Developing inclusive banking

Suggested approaches to improve access to your banking products and services
VERY FEW OF US can imagine life without a bank account today, yet it used to be a luxury for a small number of people until only a few decades ago. Now it has become a necessity. Banks in the UK have continuously widened access to their services, providing accounts for a broader audience and making access to their money more convenient for customers.

The shared goal between the banking industry and Government to halve the number of unbanked households shows that a partnership approach can be successful. Our members report that they open a net amount of 50,000 new basic bank accounts every month. Basic bank accounts allow customers to use essential banking features such as paying cheques for free, getting money at cash machines and paying bills by direct debit or standing order. They often provide a stepping stone for social inclusion – people can find work, as they have an account to get their salaries paid into, and subsequently they can trade up to other banking products such as savings.

This document has been conceived in this spirit of dialogue between the banks, Government, charities, financial regulators and consumer groups. The Banking Partnership Group brings together representatives from all of these bodies. I congratulate the financial inclusion team at Toynbee Hall on this achievement.

This document shows many examples of good practice developed and applied by banks. These have often come from local projects and individual business decisions. Banks will now have the opportunity to learn from these examples and adapt appropriate good ideas to their own businesses.

It is this spirit of partnership which will further the success of the various work strands on financial inclusion. Banks remain committed to the idea and will continue to work with Toynbee Hall and others to make sure that those people in need of banking are being catered for.

Foreword from Angela Knight,
Chief Executive of the British Bankers’ Association

WE WELCOME THE PUBLICATION of these Guidelines and the willing co-operation of key stakeholders that has gone into their production. The basic bank account is a core component of financial inclusion.

We are glad to have been able to contribute to steadily improving access to these accounts through our annual rounds of mystery shopping and the enhanced provisions included in successive editions of the Banking Code. Key requirements now cover making basic bank account information available in branch literature, the checking of ID in branches wherever possible rather than vital documents having to be sent away, and the maximum 10 working day timescale for the account to be up and running after completion of ID checks.

The new Partnership Group Guidelines contain a wealth of suggestions for going beyond the Code’s minimum standards and making further inroads into financial exclusion.

Foreword from Robert Skinner,
Chief Executive of the Banking Code Standards Board
BANKING SERVICES ARE CRUCIAL in so many areas of life. Without a bank account, people are often excluded, not only financially but socially as well.

The FSA welcomes these guidelines as a useful first step in clarifying good practice in the area of access to banking. We also applaud the partnership that has been developed for this project across the private, voluntary and statutory sectors and believe that it provides a useful model for future initiatives of this kind. Toynbee Hall deserves credit for the initiation and facilitation of this work and we are pleased to have been involved.

The FSA is committed to playing its part in ensuring that firms are aware of their responsibilities. At the same time, we believe that the flexibility inherent in the rules and guidance firms must abide by offers sufficient scope for wide implementation of these guidelines.

An approach to tackling the financial exclusion commonly experienced by people without a bank account requires action both by consumers and firms. The FSA, through its leadership of the National Strategy for Financial Capability, has a crucial role to play in empowering consumers in their interactions with the financial services industry and recognises these guidelines as a valuable complement to this work.
About the Banking Partnership Group

The Banking Partnership Group was established in April 2008 and brings together key representatives from banking, Government and the third sector. Facilitated by Toynbee Hall and under the chairmanship of Doug Taylor, Personal Finance Campaign manager at Which?, the Banking Partnership Group has utilised the knowledge and expertise of all of its members to produce this document for banks, offering our suggestions on how to recognise and reduce potential barriers for customer account opening and ensure that all customers are able to open an appropriate account. Further details of the project and the Partnership Group can be found in Section 4 of this document.

How to read this document

This document derives “guidelines” on account opening procedures for banks’ basic and entry products based on what the Partnership Group perceives to be good practice demonstrated by a number of banks. Readers should be clear that there is no intention to set prescriptive requirements on how banks deal with their customers. Rather, this document presents a range of ideas that banks might want to take into account in reviewing their own policies and procedures. It is recognised that what might be appropriate for the customers of one bank will not necessarily be the same for all banking customers, and it is right that the needs of individual customers should always be borne in mind.

The use of the term “guidelines” throughout the document has been used for ease of reading, but should convey a range of ideas and suggestions that banks might want to consider.

Section One (Page 3) outlines the purpose of this document, the role of the banking Partnership Group in its production and will introduce the guidelines.

Section Two (Page 5) describes the context and the current situation before outlining the importance and relevance to both banks and the wider community of implementing good account opening practice.

Section Three (Page 9) offers guidelines for practice around 5 key areas:

- Front-line knowledge of exclusion issues
- Communicating effectively with the customer
- Identity (ID) and Address Verification (AV) procedures
- Helping customers with low financial capability
- Working with local partners

1 See Section 4 for full list of members.
The current legislative context for each area is followed by suggested implementation for each guideline and examples of where these practices have already proven successful.

Section Four (Page 22) presents the next steps and offers further information on the Banking Partnership Group with contact details for those seeking further information or involvement with its work.

These guidelines highlight, share and build upon existing good practice across the banking sector. They are the result of cross-sectoral partnership and it is in this spirit that they are intended to be read.

The purpose of the Guidelines

The guidelines are primarily intended to be read by those developing policy within banks and it is expected that the ideas they convey will be incorporated into banks’ internal policies and procedures where it is felt they will result in an improved experience for customers.

