

Millions set to benefit as government widens access to affordable finance

18.3.2026 - | Her Majesty's Revenue and Customs

New reforms will let credit unions reach millions more people, expanding access to low-cost borrowing and secure savings for households

More people will benefit from affordable loans and savings as the government changes the rules so more people can join credit unions, helping households with the cost of living.

Delivering on its manifesto pledge to grow the mutuals sector, the government is today (18 March) setting out reforms to the rules on who can join credit unions in Great Britain.

By making it easier for credit unions to serve more people in their communities, the changes will support families, workers, students and retirees to access fairer financial products and build financial resilience.

Credit unions offer affordable, community based financial services and play an important role in promoting financial inclusion. Enabling credit unions to expand and broaden their membership will help ensure that more people can access fair, lower-cost alternatives to high-cost credit. This will strengthen the provision of responsible financial services and support households with the cost of living.

Economic Secretary to the Treasury Lucy Rigby said:

These reforms will help more people get access to affordable credit and a safe place to save, so families have a real alternative to high-cost credit.

We're delivering on our manifesto pledge to grow the mutual sector by backing credit unions to expand and serve more communities. It's another step in making financial services more accessible and supporting people to build financial resilience.

The reforms will include:

- Bigger credit unions, serving more people: government will raise the cap on locality-based credit unions from three million to 10 million potential members, making it easier for them to grow and merge.
- Students included: Students will be able to join locality-based credit unions, alongside people who live or work in the area.
- Modern rules for modern families and working lives: Credit unions will be able to serve more relatives and household members, and members will be able to stay with (or join) their credit union after retirement as full members.

These reforms follow the Call for Evidence on credit unions' common bond rules launched after the Chancellor's first Mansion House speech.

This also builds on the government's wider work to improve financial inclusion and resilience across the UK. As part of the Financial Inclusion Strategy, the government is also working closely with the

financial services sector and consumer groups to bring forward interventions to make it easier for people to access a bank account, support people to build savings and improve financial education.

Lakshman Chandrasekera, Chief Executive Officer, London Mutual Credit Union said:

I warmly welcome today's announcement. Raising the common bond cap to 10 million gives credit unions the freedom to grow and keep wealth within the communities we serve. In London, we see first-hand the demand for fair, affordable finance. This reform means many more people across the UK will be able to access it – building savings, reducing reliance on high-cost credit, and developing real financial resilience. This is a transformative moment for the sector.

Frances McCann, CEO, Scotwest Credit Union said:

Today's announcement is excellent news for credit unions and for the communities we serve. Raising the locality cap to ten million potential members and modernising the rules around family and retirement membership are exactly the kind of practical, meaningful reforms the sector has been asking for.

At Scotwest we see every day the difference a credit union can make to households that need an affordable alternative to high-cost credit. These changes will allow more credit unions to reach more of those people.

Matt Bland, Chief Executive of ABCUL said:

This announcement marks an important milestone in the government's recognition of the vital role credit unions play in strengthening financial resilience and improving financial inclusion across Great Britain. Reforms to the common bond will enable credit unions to expand their reach, serve more communities and work together more effectively to deliver sustainable growth.

As the government's Financial Inclusion Strategy moves into delivery, it is encouraging to see credit unions recognised as a central part of improving access to fair and affordable financial services.

Further information

- Credit unions must have a 'common bond' – a defined connection between members, such as living or working in a particular area, or sharing a workplace or profession.
- You can find the Call for Evidence summary [here](#).

<https://www.gov.uk/government/news/millions-set-to-benefit-as-government-widens-access-to-affordable-finance>