

Frequently Asked Questions

About YourB Credit Union

Who are the YourB sponsors and partners?

YourB is hosted by Ansar Finance on their premises and have been supporting the initiative from starting up. YourB is supported by the trade association UKCreditUnions Ltd (UKCU). Organisations who can offer YourB to their employees and members are listed on the website. Organisations with ethical or youth development focus are the main target beneficiaries for this initiative. Please get in touch if you would like your organisation to join YourB or you would like to become a sponsor.

How is this initiative different from the Sharia version of alternative student finance proposed by the government?

The cost for students in the proposed Sharia version of Student Finance UK will match the costs to the current student loans scheme due to applicable laws and requirements. YourB is a grass roots initiative based on Sharia principles, ethical and interest free. YourB members save first before they can borrow. This is based on members of the credit union starting to save towards the cost of university or professional education and continuing to pay similar level instalments through their studies and beyond. This spreads the cost over a number of years.

YourB are offering interest free loans for student finance of between £2,000 and £5,000 per student per year, depending on affordability to the individual and credit union rules. Unlike the student finance UK scheme, loans from YourB should be repaid in full within five years. There is a set administration fee per loan of £250. Costs paid through YourB may be higher or lower than the student finance scheme; depending on the size of the loan and period of repayment.

How is this different from a regular credit union?

YourB is different from a regular credit union in that credit unions do charge interest. There are some credit unions who offer Sharia compliant products like marriage, funeral and Hajj saving plans. However, these Sharia compliant products tend to be matched to the interest bearing products. YourB Credit Union has been set up to offer interest-free loans that are not matched to interest bearing products.

If I save with YourB, can I get a return on my investment?

Credit unions pool member savings to loan to members who need it. Credit unions are not an investment for return on investment. YourB is interest free so does not offer interest or any other return to savers. With YourB education products, the return is priceless to you and to society as you are investing in the value of a good education.

Saving with YourB

Who can join YourB Credit Union?

Organisations that have already joined YourB are named on the YourB website. These include Ansar Finance, AlManar School, youth and scouts groups, named places of worship including all of the branches of UK Islamic Mission across the country. Other organisations, places of worship, family members and associated members can apply to join. Please get in touch if you would like to join YourB as an individual or as an organisation.

Is there a filter for who can join the credit union?

The common bond for a credit union is the filter by which members are eligible or not eligible to join. A common bond is agreed on establishment and can only be changed by agreement of the members and regulators. Adding new organisations to the common bond is straightforward as long as they meet the original scope and agree to the principles and policies of the credit union.

How will someone find out if the credit union is offered in their area?

YourB member organisations will be listed on the YourB website. If YourB is not already offered in your area, you can ask a local group or an organisation or place of worship to join YourB so you can join through them. We have members across the country who joined through their place of worship like the UK Islamic Mission.

I have a number of children or dependent students; how can I afford to become a member and start saving?

Everybody can start to save by stopping non-essential spend or swapping to cheaper alternatives. Even a small saving can build up over the year. The more you save (start saving sooner), the less you need to borrow. We encourage you to join YourB as a saver even if you will not borrow. For example you can put away some or all of your child benefit into YourB. We can arrange payroll deductions from your employer, and we can help you with ideas how to save and tackle debt. YourB does not offer scholarships at this time.

How long does a person need to save before they can borrow?

A member would need to save with the credit union a minimum of one year before being able to access a loan, or a minimum of £2,000 savings,. This demonstrates ownership of the cooperative model, and also demonstrates the affordability of instalments paid into the credit union which will continue to repay the loan.

Loans

Is there a filter for who deserves the loan?

You can only borrow from a credit union if you are already a member and you can demonstrate that you can afford the repayments. You can check the loans policy to see who qualifies and how applications are assessed. Members may be able to take out top-up loans depending on their ability to repay and the credit union rules.

Would you limit loans to people who are studying particular courses?

The loan is for any university degree or exams or professional development. The main aim is to give everyone the opportunity to pursue their studies interest free. The kinds of students who are willing to pay for their education through a credit union will be keen to contribute to society. For this reason, there will not be a filter for the courses or exams being undertaken.

