

UNLOCKing Banking

Newsletter – February 2010



Banking...but it's not a KPT!

First of all, I'd like to say thank you for your interest in the UNLOCKing Banking project. I know from my own experience, as well as talking to many of you, how incredibly frustrating it is to try to set up access to banking inside prisons. It's very encouraging to see so many of you working so hard to bring banking to your establishment, particularly at a time when resources are...well...let's just say 'KPT focused'.

I've put together this newsletter to keep you updated with the latest developments around access to banking for prisoners. I want to ensure the best communication possible, so that everyone has an accurate picture of the situation and can plan accordingly. At the end of 2010 we all want to see some practical benefits for serving prisoners who want to make a fresh and positive start.

A short history of prison banking

As some of you will know, UNLOCK has been encouraging pre-release banking since 2005 when we set up pilot projects in partnership with Halifax, HMP Coldingley and HMP Cookham Wood. Since that time, though we sadly lost Cookham Wood when it was removed from the women's estate, we've also set up access to banking at Wormwood Scrubs and Camp Hill (with Halifax) and Norwich, Littlehey and Blundeston (with Barclays). Meanwhile, Co-operative set up a very successful project in HMP Forest Bank, which soon spread to other prisons.

Although we established and continue to provide support to our six prison projects, UNLOCK is not a service provider. These banking services are run by the prisons and their existing service delivery partners. Our aim is to create a situation where prisons are able to establish and run their own pre-release banking services without need for us.

In January 2008, we produced a briefing paper for the British Bankers Association (BBA), aimed at convincing them that it would be a good idea for the banks to support the work of prisons. The BBA's Chief Executive, Angela Knight, agreed and we set up two 'roundtable' events for the banks to find out more. These were held in December 2008 and February 2009 and led to an agreement between NOMS and the BBA to work on a standard ID form for prisoners, based on the one developed in our projects.

On the 27th October 2009, Maria Eagle MP attended a meeting with representatives of the banks and gave ministerial approval to the ID form. At the meeting, the prison minister stated the Government's support for pre-release banking and asked the banks to get involved. PSI 35/2009 was released in December 2009 and includes instructions for Governors and the ID document as an annex.

In January, NOMS asked us to explore how this work can be taken forward and provided us with a grant equivalent to one member of staff for one year. This has been split between two people, Chris Bath and Christopher Stacey (contact details at the end of this newsletter).

The UNLOCKing Banking project

UNLOCK and NOMS have agreed that, as a result of this project, we want to see an increased number of prisoners enabled to open bank accounts prior to release due to prisons being better enabled to deliver account opening services. This means achieving three *objectives*:

1. Increase the extent to which banks offer bank accounts to serving prisoners
2. Increase the number of prisons which offer support to prisoners wishing to open a bank account
3. Establish links between prisons and banks wishing to offer a bank account support service

Based on the current situation and the level of resources available, we are focusing on the following practical *activities*:

1. Assessing the current level of supply (from banks) and demand (from prisons) so we know what the current situation is.
2. Promoting the new ID document contained in PSI 35/2009 to prisons and banks
3. Developing and providing practical guidance to prisons on running a banking project efficiently, effectively and securely
4. Seeking agreements from the major banks that they will work with prisons to open accounts for serving prisoners in order to support resettlement

Progress Update

Supply & Demand

We have begun to update a 'mapping' of prison-bank relationships which was carried out around two years ago. We are focusing on those prisons that previously indicated that they did have a relationship with a bank. Early indications are that the situation has actually deteriorated over the last two years. Several prisons have lost successful relationships with local branches of banks. The reasons given for this include resource cuts in the prison, dormancy levels (people not using the account after release) being too high for the branch, changing of staff and the financial crisis. Open prisons have found the process easier as they are able to send people to the branch and have linked account opening to 'working out' programmes. Properly resourced projects, established with banks at the HQ level have also not been shut down.

