

# Community Investment Coalition (CIC) newsletter, December 2016

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Investment  
Coalition

## Campaign update

Last week, CIC hosted a round table in the House of Lords to discuss 'Bank Lending Data: Three years on, what have we learnt'. It was kindly hosted by Lord Sharkey and speakers included Baroness Kramer, Gareth Thomas MP, Dr. Nick Henry from Coventry University, Faisal Rahman from Fair Finance and Mike Conway from the British Bankers Association (BBA). The audience included practitioners, civil servants and policy experts.

Those attending participated in a constructive discussion about what we had learnt from the bank lending data released so far and what changes were required to make the data more useful and accessible. It also considered whether there were other sources of data, for example from credit reference agencies, which could provide information on access to finance.

If you would like more information about bank lending data and the case for disclosure, do visit the [CIC website](#).

I would also like to take this opportunity to thank everyone for their support for CIC over the last year. We wish everyone a peaceful festive break.

*Jennifer Tankard, Director CIC*

## News

The Treasury [announced](#) that a new, comprehensive financial guidance body will be in place from autumn 2018, bringing together debt, pensions and money advice services. A public consultation on the plans [will be open](#) until 13<sup>th</sup> February 2017. Minister for Pensions, Richard Harrington, [said](#) the new service would cover:

- debt advice for those in debt problems
- guidance and information on matters relating to occupational or personal pensions, accessing defined contribution pots, and planning for retirement
- providing information to help consumers avoid financial fraud and scams
- guidance on wider money matters and co-ordinating and influencing efforts to improve financial capability
- co-ordination of non-governmental financial education programmes for children and young people

“There is only one thing worse than being talked about, and that is not being talked about.” – City AM [quotes Oscar Wilde](#) responding to the lack of mention of financial services as a whole in the Chancellor’s Autumn Statement.

The Autumn Statement saw [a further £1.8 billion committed](#) to the Local Enterprise Partnership initiative, following on from the £7.8 billion invested since 2013. Despite this move, the Centre for Local Economic Strategies (CLES) [criticised the statement](#) for lacking substance in key areas and put forward alternative policy suggestions.

[Research by Which?](#) found that **1046 bank branches were shut between January 2015 and January 2017**, with banks generally citing the move to online banking as the main driver. The largest cuts are seen below:

Banking group	Number of branches	Proportion of network
HSBC	321	One quarter
RBS Group	191	10%
Lloyds Banking Group (Lloyds, Halifax, Bank of Scotland)	180	14%

In the last two years, the Post Office has also offered an alternative for bank customers to access some everyday bank services. While 72% of the people asked rated their experience of the Post Office as good or excellent, **41% said they didn't realise the Post Office offered banking services.**

In a bid to encourage savers to shop around, the Financial Conduct Authority [published a list](#) of the banks that provide the most and the least return on savings. **In some banks, customers who save through branch deposits – disproportionality the elderly – [were penalised](#),** receiving back as much as nine times less than those who use online banking only.

In November's newsletter we reported that personal debt in the UK had risen past £1.5 trillion. This month, [it is revealed](#) that **private debt is 82% of the UK's 2015 GDP**.

We also mentioned last month that the FCA was building on the Competition and Markets Authority's review of retail banking. It has since emerged that **the FCA will focus on addressing concerns over high-cost short-term credit and unarranged overdrafts, with [an open consultation](#) in place until 15<sup>th</sup> February 2017**. [City AM](#) | [Times](#) | [Telegraph](#)

The FT [found](#) that **peer-to-peer lenders** increasingly take on the characteristics and dependencies of mainstream lenders as they grow in size, and are facing a choice between maintaining an independent model and going for scale and market share.

In-keeping with the rapid digitisation of money in the country, **Sweden's central bank is considering creating [its own digital currency](#)**, three centuries on from creating the first central bank-issued banknotes.

The Resolution Foundation [noted](#) that the UK's major cities, hit the hardest by the recession, are now showing the most promising signs of growth.

## Parliamentary activity

Labour and Co-operative MP Gareth Thomas traced the 2008 banking crisis back, in part, to the wave of bank demutualisation in the 1990s (when 70% of the sector demutualised). [He moved to mutualise the Royal Bank of Scotland](#), arguing that it would shake up the model of the mainstream banking sector, effect change in the culture at the banking giant and provide a reliable source of regular revenue for the public purse in the long-term.

The Financial Exclusion Committee was active in three evidence sessions since November's newsletter. Written transcripts will be posted [here](#) in due course, alongside the audio-visual transcripts available now.

### Tuesday 29<sup>th</sup> November

#### Session 1

- Adam Land, Senior Director, Remedies, Business and Financial Analysis, Competition and Markets Authority
- Bill Roberts, Remedies Director, Lead for the "Open API" remedy, Competition and Markets Authority
- Professor Alasdair Smith, Chair, Retail Banking Market Investigation, Competition and Markets Authority

## Session 2

- Jonquil Lowe, Senior Lecturer in Economics and Personal Finance and Member, True Potential Centre for the Public Understanding of Finance (PUFin), Open University
- Martin Upton, Senior Lecturer in Finance and Director, True Potential Centre for the Public Understanding of Finance (PUFin), Open University

## Tuesday 6<sup>th</sup> December

### Session 1

- Andrew Bailey, Chief Executive, Financial Conduct Authority
- Christopher Woolard, Executive Director of Strategy and Competition, Financial Conduct Authority

### Session 2

- Sue Fox, Chief Executive, M&S Bank
- Stephen Uden, Head of Social Investment, Nationwide Building Society

## Tuesday 13<sup>th</sup> December

- The Rt Hon Lord Freud, Minister of State for Welfare Reform, Department for Work and Pensions
- Nick Gibb MP, Minister of State for School Standards, Department for Education
- Simon Kirby MP, Economic Secretary to the Treasury, HM Treasury

**Gregory Campbell of the DUP asked the Chancellor of the Exchequer, with reference to the cash savings market study, published by the Financial Conduct Authority in January 2015, how quickly he expects any benefits to be experienced by savers as a result of changes introduced.**

Economic secretary to the Treasury, Simon Kirby, [responded](#):

*In January 2015, the Financial Conduct Authority (FCA) published its Cash Savings Market Study, which found that competition in the cash savings market was not working well for many consumers. In response, the FCA has consulted on and are introducing new rules and guidance from 1 December 2016 to improve firms' methods of disclosing information to customers on savings accounts and their interest rates. The rules will make it easier for customers to see what the interest rate is on their account and will place stricter provisions on firms to ensure customers are informed about cuts to their rates.*

## Reports and research

European Microfinance Network have launched a [call for submissions](#) to the 10<sup>th</sup> European **Microfinance Research Award**. The umbrella topic is financial inclusion, with papers especially welcome from young researchers on the topic of financial education for citizen empowerment – the 2017 EMN conference theme. Abstracts must be submitted by **Monday 30<sup>th</sup> January 2017**.

## Events

**Responsible Finance '17 conference and awards** will take place on March 28<sup>th</sup>-29<sup>th</sup> in the Marriot Hotel in Cardiff. [The conference](#), will provide the banking, alternative lending and community sectors with an opportunity to explore emerging trends and develop strategies that allow fair and affordable finance for people, businesses and communities. [The awards ceremony](#), delivered in partnership with the Citi Foundation, celebrates the economic and social impact responsible finance providers have made over the last year.