Section Three presents the following guidelines:

- Staff should understand the causes and effects of financial exclusion and how this may affect customers and their finances
- Staff should be able to communicate effectively with those who are new to banking
- Bank policy and procedures should acknowledge and compensate for difficulties some customers may face in providing standard ID and AV and staff should be able to support customers to negotiate these barriers
- Staff should be able to recognise and take into account the needs that may arise from low levels of financial capability
- Staff should be aware of their local community and be able to signpost customers to appropriate sources of support

Each guideline highlights, shares and builds upon existing good practice across the banking sector, offering suggestions for how improvements could be made and identifying possible pitfalls. The guidelines are derived from existing good practice identified by the Partnership Group, which are not attributable to any one particular bank and are designed to show a range of practices that banks might want to consider adopting. The intention is not to produce uniformity, but to provide starting points and ideas which banks can consider and implement according to their own business model. We also hope that by providing examples of existing initiatives, banks can learn from their peers and continue to drive forward the cause of financial inclusion.

This document has been produced in the spirit of partnership and is complemented by a resource that offers training and guidelines for staff at agencies working with people who may not have a bank account to ensure that individuals facing financial exclusion can find support from such ‘intermediaries’. There is existing guidance and industry regulation on the offering of accounts to customers included in the Banking Code, the FSA Handbook and Money Laundering guidelines, relevant sections of which are cited where appropriate.
Banking the Unbanked

In December 2007, as part of its financial inclusion action plan for 2008-11, the Government expressed the aim that:

- Everyone should be able to manage their money effectively and securely, through both having access to a bank account and the confidence and capability to get the most from it

Since 2004 the UK government and banking industry have shared the goal of halving the number of adults living in unbanked households in the UK. Significant progress has been made towards this goal through a combination of partnerships, investment, prioritisation and monitoring:

In recent years we have seen encouraging progress in reducing the numbers of adults living without access to a bank account, thanks mainly to work by voluntary organisations and the retail banks to promote basic bank accounts.

Kitty Ussher MP, Economic Secretary to the Treasury, July 2008

Latest figures show that the initial positive trend has subsequently stalled.

**Table A: Unbanked households and adults in the UK**

<table>
<thead>
<tr>
<th>Year</th>
<th>Unbanked households (000, % of total)</th>
<th>Unbanked adults (000, % of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>1,840 (7.4%)</td>
<td>2,830 (6.2%)</td>
</tr>
<tr>
<td>2005/06</td>
<td>1,300 (5.1%)</td>
<td>1,970 (4.3%)</td>
</tr>
<tr>
<td>2006/07</td>
<td>1,370 (5.3%)</td>
<td>2,090 (4.5%)</td>
</tr>
</tbody>
</table>

(adapted from HM Treasury, July 2008)

Key to this progress has been the 2003 expansion of the basic bank account from existing entry level accounts, a version of which is currently available in 17 banks and building societies in the UK. The migration since April 2003 of payments of state benefits from paper-based methods to direct payment into accounts has also played a key role in stimulating demand for such products.

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2 From Access to Inclusion, Toynbee Hall, 2008
3 Due to variations in the questions asked in the survey, no comparable data was available for the period 2004/05
4 For more detailed analysis of these figures please view the Financial Inclusion Taskforce’s third annual report on banking, available at www.financialinclusion-taskforce.org.uk/taskforce_papers
Those who may struggle to open a bank account often represent some of the most vulnerable and excluded groups in society. They may have a learning disability or mental health issues. They may be a new arrival to the country or be the victim of domestic violence. They may live in socially rented or temporary accommodation or have current or past involvement in the justice system. They may be elderly and uncertain of the current options available to them or young and living alone or as a single-parent family. Or they may simply have to exist on a low and/or unstable income making the need for somewhere secure to hold and manage their money of great importance. Ensuring that people are able to access and have confidence in using financial services and products appropriate to their needs is of importance to all. Rather than expecting any one sector to work beyond what can reasonably be expected of it, the best way to tackle the issue involves a partnership across the sectors, with each partner concentrating on its own area of expertise.

Work is being done by Government and different agencies to address some of the ‘demand-side’ issues (such as low levels of financial capability and ‘self-exclusion’ that exist as barriers to account opening). This document is intended to support the optimisation of access to accounts on the ‘supply-side’ by the financial services industry.

**Banking industry involvement**

The banking industry has already played a key role in developing products and facilitating access to them for those facing financial exclusion, with the British Bankers’ Association affirming the importance of ensuring affordable banking is readily available to those who may need it the most.

Banking services should be available to the widest possible range of people. By helping to provide basic accounts, the UK’s banks are making an essential contribution to ensuring everyone who needs access to modern financial services can do so...They are the cornerstone of the banks’ commitment to ensuring affordable banking services is available to all. (Angela Knight, Chief Executive, BBA, November 2008)

The Government has put the financial services sector at the heart of its plans for financial inclusion and there is therefore an expectation that individual banks should engage with this agenda in order to fulfil Government goals.

Many individual banks also have strong Corporate Social Responsibility (CSR) agendas that include ensuring that the services they offer are inclusive and meet the needs of all sections of the market, including those that are not traditionally banked or considered mainstream. In addition to this, such CSR activities encompass a wide range of initiatives around financial capability, community engagement and third sector development which all have an impact on financial inclusion.

