

The **co-operative** bank  
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# Banking on a Fresh Start

A research study into the impact  
of The Co-operative Bank's  
project to enable prisoners to  
open basic bank accounts in  
HMP Forest Bank



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August 2008

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This research report was written by Paul A. Jones.

The opinions, ideas and recommendations contained in this report are those of the author, based on data generated through the research project. They do not necessarily reflect those of The Co-operative Bank, HMP Forest Bank or any particular participating agency.

## Executive Summary

HMP Forest Bank is a privately managed, category B, male, local prison in Salford, Manchester. From April 2006, The Co-operative Bank Accounts for Prisoners project has enabled Forest Bank prisoners to obtain a basic bank account before release.

Given the success of the project, word of mouth communication circulating around the prison service resulted in the bank opening accounts for prisoners in 28 other prisons around the country<sup>1</sup>.

### Bank accounts and resettlement

The escalating demand for bank accounts for prisoners is directly related to the increasing focus on resettlement and on the reduction of re-offending within Government penal policy.

### The problem of prisoner access to a bank account

69% of all inmates in Forest Bank either have never had a bank account, or no longer have one now that they are in prison.

Over 79% of ex-prisoner survey respondents said that opening a bank account would have been difficult for them after release, if they had not had the opportunity to open The Co-operative Bank Cashminder account.

### The Accounts for Prisoners project - a major intervention by The Co-operative Bank.

By the end of June 2008, 436 Cashminder accounts had been opened at Forest Bank and 547 in 15 other prisons. In total, by the end of June 2008, 983 Cashminder accounts had been opened for prisoners.

By the beginning of August 2008, an additional 13 prisons had approached The Co-operative Bank for accounts and the number of Cashminder accounts for prisoners rose to 1,392. During the month of June 2008 alone, the bank processed 184 Cashminder account applications from 17 prisons.

The Co-operative Bank's involvement in prisoner bank accounts far exceeds that of any other high-street bank and represents a major intervention in the sector.

### The significance of a bank account to inmates and released prisoners

The Government's crime reduction and resettlement strategies recognise the importance of a bank account for prisoners. For, without a bank account, measures to enable ex-prisoners to gain access to settled accommodation, employment and education are more complex and difficult to implement.

79% of inmates surveyed said that having a bank account was important for them. However, a bank account had a greater significance than a method of money transfer alone. For prisoners, the significance of a bank account lay more in a desire to manage money more effectively and to achieve social inclusion within society.

<sup>1</sup> The 29 prisons where The Co-operative Bank Cashminder accounts have been opened are 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, Standford Hill, Verne, Wayland, Whatton, Winchester, and Wymott.

For them, access to a bank account had many more psychological and social outcomes than immediate economic ones. They wanted an account in order “to feel better about myself” and “to feel part of society”.

For inmates, the Cashminder account offered the opportunity of a fresh start and it was seen as a significant factor in building a new life.

Where ex-offenders had gone on to use the Cashminder account effectively, there was evidence that it had contributed to their personal social and financial advancement. Only 2.2% of ex-offender survey respondents, for example, said that they wanted access to direct debits when they opened the account, but 40.5% of them said that they now used direct debits to pay bills.

63% of ex-offender respondents said they were unemployed and only 11% reported that the bank account had assisted them to secure a job. However, the bank account was regarded as assisting in the facilitation of future job opportunities.

The national average re-offending return rate to prison is around 67% (Hansard 2006). However, only 37% of Cashminder account holders at Forest Bank re-offended after release and returned to prison. This decrease in the re-offender return rate to just over half the national average looks promising. It is early days, and time will tell, but the research suggests that access to a bank account has assisted a significant number of people to bank on a better future.

## On systems and procedures

95% of ex-offenders who had opened accounts considered that the process for opening accounts at Forest Bank was easy. 72.7% said it was very easy and 22.7% that it was quite easy. This high level of overall satisfaction with the bank project at the prison was also reflected in focus groups and interviews.

The high demand for a bank account in the prison led many inmates and ex-prisoners to argue strongly for bank account applications to be open to all inmates on admission or through wider advertising of the accounts on the prison wings.

