



## **All Party Parliamentary Group for Challenger Banks & Building Societies**

### **Minutes of work programme meeting**

Date: 18<sup>th</sup> July 2018

Time: 14:00 – 15:00

Location: Committee Room 16, Westminster Hall

#### **Attendees:**

- Baroness Kramer
- Kemi Badenoch MP (Accompanied by Researcher)
- Baroness Wheatcroft
- Jim McMahon MP

#### Secretariat attendees from Barndoor Strategy

- Havard Hughes
- Christopher Alley

#### Guests

- BSA – Kate Creagh & Jeremy Palmer

### **1. Preliminaries**

- 1.1 Vice Chair Baroness Kramer introduced the guests as other members were delayed by urgent business.

### **2 BSA present to the APPG – Challenges faced by Building Societies in the UK**

- 2.1 Kate Creagh & Jeremy Palmer talked through the presentation, which they shared copies of with attendees – (a copy is enclosed with these minutes). The following topics were raised by members.

#### **2.2 Member engagement**

Attendees raised questions regarding the governance and accountability of Building Societies particularly in larger societies which unlike companies lacked institutional shareholders with detailed corporate knowledge. The

example of members joining societies through brokers was raised as one where there could be more remote contact between societies and members.

- 2.3 The BSA's representatives outlined that the varied nature of Building societies results in different governance models and that many societies were reaching out to their members, for example, through special events at branches.

## **2.4 Origin and market share of building societies**

Members inquired about building society numbers and mergers.

The BSA explained that The Saffron had seen two mergers in the last 30/40 years with the Nationwide having been formed from many societies over the decades. Demutualisation in the 1980s and 1990s had resulted in the decline of the building society as a percentage of the mortgage market.

The newest Society was the Ecology but to set it up today its founders would have required at least £10 million in capital. However, building societies were a growing share of the mortgage market, especially since 2010 where banking institutions had withdrawn.

## **2.5 Regulation**

Members asked how regulation was an issue and whether after Brexit there would be an opportunity to change the way that the sector was regulated.

The BSA outlined how traditionally societies had started small and slowly accumulated capital. Regulatory barriers now made this more difficult. However, the foundation of new societies was not a priority. It was important to ensure however that there was proportionate regulation. Credit unions were carved out of EU regulation and therefore had lower regulatory burdens. It was important to ensure building society regulation was proportionate.

## **3 Proposed inquiry**

- 3.1 The Secretariat outlined the proposed for the structure of the inquiry.
- 3.2 Members suggested that the "Barriers to entry" session be brought forward.

## **4 Group administrative issues**

- 4.1 The Secretariat raised administrative issues including setting up a bank account to receive funds. These were agreed.

## **5 Time and Date of next meeting**

- 5.1 It was agreed that the planned launch event for the inquiry should be held after conference recess

**Action: The Secretariat is to liaise with members and organise the launch event**

## **7 Closing remarks and any other business**

The meeting was adjourned at 15:00