Identification

The ID document contained in PSI 35/2009 is a result of agreement between MoJ/NOMS and the BBA. The BBA's panel on ID, which is made up of representatives from the major banks, agreed the document. Therefore, at the very highest level, the banks have agreed to accept this document. However, there are a few important points to note: -

- If you have an existing process established with a bank, PSI 35/2009 does not require you to review or alter that process. You are not required to use the new ID document if you already have a system that is acceptable to a bank with which you have developed a partnership.
- Other than the ID form, no special process has been established between NOMS and the banks for the

opening of bank accounts. However **there is no legal or regulatory reason why a bank cannot accept the ID document.** The ID form is acceptable under the normal guidelines produced by the Joint Money Laundering Steering Group.

- Banks are **not required** to accept the ID form by law and cannot be forced to open account for anyone, even if their ID is acceptable.
- There is no guarantee that awareness of the ID form has actually filtered down to bank branch level. Therefore, you should be aware that **branch staff are unlikely to recognise the ID form** when you approach them. However, they should be able to call an internal team to check whether they can accept an unusual piece of ID.
- The form is **not intended to be given to prisoners** before or on release. It is an official document that must be retained by staff at all times and never put in possession of a person in custody. For security purposes the ID document includes a secure HMPS email address so a bank can check its validity. However, it is in the best interests of security, and of the whole project, to ensure that these forms cannot be sent directly from prisoners. It will have no legitimate value outside of the prison.

Since readers of this newsletter are probably already aware of the PSI/ID, it's not necessary to explain the promotion to prisons. Essentially, we've used the Quantum intranet and Inside Time.

Guidance for Prisons

While we hope that this newsletter will provide helpful guidance as to prison banking, we recognise that what's really needed is more practical guidance. We are currently drafting a guidance document on running a prison-based banking project. This will be based on the operating plans drawn up for our own project. However, in order to make sure it is as useful as possible, we'll be sending it to you in draft form initially. We'll be asking your opinion on whether it covers the right areas and provides the right solutions for your establishment. The prison estate is wide and varied and solutions that have worked in one prison, don't always apply exactly to another. We'll be gathering your thoughts, questions and proposed solutions, and putting them in the final document. Hopefully this will mean that you get the guidance you will find useful.

Getting Banks on Board

Of course, as well as wanting to know how to run a pre-release banking project, you want to know how to establish a partnership with a bank. There's not much point in developing your own systems and processes if none of the banks will actually work with you.

There's a genuine debate over whether it's better to build a local relationship with a branch near to the prison or to try and deal with Head Office. We've seen some great local projects set up, including ones where branch staff actually came into the prison. However, we've also seen these relationships disappear overnight, often due to staff turnover or the branch feeling too many accounts are being opened. As suggested above, the task of training every member of staff, of every branch, of every bank to recognise the prisoner ID form is pretty overwhelming.

Therefore we will be focusing on encouraging banks at the national level. We're asking senior management in each bank to sign up to working with prisons and to train a central processing unit accordingly. We think this will be more sustainable and less costly for everyone.

Once we have the banks signed up we'll be able to advise them as to which prisons are ready and willing to deliver a banking project. Of course, we can't tell them to work with, or how to do it. That will always be a decision for the individual bank.

Due to mergers, there aren't actually that many major banks left these days. The national banks that offer basic bank accounts are listed below. To give an idea of how big each of these banks is, we've tried to put them in order of the number of basic bank accounts they provide. Where available, we've included the estimated total number of basic accounts they provide.

Lloyds Banking Group:

LloydsTSB & Halifax Bank of Scotland
Basic accounts: 4 million

RBS:

NatWest & Royal Bank of Scotland
Basic accounts: 1 million

Barclays

Basic accounts: unpublished

HSBC

Basic accounts: unpublished

Santander:

Abbey & Alliance & Leicester
Basic accounts: unpublished

Co-operative Bank

Basic accounts: 135,000

In terms of providing accounts to prisoners, the current situation is as follows: -

Co-operative have already agreed to cover 29 prisons; Albany, Aylesbury, Birmingham, Bristol, Buckley Hall, Channings Wood, Dartmoor, Dovegate, Eastwood Park, Erlestoke, Ford, Forest Bank, Garth, Guys Marsh, Haverigg, Hollesley Bay, Holme House, Maidstone, Onley, Parc, Portland, Ranby, Rye Hill, Stanford Hill, Verne, Wayland, Whatton, Winchester, and Wymott

Barclays has met with us and is considering the resource requirements of a wider roll-out of their commitment, which currently covers Norwich, Blundeston and Littlehey.

