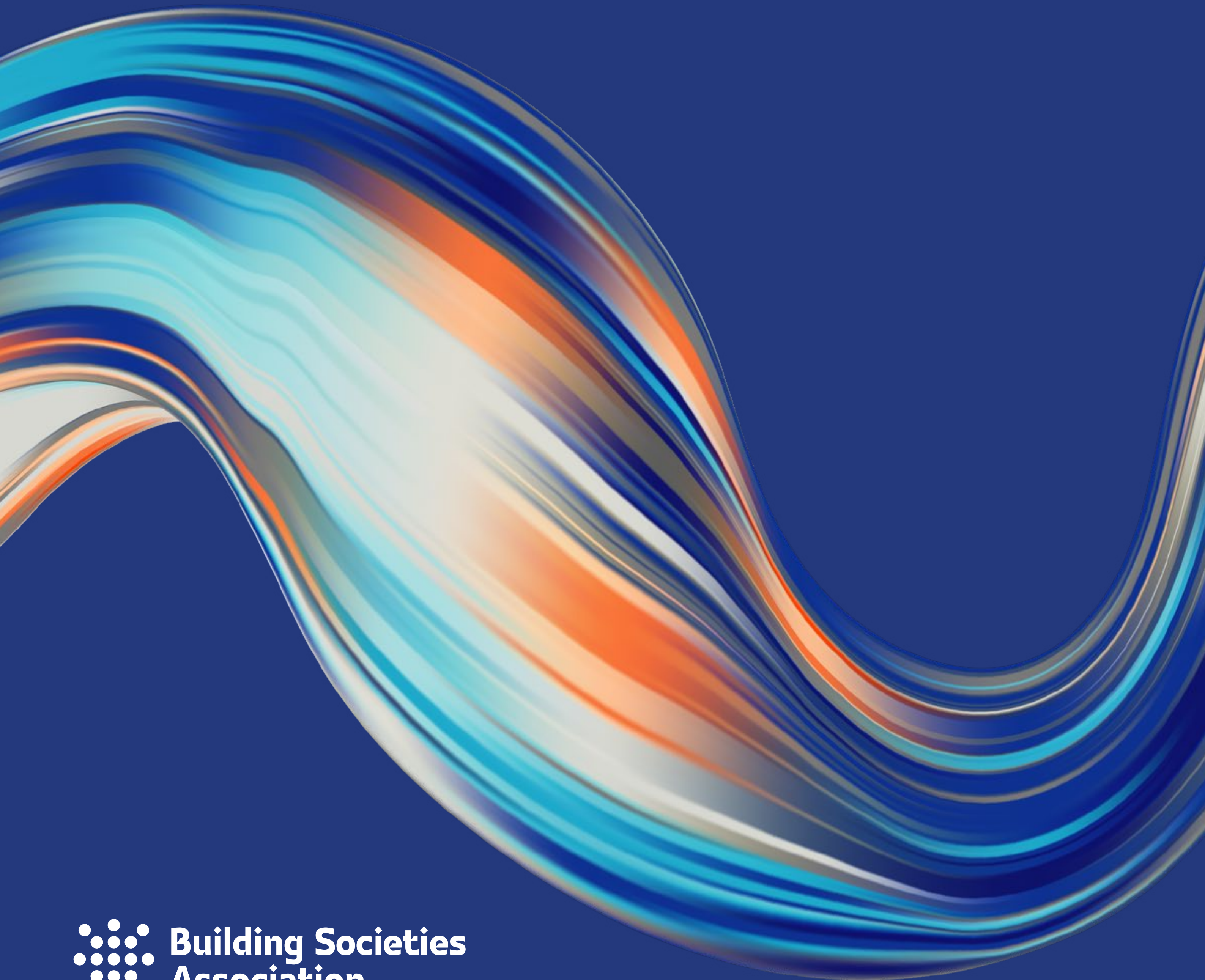


Building Societies Association

Finance for a fairer future

Reinventing customer-owned financial services

July 2026

With contributions from:

Addleshaw Goddard
BCG
Deloitte.
EY Shape the future with confidence
KPMG
Microsoft
Odgers Where Leadership Matters
PA
pwc
The Foundation
whitecap Commercial Clarity ™
Woodhurst
Kingsford Strategy

Introduction:
The view from the BSA

People across the UK face serious money challenges over the next two decades. Younger generations are struggling to afford a home and build assets. Older generations need to manage retirement risk and care costs. Many face weaker financial resilience or being excluded from more automated financial services.

These are precisely the conditions mutuals were created to address. Building societies and credit unions can help more people own a home, build greater financial resilience and access trusted human judgement in an automated world. But seizing that opportunity requires change now from the sector, government and regulators.

A model born from unmet need

250 years ago, the first building society was founded in a pub in Birmingham. A group of working people could not afford to buy a home. So they saved together until they had enough to buy land and build houses for each of them. In the second half of the twentieth century, credit unions were established to serve groups, including migrants, who were excluded from traditional providers.

Building societies and credit unions are part of the same ecosystem - they play different but complementary roles. Building societies bring scale, housing finance, savings strength and deep roots in many towns and regions. Credit unions bring reach into communities and groups less well served by mainstream finance, with strength in responsible credit, payroll savings and financial inclusion.

Both were built around people helping each other to solve financial problems. By 2050, that idea may be more important than ever. The challenge is to rethink how it is delivered for a more complex world.

Three shifts shaping our lives to 2050

The BSA has consulted members, government and regulators, drawn on consumer insight and international examples, and commissioned leading consultancy firms and partners to answer two questions: how might people's lives and finances change by 2050, and what must mutuals do in response?

2050 pushes thinking beyond normal planning cycles. But it is not the deadline for action. Many of the forces described in this report will reshape the sector much sooner. Change is needed **now** for mutuals to remain relevant in the next decade.

The analysis in the Futures work points to three structural shifts in people's financial needs.

First, housing will be the central dividing line of financial security. Home ownership will become harder to reach and more dependent on family wealth and household structures will change further. At the same time, homes will become more financially demanding as people fund climate adaptation and draw on housing wealth to fund care costs or support younger family members.

Second, financial resilience will weaken further and more risk will transfer to individuals. More people will have variable and unpredictable incomes, higher debt, limited savings buffers and greater responsibility for managing their own retirement risk. More people will live with conditions that make them financially vulnerable. An ageing population will increase care, health and housing adaptation costs, while the state will not be able to underwrite those risks at the scale required.

Third, technology will radically change how people live, work and access money. AI will improve productivity and services for many, but will also create new risks: job disruption, digital exclusion, more sophisticated crime and weaker trust. As financial services become more automated and data more distributed the need for trusted human judgement will become more acute.

Financial services markets will also change

Technology, especially AI, will change how people access financial services. Mortgage applications, savings decisions and investment choices will increasingly be mediated by AI systems that compare products and transact on consumers' behalf. Digital money will transform payments. For many people this will be positive: bringing faster decisions, sharper pricing and better tools, building money confidence. But the benefits will depend on the incentives behind the technology. Models built around scale, margin and low-cost conversion will tend to favour standard, profitable customers. People with irregular incomes, weak credit histories, thin savings or complex needs may be excluded, poorly served or charged more.

The competitive environment will reward scale. Major banks and fintechs will fund data and technology investment which few mutuals can match alone. AI-enabled super-apps, whether from Big Tech or new entrants, could own the customer relationship entirely, reducing product providers to suppliers behind platforms they do not control.

