

# Society matters

**A steadfast  
purpose helping  
to drive our  
collective future**

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**Chief Executive** Robin Fieth  
[Robin.Fieth@bsa.org.uk](mailto:Robin.Fieth@bsa.org.uk)

**Editor** Katie Wise  
[Katie.Wise@bsa.org.uk](mailto:Katie.Wise@bsa.org.uk)

BSA, 6th Floor, York House,  
23 Kingsway, London, WC2B 6UJ  
[www.bsa.org.uk](http://www.bsa.org.uk)

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# Hello and welcome to the spring edition of **Society matters**

They say time flies when you're having fun and suffice to say 2025 is flying! As we reach the end of the first quarter of 2025, the 250th anniversary year of the first known building society, there is still much to look forward to. A big anniversary provides the opportunity to reflect on origins and how purpose has evolved over time. The building society sector is no different, from small beginnings in Birmingham where a simple idea of bringing people together changed the lives of many – an acknowledgement of the power of the collective. To today, with a growing sector in terms of assets, resilience and members. To tomorrow, working towards the realisation of a government commitment to double the size of the mutual and cooperative sector. Something that will help more people, more families, more communities, throughout the UK.

What hasn't changed however, is the purpose. Providing access to homeownership and a safe place for savings remains at the heart of today's building societies. That steadfast purpose has helped half a million first-time buyers buy their first homes in the last five years, and will continue to support savers and borrowers in the years to come. Building society savers are better off by £5.4 billion over the five years\*. Supporting people into homeownership, supporting people to build their financial resilience. A simple yet important purpose of putting people before profit.

This simple purpose has continued to demonstrate value. Throughout the financial crisis, and since, building societies have grown their market share by offering innovative solutions for a wide range of borrowers and demonstrating an ability to quickly adapt to changing market conditions. This innovation has helped many borrowers who would have been turned away by the high street banks.

This edition of the magazine is a mix of history and the future, we hear from Birmingham based historian, Carl Chinn MBE, about those early days of building societies, with some fascinating



**Katie Wise**  
Channels and Publications Manager, BSA

insight into industrial Birmingham and the building society pioneers. We hear from some of those societies celebrating their own anniversaries this year – Hinckley & Rugby, Melton, Leeds, Cumberland and Furness.

Looking to the future, Chris Bose, Nationwide Building Society, outlines the goal of the Mutual and Cooperative Sector Business Council – bringing together leading mutual and cooperative businesses and sector trade associations to work with government to help them achieve their doubling aim. On the topic of growth, Co-operatives UK outlines the Co-operatives Growth strategy, identifying eight national-level growth areas where high-impact co-operatives can drive economic and social value.

Whitecap Consulting shares some early findings from their research focused on the strategic landscape for building societies, outlining the significant changes from their 2019 project. We also hear how the Reclaim Fund Alternative Scheme has worked with building societies to impact local communities. And finally, we hear from TLT LLP about the fragmented and rapidly evolving AI regulatory landscape, exploring how the UK must strike the right balance between the EU and USA, and innovation and human rights.

**Much to enjoy!**  
**Katie**

\*2019-23 additional savings interest vs average rates offered by large banks

**Society matters** SPRING 2025





# At a golden crossroads

**By the end of this year everyone in the building society sector should know who Richard Ketley was, and why he is such an important figure in our collective history.**

For 2025 is the 250<sup>th</sup> anniversary of the founding of the first known building society (in case anyone had missed that), established by the said Richard Ketley at the Golden Cross Inn in Snowhill, Birmingham.

What a great moment for the whole of the mutual sector. An opportunity to celebrate loudly all those businesses founded from social purpose over a quarter millennium to meet the needs and aspirations of their members, their communities and their countries. Together with the co-operatives, we are a truly global movement with many of our roots here in the UK.



What a great time to be celebrating the UN Year of Co-operatives. What a great time to have a government committed to doubling the size of the UK's mutual and co-operative sector. What a great time to be celebrating our history as we drive forward to be an increasingly important part of a properly diverse UK financial services sector.

In a world that seems increasingly troubled, isolationist and at risk, isn't it wonderful to have a good news story? And ours is a good news story. About building societies and credit unions that are growing in strength. Delivering a bedrock of long-term steady growth. Reinvesting their profits in their members, their communities and their futures. Supporting household financial resilience, home ownership and UK economic growth.

When building societies pay out £5.4bn more in interest to their members in five years than then would have got from the large banks\*, that is £5.4bn that flows back into the UK economy, boosting household incomes.s.

Just think about that in the context of the recent furore over proposed changes to the ISA regime. Funds deposited in Cash ISAs not only return interest to savers, but also provide a strong funding underpin to a substantial part of the mortgage market. Through building society

lending alone this is around £400 billion – equivalent to 24% of the total mortgage market. Looking at the first nine months of 2024, building societies were accountable for 115% of total mortgage market growth.

Yes, that's right. Shareholder owned banks stepped back from the mortgage market over much of last year, and their mortgage balances contracted. Building societies did not. Building societies carried on what they were created to do – supporting peoples hopes and dreams for home ownership. Fulfilling their purpose and benefitting UK society as they have done for 250 years.

Nearly half (41%) of building society residential owner-occupied lending was advanced to first-time buyers, meaning they accounted for around a third of the total first-time buyer market.

The story of Richard Ketley is of people coming together to provide solutions for their needs and the needs of their communities. In the newly industrialising Birmingham of 1775, that was about providing decent affordable housing for ordinary working people and their families. In 2025 it is still about enabling ordinary working people and their families to buy decent homes.



**By Robin Fieth,**  
BSA Chief Executive

\*2019-23 additional savings interest vs average rates offered by large banks

## opinion

And what will the mutual sector look like by 2030, 2040 and 2050? We often talk about the huge resilience of the building society model, well run. We can look at the track record of today's firms that have never made a loss despite world wars, pandemics, depressions and recessions. The track record of steady growth, year-in, year-out. Rain or shine.

