



A social dividend, not just a financial one

Social Return On Investment Study

Donore Credit Union, Ireland's first and oldest credit union, is the first credit union to undertake a Social Return On Investment study.





Do more with Donore

Donore Credit Union Limited is Ireland's first and oldest credit union. It is located in The Liberties, an historic neighbourhood situated southwest of Dublin's city centre. Its inaugural meeting was held in April 1958. In its first year of operation, the credit union had 94 members with a share balance of £240. Today, it has almost 5,000 members, assets of more than €36 million, and a broad service offering. Our mission is to deliver quality and valued services to our members. Donore Credit Union is regulated by the Registrar of Credit Unions – a subdivision of the Central Bank of Ireland – and is a founding member of the Irish League of Credit Unions.

www.donorecu.ie



Helping not-for-profits to build a better world

Whitebarn Consulting was established by Sandra Velthuis in 2005. Whitebarn Consulting provides a range of supports to community groups, co-operatives, charities, voluntary bodies, non-governmental organisations, social enterprises, and the private and public sector bodies that work with them. Most Whitebarn Consulting contracts focus on outcomes, impact and social value. Sandra was the first Accredited Practitioner of Social Return On Investment in the Republic of Ireland and today she is a Level 3 Advanced Practitioner. She is a member of Social Value International and The Wheel.

www.whitebarn.info



Chairman's Foreword

As Chairperson of Donore Credit Union, I am delighted to launch the "Social Return On Investment Report" for Donore Credit Union. In 1958, our credit union was the first to be founded in Ireland. Neighbours decided to do something about the deprivation in their part of Dublin. A self-help cooperative was set up and its success led to the creation of Ireland's successful credit union movement.

In 2020, Donore Credit Union is once again leading from the front with the publication of our "Social Return on Investment report". Our credit union as a member owned, not for profit, democratic financial cooperative plays a huge part in member's lives, in the wider community, improves member's lives and continues to add value to the community.

I want to thank our CEO David McAuley for his foresight in advocating for this project, Ms Sandra Velthuis whose professionalism and support delivered report, the Board and Staff of Donore credit Union and all those who contributed advice, guidance, opinions, details and insights.

I encourage all credit unions to define their own social dividend in their communities.

Thank you
Garrett O'Toole

CEO address

Donore Credit Union is a financially successful credit union, operating for over 60 years. As a not-for-profit organisation, we should not be defined solely on financial results. Whilst we have a history of successful financial performance, we have also improved lives of members, helped the community and become part of the fabric of the community.

Donore Credit Union is the go-to place for generations of families, a reliable partner who can be depended on when problems arise. Our members' relationship with us is more personal, more intimate, more meaningful than what it is with other financial institutions. Donore Credit Union is neither a profit nor cost centre, it is a people centre.

Now is an appropriate time to evaluate and measure all elements of our credit union. Although we apply accounting measures on an ongoing basis, it is in the strength of our relationship with members, their belief in our value to them and our benefits to the community that our true worth is captured.

Donore Credit Union loans are not just purely financial transactions. Behind each loan is a story, a life, a person. They are needs to be met, experiences to be lived, dreams realised, ambitions fulfilled and aspirations turned into reality. This permeates beyond the individual to the wider community, which regards us as a local resource hub, a pillar of stability, a trusted partner and an enabler of social cohesion.

Through the completion of this independently assured process we now have calculated that contribution and the result is stunning.

Our true value as a credit union is much greater than our financial assets alone.

All credit unions should consider doing this exercise. It would be fascinating to determine what the true value of Ireland's credit unions are to communities all over the country.

David McAuley



**Irish League
of Credit Unions**

"As President of the Irish League of Credit Unions, it is my privilege to contribute these words.

Founded primarily for societal rather than financial purposes, the mandate of all credit unions is fundamentally a social one. Credit unions provide communities with the infrastructure to circulate again and again local resources, which is the very essence of sustainability and good citizenship. Credit unions focus on addressing the needs of their members and on bringing broader benefits to their communities in the classic not-for-profit model.

In a time of pandemic and economic downturn, strong community bonds take on renewed importance. The events of the last four months have brought villages, towns and city neighbourhoods across Ireland closer together. Some might say they have become more considerate, more neighbourly and more civically minded. If there is a silver lining to the pandemic, this new positive mentality is it and this more engaged and community-focused citizenship is something that we, as a society, and the government, as society's representatives, should encourage and nurture.

