

# BUILDING SOCIETIES REPORT 2025

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COMMERCIAL CLARITY™

 **Building Societies  
Association**



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MUTUAL VISION

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## Whitecap Consulting

Whitecap is a regional strategy consultancy that works across a broad range of markets, but with strong experience working with clients such as financial services organisations, FinTechs, and technology providers to the financial sector.

Over recent years, Whitecap has worked with a number of building societies in relation to business strategy and planning, technology strategy, technology supplier selection, digital and FinTech engagement, and marketing strategy.

### Core Project Team



Julian Wells  
Director



Stefan Haase  
Director



James Lee  
Consultant



Tavleen Lakhani  
Junior Consultant

Thank you to the organisations who have supported and co-funded this research:



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building society

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Protecting Our Future

# Foreword

# Foreword

## Unlocking the potential of the building societies sector



Robin Fieth, CEO,  
Building Societies Association

**Amazingly, 2025 marks 250 years since the founding of the first building society in 1775. Such a milestone provides a great opportunity to take stock of everything that the sector has achieved and the value that the sector has provided to communities for generations.**

The first building society (as with so many of the best ideas) started in a pub. Like many towns in Britain in 1775 at the beginning of the industrial revolution, there was a major housing crisis in Birmingham as people flooded into towns and cities for work.

With more heads than beds in Britain's third largest town, many people were left living in overcrowded slums that were usually very poorly maintained by their landlords.

Legend has it that it was Richard Ketley, landlord of the Golden Cross Inn in Birmingham, who first positioned a tankard on the end of his bar and encouraged his regulars to pool their savings. When there was enough money in the pot, they used it to buy land and build a home, drawing lots to determine which of them would get the home.

Those early building societies terminated once everyone had bought their homes, and it wasn't until the development of permanent building societies in the 19th Century that modern societies started to develop up and down the country.

Over the centuries, the sector has provided essential support to generations of savers and borrowers. Whether that's been helping people access affordable housing at the dawn of the industrial revolution, widening

property ownership to women in the Victorian era or supporting families whose homes had been bombed during the Second World War,

You can see a similar spirit in the building societies of today, providing new solutions for current generations. From innovating in mortgage lending to address our current property crisis, or supporting access to cash and maintaining branches, the sector continues to support the communities it operates in across the country.

### **Doubling-down on what sets the sector apart**

When Whitecap Consulting published its first sector analysis of the building societies sector in 2021, the country was still dealing with the Pandemic and all the operational changes and challenges this brought.

Based on hours of interviews with the senior executive teams of the time, the report highlighted the major impact the member ownership structure first set up by Richard Ketley still had on present day building societies.

Reverberating across the centuries, this community ownership was reflected in societies' internal governance and operational decisions, creating purpose led strategies and a genuinely customer orientated approach.

The recommendations in the report on strategy, mutuality, community and support, were focused on building on this ethos and heritage, prioritising those key elements of the sector that set it apart.

# Foreword contd.

Fast-forward to the present day and we can clearly see how the sector is rapidly changing. Digital investment combined with community focus continues to be a major focus for the sector as members reassess not just their technology stack but the evolution of systems, in particular AI.

Societies are also continuing to evolve their savings and mortgage propositions to better deliver solutions that provide value and continue to help a broad range of customers navigate their way through the housing market.

The research also underscores some of the hurdles the sector still faces.

## Doubling the size of the mutual sector

A key challenge is the continued lack of proportionality when it comes to UK prudential regulation and impediments posed by a lack of access to capital for growth. These barriers are considerable and something that the BSA and its members have been working hard to address. So, it's gratifying to report that politicians are eager to unlock the potential of building societies and the wider mutual sector.

Last year we were pleased that the Building Societies Act 1986 (Amendment) Act 2024 was one of the fortunate bills to receive Royal Assent ahead of the General Election.

The new Government's manifesto commitment to double the size of the mutual and co-operative sector gives us an even greater opportunity to build on. The BSA has been working closely with its fellow mutual and

co-operative trade bodies for a number of years, and has now formalised that in the Mutuals & Co-operatives Together (MCT) Group, along with the Association of British Credit Unions, the Association of Financial Mutuals, Co-operatives UK, and the Employee Ownership Association, that has formed to collectively understand the barriers and opportunities for the mutual sector.

We are also now part of the newly formed Mutual and Co-operative Sector Business Council which has been set up to provide a central point for the sector to engage with Government.

Using data from the different organisations, recent research has calculated the gross value added (GVA) in the mutual sector. It found that mutuals currently generate £35 billion in direct Gross GVA and support over 1.5% of the UK economy, despite making up just 0.2% of businesses.

Reforms that we have suggested could help unlock mutuals' full potential specifically include improving mutuals access to capital and removing legal and regulatory barriers.

We believe that removing some of the blockers currently in the market has the potential to boost economic growth and deliver real benefits. With the right conditions, mutuals could grow at an annual rate of 7.2%.

Achieving this would be a major step-change - a 34% increase over this Parliament alone and double the economic growth forecast for the UK as a whole.

This would double the size of the sector over the next ten years, contributing to a decade of renewal.

## The past as inspiration for the future

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, remains at the heart of all of today's 42 building societies, as it was in that first building society in Birmingham.

They have continued to adapt their products, services and ways of working to respond to the modern world and continue to provide financial resilience for ordinary working people. It's this value that explains why building societies remain such an integral part of their communities.

With continued support, investment and innovation, building societies will continue to grow and provide financial support to savers and borrowers over the next 250 years.





ASTON  
SOCIETY

# Executive summary

# Overview

## Welcome to the Building Societies Report 2025

**Whitecap Consulting is proud to have worked with the Building Societies Association (BSA) and a group of industry stakeholders to develop this new report focusing on the strategic landscape for UK building societies.**

In this report we aim to provide insights into the current state and future direction of the building society sector, taking into account key developments since Whitecap's last report, which was published in 2021.

Over the course of recent months the Whitecap project team has engaged in a research programme that has involved extensive desk research and data analysis, conducting interviews with 60% of building society CEOs, consulting with a range of industry stakeholders, and gathering and analysing 70 online survey responses.

Key areas of focus throughout this work are represented in the chapters of this report, including topics such as: strategy and mutuality, mortgages, savings, the branch of the future, the homebuying process, green finance,

diversification and collaboration opportunities, technology developments, and regulation, policy & risk.

The new report is launched against a backdrop of the government expressing support for the mutual sector, including stating its ambition to double its size. The building society sector is already well on course to achieve this, having experienced strong growth in recent years.

Whitecap finds that if the organic asset growth observed last year continues, the sector will double in size in just 4 years.

### **The key findings of the research include:**

- **Growth aspirations:** Continued growth is a key priority for building societies, partly due to market opportunity, but also due to increasing regulatory costs they are facing.
- **Importance of proportionality:** The building society sector needs to continue to lobby for fair and proportionate regulation, to enable it to compete on a level playing field in highly competitive mortgages and savings markets.

**Investment in technology:** This will be an ongoing focus for building societies. Artificial intelligence was the most prominent tech theme in the research, although mobile platforms and apps are viewed as the top priority for technology investment over the next five years.

- **Broker market commitment:** Building societies continue to be committed to the broker market, with over 60% of survey respondents identifying investment in intermediary-facing digital capabilities as a key focus area in the next 5 years.
- **Leadership change and diversity:** 50% of building society CEOs have changed since 2021, with 4 of the top 10 building societies now led by female CEOs, reflecting enhanced diversity in the sector.

The project has been co-funded by multiple organisations who have been part of a monthly steering group throughout, providing feedback and support to the project team. We are grateful to the BSA and these sponsors for their support.

# UK Building Societies Sector Map 2025

## BUILDING SOCIETIES



REGULATION & POLICY

SPONSOR BANKS

PROFESSIONAL SERVICES

SERVICE PROVIDERS



BANKING TECH

TECH CONSULTANCY

FINTECH, REGTECH & PROPTech



# Strategy & Mutuality

## KEY FINDINGS

### Government Statement

There is broad positivity surrounding the government’s ambition to double the size of the mutual sector. However, the lack of clarity on the specifics and implementation details leaves room for uncertainty about its practical implications.

### Growth and Capital

Many societies have achieved notable growth, driven primarily by the need to ensure long-term sustainability. Tight capital requirements and limited access to funding continue to constrain margins and restrict further expansion.

### Employee and Cultural Change

The sector is undergoing a significant cultural and digital transformation. This shift is evident across many societies and is expected to accelerate as organisations adapt to evolving expectations and technologies.

### Mergers & Acquisitions (M&A)

While consolidation has been an ongoing topic of discussion for several years and some recent high profilehigh-profile transactions have taken place with organisations outside the sector, it does not appear to be a prominent factor in shaping the sector’s immediate future.

## RECOMMENDATIONS

Enhancing access to alternative sources of funding such as wholesale funding has the potential to enable building societies to be more resilient and competitive financial institutions. By moving beyond the limitations of member deposits, societies can unlock faster growth, and compete in the increasingly competitive mortgage and savings markets. Continued lobbying for policy changes to enable societies to access lower cost of capital is required.

In a rapidly digitising world, building societies face a strategic challenge: embracing innovation while staying true to mutuality. As the digital transformation of financial services (and life in general) accelerates, it’s crucial the strategies of building societies go beyond simply upgrading technology, and extend to protecting and projecting the values that set them apart.

Keeping mutuality at the core means designing digital services that prioritise member needs, deepen relationships, and reflect their purpose-driven ethos. By embedding mutuality into every digital touchpoint, building societies can future-proof their model.



# Mortgages

## KEY FINDINGS

### Products and Niches

Small or smaller and medium-sized societies continue to be increasingly focused on identifying and serving specific market niches. This targeted approach allows them to differentiate, innovate, and achieve the margins necessary to sustain their business model.

### Competition

The sector remains highly competitive, prompting societies to continually sharpen their focus on service quality as a key differentiator. Alongside this, there is an ongoing emphasis on innovation and operational optimisation.

### Broker Market

The broker market continues to play a central role in mortgage distribution, particularly in respect of specialist lending. Most societies remain predominantly broker-led, with little expectation of significant change in the short to medium term.

### Technology

There is optimism around the role of technology in the mortgage process, particularly in driving efficiencies through automation. Developing and maintaining modern tech capabilities is seen as important to remaining competitive.

## RECOMMENDATIONS

Continued innovation and development within niche markets remains essential. For societies active in specialist lending, there is an opportunity to enhance and optimise performance in these areas. Continually refining technology, processes, and service delivery is critical because delivering an excellent experience for both members and brokers is key to retaining market share.

The potential growth of AI and automation in specialist underwriting poses both a threat and an opportunity. Societies must remain proactive and experiment with emerging technologies to ensure they don’t fall behind.



## The branch of the future

### KEY FINDINGS

#### Strategy

Branches remain a central pillar of building society strategies and are expected to continue playing a vital role in how societies engage with members and communities.

#### New Member Acquisition

Many societies highlight the continued importance of branches in attracting new members. Physical presence not only supports member growth but also serves as a key asset in strengthening brand visibility and trust.

#### Technology Modernisation and Innovation

Branches are evolving, with gradual modernisation. While major technological overhauls are not yet widespread, there is growing interest in reimagining how branches operate. Innovative approaches to operation and member interaction are essential to maintaining their relevance and effectiveness.

#### Skills

As branch roles evolve, so too do the skills required. Staff are now expected to handle a broader and more complex range of responsibilities, reflecting the shift towards more advisory, digitally integrated, and relationship-focused services.

### RECOMMENDATIONS

A key strategic question for building societies is whether declining branch use is generational or linked to life stage. Understanding this distinction is critical. Societies need the insight to strike the right balance between investing in digital, branch use, and their future strategy.

As high streets are suffering, branches can play a key role as community hubs. By embracing multi-use spaces, from financial advice to local events and support services building societies can improve and broaden their offering, whilst revitalising the places they serve.



## Home buying process

### KEY FINDINGS

#### Housing Supply

Limited housing supply is widely recognised as the primary barrier to homeownership in the UK. Addressing this challenge will require sustained and coordinated action from government, as reflected in current policy, given the scale of the issue.

#### Underutilisation

Underutilisation of housing stock is a concern, with many large homes occupied by only one or two individuals. Exploring innovative solutions to better utilise existing properties could help ease supply pressures.

#### Homebuying Process

The homebuying process remains slow, outdated, and cumbersome, based on long-established processes. There is strong potential for technology and reform to modernise the system, and create a more streamlined experience.

### RECOMMENDATIONS

Building societies have an opportunity to take a prominent role in improving the homebuying process, something which is strongly aligned to their core purpose of helping people to buy homes. Societies can position themselves as advocates for enhancing the process for prospective and existing homeowners, driving change that reflects their mutual values and benefits the wider community.



# Green finance

## KEY FINDINGS

### Product Growth

There has been notable growth in green finance, particularly within the mortgage market, with societies developing a range of innovative products to support environmentally sustainable housing.

### Demand and Awareness

Despite product availability, both demand and consumer awareness remain low. This has resulted in limited uptake of retrofit and green finance products.

### Government Support

Meaningful growth in green finance and retrofitting will require stronger government support, both in terms of policy direction and financial incentives. Currently, this support is seen as insufficient to drive the scale of change needed.

### Green Trapped

A growing concern among some societies is the risk of members becoming green trapped, unable to afford the upgrades needed to improve energy efficiency or facing difficulties selling homes that do not meet environmental standards.

## RECOMMENDATIONS

Green finance has enjoyed a high profile but significant consumer demand is still to materialise. Purpose-led organisations such as building societies are well placed to champion green finance in the mortgages and savings space, which would align well with their core purpose of being member-focused.

While the global direction may have shifted away from green initiatives following political changes, building societies are uniquely positioned. They are not driven by shareholder demands, allowing them to make long-term decisions that benefit their communities and wider society.



# Diversification & Collaboration

## KEY FINDINGS

### Diversification

Large societies are maintaining, in some cases expanding, their diversified product and business offerings, with a few exploring entirely new markets. In contrast, smaller and medium-sized societies remain focused on core activities, primarily mortgages and savings, with an emphasis on organic growth.

### Partnerships

Societies are leveraging partnerships with insurers, financial advisers, EPC surveyors and many more. These arrangements offer a route to diversification without the capital and operational demands of launching new ventures independently.

### Collaboration

The concept of societies collaborating is often viewed positively in principle, with broad theoretical support across the sector. However, translating this into tangible, effective initiatives remains a challenge in reality.

## RECOMMENDATIONS

Building societies should explore how collaboration and diversification can help them better meet the needs of their members. As the sector modernises and becomes more tech-enabled, these opportunities may become more desirable and realistic to pursue.

In terms of strategic collaboration between societies, this is a bigger challenge. The sector is collaborative by nature, which provides a foundation for more meaningful strategic collaborations to be developed. Identifying societies that are ready to work together and appropriate opportunities to explore is key for societies interested in collaboration.



# Technology

## KEY FINDINGS

### Investment and Cost

Investment in technology remains significant and is expected to continue as societies modernise operations. However, the ongoing cost of digital transformation is a growing concern, particularly for small and medium-sized societies.

### Artificial Intelligence

AI is not yet a major area of investment across the sector, albeit many societies are engaged in pilot initiatives. Overall, societies are at varying stages of adoption and there are concerns around risks, ethics, and value.

### Tech Suppliers

The supplier landscape has become considerably more diverse over recent years. While this has increased choice, experiences with supplier relationships remain mixed, with some societies reporting challenges around service quality & cost.

### Changing Tech Stacks

Technology architectures are evolving, with a clear shift towards more modular, flexible tech stacks, in line with the wider evolution of technology.

### Skills, Culture, and Change Management

The pace of technological change is driving a significant shift in skills and organisational culture. Managing this change remains a complex and costly challenge for societies.

### Open Finance

Open banking and open finance have yet to deliver their full potential. While uptake and impact have so far been limited, many societies believe these developments could have implications in the coming years. This is seen as a longer-term concern, although a potential acceleration in government policy could cause this to change.

## RECOMMENDATIONS

Continued investment in technology is a key component of continuous improvement and will play an increasingly critical role as societies seek to modernise their operations. Societies must embrace transformation as an ongoing journey, and addressing legacy systems and technical debt is important for long-term success.

AI is no longer a future consideration, it is a present risk and opportunity, and building societies can prepare to manage the change to enhance their organisations. Preparing for AI adoption requires a focus on AI principles and data quality, and establishing ethical guidelines can ensure that AI systems are introduced fairly with reduced risk of bias or misuse.



# Regulation policy & risk

## KEY FINDINGS

### Complexity and Cost

Regulation continues to increase in quantity and complexity, with more extensive requirements driving up costs. Societies are facing rising expenses in compliance teams, audit processes, and supporting technology.

### Proportionality

The principle of proportionality remains critical for the sector, particularly for smaller societies. While recent moves toward the regulation are welcome, implementation has been slow.

### Regulation and Regulators

The regulatory environment continues to evolve, and while engagement with regulators is generally constructive, the pace and volume of positive change can be challenging for building societies.

Technology is both an enabler and a risk. Societies are investing heavily in digital infrastructure, but cyber threats and financial crime remain among the most significant risks.

### Operational Risk

Operational risk is rising due to the combined pressure of increasing costs and intense market competition. As margins tighten, internal decisions have a greater impact on overall operational resilience and performance.

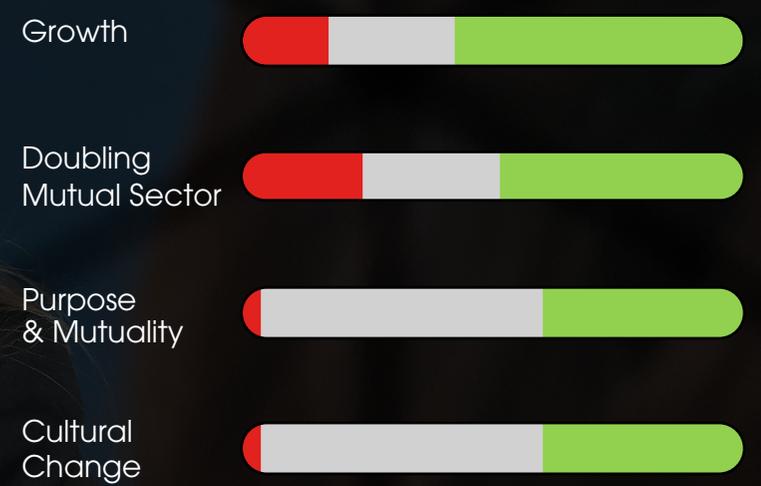
## RECOMMENDATIONS

Regulatory change is not going to slow down and will continue to present challenges in terms of both resource and cost. To keep pace, societies must increasingly embrace technology and data-driven solutions to meet regulatory requirements more efficiently. At the same time, it's crucial to engage in active lobbying and collaboration across the sector to shape proportionate regulation and share best practices.



### CEO sentiment on key themes:

— Negative      — Neutral      — Positive



*Derived from thematic analysis of CEO interviews*

# Strategy & Mutuality

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MUTUAL VISION

# Strategy and Mutuality

The building society sector is undergoing significant change, driven by technological transformation, cultural shifts, and intense competition. Despite these challenges, building societies have achieved impressive growth while staying true to their mutual values at the core of their organisations.

## Doubling Mutual Sector

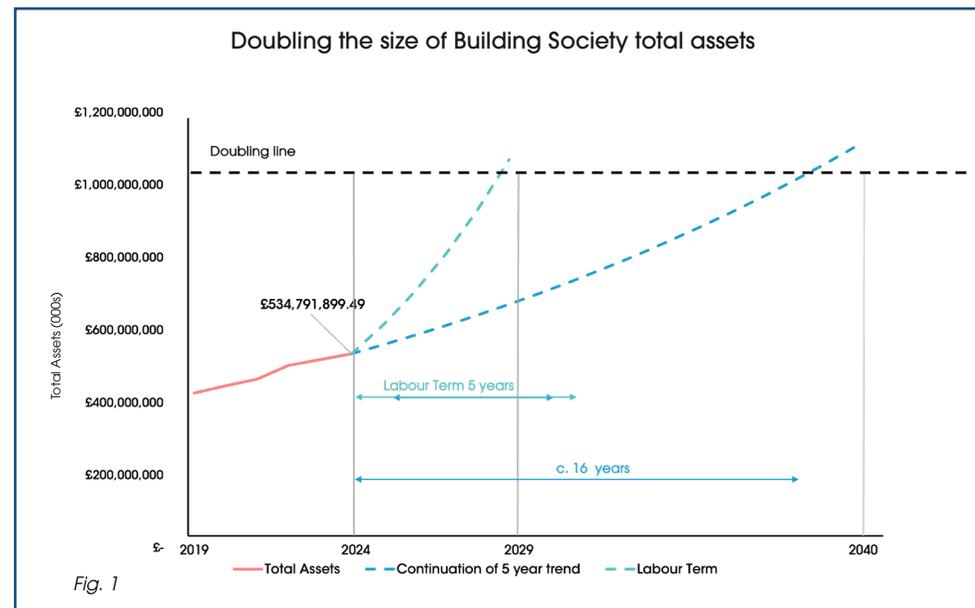
In the Chancellor's Mansion House speech last Autumn, the Government expressed its commitment to doubling the size of the mutual and co-operative sector.<sup>1</sup> Building societies overwhelmingly support this ambition; however, clarity is required regarding what the statement meant, what metric would be used to measure growth, and the timeframe.

There is a lack of clarity regarding how this is measured, whether doubling refers to members, assets, or the number of mutual organisations.

Furthermore, questions remain about how this growth will be achieved. However, the recent report by the

Mutuals & Cooperatives Together Group, identifies a number of areas where Government can work to make it a reality, in particular around access to capital and removing legal and regulatory barriers to growth.

Building societies are unsure if this ambition can simply be achieved through significant acquisitions, (such as those recently completed by Nationwide and Coventry), or if a focused strategy for accelerated growth is required for the sector. If an assumption is made that doubling the size of the sector refers to the total assets, scenarios can be visualised to assess the organic growth needed for the building society sector to meet the target.

