



Community Banking Charter

**Championing a fresh approach to
community banking so every
adult, household and business
has access to basic financial tools**



**Community
Investment
Coalition**

The Community Investment Coalition (CIC) believes that every adult, household and business should have access to a basic package of fair and affordable finance tools to enable them to operate in their daily lives.

This includes:

- A basic transactional bank account;
- A savings scheme;
- Access to credit;
- Physical access to branch banking facilities;
- Insurance;
- Independent money management advice.

We call on politicians and regulators to:

- Create the framework for UK-wide coverage of community finance providers, or partnerships of finance providers, that can offer affordable and accessible financial tools so that everyone who wants to take up the services can do so.
- Encourage local community finance providers to collaborate in networks to pool central services and achieve economies of scale without losing local autonomy, proximity and customer focus.

- Increase investment into credit unions and community development finance institutions to extend reach to new customers, modernise and innovate.
- Support innovation in new payment systems and digital currencies, by creating a liaison group for emerging players to enable appropriate regulatory responses and monitor the impact of these business models on financial exclusion.
- Encourage financial literacy and raise awareness of community finance to help people move towards affordable and appropriate financial products.
- Encourage partnership models that bring together financial service providers and advice agencies to create a 'one stop shop' that combines access to affordable financial services and products with money management and debt advice.

Find out more at:
www.communityinvestment.org.uk
or follow us at @BankingBetter

Access to affordable finance - what we need to do now

Financial exclusion is an issue for some three million individuals in the UK¹. Whether because of an inability to access a basic bank account, a scarcity of branches or a lack of financial awareness, those without bank accounts represent a significant proportion of the population. Access to basic banking facilities is an essential part of modern life, as employers and government agencies move away from cash and cheques towards electronic payments. Small and micro businesses are also affected by difficulties in accessing basic affordable financial tools, often relying on easy access to branches to bank cash safely. This impacts on their sustainability and opportunities for growth.

Effective tools for savings, payments and accessing credit and insurance can help people climb out of poverty or get through a crisis or emergency without falling into debt. It can help businesses survive and grow and not slide into bankruptcy should a crisis occur.

Every adult, household and business should have access to a basic package of fair and affordable finance tools. These should include:

- A Basic Transactional Bank Account;
- A Savings Scheme;
- Access To Credit;
- Physical Access To Branch Banking Facilities;
- Insurance;
- Independent money management advice.

As the main high street banks retreat from the high street and poorer communities, the Community Investment Coalition (CIC) believes politicians and regulators should adopt a fresh approach to community banking so that every one has access to these basic financial tools.

At the moment, a patchwork of community focused providers offer these services in different parts of the UK. For example:

- **Citysave**, a credit union, offers a range of banking services with packages that include access to a transactional bank account, a Visa Card with cashback rewards, budgeting support and bill payment services.
- **Scotcash**, a community development finance institution (CDFI) in Glasgow, provides a comprehensive service to financially excluded individuals. They have created a partnership with a high street bank for basic bank account facilities, money and welfare benefits advice providers, housing associations who refer tenants and Glasgow City Council. Scotcash can now support customers to move from a crisis management intervention to a longer-term money management approach.
- **ThinkMoney**, a new entrant bank, ensures customers' bills are paid on time, provides a pre-paid card with available spending money and financial advice to support customers to stay out of debt.
- **Boost Community Finance**, a new partnership in Bristol, is building local financial resilience and boosting economic growth. It is a partnership between Bristol City Council, Bristol Enterprise Development Fund, Co-op and Community Finance, South West Investment Group (SWIG) and local communities to boost local investment.

Different solutions to providing affordable and accessible finance work well in different parts of the country. But this fragmented approach of letting new entrants, credit unions and CDFIs grow organically to provide financial services means that some communities and businesses struggle to access the financial tools they need.

It is time for a new approach that will:

- Create the framework for UK-wide coverage of community finance providers, or partnerships of finance providers, that can offer affordable and accessible financial tools so that everyone who wants to take up the services can do so.
- Encourage local community finance providers to collaborate in networks to pool central services and achieve economies of scale without losing local autonomy, proximity and customer focus.
- Increase investment into credit unions and CDFIs to extend reach to new customers, modernise and innovate.
- Support innovation in new payment systems and digital currencies, by creating a liaison group for emerging players to enable appropriate regulatory responses and monitor the impact of these business models on financial exclusion.
- Encourage financial literacy and raise awareness of community finance to help people move towards affordable and appropriate financial products.
- Encourage partnership models that bring together financial service providers and advice agencies to create a 'one stop shop' that combines access to affordable financial services and products with money management and debt advice.

To achieve this, the following five steps are needed:

- 1 A review of community finance provision² across the UK to identify where communities have the potential to be well served by existing providers and where there are gaps.
- 2 Consideration of partnership working that is already underway, in Bristol and Birmingham for example, and what is required to create sustainable community finance partnerships across the UK.
- 3 A review of existing affordable finance tools - what the take up is in poorer communities, whether available products are meeting demand and how these products can be offered more widely.
- 4 Government to give regulators clear direction on the value and importance of the community finance sector and the need to regulate to encourage stability and growth.
- 5 Scale up the community finance sector, requiring further investment, changes to the regulatory framework, access to capital and the creation of a banking licence tailored to this sector. This would include permitting co-operatives to hold banking licences and investing in suppliers of central services to all local community finance providers, such as access to payments infrastructure, regulatory compliance services and liquidity management.

These measures will help everyone in the UK to access the financial tools they need to actively participate in the economy through employment or entrepreneurialism.



Find out more:

 @BankingBetter

info@communityinvestment.org.uk

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