Abbey have agreed to present the issue to senior management if we help them develop a 'business case' that would outline the benefits and risks of working with prisons.

RBS have agreed to meet with us in late February to 'discuss ways of working together'.

Lloyds Banking Group continues to support the projects established with Halifax prior to the merger and is considering the proposal for wider roll out.

HSBC have not yet responded to our contact with them.

In addition to the banks, **Nationwide Building Society** offers a basic bank account. We have contacted the Building Society Association with a view to involving Nationwide, as well as other building societies that may be happy to offer savings accounts. We are awaiting a response.

Other organisations

Local Branches

The wheels inside banks move almost as slowly as those in government. The reality is that it is going to take time to get the banks into a position where they are ready to partner with the prisons. Therefore, it is not the aim of this newsletter, or of the project, to persuade you against local banking projects. If you have one, and its working well, that's fantastic. I mentioned earlier in the newsletter that there is no legal or regulatory reason why a prisoner cannot open a bank account, subject to an appropriate identity and address verification process. Basic bank accounts should be easier than normal current accounts because they don't require a credit record check. This means that it is quite possible that a particularly friendly branch manager might open an account for a serving prisoner.

However, the experience of many prisoners and the prison or charity staff that have tried to help them is that this doesn't happen. You are quite within your rights to contact local branches and try to get them to help you. Just be aware that it will be difficult to set up and may not be that sustainable even once it is. However, any contact with your local branches may well be filtered back up to Head Office, and therefore may help to catch their attention.

Credit Unions

If you haven't heard of credit unions, or don't know much about them, now is the time to find out. Although they are slightly outside the remit of our banking project, we're big fans of credit unions and over the last month have been talking to some who have an interest in prisons.



You can find out about credit unions via the Association of British Credit Unions (ABCUL) at www.abcul.org.

Credit unions offer savings accounts and can offer affordable loans to people on low incomes. They are not like banks because when you join a credit union you become a member, and the members are the owners of the union. The money made by the credit union doesn't go to shareholders, it goes back to the members. They will normally only lend to people who have been saving with them for a while, but if people are able to save even a small amount during their sentence, they may be able to borrow money after release. Some of the bigger credit unions now offer full current accounts with debit cards and ATM access. Credit unions are often established in lower income communities, and can often provide free money advice.

The major limitation with credit unions is that in order to join, you have to be part of their 'common bond'. This usually means that you have to live or work in their local area. Once you move out of the area, you can't be a member any more. This makes it difficult for many prisoners to join before release, as they are going to a different area. Because credit unions are not available everywhere in the country, you may find that there is not one available that covers your prison. However, if you are trying to help a particular prisoner, there might be one where they intend to resettle.

One example of a successful partnership is Leeds City Credit Union, which has been working with local prisons HMP Leeds and HMP Wealstun for almost two years. In fact, they've opened up 600 savings accounts and at Leeds they are providing money management services to prisoners and staff. They also offer a current account after release, subject to proper identification.

This project is being paid for by a grant from a charitable trust, so you shouldn't automatically expect the same from your local credit union. However, credit unions have social goals, as well as needing to be sustainable, so if you are lucky enough to have one in your area, why not get in contact with them? Perhaps you could work together to secure a grant to work together.

Financial Inclusion Champions

The Financial Inclusion Champions programme run by the Department of Work & Pensions (DWP) takes forward the work of the Now Let's Talk Money campaign.