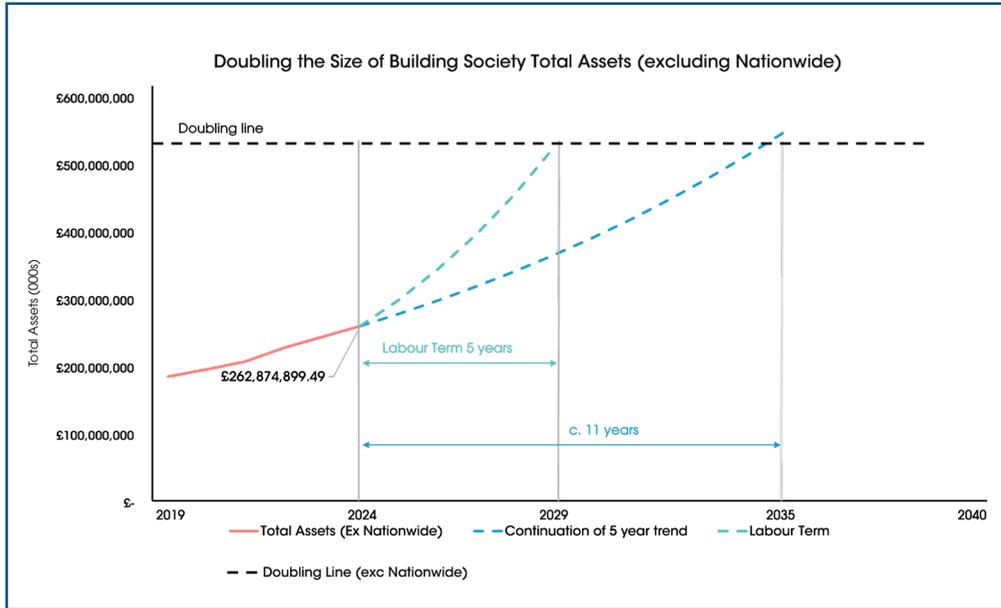


### The following two scenarios were reviewed:

1. Projecting forward the compound annual growth rate (CAGR) over the past five years
2. The growth required to double within a single Labour government term.

<sup>1</sup> UK Parliament, 2024

Source: Whitecap analysis based on BSA data



Source: Whitecap analysis based on BSA data

Excluding Nationwide from the analysis, due to its size and the constraints it faces in achieving rapid organic growth, offers an alternative view of the potential within the wider sector, where faster, more scalable organic growth is more achievable. Based on historical trends, Figure 2 illustrates a faster rate of organic growth than Figure 1.

In summary, building societies are already on a growth trajectory, but welcome the Government’s support for the mutual sector’s future growth potential, both within the building society sector and beyond.

2 ONS, 2025

## Growth

Building societies have experienced significant growth since the last report, in 2021, with societies of all sizes experiencing increases in members and assets.

There have also been shifts in the categorisation of society sizes, based on the classifications used in Whitecap’s 2021 report. As shown in Figure 3, the number of societies classified as micro has declined significantly, with many transitioning into the small category. It is anticipated that an increasing number of societies will enter the medium category in the near future.

During this period, inflation peaked at a record 9.4% in Q4 2022 before stabilising at 3.4% in Q4 2024. This broader economic environment has naturally contributed to some of the sector’s growth. Looking ahead, growth remains a key strategic focus for societies’ growth, albeit to varying degrees.

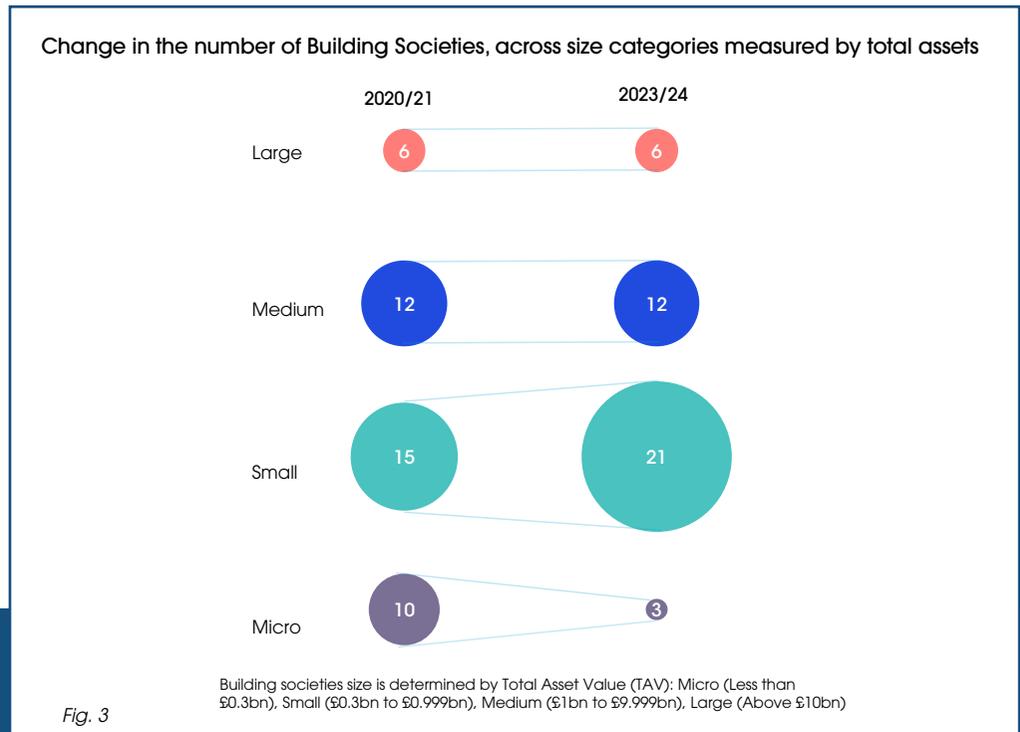


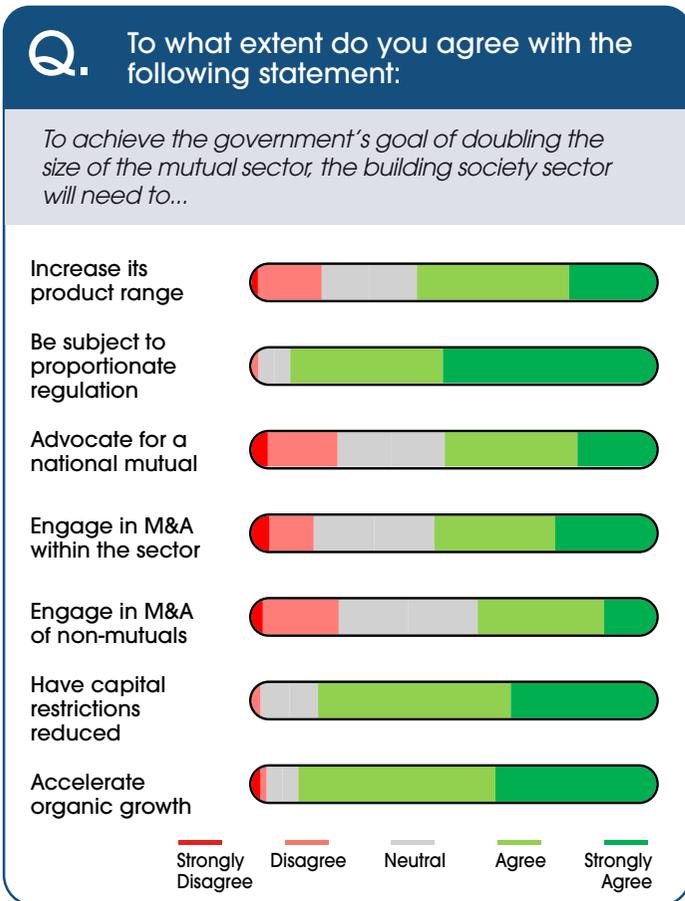
Fig. 3

Source: Whitecap analysis based on BSA data (2024)

## Purpose and Mutuality

Building societies are fundamentally driven by a commitment to serving their members and supporting local communities. Whilst growth is important, it is viewed as a means to sustain and enhance their mission.

A key focus for many societies is promoting homeownership in response to increasing challenges around social mobility. Rising housing costs have made it increasingly difficult to enter the property market, and building societies see themselves as part of the solution. Several societies pointed at their efforts to support first-time buyers, but some are also collaborating with developers, exploring shared ownership models, and offering innovative products to improve accessibility to homeownership.



Source: Whitecap online survey 2025

## Employees and Cultural Change

Building societies have reported increased hiring and cultural shifts as digital transformation reshapes their workforce to meet evolving demands. Additionally, growing regulatory and risk management requirements have heightened the need for skilled professionals.

While societies are bringing in external expertise, they are also investing in learning and development to retrain and reskill existing employees, ensuring they remain equipped for these changes. Additionally, many employees are drawn by and resonate with the purpose-driven ethos of building societies.

However, looking ahead, headcount growth is expected to plateau as technological advancements drive efficiency and automate certain roles.

Societies are evolving their operational strategies in multiple areas, driven by various factors, with digital transformation being a key influence. As a result, technology has become fundamental to their strategy, and this trend is expected to continue in the future.



*"The government statement about doubling the size of the sector is helpful. It is a reflection of our value as a sector and creates opportunities and an environment for us to flourish. However, I'd like to see more detailed plans to make this vision a reality."*

**Mark Selby, CEO, Hanley Economic Building Society**

*"The government statement to double the sector is laudable, but what does it actually mean in practical terms?"*

**Jonathan Westhoff, CEO, West Brom Building Society**

*"Costs are increasing for smaller societies, so we need to grow. We need to ensure the revenue outweighs the fixed costs of running the business, so we need to continue to drive growth."*

**Gareth Griffiths, CEO, Ecology Building Society**

*"Our purpose is not solely to make a profit. Our purpose is to fight for our communities and our customers to thrive. However, growth remains a priority because it leads to more profit which in turn allows us to give more back into the community."*

**Iain Kirkpatrick, CEO, Market Harbour Building Society**

*"We set the target of getting to £1 billion of assets, and we exceeded our plan and got there quicker than expected. The ambition is to continue to grow, seeking market opportunity as and when."*

**Julie-Ann Haines, CEO, Principality Building Society**

## M&A

M&A has long been touted as inevitable in the sector, however, activity has remained limited. This trend is expected to continue unless significant regulatory changes, streamlined acquisition processes, or major macroeconomic pressures drive consolidation.

For example, the merger between Newcastle Building Society and Manchester Building Society became effective on 1st July 2023. The merger aimed to strengthen both societies, offering financial stability and growth opportunities while continuing to prioritise the benefits for members and staff.<sup>3</sup>

M&A activity could be more likely involving outside of the mutual sector, on 30th September 2024, Nationwide acquired Virgin Money, expanding its reach to one in three UK residents<sup>4</sup>

On 1st January 2025, Coventry Building Society completed its acquisition of The Co-operative Bank, giving it total assets of £89bn and four and a half million members and customers across the country. The Co-operative Bank has become a subsidiary and is therefore back under mutual ownership.<sup>5</sup> Some societies believe M&A could have potential benefits. They believe having larger and stronger players in the market could help it grow and progress faster.

## Capital

Medium sized and smaller societies face difficulties in accessing capital, with challenges in both raising funds and the high costs. They have called for more government support, particularly in providing access to affordable capital in the future and relaxing restrictions on funding limits.

Some societies believe that larger societies have an advantage because they have access to alternative sources of funding, which allows them to strengthen their operations. The sector is seeking measures to ensure all societies can access affordable capital to help them grow.

<sup>3</sup>/4 Newcastle Building Society, 2023

<sup>5</sup> The Co-operative Bank, 2025

### M&A developments since 2021:

- 1st Jul 2023**  
Merger between Newcastle Building Society and Manchester Building Society became effective
- 30th Sept 2024**  
Nationwide acquired Virgin Money
- 1st Jan 2025**  
Coventry Building Society completed acquisition of The Co-operative Bank



*“Enhanced access to wholesale funding and alternative sources of capital could be highly beneficial for the sector.”*

**Andy Deeks, CEO, Leek Building Society**

*“We’re focused on enhancing the capabilities of those joining the organisation, while also investing in the development of our existing team. We are committed to improving our employee proposition to make it attractive for people to join and stay.”*

**Richard Ingle, CEO, Bath Building Society**

*“Unless there’s another crisis, I believe it is unlikely there will be acquisitions of building societies.”*

**Stephen Mitcham, Non-Executive Director**

## Digital Transformation at Penrith Building Society

### How even the smallest lender can compete

**As the financial services sector becomes increasingly digitised, even smaller institutions like Penrith Building Society are finding innovative ways to stay competitive with larger lenders. Despite its size, Penrith has embraced digital transformation to offer a more streamlined and accessible service for its members while maintaining its commitment to a personal, community-focused approach.**

Penrith Building Society, with just one branch and approximately 10,000 customers, has maintained its fiercely independent status while adapting to the changing landscape of the financial industry. One key factor in this transformation is the realisation that digital tools can help the society extend its reach without compromising on its strong customer relationships. Louise Watt, IT and Operations Director at Penrith, highlighted that over the last two to three years, digital services have become integral to their strategy, enabling them to offer more efficient services and reach more people, particularly through online loan origination and secure messaging systems.

One of the catalysts for Penrith's digital transformation was the shift in consumer expectations. As customers

have become more tech-savvy, particularly in older demographics, Penrith recognised that it could no longer rely solely on its branch presence to service members. The solution was to create a hybrid model, combining traditional in-branch services with a robust digital offering, ensuring that customers could choose how they interacted with the society.

A significant part of Penrith's digital strategy was the implementation of a new loan origination system, which allowed them to move away from legacy broker systems. This streamlined the mortgage application process, making it easier for brokers to submit applications and enabling Penrith to capture more business. The society also adopted the Docstribute secure messaging platform, becoming the first UK building society to do so. This innovation not only improved communication security but also reduced the amount of paper used, aligning with Penrith's ESG goals.

Despite the challenges smaller building societies face, such as limited resources and cost constraints, Penrith has leveraged its agility to benefit from partnerships and technologies that suit its needs. Being small allowed the team to quickly adopt and implement new tools without the extensive deliberation often

required in larger organisations. For instance, Penrith's move to digital has helped them to stay efficient and responsive, even while introducing new products like fixed-rate bonds, which would otherwise be too resource-intensive to handle manually.

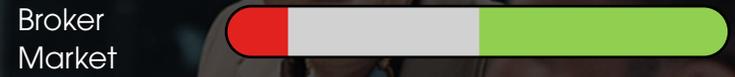
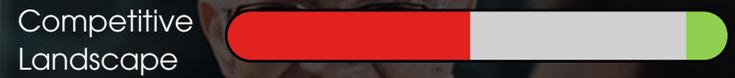
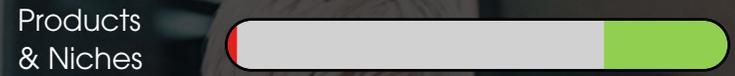
Looking ahead, Penrith's ongoing digital transformation is part of a three-year plan that will allow the society to continuously improve its services and enhance operational efficiency. The long-term goal is not just to keep pace with larger lenders but to maintain their unique position in the market as a personalised, community-focused lender that uses technology to enhance rather than replace customer relationships.

Penrith Building Society's journey shows that digital transformation doesn't require size or volume to succeed. With strategic investment in the right tools and a commitment to blending tradition with innovation, smaller institutions can keep pace with their larger counterparts and even outperform them in certain areas. Through its digital transformation efforts, Penrith is poised to continue offering value to its members while preserving the essence of its independent, community-oriented ethos.



### CEO sentiment on key themes:

— Negative      — Neutral      — Positive



*Derived from thematic analysis of CEO interviews*

# Mortgages

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# Mortgages

The mortgage market remains highly competitive, with building societies facing increasing pressure from both major banks and challenger lenders. To stay relevant, societies are focusing on specialist niches and developing innovative products.

Additionally, success is achieved by improving customer service, building stronger broker relationships, and using technology to enhance the customer experience and simplify transactions.

## Products and Niches

Building societies have always operated within specific market niches, but they are increasingly refining their focus and product offerings. To remain competitive, many are prioritising specialist areas that offer sustainable margins. By focusing on niche markets, societies can differentiate themselves without engaging in price wars, allowing them to concentrate on their areas of expertise while also maintaining financial stability.<sup>6</sup>

An analysis of mortgage products offered by building societies showed 40% of societies expanded their range of products from 2020 to

2025. This analysis highlighted buy-to-let, lending into retirement, and holiday lets as the most common specialist niches, with the majority of societies including them in their product catalogues.

Although Figure 5 shows a notable decline in building societies explicitly advertising adverse credit mortgages, several societies clarified that, while dedicated adverse credit products are no longer offered, mortgage underwriting has become more accommodating of applicants with adverse credit histories. This suggests that the appetite for such borrowers remains unchanged but has been absorbed into broader underwriting practices.

(%) of UK Building Societies Offering each type of Mortgage Product (2025)

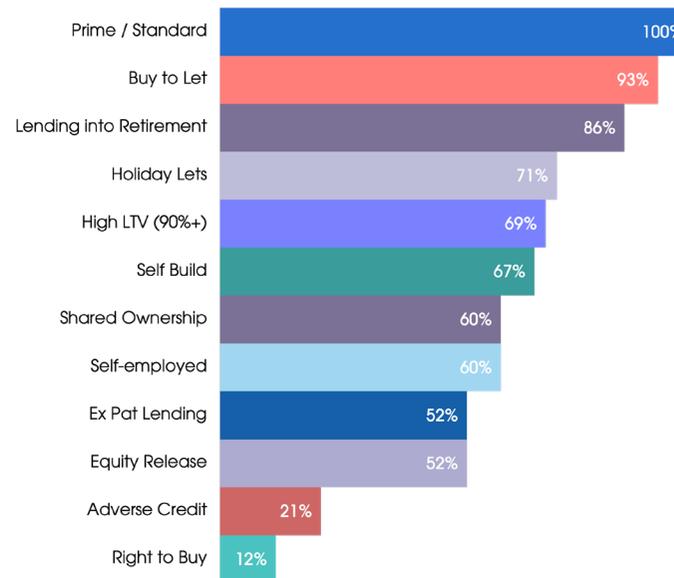


Fig. 4

<sup>6</sup> IBIS World, 2024

% Change in Product Offering across Building Societies 2020-2025

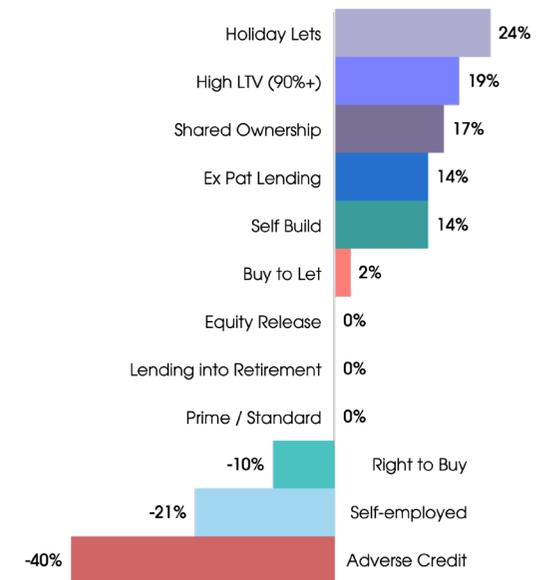


Fig. 5

Source: Whitecap analysis

First-time buyers (FTBs) remain a major priority for building societies as they represent a significant share of the market. From April to September 2024, 44% of building societies' total residential lending for property purchases was directed toward FTBs.<sup>7</sup> Societies remain committed to increasing homeownership through supporting FTBs, with many citing this as a core purpose.

This focus is especially important as housing affordability has worsened, with the affordability ratio rising from 4.92 in 2002 to 8.28 in 2022. This has priced out many lower-income households and younger buyers, emphasising the need for more affordable housing and innovative mortgage products.<sup>8</sup>

Building societies are trying to tackle this by expanding their product ranges. The last 5 years have seen an increase in products such as high loan-to-value mortgages and shared ownership schemes. Some societies are using partnerships to appeal to a younger audience, for example Nottingham Building Society has a forward-flow arrangement with Gen H for first time buyers.

## Competitive Landscape

Building societies have traditionally competed on rates and criteria, but this has become increasingly difficult as larger lenders adopt more aggressive pricing strategies, such as offering higher loan-to-income (LTI) ratios. Due to margin constraints, smaller societies often cannot compete purely on price. Therefore, societies are adopting various strategies to remain relevant in this competitive market. Alongside competing by offering niche

products, societies are trying to deliver better customer service to both brokers and customers directly, particularly in the prime lending market where differentiation through service is crucial.

This focus is reflected in customer satisfaction levels as 93% of building society customers agreed their provider offered good customer service, compared to 87% of bank customers.<sup>9</sup> Some larger building societies reported facing increasing competition from traditional retail banks. However, between April and September 2024, building societies accounted for 72% of mortgage market growth, which highlights their competitive position.<sup>10</sup>

There has also been a rise in challenger banks. These banks typically compete in the current account space, and they have not yet achieved the same level of success in the mortgage market. However, revised UK capital market rules could strengthen their position by enabling them to offer more competitive rates. Smaller building societies viewed challenger banks as their main source of competition not other societies.

The market is expected to become even more competitive, with narrowing margins and new entrants further intensifying pressure. The prospect of a lower Bank of England base rate could accelerate this trend, as many mortgage providers have already begun cutting rates in anticipation.<sup>11</sup>

Societies expressed concerns that advancements in technology could intensify competition by enabling larger banks to automate and replicate their specialised lending models.



*"I think most medium and small-sized building societies are focusing on specialist niches where they can maintain sustainable margins."*

**Mark Selby, CEO, Hanley Economic Building Society**

*"We have strongly supported first-time buyers over the past few years and continue to do so. As a building society, our core mission is to help people secure homes and step onto the property ladder."*

**Paul Wheeler, CEO, Mansfield Building Society**



**What will be key priorities in the mortgage sector for building societies in the next 5 years?**

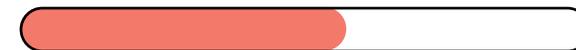
Targeting new customers



Enhancing customer facing digital functionality for new mortgage lending



Enhancing customer facing digital functionality for customer serving



Enhancing the mortgage product range



Source: Whitecap online survey 2025

<sup>7</sup> BSA, 2024      <sup>9/10</sup> BSA, 2024  
<sup>8</sup> Gov.UK, 2023      <sup>11</sup> BBC UK, 2025



## Broker Market

Building societies have a high dependency on brokers and recognise the significant value of these relationships. The intermediary market remains a primary source of mortgage origination, with CEOs viewing it positively and anticipating its continued strength.

The UK's share of mortgage origination through brokers has risen significantly, from just below 60% in 2013 to over 80% in 2022, with projections suggesting it will exceed 90% by 2026.<sup>12 13</sup> Societies have increasingly relied on brokers for mortgage distribution, with some even opting to close direct channels in favour of a fully broker-led approach.

While technology, such as robo-advice and AI, is being considered as a potential replacement for brokers, consumers still value the advice provided by them as it is a huge financial decision. As a result, brokers are expected to remain a key part of the mortgage process going forward, certainly in the short to medium term future.

## Technology

Societies were positive about the role of technology in mortgages. Use cases include back office upgrades to automate tasks and reduce manual underwriting, as well as upgrading the front end to streamline mortgage origination and servicing.

While societies are at different stages of integrating technology into their operations, many see it as crucial as they progress into the future. Some view upgrading technology as essential for attracting younger generations, while others see it as a competitive advantage. By offering a streamlined, efficient service for mortgages and remortgaging, societies can better meet consumer demands.