Who is the loan registered to?

The loan is registered to the member of the credit union who can afford the repayments. This can be the student together with their parent or spouse as joint borrowers if they are depending on each other's income. In addition, a guarantor is required who will guarantee the loan repayments to protect members' savings. The guarantor has to cover the loan repayments if for any reason the borrower cannot pay.

What is the rate of payback?

Loans are to be repaid within five years. The rate of payback will be agreed with the individual borrower in affordable instalments. Due to the maximum loan that can be given, a loan from the credit union may not be the answer for everyone. So other alternatives will be explored with the individual at the time.

What if I do not go to university or drop out?

If you have been saving with YourB, your savings can be taken out at any time as a nest egg. Alternatively, you may choose to request a business start-up loan on the same terms as a tuition loan (such loans may be offered in future). If you drop out of university, you will be liable for the loan already taken which has to be repaid in full as per the loan agreement.

What happens if you do not get a job after university?

The loan is registered to the borrower and their guarantor. Regular repayments are specified in the loan agreement during your studies and afterwards even if you do not get a job. Repayments are due from the first month after the loan and must be paid in full by the borrower or by the guarantor each month. This is why loans are only given to borrowers who have a guarantor or secured against their savings in the credit union.

Risks

What if it all goes wrong from changes in the university education policy?

We cannot anticipate future changes to education policy. However, we have seen tuition fees increasing, and maintenance grants are no longer offered. YourB model can only work if families are prepared to save upfront and only need a loan for part of the tuition fees. YourB model also depends on nest egg savers who do not need to borrow themselves and who are keen to support students by leaving their nest eggs with YourB to loan out.

Can I get a loan for a sudden or unexpected cost?

You can save with YourB and take out your nest egg at any time for a sudden or unexpected cost. Should you prefer to leave your savings with YourB, you could request a discretionary hardship loan. If you are repaying a YourB loan and find yourself faced with sudden or unexpected hardship, you can discuss your options for repayments with YourB who may be able to help or advise.

How do you guarantee that I will have a loan ready for when I get to university?

There are rules on liquidity and capacity that the credit union must comply with. The fund will be carefully managed to ensure that students coming up to university each year have access to their member savings and loan facility. The loan agreement will be subject to individual circumstances and credit union rules at the time.

What if the credit union faces financial difficulties?

A credit union is regulated by the financial authorities. Credit unions are well managed with strict rules, policies and procedures in place. The Financial Services Compensation Scheme (FSCS) guarantees up to £85,000 of an individual's savings in the unlikely event of collapse of the finance institution.

What if the promised Alternative Finance from Student Finance UK becomes available?

The promised Alternative Finance has not been made available for a number of years now. YourB have added our voice to the lobby asking government to deliver the promise. If the problem of Sharia compliant student finance is resolved, then YourB Credit Union can offer different products like Hajj, marriage, funeral or business loans.

YourB Products

Do you offer loans for postgraduate study in the UK?

YourB loans are for members of YourB so you will need to join if you are affiliated to one of the organisations listed on our website. YourB can offer loans for postgraduate or short courses or continuing professional development. We encourage people to save first or they must have at savings already that they deposit into YourB. Ability to repay is a key consideration.

Do you offer loans for overseas students?

YourB is open to members who are already living in the UK even if they are not British nationals – as long as they are part of one of the common bond organisations listed on our website. Refugees and asylum seekers with leave to remain in the UK can also join YourB.

Overseas university fees are very steep, and YourB are just starting. We do not have sufficient funds to help many students. So we can only help students who are classed as home fees or who need just a small loan for example for a short course or NVQs.

Can I use the credit union instead of insurance?

You may consider that saving with YourB could be an alternative to insurance for you. It is your responsibility to put away enough savings to cover any unexpected needs. YourB does not offer insurance products.

Can I get a loan for a funeral or marriage plan or Hajj?

You can save with YourB and take out your nest egg at any time for a funeral or marriage plan or Hajj. YourB is not offering loans for these expenses at this time.