The Financial Inclusion Champions work across their area to build and coordinate partnerships to promote financial inclusion. In particular they will aim to stimulate the demand for, and in some cases increase the supply of, basic financial services for financially excluded people. The programme has £12 million funding over three years, split across all the English regions, Wales and Scotland. Financial Inclusion Champions cover geographic regions in the UK. There are also some thematic Champions – including one for offenders. There are several champions in each region, all hosted by an organisation.

| Area | Host Organisation |
|---|---|
| Wales | Wales Co-operative Society |
| London | Toynbee Hall |
| Durham Tees Valley | Fabrick |
| South Yorkshire | Financial Inclusion Services Yorkshire (FISY) |
| West Yorkshire | Accent Group |
| Bristol | Bristol City Council |
| South Midlands | Leicester Money Advice |
| West Midlands | Birmingham City Council |
| East Midlands | Leicester Money Advice |
| Northumberland Tyne & Wear | South Tyneside Council |
| Derbyshire, Notts, Lincoln, S.Midlands | Leicester Money Advice |
| Cumbria | Derwent & Solway Housing Association |
| Greater Merseyside | Lancashire County Council |
| Manchester & East Lancashire | Manchester & Salford City Council |
| East Yorkshire, North Lincolnshire & Humberside | Sanctuary North |
| Southampton and Portsmouth | First Wessex Housing Group |

You can get a list of contacts online at:-
<http://www.nowletstalkmoney.com/gb/en/Championscoveragenearingcompletion.html>

Financial Services Authority

The FSA has a useful website at www.moneymadeclear.fsa.gov.uk. It provides a wide range of 'step-by-step' guides to money matters that are available either to download or as **FREE printed copies**. As well as covering basic bank accounts, there are guides on credit unions, proving your identity and borrowing money. None of them are tailored to prisoners or former offenders but they are relatively clear and easy to follow. You can order up to 500 free copies using the online form.

If getting near a computer with internet access is a pain, you can call the Moneymadeclear helpline on 0300 500 5000 and hold to speak to an adviser (calls should cost no more than 01 or 02 UK-wide calls, and are included in inclusive mobile and landline minutes).

Training & Education

One thing we learnt very quickly in our original banking pilots was the importance of providing appropriate training alongside access to banking project. That goes for prisoners and for staff.

Setting someone up with a bank account, when they have either never had one before or never been given all the information they need, can end up causing problems rather than solving them.

Financial capability is about being able to manage money; keeping track of your finances; planning ahead; choosing financial products; and staying informed about financial matters.

Back in 2005 there wasn't much in the way of financial capability resources aimed at

prisoners. These days, there is quite a bit to choose from.

The FSA have funded various pieces of work in this area and provide links from www.fsa.gov.uk/financial_capability/resources

Lincolnshire Action Trust were funded to create *Working Money* an "employment based financial capability programme." Nacro are being funded to deliver free *Managing Money* training at the Prison Service College until March 2011. For availability email naomi.bryan@nacro.org.uk.

Vale of Glamorgan CAB have been funded to deliver a financial capability project in HMP Cardiff and HMP Parc, a project which is currently being evaluated.

Education providers may offer courses such as Budgeting and Money Management, or use a range of resources to develop an OCN accredited learning programme. They'll also be able to offer crucial basic skills like numeracy. It is best if there are a range of opportunities for people with different needs. We recommend trying to create links between Resettlement and Education, so that there is no replication and reciprocal referrals can take place.

During the UNLOCK pilot projects we developed *UNLOCKing Financial Capability* (UFC) by working with prisoners in a male and female prison. Since then we've shared UFC with around teachers, officers and peer supporters in around 30 prisons though capacity-building training. UFC is a set of financial capability resources focused upon the need to raise awareness and ability around banking. Though we unfortunately have to charge for the training, the resources are available for free. More information and a preview are available via our website: - www.unlock.org.uk/campaign.aspx

Next Steps

You could...

- Order copies of the FSA booklets
- Write a letter to all the local banks to ask if they would work with you
- Let us know how local banks respond – are they accepting the new ID document?
- Check whether the prison is within the ‘common bond’ areas of a credit union, using the ABCUL website
- Let us know what questions you want answered in the practical guidance on how to run a prison banking project
- Look into whether there is any financial capability training happening in the prison and, if not, research the possibilities

We are going to...

- Meet with the banks who have already agreed to meet us, so we can seek their commitment to working with prisons and chase up the banks that haven’t got back to us get
- Ask the British Bankers Association if we could have a letter from them explaining the new ID so that you can show it to branch managers who don’t believe you
- Work on a practical guidance document that will help you to implement an efficient, effective and secure prison banking project
- Keep a track of banking projects in prisons and keep you informed

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Thanks for reading and keep in touch!

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