<sup>12</sup> McKinsey, 2023

<sup>13</sup> Intermediary Mortgage Lenders Association, 2024

*"Last year, we introduced our 5K Deposit Mortgage, an innovative product driven by speaking to prospective first-time buyers. Many expressed that while they could afford high rental costs, saving for a deposit remained a significant barrier. The product has been exceptionally well received."*

**Susan Allen, CEO, Yorkshire Building Society**

*"Maintaining good margins on mortgages is achievable by ensuring exceptional delivery of service to both the customer and the broker."*

**Jonathan Westhoff, CEO, West Brom Building Society**

*"Challenger banks now have an appetite for residential mortgages and are telling the same story to brokers as we are. They are adopting the smaller building societies' personal approach."*

**Paul Denton, CEO, Scottish Building Society**

*"If larger banks were able to replicate our model and enter underserved markets to make more profit without the associated complexities, they could become dominant competitors. We cannot compete on price alone in areas such as 60% LTV prime residential lending, which is their strength. They currently lack the capability to manage more complex cases, such as self-build or individuals with complicated income structures, however, if technology enables them to streamline these processes, it could present a significant challenge for us."*

**Darren Ditchburn, CEO, Vernon Building Society**

*"The intermediary market is here to stay. It's resilient and it's vibrant."*

**Richard Fearon, CEO, Leeds Building Society**

*"We have made the decision to remain entirely broker led."*

**Sue Hayes, CEO, Nottingham Building Society**

*"The mortgage market becomes even harder to compete in if you haven't got the right technology. We are making sure that we've got seamless application processes and supporting procedures."*

**William Carroll, CEO, Monmouthshire Building Society**

*"We are working to enhance our mortgage processing capabilities. Our focus is on streamlining data capture and refining our rules engines to improve efficiency. The ultimate goal is to optimise our underwriting resources, ensuring they are dedicated to the most complex cases while automating all other processes wherever possible."*

**James Paterson, CEO, Dudley Building Society**

# FINOVA

## The opportunities and challenges of the UK mortgage market

With growing competitive pressures, and greater regulatory obligations, the mortgage market has seen some extensive change over the last 12 months.

Inflation and the cost-of-living crisis both contributed to affordability challenges and volatility in swap markets that saw lenders repricing at a moment's notice.

If that wasn't enough, the data and systems

*“From product modelling to borrower assessment and document processing, AI will touch every process in the coming years.”*

requirements of new regulatory requirements through consumer duty, and currently Basel III, mean that technology's role in evidencing good conduct has grown too.

The mortgage market is no stranger to change and deploying technology to meet the opportunities and challenges it faces. From product modelling to distribution, to operational excellence, compliance and funding, not one element of mortgage lending has been untouched by change.

Finova has for many years been an integral part helping institutions meet that mortgage market change. Our technology solutions offer support processes from the point of origination through to redemption. Technology has never been more important in delivering the efficiencies lenders need to protect margins. The ability to pivot to new markets and implement new requires the kind of agile and robust thinking and technology for which we are known.

As the opportunities of artificial intelligence increasingly permeate lenders' thinking, we confidently expect our solutions to play an even greater role in the delivery of loans to the UK's homeowners. From product

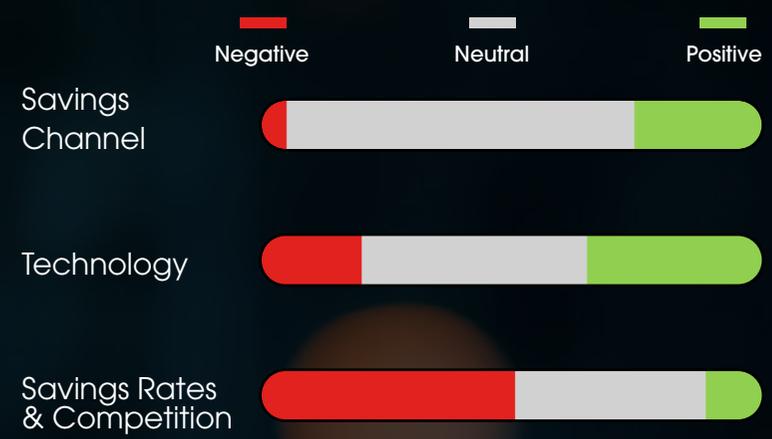
modelling, to borrower assessment and document processing, AI will touch every process in the coming years.

The mortgage market is a cornerstone of the UK economy. We are happy to sponsor this section of the report as part of [our commitment to it](#).





### CEO sentiment on key themes:



*Derived from thematic analysis of CEO interviews*

# Savings

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# Savings

Building societies have a strong track record of attracting new customers and raising capital over recent years, but it is becoming increasingly expensive. Most societies have successfully grown their savings base, although some have faced fewer challenges than others in maintaining this growth. Overall, the sector has recovered from the decline in savings market share and exceeded pre-pandemic levels.

## Savings Channels

The digital savings channel has grown rapidly, transforming how societies engage with customers. Consequently, customer acquisition strategies now vary; Some societies continue to rely heavily on their branch networks, some are partnering with organisations like Raisin and Flagstone, while others focus on maintaining visibility on best-buy tables and comparison websites to remain competitive.

Target audiences also differ, some societies continue to cater to their traditional, older customer base with higher levels of wealth, while others are actively working to attract younger, digitally savvy demographics.

Targeting new demographics can be difficult. In the previous report we suggested that typical savings customers are happy to switch savings providers for a better rate and more recent statistics suggest that this desire has increased. In a Smart Money People survey respondents said that the prospect of interest rates falling later in the year is the main trigger to consider switching to a new provider. 88% wanted to move their savings pot in the next six months.<sup>14</sup>

Building relationships with customers in a digital environment is significantly more complex than through traditional in-branch interactions. Given that one of the core strengths of building societies lies in their mutuality, personalised service, and close relationships with members, this shift presents a real challenge.

<sup>14/15</sup> [Smart money people, 2024](#)



*“The savings market moves quickly. It’s changed a lot in terms of channel and brand loyalty.”*

**Chris Harrison, CEO, Furness Building Society**

*“Even though we have an online proposition, the branch is the preferred channel for the majority of our savings customers.”*

**Phillippa Cardno, CEO,  
Newbury Building Society**

*“Some of our savings business comes through the branch network, but most of it is online.”*

**Iain Kirkpatrick, CEO,  
Market Harborough Building Society**

As savings customers become more willing to switch providers in search of better rates,<sup>15</sup> effectively communicating the value and distinct positioning of building societies will become increasingly difficult.

In an increasingly competitive and commoditised landscape, maintaining that sense of connection and loyalty in a digital-first world will require new strategies, stronger brand storytelling, and innovative ways to bring the mutual model to life online.

## Savings Rates and Competition

Competition in the savings market has intensified, as illustrated in Figure 7, particularly with the rise of app-based challenger banks. Some of these newer entrants are operating with unbalanced balance sheets, attracting substantial deposits without lending those funds through traditional channels such as mortgage lending.

The incentive to switch is much higher now in comparison to the low-interest rate environment a few years ago when rates gave customers little reason to switch accounts for marginal gains.

Furthermore, digital challengers are offering higher savings rates and operating at lower savings margins than high street banks.<sup>16</sup> Lower margin could indicate lower operating costs and a willingness to win a share of the market, forgoing short term profitability for long term market share.

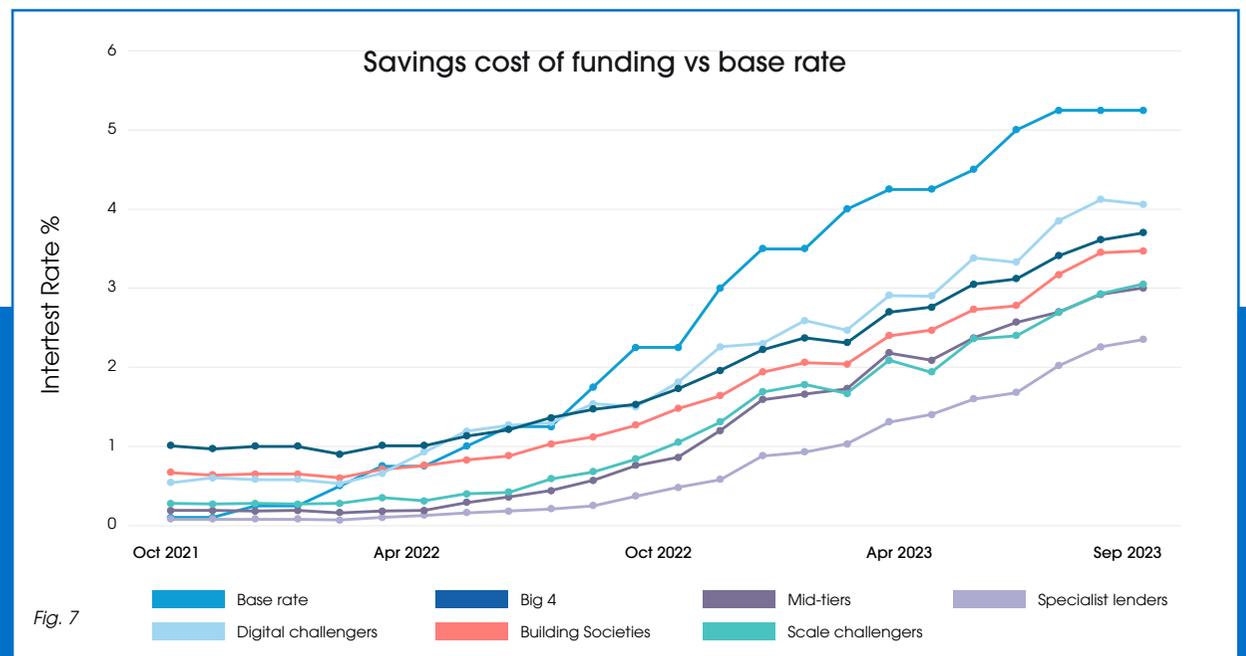
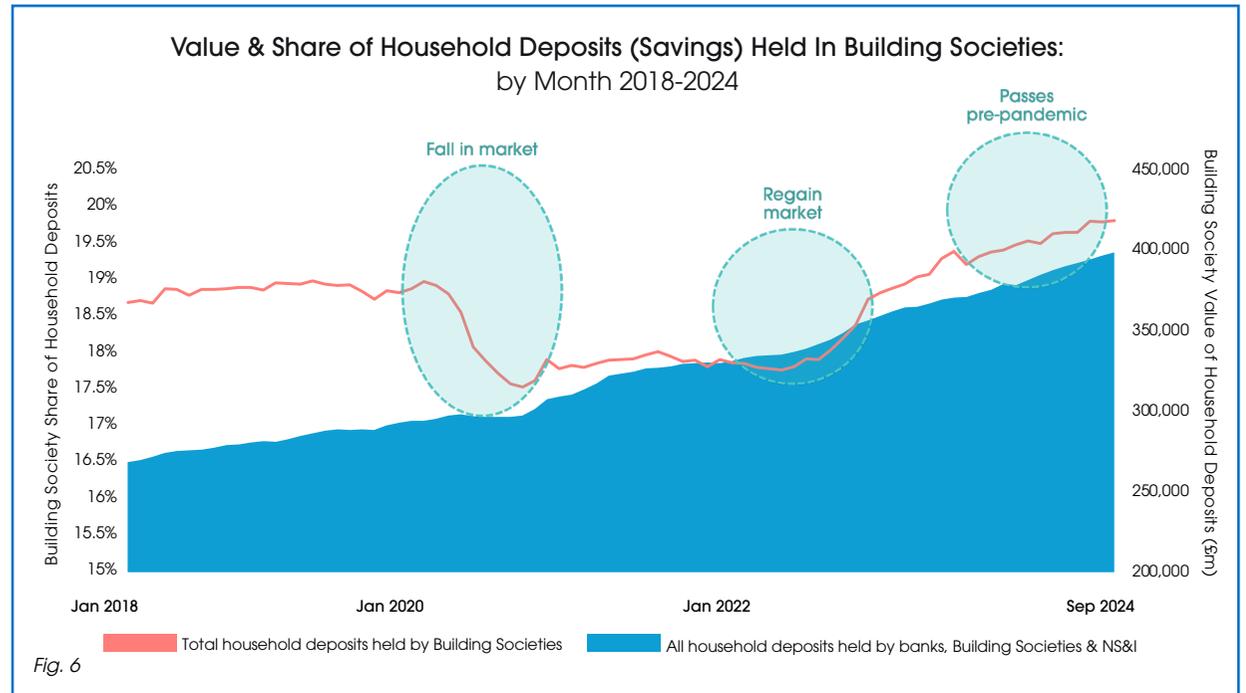


“The savings market is dominated by challenger banks with online offerings. They’re funding high-cost mortgages or SME lending, so they can offer attractive savings rates. And it creates a challenge for us, because it can be expensive to attract savers, and it squeezes our margins.”

Chris Hunter, Deputy CEO, Darlington Building Society

“If the savings world continues to become more digital and intermediated, competition will intensify. A lot of the differentiators that building societies have spent decades in building, like trust and good service, could be eroded overnight.”

Peter Burrows, CEO, Cambridge Building Society



## Technology

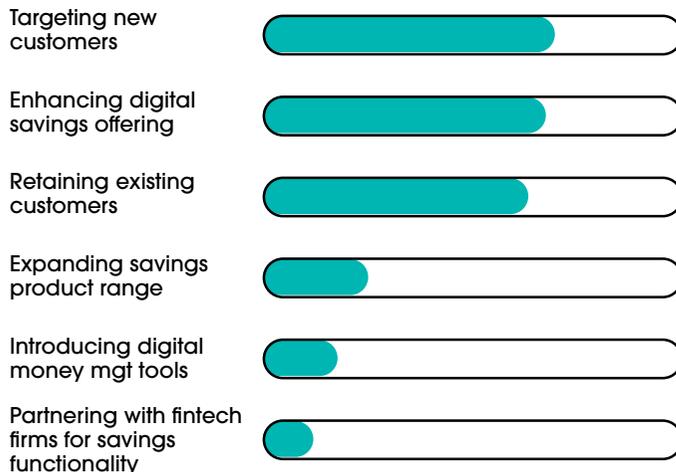
The savings space has seen significant investment, not only in customer-facing platforms like mobile apps and online portals, but also in back-office infrastructure aimed at improving efficiency and scalability. Many CEOs are actively exploring alternatives to their core technology providers, seeking partnerships with FinTechs and mobile app developers that offer more streamlined and agile solutions.

Technological advancements have delivered clear benefits, enabling building societies to grow their savings books more effectively than before. However, the rapid pace of change and increasing reliance on digital solutions also raise concerns.

In particular, the ease with which customers can now switch providers in search of higher interest rates creates a more volatile and potentially unstable savings environment, posing new challenges for long-term retention and balance sheet management.



What will be key priorities in the savings sector for building societies in the next 5 years?



Source: Whitecap online survey 2025



*"I think it's really important that we can offer a multi-channel approach to attract new members and enable them to transact with us in a way that they want to."*

**William Carroll, CEO,  
Monmouthshire Building Society**

*"It can be very hard to compete in the online savings space. Some emerging business models attract savings customers, but don't lend their deposits. That's affected the dynamics of the market for building societies."*

**James Paterson, CEO,  
Dudley Building Society**

*"It will be interesting to see whether the relationship societies have with their members, particularly the sentiment around trust and stability, resonates with a specific generation, or whether it is generational. Maybe as today's younger generations age, they may come to appreciate the power of relationships and the stability that building societies provide."*

**Stuart Haire, CEO, Skipton Group**

*"We have some innovative savings products. For example, the windfall bond, which is a prize draw like a premium bond, but it pays interest."*

**Mark Bogard, CEO,  
The Family Building Society**

*"What we've seen is the makeup of some building society balance sheets has changed, as they've had to take in retail funding from customers to help repay the Bank of England's Term Funding Scheme (TFS). So, when you see the results coming through from 2024 and 2025 you'll see the mix of some building societies changing from wholesale funding to more retail and SME deposits. I would say that's been more of an influence to savings than the move to online."*

**Alun Williams, CEO,  
Swansea Building Society**

# SBS: Importance of the branch

**According to Which data, since January 2015, 6,303 branches have been closed, or around 53 every month. Changes to customer behaviour has seen a reduced foot fall in local branches and added pressure evolve digitally has led to the closure of some of the smaller, lesser used branches.**

However, Building Societies remained committed to their branches and many have seen growth in their market share.

## Branch Closures

People in rural areas, as well as those who are elderly or disabled, have seen the most significant impact of branches disappearing. Some travel great distances to access basic banking services, access cash, or obtain in-person financial advice.

With financial crime on the rise, this loss has left some of the most vulnerable account holder exposed to fraud and scams.

The closure of branches also has a significant impact on the economic health of communities across the country. Small businesses are often reliant on cash transactions and have been forced to adapt to the loss of local branches, resulting in them looking for an alternative solution.

## Building Societies Commitment to the Branch

As the Financial Conduct Authority (FCA) has noted, new rules would need to be developed to ensure that services should be “easy for customer to find and be accessible”. Some banks and building societies are adapting by utilising pop-up branches or banking hubs in smaller local communities.

Many building societies have publicly made a commitment to keeping branches open and members share this sentiment. A YouGov report showed that 70% of building society members shared the sentiment and felt that their provider was an important part of their community.

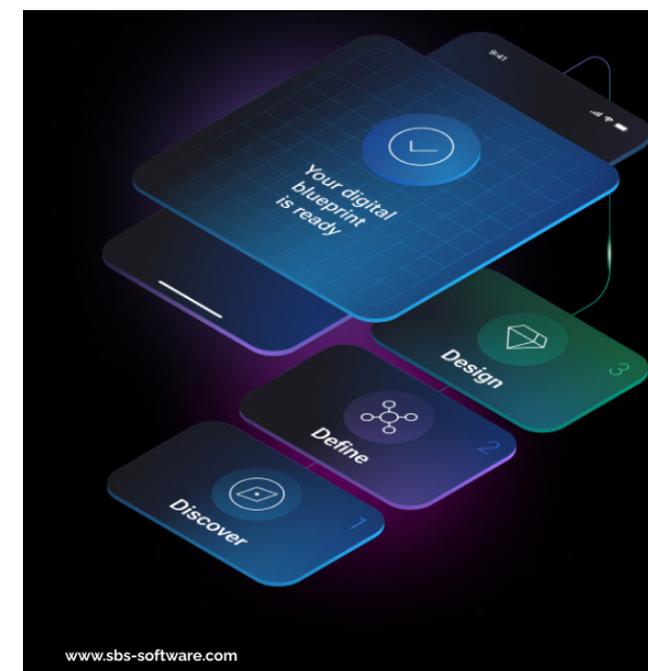
While many organizations are looking to modernise as many products and services as possible, such as removing passbooks, last year several building societies reported an increase in their popularity. This showcases how consumer needs can be quite fluid, and branch services are still relevant today.

## Go Digital, Stay Human

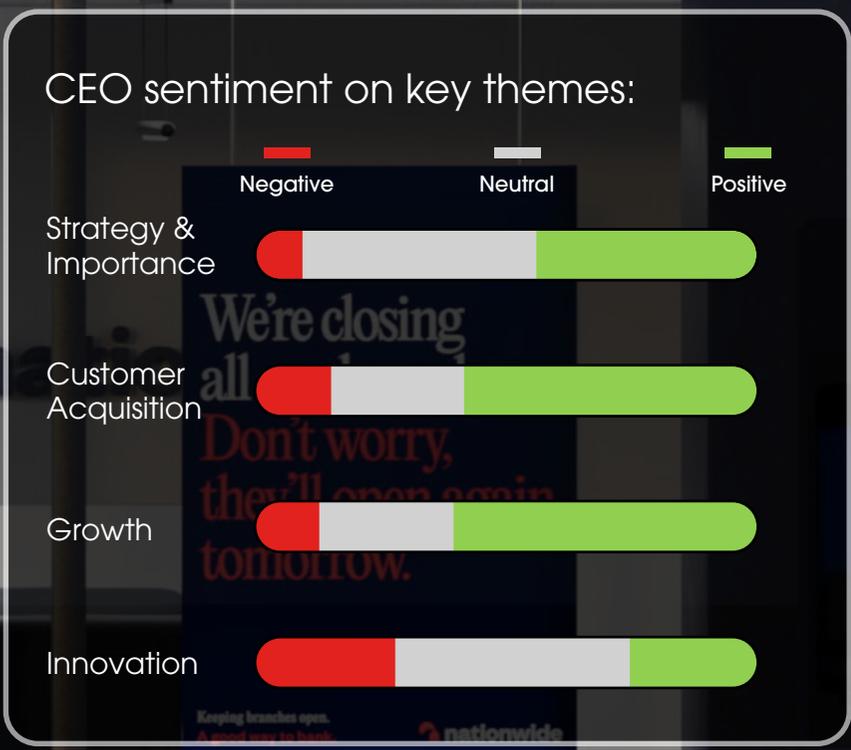
Being the supplier of 50% of UK building societies, SBS knows importance of the local branch. SBS is committed to supporting UK to helping organisations keep branches open by developing products and services designed streamline branch operations. This will allow societies to focus on the true purpose of a branch, the relationships with their members.

Later this year SBS will be releasing the first module, Savings Account Onboarding, a revolutionary new branch solution. The ongoing investment throughout 2026 will support the market in creating branches of the future, ensuring their ongoing success within communities.

SBS is committed to the ongoing success of the branch and believes that with the right strategy and in being the right partner, building societies can achieve a meaningful digital transformation, keep their branches, and truly go digital, but stay human.



# Branch of the Future



Derived from thematic analysis of CEO interviews



# Branch of the future

The number of building society branches has seen a slight decline since the last report. However, this trend has been largely driven by larger societies restructuring their branch networks, while several smaller societies have actually increased their branch numbers, bucking the broader trend of high street closures, predominantly by banks.<sup>18-23</sup>

A minor, yet notable, factor in site growth has been the rise of banking hubs. While these do not offset the overall decline in branch numbers, the Labour government has pledged to establish 350 banking hubs by the end of the current term.<sup>23,24</sup>

The significant decline in branch numbers is driven by intense competition in the sector, while rising customer expectations for digital financial products and services pose an increasing threat, further pressuring branch networks.<sup>25</sup>

Nevertheless, branches are still used for a variety of services across age groups. A survey by Newcastle Building Society involving 2,445 members found that

a range of different age groups value the presence of branches for in person services rather than online.<sup>26</sup>

Even across younger age groups findings from a Nationwide report identified that 50% of 16-24-year-olds had “felt frustrated” at not having been able to access in person branch services when needed in the past.