There are good arguments to suggest that the initial assessment on induction should establish whether or not a prisoner has access to a bank account, and then include opening an account within the prisoner's rehabilitation plan.

However, evidence suggested that at least 28% of accounts, probably more, were not being used after release. The research was able to identify some of the reasons for this and some possible solutions. Some of the solutions were procedural and included:

- ensuring Jobcentre Plus receives the new account details before release in order to set up JSA or other benefit payments to the new account
- suggesting that prisoners be given account details before release and that any items that must be retained by the prison, such as the debit card and pin number, go into Valuable Property to ensure that prisoners are guaranteed to receive them on release.

## Using a bank account in prison

Prison Service policy allows inmates to maintain a bank account and, within certain restrictions, to make deposits, including from the prison personal cash account.

The research argued that prisoners should be encouraged to use and to manage their new bank accounts while still in prison. This will familiarise those unused to banking with the basics of the banking process, encourage saving for release and enable prisoners to deposit cheques sent to them from outside.

### **Continuity through the prison gate**

Life after release can be a very challenging time for ex-prisoners. They often have to arrange somewhere to live, organise benefit payments and deal with a whole range of complex issues that may face them on the outside.

With no job and limited income, there is the tendency for some ex-prisoners who opened a bank account to continue to manage money in cash, given the unfamiliarity of a bank account. Further personal support after release is required if the motivation to migrate to a bank account is to be sustained.

### **Bank accounts and financial capability education**

There was evidence that a significant number of prisoners had limited understanding of the operation of a bank account. In the focus groups, prisoners and ex-offenders said that the low-level of financial capability among ex-offenders was one reason why some people had been unable to make the transition to using a bank account.

91% of inmate survey respondents had never attended a training course on financial matters, but 49% said they would attend a course if it were available. Financial capability training in prisons must focus on the detailed practicalities of managing a bank account. However, improvements in the level of financial capability do not result from course attendance alone; they require long-term changes in attitudes, habits and behaviour towards money.

The research suggested that if the prison and Jobcentre Plus combined to direct people to use a bank account and, after release, adequate personal advice and money guidance was available, then the ability of ex-offenders to use a bank account would be improved.

### **Money and debt advice**

31% of inmate survey respondents said that they required money advice while they were in prison, mainly related to financial difficulties associated with debts on personal borrowing. Only 14% of inmates had ever sought money or debt advice in the past.

51% of ex-prisoner respondents reported that they were in financial difficulty when they left prison and 52% said that they currently needed money advice.

In the focus groups, fear of past debts surfaced as a reason why some ex-prisoners did not eventually use their bank account. Some expressed the view that past debts were sometimes regarded by ex-prisoners as crimes, which heightened their fear of creditors and of entering the banking system.

### **Bank accounts and the family**

46% of inmate survey respondents reported that being in prison had made life financially difficult for their families or people they lived with. Of the 14 partners of prisoners interviewed at random in the study, six (43%) reported that their partners did not have a bank account and that their partner's prison sentence has made life financially challenging for them.

Facilitating access for ex-prisoners to a bank account holds out the possibility of furthering the financial inclusion of the entire family, and thus strengthening the family environment within which long-term prisoner resettlement can take place.

## Conclusion

The success of The Co-operative Bank Accounts for Prisoners project is to be found above all in the lives of the ex-prisoners who have been able to leave Forest Bank and start afresh, with a new confidence in a better future and in an ability to desist from committing crime.

The research indicated that valuing the potential of ex-offenders as participants in society, and offering them a fresh start, offers the best positive long-term intervention aimed at the reduction of re-offending.

Society cannot afford to exclude prisoners and ex-offenders from the banking system and reject their pathway back into society. However, the challenge of serving ex-offenders, one of the most excluded groups in society, is recognised to be significant. Assisting ex-offenders to have bank accounts is the hard edge of promoting social and financial inclusion.