The ethos of a grassroots, co-operative organisation, owned by members for members, is central to the credit union movement. This ethos, in a post-Covid world, is more relevant than ever. Credit unions are ready to support the communities they are embedded in. Recent decades, however, have seen credit unions adapting to a myriad of onerous external pressures and perhaps our focus has been excessively turned towards financial viability at the expense of our *raison d'être*. It is in this context that I wholeheartedly welcome this initiative by Donore Credit Union in embarking on this significant

project which challenges us all to rethink and refocus towards our roots and our social values.

Irish credit unions go about their work quietly without fuss and do not generally herald the massive positive social impact they deliver on a daily basis. They are in many ways Ireland's best kept secret. How appropriate then that with the initiative of Donore Credit Union we now turn our focus towards attempting to gauge or audit the value of the social good that credit unions bring to us as citizens. As President of ILCU, I wholeheartedly welcome this report on behalf of the entire movement. I am convinced it will contribute much to our strategic thinking as a movement and I congratulate Donore Credit Union for its inspired leadership in commissioning and launching this pivotal report."



"The National Supervisors Forum is delighted to support Donore Credit Union Ltd with its launch of the Social Return On Investment report. This research not only highlights the value of Donore Credit Union to its members, but gives a clear indication of the value of credit unions to their communities throughout the island of Ireland.

The report establishes that credit unions, the services they provide and the manner in which they are provided, are integral to the fabric of Irish society and unique amongst financial institutions. It reinforces the findings of successive satisfaction surveys that rate credit unions as the foremost trusted brand for 60 plus years.

The credit union brand is built on operating principles that are focused on the ongoing training and education of members in financial affairs and of the interconnectedness of

communities through the social responsibility ethos of credit union volunteers, staff and members. Being, uniquely, member-owned, credit unions play a central role in the financial and social sustainability of communities through project sponsorship, community engagement, training and support.

The NSF, on behalf of its membership, would like to take this opportunity to thank the CEO, David McAuley, and the Board of Directors of Donore Credit Union for undertaking this piece of research which will be a valued and useful reference paper to the movement going forward."



"NSSL, a managed services provider, is the largest supplier of information technology support services to credit unions in Ireland."



"BCP is one of Ireland's largest independently owned investment product providers for the adviser market and proudly supports Donore Credit Union."



"As investment adviser to Donore Credit Union, Cantor Fitzgerald Ireland is delighted and proud to sponsor and be associated with this pioneering study."



"RBK's approach to corporate social responsibility reflects the steps that we are taking to ensure we are, and remain, a good corporate citizen. Social responsibility encompasses everything we do that has an impact on society around us – it is our values and behaviour as an organisation. Cognisant of the huge social value of credit unions in our society, RBK is proud to support Donore Credit Union in its

endeavours to establish and measure this value to its members and the wider community."



"Progress Systems as a main supplier of software to Ireland's credit unions, welcomes this initiative from Donore Credit Union. Establishing the real value of what a credit union means to members and community is an excellent idea. Valuing credit unions and growing their services is a common goal. We have a long and successful relationship with Donore Credit Union and look forward to continuing this well into the future."



"CUMA welcomes the restatement by credit unions of the principles upon which credit unions were founded and upon which they serve members today in what is a rapidly changing world. Credit union values of mutuality, enablement and respect are and will be ever more relevant as we go forward."



"FMB Advisory Limited, as a leading provider of external and internal audit services to the credit union movement in Ireland, welcomes the undertaking of this study in determining the social return provided by Donore Credit Union to the community. We are proud to be a contributing promotor and wish to congratulate the Board of Directors and management of the credit union on the comprehensive and ground-breaking nature of the study."



"Rooney Media Graphics, as a leading brand identity and print supplier to Irish credit unions is proud to sponsor Donore Credit Union."

Why this evaluation?

Ireland's 241 credit unions have an excellent reputation and have topped customer experience charts for the past five years. Despite this, the credit union movement is in flux and under stress and is aiming to redefine its role in an ever-changing world.

At Donore Credit Union, we are proud both of our long history and our current strengths. We have a committed membership and we are deeply rooted in our local community. Yet we have struggled to capture and articulate the impact that we have on our members and the community. In 2019, we decided that undertaking a study of our social value might address these challenges, and in this way not only help us, but also the wider credit union movement.