Not only do we fundamentally believe in the need to increase financial capability for social reasons; we do also have a very strong commercial interest in helping to create a nation of consumers who are both comfortable and confident in dealing with the financial services sector. (HBOS, Removing barriers to banking, August 2008)

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6 For a more in-depth summary of these issues see ‘In Brief: Financial Exclusion’ (Transact & The Resolution Foundation) http://www.transact.org.uk/financial_exclusion_brief
7 www.transact.org.uk/bankingproject
8 British Bankers’ Association press release, 20th November 2008
It is not in the interest of any business that a proportion of society is excluded from accessing its products. Basic bank accounts provide a valuable service to customers and are freely available to everyone. (Lloyds TSB, October 2008)

Supporting financial inclusion and optimising access to and usage of banking for those facing financial exclusion does not exclusively sit in the CSR space however; there are also potential commercial benefits for banks engaging in the agenda:

- **Cross-selling opportunities**: Financial Inclusion Taskforce data shows that many basic bank account holders go on to buy other products, with at least one in five opening a savings account or ISA. Figures for individual banks are often higher, with RBS Natwest reporting that ‘over one third of our basic bank accounts customers also have a savings account with us’⁹, suggesting both cross-selling opportunities and a loyal customer base for providers operating effectively in this market. This is supported by Toynbee Hall’s research¹⁰, which showed that some 25% of basic bank account holders had gone on to take up another financial product. The same research also found that having a bank account can facilitate a transition to employment, which in turn can lead to greater financial inclusion and a need for other products. 90% of the research’s sample group were unemployed when they opened an account, with this figure dropping to 60% two years on from account opening.

- **Liquidity**: changes in the payments of benefits also bring potential gains for providers in attracting the throughput of funds into accounts; with the advent of Local Housing Allowance (LHA) in April 2008, private rental sector tenants receiving Housing Benefit will receive the payment directly rather than it being paid to their landlord. With a large minority of these tenants needing to open appropriate accounts, there is a potential £180m-200m to be placed in new accounts every month solely from LHA; changes in the way Government payments are made to support individuals with their care costs will see up to an additional £6bn being paid via accounts directly to individuals, many of whom may have not until now had the need for a transactional bank account.

- **Attracting corporate business**: retail banking activities with a social dimension have been leveraged to attract business from organisations with ethical or social considerations in a local area (such as Housing Associations or voluntary sector organisations). An example of this is Amicus Horizon Group’s £600m refinancing deal in 2007 with Barclays, which resulted from a relationship developed through funding of two ‘community finance champions’ to support tenants to open bank accounts. Similarly in Wester Hailes in Edinburgh, the Bank of Scotland’s provision of local banking facilities secured them £11 million of new and retained corporate business from local organisations.

- **Improving customer service**: raising frontline staff awareness of specific groups that may require additional support will assist such staff in delivering the high levels of customer service expected of them to all customers. Improving staff skills in communication with specific customer groups can result in wider benefits for all customers and lead to retention of business.

- **Reputational Advantage**: embedding financial inclusion within the business model through training and good practice can give companies a reputational advantage that has positive connotations both internally and externally. The Chartered Institute for Personnel Development say: “Successful CSR can bring benefits such as a distinct position in your marketplace, protecting your employer brand, and building

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¹⁰ Toynbee Hall, ibid
credibility and trust with current and potential customers and employees. It can help significantly with recruitment, engagement and retention of employees.” Studies in different sectors have shown that having strong CSR commitments can aid staff retention and company loyalty.

Identifying the obstacles

Both the Banking Code Standards Board (BCSB) and Transact, the national forum for financial inclusion, have conducted work to identify and measure the severity of obstacles that exist at the point of supply.

The BCSB undertook mystery shop exercises in bank branches across the UK and found that, while the majority of front-line staff (approximately eight out of ten) were knowledgeable about basic bank accounts, including when they may be relevant and the ID required to open them, the guidelines for Banking Code subscribers were not adhered to in individual instances. In the main, where difficulties were still being encountered they generally involved staff offering wrong advice or advising that a different, more complex account would be suitable.

Transact conducted an initial survey of 300 charities and agencies in the UK and found that 74% of respondents identified ‘access to banking and saving’ as being one of the top three financial exclusion issues affecting their customers (with 30% of these saying it was the number one issue affecting their customers).

A follow up survey asked respondents to rank potential obstacles in accordance with their perceived severity.

- 87% of respondents reported branch staff communication with customers as being a severe or large problem
- 72% of respondents reported problems with proving ID and address as being a severe or large problem
- 75% of respondents reported the customer financial capability as being a severe or large problem

Taken together, these studies suggest that four main obstacles may potentially be encountered at the point of supply:

1. Gaps in staff knowledge of financial inclusion issues and how these may affect customers
2. Staff communication with the customer on account opening
3. ID and AV restrictions
4. Low financial capability of customers acting as a barrier both to opening an account and to making proper use of an account once opened

In addition to these four obstacles, there is a fifth factor that could facilitate progress:

5. Communication between banks and local agencies that work with customers who may not have bank accounts.

13 To view this survey visit www.transact.org.uk
14 To view this survey visit www.transact.org.uk/bankingproject
Guidelines for supporting access to banking

Please note that the ‘suggested implementation’ sections in the following are only recommendations as to how to achieve the overall guidelines. Individual institutions will have different business models which will impact on their approach to implementing the guidelines, but it is hoped that the following will provide useful starting points and examples from which lessons can be learnt.

