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Summers, Eric

Past, Present & Future?

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FEGReG Seminar Programme 2010/11



21st Century Mutuels: Creating a Dividend of Mutuality

Thursday, 17 March 2011

**Eric Summers, Principal Lecturer, FEGReG
The Business School,
University of Huddersfield**

Inspiring tomorrow's professionals

**Risk in Recovery:
Views of Non Executive Directors of UK
Building Societies**

*A research report from the
Financial Ethics and Governance Research Group,
University of Huddersfield
October 2010*

The Mutual Concept

A mutual organisation is one that is owned by and run for the benefit of its current and future members. The mutual business model ensures that the long-term interests of the organisation and the members themselves are always paramount **[Mutuals Yearbook 2009, p.3]**

The past

- 14 million members of Friendly Societies
 - Building Society in every town plus many work-based societies
 - 30% of retail trade (a little under Tesco's share now?) **[Mills, 2009]**
-
- *1864 the Huddersfield Equitable Permanent Benefit Society*
 - *1975 merger of Huddersfield and the Bradford Permanent Building Societies*
 - *1982 merger of Huddersfield & Bradford Building Society with West Yorkshire Building Society to form **Yorkshire Building Society***
 - *and more ... Haywards Heath (1992), Gainsborough (2001), Barnsley (2008), Chelsea (2010)*

The present: Mutuals Yearbook (2009)

Sector	Number	Members	Employees	Assets (£)	Revenue (£s)
Building Societies	52	22,000,000	42,300	341,000,000,000	4,000,000,000
Friendly Societies	200	6,000,000	5,000	17,000,000,000	1,646,000,000
Mutual Insurers	14	3,288,366	12,932	60,999,154,000	2,715,383,000
Other Financial Mutuals	2	2,001,200	13,397	70,329,400,000	4,534,800,000
The Co-operative Sector	4,630	10,650,338	167,519	7,872,948,119	24,488,183,181
Co-operative Trust Schools	28	*	*	*	*
Credit Unions	487	747,230	950	592,000,000	63,000,000
Employee Owned Businesses	200	*	110,000	*	25,000,000,000
Football Supporter Trusts	169	100,000	100	5,460,000	5,460,000
GP Co-ops and Mutuals	40	*	8,000	*	150,000,000
Housing Associations	2,000	6,000,000	151,330	57,000,000,000	11,580,000,000
Leisure Trusts	120	*	26,000	*	625,000,000
Clubs & Societies	11,600	7,000,000	20,000	220,000,000	463,000,000
NHS Foundation Trusts	115	1,500,000	398,196	17,790,000,000	22,770,000,000
Total	19,657	59,287,134	955,724	572,808,962,119	98,040,826,181

Mutuality for me

A sub-prime property?



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A sub-prime borrower?

Mutuality for me

*Something
familiar, and of
meaning?*



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Mutuality – past & present

Mutuality was a response to a need, and when people realized how it could help them, it grew.

Mutuality went into decline because it was no longer fulfilling a mainstream need.

Mutuality will only work today in any context if it is reinterpreted, represented and explained to a largely ignorant audience.

[Mills, 2009]

The 'dividend of mutuality'?

What does this mean in practice?

Democratic Engagement with Members?
Keener Pricing Policies (without shareholder dividend)?
Member Friendly Practices?
Longer Term Policies and Commitments?
Mutual Culture?

The 'dividend of mutuality'?

'I think the concept of mutuality is very confused in the building society sector, and possibly becoming more so. We need to start from the customer perspective and what mutuality can do for them, not the other way around.'

'It's a matter of frequent discussion, usually prompted by NEDs, but it's not fully understood by members and more could be made of it.'

'Our objective is to remain a local, independent mutually owned building society and we have no intention of living beyond our means by offering products we cannot afford'

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A Mutual Health Service

Report of a Parliamentary Seminar
held on 18th December, 2009

Portcullis House
Palace of Westminster

**Or even a
Big
Society**

Mutual Benefit

Giving people power over
public services

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The feelings mutual?



Converting failed financial institutions into mutual organisations



A Report from The Oxford Centre for Mutual & Employee-owned Business
Kellogg College, University of Oxford

Published for The Building Societies Association

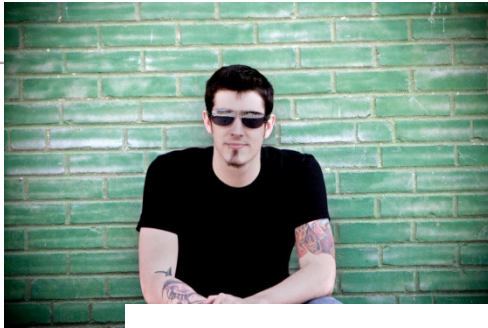
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But, for a new audience



What does mutuality mean to them?

What is their 'dividend' of mutuality?



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