But that is not to be complacent. Any chair or chief executive will tell you how competitive the marketplace is, how complex the regulation, how expensive the need to maintain and develop systems in such a fast-moving world of technology.

As you can imagine, we have had lots of conversations recently about artificial intelligence, and also about intelligent automation. Technology is transforming the face of financial services. That presents challenges and opportunities to think about how mutual businesses can evolve to provide services for future generations. If everyone is led by technology, how do we stand out for treating our members as individuals?

Technological and social changes mean that branches are not being used in the same way that they were a decade ago. Much more day-to-day banking is being done online or via apps. But, where branches close, the communities they leave behind suffer.

The FCA found greater dependence on branches for people who are digitally excluded, old, in poor health, with lower financial resilience and financial capability. And cash is still the second most popular payment method – figures from the British Retail Consortium show cash usage represented 1 in 5 transactions in 2023.




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**There is evidence that town centre businesses have 20% greater profit when a building society, bank or post office is part of their high street.**

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Consumers still value bricks and mortar, and face-to-face customer engagement. KPMG research found that 64% of Brits would miss their high street branch if it closed. For 142 towns up and down the UK, the building society is the last remaining branch in town. Our share of the high street has risen from 14% in 2013 to over 30% now, and will continue to grow as the retail banks carry on closing down their branch networks. While we find inventive ways to maintain and expand our network.

Clearly, though, success on the high street is only part of the story. In a market being redefined by technology, where can building societies and credit unions stand out and add

value? How can the mutual sector use technology to engage with a new generation of customers? Already building societies are using Open Banking within communities to provide access to cash via multi-bank kiosks. Is there an opportunity to incorporate new technology, like NFC chips/QR codes into much loved passbooks to overcome some of the operational challenges passbooks create around printing in branch?

AI has gone from Science Fiction to some form of reality (shall we settle on advanced machine learning rather than genuine artificial intelligence)? The UK Government is looking to supercharge development to provide benefits to the population. How can the mutual sector similarly benefit from AI and future technologies like Quantum Computing? We are already doing lots with intelligent automation of routine tasks, improved data analytics, fraud detection and risk management. How can new technology help redefine and simplify regulatory reporting?

Technology has always created new opportunities and new challenges. Perhaps for our sector the real opportunity now is for firms truly focused on the needs of members and community. Where trust and human contact are the key differentiators. The building society sector has an extraordinary past. We must do all we can to ensure that it has an extraordinary future.

**Happy 250<sup>th</sup> Birthday!!**







# Mutual and Cooperative Sector Business Council: Uniting to find mutual and cooperative solutions

**2024 was said to be the year of the election, with more voters heading to the polls than ever in human history.**

As head of policy and public affairs, my role is to help Nationwide understand how UK policy can impact our members and to help Nationwide respond to it. As we pored over the election manifestos of the major UK parties, one pledge stood out. Buried in the Labour Party manifesto was an aim to double the size of the mutual and cooperative sector.

*"Labour will support diverse business models which bring innovation and new products to the market. This includes the co-operative sector, and we will aim to double the size of the UK's co-operative and mutuals sector. We will work with the sector to address the barriers they face, such as accessing finance."*

**Labour Party Manifesto**

Precisely what was to be doubled was unclear, as was the means to achieve that. Number of mutuals, number of members, the size of mutual balance sheets? But from ambiguity emerged opportunity. The idea for the Mutual and Cooperative Sector Business Council was born.

The premise of the council is to bring together some of the leading mutual and cooperative business in the UK, with the expertise of the sector trade associations like the BSA, to partner with

government to help them achieve their manifesto aim.

Chaired by Kevin Parry OBE Nationwide Chairman our membership includes Co-op Group, Arla Food, Arup, John Lewis Partnership, Royal London and Nationwide. Trade body members include the BSA, Association of British Credit Unions, Association of Financial Mutuals, Employee Ownership Association and Co-ops UK. We are supported by Mutuo, the leading advocate for mutuals.

In a sign of the government's support for the idea, the Chancellor endorsed the Council in her Mansion House speech last year.

*"I welcome the work of Nationwide, Co-operative Group, Arla and Royal London to establish an industry-led Mutuals Council to drive growth in the sector."*  
**Chancellor of the Exchequer.**

The Treasury City Minister and the Minister for Small Business are closely involved with the Council and attended the first meeting.

Our goal is to find mutual and cooperative solutions to some of the big issues facing the UK. We aren't there to duplicate the vital work of the trade bodies or to promote narrow interests. Rather, our thesis is that the best path to sustainable growth is to prove the relevance of the mutual model across more issues.



**By Chris Bose,**  
Nationwide Building  
Society



For example, how can we expand the contribution of community land trusts to meet housing need. The government's ambition to build 1.5m new homes is a fertile terrain for Community Land Trusts. In energy, how can we expand the role of community led energy cooperatives in line with government's power plans. In financial services, how we can work with the credit union sector to extend the vital work which so many unions do.

These aren't easy challenges. If they were, then they would have been solved. Neither does the council have a monopoly of wisdom. We are acutely aware that much expertise lies outside the council. Where I hope the Council can help is in connecting industry expertise to government and progressing some of the solutions I've outlined.

If 2024 was the year of the election, then let's make 2025 the year of progress in creating mutual and cooperative solutions to some of the big challenges ahead.

## Next Steps

Find out more: [www.gov.uk/government/news/chancellor-fires-up-financial-services-sector-to-drive-growth](https://www.gov.uk/government/news/chancellor-fires-up-financial-services-sector-to-drive-growth)

## special

# Driving economic growth, the co-operative and mutual way

The Bevy, in Brighton, was rescued from closure by local residents who recognised the pub's value as a community hub. Now thriving, The Bevy not only provides a social space, but also runs food programmes for vulnerable people, offers free meeting spaces for local groups, and reinvests profits back into the community.