Savings and mortgages may both become more challenging for mutuals. AI tools could move savings to the best rate automatically, weakening loyalty and making deposits less stable. In mortgages, larger players could use technology to enter safer specialist niches that have historically been important to mutuals.

The world is changing

Demographic and social change
UK population +72m by 2050. Over 85s double to 1 in 20 of the population.

Financial resilience under pressure
More variable incomes, higher debt, low savings buffer, stretched housing affordability and more responsibility for retirement

Technology transformation
AI reshapes financial decisions, how financial services are consumed and provided, bringing opportunity and risk

The opportunity for mutuals is not to beat banks and tech platforms at their own game. It is to serve people those models find too complex, too small, too human or too costly to serve well. Credit unions have a particularly important role in supporting people who are financially or digitally excluded, and who need responsible credit, payroll savings and trusted community-based support.

This can be a mutual moment, but purpose alone is not enough

In 2050, the UK will need institutions that can help people navigate financial problems that are real, complex and commercially underserved. These are precisely the problems building societies and credit unions were created to solve.

If mutuals cannot serve these needs, the demand will not disappear. People excluded by automated risk models will still need credit, savings support and financial guidance. Some will turn to family. Some will go without. Others will be pushed towards higher-cost and less scrupulous lenders.

This should matter to government and regulators. The Government pledged to double the size of the cooperative and mutual sector in its 2024 manifesto and delivering this commitment requires ambition to support the diverse provision of trusted, regulated, customer-owned institutions to meet needs that will otherwise be met badly, expensively or not at all.

Mutuals act in their customers long term interests, because their customers are their owners. Without external shareholders, more value can stay in the relationship: through better rates, stronger product, service and pricing, innovation, retained and trusted accessible services via branches and the telephone.

Place matters too. The pressures described in this report will not be felt evenly. Less prosperous and less digitally confident communities are more likely to face exclusion. Mutuals have an advantage because many are anchored in places and communities, not just customer segments. That community role is a strategic asset, not an outdated relic.

The sector enters this period with real strengths: public trust, market resilience, specialist lending, competitive pricing, local presence, regional economic impact and a customer-owned model that has proved durable.

In theory, people will never need mutuals more. But the mutual offer will not count if it cannot be seen and valued by people, platforms and AI agents. To remain relevant in 25 years, mutuals may need to change more than they have in the last 250. Today, the sector's purpose fits the future better than its capabilities do.

Five problems could leave mutuals unable to serve future needs:

1. **A legal and regulatory problem.**
   Building society and credit union legislation hardwires a mutual model designed for an analogue era. Today's regulation can tie up capital which could be used to support first-time buyers and underserved communities and businesses. Reform is also needed to support digital distribution, collaboration and a housing market in which mutuals can serve the needs of future members.
2. **A proposition problem.**
   People's future needs will go beyond the mortgage, savings and lending models offered by most building societies and credit unions. The sector risks failing its members unless it creates broader more relevant offers. These could relate to financial wellbeing and advice, intergenerational transfers or new forms of lending that reflect new customers' shifting needs.

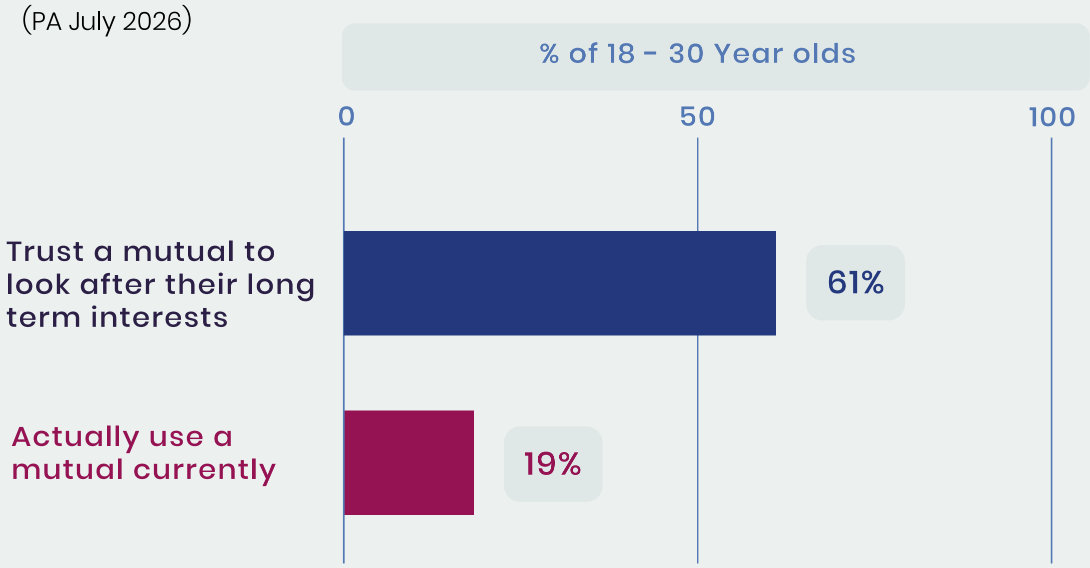
3. **Awareness problem.**
   Too few people understand what customer ownership means, why it matters, or how it could help them with the financial pressures they face. This is particularly stark among younger consumers: many are open to trusting customer-owned providers, but that trust is not yet translating into behaviour.
4. **A scale problem.**
   The minimum requirements of digital financial services are becoming more complex and expensive. AI, cyber security and operational resilience will be too costly for many societies and credit unions to solve alone. The regulatory burden, while simplified for smaller providers, is significant and growing.
5. **A skills problem.**
   AI will change the work of building societies and credit unions. The sector will need AI-fluent colleagues, boards comfortable with data and AI risk, and teams able to help less confident consumers navigate a changed market.

Without change, the sector is on a path to becoming peripheral: valued by ageing existing customers, in particular savers, invisible to future ones, and increasingly constrained by cost, capability and scale. Doing nothing is not low risk. If anything, it is the high-risk option.

That isn't just a sector problem. It is a national policy problem for housing access, financial resilience, market diversity and the affordability of state safety nets.

Research from PA Consulting suggests an action gap among younger people: they like the sound of mutuals, but don't use them at the moment

(PA July 2026)



What must change: five ambitious but realistic transformations

1. **A legal and regulatory framework fit for the modern era**
   The first reform priority is access to capital. Building societies are simple by design. They take savings from customers and use them mainly to fund residential mortgages which help people buy, and in some cases, build homes. They also increasingly support business customer lending. They do not have the same business model as large banks with trading activity, investment banking exposure or more complex financial instruments. Yet prudential regulation can still treat different institutions as if the underlying risks were the same.

   Capital held unnecessarily is capital that cannot be used productively. Banks are also arguing for lower capital requirements. But the public policy case is stronger for mutuals. Our model is simpler. The additional capital released is more likely to be invested where it will make the biggest difference socially: in support for first-time buyers, smaller businesses and under-served consumers. The cost of access to capital is also challenging and the regulatory approach to raising capital onerous. If government and regulators want to unlock lending while limiting financial risk, and reduce the barriers and costs of capital issuance, they should start with customer-owned lenders whose purpose is to serve households and businesses rather than maximise shareholder returns.