## Recommendations

The Co-operative Bank Accounts for Prisoners project confirmed the importance of access to transactional banking in the process of prisoner rehabilitation. A series of recommendations emerged from the research for the National Offender Management Service, for Government, for the Financial Services Authority, for prisons, for banks and financial institutions, and for all stakeholders working to promote access to banking in prisons. These can be found at the end of the report.

# 1 Introduction

HMP Forest Bank is a privately managed, category B, male, local prison in Salford, Manchester. From April 2006, The Co-operative Bank Accounts for Prisoners project has enabled prisoners there to obtain a basic bank account before release. In the two years up to August 2008, over 500 Cashminder accounts have been opened for Forest Bank prisoners. Given the success of the project, word of mouth communication around the prison service resulted in the bank opening accounts for prisoners in 28 other prisons around the country. Up to the end of August 2008, including those at Forest Bank, over 1,300 basic bank accounts have been opened for prisoners by The Co-operative Bank.

The demand for bank accounts for prisoners is on the increase. From a slow start in 2006, The Co-operative Bank is now receiving nearly 200 applications a month from UK prisons and the figure is rising. The escalating demand for bank accounts for prisoners is directly related to the increasing focus on resettlement and on the reduction of re-offending within Government penal policy. As prisons endeavour to resettle prisoners into jobs, into housing and into education, prisoner access to a bank account becomes a critical issue. For with no bank account, for example, it is not that easy to find a job. Yet, without relevant proof of identity and of address history, the majority of prisoners find it impossible to open a bank account on release. For prisons, the inability of prisoners to access a bank account potentially undermines a range of resettlement initiatives.

The importance of the issue of a bank account for prisoners cannot be underestimated. The impact of crime can be devastating for the lives of individual victims, entire communities and society as a whole. Despite spending £300 million per year on rehabilitation regimes in prisons, each year, over half of all crimes are committed by people who have already been through the criminal justice system. (Home Office 2005b). Over two thirds of ex-prisoners re-offend (Hopwood Road 2007). As well as the damage to individuals' lives, re-offending by ex-prisoners is costly to society. It costs a staggering £35,000 to keep one person in prison for just one year (Citizens Advice 2007), and re-offending in total can cost society as much as £11 billion per year (NOMS 2005a).

Breaking this cycle of re-offending is essential if the overall efforts to reduce crime are to succeed and if safer communities are to be created. It is for this reason that practical resettlement initiatives put in place while a person is still in prison are essential. Yet, despite advances in resettlement policy and practice, access to a bank account is in many respects the missing link in current resettlement plans, a reality now recognised by the National Offender Management Service (NOMS) (NOMS 2007 a,b).

However, the reality is that opening a bank account for prisoners is not easy and presents a pressing problem for many prisons. It is true to say, as evidenced in this publication, that often, high-street banks are reluctant to develop relationships with prisons and open accounts for their inmates. Prisons have been refused by banks and committed resettlement workers in prisons have had to personally seek out banks ready and willing to serve prisoners, one of the most financially excluded groups in society. It was one such worker that approached The Co-operative Bank in 2005.

The Co-operative Bank, in line with its core values of social responsibility, co-operation and ethics in action, was happy to respond to the evident need expressed by Forest Bank for bank accounts for its inmates; and since then, given the increasing demand, it has found itself taking a lead role in serving UK prisons. There are, and have been, however, other smaller-scale banking initiatives around the country. UNLOCK, the National Association of Reformed Offenders, has taken a lead in promoting and encouraging links and partnerships between banks and individual prisons (UNLOCK 2006, 2007 a,b). The UNLOCK HBOS project, supported by NOMS, for example, was the first direct linking of a bank and a prison in the country (NOMS 2007b).

However, it is true to say that banking provision for prisoners remains very patchy and inconsistent. Apart from the 29 prisons served by The Co-operative Bank, UNLOCK identifies a further six prison banking projects in the country. There are currently 163 prisons in the UK.