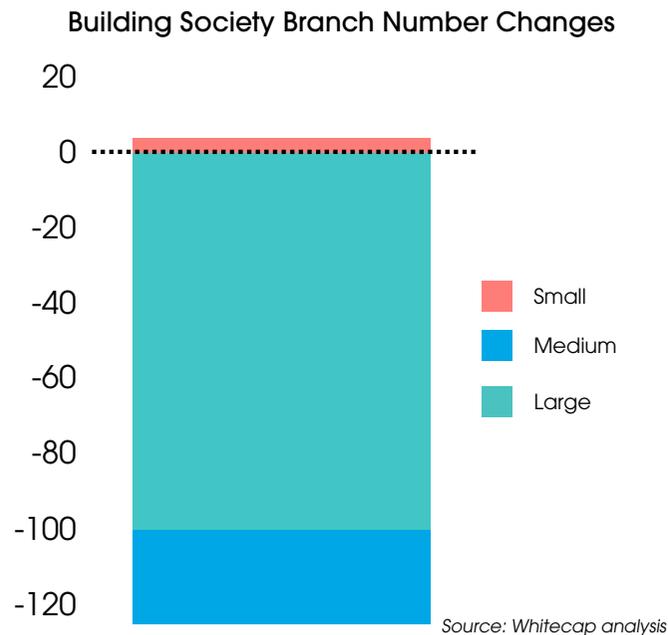


Fig. 8

## Members often prefer in branch services for a variety of activities e.g.



Financial or mortgage advice



Complex financial transactions



Resolving cyber security issues



Making large transactions

## Strategy

Branches remain vital for the vast majority of building societies and will continue to play a significant role in the coming years. However, their function is clearly evolving as society moves towards a more digital approach to many aspects of finance.

The number of transactions in branch is declining, with Lloyds highlighting that there were 10 million fewer transactions in branch in 2024 versus the previous year.<sup>27</sup> This trend helps explain the rapid pace of branch closures across the UK, as shown in Figure 9. With every day transactional use declining, branches are increasingly becoming relationship driven environments. Many societies are adapting by integrating administrative offices within branch locations, creating multipurpose hubs that serve both operational and customer-facing needs.

This was a strong theme in the CEO interviews conducted for this report.

Branches are also strengthening their role in community engagement, positioning themselves as key local touchpoints. In parallel, several societies are actively exploring the concept of banking hubs as well as temporary community hubs, with the aim of serving remote or underserved communities.

Ultimately a key purpose of branches is to provide members with a high quality and personalised service. Although the cost of operating a branch network is not always economically justifiable, the importance of the branch to members and the local community is a critical component of the proposition of almost all building societies.



*“In a number of locations, other banks have closed their branches. As a result, we’re seeing more traffic coming through the door.”* **Andrew Craddock, CEO, Darlington Building Society**

*“Branches are not big income generators. It’s more about supporting our membership and engaging with the community which as a mutual is fundamental to our purpose.”* **Simon Taylor, CEO, Melton Mowbray Building Society**

*“We’re deeply committed and cherish our branch network. We’ve even opened a new branch, and we’re in the process of refurbishing every single one.”* **Richard Fearon, CEO, Leeds Building Society**

**Building Society Branch Number Changes Since 2021**

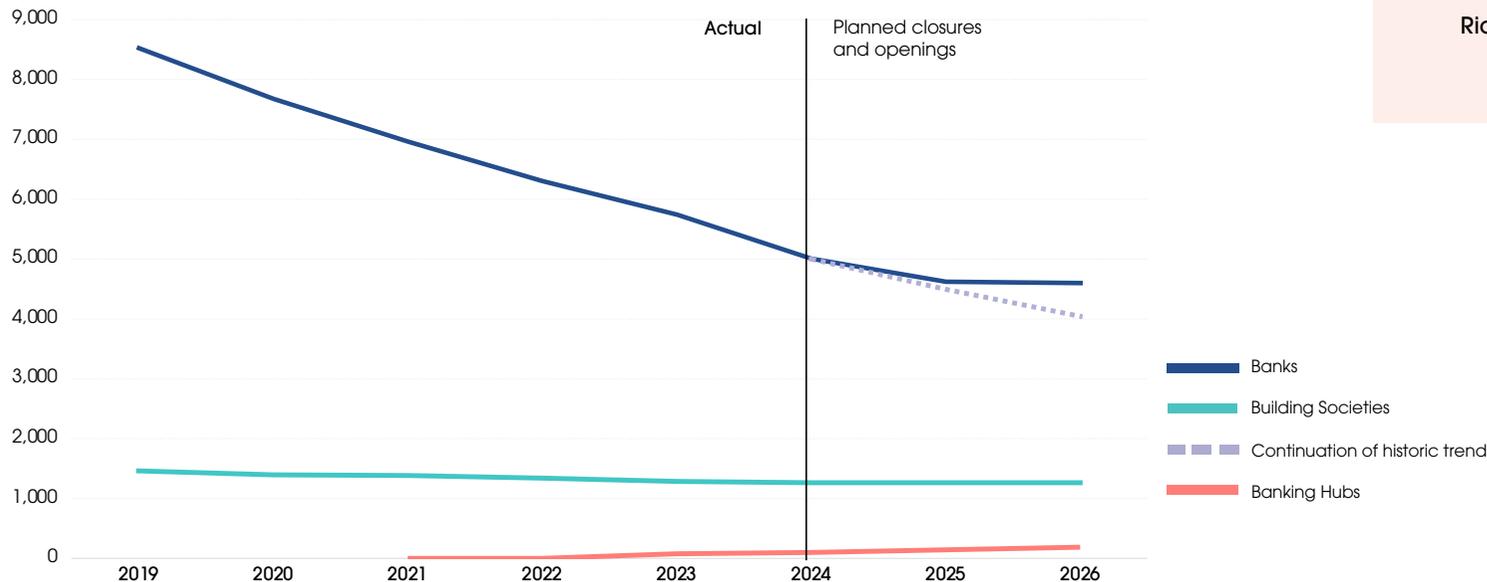


Fig. 9

<sup>27</sup> International Banker, 2025

Source: ONS, BSA, Whitecap Analysis

## New Member Acquisition

Branches play a crucial role in brand visibility. While the role of customer acquisition through branches varies across societies, many recognise their potential in attracting new members, especially as the number of branches operated by other financial services providers reduces in a locality.

Financial advice and savings support remain key in-person interactions, with many customers still preferring face-to-face consultations. As traditional banks continue to retreat from the high street, several building societies reported they are experiencing increased footfall and engagement, albeit there was no suggestion that this in isolation was of a quantum that was making branches viable.

## Skills

As branches broaden their role and take on more operational functions, staff roles have become increasingly multifaceted. Employees are now balancing traditional branch responsibilities with back-office and call centre tasks.

Additionally, as branches transition into relationship-focused environments, staff are required to manage more complex interactions, such as mortgage and savings advice. This shift has led to significant investment in training and skill development, marking a cultural and operational evolution within branches.



*"We think the additional cost of operating a branch network is more than offset by the increased brand awareness, access to the products we can offer, and by the community benefit that we provide."*

**Peter Burrows, CEO, Cambridge Building Society**

*"We've moved a lot of the calls and work that were being done in a central customer services teams out to our branch teams, so today they are not just providing in-branch services but are also supporting members in other ways right across the UK. This shift has removed significant cost and has enabled us to maintain our commitment to high streets through to 2030."*

**Julie-Ann Haines, CEO, Principality Building Society**

*"We definitely think there's an opportunity with a shared banking hub. But at the minute, it feels a bit one sided. The banks get the cost benefit, whilst we do their work."*

**Simon Taylor, CEO, Melton Mowbray Building Society**

*"The branch of the future isn't just about transactions it needs to evolve into a community engagement hub. We've got a large community space that's available, where people can come and connect. We offer tea and coffee, digital facilities, and we have a range of groups that regularly use this facility free of charge."*

**Darren Ditchburn, CEO, Vernon Building Society**

*"In our branches we are delivering the same service in but in a more modern environment."*

**Richard Ingle, CEO, Bath Building Society**

*"To stay on the high street building societies need to evolve. By becoming banking hubs they open their doors to a range of users and they support their communities. It also creates low-risk opportunities to grow their own member base."*

**Stuart Fearn MBE, CCO, OneBanx**

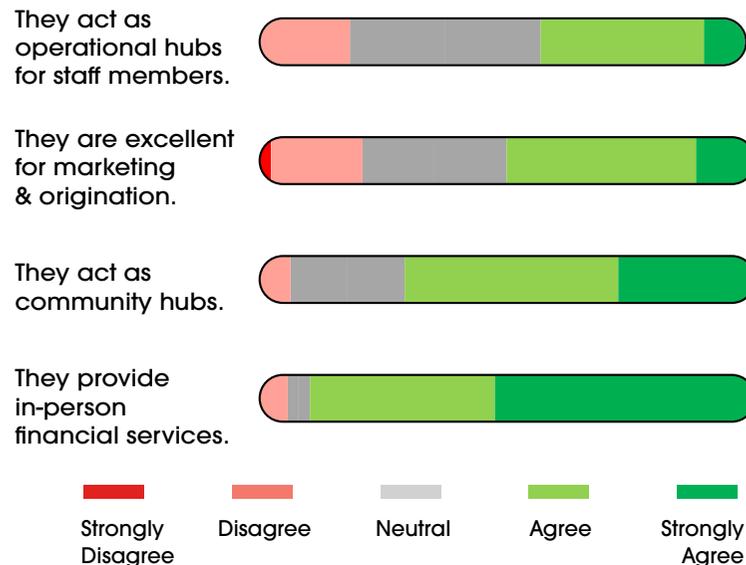


*"Not many building societies are investing in their branch technology. Most are focusing on creating a modern environment and training their staff to support customers in new ways, and investing in app and web technology to enable customers to digitally self-serve."*

**Oliver Lane, Founder, BehindLogin**

**Q.** To what extent do you agree with the following statement:

*The following are important reasons for maintaining physical branches...*



Source: Whitcap online survey 2025

## Technology, Modernisation, and Innovation

Whilst technology investment is a key priority for building societies, there has not been significant technology investment in branches themselves. The focus on branch evolution has been on modernisation of the environment, creating more appealing and comfortable spaces.

There is a recognition that technology could be implemented into the branches, however not at the expense of member experience. Technology can enable branches to provide a better and more efficient service, rather than pushing members towards the use of digital or automated services.

It appears that the introduction of shared banking services (ie the provision of services to the customers of multiple banking brands) within building society branches divides opinion amongst CEOs.

Whilst there is recognition of the importance of access to cash and transaction services, it was also noted that building societies are often being asked to bear the brunt of the cost without any tangible commercial benefit.

Whether banking hubs can help increase branch footfall and enhance customer acquisition / cross-selling for building societies will be an area of particular interest over the coming years as the impact of these hubs becomes better understood.

## Empowering employees and customers with innovative branch networks

The Raiffeisenbank Group is the second largest banking group in Switzerland. Unblu has been collaborating with Raiffeisenbank Regio Frick-Mettauertal (RBRFM) and Raiffeisenbank Aare-Reuss (RBAR) since 2021.

<p>218 banks</p> 	<p>10,305 employees</p> 
<p>3.7m clients</p> 	<p>297bn CHF (total assets)</p> 

Common goals:

- Maintain the same client service level throughout the branch network
- Overcome the Human Resource management challenges
- Increase the focus on client advisory & efficiency

### Raiffeisenbank Regio Frick-Mettauertal

Since 2022, Unblu Branch has been implemented in all five branch locations of Raiffeisenbank Frick-Mettauertal, excluding the main branch.

**One team (8 people):**

- Responsible for 5 branches
- 95% of traditional in-person branch services offered remotely
- Manages all digital customer service channels (e.g. phone, email)

**Branch-connected technology:**

- Document Scanner: Scans ID documents and supports clients with questions.
- SignPad: Displays documents privately and gains signatures.
- Printer: Remotely prints documents as needed.

### Raiffeisenbank Aare-Reuss

Raiffeisenbank Aare-Reuss implemented the digital reception in three of their existing locations.

**3 + 1 successful expansion opportunity**

in 2022, the bank's management identified a location in Rapperswil with several ongoing construction projects. The Unblu Branch enabled them to minimise the initial investment, which helped convince the board to proceed.

Key results:

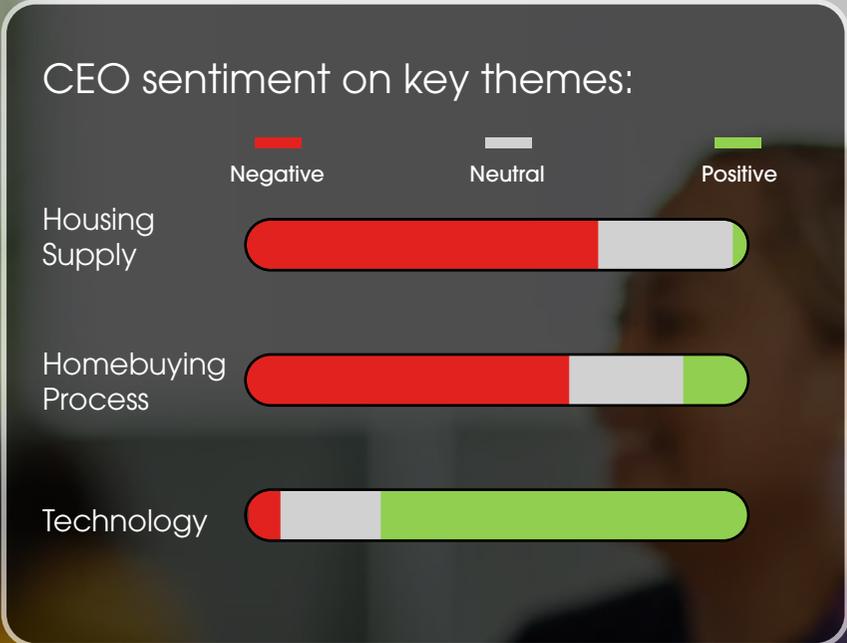
 <p>Drive growth with new branches &amp; advisor focus on core mission</p>	 <p>5 star experience for all stakeholders</p>
 <p>100% decrease in branch manager hurdles when managing front desk staffing</p>	 <p>50% increase in the number of client-advisor meetings</p>

**The success of Raiffeisenbank's approach:**

**Customer communication**  
Clear reasoning behind digital in-person services leads to better customer acceptance.

**Employee awareness & training**  
Staff were involved early and experienced the pilot branch firsthand.

**Flexible branch designs**  
Customisable digital setups let the bank adapt to each branch's specific needs.



Derived from thematic analysis of CEO interviews

# Homebuying Process



# Homebuying process

Over the last 5 years the macroeconomic environment has been volatile, exacerbating housing supply issues. Additionally, the homebuying process remains a source of frustration for many, with consumers frequently criticising the experience for its inefficiency, lack of transparency, and overall ineffectiveness.<sup>28</sup> Ultimately, these factors may have contributed to the 30.9% decline in the number of residential property transactions during that time period.<sup>29</sup>

## Housing Supply

Whilst building society CEOs mostly agreed that there are issues with the homebuying process, they overwhelmingly identify the UK's housing shortage as the primary barrier to homeownership. A variety of issues, such as inflation, low occupancy levels, and a lack of suitable housing has resulted in rising prices leading to affordability issues.

The government has acknowledged this imbalance and set an ambitious target of building 1.5 million new homes in the next five years, equating to 300,000 homes per year.<sup>30</sup> However, this goal far exceeds what local authorities have historically delivered.

For instance, 16 of the 317 local authorities in the UK would need to increase their housing output by at least 400% to meet these targets.<sup>31</sup> While building societies welcome the government's commitment to addressing the housing shortage, many remain sceptical about the feasibility of these plans.

As of 31 March 2023, there were 25.4 million dwellings in England, reflecting a 0.93% increase in housing stock compared to the previous year. However, the number of vacant dwellings rose by 3.4% to 699,126. This highlights challenges in getting these properties occupied. While housing supply has increased, simply building more homes is not a sufficient solution.<sup>32</sup>

<sup>28</sup> UK Parliament, 2022

<sup>29</sup> Statista, 2024

<sup>30</sup> Gov UK, 2024

<sup>31</sup> BBC UK, 2025

<sup>32</sup> Gov UK, 2024

Q. To what extent do you agree with the following statement:

*The shortage in housing is a bigger problem than the need to improve the home buying process...*



*Building societies should take a leading role in improving the homebuying process...*



Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

Source: Whitecap online survey 2025

## Underutilisation

One potential angle for addressing the inefficiencies in the supply of housing is to repurpose existing housing stock in respect of underutilised properties.

The 2021 Census revealed that the majority of households in England (68.8%) and Wales (76.3%) were under-occupied, meaning they had more bedrooms than required.<sup>33</sup> A key factor contributing to this issue is that older generations are staying in larger homes due to the financial burden of downsizing.

To address this issue, proposals such as removing stamp duty for downsizers have been suggested as potential government-backed incentives. The aim would be to improve the level of utilisation and enhance the efficient use of the existing housing stock.

## Homebuying Process

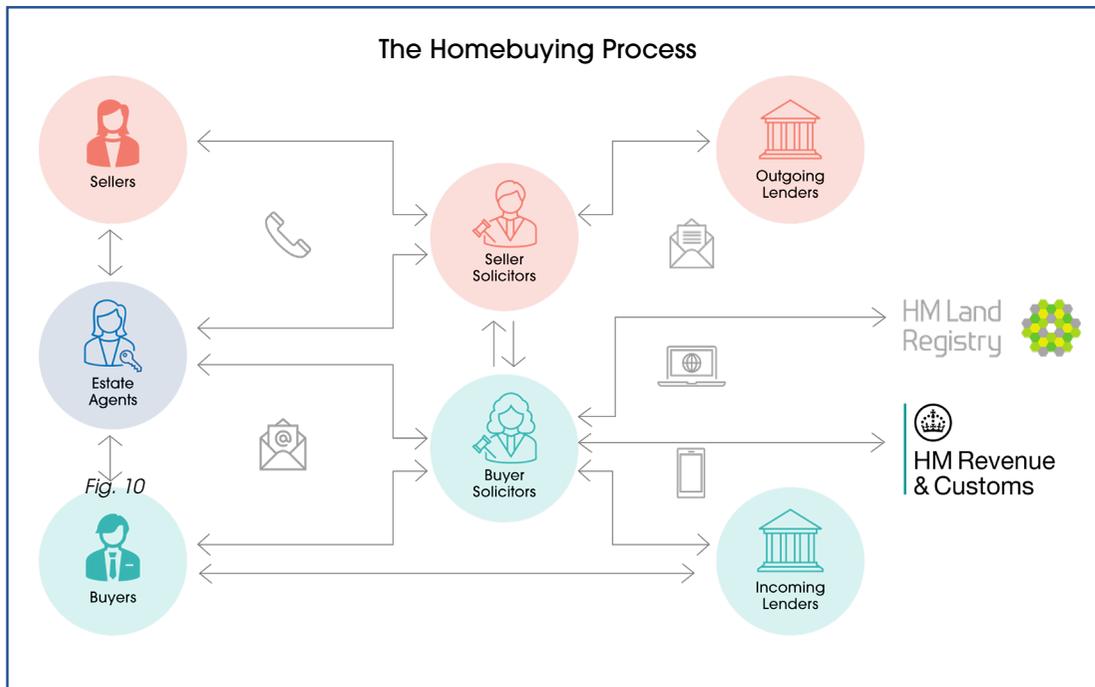
Societies expressed negativity regarding the homebuying process, highlighting how it remains slow and inefficient with a high rate of failure. Inefficiencies within the process are often driven by issues such as:

- Duplication of checks such as repeated ID verification and Source of Funds checks across stakeholders.
- Lack of upfront information at the listing stage, especially around leasehold properties that require additional information from third party management companies, which leads to late-stage surprises and transaction fall-throughs.
- Lack of consistency with consumer education/knowledge on the transaction process which causes avoidable delays.

Data highlights that while completion timelines have stabilised in recent years, time to move post-completion continues to increase, now averaging over seven months nationally.

Meanwhile, post-completion activities such as Land Registry submissions have improved significantly, thanks to digitalisation, showing that targeted interventions do have a positive impact.<sup>34</sup>

Looking into the future societies see an opportunity to improve the home buying process and are supportive of changing, upgrading and making it more efficient. They actively support technological initiatives and advocate for increased government support.



*“We need an increase in the supply of housing alongside improvements by the sector to help homebuyers buy homes.”*

**Andy Deeks, CEO, Leek Building Society**

*“In addition to New Build, we should focus on transforming existing buildings with low occupancy or tenancy into homes and encouraging their development to help alleviate the housing shortage.”*

**Stuart Haire, CEO, Skipton Group**

*“There is undoubtedly a shortage of housing in the UK but not necessarily a shortage of bedrooms. If the government were to create an initiative for people to downsize that didn’t cost them, then it could encourage people to move into homes that are better suited to them, freeing up larger properties. I think there are multiple ways to answer the housing supply problem.”*

**Paul Denton, CEO, Scottish Building Society**

## Technology

Innovation and investment into technological solutions to the homebuying process have grown.. Building society CEOs widely support these advancements, viewing them as a way to streamline transactions and reduce delays. Several key technologies were highlighted as transformative for the sector. Building societies are already aware of these innovations with some actively collaborating with technology providers to integrate these solutions.

For example, numerous societies referenced the work of the Open Property Data Association (OPDA), an industry body driving digitisation in the property market. It aims to standardise digital formats, improve data sharing, and streamline transactions across sectors.<sup>35</sup> Additionally, many discussed their desire to collaborate with PEXA, a platform which seeks to simplify property transactions by digitalising the completion process.

Furthermore, Nationwide highlighted its investment in Coadjute, a platform designed to improve communication between all parties involved in the homebuying journey by leveraging blockchain technology. The momentum for digital transformation in the homebuying sector is growing rapidly, with CEOs of building societies widely supportive of investing in technology to remove delays and friction from the process. However, some societies recognised that barriers remain to full digital adoption.

These include legacy banking systems that require upgrading before full integration with digital platforms and resource constraints, particularly faced by smaller societies, which limits their capacity to invest in or trial emerging solutions immediately.

A potential solution to streamline the process is the implementation of a digital ID. Currently, identity verification is repeated multiple times throughout the transaction. A secure digital ID could significantly reduce delays by allowing instant verification.

There is strong momentum towards digital transformation in the homebuying sector, with some building societies actively engaging in initiatives or hoping to engage in initiatives in the future that are aiming to simplify and modernise the process.

A wide range of public and industry-led initiatives are currently underway to improve and streamline the UK property transaction process. These include government-backed efforts such as the Data Use and Access Bill and the Digital Identity and Attributes Trust Framework, which aim to enable secure, consumer-controlled data sharing and standardised digital identity across sectors.

The Digital Property Market Steering Group (DPMSG) is coordinating national alignment through a shared roadmap, while the Land Registry's Local Land Charges Programme and upcoming Property Data Pilot are actively digitising key datasets at the local level. Industry bodies such as the Open Property Data Association (OPDA) are promoting data standardisation and interoperability, while regional projects like the Future Property Transactions Group (FPT Group), which includes a number of building societies including Leeds Building Society and Skipton Group, aims at generating insights and proof points around key focus areas including source of funds, upfront information and consumer education.

Collectively, these initiatives as well as many others, represent a coordinated push towards a faster, smarter and more integrated property market.