   The Government's ambition to double the mutual and co-operative sector creates an important opening. But the practical test is whether government, regulators and the sector act now to create the conditions for mutuals to grow and serve needs that the market may otherwise leave unmet. Improving access to capital is the clearest test of whether policy really supports mutual growth.

   Capital reform is not the only change required. The framework also needs to support digital distribution, shared infrastructure, collaboration, innovation in housing finance, responsible growth by credit unions and practical responses to changing consumer needs. The Building Societies Act (1986) and the Credit Union Act (1979) were transformative at the time, but neither were designed for the world now emerging.

2. **Create more innovative offers that match people's needs**
   Housing finance is already moving beyond the standard 25-year repayment mortgage. Mutuals must continue to innovate through longer intergenerational terms, better shared ownership, greater capacity to build and develop as well as buy a home, later-life lending, transfers between generations and even direct participation in long-term rental housing.

   The savings mission should expand from gathering deposits from relatively affluent savers to building real financial resilience for those who are underserved. This could include drawing on the experience of credit unions in small-value credit linked to savings, payroll emergency funds, embedded financial coaching, and long-term care planning. A better workplace savings proposition backed by government, could help younger workers build financial resilience without relying on state support. Greater levels of business banking could increase mutuals' contribution to the regional economies they serve, and broader diversification could better meet more customers' needs.

The sector can compete where Big Tech and platforms will not: the complex, the human, the long-term, and the values-driven. Used well, AI could reduce exclusion by making affordability assessment better, spotting patterns missed by blunt credit rules, and helping serve complex borrowers more efficiently. AI optimised for customer outcomes will give fundamentally different recommendations from one optimised for extracting more value from customers. Partnerships with local governments and mayoralties, consumer groups and civic society can build on regional connections and established community ties.

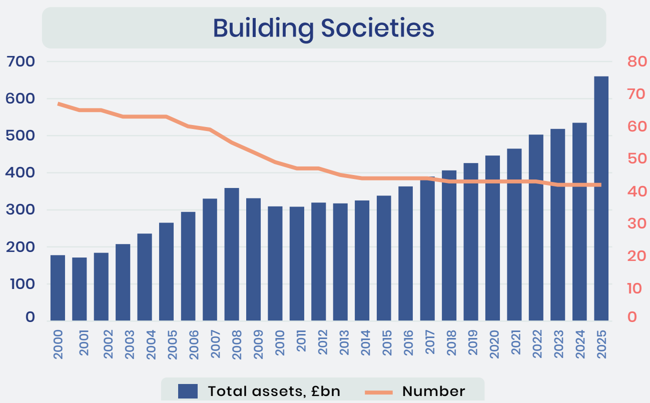
3. **Build a shared sector identity customers understand**
The sector needs a shared public identity that almost no society or credit union can build alone. "Mutuality" does not speak clearly to most customers, especially younger ones. It explains ownership structure, not why that structure should matter when choosing a savings account, a mortgage or financial support.

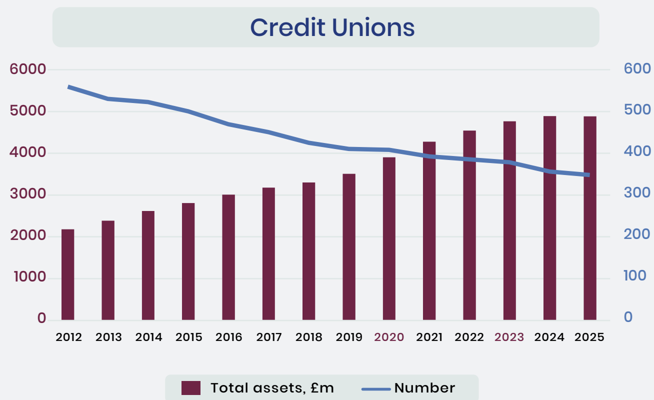
The task is to translate customer ownership into a simple, modern promise: we act in your interests. That promise needs proof: better value, choice of service - digital and human, support for underserved customers, help for first-time buyers, and commitment to local communities and regions.

As wealth transfers across generations, money may flow to the platforms younger people already use. To prevent that, the sector needs more than a heritage story. It needs a stronger brand and proposition that makes customer ownership famous and appealing.

The distinctive strength of the mutual model is customer ownership: building societies and credit unions exist to serve their members and customers, not external shareholders. This creates a powerful foundation for trust, fairness and long-term value, and a clear advantage as people look for financial services that are more transparent, responsive and rooted in real lives. To make mutuals famous and appealing they should build on their current activity to show how member voices are heard, how insight shapes decisions, and how this leads to products and services that remain relevant, inclusive and genuinely useful for the future.

Sector growth and consolidation





Though there are fewer societies since 2000, the sector has grown in size, with assets almost four times their level 25 years ago. The credit union sector has shown similar trends.

(Bank of England 2025)

4. **Build scale and resilience through collaboration**
One test of the sector's seriousness will be whether collaboration moves from warm words to shared solutions and capability.

Scale is becoming critical to operational and commercial resilience. The next phase needs funded, governed, operational platforms or shared capabilities that societies and credit unions can use. These should focus on the capabilities that are becoming too costly or complex to build alone such as AI, data, cyber, fraud, compliance and payments. They offer a way to pool capability while preserving identity, customer relationships and local presence. Shared or pooled resources or collective capital initiatives present additional opportunities for investment at an efficient cost.

For some societies, collaboration may not be enough. Some may conclude that their members are best served by joining together with another society, or by acquiring scale or scope externally. In some cases, this may be the best way to protect member value, build capability and extend mutual reach. The interests of current and future members should be the guiding principle.

The same decisions must be considered by credit union boards in coming decades. Consolidation has been a feature of the UK market and there are successful international examples of systems collaboration. The Government's Credit Union Transformation Fund provides a stimulus to collaborate on services, as well as working together and sharing good practice on marketing, operations and governance of the sector more broadly. There is also a wider opportunity for collaboration between credit unions and building societies, as well as other types of mutual.

5. **Develop the skills needed to serve customers in an AI age**
Future colleagues will need to act as human guides in AI-enabled services: explaining decisions, spotting when something looks wrong, supporting vulnerable customers and knowing when to escalate or challenge the machine. Front-line teams will need empathy and practical judgement, backed by enough digital confidence to help customers use new AI tools safely. More specialist technical capability will be needed in data, risk, cyber, product, and governance. Boards will need enough understanding of AI, data and digital transformation to challenge management, govern risk and spot opportunities. This requires a new skills base that is more than incremental training.

This modern skills agenda should extend to the public. AI-mediated tools may help many people manage money better, but they will leave some behind. Building societies and credit unions are well placed to help close that gap. Branches are already hubs of financial support and education. They can continue to be trusted places where people learn how to save, borrow, avoid fraud, use AI tools and make better long-term decisions.

5 challenges the sector must address	5 transformations for a stronger future
Legal: Capital and other rules should be proportionate to the sector's risks	**A modern regulatory framework**
Proposition: to meet future needs for more complex lives	**Innovative offers that match people's needs**
Awareness: Few people know the benefits of customer ownership	**Build a shared sector identity**
Scale: Costs in tech and compliance are rising	**Scale and resilience through collaboration**
Skills: Tech literacy and governance is needed, bringing opportunity and risk	**Skills for the AI and digital age**

Serving future members requires action now

The mutual sector can be one of the most important parts of the UK's financial system in 2050 because it can solve problems others will not. It can help more people into secure housing, serve complex borrower needs, rebuild savings habits, support younger customers with money confidence, older or more vulnerable customers with creative solutions and trusted services, finance home adaptation and retrofit, and preserve human judgement to complement and enhance automation.