This report is based on an 18-month research study into the impact of The Co-operative Bank Accounts for Prisoners project at HMP Forest Bank. It was undertaken by the Research Unit for Financial Inclusion at Liverpool John Moores University and involved bank and prison staff, inmates, released prisoners and other stakeholders in a collaborative enquiry into the nature and working of the project. For the most part, it is a people-centred study, which endeavours to explore the impact of the project on the lives of prisoners and ex-prisoners themselves. For, despite any other measure that may be assessed, the success of the project will be judged ultimately by the extent to which it contributes to the reduction of re-offending rates.

The report and its findings are commended to Government, to the Prison Service, to the National Offender Management Service and to the banking industry. The report highlights the importance of bank account access in the effective resettlement and rehabilitation of prisoners, but also with regard to their long-term social and financial inclusion in society.

## 2 Research Methodology

The research study was conducted as a collaborative qualitative and quantitative research project over an 18 month period. It involved The Co-operative Bank and HMP Forest Bank staff, prisoners, ex-offenders and their families in an investigation into the impact and effectiveness of the Accounts for Prisoners project at the prison.

The research study methodology had the following constituent elements:-

- an internal survey sent to prison inmates aimed at revealing the financial issues they faced and the potential take-up of the Cashminder account at Forest Bank. This survey was circulated in two stages; a pilot survey was first distributed on the wings, followed by a modified version of the questionnaire distributed through education classes. 222 internal prison survey forms were returned, which represented approximately an 18.5% return rate.
- an external survey sent to ex-offenders who had opened a Cashminder account while they were at Forest Bank. This survey aimed to research participants' experience of opening and using the account. 44 external survey forms were returned, which represented approximately an 18% return rate
- 42 inmates participated in nine focus group sessions held in the prison, aimed at exploring prisoner expectations of a basic bank account, including the barriers and problems faced in accessing and managing an account. The discussions were set within the wider context of financial inclusion and financial capability education.
- eight ex-prisoners, who had opened a Cashminder account in the prison, participated in two focus groups held away from the prison. The aim was to explore in detail the issues raised in the survey.
- three ex-prisoners agreed to tell their stories of opening and using the account as case studies in the report. One participant is now working, one is struggling with the account and the third took 12 months to use the account but now regards it as offering him a *"new opportunity and a fresh start"*.
- a series of short survey interviews took place with a sample of the partners of prisoners. These took place in the Visitors' Centre and involved 14 partners of prisoners.
- a survey was sent to probation officers to research the impact of the current accounts on ex-offender employment opportunities.

In addition, the research included in-depth, structured interviews with prison staff administering the programme, including education and employment staff; discussions and round table meetings with bank staff; and consultations with UNLOCK, Revolving Doors, Citizens Advice, the National Offender Management Service, Jobcentre Plus and the Probation Service.

### 3 Bank accounts and the resettlement of offenders

HMP Forest Bank is a category B, male, local prison serving the courts of the North-West. It accommodates around 1,160 men sent from courts in Wigan, Leigh and Bolton and around 190 young offenders from the whole of Greater Manchester. Sentences at Forest Bank range from weeks to years; however, the majority of inmates are serving relatively short sentences. Many are transferred from other prisons to complete their final months before release.

Forest Bank has a comprehensive resettlement programme which endeavours to assist inmates into employment, housing, education and training on release. Central to this programme are the strong relationships that the prison has been able to build with many local employers. Not only have these relationships facilitated the direct placing of prisoners into jobs on release, but they have promoted new and imaginative employment training initiatives in the prison. These have included, for example, painting and decorating courses in collaboration with the local authority, and catering courses designed in association with an international hotel chain. Each prisoner has a personal interview with a member of the resettlement team before release and it is estimated in the prison that at least 40% of those released are directed into jobs or into further education or training.

Forest Bank's profile in resettlement education, training and job placement has increasingly strengthened over the last five years. From 2002 to 2004, the prison operated an ESF<sup>2</sup> and NOMS funded Prison Service Plus project, which addressed the barriers which ex-offenders face in entering the labour market. Since PS Plus, Forest Bank has been committed to developing its education, training and employment support for inmates as a direct contribution to the National Re-Offending Action Plan (Home Office 2004) and to regional resettlement strategies. Forest Bank aims to seek to assist resettlement and reduce re-offending by helping prisoners to find sustainable housing and employment, and to access further education in the community. The focus on employment is particularly important, given that previous research has suggested that being in sustainable employment significantly reduces the chances of re-offending (May 1999, SEU 2002, Home Office 2004, Howard 2006).