Can I get a loan to buy a house?

YourB is only looking to offer interest free loans for education purposes (and business start-up in future). Loans from YourB cannot be used as a deposit for other loans like a mortgage. You can save your money with YourB and withdraw it as a nest egg. You may choose to use your nest egg as you wish; including as a deposit for a mortgage.

Can I get a loan to pay as a deposit for another loan?

Loans from YourB cannot be used as a deposit for other loans like mortgages or car purchase.

Can I get a loan for my retirement?

You can start saving with YourB as a nest egg for your retirement. YourB is not an investment product. You cannot take out a retirement loan from YourB.

Practical examples

I want to borrow for university next year. How can I join?

YourB is a cooperative that pools members savings and uses the pool to loan to students. You will need a guarantor and you can only borrow a maximum of 3 times what you already have in the credit union. We have the membership application form and more information on the website.

When applying for a loan even if family and friends, your ability to repay is key. It is the same for YourB. At the moment, we are in our second year so we are offering maximum £5,000 loan this year. This may get better in future depending on more people putting their savings in YourB that we can loan to students. So if you believe YourB is for you, then please do join. For more information and to discuss your circumstances, please feel free to call YourB.

I have some savings and I want to borrow for my second year. Can YourB give me a loan for both years?

That depends on your circumstances and you must show you have resources from elsewhere. At the moment, YourB can only help people who only need a single loan or they need a bridging loan to get them through just one or two years. Credit union loans must be paid back within 5 years. Here is an example for what this means.

If you put in £4K into your YourB account, you could borrow the first year loan of £5K. Then if your repayments are satisfactory and you can demonstrate that you can continue to repay, then you could apply for a top-up loan in your second year for another £5K. So effectively (if we have the funds and you are eligible) you could get £6K in theory over and above your savings. Just of course we have so many students applying and there is a priority order. Also, you must be able to show that the repayments are affordable to you because you will be paying the rest of the university fees and your living costs as well as repaying the YourB loans. You must also have a guarantor who is willing to cover the loan repayments if for any reason the borrower cannot repay.

I am working part time and I have some savings, so I think I will only need to borrow in my third year. Can YourB help?

As you will be needing a loan for your final year, then your affordability checks will take place in your third year and it is too early to comment or predict.

If you join YourB now, you will have built up three years member history and you can apply for a loan that is secured against your savings. You will be able to show three years history of your monthly savings into YourB. You will need a guarantor and you can only borrow a maximum of 3 times what you already have in the credit union. So if you believe YourB is for you, then please do join.

I am now in my final year. Can I get a loan from YourB?

If you have successfully funded yourself in previous years and you only need a bridging loan this year, then please do get in touch. We may be able to help. You will need to show that the loan is affordable to you; that you can start to repay straight away during your final year and after you graduate. You will also need a guarantor.

I cannot afford to borrow from YourB. Can you still help advise?

YourB Credit Union are in our third year now and we are starting small. This means that YourB cannot help everyone who we would like to help.

Being able to repay the loan is the key consideration for any loan so you may find that you really need scholarships and not loans. Many university bursaries and scholarships depend on your classification within Student Finance UK. Please note you may register with Student Finance UK but not apply for a loan. This could help you access some scholarships offered by your university.

You can also consider your options to defer your first year to next year while you save up further, or you can delay your second or third year while you get a job in the field you are interested in – this will count as a year in industry or relevant experience that will help you in your degree. It is best to study locally so you do not incur additional living and travel costs, and universities will be happy to delay your second or third year while you get a job in the field you are interested in.

Remember to seek support from family and friends as well as looking for external support. Also seek support from your employer and especially if there are training programmes that offer you the chance to study while you work and the employer is paying for your study as well as your salary. For people who defer university, they can take up an apprenticeship instead.

[University Bursaries and scholarships](#)

[Higher and degree apprenticeships - GOV.UK \(www.gov.uk\)](#)

Even if you missed this year deadline, you can apply next year.

If you are in hardship, you can approach one of the Islamic organisations offering direct assistance like National Zakat Foundation and Ansar Finance.

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