GUIDE LINE 1 – Staff should understand the causes and effects of financial exclusion and how this may affect customers and their finances

The context:

- A firm must pay due regard to the interests of its customers and treat them fairly. 
  FSA Handbook – Principle 6
- Before you become a customer, we will...assess whether your needs are suited to a basic bank account (if we offer one) and offer you this product if they are (and) offer you a basic bank account if you ask and meet the conditions for one. The Banking Code (2008)
- You show a clear understanding of different customers and their needs and deal with them in a professional manner. National Occupational Standards (Bank accounts) BA2/B5, Behaviours which underpin effective performance

Suggested implementation:

- Financial exclusion should be incorporated as a key segment of the initial training received by frontline branch and other customer contact staff. This should include:
  - The causes of financial exclusion
  - The effects of financial exclusion
  - That financial exclusion is a state people may experience as opposed to an inherent trait.
  - Groups who may experience financial exclusion
  - The role of banks in combating financial exclusion

15 Frontline staff means those who have customer contact, either face to face or remotely
Frontline staff should receive continued ‘top-up’ training sessions on financial inclusion issues throughout the period of employment, tailored to their role.

Financial inclusion should be embedded as a key strand of branch customer service culture, for example by appointing a ‘financial inclusion champion’ for each branch or region. The role could include:

- acting as an ‘expert’ reference point for front-line staff requesting assistance when dealing with a customer who may face financial exclusion;
- conducting mapping exercises of the local area, its potential customers and local agencies;
- relationship building with other local agencies that exist to assist those who may be financially excluded (e.g. Credit Unions, Community Development Finance Institutions, debt advice agencies, local authorities and Housing Associations);
- providing top-up training sessions on financial exclusion to staff;
- meeting with other ‘financial inclusion champions’ to share experiences and generate suggestions for bank financial inclusion strategy.

Banks should consider producing annual reports specifically focusing on the year’s activities around financial inclusion, either as part of wider reports (such as annual CSR reports) or as stand-alone documents. These reports should be accessible, and include benchmarking data such as numbers of basic accounts opened that year, mystery shops (such as those undertaken by the Banking Code Standards Board) and details of current and future activities and partnerships. They could be made publicly available and promoted as a ‘good news’ publication to all members of staff.

Potential challenges:

There is a risk that raising awareness of financial exclusion amongst staff can lead to a ‘two-tier’ system in which certain customers are treated exceptionally as they are deemed ‘financially excluded’. In order to mitigate this, training on financial exclusion should be mainstreamed with other elements of staff training so that it is properly embedded as part of standard training and practice (i.e. it should be a part of training on customer service, products, processes etc) rather than being stand-alone. The role of frontline staff is subject to many pressures so positioning the training this way ensures that it does not appear to be something additional or outside the expectations of the ‘normal’ job.

However, expectations need to be managed; frontline staff cannot become experts in the full range of issues relevant to those who might face financial exclusion.

Since 2007 HBOS has produced annual reports detailing their financial inclusion activities. The 2008 report Removing Barriers to Banking provides an overview of its strategy, a profile of its ‘social banking’ customers and highlights of its achievements to date and future projects. RBS have also produced annual reports on their financial inclusion and capability activities, including data on numbers of Basic Bank Accounts opened.

In communicating its Cash Card Account to both customers and staff, Barclays makes clear that it forms part of their current account range and is positioned as a starter account for customers who want a fully functioning bank account that does not offer credit. Staff are made aware of some of the reasons why a customer may want a Cash Card Account and will also help customers consider other products if their circumstances and needs change.
GUIDE LINE 2 – Staff should be able to communicate effectively with those who are new to banking

The context:

- A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.  
  **FSA Handbook – Principle 7, PRIN 2.1.1**
- We will give you clear information about accounts and services, how they work, their terms and conditions and the interest rates which may apply.  **The Banking Code (2008)**
- The information given to customers must be clear and transparent. This commitment applies whether the information is given in writing, on screen or orally etc. Information must be sufficiently clear and easily comprehensible so that customers can make informed choices about products.  **The Banking Code: Guidance for subscribers (2008)**
- You use communication styles that are appropriate to different people and situations. You show a clear understanding of different customers and their needs.  
  **National Occupational Standards (Bank accounts) BA1, Behaviours which underpin effective performance**

Suggested implementation:

- The training that staff receive on financial exclusion issues should include a practical element on communicating clearly and effectively with different types of customers.
- Training received should give staff an understanding of and make them sensitive to the different situations or aspects of a person’s life that may mean they find it difficult to talk about their finances or require additional assistance or efforts to ensure they have understood what they have been told. This could cover such issues as:
  - Basic Skills (the Basic Skills Agency have developed training materials to support this)
  - Cultural differences
  - Learning difficulties
  - Physical disabilities
  - Financial capability
  - Challenging life situations
- If communication is causing particular problems, there should be a mechanism for support for frontline staff, such as referral to someone senior or the ‘financial inclusion champion’ (see guideline 1).
- Through knowledge of the local area (see guideline 5) branches should be sensitive to customers’ communications issues and where possible have appropriate and proportionate support in place for:
  - Language issues
  - Cultural issues
  - Customers with specific needs (such as learning difficulties)
  This may involve signposting to external agencies or having in-house provision.
- Where practical, all branches should have a private area for talking with customers enquiring about account opening available where appropriate.
- Staff incentivisation should partially reflect performance in customer service and communication. This can be measured through internal mystery shops, customer feedback and management.
observation. Examples of good practice within a bank should be recognised within the bank’s internal communications.

Potential challenges:

There is a risk that too great a demand could be placed on certain branch staff in ensuring effective communication, and in branches with few staff or at times of peak activity the availability of senior staff to assist less experienced staff may be restricted. To mitigate this, it may therefore be necessary to book appointments for when these staff are available.