*"The homebuying process doesn't work well, it's very cumbersome with a lot of repetitive activity. There's clearly an opportunity to improve it."*

**Zack Hocking, CEO,  
Penrith Building Society**

*"Delays in the homebuying process are rarely caused by building societies or mortgage lenders, as we aim to get the money lent as quickly as possible. Instead, delays often occur within some part of the legal chain, surveying, or the other transaction related steps."*

**Simon Taylor, CEO,  
Melton Mowbray Building Society**

*"The homebuying process remains unnecessarily complex. Automating and digitalising it will make a massive difference."*

**Paul Wheeler, CEO,  
Mansfield Building Society**

*"Platforms like PEXA can help address friction points typically found in the house buying process."*

**Mark Selby, CEO,  
Hanley Economic Building Society**

*"The homebuying process needs innovation because buying a house remains one of the most stressful experiences. Innovation is central to our 3-year roadmap, which is why we partnered with FinTechs like MQube to support that."*

**Sue Hayes, CEO,  
Nottingham Building Society**

## Streamlining the UK's property transaction process

**It currently takes an average of 22 weeks to complete a property purchase in England and Wales, with up to 30% of transactions falling through. For lenders, this introduces unnecessary risk, affects pipeline certainty, and often results in poor customer outcomes in a market already facing capacity constraints and growing service expectations.**

Digital transformation presents a powerful opportunity to address these longstanding issues. By helping to remove friction, reduce delays and improve security, technology can support both lenders and conveyancers in delivering a better experience for their customers.

In Australia, the PEXA platform was created through collaboration between state governments and the major banks, before evolving into a private and now publicly listed company. It has since facilitated over 40 million digital property transactions and is used in around 90% of all property settlements in Australia, supporting more than 20,000 families each week.

That same capability has now been tailored for the market in England and Wales. In 2022, we launched a dedicated remortgage proposition, enabling the synchronised settlement of funds and automated lodgement with HM Land Registry. This solution has

helped reduce average remortgage timelines by up to 10 days compared to traditional methods. Our long-term goal is to enable 48-hour remortgage completions from mortgage offer to lodgement of registration - and recent activity has demonstrated we're getting closer, with one buy-to-let remortgage completed in just 37 working hours.

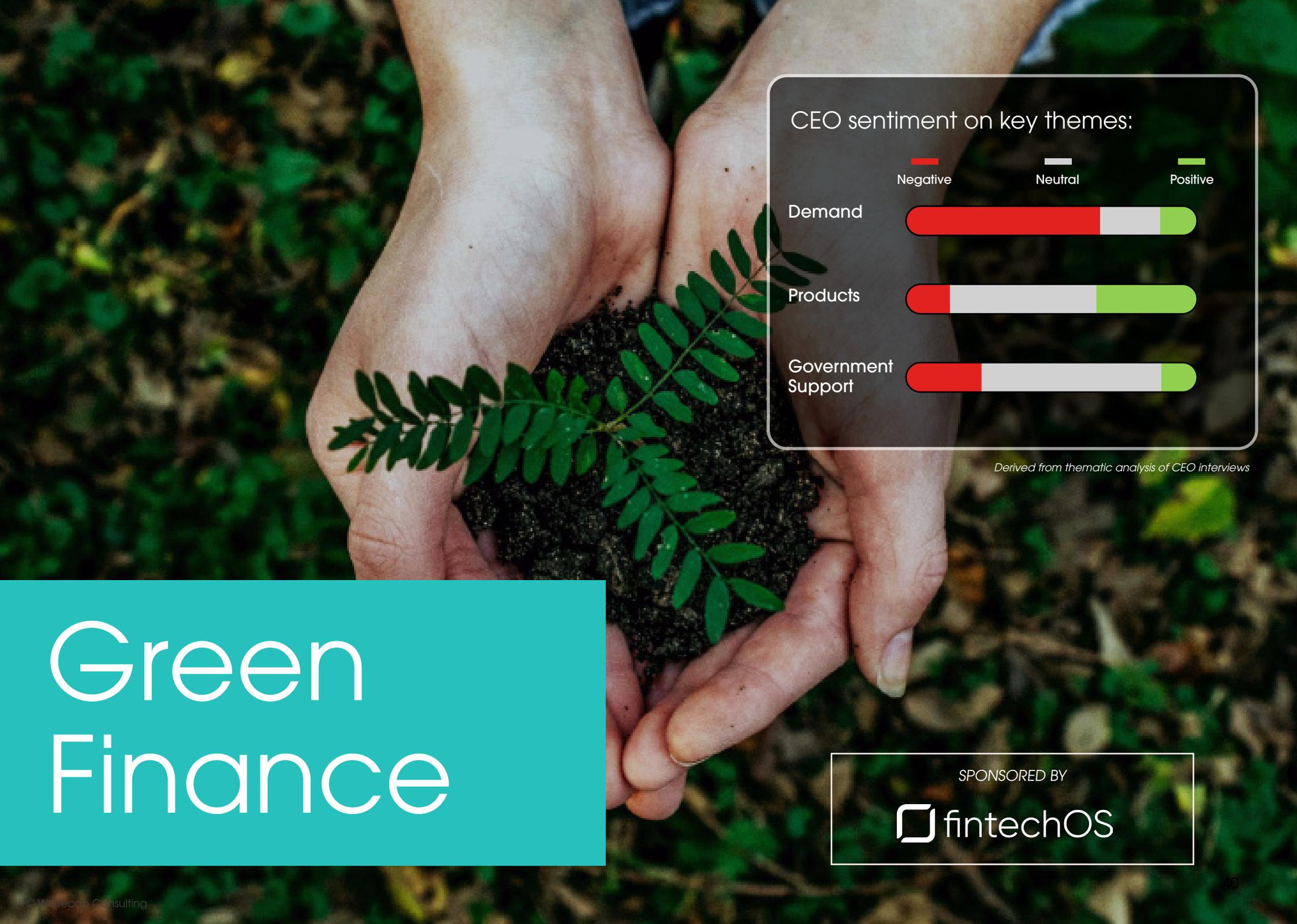
At the heart of this offering is PEXA Pay, the first payment scheme purpose-built for property transactions. It currently leverages the Bank of England's Real Time Gross Settlement (RTGS) system to settle residential and buy-to-let remortgage transactions, and is planned to be extended to cover sale and purchase transactions in 2025 - marking a significant step toward a fully digital property transaction process in the UK. PEXA Pay offers liquidity benefits to participants through deferred net settlement and enables up to six daily settlement windows. It also removes the need for law firms to hold or move client funds, reducing risk and improving operational efficiency for lenders and their legal panels.

Hinckley & Rugby Building Society became the first building society to complete a remortgage through PEXA and momentum in the sector is building. As we prepare to launch our sale and purchase proposition, further opportunities will follow - including synchronised settlements across property chains, as successfully achieved in Australia since 2017.



To help shape this future, we launched the Future Property Transactions Group (FPTG) - an industry working group made up of stakeholders from across the property ecosystem, including lenders, conveyancers, estate agents, mortgage brokers and proptech providers. The FPTG is focused on tackling systemic pain points in the transaction process, with a goal of developing practical, cross-industry solutions that can benefit consumers and professionals alike.

By helping to remove friction, reducing delays and enhancing security, PEXA is not just improving the way transactions are completed today, it is helping to lay the foundation for a more efficient and reliable property market in the future. For building societies, the opportunity is not just to participate in industry transformation - but to lead it.



# Green Finance

## CEO sentiment on key themes:

■ Negative      ■ Neutral      ■ Positive



*Derived from thematic analysis of CEO interviews*

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# Green finance

Green finance is particularly important for the building society sector, given the substantial emissions generated by UK housing. With some of the oldest homes in Europe, the UK faces significant energy efficiency challenges.

Notably, 78% of UK buildings were constructed before 1980, compared to an EU average of 61%, highlighting the urgent need for sustainable retrofitting and investment.<sup>36</sup>

## Product Growth

In response to the need for improvements to the UK housing stock, several building societies have implemented green finance products.

The number of green mortgages has grown rapidly, expanding from four “green” products to 60 in five years.<sup>37</sup>

Preferential interest rates for energy efficient homes and retrofit advances are the most popular products. Additionally, several other green mortgage options are available through building societies, like woodland mortgages and lending for sustainable building methods.

Uptake of green products has been mixed; Nationwide began offering green borrowing for house improvements at 0% in June 2023. However, take-up has been very low, with just 1,900 applications completed since launch until the end of September 2024.<sup>38</sup>

A large proportion of the green mortgage market is focused on new builds, which typically have better energy ratings than existing housing stock and therefore qualify for certain products. However, the retrofit market could become a future growth area if demand increases.

When asked about green finance, most building

society CEOs focused on the green mortgage market in their responses. While several societies support green initiatives through community giving, evidence of growth in the green savings market is very limited in terms of the amount of activity and the number of products.



*“We need to build one and a half million homes, it’s not just because we have a housing shortage, it’s because we have a green housing shortage.”*

**Jonathan Westhoff, CEO, West Brom Building Society**

*“We’ve got a 0% Green Additional Borrowing mortgage. We’ve seen a slight increase in take-up off the back of some publicity, but it’s very modest.”*

**Graham Lloyd, Director of Strategy, Nationwide Building Society**

*“There is some demand for green products. Members are seeking advice on how to improve the energy efficiency of their homes.”*

**Richard Ingle, CEO, Bath Building Society**

<sup>36</sup> HBF, 2023.  
<sup>37</sup> BSA, 2024

<sup>38</sup> What Mortgage, 2024

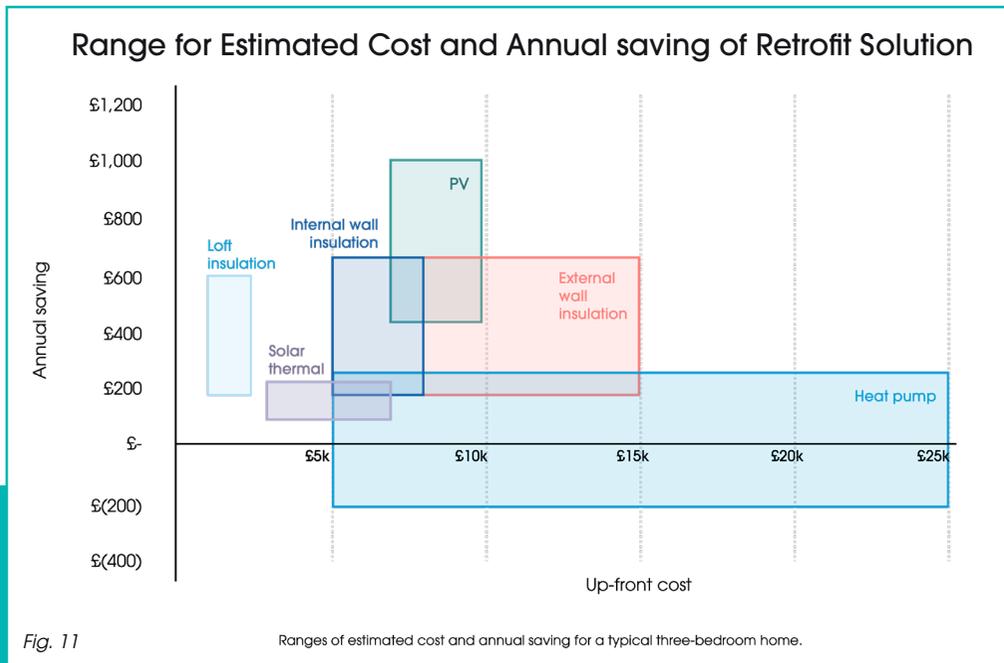
## Demand

Although many building societies have introduced green mortgage products and marketed them to their customers, demand remains low. Several societies conducted member surveys to gauge interest in sustainability focused products, but results indicate a limited appetite.

There are a variety of reasons cited as to why demand for retrofit products is low, including a lack of awareness, the disruption from construction, and a small retrofit labour force, but the primary reason is the affordability and economic case for renovation. Figure 11 presents the estimated upfront costs and annual savings of various retrofit solutions for a three-bedroom semi-detached house. The payback periods for some options appear excessive, raising concerns about their commercial viability.

## Government Support

There are government incentives such as ECO Funding, and the Warm Homes: Social Housing Fund. However, these are focused on fuel poverty and are not widespread initiatives available to all homes in the UK.<sup>39</sup>



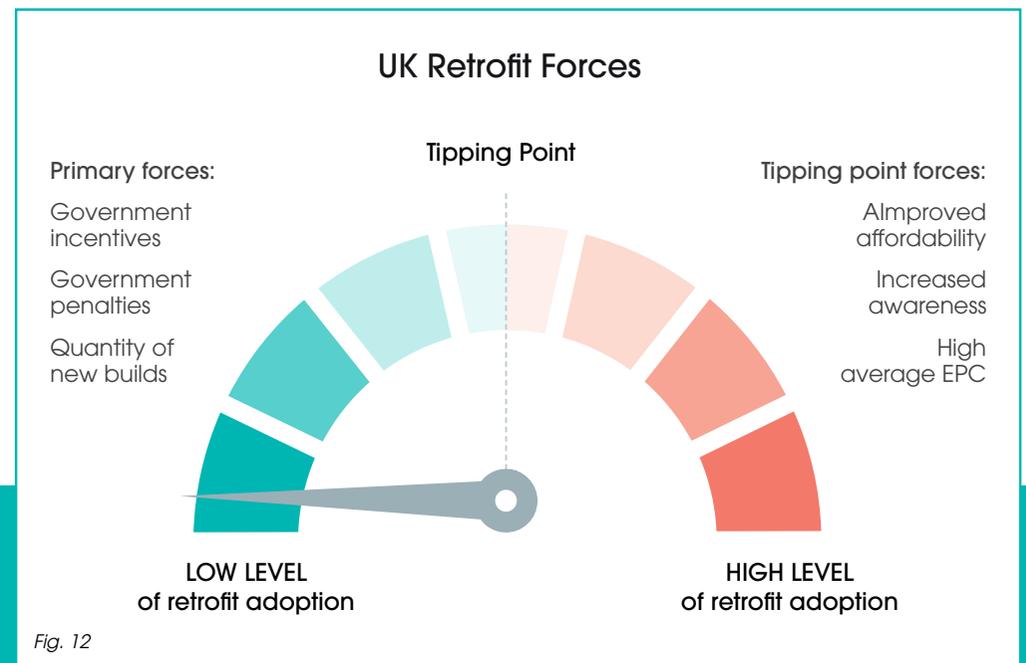
39 IRT, 2024

Source: Whitecap Analysis

The prevailing sentiment in the building society sector is that, without increased government intervention, the green finance mortgage market is unlikely to see significant growth over the next five years. For widespread adoption to take hold, the sector must reach a tipping point, where awareness is high, energy efficiency plays a central role in property valuation, and sustainable housing practices become the standard.

Reaching this tipping point will require a combination of government incentives and increased public awareness. In addition to financial support to lower the costs of retrofitting, innovative financing solutions may be needed to address the high upfront investment and long payback periods typically associated with these upgrades.

As retrofit adoption accelerates and the volume of energy-efficient new builds increases, a larger share of homes will achieve high EPC ratings. With growing public awareness and market recognition, energy efficiency will naturally become a key driver of property value, solidifying sustainable housing as the norm.



Source: Whitecap Analysis

## Awareness

Building societies recognise the importance of retrofitting and are actively raising awareness and supporting their members with decisions.

Several offer free EPC assessments and guidance on improving energy efficiency. For example, the Cambridge and Skipton have purchased local properties to renovate them as green housing exemplars.

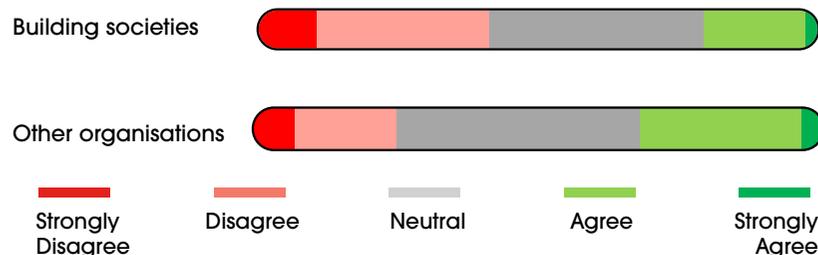
## Green Trapped

There is also recognition of the potential negative impact of legislation. As EPCs play an increasingly important role in the home buying process, there is growing concern that properties that are difficult or costly to retrofit may become less attractive to both buyers and lenders.

This could lead to a phenomenon known as “green trapping,” where individuals living in homes with low EPC ratings are unable to sell or upgrade their home.

**Q.** To what extent do you agree with the following statement:

*Green finance will be a significant area of growth for building societies in the next 5 years...*



Source: Whitecap online survey 2025



*“The cost of getting a house from an EPC rating of D up to a B can be greater than £60,000. That’s beyond the reach of most people and I think it’s a big challenge in terms of the impact on the value of the property versus the investment required.”*

**Mark Selby, CEO,  
Hanley Economic Building Society**

*“There is some demand for green products. Members are seeking advice on how to improve the energy efficiency of their homes.”*

**Richard Ingle, CEO,  
Bath Building Society**

*“We’ve got lots of properties that were built around coal mines, so they’re terrace properties with stone walls and slate rooves. It’s expensive to retrofit these properties.”*

**Alun Williams, CEO,  
Swansea Building Society**

*“We have bought a three-bed semi-detached house, and we are completely redeveloping it to make it as green as possible. We’re going to be completely open about how much we spent, the environmental impact, and the difference it’s made to the bills.”*

**Peter Burrows, CEO,  
Cambridge Building Society**


[Learn more](#)


## Reimagining Service for the Next Generation of Members

**Building societies have always stood for something different in UK financial services—community-first, locally trusted, and member-owned. This legacy matters now more than ever. But the way members engage with financial services is evolving, driven by digital expectations and life’s increasingly complex moments.**

Younger generations are looking for more than good rates. They expect services that are flexible, easy to access, and designed around their lives, whether they’re buying their first home, starting a family, or managing household finances.

These expectations pose a real challenge for many building societies, especially when constrained by ageing systems and limited resources. That’s why the conversation isn’t just about transformation. It’s about enabling building societies to continue doing what they do best, just in a more modern, accessible way.

### Adapting Without Compromising on Values

At FintechOS, we believe building societies shouldn’t have to choose between their core purpose and the need to evolve. It’s not about replacing what works. It’s about giving teams the tools to do more with what they have.

Our platform helps simplify how financial products are designed, delivered, and managed, all without major disruption. Whether it’s updating a savings product, digitising the mortgage journey, or introducing value-added services like home insurance or energy efficiency support, it’s about enabling change at your pace.

Teams can quickly experiment with new ideas, respond to member feedback, and improve journeys without relying heavily on IT or costly development work.

### Technology That Works with You

Innovation can feel overwhelming, especially with legacy infrastructure and lean resources. But modernisation doesn’t have to mean high-risk or high-cost change. Our approach is flexible and modular. Start small, perhaps with one product or one journey. Then build on it over time.

With low-code tools and pre-built templates, your teams stay in control. You can design personalised offers, embed new services, and connect with external partners, all while maintaining the trust and human touch that your members value.

Most importantly, everything is underpinned by secure, scalable technology that reduces operational costs and supports long-term sustainability.

### Staying True to Purpose While Adapting to Change

At a time when competition is increasing and member expectations are shifting, building societies have an opportunity: to stay true to their roots while reimagining how they serve their communities.

Modern tools can help deliver the same trusted experience, just in ways that meet modern needs. From faster onboarding to more relevant offers, from operational simplicity to cost efficiency, the benefits extend across the organisation.

Change doesn’t mean losing identity. It means strengthening it for the future. Let’s reimagine what’s possible together. Life-centric services delivered locally.

Teo Blidarus, CEO & Co-Founder, FintechOS



### CEO sentiment on key themes:

Legend: Negative (Red), Neutral (Grey), Positive (Green)



*Derived from thematic analysis of CEO interviews*

# Diversification & Collaboration

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# Diversification & collaboration

Diversification away from the core business proposition of mortgages and savings is not seen as a large area of opportunity for most societies. The sector is considered to be collaborative and well networked but more formal collaborations are challenging to implement despite the theoretical benefits of joint opportunities being widely acknowledged by CEOs.

## Narrowing Focus

Whilst there are several successful examples of building societies diversifying their offering by establishing subsidiaries, the majority of building societies have narrowed their focus and even shut down or exited subsidiary organisations doing non-core business activities. This trend is likely going to continue as most building societies hinted at focusing on their core strengths. The belief amongst most small or medium sized building societies is that expanding their business operations can be too complex or disjointed from their strategy.

Some organisations have shown interest or are currently exploring opportunities within the SME and charity savings markets. These areas are seen as potential growth opportunities that align closely with the core values of societies. However, a full transition into business banking is considered too significant a shift for most.

## Diversification

There are exceptions to the rule, typically large societies are more likely to have diversified into other sectors. For example, Nationwide, Newcastle, and Skipton all have developed propositions outside of their core offering. There are some small societies like The Family Building Society also have a wider set of offerings.

Both strategies are potentially considered high risk, expanding into new sectors can be difficult, reduce efficiency, and confuse business strategy, whilst over reliance on one set of products can leave an organisation vulnerable to shocks.



*"Diversification is not on our agenda. Our business model is focused on savings, first charge mortgages and commercial lending."*

**Julie-Ann Haines, CEO, Principality Building Society**

*"I do think there's opportunity within the sector to diversify away from just savings and mortgages to offer alternative services under the mutual banner."*

**William Carroll, CEO, Monmouthshire Building Society**

*"It can be difficult for a small or medium sized building society to manage its commercial lending exposure through an economic cycle."*

**Jonathan Westhoff, CEO, West Brom Building Society**

*"We used to offer insurance and financial advice. But we have now decided to focus on lending and savings. The overall aim is to grow much faster than we have previously."*

**Andrew Craddock, CEO, Darlington Building Society**

## Partnerships

Whilst most small and medium-sized building societies are not actively diversifying, they recognise the value of forming partnerships that benefit both their organisations and their members. As a result, several have established collaborations with a range of partners, including solar panel installation companies, local and national government bodies, financial advisers, and others. These partnerships enable societies to extend their offerings without the need for significant internal diversification.

## M&A

The recent acquisition of Virgin Money diversifies Nationwide’s offering into business and commercial banking, significantly diversifying their role as a financial services institution. Similarly, Coventry Building Societies acquisition of the Co-operative Bank. However, generally M&A is not seen as a considerable area of opportunity for a variety of reasons. There is not a major incentive for building societies being acquired to participate in M&A, the acquisition must be in the best interest of the members, and regulation can inhibit M&A.



