

Collaboration and partnership driving growth in the UK financial mutuals sector

The financial mutuals sector (building societies and mutual insurers) makes a vital contribution to the UK financial services industry. Mutuals are a core feature of a diverse financial services market, ensuring that the broader financial services industry supports an economically productive and socially sustainable economy which makes lives better by providing the consumer with trusted financial products and services.

It is in this context that The Building Societies Association (BSA) and the Association of Financial Mutuals (AFM) funded the Centre for Mutual and Employee-owned Business at Kellogg College, University of Oxford to undertake independent research to investigate the strategic application of the values and principles of mutuality, and the contribution these can make to fostering the sector's growth.

The research was conducted by Dr Ruth Yeoman, Research Fellow at the Centre for Mutual and Employee-owned Business and Dr Daniel Tischer, Lecturer in Political Economy and Organisation Studies at the University of Manchester. The project examined potential strategic drivers, such as leadership, culture and inter-organisational collaboration. The study also examined the contribution that mutuality can make to create a compelling vision for the broader financial services sector, based upon improving people's lives.

The key objective of this research is to generate fresh thinking, by recommending concepts and approaches which may foster innovations of benefit to customers. This includes whole sector collaborative partnerships and new business models grounded in mutual values and principles. International examples from Canada, Germany, France, Finland and Australia suggest that there are a variety of models to inspire a distinctive UK approach. Exploring how the financial mutual sector in the UK could continue progress towards greater collaboration in a gradual and constructive way, the report recommends that organisations engage in a sector-wide, multi-level strategic conversation to facilitate such a step-change in sector-level activities. The report goes on to propose that, alongside competition, economic growth can be stimulated through collaborative partnerships.

Dr Ruth Yeoman, Research Fellow at the Centre for Mutual and Employee-owned Business said: "Although the UK Financial Mutuals Sector does not suffer from a burning platform, innovation and adaptation is needed if the sector is to fulfil its potential, and also keep true to its historic vision of mutual ownership. The connectedness of our financial mutuals to local economies remains relevant and lively, and forms the basis for a forward looking, sector-wide strategy based upon collaboration and partnership."

Martin Shaw, Chief Executive of the Association of Financial Mutuals (AFM) said: "A thriving mutual sector is a vital component of the UK financial services market. This report provides a compelling argument for the financial mutual sector to work more closely together, to meet the challenges of an ever-more complex and competitive business environment, and to help provide a better deal for consumers."

Robin Fieth, Chief Executive of the Building Societies Association (BSA) said: "This research provides essential independent input into conversations about the form of future collaborations that could add value across areas of our sector that are not competitively sensitive. There are

already examples where coming together has proved beneficial: Mutual Vision, which provides software solutions in the sector, is a collaboration between a number of societies and the Loughborough University Masters programme is a sector-wide collaboration. Looking ahead this approach offers fertile ground from which we can derive strategic benefit.”

NOTES TO EDITORS:

The Centre for Mutual and Employee-owned Business at Kellogg College, University of Oxford is Britain’s leading academic research centre dedicated to the study of mutuality and alternative corporate forms. It is directed by Professor Jonathan Michie and supported by a number of distinguished associates. The Centre provides a range of services for the mutual and employee-owned sector, including academic research, leadership education, consultancy and public policy.

About the Building Societies Association (BSA)

Originally established in 1869, the Building Societies Association (BSA) is the voice for building societies and for some other mutual financial service providers. Together these organisations serve over 20 million customers up and down the length of the UK and have total assets above £330 billion.

Including their subsidiaries, they hold residential mortgage balances of over £240 billion - this equates to 19% of all outstanding mortgages in the UK. They also hold more than £240 billion of retail deposits - 19% of all such deposits in the UK - including 28% of cash ISA balances. BSA members employ 39,000 full and part-time staff and operate through 1,550 branches as well as on line and via the phone.

The BSA’s objective is to push for the best outcomes for building societies and its other members from the plethora of new and changing regulation and legislation in the UK and Europe. To do this it works with, amongst others, the UK Government, the EU Commission, Council and Parliament and regulators, especially the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). In Europe it is a member of the European Association of Co-operative Banks (EACB).

About the Association of Financial Mutuals (AFM)

We are a professional, trustworthy, authoritative trade body, committed to protecting and progressing the principles of mutuality. We endeavour to promote a better understanding of mutuals, encouraging mutual support and mutual approaches to business and public policy.

Our purpose is to advocate the values of mutuality and through this, promote the expansion of the sector. Between them, mutual insurers manage the savings, pensions, protection and healthcare needs of over 30 million people in the UK and Ireland, with annual premium income of £15.9 billion, and nearly 38,000 employees

Our Mission Statement:

We promote the concept of mutuality by helping our members identify with, remain committed to and contribute significantly to mutuality, through the promotion of best practice and a commitment to working together and in the interest of members, customers and other stakeholders.”

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