

Advice to Friends on Ethical Banking: April 2015

“Quakers are called to be patterns and examples” (George Fox).

Introduction

At the Treasurer's Away Day in November 2014, David Grimshaw, Treasurer of Warwick Local Meeting, introduced a concern Warwick Meeting expressed in June 2014 about the ethics of banking arrangements for, Local meetings and other Quaker organisations. He pointed out that the 'big five' banks had a record of behaving unethically both in their business practices and in the organisations they choose to support with their finance and that there were now a number of alternative banks and building societies more appropriate for Quaker money. In support of this concern, the Area Meeting Finance Committee have prepared this short paper giving more information on some of the options that are now available to Friends and to provide some guidance on the practicalities of using these alternative banks. It is not the Committee's intention to insist that Friends should switch accounts and certainly not to recommend one institution above another but we do think it is appropriate to review banking practices at least every three years.

What are Ethical Banks?

An ethical bank can be thought of as a bank concerned with the social and environmental impacts of its investments and loans. However within the broad definition of unethical practice, different individuals and groups will have different emphases whether they are human rights, the environment, financing arms manufacturers, dealing with customer complaints, inflated pay and bonuses, political lobbying, questionable tax practices etc. In an effort to provide a broader survey of the ethical approach of banks and building societies we would draw your attention to the ranking of the institutions by the moveyourmoney website (<http://moveyourmoney.org.uk/institution-types/ethical-banks/>) that separates financial institutions on the basis of their ethical policies into green, amber and red zones. (See: <http://www.ethicalconsumer.org/ethicalreports/ethical-finance/moveyourmoneyscorecard.aspx>) Predictably, the big five major banks in Britain are in the red zone while the Co-op has fallen into the amber zone having previously been in the green zone. Local Building Societies appear to have the best record although many of them are quite small and may not provide a full range of services to charities. We have listed, in Table 1, some banks that are in the 'green zone' by moveyourmoney criteria.

Queries

1. Do you use money entrusted to you with prudence, discretion and responsibility?
2. Is your money held by organisations whose values and actions reflect those of Quaker testimonies?

Suggested Way Forward for Treasurers

Those in positions of responsibility (Treasurers of Local Meetings or other Quaker charities) need to keep under review the ethical behaviour of the banks that we use as custodians of our money. In a fast changing global economy where acquisitions, mergers, change of ownership or other policy decisions are in flux Treasurers and Finance Committees should review providers every three years. This might or might not lead to change; rather it is a way of shouldering our responsibility in a transparent way. The table that follows and the Queries above are given in the spirit of guidance so that we may “let our money speak”.

Suggested Way Forward for Individual Friends

“Area meetings should periodically bring to the attention of members their responsibility for the right ordering of their outward affairs”¹

All Friends share a responsibility for the ethical use of money. Central England Area Meeting asks all Friends to review their individual banking practices every three years so that we can all be “patterns and examples”: aligning our outward affairs with the inner leadings of the light.

Table 1 Alternative Banks to Consider²

Bank	Ownership	Branches	Paying-in	Charges	Ethical	Web
Unity Trust	75% by Trade Unions	No	At nominated Bank ³	£5 per mth	Loans to organisations with social impact	https://www.unity.co.uk/
Triodos	Dutch	No	At RBS or NatWest	Per transaction	Finance for organisations with social or cultural impact	https://www.triodos.co.uk
CAF Bank	Registered Charity	No	At HSBC	Nil	Campaigns for charitable sector	https://www.cafonline.org
Charity Bank	Social enterprise	No	No current accounts: Savings and loans only	Nil	Lend to social purpose organisations	http://www.charitybank.org/
Handelsbanken	Swedish	Yes, Solihull, Coventry, Leamington, Birmingham	Branches	Monthly fee	Supports local business Supports UN Global Compact	http://www.handelsbanken.co.uk

The data in the above Table is correct at the time of publication; it is illustrative rather than comprehensive. Always check the data before making decisions.

¹ Quaker Faith and Practice (Fifth Ed.) 4.22: Advice on Outward Affairs.

² All the Banks in Table 1 offer on-line banking and dual authorisation

³ A “nominated Bank” is any branch that the account holder chooses. That Bank may charge for such services as paying in cash and cheques.