But that future requires action from mutuals, government and regulators now. Doing nothing is a decision to let the market drift towards a model in which the people with the most complex and urgent needs have the fewest places to turn. The first building society was not created because a business saw an opportunity, but because people had a need that the market did not serve. Mutuals need to embrace change now for the same reason.

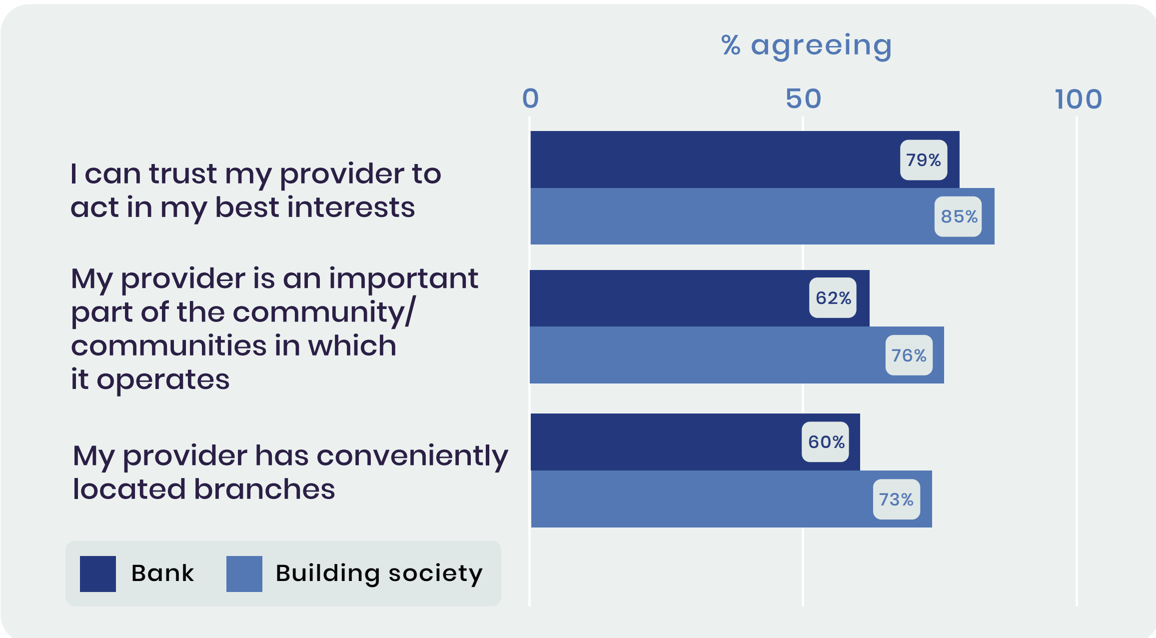
The BSA's role: representative, convenor and strategic architect

The BSA must rise to the challenge too. Representation remains important, but it is not enough. The sector needs a body that can make the case for mutuals with greater force, convene practical collaboration, and help build what no individual building society or credit union can create alone. To start this change, the BSA will focus on three priorities:

1. **Influence the policy and regulatory landscape.** Shape decisions on access to capital, legislation and regulation so customer-owned financial services providers can better meet needs around housing, financial wellbeing and inclusion.

2. **Make customer ownership famous and appealing.** Reposition customer ownership so it is meaningful across generations and shows why mutuals matter for housing, resilience, and later-life security.

3. **Turn collaboration into shared capability.** Help the sector reduce costs and build critical capability in areas including skills, technology, risk, back-office costs and cyber.



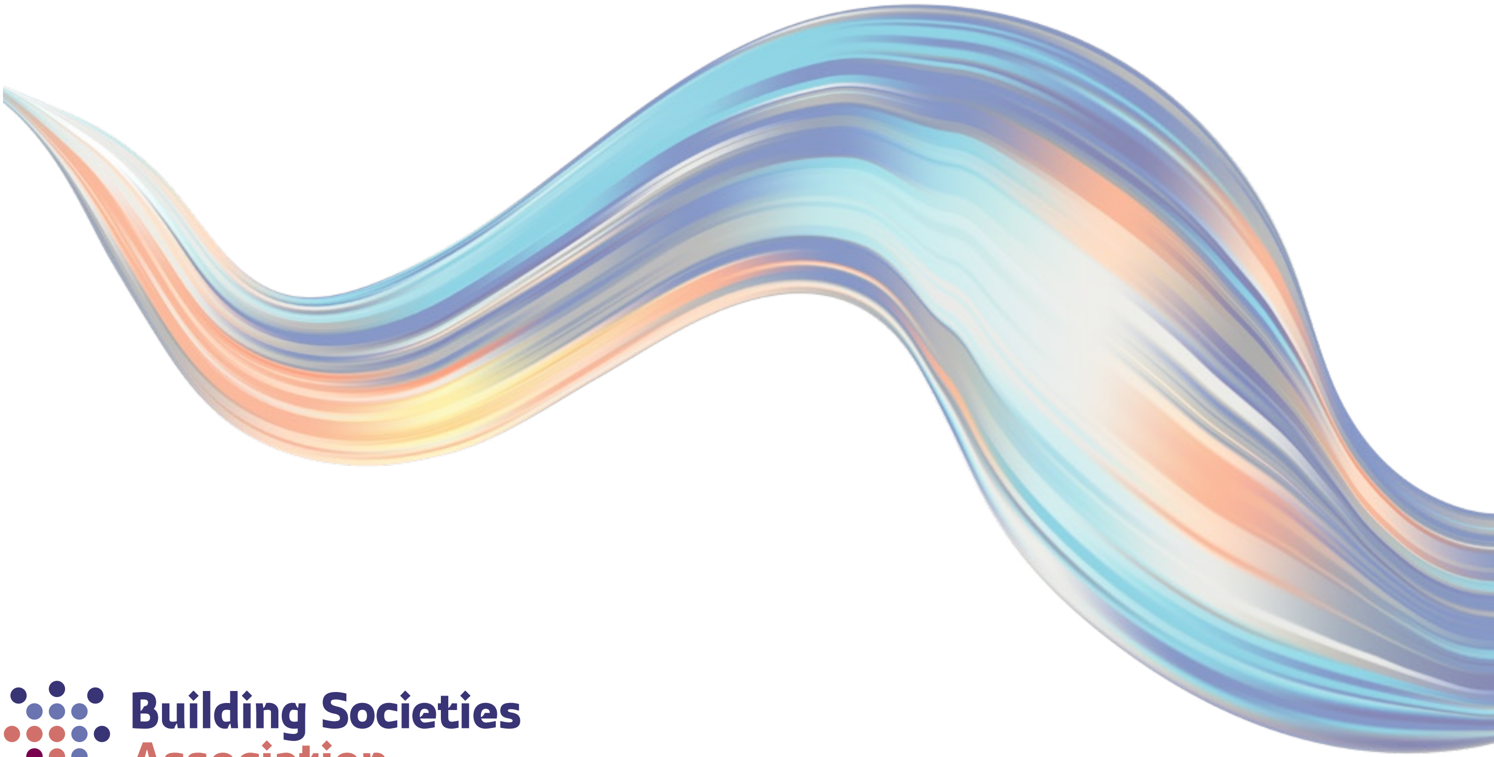
Opinium, June 2026

Customer ownership, strong values and community roots give mutuals a real opportunity to shape their future. The public trusts mutuals because they earned it, by being reliable, supportive and always acting in the interests of members, not shareholders. But trust with the next generation will not be built through a sentimental defence of an old model. It will be grown by reinventing mutuals to serve people whose needs may otherwise be poorly met by the market.