West Yorkshire-based Suma is an award-winning wholefoods distributor with annual income upwards of £60 million. It delivers over 7,000 vegetarian, natural, responsibly sourced products to businesses and communities across the UK and internationally. It is also one of the largest equal pay businesses in Europe.

Both are very different businesses and both are co-operatives. They are proof that you can be commercially successful and at the same time do more for people and planet. There are many, many other examples in the 'democratic economy'. We have agricultural co-operatives turning over billions of pounds annually; building societies with millions of members; supermarkets (including the UK's biggest co-operative); creative co-operatives; community-owned dentists... the list goes on.

The United Nations recognises the unique impact of co-operatives and mutuals. It designated this year – 2025 – as the International Year of Co-operatives because of the contribution our sector makes to the UN Sustainable Development Goals (SDGs). Co-operatives and mutuals are proven to be resilient and inclusive. We just need more. More awareness – and more member-owned businesses.

The UK government's manifesto pledge to double the size of the co-operative and mutual sector presents a historic opportunity. By harnessing the power of democratic business models we can address major societal challenges, including inclusive economic growth and the climate emergency. But achieving this ambition requires the right conditions for new co-operatives and mutuals to form – and for existing ones to scale and thrive.

Our Co-operative Growth Strategy<sup>1</sup> identifies eight national-level growth areas where high-impact co-operatives can drive economic and social value:

- Community co-operation – strengthening local economies through democratic ownership.
- Food system – building resilient, fair, and sustainable supply chains.
- Digital – supporting platform co-operatives and tech-driven democratic enterprises.
- Public services – expanding democratic models for essential services.

We will also support growth in worker co-operatives, net zero initiatives, housing, and financial services.

Our latest Co-operative and Mutual Economy report reveals a record-breaking annual income of £165.7 billion. This surge, bolstered by the inclusion of NHS Foundation Trusts, underscores the increasing relevance of democratic business models across all sectors. With 9,342 independent businesses and 68.8 million members, the co-operative and mutual sector is a growing force with massive potential.

The report evidences that building societies deliver strong financial value to their 26.2 million members. Meanwhile, the number of employee-owned businesses has shot up by 16.4%, with a 250% increase over five years, showing that rapid growth is possible, if the right conditions are in place.

The increase in community-owned enterprises, particularly pubs, demonstrates the same – with numbers rising 49.5% over five years. Credit unions are also flourishing, with income up 27.6% and an additional 100,000 new members.

Despite these successes, there are barriers to growth. Worker co-operatives suffer through a lack of tax incentives compared to Employee Ownership Trusts. Housing co-operatives remain an underutilised solution to the housing crisis. Addressing these gaps through targeted policies, investment, and cross-sector collaboration will be key.

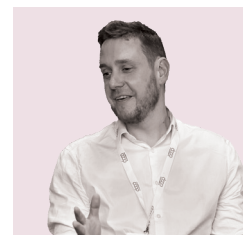
To unlock the full potential of the co-operative economy we're working with partners and government to optimise key enablers of growth, including:

- Co-operative development – providing support for new and existing co-operatives.
- Finance and capital raising – expanding investment opportunities for co-operative enterprises.
- Rules of the game – advocating for legislative reforms to level the playing field.
- Education and training – equipping people with the knowledge to establish and run co-operatives successfully.
- Tech and digital innovation – enabling co-operatives to compete and innovate in a digital economy.

A place-based approach will also be critical, recognising that the opportunities and challenges vary across regions. Co-operatives and mutuals can be drivers of sustainable growth. By fostering the right conditions, investing in key sectors, and championing policy reforms, the UK can realise the full potential of co-operatives and mutuals, delivering economic prosperity and social benefits for millions.

## Next Steps

Discover more about the International Year of Co-operatives and how to get involved here: [www.uk.coop/IYC](http://www.uk.coop/IYC)



By James Wright,  
Policy and  
Development Lead  
Co-operatives UK

**CO-OPERATIVES UK**

<sup>1</sup><https://www.uk.coop/resources/co-operative-growth-strategy-unlocking-potential-fairer-greener-future>





# Building Society Pioneers

**A powerhouse of the Industrial Revolution, Birmingham was as vital both in the transport revolution, through its canals reaching out to world markets, and the financial revolution, through the founding of Lloyd's Bank in 1765 and the minting of coins by Matthew Boulton. Birmingham's impact on the making of the modern world didn't end there for it propelled another revolution – the extension of house ownership through the beginning of the building society movement.**

Crucially, that movement arose from the concept of mutuality, a group of people cooperating towards a common goal and for the common good. The antithesis of individualism and personal interest, the ideal of mutuality took hold in Birmingham in the exciting and transformative years of the late eighteenth century – and it wasn't by chance that it was the birthplace of building societies.

A French observer declared that it was one of the most curious towns in England, boasting numerous and varied industries supported by the genius of invention and by mechanical skill of every kind. That distinctiveness was emphasised by Birmingham's numerous little gaffers, small-scale manufacturers, and skilled men in its population of about 50,000. Self-made and self-reliant, they were keen on self-improvement. Owning a house was the visible means of that aspiration.

In or before 1775, the first known building society in the world was founded at the 'Golden Cross' inn at 60, Snow Hill. The proprietor was Richard Ketley, after whom the innovative society was called. Each person had an equal interest, contributed the same amount for each share, and shared equally if there were profits when the society was wound up after each subscriber had his house.

The idea of combining to become homeowners appealed to men in similar circumstances elsewhere. In February 1779, the Dudley Building Society was formed (a different Dudley Building Society to that in existence today), followed two years later by Northwood's Building Society at the Lamp tavern in Birmingham. Named after Sarah Northwood, the publican, one of its members was a widow whilst the bricklayer employed

by the Society was another woman. Its original leases specified that the Society's subscribers would spend at least £500 in building ten houses in a straight-line fronting Livery Street. Thereafter some smaller plots were leased to tradesman, leading to the building of houses further along Livery Street and the cutting of a new road, the aptly named Northwood Street.