The core values of credit unions are those of co-operatives in general, that is: self-help; self-responsibility; democracy; equality; equity; and solidarity, together with what might be termed the ethical values of: honesty; openness; social responsibility; and caring for others.



I love this credit union. The staff are so nice and friendly there very helpful. I've been in this credit union a long time and would never consider moving thanks for all your help.





The research process

The approach that we used is called 'Social Return On Investment'. We evaluated our last financial year (1 October 2018 – 30 September 2019) and described and measured all the notable changes (or 'outcomes') brought about by our organisation over that period, valuing these using monetary equivalents wherever possible. This does not mean that all of the figures that are shown in our report are actual cash flows that have taken place, although some are. It simply means that an attempt has been made to equate the value that people place on certain gains and losses caused by our credit union to other things that they attach importance to in their lives, and at the same time compare these to the value of any financial and non-financial resources they have invested. In this way, the social return of Donore Credit Union could be calculated.

The Seven Principles of Social Value



1 Involve stakeholders



2 Understand what changes



3 Value the things that matter



4 Only include what is material



5 Do not over-claim



6 Be transparent



7 Verify the result

- Set up a steering group
- Consulted 100s of resources
- Phase 1 consultation: 60 stakeholders in focus groups and interviews
- Outcome mapping
- Phase 2 consultation: members survey with 378 responses
- Valuation

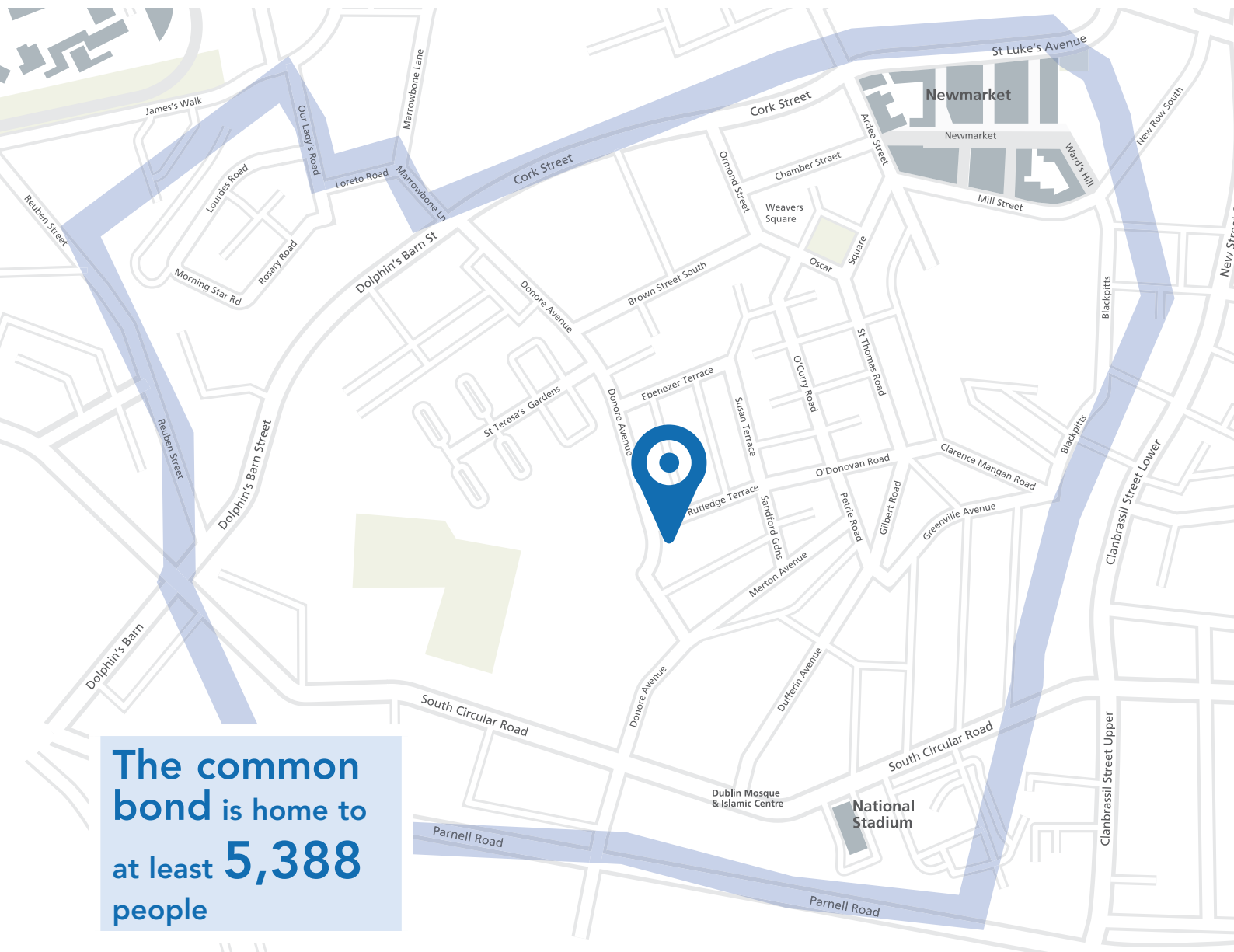
A steering group was established to drive and guide the research