Communication is a two-way process and there is a risk that either party may misinterpret or misunderstand what has been said. Whilst efforts can be made by banks and their staff to ensure understanding, there is no guarantee that a customer will understand or remember everything that has been said, so this risk cannot be completely removed.


It includes specific guidance on behaviours that can improve the customer experience including:

- How to make clients who may be new to banking feel comfortable in a branch environment, through listening skills and accommodating specific physical needs;
- Communication skills, such as how to ask questions, tailoring the method of communication and using appropriate language;
- Empathising with a range of customers’ circumstances and being non-judgmental about them, including those facing financial exclusion, those with a physical or learning disability or those on low incomes.

At RBS the importance of good customer service is reflected in the remuneration system of front line staff where sales and customer service have an equal weighting.

Front line staff are expected to fulfil the four Customer Commitments:

- I always make it personal to you
  I show you that I am interested and I care
  I understand and treat you as an individual
- I always do what I say
  I deliver when I say
  I keep you updated
- I always provide you with help
  I listen and understand your request
  I only offer a service/product that is right for you every time
  I introduce you to the person who can best make it happen for you
- I always go the extra mile
  I put myself in your shoes
  I aim to exceed your expectations
GUIDELINE 3 – Bank policy and procedures should acknowledge and take account of difficulties some customers may face in providing Identity (ID) and Address Verification (AV) documents and staff should be able to support customers to negotiate these barriers

The context:

- A firm should ensure that systems and controls include appropriate measures to ensure that procedures for identification of new customers do not unreasonably deny access to its services to potential customers who cannot reasonably be expected to produce detailed evidence of identity. FSA Handbook SYSC 6.3.7
- If the inability [to identify] is caused by the customer not possessing the right documents or information, the firm should consider whether there are any other ways of being reasonably satisfied as to the customer’s identity. JMLSG, 5.4.9
- Some customers may not be able to produce identification information equivalent to the standard... The firm will therefore need an approach that compensates for the difficulties that such customers may face in providing the standard evidence of identity. JMLSG, 5.4.44
- Firms should bear in mind that the money laundering regulations are not explicit as to what is and is not acceptable evidence of identity. JMLSG, 5.4.60
- Before you become a customer, we will tell you what information we need from you to prove your identity (by law, we have to check your identity). The Banking Code (2008)
- Where possible, subscribers should normally verify ID in branch for basic bank account applications. If a subscriber operates a central account-opening service, it should offer the option for certified copies of ID documents to be sent to the central unit rather than original documents. The Banking Code: Guidance for subscribers (2008)
- Subscribers [to the code] are encouraged to adopt a flexible approach and put in place procedures to deal with exceptional cases where applicants may not have the usual documents. In such cases, the customer should be asked what evidence of their identity/address they can produce and the case may be referred to a more senior person or special unit, which can then decide on the acceptability of the evidence that the applicant can provide. The Banking Code: Guidance for subscribers (2008)

Suggested implementation:

- Providing ID and AV can be a hurdle anyone may experience. Staff training on account opening should include a section on why a person may not be able to provide specific forms of ID and AV, and how to deal with this situation.
- Initial training should be consolidated through information for staff about the full list of documents that can be used to prove ID and AV, along with a description of what they are and possible examples of what they look like. This information should be reinforced through provision of information at appropriate points such as through intranets, and on-screen prompts when opening accounts, as well as being made available in appropriate formats to customers and intermediaries who may be supporting them.
- Lists of local agencies (such as Housing Associations, local councils and educational establishments) and examples of acceptable documents that may be provided should be available within the branch so that staff can compare documents that customers present.
Money laundering training should include clear guidance on the balance to be achieved between establishing the identity of a person and his/her financial inclusion needs, as per the FSA handbook.

The presumption should always be in favour of opening an account, with ID and AV documentation a part of the process with which customers may need support. Where a customer is unable to provide specific forms of ID and AV, this should not automatically be a reason for refusing an account. Staff should ensure that the customer is aware of alternate documents and how these can be obtained as well as other potential means of verifying identity.

Specific groups that face particular exclusion issues may also require bespoke processes, such as arrangements made for prisoners and ex-offenders (see work undertaken by UNLOCK¹⁶), those in supported housing and young people not in employment, education or training. An example of such a process could be verification by a local intermediary.

The verification of ID and AV documents during the account opening process should where possible be available via multiple channels as per customer needs; in branch, via post and potentially via trusted intermediaries where appropriate.

ID and AV lists and information about them should be regularly reviewed against both JMLSG guidelines and current industry practice to ensure that they are not unnecessarily obstructing the uptake of bank accounts.

No customer should face undue restrictions on using any particular form of ID and AV because of the area in which they live.

Potential challenges:

There is a risk of confusion for customers if differing information is received from different sources within a bank, so it is important to ensure internal consistency around this issue. This will depend on the internal structures and processes for verifying documentation; in extreme cases, a difference between the application of guidelines in branch and at head office level can result in accounts being closed, leaving the customer further entrenched in financial exclusion. This means that information and internal points of reference such as staff intranets should be consistent. Staff should be aware of them and trained to refer to them when in doubt.

Local arrangements for specific groups can provide valuable solutions that will allow inclusion and access for previously underbanked groups. However, this should not be at the expense of properly inclusive mainstream practices. Reliance on local initiatives can lead to replication, inefficiency and patchy good practice.

This could be an area where staff feel under conflicting pressures to comply with strict anti-money laundering requirements, yet enable those who are potentially financially excluded to provide non-standard documentation.