Soon after, in the autumn of 1781, the Amicable Building Society was started at the Swan with Two Necks inn and by the end of the century, Birmingham had at least 32 building societies with 29 of them based at licensed premises. Pubs were the main meeting places for small groups of men like the 20-30 who usually made up the earliest building societies and publicans were keen to accommodate them because of the business they brought.

That phenomenon was as noticeable elsewhere as the idea of building societies spread. By the mid-1790s, there were two such clubs, as they were sometimes called, in Sheffield, at the Elephant & African Prince and the Bell; another in Rowley Regis where the Society spent 4s 6d on ale at its monthly meetings; and one more in Longridge in Lancashire which met at pub in Dilworth.

Little remains to remember these pioneering building societies. There's a plaque to Ketley's that's difficult to find since moved from its original site by Birmingham Council, but there is Northwood Street – recalling a woman who played an influential role in the start of the building society movement.

## Next Steps

Follow Carl Chinn MBE on LinkedIn: [www.linkedin.com/in/prof-carl-chinn-mbe-7577441b4/?originalSubdomain=uk](https://www.linkedin.com/in/prof-carl-chinn-mbe-7577441b4/?originalSubdomain=uk)



**Carl Chinn MBE,**  
Historian

## special



## 160 years of Hinckley & Rugby – embracing our past, thriving in the present, and committed to our future

Hinckley & Rugby  
Building Society

By **Danny Cranie**,  
Chief Customer  
Officer,  
Hinckley & Rugby



**On 2 February 1865, a man named Thomas Kiddle co-founded a mutual society that would evolve to become the organisation we know today as Hinckley & Rugby Building Society.**

Much has changed in the last 160 years, not least the core reasons behind a building society's purpose. At that time, only freeholders could vote in elections, so most working-class people didn't have a political voice. They also didn't have access to the banking system, so building societies provided a safe alternative to hiding money under a mattress.

The building society revolution was no less progressive than the industrial one through which it thrived. Fuelled by the migration of families to the nation's rapidly growing towns and cities, building societies were hailed as the engine by which the working classes could achieve the twin dreams of home ownership and political emancipation.

What has not changed in those 160 years are the core values held by Hinckley & Rugby's founders: of supporting the aspirations and financial wellbeing of their members and of the communities in which they lived.

True, a strong motivation of some

founders was the promotion of church values, because integral to personal achievement through a building society were the principles of temperance and thrift. But our core values of yesteryear remain the same. Hinckley & Rugby has been a cornerstone of support for borrowers and savers for 160 years, and will remain so.

Reflecting on our history, we have embraced a renewed purpose and vision to be a mutual organisation that truly reflects its members' aims and values in today's world.

Centred around the phrase "We are here", we have reaffirmed our absolute support and commitment to our members, whoever they are and wherever they live. They experience this through our high quality products and services, and from the excellent personal service they have come to expect from us, and rightly deserve.

Our "We are here" philosophy extends to the high street, with a renewed commitment to keeping our branches open. We recognise the valuable role that our branches play in our local communities, not just as a convenience but as a vital source of trusted face-to-face contact. This is particularly important to the elderly and infirm, and to other vulnerable members who have been hit hardest by the decision of

many banking institutions to abandon our high streets.

Of course, as a thoroughly modern building society, we are "here" not just physically but also virtually, delivering a comprehensive digital experience to members who prefer that. But we understand and appreciate that our customer base is composed of different personas, with different needs, and we are committed to delivering an equally excellent customer experience to ALL members.

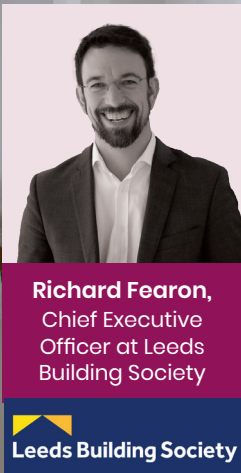
For our communities, which are at the heart of everything our Society stands for, we are proud of our unceasing contribution to making lives better. We do this by sponsoring and supporting local charities and community groups, and through volunteering our time and resources.

Our philosophy is represented in our branding. Integral to our refreshed brand is the Hinckley & Rugby 'thread', symbolising togetherness and how we connect with and support our members' lives, values and ambitions. It is a clear representation of our deep commitment to our communities, and how that commitment is woven into the very fabric of the Society.

### Next steps

Visit: [www.hrbs.co.uk](http://www.hrbs.co.uk)





# Putting homeownership in reach of more people, generation after generation

## The milestones of the sector's 250th anniversary and our own 150th offers the opportunity to reflect on how far we have come.

Our purpose of putting home ownership within reach of more people – generation after generation, has remained fundamentally unchanged since we were founded in 1875, but our innovation and investment to support members means we have otherwise grown beyond all recognition. In fact, we are on the cusp of reaching one million members, a milestone I am immensely proud of and something that is wonderful to achieve in our anniversary year.

We continue to commit to our roots and help people save money and get onto the property ladder, just as the mutual sector was set up to do 250 years ago, but the technology and innovation our colleagues, members and broker partners benefit from today would be unrecognisable from the business established in Holbeck all those years ago.

Back then, ordinary people struggled to find lenders and somewhere to call home for the long term. Mutuals answered that call by allowing people in working communities to save and borrow, so they could get the home they wanted and support their families.

In 1875, house prices were 9.3 times higher than average earnings and sadly today not much has changed as the figure still stands at 7.9 times. We know that young borrowers, first time buyers and those on a lower income often face the toughest challenge to prove their ability to repay a mortgage. I'm proud that we continue to demonstrate our support for aspirational homeowners through ideas and products which help make the dream of home ownership a reality for members who may otherwise have been unable to purchase a property.

