



The Birth of Mutual Building Societies...

Building Societies

For your money For your community Not for shareholders

It's hard to imagine what life was like back in the mid-1700s in England...it was a time of change...with huge growth in industry and business within towns and cities. But with poverty widespread across the country and nobility remaining powerful...for your everyday worker of humble origins - times were difficult.

Owning property and saving money was impractical and merely only an aspiration for many. However, in 1775 a movement began, and Ketley's Building Society was launched. It was the first 'mutual' building society: an organisation created by working people to help other working people buy homes by collecting their savings together. Ketley's Building Society ignited the emergence of mutuals...providing the chance for everyday working people to become homeowners and savers.

And how the early mutual movement grew... by 1910 there were over 1,700 societies supporting over 600,000 members nationwide.

As we fast forward to today – the Building Societies Association and mutuals nationwide are celebrating the 250th anniversary year of the first known building society. This provides us with the opportunity to reflect on our origins and how the purpose of building societies and mutuals has evolved over time – and we are still growing.

Mutuals are based upon the simple idea of people coming together to build stronger communities, create greater financial resilience and provide access to homeownership to the masses rather than the elite.



What is a Mutual Building Society...?

A financial institution that is owned by its members, who are also its customers. Unlike banks, which are often owned by shareholders, building societies are mutual organisations where members have a say in how the society is run, and profits are reinvested back into the society rather than distributed as dividends to external shareholders.

Key Characteristics of a Mutual Building Society:



Member-Owned:

The society is owned by its members, who also benefit from its services.



No External Shareholders:

Building societies do not have external shareholders to whom they must pay dividends.



Focus on Members' Needs:

The primary focus is on serving the needs of its members, who are also the owners.



Mutualism:

The concept of mutualism, where members pool resources to benefit each other, is a core principle.



Voting Rights:

Members have voting rights in relation to how the society is run.



Reinvestment of Profits:

Profits are usually reinvested to improve the service, rather than being distributed to external shareholders.

Mutuals - putting members first...

Currently there are 42 building societies in the UK, far fewer than the 1,700 that were active in 1910. As a collective...the building society sector has 23 million savers and £397 billion in residential mortgages. Societies also consistently score better for customer service than banks, with 93% of customers saying their building society provides good customer service (versus 87% of bank customers*).

Some large mutuals are household names nationwide whilst others operate in specific regions and locations or have niches in particular types of mortgages. Regardless of size, location, or product offering – all mutuals remain united in their foundations of being owned by their customers and don't pay a single penny to external shareholders.


Supporting the local community...

Mutuals aim to continue supporting local charities, events and organisations which contribute to the quality of life in the communities they serve.

From charity funding to volunteering, financial education to a presence on your local high street, societies reinvest profits to make things better for members and their communities - principles which have held strong and can be traced back to those original societies of the eighteenth century.

Building Societies will have Corporate Social Responsibility programmes and Environmental, Social and Governance objectives.

These behaviours are to demonstrate:

-  A commitment to providing responsible financial services
-  Serving customers with honesty and integrity
-  Recognising employees' contributions and their part in a company's success
-  Striving to optimise benefits for their members

*Compared to the average savings rates offered by banks in 2019 – 2023 (latest data available).



Celebrating 250 years of Mutuals...

The Building Societies Association (BSA) was established in 1869. It is the voice for all 42 UK building societies, including both mutual banks, and 7 of the largest Credit Unions.

The BSA represents a diverse group of financial services providers; some are household names, delivering services across the UK, some operate only in certain areas and are more familiar to the people who live there; whilst others operate nationally out of a single office location.

What unites these institutions stems from the fact they are not shareholder-owned, rather they are either wholly or majority-owned by the people that actually save or borrow with them, their customers, sometimes called members.



Banks vs Building Societies...

Proudly different - Mutuals. The numbers add up...

£5.4bn

more interest paid to savers.*

497k

mortgages to first-time buyers in five years.**

30% share

of high street branches, up from 14% in 2012.

93%

of customers say we provide good customer service.

93%

of customers say they would recommend us.

72%

of customers said we are an important part of the community.

*Compared to the average savings rates offered by banks in 2019 – 2023 (latest data available). **in the five years to September 2024. Statistics courtesy of www.theoriginalmoneymovement.co.uk

Why choose a Building Society or Credit Union over a bank?

Building Societies & Credit Unions are different because...

- We reinvest our profits, so you get better rates.
- We don't pay out to external shareholders, because we don't have any.
- We're owned by you, so it's you we're working for.
- We value you as an individual.
- We take pride in treating you fairly.
- We're genuinely committed to supporting communities.
- We're keeping branches open, and we're opening more.
- We're purpose driven, and we are truly sustainable.
- We've got 250 years of doing the right thing.

Unlike banks who...

- Prioritise making as much profit as possible.
- Pay dividends to their external shareholders.
- Don't offer the same long-term value to customers.
- Close branches and abandon high streets.

Whether giving first-time buyers a boost onto the ladder, supporting savers make the most of their hard-earned cash, or giving back to local causes, building societies have stood proudly at the forefront of the UK's financial landscape for a quarter of a century, offering people across the country an alternative to a bank.

Of course, the path over 250 years has not been all plain sailing for building societies. The financial crisis of 2008 was also a challenging time for building societies, but the sector has emerged from these events leaner and stronger than ever before. And we plan to celebrate 250 years of existence in style in 2025. Please use the campaign hashtags on all social posts: **#OriginalMoneyMovement**.

Statistics and some content courtesy of bsa.org.uk

Watch the campaign film



Access the original money movement website