With change, societies can stay independent where it matters and act collectively where scale is essential. Government gains partners in housing, financial inclusion, and security in retirement. Regulators gain a stronger, more diverse and resilient financial system. Most importantly, a much larger number of future customers get institutions that can help them build the personal financial security that creates opportunity in a harder world.

Simon Taylor
Chair, Building Societies Association

Sarah Harrison CB MBE
Chief Executive



Building Societies Association

Reinventing customer ownership – the BSA's 5 year strategy to 2032

Analysing future trends shows that, with change, the coming years should be uniquely strong for mutuals.

The problems faced by customers along with the commensurate opportunities to solve them in new and better ways, across housing, financial resilience, trust and technology are precisely the conditions mutuals exist to address.

For the sector to respond effectively, we have described what is required, which starts with individual organisations' energy, imagination, capacity to adapt, connections to communities and their diverse models and strengths.

The sector has substantial and distinct strengths that are increasingly relevant to these issues and aspirations.

They all stem from the fundamental characteristic at the heart of these mutuals... customer ownership.

This is not a technicality – it makes a huge difference in the way every one of the 42 building societies and 348 credit unions are run. It means...

- The business's priorities are wholly in customers' long-term interests, decisions uncompromised by short-term financial targets.
- It means reinvesting money for customers that would otherwise go to external owners.
- And it leads to a set of benefits:

    - **Better value** – especially in savings interest rates, on average over time, meaning less need to watch for rate changes to avoid poor treatment
        - » 85% of building society customers say their provider offers competitive rates, compared to 80% of bank customers (Opinium, May 2026).
        - » Building society savers received £2.1 billion more in interest in 2025 than they would have earned at the average large bank rate. (BSA, Jun 2026).
    - **Better service** – being more human alongside good digital provision, so keeping branches open, making it easy to reach people on the phone or in other ways, with a helpful attitude plus offering a growing range of advice on trickier issues around money.
        - » Building societies performed better than banks on various measures of customer service in an Opinium survey of 2,000 adults. For example, 89% of building society customers agreed their provider offered good customer service; 85% agreed that their society acts in their best interest; 87% would recommend them to their family and friends; 86% said they can reach a knowledgeable human representative when needed, all higher scores than among bank customers. (Opinium, May 2026).
    - **More inclusive** – making sure the people, communities and vulnerable groups overlooked by the more automated approaches of banks, with complex or unusual needs or a preference for something more personal, get access to fair and sustainable financial support.
        - » Building societies accounted for over 360,000 mortgages to first-time buyers in the last three years (BSA June 2026).
        - » Well over half (58%) of all building society house purchase lending was to first-time buyers in 2025 (BSA June 2026).
        - » The sector is lending over £8bn on outstanding shared ownership loans and over £800m on self-build, and lent on nearly 25,000 new build properties last year, demonstrating its commitment to helping people to buy and its support for house building (BSA 2026).
        - » Over the last two years building societies have helped over 1.5 million people start to save for the first time (Opinium Dec 2025).

- **More closely connected to communities** – with an increasingly unique presence on High Streets while investing in things that matter to customers' communities. This is about making a difference people can relate to, growing support and emotional connection – the branch for my Mum who might have dementia, help for my son or daughter to get on the housing ladder, local charities with a relevant connection.
  - » Building societies now provide 35% of all UK high street branches, more than double their 14% share in 2013 (BSA, Nov 2025). 73% of building society customers say they have conveniently located branches, compared to just 60% of bank customers (Opinium, May 2026).
  - » Building societies actively strike partnerships locally and with charities to support employability skills for young people, financial education in schools, measures to fight homelessness and more.
  - » As a result, 76% of building society customers say their provider is an important part of their community, compared to just 62% of bank customers (Opinium, May 2026).
- **More diverse** – in offer, in UK presence and in approach. Across the 42 building societies and 348 credit unions, with a common purpose, ownership model and core offers, there is huge diversity in style and approach. Headquarters are based across the UK with none of the building societies and most of the credit unions not in London. Size varies widely, and so does the attitude to growth, risk and breadth of offer. This all leads to more meaningful choice for customers, more ideas and innovation from an eclectic range of perspectives, and greater resilience for the sector and for UK financial services overall, with variety a good way to counter economic, political, social and technological unpredictability.
- **Trusted** – to make decisions in customers' interests in the long run, to help customers if they run into problems, choosing not to share or sell customers' data, and acting in the interests of communities served and society more broadly, with a prudent outlook so organisations are resilient and built to last.
  - » Because building societies have no external shareholders, profits are reinvested rather than extracted. The mutual model means decisions are structurally oriented toward member outcomes rather than short-term financial targets.
  - » The major banks paid dividends of £22 billion to shareholders last year (BoE), and 82% of bank staff say that they are working to maximise profits, compared to 23% of building society workers – instead they think consumers get the largest share of the value they create (BSA 2025).
  - » The sector generated £8.3 billion in direct gross value added, contributing to economic growth across the UK (BSA, May 2026).

The Power of Customer Ownership
We put people first. Profits are reinvested, not extracted

£2.1 billion **more interest paid in savings interest than the market average**

87% would recommend to others

Supported over 350,000 **first time buyers in last 3 years**

76% of customers see us as integral to the community

1.5 million people supported to save for the first time in 2 years

35% of high street branches (vs 14% in 2013)