¹⁶ http://unlock.org.uk/
RBS/NatWest recognised that certain groups may experience problems when it comes to providing ID & AV documentation and as a result made special arrangements for those groups. These include:
- the disabled or elderly
- prisoners
- new arrivals into the UK
- students

They also recognise that others may still have particular issues or lack the confidence to enter a bank branch and as a result are exploring ways of developing ‘Trusted Partner’ programmes, which allows a partner intermediary, for example a Housing Association, to carry out the Basic Bank Account application and identification verification process outside of a bank branch.

Where a customer is having difficulty providing documentation, RBS has put procedures in place for the application to be escalated to a ‘Decision Support’ unit which will assess each application on a case by case basis.

Staff guidance at Lloyds TSB splits acceptable ID & AV documents into three groups (Primary, Secondary and Third Party Introductions) with clear signposting to next level if suitable documents are not available. This is backed up by a central referral point that can either provide guidance or agree ‘non-standard’ documentation in difficult circumstances.

All account opening is completed on-screen with the various ID & AV documents available via ‘drop-down’ options. This provides a clear and accessible reminder of the full range of options available and also prevents staff incorrectly accepting unacceptable document combinations which might later lead to the customer having to be contacted again to rectify this.

Barclays provide Housing Association customers the opportunity to participate in their Introducer Scheme. The aim of the scheme is to enable a small number of the Housing Association’s employees to certify ID & AV documents suitable to open Barclays basic banking offering, the Cash Card Account. This means that tenants can be supported by these named staff in filling in the forms and getting the ID process right – helping to ensure that tenants open accounts quickly and easily.

In 2008 Toynbee Hall, in association with Barclays, produced ‘ID Guide: How to Prove your Identity’ – a guide detailing the different documents that may be used to prove your identity and address, where they can be obtained and the costs involved. Over 1,000 of these guides have been disseminated to third sector groups across the UK for use in assisting those without accounts.
Suggested implementation:

- Staff training should include a section on financial capability, the constituent parts (as per the FSA’s work\(^1\)) and why this could impact on account opening and effective use.
- Bank staff should be aware of groups of customers who may be at risk owing to low financial capability and of the extra forms of assistance that exist. Staff should offer this assistance when a customer is identified as being new to banking. Extra assistance could include:
  - Signposting to appropriate other agencies nationally and locally who may be able to offer assistance (see guideline 5).
  - Spending more time with that customer to facilitate understanding of account functionality and mechanics and risks of common features such as direct debits.
  - Provision of accessible and appropriate materials such as product-specific information and generic information, such as the FSA ‘Moneymadeclear’ materials. Customers should be ‘signposted’ to this and taken through as appropriate.
- Account opening literature should be designed to reflect the range of financial capability of the target market, including simple glossaries of relevant jargon, product functions and accessibility.
- Account opening literature should include details of the additional services banks offer to those who may struggle with managing their finances. On opening an account all customers should receive information on the agencies that exist to offer support with managing finances and the responsibility a bank will take in offering support where it can.
- Once accounts are opened, regular communication channels should be used to consolidate and cascade simple financial capability messages, such as through information included with monthly statements and online banking systems.
- Staff should consider attending financial capability seminars as part of their individual development plans to help them think more about their own finances.
Potential challenges:

There is a risk that staff could patronise or offend customers who may not feel that they have low financial capability or that they require assistance managing their finances; external agencies need to understand that it can be difficult for staff to get this balance right. To mitigate this, it should be clear to customers that being signposted to a different agency does not mean they are obliged to go there. Customers should feel that staff are signposting them elsewhere for positive reasons and not to avoid offering a service they themselves are able to give.

There is also a challenge in trying to give information that the customer has not identified that they want or need; the FSA’s consumer information pilot (see below) showed that branch customers tend to have ‘tunnel-vision’ and are focused on achieving the task for which they entered the branch. Simply putting information and literature on display will not always be enough to reach its intended audience, whereas better results are attained through staff being trained in how to use the literature so they can signpost customers to relevant documents and talk through them as required.

RBS provides non-sales related money guidance to all of its customers. Having piloted the availability of free face-to-face impartial financial guidance in branches, RBS has expanded its MoneySense service to offer people the opportunity of talking to Consumer Credit Counselling Service trained advisers in 1,000 NatWest branches across the country. The money guidance available is not linked to sales of products.

This service builds on the ‘MoneySense: Managing your Money’ guide, which is distributed in branches and is designed to help customers to get to grips with their finances by:

- taking stock of their money
- taking action
- dealing with the unexpected, and
- dealing with debt.

The group also has websites containing over 100 pages of independently written information which have been reviewed by Citizen’s Advice.

New customers considering opening Barclays Cash Card Account receive a ‘Just the Facts’ booklet, using plain English to explain the account’s features it also clearly explains the difference between the ATM Cash Card and the visa-enabled Connect card, both of which are offered on Barclays basic account offering. On opening an account, new customers receive a Welcome Pack that uses plain English and labelled pictures to explain how to use the account. The Pack also includes guidance on how to read statements, making use of Direct Debits and standing orders and how to use the Cash Card and Connect card, as well as details on budgeting and financial jargon.

In addition, Barclays send Cash Card customers quarterly personalised ‘Printserts’ in statements that offer advice on various areas of managing your personal finances, such as savings, Direct debits and Standing orders. The Printserts are educational messages to reinforce the information provided at account opening and to encourage customers to contact Barclays direct to speak with staff if they have any questions.
Lloyds TSB’s on-screen account opening process means that new customers do not have to go through the process of reading, understanding and then completing account opening forms. Having a member of staff go through the on-screen process with a new customer helps reduce the potential for confusion or misunderstanding.