*“We wanted to expand into business banking, and it was hard to do that organically. Acquiring Virgin Money gives us scale so that over time we can explore that market with the same kind of mutual ethos and long-term decision making that we apply to our retail businesses.”*

**Graham Lloyd, Director of Strategy,  
Nationwide Building Society**

*“Collaborating with other societies to share resources or auditors are good ideas, but there seems to be limited appetite for collaboration. It can be difficult to collaborate when you are also competing.”*

**James Paterson, CEO,  
Dudley Building Society**

*“I think it’s a tragedy that building societies haven’t collaborated more over the years in areas of a non-competitive nature.”*

**Alun Williams, CEO,  
Swansea Building Society**

*“As a building society, you can’t always get all of the specialisms that you need. So we need to forge partnerships with interesting people and organisations who can benefit from working together.”*

**Sue Hayes, CEO,  
Nottingham Building Society**

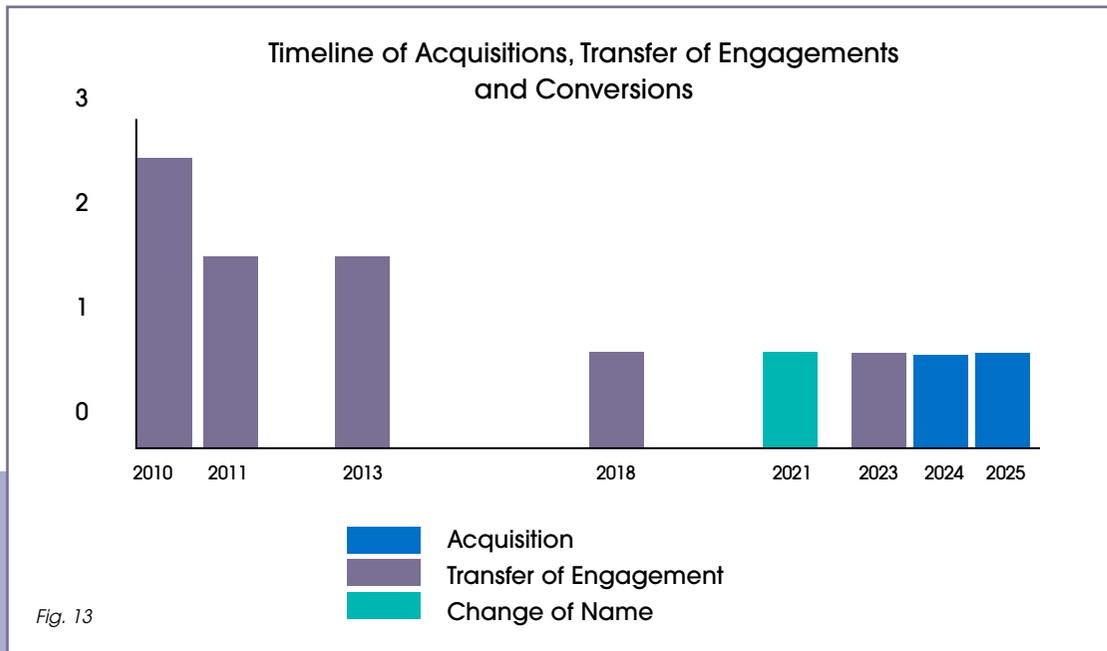


Fig. 13

Source: Beauhurst



*“The sector has a collaborative mindset. It is quite common for there to be a room full of building societies CEOs having productive discussions.”*

**Mark Selby, CEO, Hanley Economic Building Society**

*“Building societies are at different stages in their strategy, in their technology life cycle, and in their approach. It can make collaboration in areas such as technology difficult.”*

**Richard Fearon, CEO, Leeds Building Society**

*“I believe there is considerable value in collaborating on common challenges and issues, such as lobbying to remove regulatory barriers to growth, but it’s much harder to collaborate on developing shared operating models or technology platforms due to the inevitable differences in our strategies, goals and business requirements.”*

**Zack Hocking, CEO, Penrith Building Society**

*“There are a lot of independently minded boards, which is a great strength, but it does make collaboration between building societies difficult.”*

**Stephen Mitcham, Non-Executive Director**

## Building Society collaboration

The level of formal collaboration between building societies remains low. While there is a healthy culture of informal cooperation, such as sharing best practices in areas like green finance, discussing relationships with technology providers, or partnering on community initiatives there is limited appetite for deeper, more structured collaboration.

Nexa Finance Limited, launched in 2019 by Melton Building Society, is a property development finance subsidiary that connects SME property developers with funders. It offers an alternative lending model to support the construction of new homes, property refurbishments, and conversions of commercial buildings into residential properties. Nexa continues to grow and collaborates with other building societies to drive housing development.<sup>40</sup>

Formal operational arrangements, such as shared back-office functions or joint ventures, are rarely pursued. Although the potential benefits and efficiencies of collaboration are widely acknowledged, and often discussed as a promising concept, the reality is that most CEOs consider it too difficult to implement effectively. This reluctance is due to a variety of reasons, such as a lack of alignment in strategy, operations, or technology. There are also concerns about imbalances in power dynamics, where one organisation might dominate the other, as well as the inherent complexities of collaborating closely with a competitor.

Nevertheless, there are examples of collaborating in other countries. In the US, Australia, and New Zealand there are examples of credit unions sharing back-office services.

<sup>40</sup> BSA, 2022

## Skipton Building Society prepares for the next century of banking

### Summary

The growth of challengers is driving change in the UK banking sector.

Challenger banks and neobanks, with their digital-first, personalised, and innovative approach, have reshaped customer expectations. Alongside consumer technology advancements, the present challenges for those constrained by legacy platforms. BJSS has helped Skipton Building Society transform the 170-year-old institution to meet the needs of existing and future members.

### Opportunity

Skipton engaged BJSS to put Customer Experience, Cloud and Data at the heart of a programme to revolutionise Skipton's business, supporting the aim of creating a fairer more equal society. Skipton embraced the transformation of the member experience and the modernisation of the underlying technology stack underpinning its core services.

### Solution

BJSS collaborated with Skipton to develop a deep understanding of the challenges - providing strategic technical expertise and flexible resource to complement the Skipton team. BJSS secured Microsoft funding to accelerate the cloud migration

to the Azure platform, migrating workloads, databases, systems, and API services.

Together, BJSS and Skipton developed a workforce upskilling plan including skills assessment and training programmes. They boosted Azure competencies through seminars and practical activities.

BJSS built highly performant APIs to create new front-end technologies on top of the core platform with Azure Dynamics. Technical standards and patterns would enable services to be quickly created, maintained and iterated.

A new website, fully independent from legacy, enabled a new customer-focused approach, and BJSS now leads the App and Portal rewrite, helping Skipton build UX and CX capability.

Finally, BJSS also leads on Data Migration to move 80% of data out of legacy systems into modern cloud by the end of the year. This will unlock the data, risk and AI capabilities whilst improving regulatory reporting.

### Outcome

Significant milestones have been achieved in the ongoing transformation. Beyond cloud migration, the API delivery went from months to fortnights. The website delivered 250 pages in six months and

exceeded benchmarks and upskilling programmes have developed colleague capabilities significantly.

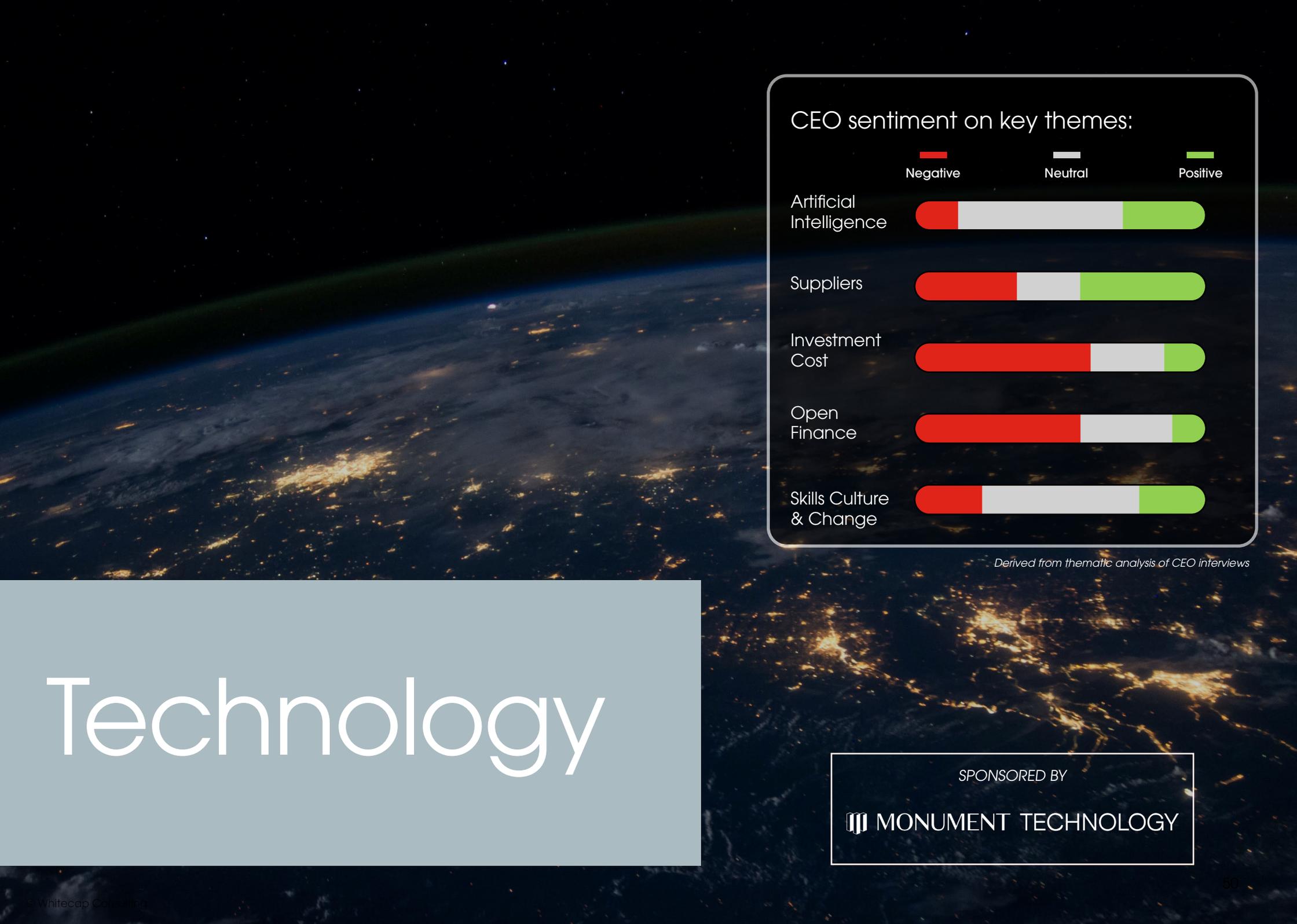
These successes are the foundational steps of Skipton's transformation.



*"BJSS brought strong technical and delivery expertise. Its collaborative approach was refreshing and a great cultural fit. Their exceptional technical capability was key to the success of the programme. BJSS understands how to bring people on the journey so that we can continue to deliver value and services to our members."*

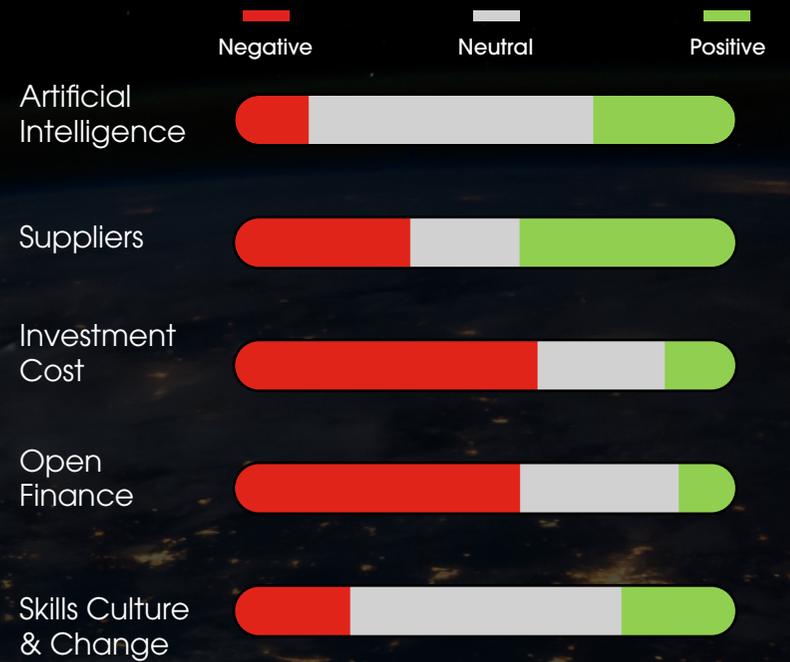
**Daniel Akrigg, Director of Technology**





# Technology

## CEO sentiment on key themes:



*Derived from thematic analysis of CEO interviews*

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# Technology

Investment in technology has been a central strategic focus in recent years. It regularly features as one of the most discussed topics in interviews with chief executives, and the majority of societies have recognised their current tech stack is in part or in full no longer fit for purpose and are continuing to assess how legacy tech can be replaced.

## Investment and Cost

Investment in technology remains substantial for societies of all sizes, with expectations that this will continue to grow in the coming years. For example, Coventry Building Society reported a £9 million increase in IT costs in 2023,<sup>41</sup> whilst Marsden Building Society experienced a £1.2 million increase in management expenses, with £0.65 million directly attributed to initial setup costs for a cloud-based IT platform.<sup>42</sup>

Building society CEOs who frequently raised concerns about the significant costs associated with technology, whether in relation to the products themselves or the broader expenses of digital transformation. This was particularly prominent in the interviews with CEOs of small and medium-sized organisations, frequently raise concerns about the significant costs associated with technology, whether in relation to the products themselves or the broader expenses of digital transformation.

Notably, there are also significant cost associated with maintaining legacy systems. In 2023 it is estimated that 57% of total IT budgets were allocated to maintaining legacy systems. This expenditure on older technology diverts funds from innovation and modernisation efforts.<sup>43</sup>

However, as the modernisation of technology continues, and the adoption of Cloud-based services becomes more commonplace, there



*“The cost of technology migrations is quite significant, both financially and in terms of resources required to undertake these projects.”*

**Susan Allen, CEO, Yorkshire Building Society**

*“Technology and people are increasingly the two hardest costs to manage.”*

**Peter Burrows, CEO, Cambridge Building Society**

*“In five years time, I’d expect our tech spend to be between 50% and 100% more than it is today.”*

**Chris Harrison, CEO, Furness Building Society**

*“Whether it’s branch or online, we have to make sure that our service is as seamless and as frictionless as possible. So we are continuing to invest in technology.”*

**Phillippa Cardno, CEO, Newbury Building Society**

will be an increasing opportunity for disruptive technology to be deployed in the sector.

This may enhance operational efficiency in a cost-effective manner, which could be very attractive and beneficial to societies of all sizes, especially those with simpler needs.

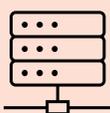
<sup>41</sup> CBS, Annual report, 2024

<sup>42</sup> Marsden BS, Annual reports, 2024

<sup>43</sup> Mambu, 2024

Technology is not generally viewed as a source of competitive advantage, but rather as a fundamental requirement for operating a modern financial services organisation. However, there is potentially an opportunity for a disruptive tech organisation to establish lower cost solutions for more cost focused organisations. A simple low-cost tech solution could be very attractive to societies with simpler needs.

There is investment across a range of technology but reoccurring discussion and key areas of investment since 2021 are:



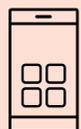
### Core infrastructure

Improving the underlying core infrastructure for improved flexibility and functionality has been a trend across building societies of all sizes.



### Data and analytics

There is growing recognition of the importance of high-quality data. The need for strong foundational data infrastructure to enable effective analysis and insight generation is increasingly evident, particularly in the context of preparing for AI adoption.



### Mobile apps

There has been significant investment in mobile apps. Providing the ability for members to effectively interact with the building society, as well as modernising their platform to attract younger demographics.



### Mortgage technology

The majority of focus has been on mortgage origination technology



### Savings technology

Investing in online savings and mobile app savings technology have been important investments to ensure competitiveness and modernity.



*"We've invested in technology, to make ourselves more efficient, more streamlined and more cost efficient"*

Iain Kirkpatrick, CEO, Market Harborough Building Society

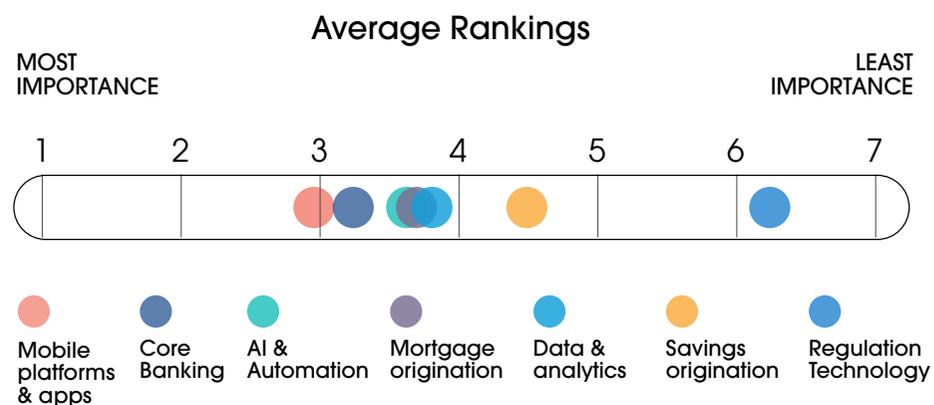
*"Good quality data is critical for building societies. If you're laying AI over the top of poor data, you're going to get inaccurate results."*

Paul Wheeler, CEO, Mansfield Building Society

*"Tech is becoming increasingly more personalised, so offering a more tailored experience to our members is important."*

Julie-Ann Haines, CEO, Principality Building Society

Rank these technologies in importance of investment in the next 5 years...



Source: Whitecap online survey 2025

## AI

AI is increasingly regarded as a key area for investment. The building societies interviewed are at various stages of adoption, and Figure 14 maps their sentiments to highlight the diversity in perspectives, organisational size, and levels of implementation. Views also differ on AI's potential impact, particularly on whether it will benefit the sector. While none of the societies reported a full rollout of AI tools across their organisations, many are actively testing or piloting solutions in areas such as customer service, complaints management, and the mortgage application process.

Whilst there is a significant amount of positivity, adoption can be difficult and addressing concerns is essential for widespread rollout of AI in the sector.

### The key factors raised as concerns by CEOs:

#### Ethical Concerns:

Risk of bias, opacity, and reduced humanity

#### No Clear Benefit

Limited visible value for members

#### Risk Exposure:

Errors, breaches, and AI unpredictability

#### Loss of Identity:

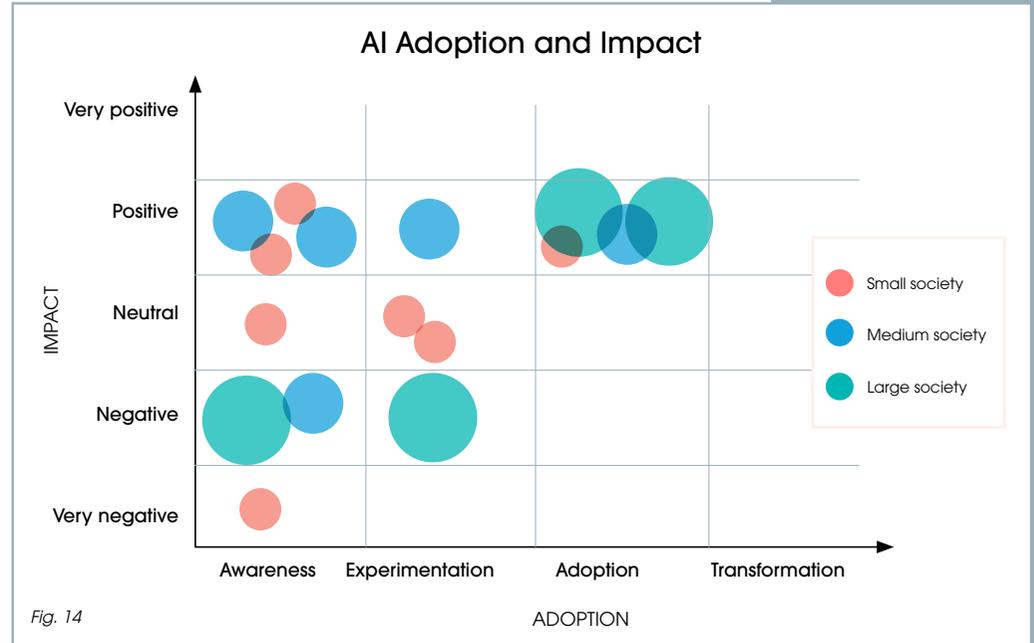
Dilutes values and personal service USP

## Followers and Leaders

The level of AI experimentation among building societies ties into a broader concept prevalent within the sector, the balance between innovation leaders and followers. Some organisations are eager to experiment, engaging with new entrants to the technology market and driving innovation.

By adopting AI early, they often benefit from first-mover advantages, such as lower costs and a competitive edge. However, this approach carries inherent risks, including potential technical issues that could result in costly fixes or reputational damage.

On the other hand, some building societies prefer to observe and learn from the experiences of others. Their approach involves applying best practices based on these insights, acknowledging that while they may face higher costs due to not being first movers, they gain a deeper understanding of change and enjoy reduced risks.



Source: Analysis of CEO interviews



*"The introduction of better processing technology has enabled our growth, and we didn't need to increase our headcount."*

**Paul Denton, CEO, Scottish Building Society**

*"We've built the policies and procedures to anticipate the growth of AI, covering the ethics, principles, and governance. We do believe it's going to have a material impact on the society."*

**Stuart Haire, CEO, Skipton Group**

*"Widespread implementation of AI would involve a huge change of mindset and culture within our society."*

**William Carroll, CEO, Monmouthshire Building Society**

*"AI could be excellent for operational efficiency, but if it makes our unique proposition replicable then it risks undermining our core point of differentiation."*

**Darren Ditchburn, CEO, Vernon Building Society**

## Changing tech stacks

The design of technology stacks is undergoing a significant transformation. The traditional monolithic approach is becoming outdated, giving way to more flexible, integrated architectures. Many building societies currently operate in a hybrid model, leveraging elements of both legacy and modern systems. Ultimately the primary reason for resistance to change seems to be risk aversion and fears of non-compliance with regulation.

Change, however, can be complex and protracted. For some societies, remaining in a monolithic environment reduces the need for a full organisational overhaul, opting for adaptation for more manageable change. Others are preferring adoption of new tech stacks, rethinking operations, and evolving their organisational culture to fully embrace the new digital landscape.

