

It has been no mean feat for Forres Credit Union to increase its membership over the past few years. Sure, more people have needed to borrow since the economy went haywire, but Forres like most CUs only lends to those who establish their credentials as savers first. It has raised member numbers from around 700 to over 1100 in the five years since it moved into its premises on the town's high street despite fierce competition from so-called payday loans providers like Wonga and Quick Cash.

"On a loan of £200 for 28 days, Wonga will charge you £62.15," says June Airey, a director at Forres. "That's an APR of 4214%. Payday Loans will charge you £59.90, which is APR 1909%. Our credit union charges £2.45, an APR of 14.4%. If we could rescue people from these companies, we would be doing a lot of good. But they're so heavily advertised. It's pushed down people's throats."

Liz Campbell at Castlemilk Credit Union calls it "obscene" that the financial regulator allows this kind of lending. She visits schools and talk to children who have never heard of the credit union, but know about the "Provy woman" from Provident Personal Credit, who knocks on the door, offering expensive loans to their parents.

"They'll say, 'That's my ma's pal.' I say, 'Go home and say she's not your ma's pal.' You would be better sending them to a loan shark. The police tell us about a guy in Toryglen that only charges 25%."

In her other role as a board member of the Scottish League of Credit Unions, **Campbell is opposing a drive by the UK Department of Work and Pensions (DWP) to raise the maximum lending rates of CUs from 2% per month to 3% (from 26.9% APR to 42.6%) to make them all viable without government subsidies.**

**The proposals also include a £51m investment in modernisation and a targeted one million extra customers UK-wide by 2020/21. Campbell, like many in the sector, counter that a number of CUs are already viable without subsidies and that they are being asked to play a greater role because the banks are no longer willing to help people in deprived areas. Many CUs would rather raise their incomes by broadening their appeal to other social strata.**

Asked why payday loan companies can charge such high rates, the Office of Fair Trading, which regulates them, said: "There is no cap on the rates that businesses can charge. However the government has commissioned some research into whether to change this in future."