In 2007 over 5,500 HBOS employees took part in financial education seminars organised by the HBOS Colleague Financial Awareness team. Seminars covered different aspects of financial planning and allowed participants the opportunity to ask experts questions relating to their own circumstances.

In 2008 the FSA piloted the distribution of their Moneymadeclear leaflets (see http://www.moneymadeclear.fsa.gov.uk) through bank branches. Through trialling the placing of leaflets in different branches, with different positioning and approaches from staff, it was found that:

- The guides are perceived by customers and staff as educational and helpful
- The guides are helpful for consumer’s dealings, understanding and confidence with financial matters
- Training of staff to use the guides with customers led to a greater take-up

One of the trial partners, the Stroud and Swindon Building Society, have chosen to continue displaying the guides across their whole branch network.
GUIDELINE 5 – Staff should be aware of their local community and be able to signpost customers to appropriate sources of support

The context:

- You refer to the appropriate person when the customer requires information or advice which is outside your authority or when you do not have the information. National Occupational Standards (Bank accounts) BA1, Outcomes of effective performance
- The Financial Inclusion Taskforce recognises that the problem of financial exclusion is not solely one of availability of products or practices of providers. It recognises the need to stimulate demand for appropriate banking services and credit products amongst financially excluded groups, and to equip individuals to make the most appropriate choice for themselves. It recognises that in order to do this, individuals may benefit from assistance with understanding the options available to them, the potential benefits of different products, and the requirements of accessing products. Practical assistance in, for example, applying for a bank account may also be appropriate. This kind of ‘informed choice’ process may be usefully facilitated through organisations such as:
  - those with which individuals are already in touch, such as housing associations or Job Centre Plus;
  - others which individuals already trust, such as voluntary sector organisations or community groups; or
  - central or local government.

Suggested implementation:

- Frontline staff training should clarify the expectations of their role, and where referrals to specialist colleagues or external agencies such as the local Citizens Advice Bureau or other free advice charity, may be more appropriate.
- Branches should be encouraged to conduct an annual ‘scoping’ exercise of their local community and make the results available to frontline staff. This should provide information on the demographic make-up of the area, as well as key issues faced by the community that may impact on the branch.
- A contact database of relevant local and national agencies should be available to all members of staff so that they are aware of what these agencies do and be able to recognise the circumstances under which it may be appropriate to signpost a customer to them.
- Links with local agencies could be encouraged through such activities as:
  - Making a space available for local financial inclusion charities to run sessions for customers.
  - Hosting short presentations from relevant local intermediaries during staff training sessions/meetings.
  - Offering front line staff the opportunity to undertake a work-placement with the partner to gain a greater appreciation of some of the local issues. A reciprocal arrangement could be in place allowing staff from partner agencies to shadow a front line member of bank staff to gain a greater appreciation of the branch environment.
  - Identifying different schemes outside of their primary work in which they can be involved in community activities.
Utilising existing community activity within the bank to inform mainstream activities and training.

Participating in community events that provide opportunities for consumers to interact with banks, advice agencies and other financial services providers in a community setting, and even open accounts (see SAFE case study below).

Awareness and use of potential ‘gateway’ organisations to the local voluntary sector, such as the National Council for Voluntary Organisations, or other more regional organisations such as the Birmingham Voluntary Service Council.

Working with local agencies to produce a shared leaflet about what assistance and services they can offer individuals for bank branch staff to hand out.

In addition to the above suggestions:

As part of these guidelines a ‘jargon buster’ handout has been produced, explaining terms commonly used in local government and charity sectors that may apply to bank customers. In addition to this a directory of some of the key national financial inclusion agencies has also been produced. These can be accessed via www.transact.org.uk/bankingproject and are intended as a resource for all front-line bank staff and others who come into contact with agencies outside of the financial sector. Please acknowledge Transact when making use of this in your own organisations.

Potential challenges:

There is a huge challenge in supporting branch staff, whose job is varied and has many competing demands, to signpost customers to appropriate agencies. Although this can be helped through training, links with local agencies and referring to appropriate resources, if staff are not confident that they are directing customers to the relevant agency for their needs, a second opinion should be sought and knowledge reinforced through in-branch information, such as information available via an intranet.

As with signposting customers to agencies to help build financial capability there is a risk that customers may not understand the reason for being signposted to external agencies. It therefore needs to be clear that this does not mean they are obliged to go there and that staff are signposting them elsewhere for positive reasons and not to avoid offering a service they themselves are able to give; this needs to be reinforced by the relevant external agencies.

The challenges of working in partnership are complex, so it is important when developing partnerships with local agencies that each partner should be clear from the outset on the benefits the relationship can bring and the limits to the relationship. Relationships between local branches and external agencies will only work if both parties enter into this relationship on a positive basis. Available space and resource within a local branch could also impact on the ability to make and maintain such relationships.
Scotcash is a community development finance institution (CDFI) based in Glasgow, which aims to help reduce financial exclusion by increasing access to affordable loans, basic bank accounts, savings accounts and high quality financial advice. Customers primarily consist of single parents, especially mothers and people on low incomes, and many have either poor, little or no experience of banks or bank accounts. The Royal Bank of Scotland formed a “trusted partner status” relationship with Scotcash allowing RBS bank accounts to be administered on Scotcash premises by Scotcash staff who have been trained in the account opening process by the bank. Through this relationship RBS is able to demonstrate a desire to be part of the solution and not the problem by taking a business solution approach to the issue of providing mainstream banking facilities to adults in households who do not have bank accounts.