This group comprised the CEO – who is a paid staff member – as well as the Chairpersons of the Board, the Secretary of the Board and one further Director – who are all volunteers. Together, they bring a wealth of experience of the credit union movement, of Donore Credit Union itself and of the local community.

Donore Credit Union enables ordinary people to save, borrow and make financial plans without complicated language and difficult financial arrangements. This easy way of dealing with money matters allows members to feel we have control of our money.

Life at Donore in the year under review

Our common bond was determined when the credit union was established and remains unaltered. It can be seen that the credit union lies in the centre of the parish. Anyone who lives, works or studies within this catchment area can become a member of Donore Credit Union. The population is very mixed, in terms of educational attainment, occupation, socio-economic status and other factors. Pobal's 2016 Deprivation Index shows that some of the Small Areas in the parish are 'affluent' with others alongside them being classified as 'very disadvantaged'.



Membership

People of any age can join the credit union upon payment of a once-off €1 joining fee and buying at least €10 in shares. Members who are aged 16 or over are entitled to vote. Significant efforts were made during the year to source new members. This included a financial referral programme, in which applicants referencing their school or sports club received €5/€10 into their account with a further €10 going to their school or club.

Grew membership by

6% to **4,776**



Issued
1,530
new loans
totalling
€5.8 million

Grew revenue
by 27% to more
than €1.3 million

Continued to
provide free
insurance

Offered three
types of savings
products

Increased loan
to asset ratio by **8%**

Offered nine types of loan products ranging
from **€100** to **€150,000**

Assisted

75

members
with debt
consolidation

Helped a further **75** or so
members to write their wills

Serviced 333
budget accounts

Organised some
20 prize draws

Played an active
role in community
forums and
networks

Increased profile in
the press and on
social media

Supported **16**
community groups

Provided 2
scholarships

Delivered financial awareness education in all local
primary and secondary schools

Brilliant credit union. Fantastic staff. Could not be more helpful.

