

Local MP backs credit union

A CITY MP has praised a fresh approach to banking that is taking off in the city.

Mark Lancaster went to visit the Milton Keynes Credit Union (MKCU), based in Wolverton Square, to find out how the financial co-operative works.

After five years of operation, MKCU, staffed largely by volunteers, offers its 380 members the chance to save and borrow.

The member for Milton Keynes North was shocked to hear about the loan sharks who target vulnerable residents, offering them instant cash with exorbitant repayment rates.

Doorstep lenders often offer an annual percentage rate (APR) of a massive 272 per cent or more, whereas the not-for-profit MKCU offers 12.7 per cent.

Mr Lancaster said: "After the collapse of the UK's financial system, and the sinister tactics of doorstep lenders, people are rightly suspicious of the financial sector. That is why MKCU is so great, heralding a new age of banking. It discourages wayward borrowers, while encouraging saving and giving local people a safe place to keep their money."

Recently the Coalition Government pledged its commitment to helping credit unions expand.

They are open to all, but offer particular assistance to those who have a poor credit history, are on benefits or have been previously refused by high street banks.

Mr Lancaster promised to promote the work of the Credit Union and encourage the involvement of local businesses.

He added: "Micro-finance schemes like this have a history of success across the world because borrowers feel accountable to their neighbours. This is borne out by the successful payback rate. Milton Keynes is the perfect place for such bottom-up, community-led projects and I hope to see MKCU develop even further."