Our innovative partnership with Experian allows people to potentially improve their credit scores and continues to support aspiring homeowners. Experian Boost uses open banking to assess the last 12 months of payments, such as council tax and subscriptions to streaming services, incorporating them into a free 'boosted' credit score.

Through the recent launch of our Income Plus mortgage range, we are able to lend more to first-time buyers by combining a high loan-to-value and loan-to-income ratio with generous affordability modelling. Income Plus enables first time buyers to borrow more and buy the home they want sooner than they may otherwise have been able to.

We continue to champion shared ownership, a tenure that allows people to join the property ladder much sooner than through standard lending. We recently commissioned a new report using market lending data which revealed that shared ownership is more affordable than private renting in the vast majority of areas. What's more, due to capital repayments and house price increases, shared owners are up to £42k better off than private renters as a result of equity growth. We continue to call on the government to recommit its support for affordable homeownership by building more shared ownership homes.

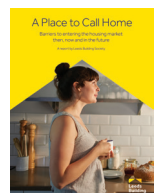
We will do all we can to help but, as our 'A Place to Call Home' report shows, despite that hundreds of thousands of people will be unable get onto the housing ladder over the coming years compared to the historic average. Building houses remains an essential way to address that challenge and pushing for wider community consultation on planning developments should be central to delivering new housing targets. We published a new report focused on this issue in 2024, arguing for a fairer system that reduces barriers to home ownership.

It is a privilege to be leading the Society during this important anniversary and I look forward to working closely with our talented colleagues, our valued members, and all of our partners in the mutual sector to help put homeownership within reach of more people – generation after generation.

### Next Steps

Read the report:

[www.leedsbuildingsociety.co.uk/\\_resources/pdfs/knowledge-base-pdfs/a-place-to-call-home.pdf](http://www.leedsbuildingsociety.co.uk/_resources/pdfs/knowledge-base-pdfs/a-place-to-call-home.pdf)



## special

# 'Kinder' Cumberland marks 175 years

**When 'kindness' was chosen as the 2024 Children's Word of the Year in a survey by Oxford University Press, it brought a smile to faces at The Cumberland.**

We live by our 'kinder banking' purpose that puts people and the planet first.

Based at Carlisle in Cumbria, The Cumberland is the UK's 10<sup>th</sup> largest building society with assets of £3.2bn.

Yet we offer many services you'd expect from a regional bank – personal and business current accounts for example. We also offer car finance and support businesses in hospitality, healthcare, food & drink and professional services.

We provide these additional services because our members want them. We are totally focused on their needs.

It's a philosophy that has served The Cumberland well for 175 years, making us one of the oldest building societies still in existence.

Founded in April 1850, as the Cumberland Co-operative Land and Benefit Building Society, we shortened the name to The Cumberland in 1954 and opened our first branch in 1973. We now have over 720 colleagues and 31 branches across Cumbria, Lancashire, Northumberland and Dumfries and Galloway.

We remain committed to branches and recently invested in our flagship outlet in Carlisle, which now has an open-plan layout where customers are greeted on arrival.

The role of branches has changed. They used to be very transactional but now serve as a safe space for members where a trusted person can answer their questions. Members value speaking to a real person.

The branches came into their own during Covid when colleagues would check on vulnerable customers and sometimes deliver their shopping. Proof that 'kinder banking' is more than a slogan.

Customer satisfaction is high. We're immensely proud to have retained the Feefo Platinum Trusted Service Award five years running.

We employ qualified mortgage advisers, and have a dedicated intermediary team and operate a relationship banking model for commercial borrowers.

The Society donates 1.5 per cent of profits to good causes. Two years ago, we identified food poverty as a major issue on our patch and launched Kinder Kind of Kitchen to provide hot meals and food through foodbanks and hubs.



**By Des Moore,**  
Chief Executive  
Officer, Cumberland  
Building Society



The initiative delivered the equivalent of 577,047 meals in its first year. We are repeating our initial donation of £250,000 in 2024-25.

The Society also makes grants to community groups through its charitable foundation, provides free teaching and learning resources for schools with our financial education partner EVERFI, provides free tickets for youngsters to watch Carlisle United and helps protect red squirrels by funding Cumbria Wildlife Trust.

Our Chief People Officer Jill Johnston has overseen a significant culture change at The Cumberland too. A host of wellbeing initiatives – on everything from the menopause to neurodiversity – and a Belonging inclusion strategy are paying off. Women now occupy half of senior roles and last year the Society appointed its first female chair.

Best Companies rates The Cumberland as one of the best employers, ranked 2nd nationally in financial services, with a top three-star award for world-class levels of workplace engagement.

We are looking to the future with confidence. In 175 years, we've had to adapt and embrace change many times but we've never lost sight of our values.

Much of our success is down to our colleagues who live and breathe those values and go the extra mile for our members.

## Next steps

Watch our 175<sup>th</sup> anniversary celebration film here, and see how we're building a kinder future for the communities we serve:

[www.cumberland.co.uk/175-anniversary](http://www.cumberland.co.uk/175-anniversary)



special

# 160 Years Strong: Blending Convenience with Connection

**Our members want convenience, of course they do. But convenience means accessing your money and finding solutions to solve financial problems at a time, place and in a manner that suits you. This might be at 5 o'clock in the morning, at the kitchen table after a busy night shift. It could also be on a Wednesday afternoon, popping into a branch while running errands in town. Offering our members choice is what makes us convenient and that's why we've evolved our services to capture the best of both worlds.**



**By Simon Broadley,**  
Chief Commercial  
Officer, Furness  
Building Society



## The future of financial services distribution

It's absolutely crucial that financial services distribution keeps pace with the demands of the modern world. Public habits have changed with technology and we all want to consume information, products and services in a more immediate and efficient way. But being modern isn't about simply being online. It's offering fresh and inviting customer interactions, across a multitude of platforms but with the same underlying experience, brand and values. And this must be consistent, regardless of how and when your services are accessed.