### Old Tech Model

**Rigid, linear architecture** limiting real time processing and multi channel support.

**Custom built but inflexible,** limiting adaptability, scalability and interactivity.

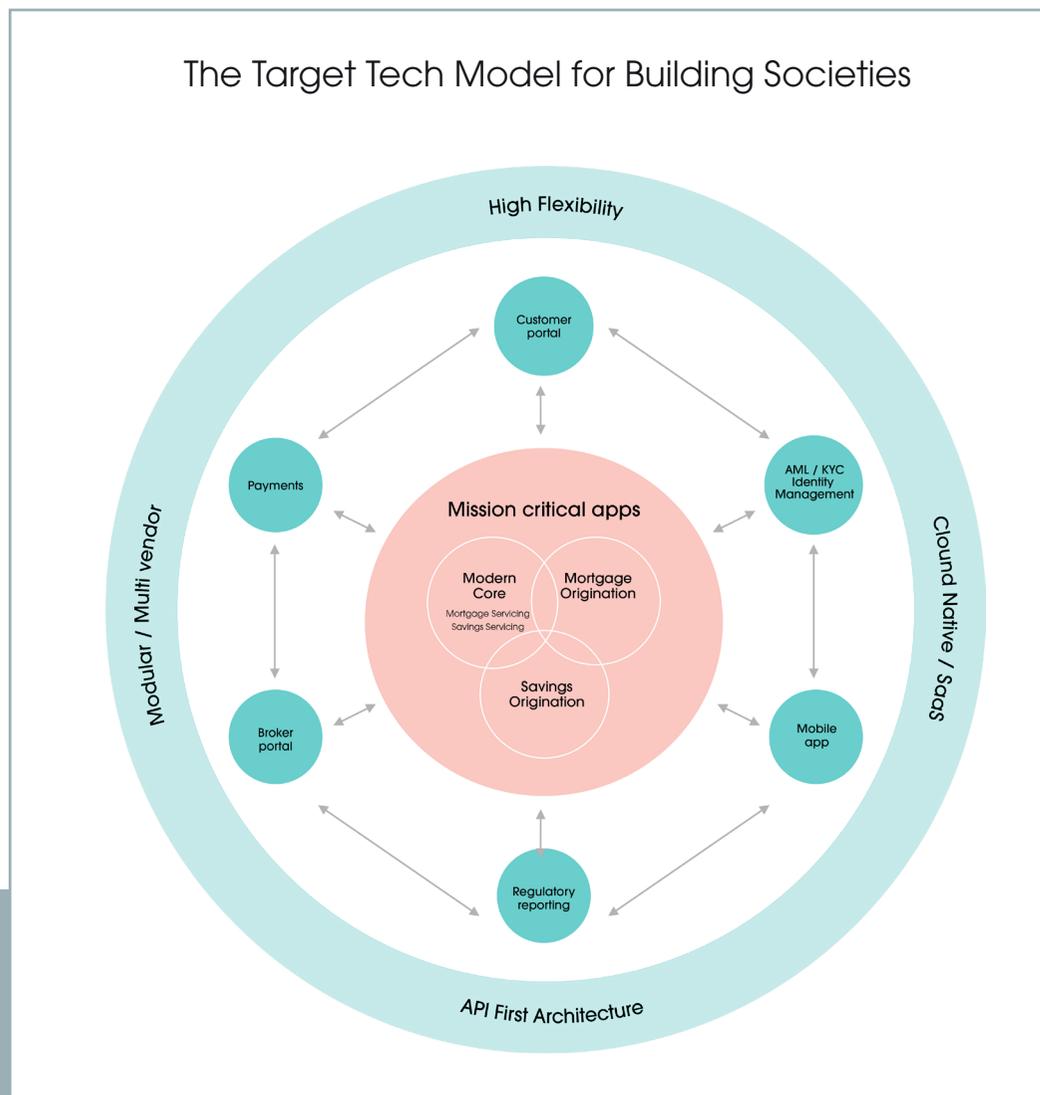
**Monolithic structure** with tightly integrated functions, complicating updates and limiting innovation.

**Limited connectivity** due to outdated protocols and lack of APIs, restricting integration.

**Closed ecosystem** with minimal room for third party adoption and constrained service expansion.

**Limited scalability,** as systems are built for individual banks and BS. Modifications are complex and expensive.

### The Target Tech Model for Building Societies



### Future Model

**Modular and scalable** product ranges enabling faster time to market and greater personalisation.

**Cloud based system** enables lower run cost, automates processes, and improves resilience.

**Modular design** with APIs makes it easier to integrate and reuse key features.

**Marketplace driven** ecosystems allowing seamless adoption of multiple solutions, from multiple vendors on a unified core system.

**Highly scalable** cloud infrastructure enables a single system to serve multiple banks and building societies at once.

#### New model adoption rate by Building Societies:

- 30%** are actively adopting the target tech model
- 40%** have started the transition with individual models
- 30%** have assessed and planned the transition
- 0%** have completed the transition

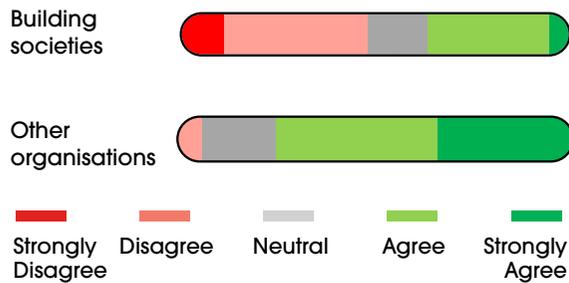
#### Adoption rates of new models by others:

- 100%** Challenger Banks
- 80%** FinTech Banks
- 50%** Specialist Lenders
- 10%** High Street Banks

Based on Whitecap estimates

Q. To what extent do you agree with the following statement:

*A key barrier to adoption of technology is resistance to change...*



Source: Whitecap online survey 2025

## Skills, Culture, and Change

Building societies adopting new technology can face significant changes in both skills and culture. The shift to new systems requires different skill sets, which can be challenging to manage from a change perspective. Additionally, some building societies have found it difficult to source talent with the modern skills necessary for these advancements.

While headcounts across many societies have risen in recent years in line with growth (and also to support change programmes), it is generally believed that significant headcount growth will not be required over coming years.

This is because the benefits of technology adoption (and investment) are expected to lead to efficiency gains, with a decrease in manual tasks as automation becomes more prevalent.

## Suppliers

In 2021 there was an expectation that the supplier market, particularly core banking technology providers would consolidate and decrease in size. Unexpectedly, the opposite has occurred, the market has become more crowded with multiple new entrants across several use cases.

Building societies commented on the difficulty that a diverse and complex market to understand how each technology provider plays for the different use cases. Conversely it also offers a lot of opportunities to pick different providers.

At the time, there was a general expectation in the market that the number of technology providers serving the sector might need to reduce, but recent years have seen the emergence of additional new players, further expanding the choices available to building societies in relation to their primary requirements for core banking, mortgage origination, and savings origination platforms. Significantly, the provision of technology solutions across the sector has now become more fragmented than in 2021, as some societies have decided to partner with new entrants, albeit it should be highlighted that there are also numerous instances of societies reaffirming their commitment to established providers to the sector, and embarking on digital transformation

programmes. To illustrate this point, Whitecap's sector infographic in 2021 identified 25 technology providers engaged in the sector, whereas the same graphic in this report lists approximately 40 different providers. This trend is even more notable for the fact there has been a degree consolidation amongst incumbent tech providers since the last report (for example DPR, BEP and Iress are now all combined under the Finova brand).

The sentiments expressed in the CEO interviews indicate a good level of satisfaction with the options available to them from new and existing technology providers. At the same time, however, many commented on the difficulty of navigating and understanding how different technology providers fit into their overall technology requirements.



*"It is increasingly difficult to navigate the technology market because there are now so many providers."*

**Chris Harrison, CEO,  
Furness Building Society**

*"We're on a skills transformation process at the moment. We're looking at eliminating manual processes and upskilling our employees, so they can add value in other areas."*

**William Carroll, CEO,  
Monmouthshire Building Society**

## Open Banking & Open Finance

The potential transformative impact of Open Banking and Open Finance has been debated extensively amongst financial services providers across all sectors over recent years, but the consensus from the CEO interviews was that there has been an underwhelming impact on the building society sector to date.

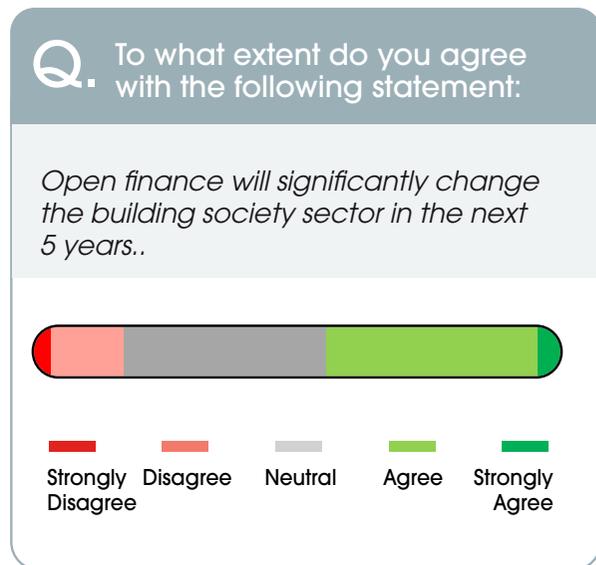
Multiple building societies were cited as being engaged in Open Banking solutions at the time of our previous report in 2021. Although since this time there has been an uptick in the adoption of Open Banking by consumers and businesses in the UK, the generally lukewarm sentiment of CEOs interviewed reflects the views we see from established financial services providers in the UK.

Towards the end of 2024 there were some significant new developments which may have a positive influence on the future adoption and impact of Open Banking and Open Finance, most notably the Data (Use and Access) Bill and the National Payments Vision. This included clarification that moving forward Open Banking will sit under the FCA's remit, a move which was subsequently followed by the announcement in March 2025 that the Payment Systems Regulator will be consolidated into the FCA.

The potential for the dynamics of the mortgage and savings markets to be influenced by developments in Open Banking and Open Finance remains strong,

but while the evidence (or imminent threat) of meaningful impact of any such changes remains low, it appears unlikely that the majority of building societies will prioritise their tech investment in this area.

The sentiment from the CEO interviews does indicate a level recognition that Open Finance has the potential to have a significant impact over the next five years, so this remains an area where we can expect to see continued interest, not least from specialist FinTech providers seeking to partner with building societies.



Source: Whitecap online survey 2025



*"Building societies can take a cautious approach to tech adoption and generally prefer not to be the first adopters. After we secured our first partnership others were keen to engage and two more quickly followed."*

**Dale Jannels, CEO, One Mortgage System**

*"Everyone in our organisation has corporate ChatGPT, and it has been essential for building the bank. We use it to write reports and document processes."*

**Kris Brewster, Director of Retail Banking, LHV Bank**

*"The mortgage market could change a lot in the next 10 years. There will be higher expectations for real time decision making and more data connected through open banking and open finance."*

**Susan Allen, CEO, Yorkshire Building Society**

*"Open banking has some use cases that work and some benefits, but I think there's a long way to go until it will have a material impact."*

**Richard Fearon, CEO, Leeds Building Society**

# Digitising mutuals: Embracing technology to enhance the member experience

UK building societies have stood the test of time, entrenched in a financial services ecosystem that constantly evolves. Despite many changes, they have held steadfast to their values of mutuality, community focus, and exceptional service.

Their dedication continues to be rewarded. Today, building societies serve a remarkable 26 million people across the country. As digital-first expectations rise, building societies are exploring how to adopt next-generation technology to enhance services while staying aligned with their founding principles.

## An opportunity to strengthen tradition with technology

As the world becomes more digitised, building societies are in a better position to respond than they may think. While many already have significant legacy systems, next-generation technology can enhance and transform their offerings.

By digitising routine tasks for members and colleagues, building societies can provide faster processing times, more personalised experiences, and innovative products, without compromising the human touch that sets them apart.

## The role of technology in evolving member experience

Modern technology like Banking-Platform-as-a-Service (BPaaS) enables building societies to simplify operations and focus on their core mission: serving communities. BPaaS offers a full building-society-in-a-box solution which includes digital onboarding, real-time financial data, mobile and web banking applications in a unified platform, streamlining processes and providing a seamless digital experience with a personal touch.

## Preparing for tomorrow's members, today

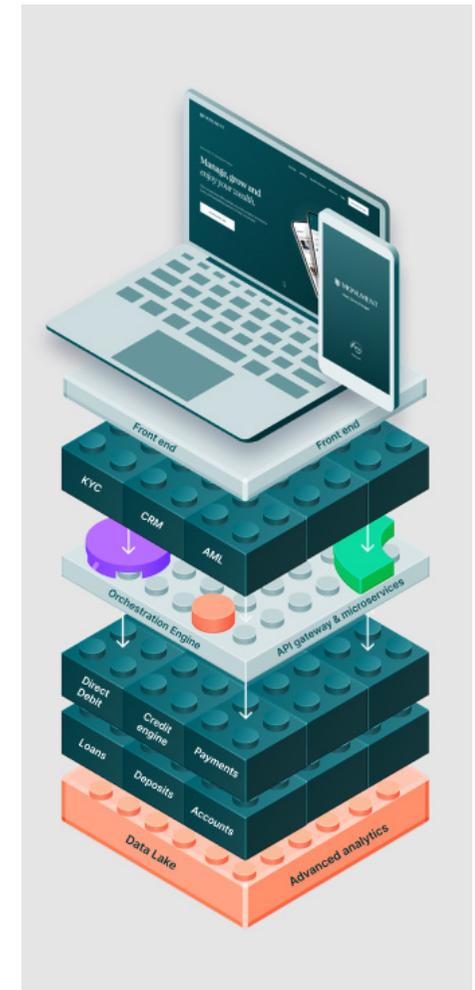
To attract younger members, building societies should again look to technology. Gen Z and Millennials value convenience, and digital engagement, but also appreciate a personal approach. BPaaS allows building societies to meet these needs by offering features like in-app messaging, video calls and tailored products - building long-lasting relationships.

## Simplified transformation with BPaaS

Concerns about migration costs and disruption can make digital transformation feel daunting. End-to-end integrated and cloud-ready, BPaaS mitigates these risks by integrating seamlessly with retained operations, offering a cost-effective and low-complexity solution for building societies to achieve digital transformation without compromising operational stability, all with a full managed service and continuous product innovation.

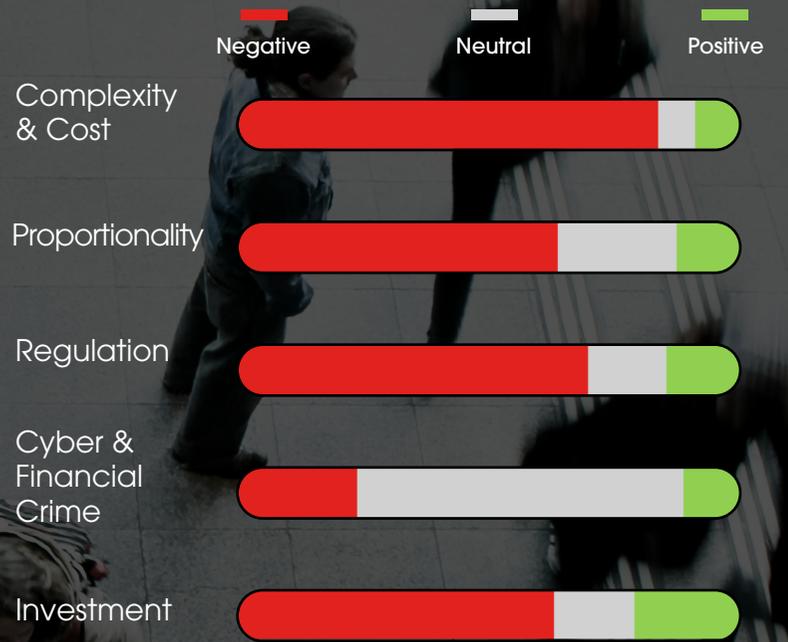
## Advancing community values in a digital world

Building societies have always adapted to customer expectations without sacrificing their values. BPaaS allows them to continue delivering the personal, community-focused service they're known for while embracing digital services. With the right partner, building societies can modernise, preserving their legacy while preparing for a digital future. The question is no longer whether building societies should invest in technology, but how they can unlock new opportunities by doing so.





### CEO sentiment on key themes:



*Derived from thematic analysis of CEO interviews*

# Regulation Policy & Risk

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# Regulation policy & risk

Building societies operate in a highly regulated sector which is facing a growing volume of complex requirements.

Recent years have seen stricter regulations, focused on financial resilience, consumer protection, and the ability to address emerging risks, especially in cybersecurity and operational resilience.<sup>46</sup>

## Complexity and Cost

Building societies have faced an expanding and increasingly complex regulatory landscape, with compliance requirements continuing to broaden and new, intricate rules being introduced. Both large and small societies have expressed similar concerns about the growing burden of regulation. Larger institutions, however, are generally better equipped to navigate the increasingly complex regulatory landscape.

Societies are navigating multiple regulatory changes at once, requiring significant time and resources to identify regulatory gaps and maintain compliance. This is either straining existing teams or necessitating additional hires, all of which are increasing costs. Some societies also noted challenges in attracting skilled employees, as they often struggle to compete with the salaries offered by larger financial institutions.

Another significant cost pressure comes from societies' PIE (Public Interest Entity) status, which has led to substantially higher auditing costs and a lack of competition and choice in the audit market. The price of external audits has risen, and the process also places a heavy demand on internal resources, requiring multiple team members to assist in audit preparation and compliance. The BSA found that average audit fees across building societies (excluding Nationwide) have nearly tripled over the past five years, rising by 177% compared to a 24.8% increase in Consumer Price Index.<sup>48</sup> For the smallest 11 societies, audit costs now account for 9% of their profits.<sup>49</sup>

The BSA supports a review of whether all building societies should be classified as PIEs, recognising that the current audit requirements are disproportionately burdensome. Adjusting the PIE definition could enhance fairness, broaden auditor choice, and help control rising audit costs across the sector.<sup>55</sup>

Building societies are focusing on making their regulatory processes as efficient and robust as possible. However, the increasing regulatory burden is limiting their ability to invest in other areas such as innovation, technology and growth initiatives.



*"The number of different regulations and regulatory changes is a big issue for everybody, whether you're a big bank or a small building society."*

**Susan Allen, CEO, Yorkshire Building Society**

*"Last year, we spent over 10% of our net income on external and internal audit fees. We're almost spending as much on audit fees as we are on our technology platform."*

**Zack Hocking, CEO, Penrith Building Society**

*"The entire industry faces the challenge of competing with big banks on salaries. Smaller institutions sometimes struggle to attract talent as they cannot match the pay offered by big banks."*

**Sue Hayes, CEO, Nottingham Building Society**

<sup>46</sup> [Ibis World, 2025](#)  
<sup>47/49</sup> [BSA, 2024](#)  
<sup>48</sup> [ICAEW, 2025](#)



*“Currently, regulation isn’t proportional. It should be scaled appropriately by the size, balance sheet, and complexity of each firm. Regulation may now be acting as a barrier to growth for some organisations, rather than an enabler.”*

**Julie-Ann Haines, CEO, Principality Building Society**

*“The Strong and Simple framework will be welcome if implemented, but its launch has now been delayed from the original January 2023 date to January 2027.”*

**Alun Williams, CEO, Swansea Building Society**

*“I would like to see genuine efforts to remove barriers for the mutual sector’s growth. For example, if regulations like SS 2015 were relaxed, allowing us to grow similarly to the new banks entering the market, the prospects for growth would be strong. However, if we continue to operate with restrictions, progress will likely remain slow.”*

**Paul Wheeler, CEO, Mansfield Building Society**

*“I don’t view Consumer Duty as a negative for the sector. Building societies are already really well positioned given our ethos as mutuals.”*

**Darren Ditchburn, CEO, Vernon Building Society**

## Proportionality

Building societies have voiced a strong need for proportionality in regulation. Currently, they are held to the same regulatory standards as large financial institutions, yet they are constrained by the lack of necessary time, money, and staff to keep up with these demands and timescales. Introducing more proportional rules would ease much of the regulatory burden they face, enabling them to operate more efficiently.

Regulators acknowledge the regulatory burden on smaller firms, which is why the Strong and Simple Framework was designed by the PRA for small domestic deposit takers.<sup>50</sup> The framework aims to reduce complexity while ensuring safety, resilience, and appropriate oversight to hopefully boost competitiveness and growth within the UK banking sector. While societies are optimistic about its potential benefits, implementation has been delayed until 1 January 2027, meaning the advantages are yet to be realised.<sup>51</sup>

Additionally, the FCA’s recent 5-year strategy highlights their commitment to becoming a smarter, more purposeful, and proportionate regulator. They aim to be easier to engage with and more intentional in the information they request from firms, recognising that supplying data is a significant task.<sup>52</sup>

An example of a successful proportional model is the Small Banks Regime (SBR) in Switzerland which has been operating since 2019. Banks are categorised from 1 (extremely large) to 5 (small), with banks in categories 4 and 5 eligible for the SBR. This regime provides a simpler regulatory framework, allowing them to benefit from reduced capital and liquidity obligations, as well as simplified qualitative requirements.<sup>53</sup>

<sup>50</sup> Bank of England, 2023

<sup>52</sup> FCA, 2025

<sup>51</sup> PwC, 2024

<sup>53</sup> FINMA, 2019

## Regulation

Building societies are subject to a variety of different rules and regulations. One key regulation is SS20/15, a supervisory statement published by the PRA on how they supervise building societies' treasury and lending activities. It outlines their expectations for compliance with various laws and rules.<sup>54</sup> Building societies are required to follow these guidelines having to regularly ask for permission to make changes, unlike challenger banks who do not face the same constraints. This has led to perceptions of an uneven playing field, limiting their growth potential.

Consumer Duty mandates building societies to ensure good outcomes for customers.<sup>55</sup> This regulation aligned with building societies' member-focused ethos. CEOs had mixed views, some saw it as an additional time and cost burden, while others recognised its benefits in improving procedures and protecting vulnerable customers. Looking ahead, the FCA's 5-year strategy continues to prioritise helping consumers navigate their financial lives, boosting trust, innovation, and ensuring access to the right support.<sup>56</sup>

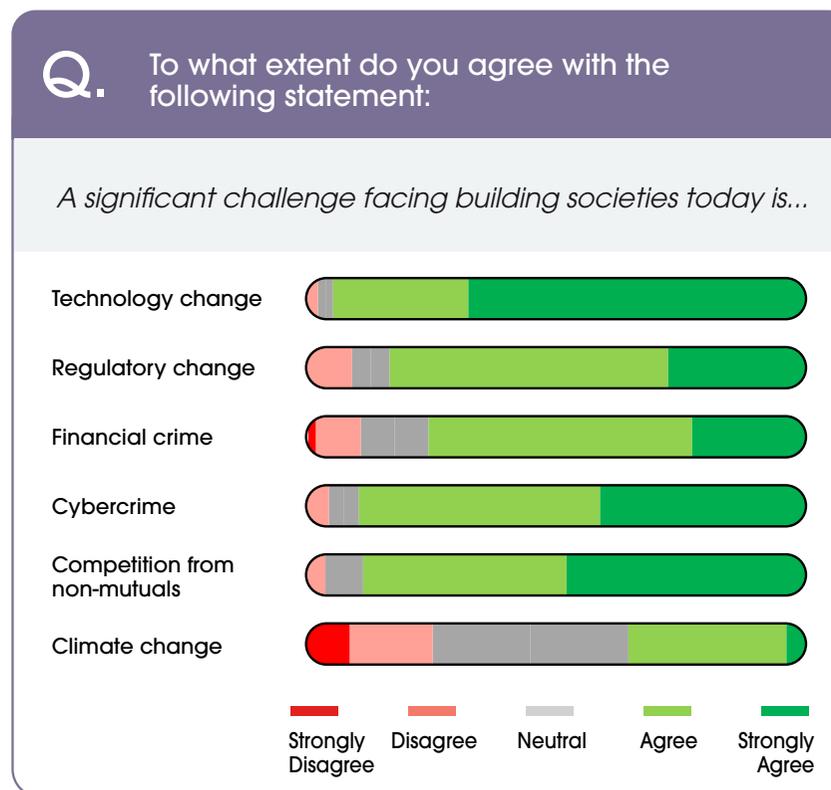
Basel 3.1, set to be implemented in January 2026, aims to refine previous regulatory requirements by introducing a more risk-sensitive approach. It adjusts capital requirements based on factors like property type, loan-to-value ratios, and borrower characteristics, aiming to better reflect the actual risks faced by institutions. The changes will also simplify rules for specific activities, such as lending to SMEs and infrastructure projects.<sup>57</sup>

The loan-to-income flow limit restricts mortgage lenders from issuing more than 15% of new residential loans with a LTI ratio of 4.5 or higher annually.<sup>58</sup> Building societies, which focus on higher loan-to-value (LTV) and first-time buyer mortgages, face more pressure under these limits compared to larger banks.