89% positive service rating

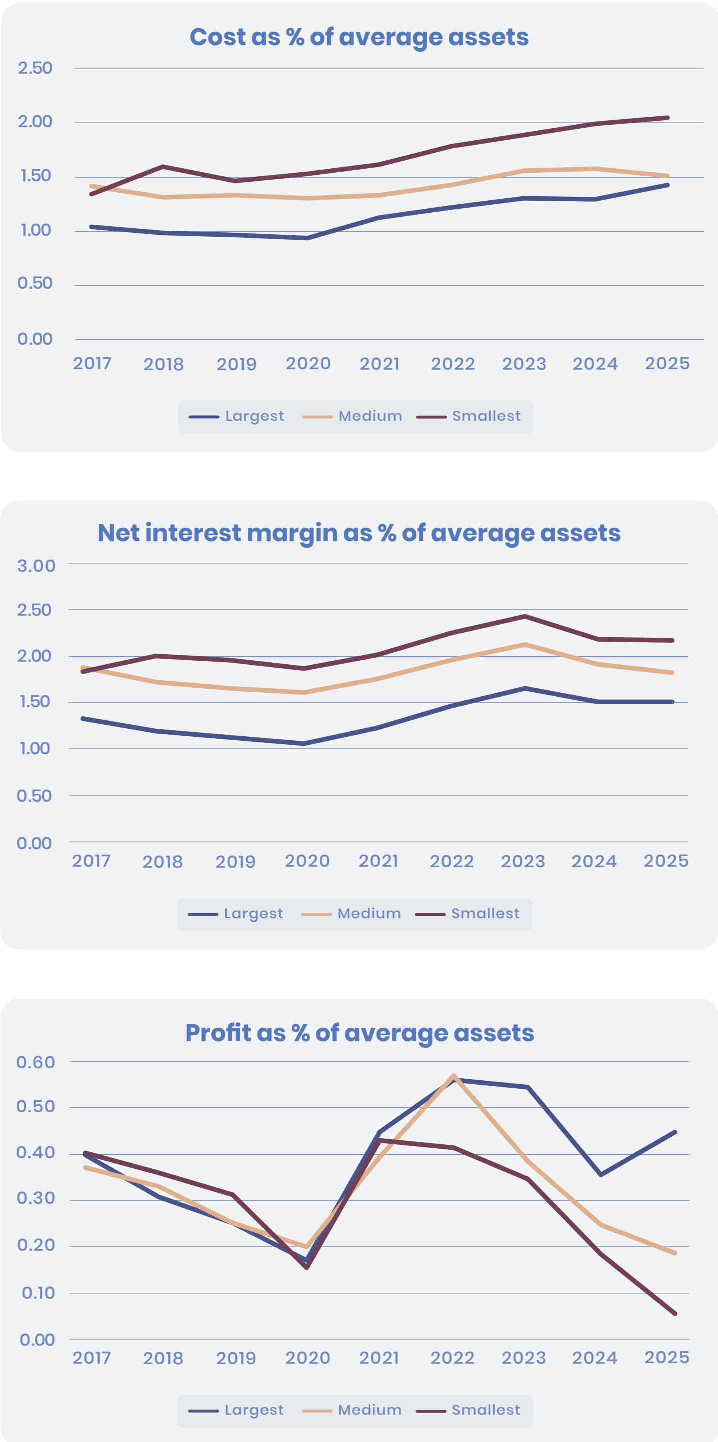
£8.3bn GVA generated across the UK economy

We reinvest profits: banks paid out £22bn in dividends last year

Given these challenges, and the benefits that the sector at its best can offer, compared to the average experiences customers have with financial services organisations, the nation would be better off and happier if the sector had a greater share of the business done in relevant areas of life.

This means there's a duty to grow, not just from the perspective of individual organisations, but on behalf of the people served.

Building society financial performance



Growth through this lens means more people becoming customers, more people becoming members. The sector can grow in size AND in influence on the UK and its social and economic health.

Through this lens, net customer growth becomes an overarching goal for the sector, good for more and more people across the country.

But at all levels of scale across the sector there's a NEED to grow too, especially in terms of financial health, recognising escalating costs and a need for margin and capital. *These costs of doing business and staying competitive are rising – investment requirements are growing, especially for the technology to compete, and the costs of regulation and audit are rising fast too. It means revenues need to increase, capital limitations be addressed, costs contained.*

While at the heart of what's needed is the energy, imagination, adaptability and diverse strengths of individual organisations, in crucial areas, it also needs collective action.

The sector's culture of sharing, openness and care is a real strength. It creates trust, generosity and a willingness to support one another. The opportunity is to channel that strength into greater pace, clearer choices and bolder, more purposeful collective action.

The question is not just what the sector risks losing if it changes, but what it stands to gain if it moves together with confidence.

By acting now, the sector can become more visible, more relevant and more capable of serving future generations. Without it, we risk accepting a peripheral role.

The pressures around cost, capability and scale are real, but they are also challenges that can be overcome through sharper focus, stronger shared identity and more practical collaboration.

This means collaborating, not as an interesting option but as something critical. The question moves on from 'whether' to 'how'.

Given this national need, this opportunity for the sector to respond, and the imperative for the sector to change and work together more substantively to be commercially competitive enough to do so.

This is where the BSA comes in.

The BSA is central to the sector and has achieved big breakthrough steps with and for the sector

The BSA exists because the mutual model needs a voice that speaks for it exclusively.
That single-minded focus is what protects the sector's interests, creates the conditions for it to grow, and makes the case for why it matters – to regulators, to government, and to the customers it serves.

The BSA can make a strong, positive impact for the sector and the people the sector serves. It has done so multiple times, setting the bar and giving confidence to do similar things in the years to come.

Over the next five years, the BSA will focus on the three areas. These have been identified as critical from our engagement with sector leaders and key stakeholders and draw on the insight from the 2050 Futures analysis that our partners have shared. They are to:

1. Influence the policy and regulatory landscape.

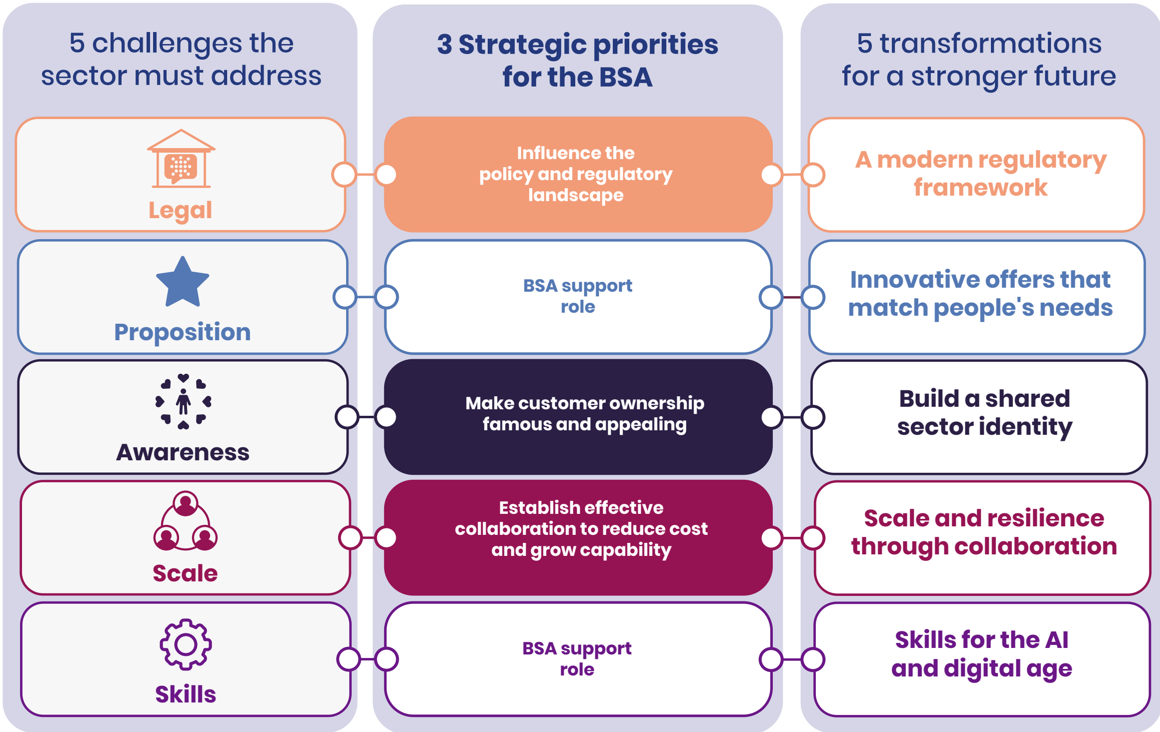
Specifically, influence and shape decisions that support access to capital and legislative change to better meet consumer needs on housing and financial wellbeing, with recognition from Government and regulators of the valuable role that customer-owned financial services providers play in meeting the needs of many in society.