## Meeting member needs

Despite a shifting landscape and the societal changes impacting banking, consumers have clear needs from a branch and continue to place value on face-to-face interaction. They appreciate knowing there is a physical embodiment of an organisation - somewhere they can speak to a real person and feel heard and understood.

For us, the branch network will always play a vital role and we have the drive, determination and technology to make our high street presence viable and engaging. We've been investing in the refurbishment of our branches and our new spaces realise an ambition to provide modern and welcoming environments in more central and convenient locations.

## Pop in or log in

Simultaneously, we're determined to ensure our digital interface with customers also fully represents our brand values. We know our members have gained much from our new digital savings platform which unlocks faster and more expedient ways for members to manage their savings.

Digitally-enabled users can view statements and transactions, open and close accounts and make withdrawals, plus take advantage of the best rates and new digital features. In a fast-paced, time-poor culture of immediacy, it's the perfect complement to our in-branch and telephone banking service and underpins our strategic efforts to reduce our carbon footprint.

## Home is where the heartland is

It's armed with this full suite of reliable, convenient and relatable services that we embrace our 160th anniversary and the timing couldn't be more apt. As new solutions are born and co-exist alongside established products and services, we're able to reflect on the purpose we set out in 1865.

Our ethical and human-led values are as evident today as they were then, with a mission to empower members, colleagues and communities with financial solutions that support mutual benefit.

We'll continue to put our heartland and heritage at the very centre of Furness; evolving with time and technology, not making change for change's sake. In doing so, we'll strategically build a sustainable Society that will remain strong for another 160 years.

## Next steps

For more information about Furness Building Society, please visit our website [www.furnessbs.co.uk](http://www.furnessbs.co.uk)



## special



# Honouring our roots, embracing our future

As we look back over the period of time since our founding in 1875, the landscape in which we've operated has changed significantly. Generations have lived through world wars, space races, the advancement of science and technology, and the world has evolved beyond recognition since the start of the 20th century. Interestingly despite these shifts in lifestyle and attitudes the values of being a mutual remain at their core as they were centuries ago.

On 30<sup>th</sup> September 1875 a group of local Leicestershire businessmen gathered agreeing to the formation of what was then Melton Permanent Building Society, led by one of the first investors Captain William Adcock, our founding chairman. Since that day we've seen many lead the Society but what hasn't changed, is that our business from that day until the present continues to be owned and run for the good of our members. The currency may have changed from shillings and farthings to pennies and pounds but our commitment to keeping our members' money safe hasn't. Despite our commitment to mutuality being unwavering, we understand the needs of the consumer are always evolving, as are the challenges they face. As a modern mutual despite our humble origins, we continue to innovate and diversify our product range to suit the needs of today's member and support a broader range of savers and borrowers.

It's been heartwarming as we reflect on some of the ways we have given back to the communities in which we operate over the years. We recently celebrated 25 years of our Charitable Foundation, but contributions and action for our community is something that has been part of our being since our inception. We are proud to have a legacy of people like William Adcock and Robert Shelson who petitioned for better access to education for our communities, raising important issues on house building and affordable housing. Trailblazers of their time, the challenges and causes feel eerily familiar, and we're proud to be able to continue to extend our support and champion causes as our founders did all those years ago.

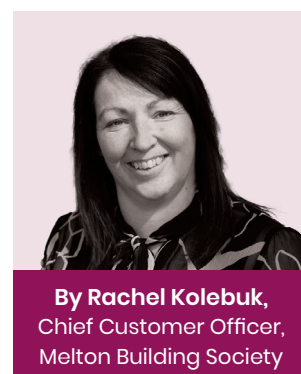
As the building society sector celebrates 250 years in existence, what sets us apart from other financial institutions today and since our inception is our customer centric approach. Whilst big banking institutions close their doors on the high street, our branch doors remain firmly open, as we listen to the feedback from the public on the need for face-to-face financial services in their towns and cities. As recently as 2023 we were delighted to open two new locations, welcoming the people of Stamford and Bourne to Melton Building Society. The model of being a mutual enables us to evolve our business to suit the needs of our members, and champion for our communities through our relationships with other Societies, our local connections and the support and guidance provided by the Buildings Societies Association.

Although the Society formed 150 years ago in 1875 looks on the surface to be a very different one, our core values remain unchanged. The passage of time has pushed everyone in the sector including Melton Building Society to evolve but our passion for supporting and doing the right thing for our customers and communities remains steadfast and we're confident we'll stay true to these values for centuries to come.

## Next steps

Visit The Melton's website:

[www.themelton.co.uk/community-support/](http://www.themelton.co.uk/community-support/)



**By Rachel Kolebuk,**  
Chief Customer Officer,  
Melton Building Society







# Unlocking Forgotten Funds: Reflecting on the Success of the Dormant Assets Alternative Scheme

**Since 2019, the Dormant Assets Alternative Scheme has provided building societies with a unique opportunity to unlock otherwise dormant funds for the benefit of their local communities, while maintaining the account owner's right to reclaim their assets at any point. As the operator of the Scheme, Reclaim Fund Ltd (RFL) has welcomed ten building societies to the Alternative Scheme, with many more in the process of joining. Their collective efforts have unlocked over £2.5 million for their community foundations, ensuring that funds which might otherwise have remained dormant are now driving meaningful local impact.**

## How the Alternative Scheme Works

The Alternative Scheme was designed specifically for building societies and smaller banks with balance sheets valued up to £7 billion, giving them a voluntary route to transfer dormant customer balances while retaining full control over where the funds are distributed. Unlike the wider Dormant Assets Scheme, which channels funds to causes across the UK through the National Lottery Community Fund, the Alternative Scheme allows firms to direct their eligible dormant assets to local community foundations. This ensures that the money stays close to home, benefiting communities and places that are important to building societies and their members.