However, Forest Bank had a problem. As successful as the prison might have been in finding employment for prisoners, the prison had to face the fact that another major hurdle stood in the way of prisoners taking up job offers. This was the inability of most unbanked ex-offenders to open a bank account. Having no relevant proof of identity, neither photo identification nor proof of address, ex-offenders continually found that banks rejected their application to open an account. This jeopardised job opportunities, made access to rented housing more difficult, complicated the receipt of education grants and, as the prison realised, compounded the longer-term social and financial exclusion of offenders. At Forest Bank, prisoner inability to obtain a bank account was recognised as a serious problem, one that potentially undermined the prison's work to resettle offenders.

One of the education workers in the resettlement team recounted an example of the way in which the lack of a bank account can compromise the resettlement of offenders. She also explained some of the difficulties she faced in trying to assist prisoners to access an account,

*"Bank accounts have always been a real need for prisoners. A prisoner got a job in Ashton-under-Lyne, but there were real difficulties because he had no bank account. In fact, no bank account meant that he had no job. It was then that I approached a building society to give bank accounts to prisoners and, at the time, I did set something up and a couple of prisoners did get a bank account opened. But it was*

*unsatisfactory, as whenever there was a change in the building society personnel, I felt that I had to start all over again. In the end, it all came to nothing; only about two accounts were ever opened”.*

It was this experience that led the education worker to endeavour to identify a more straightforward and sure system of assisting prisoners to open bank accounts. She approached a number of banks and the Post Office, but, unfortunately, no acceptable solution could be found. It appeared that she faced an insurmountable hurdle in persuading any financial institution to respond effectively to the needs of prisoners and ex-offenders, certainly one of the most financially excluded groups in society. Universal access to basic bank accounts, promoted both by Government and by banks as central to financial inclusion, seemed not to apply to ex-offenders

A way forward only surfaced through chance and good fortune. In April 2005, a high level, fact-finding visit to the prison was organised by Business in the Community. During the visit, the visitors met education and resettlement team staff, and it was during a conversation that the education worker asked Sheila Macdonald, former Chief Operating Officer at The Co-operative Bank, if the bank could see its way to assist in providing prisoners with bank accounts before release. The worker explained the problem faced by prisoners in trying to open an account and the future impact on employment, resettlement and longer-term desistance from re-offending. Sheila Macdonald immediately recognised the critical importance of the issue and asked the CFS<sup>3</sup> Community affairs team to explore the possibility of finding a way forward.

### The Co-operative Bank's project with Forest Bank

It was, therefore, in response to the direct request of the staff at Forest Bank that The Co-operative Bank agreed to initiate a banking project at the prison through which inmates, identified and supported by the prison authorities, would be able to obtain a Cashminder account, The Co-operative Bank's basic bank account, before release. The bank recognised the importance of prisoner access to bank accounts, but was naturally concerned as to the outcome. Would the accounts be used and would they make the impact on resettlement and the reduction of offending that people imagined? The Co-operative Bank agreed with Forest Bank that the project would be a pilot initiative evaluated over the first two years of its operation. Even though no time period for the pilot was set, any future commitment to continue the project, at Forest Bank or elsewhere, would depend on the outcome of the evaluation.

For both the prison and the bank, it was important to have clearly stated project aims that addressed the immediate need of prisoners for a transaction account on release, but which also addressed the wider social and financial inclusion issues faced by prisoners and ex-offenders. The project was always intended to be of greater importance than merely accessibility to transaction banking alone. The two aims of the pilot project were thus defined as:

- **To help to prevent ex-offenders from re-offending on release from prison.** The aim was that access to a bank account would assist ex-offenders to find employment, secure accommodation and thus develop greater financial and social stability. This would contribute to the reduction of the risk of a chaotic and marginalised lifestyle on release, which can often lead many back into crime.
- **To reduce the risk of financial exclusion.** The prison and bank were clear that the project had wider financial inclusion objectives than access to employment alone. The aim was to enable ex-offenders to achieve financial security through better money management, through developing a savings habit, through building the possibility of accessing affordable loans, and through making savings by paying for utilities and other services by direct debit.

