

NEWS RELEASE
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**ACEVO hails commitment to establish Social Investment Wholesale Bank
but “There’s more work to do” says Bubb**

Responding to the pre budget report, ACEVO has welcomed positive steps , including the firm commitment to create a Social Investment Wholesale Bank, but says they must be built on to ensure that the 2010 Budget is a ‘budget for all’.

Stephen Bubb, Chief Executive of ACEVO said,

“We know that cutting public expenditure and improving our public services are top priorities. Hundreds of third sector CEOs have written to the Chancellor to explain why this is so important. Today’s pre budget report marked an important step towards this, with the announcement of a timetable for the establishment of the Social Investment Wholesale Bank. The bank will be key to more third sector organisations having the capacity to be deliver services effectively.

ACEVO have long been campaigning for the bank’s creation, particularly through our taskforce to the Secretary of State for Work and Pensions, which reported in February 2009. Today’s news therefore represents a major success for ACEVO and the sector”.

Commenting on the announcements on financial reform Stephen Bubb said,

“It is vital that financial reform is not about punishing the rich but promoting the interests of the poor. It is clear that there are far more deeply rooted problems in our financial system than that of bankers’ bonuses. Today the Chancellor has opened the door for the financial reform our communities and economy sorely needs. To tackle the problem of financial exclusion at its root, we must know precisely what services banks provide - or don’t- to those in deprived areas.

“This is why the Better Banking Coalition are calling for full financial disclosure by banks, a cap on unfair credit rates for those who cannot afford them, and obligations on banks to demonstrate that all who merit it have fair and equal access to credit.”

Noted to editors

About ACEVO

ACEVO (Association of Chief Executives of Voluntary Organisations www.acevo.org.uk) is the professional body representing charity and not-for-profit sector chief executives in the UK, with over 2000 members. The broad not-for-profit sector now employs the full-time equivalent of 1.5m staff, with a collective annual turnover of £46bn. ACEVO is committed to improving third sector leadership skills worldwide.

About the Better Banking Campaign

- The Better Banking Campaign has come together recently in response to a broad and growing coalition of people and organisations campaigning for fair access to credit for all.
- The core coalition consists of:
 - Toby Blume (Urban Forum)
 - Damon Gibbons (CESI)
 - Naomi Kingsley (London Rebuilding)
 - Peter Kyle (ACEVO)
 - Faisal Rahman (Fair Finance)
 - Andrew Robinson (CCLA)
 - Steve Wyler (DTA)

Members of the wider coalition

CreatingExcellence
NCVO
Bassac
DTA
ACEVO
CSC
CLES
SenScot
Durham City District CVS
Groundswell
Foyer Federation
NAVCA
Carnegie Trust
BME Alliance for East Midlands
St Helen's CEN
Social Enterprise London
ACRE
NCVYS
BTEG
CDX
Groundwork
Eden Project
LEMP
CEMC

Derby Millennium Network
Women's Resource Centre
Wearmouth Community Development Trust
Preston Community Network
CAST Trust
Community Matters
Equanomics
Muslim Council of Britain
Action for Market Towns
Re:generate
Debt On Our Doorstep
London Rebuilding Society
Community Development Finance Association

- The problem at hand: millions of low-income households suffer from the sky-high interest rates (up to 9,000%!) offered by door-step lenders, for want of fair credit available from other financial institutions. This also affects small-businesses and third-sector organisations. In general, the poor are being made poorer, economic growth is stifled, and those in a position to help such as CDFIs and charities are financially constrained. The government have been working since the 90's to tackle financial exclusion via a number of initiatives, but there needs to be fundamental reform to tackle the root of the problem, rather than the symptoms.
- The Better Banking coalition are calling for three things:
 1. Financial institutions and other financial institutions should disclose where their money comes from and where it is invested (on a very local area level) to allow government to understand the size of the problem and increase efficiency by targeting spending on the areas where it is most needed.

However, this alone will only clarify the size and nature of the problem, without addressing it. Therefore:

2. Financial institutions should be prohibited from charging above a certain amount for credit,

This alone, though, will render door-step lenders out of business, and so push the financially excluded into the hands of loan-sharks. Therefore:

3. There need to be incentives for financial institutions who deal with those financially excluded- perhaps, as with the Community Reinvestment Act in the US, financial institutions are given a 'CRA rating', and only approved for mergers/allowed to acquire new branches if they have a certain rating. They could do meet their responsibilities directly – by expanding their own services to low income in low income communities – or by entering into partnerships with others such as credit unions, community development financial institutions, or housing associations and local authorities.

1-3 together will expose the size and nature of the problem of financial exclusion, provide individuals and organisations with funds without extra cost for the taxpayer, and without extra risk for the financial institution, decrease poverty and increase economic growth, and encourage best practice amongst financial institutions.

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