## Impact to Local Communities

In 2019, Newcastle Building Society joined as the first Alternative Scheme participant. Since then, unlocking dormant funds has allowed them to support hundreds of local charities including through their Community Fund, supporting organisations tackling strategically important issues such as employability, food poverty, debt management, housing and homeless, and sustainability.

Their recent £1 million donation to the Community Fund was made available through the Scheme, and will help improve lives for people across communities in the North East, Cumbria, and North Yorkshire.

## Andrew Haigh, Chief Executive at Newcastle Building Society, said:

*"Using the Dormant Assets Alternative Scheme has enabled us to access a vital source of funds and maximise the support we provide to our communities and strategic partners. The recent contribution to our Community Fund through the Alternative Scheme boosted the endowment to more than £3.5m. It's one of the most powerful ways we deliver the Society's purpose to connect our communities with a better financial future and locks in a reliable source of significant income for charities in our regions for generations to come."*



By Adrian Smith  
OBE,  
Chief Executive  
Officer, Reclaim Fund



## Looking Ahead

As we join the BSA in celebrating the 250 year anniversary of the sector, it's particularly significant that building societies have long been rooted in their communities, offering more than just financial services. The Dormant Assets Alternative Scheme has provided a powerful way for societies to extend that commitment even further, ensuring that forgotten funds are reinvested into the places that need them most.

The potential of the Dormant Assets Alternative Scheme is far from fully realised. There are still eligible building societies that could participate, unlocking further funds that could be directed towards community-driven change.

## Next steps

For more information on how to get involved, please contact :

[dormantassets@reclaimfund.co.uk](mailto:dormantassets@reclaimfund.co.uk)

For those that have yet to join, the message is clear: this is a chance to make meaningful impact, whilst ensuring the rights of your account holders. The joining process is straightforward, and the benefits – both for communities and for the building societies themselves – are significant.

## insight

# Trends in Global Regulation of AI

**Artificial Intelligence (AI) has transformed industries and societies worldwide and has proven to be every bit as disruptive as it promised to be when Chat GPT first became a household name. But as governments rush to create frameworks to ensure its ethical and safe use, the picture emerging globally is one of non-alignment between regions as Trump's war on the old rules based international order continues unabated.**

## A fragmented yet evolving landscape

The global AI regulation landscape is fragmented and rapidly evolving. After the initial optimism for enhanced cooperation among global policymakers, the reality is that different regions are adopting varied models, ranging from policy statements to legislation. Despite this fragmentation, a common direction is emerging, focusing on minimising AI risks and establishing structures for safe and ethical AI development. But the distinct regional differences now emerging are worth considering. Let's look at each region in turn.

### The EU: In regulatory overdrive with the EU AI Act: A brief overview

The EU AI Act, officially published on July 12, 2024, represents a landmark regulation aimed at fostering responsible AI development and deployment across the European Union. This Act introduces a harmonised legal framework designed to ensure AI systems are trustworthy, human-centric, and aligned with fundamental rights and values. At the heart of the Act is a risk based approach that categorises AI systems based on their risk levels, from minimal to unacceptable risk, with corresponding regulatory requirements. The Act also introduces requirements in respect of AI deployments for: Transparency and Accountability; Ethical Standards and Safety and Environmental Protection. The Act is also extra territorial in its reach and in theory applies to any entity deploying AI applications within the EU.

The extent to which the Act may discourage big American Tech from deploying AI within the EU, or stifle innovation within the EU remains to be seen. But the Act at least creates

certainty for business, consumers and developers alike, based on trust and public safety being the most important policy considerations.

### The USA: In regulatory confusion with Musk in the White House.

The exact opposite appears to be the case in the USA. Prior to Trump the USA was actively developing a regulatory framework for AI, although at a federal level it lacked and still lacks a comprehensive federal AI Act. Of the federal initiatives to survive from the Biden era it still appears to be the case that Federal Agencies like the Federal Trade Commission (FTC) and the National Institute of Standards and Technology (NIST) continue to develop AI standards and guidelines. At state level a more fragmented picture emerges with many different states adopting their own laws. States like California, Colorado, and Illinois are leading in AI regulation. For instance, the Colorado AI Act of 2024 uses a risk-based approach similar to the EU AI Act, focusing on transparency and risk mitigation. We don't know yet what if anything the USA will do at a federal level to create a regulatory framework for AI but we should assume that it will be more focused on encouraging innovation compared to the EU AI Act.

### And what of China?

China is working on a comprehensive AI law that aims to cover a wide range of AI-related activities. This draft law, which is still under development, focuses on promoting technological innovation, regulating AI product and service development, and safeguarding national security and public interests. China's approach to AI regulation emphasises the importance of ethical considerations, transparency, and risk management, aligning with global trends while also addressing specific national priorities in defence of communist party rule. Only in China are there laws in place stating that LLMs like Chat GPT cannot ingest material which is contrary to fundamental socialist values. And the leading Chinese generative AI App, Deep Seek, is well known among other things for not being able to give an account of recent events in Chinese history that conflicts with the official version. By way of illustration if you ever get the chance - just ask Deep Seek about what happened in Tiananmen Square in June 1989.

### What should the UK approach be?

The UK is the third largest AI economy in the world, after China and the USA. It will be challenging for the current administration to strike the right balance between aligning with the EU while maintaining an open relationship with the USA. A long period of consultation should be anticipated as the government will need to pay a lot of attention to striking the right balance between innovation and fundamental human rights.