Operational resilience is becoming increasingly vital as building societies undergo digital transformations. The FCA's Policy Statement (PS21/3), effective since 31st March 2022, outlines rules to help building societies

prevent, adapt to, recover from, and learn from disruptions, aiming to minimise consumer harm and maintain market integrity. These rules require societies to identify critical services, set impact tolerances, map resources, and test against disruption scenarios.<sup>59</sup>

Additionally, there is the operational resilience: Critical third parties (CTP) policy statement, effective from 1st January 2025, applying and regulating both ICT and non-ICT providers to the UK financial sector. It focuses on understanding how CTPs integrate into financial firms, ensuring effective disruption-handling protocols, and establishing robust risk management practices. This is particularly beneficial for building societies reliant on third-party suppliers to ensure they can trust them.<sup>60</sup>



Source: Whitecap online survey 2025

<sup>54/57/58/60</sup> Bank of England, 2021  
<sup>55/56/59</sup> FCA, 2022

## Regulators

Attitudes towards regulators were mixed. Building societies recognised the importance of regulation in stabilising the market and fostering a responsible financial environment, particularly after the 2008 financial crisis and post-Brexit. However, concerns were raised about the volume and slow implementation of new regulations, which disproportionately hinder smaller players.

Some societies called for a more innovative and entrepreneurial approach to regulation, as the current methods were seen as limiting the sector's growth. More proactive, constructive regulation could greatly benefit the sector, though such positive regulatory changes often take considerable time to implement.

## Technology

The regulatory process has faced criticism for its reliance on manual data handling, error detection, and compliance checks. In response, building societies have recognised the opportunity to embrace RegTech, advanced regulatory technology solutions such as AI, cloud computing, and automation to streamline compliance processes, improve accuracy, and reduce costs.<sup>61</sup>

This momentum has been acknowledged by Innovate Finance, which launched RegTech UK to accelerate adoption and support innovation.<sup>62</sup>

A key opportunity noted by societies was the potential to integrate consumer duty regulation into their technology, allowing them to test consumer outcomes, review online feedback, and easily identify vulnerable customers.

Building societies are also exploring technology to automate risk and compliance, particularly in response to rising financial crime and cyber threats. AI has been suggested for monitoring transactions, flagging suspicious activity, and enhancing KYC procedures.

While many societies see the potential and express strong interest of using technology for regulation, risk and compliance, most are yet to capitalise on it. Some remain cautious, believing these areas require significant human oversight and are difficult to fully automate. Additionally, if AI is adopted, proper regulation must be in place to ensure its safe deployment.

RegTech is a rapidly expanding sector, valued at \$12.82 billion globally in 2023 and projected to reach \$85.92 billion by 2032, with a compound annual growth rate (CAGR) of 23.6%.



*"One of the key changes in regulation I'd like to see is an adjustment to the capital regime that building societies operate under. As the youngest building society, with just 44 years of accumulated profits, we don't have the same capital base as long-established societies. The restrictions of the Building Societies Act make it significantly more challenging, costly, and cumbersome for us to raise capital and expand."*

**Gareth Griffiths, CEO, Ecology Building Society**

*"Looking back at the pre-2008 mortgage market, there's a lot to be said about how the market functions more effectively today than it did 20 years ago. In the long run, I feel regulation benefits the sector."*

**Andy Deeks, CEO, Leek Building Society**

*"There are opportunities for us to use technology more in relation to regulation and improve our processes, whether that's through AI or other FinTech solutions"*

**William Carroll, CEO, Monmouthshire Building Society**

<sup>61/62</sup> [Innovate Finance, 2024](#)



*“The most significant change over the last 20 years has been the rise of cyber risk. We now view it as our single biggest threat.”*

**Mark Bogard, CEO, The Family Building Society**

*“I believe the level of investment into risk protection will continue to rise due to the ongoing shortage of labour and the increasing need to enhance risk capabilities, including cyber and operational resilience. This places additional cost pressure on businesses. To support the growth and diversity of the sector, we need assistance in accessing low-cost capital. The challenge is unlocking capital to help smaller societies scale efficiently, particularly when competing against specialist banks, which have the advantage of accessing and utilising capital more easily.”*

**James Paterson, CEO, Dudley Building Society**

*“The sector is risk averse, and I think it does affect the ability of building societies to move quickly.”*

**Paul D'Ambra, CEO, Consectus**

## Cyber risk

CEOs identified cyber risk as a major threat to building societies, with phishing, hacking, and financial fraud on the rise. As a result, cybersecurity has become a top priority. Societies are continually strengthening their security measures, and the fast-evolving nature of threats has led to significant increases in their cybersecurity spending, a trend expected to continue. CEOs acknowledged that determining the appropriate level of cybersecurity investment can be challenging.

Some societies have expanded their in-house cybersecurity teams, while others prefer to partner with external providers for specialised expertise. To stay resilient, societies are running internal security tests, conducting penetration testing, and training employees to recognise cyber threats.

## Financial Crime and Fraud

For many building societies, financial crime and fraud present a less prominent threat than they do to banks, as they do not offer transactional current accounts, which carry enhanced risks in relation to activities such as phishing attacks.

Larger societies like Nationwide are investing significantly in fraud prevention, with their systems blocking £134 million in attempted fraud in 2023 and their Scam Checker Service preventing £12.9 million in scams since 2021. In 2023, they also refunded 87% of APP fraud losses, one of the highest rates in the industry.<sup>63</sup>

In the FCA's five-year strategy it is prioritising supporting regulated firms to strengthen their defences against fraud and financial crime. This includes raising awareness of investment and APP fraud, increasing scam alerts, and developing new ways to warn consumers, ultimately helping them avoid financial losses.<sup>64</sup>

<sup>63</sup> Nationwide, 2024

<sup>64</sup> FCA, 2025

## Operational Risks

Building societies are facing increasing operational risks that pose a risk to their competitiveness. One significant challenge is competition, especially from challenger banks who can offer more competitive mortgage rates. These banks are able to attract large amounts of capital, allowing them to offer more attractive terms to customers. As a result, building societies are under pressure to secure similar capital and are calling for greater assistance support to access it to ensure they remain competitive in the market.

The rising costs of investing in risk management and cybersecurity have significantly impacted building societies' margins. As teams expand and more resources are dedicated to compliance, regulation, and risk management, smaller societies, in particular, are facing increasing pressure to absorb these expenses. To mitigate these costs, growth is becoming essential.

An additional challenge for building societies is that placing an ongoing reliance on legacy systems may also represent a risk, as these systems may be inflexible, vulnerable to security

breaches, and lack the functionality for modern financial services. Maintaining these systems is costly, both in terms of direct IT expenses and inefficiencies in business processes. Additionally, these systems often rely heavily on the expertise of long-serving staff, raising the risk of knowledge loss if that expertise isn't well documented or transferred to newer teams.<sup>65</sup>

## Investment

Due to the increasing risks building societies are significantly increasing their investment in cybersecurity protection measures and risk management strategies. This also includes increasing their workforce and enhancing the capabilities of their compliance and risk teams.

While there is a strong focus on investing in protection measures, building societies also note the need to maintain a balanced approach, ensuring they invest appropriately but also learn to respond and recover effectively from potential threats.



*"As regulatory requirements evolve and fraud becomes increasingly sophisticated, we have significantly expanded our Risk team. We have invested in comprehensive training programs to equip our staff with the skills to identify potential money mules, APP fraud, and misuse of Power of Attorney. A substantial effort has been dedicated to front-end training."*

**Mark Selby, CEO, Hanley Economic Building Society**

*"There are significant risks involved in undertaking a digital transformation programme, especially when it comes to picking a tech provider in the core banking platform space. The options are limited: you either choose an established provider with outdated technology or a newer, less experienced one. Neither option is ideal from a technological standpoint, making execution more challenging, expensive, and time-consuming."*

**Iain Kirkpatrick, CEO, Market Harborough Building Society**

*"You can invest heavily into cybersecurity, but you have to find the right balance. If there is an issue or threat, it's important how you respond and recover from that. We are trying to invest across all different dimensions."*

**Richard Fearon, CEO, Leeds Building Society**

<sup>65</sup> [Arvato Systems, 2024](#)



## Modernising Mortgage Lending for Better Customer Experiences and Efficiency

Enhanced efficiency and a sharper focus on customer experience are not just operational improvements for building societies; they're key drivers of business growth.

For many building societies, key challenges to tech modernisation often include legacy systems, financial constraints, and managing risk and regulation. However, building societies don't need to take on a full-scale transformation project to solve these challenges; many have found success by starting with smaller, more targeted changes. This strategy allows them to deliver measurable improvements while reducing the risk associated with a full-scale transformation.

With broker-led origination and high broker dependency being the norm, broker portals are an ideal targeted opportunity for innovation that can simplify operational workflows, improve communication, reduce turnaround times, and strengthen the broker-customer relationship.

Recognising the importance of such innovation, Yorkshire Building Society Commercial Mortgages (the commercial lending arm of Yorkshire Building Society) has been working with nCino since 2017

to drive operational efficiency and enhance customer and broker experience. Taking a targeted, incremental project approach, the commercial lender initially rolled out nCino's original Broker Portal.

Yorkshire Building Society Commercial Mortgages are now advancing their digital transformation by upgrading their existing broker portal, implementing the nCino Mortgage Solution and integrating new features to leverage the latest advancements on the nCino Platform.

"nCino has provided us with a single customer relationship management system, transforming our operations. With one unified platform, we've eliminated manual tasks, reduced operational risk and enhanced the entire end-to-end lending experience."

**Angela Norman,**  
Interim Managing Director



"The upgraded broker portal will enable us to offer brokers and customers a new digital means to interact with us and respond to market needs with efficiency and speed."

**Michael Wray,**  
Head of Commercial Propositions



Ultimately, the success of modernising lending lies in collaboration. By bringing together people, processes and technology providers, building societies can create seamless, customer-centric experiences to drive business growth. Strategic investments in AI and data-driven tools are central to this effort, helping them to automate repetitive tasks, improve collaboration and allow skilled teams to focus on the high-value, customer-centric interactions that differentiate building societies from other lenders.

To learn more about nCino please visit:  
[www.ncino.com/mortgage/uki](http://www.ncino.com/mortgage/uki)



# Further information

# Headline sponsors



**FINOVA**

## FINOVA

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Finova is the UK's largest mortgage and savings technology provider that lets financial institutions stay ahead of the market with a flexible, proven suite of solutions. With Finova, they can bring in more customers with a smoother experience, respond faster to industry and internal changes, and handle more volume without increasing operational costs.

Backed by an open architecture that fits any tech stack and a team with deep expertise, Finova is proven to scale, processing over £50 billion in loans and managing almost £50 billion in savings each year for more than 60 leading mortgage and savings providers. With Finova, financial institutions become the leader everyone thinks of first.

[www.finova.tech](http://www.finova.tech)



**MUTUAL VISION**

## Mutual Vision

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Mutual Vision is a UK-based fintech company providing modern, scalable digital solutions for building societies and credit unions.

With over three decades of experience, we combine deep sector knowledge with innovative technology to empower mutuals in delivering exceptional member experiences.

Our suite of products, including core banking, mortgage origination, fraud prevention, and engagement tools, is designed with flexibility, compliance, and community-first values in mind.

We're on a mission to evolve together with our clients—helping them thrive in a fast-changing digital world.

[www.mutualvision.co.uk](http://www.mutualvision.co.uk)

# Key sponsors

bjss



BJSS, now part of CGI, is a global tech and software engineering consultancy. We solve some of the hardest and most complex technology challenges organisations face.

For over 30 years, BJSS has provided brilliant software engineering and all the support your business needs to achieve complex AI, data, cloud and product modernisation outcomes. Delivered by a passionate team of experts who put our customers first.

We merge strategy, design, delivery and managed service excellence to help customers to unlock the value of software at every stage of the lifecycle.

[www.bjss.com](http://www.bjss.com)

fintechOS



FintechOS is a composable product engine. Innovative and AI-driven, the platform is designed to seamlessly integrate with banks' existing technology stacks. It offers powerful, low-code capabilities designed to accelerate digital transformation by enabling rapid innovation without the need to replace existing core systems, allowing clients to create, onboard, distribute, and manage financial products quickly and easily.

With its next generation decision-making capabilities and a strong focus on compliance, FintechOS helps financial institutions deliver personalised, data-driven experiences to their customers, while reducing the risks and costs associated with traditional tech transformations. Over 50 clients worldwide – including Groupe Société Générale, Procredit Group, and Admiral Group – use FintechOS to modernise core infrastructure, expand into new markets, or address new business models such as embedded finance, avoiding lengthy implementations or risky migrations of core systems. [fintechos.com](http://fintechos.com)

Monument Technology



Monument Technology provides a next-generation Banking-Platform-as-a-Service (BPaaS) that enables building societies and other financial institutions to deliver modern omnichannel banking without the complexity. Our modular, fully managed solution covers everything from front-end channels and core banking to servicing and compliance. All third-party integrations, feature updates and platform maintenance can be included in a single contract, with one transparent annual fee. Whether launching one product or transforming your full offering, we reduce the cost to adopt modern technology, simplify delivery, reduce risk, and accelerate time to market. Built by bankers, for building societies and banks.

[www.monument.tech](http://www.monument.tech)

nCino



nCino (NASDAQ: NCNO) is powering a new era in financial services. The Company was founded to help financial institutions digitize and reengineer business processes to boost efficiencies and create better experiences. With over 1,800 customers worldwide - from building societies to the largest financial entities globally - nCino offers a trusted platform of best-in-class, intelligent solutions.

By integrating artificial intelligence and actionable insights into its platform, nCino is helping financial institutions consolidate legacy systems to enhance strategic decision-making, improve risk management, and elevate customer satisfaction by cohesively bringing together people, AI and data. [www.ncino.com](http://www.ncino.com)

# Key sponsors contd.

## PEXA



For over a decade, PEXA has led the way in digital property transactions, revolutionising Australia's housing market and facilitating secure, efficient home settlements for over 20,000 families each week. PEXA's platform and services are used in around 90% of all property transactions in Australia. Now, we've brought our expertise to the UK, developing a bespoke solution tailored to England and Wales. Collaborating with the Bank of England, our solution offers heightened security for funds within the banking environment and ensures lodgement with the land registry for tenure and charge protection. From remortgages in 2022 to expanding into sale and purchase solutions in 2025, PEXA is setting a new benchmark for resilience and efficiency in the UK property sector.

[www.pexa.co.uk](http://www.pexa.co.uk)

## SBS



SBS is a global financial technology company that's helping banks, building societies, and the financial services industry to reimagine how to operate in an increasingly digital world. SBS is a trusted partner of more than 1,500 financial institutions and large-scale lenders in 80 countries worldwide and supports half of the UK's building societies.

Its cloud platform offers clients a composable architecture to digitise operations, ranging from banking, lending, compliance, to payments, and consumer and asset finance. With 3,400 employees in 50 offices, SBS is recognized as a Top 10 European Fintech company by IDC and as a leader in Omdia's Universe: Digital Banking Platforms.

<https://sbs-software.com>

## Unblu



Unblu is the leading collaboration platform for the banking industry, empowering financial institutions to deliver seamless, human-centered digital and hybrid experiences. We help our customers to connect with members in an authentic, compliant, and meaningful way - turning every interaction into an opportunity for growth. Unblu Branch is an innovative branch solution that allows you to optimise your branch network and remain at the heart of your local community.

With remote agents and advisors able to serve multiple branches, our interactive, on-site solution is cost-effective, profitable, and provides members with a broader service offering at any location.

[www.unblu.com/en/](http://www.unblu.com/en/)

# Brand sponsors



GDS link

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We believe that the strength of every decision lies not just in speed but in precision and depth. In partnership with TransUnion, our next-gen, modular decisioning platform automates credit risk decision-making throughout the customer lifecycle, from application to onboarding, customer management, fraud detection, and collections.

By ensuring decisions are informed by comprehensive data and accurate insights, we're making modern lending simple for the UK's leading mortgage lenders and Building Societies.

[www.gdslink.com](http://www.gdslink.com)



MAMBU

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Mambu is the leading SaaS cloud banking platform. Launched in 2011, Mambu helps building societies in the UK modernise, innovate, and serve their members better.

Our composable approach enables seamless integration with existing systems, allowing societies to launch new products, enhance digital services, and stay competitive.

Mambu powers 20+ customers in the UK, including Leeds Building Society, Tandem Bank, and Interbridge Mortgages, empowering them to scale with agility and efficiency.

[www.mambu.com](http://www.mambu.com)



MQube

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MQube was founded in 2016 with a clear ambition: to transform the way mortgage loans are originated and distributed for everyone involved. Using advanced automation and AI, our market-leading technology delivers speed, certainty, and control for both lenders and borrowers, improving experiences and outcomes alike.

Nottingham Building Society has become the first society to replatform onto MQube's technology, enabling them to significantly reduce underwriting times and operational costs, while enhancing focus on specialist lending in a highly competitive market.

<https://mqube.com/>

temenos

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Temenos

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Temenos provides front-to-back solutions to building societies, financial institutions and banks of all sizes, across the UK, Europe and globally.

We've been a market leader for over 30 years! We provide advice to Building Societies to help remove complexity and increase operational efficiency through solutions across retail savings, lending, SMEs, payments, financial crime mitigation and digital.

We look forward to speaking with you to see how we could support your organisation and members.

[www.temenos.com](http://www.temenos.com)

# Sponsors

## Digilytics



Digilytics AI reduces paperwork for building societies. It streamlines complex data collection processes to help underwriters gain borrower insights faster.

The AI-powered document processing engine delivers market-leading accuracy, reliability, and coverage. We help lenders transform operations, boost NPS, and simplify processes by reducing manual effort, enhancing compliance, and accelerating decision-making.

[www.digilytics.ai](http://www.digilytics.ai)

## Ohpen



The Truly Digital Building Society just got real. Ohpen have been at the cutting edge of digital mortgages and savings since cloud computing first emerged.

With a UK team steeped in mutuals and bringing together digital acumen and a solutions mindset, we're all about doing things better.

[www.ohpen.com](http://www.ohpen.com)

## Vilja



Vilja is a leading cloud-native core banking platform vendor, empowering building societies and digital banks to deliver a first-class omnichannel banking experience to their members and customers. Our pre-packaged deposit and lending solutions have a composable design. The platform is highly automated and configurable, ensuring rapid time-to-market & enhanced operational efficiency. Our UK headquarters are in Leeds. [www.viljasolutions.com](http://www.viljasolutions.com)

## FIS



FIS is an expert banking solution provider at the forefront of banking across UK & Europe.

Our proven and deeply functional platforms are designed to facilitate UK retail banking requirements, empowering building societies with a compliant, resilient, and adaptable system.

[www.fisglobal.com](http://www.fisglobal.com)

## RSM



RSM is a leading provider of audit, tax and consulting services to the middle market.

As an integrated team at RSM UK with 5,420 partners and staff operating from 31 locations across the UK, we have a culture of understanding what it means to deliver value, and to value what we do.

[www.rsmuk.com](http://www.rsmuk.com)

## Unisys



Unisys solutions have powered the financial services industry for 35+ years. We have a presence in 200+ financial services entities worldwide including some of the largest UK mortgage books on our Core Banking platform. With Unisys, you can deliver exceptional customer experiences, embrace disruption and revolutionize your underlying processes, capabilities and technologies.

[www.unisys.com](http://www.unisys.com)

## Mast



Mast's mission is to make lending simpler, faster and smoother for everyone.

Our fully configurable, cloud-native loan origination platform accelerates the entire loan origination process—saving lenders time and costs, while enabling borrowers to receive offers more quickly.

[www.usemast.com](http://www.usemast.com)

## Target Group



Target Group is part of the Tech Mahindra global family.

We provide trusted, scalable software and servicing solutions for lending and payment collections, combining innovative technology and data-driven insights with our FCA regulatory expertise to drive success for our clients, their customers, and communities.

[www.targetgroup.com](http://www.targetgroup.com)

## Phoebus



For over 30 years, Phoebus has provided automated servicing solutions to building societies, banks and lenders, servicing over £120bn in mortgage and savings assets. With 30+ years of expertise, Phoebus delivers innovative, digital-first technology that enhances operational efficiency. The Phoebus API ecosystem drives transformation and automates processes including migrations.

[www.phoebus.co.uk](http://www.phoebus.co.uk)

# CEO interviews

Bath Investment & Building Society	Richard	Ingle	CEO
Cambridge Building Society	Peter	Burrows	CEO
Darlington Building Society	Andrew	Craddock	CEO
Dudley Building Society	James	Paterson	CEO
Ecology Building Society	Gareth	Griffiths	CEO
Furness Building Society	Chris	Harrison	CEO
Hanley Economic Building Society	Mark	Selby	CEO
Leeds Building Society	Richard	Fearon	CEO
Leek Building Society	Andy	Deeks	CEO
Mansfield Building Society	Paul	Wheeler	CEO
Market Harborough Building Society	Iain	Kirkpatrick	CEO
Melton Mowbray Building Society	Simon	Taylor	CEO
Monmouthshire Building Society	Will	Carroll	CEO

Nationwide Building Society	Graham	Lloyd	Director of Strategy
Newbury Building Society	Phillippa	Cardno	CEO
Nottingham Building Society	Sue	Hayes	CEO
Penrith Building Society	Zack	Hocking	CEO
Principality Building Society	Julie-Ann	Haines	CEO
Scottish Building Society	Paul	Denton	CEO
Skipton Building Society	Stuart	Haire	CEO
Swansea Building Society	Alun	Williams	CEO
The Family Building Society	Mark	Bogard	CEO
Vernon Building Society	Darren	Ditchburn	CEO
West Bromwich Building Society	Jonathan	Westhoff	CEO
Yorkshire Building Society	Susan	Allen	CEO

# Whitecap Consulting

Email: [info@whitecapconsulting.co.uk](mailto:info@whitecapconsulting.co.uk)

[www.whitecapconsulting.co.uk](http://www.whitecapconsulting.co.uk)

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