2. Make customer ownership famous and appealing.

Redefine and position customer ownership so that it is meaningful and relevant to far more people across generations, especially the young, so that mutuals fully realise their potential as trusted institutions for housing, financial resilience, later life security and related needs.

3. Establish effective collaboration to reduce cost and grow capability

Turn commitment from mutual leaders to collaborate into effective collective action on a number of fronts, to transform the competitiveness of organisations across the sector, in areas including skills, technology, risk management, back-office costs and cyber.



1. Influence the policy and regulatory landscape

a) Lock in the "doubling" commitment with Government

Target: Government
The political window is open but finite. The BSA will define what doubling the mutual sector actually requires – specific capital initiatives, legislative reforms and regulatory changes – and partner with the Government to realise these objectives, and build cross-party consensus to future-proof progress beyond a single political cycle.

Actions:

- The BSA is exploring capital initiatives to support growth of the sector. This will include routes to capital issuance, pooled securitisation, or other collaborative approaches to address the challenges of high costs of accessing capital, particularly for smaller societies.
- Government support is needed, to work in partnership with the sector to design a scheme and the structure that could channel capital to smaller and medium-sized societies in need.
- There are various ways in which the Government can provide its direct support, such as by setting up a mutuals fund to invest capital into mutuals including building societies and credit unions.[1] Or it can provide indirect support for other schemes such as shared services, through guarantees. We will work with the regulators and government as we develop our thinking.

[1] A scheme could allow smaller mutuals to access capital at a price and small scale that is not economical in the existing market. The government would make a return on its investment commensurate with the risk

- This would help to deliver a more flexible approach that benefits mutuals as much as banks that already receive capital injections from the British Business Bank to support SME lending. An innovative and flexible approach is needed to support mutuals more broadly, so that they can in turn support first-time buyers and home-ownership more generally.
- This is the opportunity for the Government to demonstrate that it is serious about delivering its commitment to doubling the size of the sector.
- Government is taking welcome action to amend the legislation to remove limits on credit union growth and on building societies' funding. Further action is required on other restrictions, for example in relation to lending. The BSA and the sector will bring forward proposals for further changes to modernise and futureproof legislation, and in a way that does not put barriers in the path of innovative ways to enable sector growth.

> ***"The current regime gives the best chance ever for the sector — do it fast."***
> *Building Society CEO*

> ***"Effective communication with Government, politicians, policymakers, regulators on levelling the playing field vs wider FS landscape."***
> *Chairs meeting*

> ***"The motivation for growth is not egotistical. The mission is to reach more people and help them. There is a lot of untapped potential in the model."***
> *Credit Union CEO*

> ***"The next 25 years should belong to mutuals. If they do not, it will not be because the need disappeared. It will be because we failed to adapt to meet it."***
> *Building Society Chair*

> ***"There are more similarities than differences between credit unions and building societies – we would do better with one voice."***
> *Credit Union CEO*

b) Push harder and earlier on proportionate regulation

Target: Regulators (PRA, FCA, competition authorities)
Capital requirements are misaligned with the actual risk profile of low-risk mortgage lenders. PIE audit and regulatory reporting is disproportionately onerous, particularly for smaller societies.

The BSA will get upstream of consultations, shaping thinking before decisions are made, and use its hard-won PRA and FCA credibility to drive specific, proportionate outcomes. Be evidence based, be frank, be assertive, and be proactive.

Actions:

- Continue to contribute to the FPC and PRA capital review to ensure that business model diversity is promoted and the current bias in the regulatory regime against mutuals (such as the leverage ratio) is corrected.
- Ensure that true proportionality is delivered through careful implementation of the SDDT regime (no regulatory or supervisory creep over time.)

- Ensure societies have genuine freedom to set their own strategy, without any 'shadow sourcebook'.
- Remove PIE or create 'PIE lite' for smaller societies and reduce the burden of regulatory reporting.
- Ensure that the regulators support, enable and where possible incentivise BSA capital initiatives as set out in the Mutuals Landscape report.

> ***"BSA coordinate lobbying of regulators and that is tough because of the different segments in the BSA's membership. What are the real priorities for each? BSA people understand the differences and engage with each well."***
> *Building Society CEO*

2. Make customer ownership famous and appealing

a) Build a sector identity that cuts through to customers

Target: Sector and consumers
"Mutuality" does not resonate, especially with younger audiences. The sector needs to stop explaining how it is owned and start articulating the benefits such ownership brings to customers: organisations that act first in customers' interests and can be trusted.

The BSA will champion a shared sector identity – one that individual societies and credit unions can connect to and actively take forward – shifting from awareness with industry insiders to genuine public recognition of the sector's value and impact.

Actions:

- Take the mandate to develop a sector identity, learning from the sector's experience to date as well as examples from other industries and countries where organisations have voluntarily come together to promote a shared identity to consumers that has created benefit for all involved.
- Test and develop hypotheses – the starting point is to define a clear, distinctive truth, around which compelling consumer benefits can be built. Customer ownership is the strongest candidate: it translates into better value, stronger service, employee engagement, deeper community connection, greater inclusion, and, crucially, trust that decisions are made in members' interests. We will explore and share practical ways to make this more transparent and visible: how views are gathered, how they influence decisions, and how they shape products, services, policies and strategy. This will help make the value of customer ownership clear, credible and apparent to members, customers, policymakers and the wider public.
- Develop and test potential solutions along the lines of identity, so the BSA's members would take the message to consumers as a visible part of their existing consumer-facing channels, messaging and campaigns.
- Explore the potential for a complementary proposition-led approach – for example a sector-wide programme, product or activity.

"Build the profile of the sector with Government and regulators. Promote the sector to the wider customer base — shift from B2B to also B2C."
Building Society CEO

"Ensure that the UK population understands what mutuality is. The data is clear that some current and many future customers do not know the difference between banks and building societies. The BSA must focus a significant portion of its time ensuring that the UK population understand who we are and why we are different - why it's good for them vs shareholders"
Building Society CEO

"Awareness does not run deep enough. People often do not know what a credit union is, and it can take minutes to explain. Credit unions are naturally trusted, but penetration rates are very low."
Credit Union CEO

"Stop focusing on an ownership / governance model - customers don't understand or care. What does it mean for them - why is being a customer of a building society better for them than being a bank customer?"
Building Society CEO

b) Attract and retain new generations of members

Target: Sector

Parts of the customer base are ageing. Savers outnumber borrowers 7 to 1, and younger customers default to neobanks and digital tools. Without deliberate action, membership numbers will fall.

There is opportunity too. PA Consulting research that is part of the Futures work, referred to in the first chapter of this document, shows 61% of 18-30 yr olds preferring a customer-owned provider yet only 19% currently holding an account with one from our sector.

The BSA will champion the sector's digital capability, modern brand positioning and the value it offers through the products and propositions it providers so it reaches younger and digitally-native audiences and new customers in older cohorts it was previously irrelevant to. For credit unions, this means meeting broadening needs in financial inclusion.

Actions:

- Use the solution to the sector identity and work with members to focus on routes to reach new generations of consumers.

