and only seven pounds in its coffers.

On Friday, Hume was hoping that his army would challenge Allied Irish Banks, ironically by tradition the favoured financial institution of nationalist Ireland. He was launching Ireland's credit unions into the 21st century.

At the age of 27, Hume was president of the all-Ireland Credit Union League.

Then he went into politics.

In the intervening 43 years, Hume has been busy elsewhere.

And in the same 43 years the credit unions that Hume founded have not kept up with the pace of change he helped to set elsewhere in Ireland.

Many dyed-in-the-wool credit union elders insist that they were better off when resisting the pressures of prosperity.

Dad's Army has suffered far fewer scandals than the more sophisticated banks; they have not pillaged their members in almost

every division; they may have been a bit less efficient, but at least they were not crooks in suits.

And let us thank God for that. But "less efficient" is a generous euphemism. They have been honest Luddites. They traded their community ethos and their disdain for the profit motive against their gentle, but more basic, banking methods.

And they were technophobes.

Credit unions proudly trumpeted that they were non-profit-making; they were devotees of fine — but outdated — concepts like "social finance". Indeed they saw the banks as being in a different market. They were working for loftier objectives. The banks could go about their nasty business, undisturbed.

That was all very well. But it is not the way the banks see it.

The crooks in suits have been eyeing the credit unions' three million members, their €12bn deposits and their databases. They see credit unions' poorer customers as "low-hanging fruit" waiting to be plucked. They have offered them tempting products, cheap mortgages, share trading services — the lot. Above all, they have made it physically easy for modern Ireland to do business with them. Internet banking, passwords, ATMs etc, have meant that punters can transfer funds on their laptops while watching their plasmas at home by the fire.

And once the banks have enticed the victims and invaded the privacy of their houses, they have fleeced them.

So, on Friday, Hume was lending his prestige to CUonline — a nakedly commercial invasion of the bankers' territory.

Ironically, the product championed by the nationalist leader has been provided by a well-established

company called Wellington Computer Systems. No doubt the firm is called after the noble duke of the same name, the victor of Waterloo, who was once famously reported to have disowned his Irish origins.

When an enthusiastic Gael commended him on his Irish place of birth he is supposed to have replied touchily that "being born in a stable does not make one a horse".

Hume would not have been amused by Wellington's withering wit.

But last week Wellington and Hume joined forces to do a favour for the underdogs. The small credit union movement was bowing to the

inevitable. It was providing a full online banking service to the masses. They would have to compete with the devil — or die.

CUonline means that customers of credit unions can now pay bills, transfer funds and apply for loans online. Credit unions are already operating ATM facilities in many areas. They can now provide SMS texting. They will flag overdrafts and produce current account balances free. Where the banks are slipping hidden charges past their customers, CUonline will charge nothing.

Not long ago a colleague challenged me over an article hostile to

credit unions. "Why in the name of God should I bank with AIB when I have the credit union?" he demanded. "The credit union pays all my bills."

I stumbled. Feebly, I retorted that banks "provide chequebooks".

As they do. But nobody uses them any more.

"And credit cards?" I volunteered without conviction.

Precisely, they are peddling the most insidious ambush of our generation. No credit union would charge the punitive 18 per cent (plus) rates levied by banks on those who can least afford them.

Perhaps we have been too snuffy

about credit unions, dismissing them as the poor man's bank? Have we implied that their less aggressive methods meant that they were somehow not financially stable? Was their management inferior because they were amateur bankers competing against ruthless, overpaid professionals?

Was our unsupported disdain, when unmasked, just sheer prejudice?

Perhaps.

But if Ireland's credit unions do not modernise they are dead.

The Wellington online package launched by Hume is not being swallowed by all credit unions. Only some have signed up. Credit unions are community-based. Each has a high degree of autonomy — whether it is located in the town, the village or in the workplace. They are an irritatingly stubborn group of independent republics. There will be no order from the top to modernise; because there is no top.

So some unions are likely to sink, others to swim.

The future of credit unions lies not in competing with banks to screw the little man. Nor in attempting to seduce the better-off or the corporates.

They have three million customers in Ireland who need nurturing. So far these clients favour the benefits of membership; the higher interest on deposits and lower rates on loans; the lack of pressure on staff to cross-sell products for commission — so beloved of the banks.

And of course if you are thinking of dying, join the credit union. If you pop off as a member your loans are written off and your savings are doubled.

Yet the fringe benefits are not enough. If the banks decide to target the credit unions' three million customers, the victims will enlist no sympathy simply by screaming "foul" or that they are "not-for-profit" outfits.

They should compete in the limited areas where they are strong: cheap loans of up to €100,000; car loans; education loans; generous deposit rates where the banks rip the customer off; and death benefits.

The goodwill is there. The banks have gathered all the bad will. But if credit unions fail to compete on technology they will be smothered.

On this, at least Wellington and Hume are at one. Dad's Army needs new weapons.