### Next steps

Visit: [www.tlt.com/expertise/services/artificial-intelligence](http://www.tlt.com/expertise/services/artificial-intelligence)



**By Daniel Lloyd,**  
Partner, Digital, TLT LLP





# New report to highlight evolution of the building society sector

**In 2021, the BSA partnered with Whitecap Consulting on a sector analysis of the building societies sector, with modernised mutuality and digital investment emerging as key themes. Whitecap is once again embarking on a similar project to get under the skin of the sector.**



**By James Lee,**  
Consultant,  
Whitecap Consulting

Four years ago, Whitecap Consulting carried out research into the building societies sector to better understand the key themes facing organisations.

At the time, the world was still in the middle of the pandemic and building societies were facing head on all the operational and structural challenges that came with enforced changes in working practices.

The sector was very much considering its place in society and how it would compete in a changing financial services sector. Modernising mutuality, community engagement and the digital investment required to support customer engagement, distribution, and operating efficiency, were all major areas to come out of the research.

Fast forward to the present day, we are once again working with the BSA and a group of industry stakeholders to develop a new report focusing on the strategic landscape for building societies, to be published at the end of *April 2025* and launched at an event held at Leeds Building Society.

The new project is already well underway, with CEO interviews already completed with over half of the 42 building societies, covering their latest strategic thinking, opinions on key issues, and the opportunities and challenges the sector faces.

Although the report is still being developed, early findings show a sector that has experienced significant changes.

Some 50% of building societies have appointed new CEOs, 18 societies have reported double-digit growth in total assets, and of course technology has evolved rapidly with many building societies undertaking significant modernisation projects.

Strategic shifts have taken place across the sector, with none more noticeable than in the mortgage market.

Previously, there was a relatively even split between societies identifying as prime lenders versus niche lenders. However, there is now a much stronger emphasis on specialisation, with societies of all sizes focusing on specific target markets and niche sectors.

The savings sector has also evolved significantly. Mobile apps and use of AI have become far more common, with several societies launching digital offerings, while others have capitalised on bank branch closures by attracting in person savers through their physical networks.

Regulation is an increasingly important challenge and is now a more prominent topic of discussion with CEOs. Most societies are making substantial changes to their technology, workforce, and skillsets to comply with evolving regulatory requirements. The emphasis on proportionality and the introduction

of the Strong and Simple framework will be crucial for the sector's growth and long-term sustainability.

Other themes to be explored in the report include policy and risk, the future of branches, the homebuying process, collaboration, green finance, and diversification.

Representatives from building societies and organisations supporting the sector are being invited to provide input via a confidential 15-minute survey which can be accessed here: <https://forms.office.com/e/XyAB0DAXTk>



The new report has been made possible via the support of sponsors, including: BJSS<sup>1</sup>, Digilytics<sup>2</sup>, finova<sup>3</sup>, FintechOS<sup>4</sup>, FIS<sup>5</sup>, GDS Link<sup>6</sup>, Mambu<sup>7</sup>, Mast<sup>8</sup>, Monument Technology<sup>9</sup>, MQube<sup>10</sup>, Mutual Vision<sup>11</sup>, nCino<sup>12</sup>, Ohpen<sup>13</sup>, PEXA<sup>14</sup>, Phoebus<sup>15</sup>, RSM UK<sup>16</sup>, SBS<sup>17</sup>, Temenos<sup>18</sup>, Unblu<sup>19</sup>, Unisys<sup>20</sup>, and Vilja Solutions<sup>21</sup>.

The Building Societies Report 2025 will be launched at Leeds Building Society an event held in conjunction with the BSA scheduled for 30 April, more detail on the BSA website. To be added to the distribution list for invitations, please email James Lee on [james.lee@whitecapconsulting.co.uk](mailto:james.lee@whitecapconsulting.co.uk)

<sup>1</sup><https://www.bjss.com>, <sup>2</sup><https://www.digilytics.ai>, <sup>3</sup><https://www.finovaltech.com>, <sup>4</sup><https://fintechos.com>, <sup>5</sup><https://www.fisglobal.com>, <sup>6</sup><https://gdslink.com>, <sup>7</sup><https://mambu.com>, <sup>8</sup><https://www.usemast.com>, <sup>9</sup><https://www.monument.tech>, <sup>10</sup><https://mqube.com>, <sup>11</sup><https://www.mutualvision.co.uk>, <sup>12</sup><https://www.ncino.com>, <sup>13</sup><https://www.ohpen.com>, <sup>14</sup><https://www.pexa.co.uk>, <sup>15</sup><https://www.phoebus.co.uk>, <sup>16</sup><https://www.rsmuk.com>, <sup>17</sup><https://www.soprabanking.com>, <sup>18</sup><https://www.temenos.com>, <sup>19</sup><https://www.unblu.com/en>, <sup>20</sup><https://www.unisys.com>, <sup>21</sup><https://viljasolutions.com>.



# Building Societies Annual Conference

7&8 MAY 2025

BIRMINGHAM

## Keynote speakers:

**Emma Reynolds**, Economic Secretary, HM Treasury

**Rain Newton-Smith**, Chief Executive, CBI

**Paul Johnson CBE**, Director, Institute of Fiscal Studies

**Debbie Crosbie**, Chief Executive, Nationwide Building Society

**Steven Van Belleghem**, Author, Speaker and Entrepreneur, Member of SRM Advisory Board

**Shawn Kanungu**, Innovation Strategist and Best-Selling Author

**Rodney E. Hood**, Acting Comptroller, Office of the Comptroller of the Currency

The Building Societies Annual Conference is the leading event in the sector, bringing together over 1000 attendees, from chairs, chief executives and directors from BSA member organisations, to executives from organisations that work with the mutual sector including retail banks, insurance firms, professional advisers and suppliers, along with regulators and the media.

**Join us on 7&8 May 2025 at the ICC Birmingham to celebrate the 250th anniversary of the founding of the first ever Building Society.**

For full details and to register your place visit the conference website.

**[www.bsaconference.org](http://www.bsaconference.org)**

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