3 Co-operative Financial Services

## Prisoner and ex-offender access to a bank account – a national issue

The Co-operative Bank's project with Forest Bank was a local response by the bank to an immediate, practical problem faced by resettlement workers at Forest Bank. However, the problem of prisoner access to a bank account, articulated at Forest Bank, was and is replicated in prisons nationwide. At the same time as Forest Bank was approaching The Co-operative Bank for help, Citizens Advice was researching problems faced by prisoners in British prisons. In the report, *"Locked out, CAB evidence on prisoners and ex-offenders"* (Hopwood Road 2007), the research findings revealed how released prisoners were locked out of access to banking:

*"The repercussions of a custodial sentence can be long-term. Finding employment can be difficult, due to the current legislation on disclosure of unspent convictions, and the reluctance on the part of many employers to take on ex-offenders. Some newly released prisoners cannot receive their wages or benefits because they do not have any documents to prove their identity in order to open a bank account, and so are locked out"*

Citizens Advice had identified an issue that was becoming increasingly known to prisoners, ex-offenders and resettlement staff. For many, it was a major issue as the lack of prisoner access to a bank account undermined the future resettlement of offenders. Without a bank account, job, accommodation and education opportunities were all jeopardised. As would become clear later in the project, as more and more prisons heard of the Forest Bank project and directly approached The Co-operative Bank for assistance themselves, the extent of the prisoner need for a bank account was much more widespread than Citizens Advice had perhaps indicated or imagined. It was not *"some newly released prisoners"* who could not access a bank account, it was many, and the number was growing.

The Co-operative Bank project at Forest Bank was a pioneering initiative and was the first open-ended project of its type in a British prison. Even though the project was established as a pilot, no set time period for the life of the project was set. Yet, it was not the first bank project undertaken in a prison. A year earlier in 2005, the National Offender Management Service, UNLOCK (the National Association of Reformed Offenders' charity), and the Halifax Bank of Scotland had delivered a 12 month pilot project at HMP Coldingley and HMP Cookham Wood, which opened basic bank accounts for prisoners prior to release. Over the 12 months, this project opened 133 basic bank accounts at the two prisons (NOMS 2007b). However, at the end of the period, the project closed, with a view to reassessing how such provision could be reopened in the future.

Apart from the HBOS project, and now The Co-operative Bank project with Forest Bank, there were no other structured banking partnership arrangements in any of the 160 other prisons in the UK. Here and there, in some prisons, committed resettlement staff members had been able to develop local arrangements with bank branches to the advantage of the prisoners with whom they worked. However, nationwide prisoner access to a bank account remained patchy and inconsistent. Yet the demand from prisons for accounts for prisoners was on the increase.

## Bank accounts, resettlement and reducing re-offending - the policy context

It is important to recognise that the increasing demand from prisons for accounts for prisoners is the direct result of an increasing focus on resettlement within Government policy. As Maguire and Raynor (2006) noted, the *"key stimulus for the sudden elevation of resettlement to a position of relatively high priority in penal policy"* was the publication by the Social Exclusion Unit of the report *Reducing Re-offending by Ex-prisoners* (SEU, 2002). This highlighted the Government's concern that prison sentences were not succeeding in turning the majority of offenders away from crime. In response, the report called for a more holistic, focused and inter-agency approach to the resettlement of offenders.

The SEU report identified nine key factors that influenced re-offending. These were education, employment, drug and alcohol misuse, housing, mental and physical health, attitudes and self-control, institutionalisation and life skills, family networks and financial support and debt. The report argued:

*“The evidence shows that these factors can have a huge impact on the likelihood of a prisoner re-offending. For example, being in employment reduces the risk of re-offending by between a third and a half; having stable accommodation reduces the risk by a fifth”*(SEU, 2002).