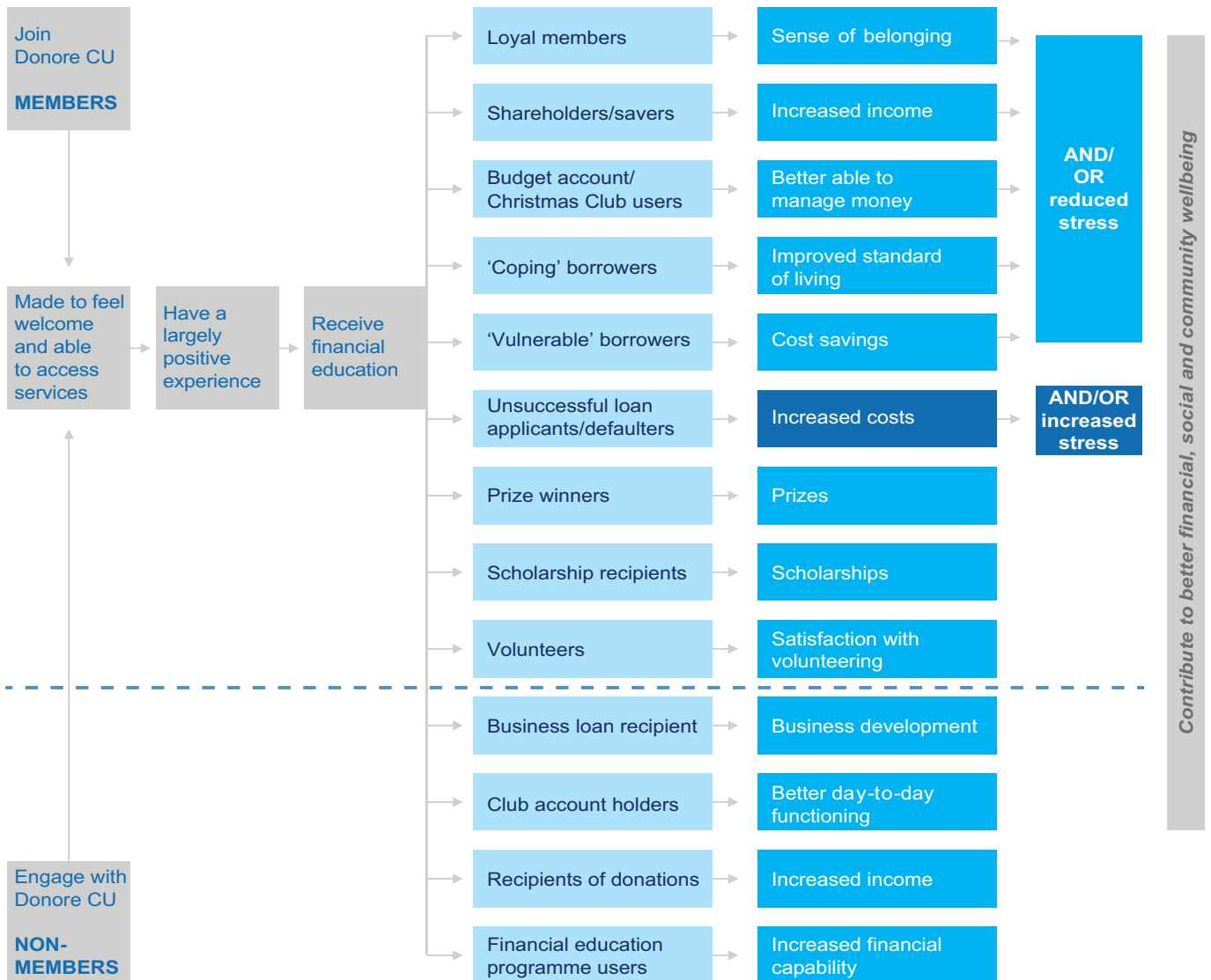
Resources invested



- Shares/deposits/assets €1,557,354
- Loan interest €903,008
- Volunteer time €135,000
- Unpaid staff time €25,000
- Budget account fees €16,650

Total reserves (not included in calculation) stood at **€6,506,306** by year end

Stakeholders and their outcomes



Calculating the social return

The values for each stakeholder outcome were calculated. This included consideration of the following:

- would the outcomes have happened anyway if we had not existed?
- did the outcomes lead to other outcomes, possibly negative ones, happening elsewhere?
- were the outcomes caused solely by us or did other organisations or people also play a part?
- does the effect of the outcomes last or lessen over time?

The social return could then be calculated. This was done by establishing how much value was generated in the year under evaluation and how much in subsequent years. In order to calculate the total present value, the costs paid and benefits received in different time periods were added up and discounted using a standard discount rate of 3.5%

Donore Credit Union is not a profit or cost centre, this remains and always will be a people centre.

With Donore's help, I have gotten far better at saving. It's opened my eyes: a little goes a long way.

We would be lost without the credit union. We know them so well. They're just always there, always helpful.

They offer us a huge degree of comfort, as we know they care about the social impact of what we do, not just the money side of things.

If I lost my job or became ill for any reason I feel the credit union would be understanding and rearrange my loans and budget account to help me get through the short term situation this is very comforting for my mental health.

It's great to walk into a financial institution where all staff know you by name. Long may Donore Credit Union last.



We generated
an enormous social dividend
during our 2018 - 2019 financial year.

€25 million+

For every **€1** equivalent invested into
Donore Credit Union, in the region of

€10 of social value
was created.

€1 : €10



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Report assured in June 2020 by
Social Value International

Full report and value map
available www.donorecu.ie

donorecu.ie   