- Work with the sector and policy makers to develop big areas capable of drawing new people in, for example workplace savings and lobbying to make this more widely offered.

> “ *Without current accounts, customers are older. The next generation of savers need to be actively attracted — that requires deliberate effort, not just waiting.“*
> *Building Society CEO*

> *“Be a convening force and get some bold action taken — for example giving every child a mutual savings account.”*
> *Building Society CEO*

> *“What are the most important very few sources of future growth that you see for your organisation? Engaging a new generation of savers.”*
> *Building Society CEO*

> *“Getting to new generations with the emotional connection of branch but in a digital world; attracting those who want their money to be used for good (when they can save). It is more than ‘savings habits’.*
> *” Building Society CEO*

3. Establish effective collaboration to reduce cost and grow capability

a) Re-set the approach taken to sector-wide sharing and collaboration

Target: Sector

- Sector leaders are happy to work together but need facilitation to be as effective as possible. The BSA is the only body that can convene across competitive lines without a commercial interest.
- This means choosing subjects to prioritise, the people involved, then bringing discipline, energy, constructive challenge and follow-through to make the activity productive not just conversational.
- The five subject areas we believe matter most:
  1. Access to and deployment of capital
  2. Operational fitness, cyber security and technology
  3. Digital and AI competitiveness
  4. Retaining and nurturing talent
  5. Climate resilience and housing.

Actions:

- Review the current approach and re-set to focus in the most helpful sector groups on the most critical subjects and issues.

- Support CEOs and Chairs with more structured and regular forums that are smaller, more substantive, focused on strategic questions, with the BSA helping participants act on what they discuss. Organised flexibly around cohorts of people with shared interests, whether that is by size (large, medium, small), by outlook (diversifying versus focus on the core) or by subject area (growth initiatives, acquisition and integration, cyber crime, etc.)
- Develop a structured convening approach for Chairs, looking at Board governance, risk appetite, NED capability and the culture of building society boards, as significant levers for the sector's growth.
- In addition, maintaining and building on the work of sector panels of subject matter experts, for insight; policy development; shared learning and capability building and coordinated responses.

> ***"There are authentic strong relationships across the sector. People believe in the movement and growing it."***
> *Building Society CEO*

> ***"Harness people's energy and ambition to grow the sector. Create a safe forum to come together."***
> *Chairs meeting*

> ***"Facilitate sharing of learnings and insights from those societies that experience the impact/effect of different themes at different times."***
> *Building Society CEO*

> ***"There is a need for true dialogue and joining up. Credit unions have not reached out to building society leaders enough to explore the opportunities for collaboration."***
> *Credit Union CEO*

b) Develop collaboration that leads to beneficial action.

Target: Sector, Regulators and Government

The sector has had some success in collaboration but there is scope to do more. The BSA will convene and govern selected priorities with the support of the regulators, where appropriate, including via for example the Mutual Development Unit. The BSA has a central role to play as the only body that can convene across competitive lines without a commercial interest.

Actions:

- Identify the key issues where the case is made most powerfully for greater collaboration.
- Explore models for shared services and collaboration, learning from best practice in other sectors and international examples, including the CUSO model.

- Learn from where it has worked or not worked in the sector and why, and to be specific about the form it takes. This is needed so pooling resources is impactful not just aspirational. There are strong examples in the sector today of where this works, for example, almost 10 societies funding SME small housing developers to support regional economies, 7 societies resetting their common banking platform, and others exploring joint purchasing and capital raising.

> *"We share, we don't collaborate. Collaboration is on another level. People found it much easier on income generation than on cost-sharing."*
> *Building Society CEO*

> *"The opportunity to stop talking about collaboration and start using convening power to action viable initiatives – that would be a very tangible and visible measure of success."*
> *Building Society CEO*

> *"Pooling resources only works if you're clear what it means in practice. Shared IT platforms, shared buying, shared services. That's where it becomes real rather than aspirational."*
> *BSA Internal Stakeholder*

Three Internal Actions to Improve the BSA's Role and Capability

1) Sharpen focus to a few high impact priorities and success measures

The BSA will sharpen its strategic focus around a small number of high-impact priorities, with clear ownership and defined success measures for each. Every initiative will be judged against these priorities, with explicit trade-offs to maintain discipline and focus. This will enable it to demonstrate tangible outcomes, track impact effectively, and ensure accountability sits at the heart of delivery.

Actions:

- Define 3–5 strategic priorities with named owners and success metrics
- Introduce a clear 'stop/start' discipline to maintain focus
- Embed regular performance tracking and reporting against outcomes

2) Build the capability and digital infrastructure to deliver at scale

The BSA will invest in the systems, skills and infrastructure needed to operate as a modern, insight-led organisation. By implementing a CRM, modernising digital platforms and reducing manual processes, the BSA will strengthen member engagement, improve data-driven decision-making, and build a robust evidence base to support the sector's story. At the same time, the BSA will broaden and embed expertise across the organisation to enhance resilience and reduce dependency on specific individuals.

Actions:

- Implement a CRM and integrated digital systems
- Upgrade web and data capabilities to support insight and engagement
- Develop and embed organisational capability and knowledge sharing

3) Redesign the membership offer and modernise governance

The BSA will reshape its membership model to better reflect the diversity of its members. This will be complemented by a clearer, more structured Associate membership model that delivers joint value. In parallel, it will modernise governance to strengthen decision-making, align with strategic priorities, and enhance accountability, including considering the role of an independent Chair.

The BSA will also clarify the way credit union membership works so it is more valuable for all involved. The aim of this is to bring credit unions and building societies closer together by building on strengths, growing clarity, being guided by learning. The ultimate destination is 'more together' which the BSA will step towards while holding specifics lightly.

Actions:

- Reshape the membership model to better reflect the diversity of our members.
- Develop a clearer more strategic view on credit union membership.
- Create a tiered and more clearly defined associate offering.
- Align governance structures with strategy and delivery, including leadership roles.

Conclusion

This strategy sets out an agenda for change: to influence the conditions for building society and credit union growth, make customer ownership meaningful and more compelling, and turn the sector's willingness to work together into practical collaboration that builds capability and reduces cost.

This will enable the sector to be the trusted partner for people's complex financial lives. Its success will depend on pace, discipline and shared commitment from the BSA, from member leaders and from partners in government and regulation.

If we act together now, the sector can grow its relevance, strengthen its voice and help many more people to build financial security through institutions that are owned by, and run for, their customers.

The financial health of the nation's households and businesses

The reach and impact of the mutual sector

The competitive, operational and financial health of the sector

Collective action across the sector, led and actively supported by the BSA
Reinventing customer ownership – the BSA's 5 year strategy to 2032

BSA Strategic Priorities

1. Influence the policy and regulatory landscape

- Lock-in the "doubling" commitment with Government
- Push harder and earlier on proportionate regulation

2. Make customer ownership famous and appealing

- Build a sector identity that cuts through to customers
- Attract and retain new generations of members

3. Establish effective collaboration to reduce cost and grow capability

- Re-set the approach to sector-wide sharing and collaboration
- Develop collaboration that leads to beneficial action

BSA Internal Priorities

1. Sharpen focus to a few high impact priorities and success measures
2. Build capability and digital infrastructure to deliver at scale
3. Redesign membership offer and modernise governance

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Building Societies Association