The report noted, although in just one line towards the end of the publication, an additional factor, the importance of which was to become much more significant:

*“ Ex-prisoners... experience difficulties opening bank accounts, often because of lack of ID”* (SEU, 2002).

As penal resettlement policy endeavoured to tackle issues of employment, housing and education, the importance of prisoner access to a bank account increased. For without a bank account, resettling prisoners into jobs, into most rented housing or into education was difficult. For prisons, there was no easy solution, for without the appropriate form of identity, prisoners would continue to find bank account access problematic.

Many of the SEU report's recommendations were taken up in the Government's Reducing Re-offending National Action Plan (Home Office 2004), which focused specifically on the resettlement of prisoners after release. This Action Plan introduced seven distinct resettlement 'pathways', each of which had a significant contribution to the long-term wellbeing of the released prisoner. These were accommodation; education, training and employment (ETE); mental and physical health; drugs and alcohol; children and families of offenders; attitudes, thinking and behaviour; and importantly for this study, finance, benefit and debt. Each of these pathways was taken up in the Government's first National Reducing Re-offending Delivery Plan (NOMS 2005a), published later in the same year by the newly created National Offender Management Service.

For each pathway a specific delivery plan was produced and, in NOMS Pathway 5 which concerned finance, benefit and debt, prisoner access to a bank account had now become a key priority.

*“Securing access to financial services such as bank accounts for offenders is also a key area of work for this pathway”*. (NOMS 2005)

Prisoner access to a bank account was further stressed in the NOMS report published in the same year, *Signposting Offenders to Financial Capability Training, Debt Advice and Financial Services* (NOMS 2005b). The aim was now to ensure that offenders both in custody and in the community had access to a bank account.

*“Access to financial services: Offenders often encounter difficulties in opening bank accounts and obtaining insurance. This can have an impact on their ability to obtain employment, for example, if they need an account for their wages to be paid into, or if a job requires a car and therefore car insurance. NOMS aims to ensure that offenders in custody and in the community have access to the appropriate financial services to mitigate such problems”*. (NOMS 2005b)

The National Action and Delivery Plans required the subsequent production of corresponding regional action and delivery plans. The Northwest Reducing Re-offending Action Plan, which relates to the area served by Forest Bank, was published in October 2005. It was even more specific about the importance of prisoner access to bank accounts, and stated that during the prisoner's time in custody, he will be offered support in financial management as well as in opening a bank account. The action plan states that it will offer prisoners:

*“Skills training is available to offenders with identified needs in basic skills, financial management, choosing credit, financial services, negotiation skills and problem solving.*

*Closure of benefits/tenancies if necessary.*

*Access to basic bank accounts and credit unions to establish accounts and access to services including advice.” (NOMS 2005c).*

The North West Reducing Re-offending Delivery Plan, published in 2007, and which develops the themes of the Action Plan, takes the commitment to enable prisoners to access a bank account a step further. As part of the finance, benefit and debt pathway, it states that NOMS will, *“Develop agreements with a local financial institutions and identify opportunities to pilot new approaches”* (NOMS 2007A). These new approaches include a financial institution agreeing to pilot bank accounts for offenders in a local prison, which, if successful, according to NOMS, will be established as a mainstream provision. It is not stated explicitly in the delivery plan, but this pilot project appears to be The Co-operative Bank’s project at Forest Bank.

In exploring the development of penal policy aimed at the resettlement of prisoners, it is important to recognise how this policy depends, in part, on the active co-operation and collaboration of financial institutions, particularly banks, in order to put in place mechanisms to enable prisoners to access a bank account. As resettlement policies and initiatives have developed, the importance of the support of the banking sector for prison resettlement policy has increased. The Co-operative Bank’s project at Forest Bank cannot be seen, therefore, as just a local practical and pragmatic arrangement with a prison, but rather forms an integral element of the delivery of Government penal policy.