SAFE (Services Against Financial Exclusion), a project of Toynbee Hall in East London, has run community events called ‘Bulbs, benefits and bank accounts’ over a number of years. These have brought together individuals from the community with local bank branch staff, alongside local money and benefits advisers, credit unions and energy efficiency advisers. Where appropriate, bank staff have commenced the account opening process at the events, and have reported that customers tend to be more relaxed and receptive than the same customers would have been in a more formal branch environment.

All Barclays branches are provided with a Maximise Your Market pack, providing the contact details and map location of their local CAB or credit union where relevant. Branches are encouraged to consider the different key activities and organisations in a community, their own current community activities and the opportunities for new actions to improve community awareness and involvement and how this could benefit their customers.
Next steps

This document and its contents have been created by a cross-sectoral Partnership Group and it presents a range of ideas to inform banks’ reviews into their own policies and procedures. While it does not set prescriptive requirements, it is hoped that it can inform the wider structural framework around the provision of bank accounts. It is also intended that the process of production can act as a starting point for future collaborative work across the sectors on issues pertaining to financial inclusion.

There are no plans for enforcement of the guidelines expressed in this document, but we hope that these can be used to inform future developments both in individual banks’ activities and also in the future developments of guidance and regulation.

The Partnership Group is facilitated by Toynbee Hall, an organisation which continues to work with different partners in the financial industry, Government and the third sector to address financial exclusion. Toynbee Hall will continue to work with the banking industry to assist in the implementation of these guidelines. If you are interested in talking to the team at Toynbee Hall with regards to the Partnership Group, this document or other areas of your work that relate to financial inclusion then please contact Adam Clark, Banking and Financial Inclusion Coordinator, at adam.clark@toynbeehall.org.uk.

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British Bankers’ Association
BCSB
CDFA
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Financial Services Authority
HBOS
HSBC
Lloyds TSB
Nationwide
The Royal Bank of Scotland/NatWest
Transact
The Partnership Group

The Partnership Group is facilitated by Toynbee Hall and consists of 17 members representing banking, Government and third sector backgrounds.

Members:

- **Doug Taylor, Chair** – Personal Finance Campaign manager, *Which?*
- **Helen Banks** – Director of Retail, *British Bankers Association*
- **Teresa Perchard** – Director of Public Policy, *Citizens Advice Bureau*
- **Tim Holbrow** – Manager, Public Policy and Regulation, *Lloyds Banking Group*
- **Pamela Cornes** – Consumer Agenda Manager, *Barclays*
- **Andrew Rudge** – Corporate Responsibility Manager, External Risk, *Royal Bank of Scotland*
- **Jonathan Stearn** – Campaigner on Disadvantage, *Consumer Focus*
- **(previously Nicola O’Reilly)** – Senior Policy Advocate, *National Consumer Council*
- **Faith Reynolds** – Financial Inclusion Development Manager, *Toynbee Hall*
- **Nigel Waite** – Director, *Financial Services Research Forum*
- **Adrian Lloyd** – Enforcement & Regulatory Affairs director, *Banking Code Standards Board*
- **Jane Livingstone** – Policy and Information Manager, *Association for Real Change*
- **Tony Kuczys** – Assistant Director, Finance Policy, *Department for Work and Pensions*
- **Steve Duffy** – Financial Inclusion Team *Department for Work and Pensions*
- **Bernie Morgan** – Chief Executive, *CDFA*
- **Sarah Hatcher/Colin Kinloch** – Consumer Affairs Team, *Financial Services Authority*
- **Rosalind Sellers** – Public Affairs Manager, *Payments Council*

Details of the Partnership Group’s work can be accessed at www.transact.org.uk/bankingproject. Transact is the national forum for financial inclusion, a movement of over 1000 organisations and individuals dedicated to practising and promoting financial inclusion for the benefit of individual people experiencing hardship and poverty as a result of financial exclusion.
The Banking Project

Toynbee Hall’s Banking Project is funded by the Department for Work and Pensions’ ‘now let’s talk money’ campaign Special Projects Fund. The project was established in March 2008 and will run to March 2009 with the objective of driving strategic and systemic change within banks to engage within local intermediaries and communities to facilitate increased awareness, account opening and usage among vulnerable consumers. Its three key deliverables are:

- Development of ‘Partnership Group’ to bring key stakeholders within banking industry and voluntary sector to discuss issues relating to ‘access to banking’ and to inform project
- Development of these guidelines for banks to increase the capacity of frontline line bank staff to support people experiencing financial exclusion
- Development of standardised training package for intermediaries to support service users to access transactional banking services

For further information, please visit the Transact website www.transact.org.uk/bankingproject
Or contact Adam Clark:
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The ‘now let’s talk money’ campaign

The ‘now let’s talk money’ campaign is a UK-wide Government campaign, administered by the Department for Work and Pensions (DWP) and delivered by a network of regional stakeholder managers. It aims to direct people looking for financial assistance to local trusted sources where they can find information on affordable credit, confidential advice on money matters, and advice on suitable bank accounts. ‘now let’s talk money’ directed itself to organisations that work on a regular basis in financial inclusion services, as well as to the wider public to make everyone aware of the services available that can help make a difference to their lives. To find out more about ‘now let’s talk money’, please log on to the website www.nowletstalkmoney.com.