## **Social and Financial Inclusion – the significance of a bank account**

In its approach to reducing re-offending, the Government has been keen to set the reform of penal policy within the context of tackling wider social exclusion. It was this same concern that led The Co-operative Bank to site the project at Forest Bank within the context of financial inclusion. The report *Reducing Re-offending by Ex-prisoners* (SEU 2002) highlighted how prisoners disproportionately have a history of social exclusion and *“are far more likely than the general population to have grown up in care, poverty or an otherwise disadvantaged family”*.

*“Before they ever come into contact with the prison system, most prisoners have a history of social exclusion, including high levels of family, educational and health disadvantage, and poor prospects in the labour market.*

*The failure of mainstream agencies to deal with these aspects of social exclusion means that the Prison Service and Probation Service are in many cases being asked to put right a lifetime of service failure”* (SEU 2002).

The report argued that social exclusion and disadvantage contributed significantly to people becoming involved in crime and to their likelihood of re-offending. Initiatives to reduce re-offending, therefore, had to prioritise such issues as poor educational attainment, family disadvantage, disengagement from the labour market and homelessness if they were to have any hope of real long-term success. More recently, the Government, through its Public Service Agreement 16 (HMT 2007), again recognised ex-prisoners as one of four client groups at greatest risk of social exclusion and further outlined a series of measures to ensure that ex-prisoners gain access to settled accommodation, employment, education and training. Such measures have links with wider policy reforms such as the welfare to work agenda, tackling educational inequalities, improving the outcomes for children growing up in care and the child poverty agenda.

It is envisaged by Government that efforts to reduce the effects of social exclusion will help to prevent people getting involved in crime in the first place. This in turn will help to tackle the intergenerational disadvantage experienced by the children of prisoners, who themselves are more likely to grow up socially excluded and at greater risk of getting involved in crime. In the last national prison survey conducted in 1991, 43% of prisoners had a family member who had also been convicted of a crime (Dodd and Hunter 1992).

It has been increasingly recognised by Government that central to reducing social exclusion is tackling financial exclusion. The two realities are not coterminous but clearly interwoven and conjoined for many people suffering disadvantage. As Devlin and Gregor (2008) point out, the patterns of financial exclusion follow those of social exclusion and are concentrated primarily among people on low incomes. In 1999, Government recognised that achieving the wider aim of eliminating social exclusion depended ultimately on success in tackling financial exclusion (HMT 1999).

Increasingly, penal policy has had to take account of the dynamics of financial exclusion and its impact on the resettlement of offenders. The Legal Services Research Centre found that 73% of prisoners interviewed in a research survey were financially excluded and that 40% of prisoners reported having no current account and no financial products at all. The research further found that 60% of those who were in prison for the first time, and 80% who had been to prison before, were financially excluded. The research concluded that *“the survey findings provide a compelling picture of the relationship between financial exclusion and prison sentences”* (Buck et al. 2007).

In tackling financial exclusion, for Government, and increasingly for NOMS, the first crucial stepping stone on the pathway to greater financial inclusion is access to a bank account (HCTC 2006, NOMS 2007 a, b). This position is increasingly supported in the literature. Bridges and Disney (2004) argue, for example, that a bank account acts as a gateway to a range of other financial services and is necessary to progress into longer-term financial stability and inclusion (cf. NCC 2005).

Moreover, research has consistently demonstrated that the lack of a bank account leads to a significant negative impact on individuals, communities and, importantly, on society at large (BMRB 2006). For society, lack of access to financial services, to banking in particular, is often a critical factor that lies behind persistent income inequality and slow economic growth (Demirgüç-Kunt 2008). For individuals, including ex-offenders, having no bank account is a barrier to employment or starting a business, and results in paying far higher charges for basic financial services (e.g. cashing cheques), and in limiting access to certain products and services (e.g. mobile phone contracts and discounts on utility bills that require direct debit or standing order payment) (Brown and Thomas 2005, Herbert and Hopwood Road 2006). In addition, having no bank account contributes to people failing to grow in financial capacity, and results in a poor credit score which is central to a path to financial inclusion (BMRB 2006).

## Financial exclusion and the impact on the families of prisoners

The Social Exclusion Unit report (2002) on reducing re-offending by ex-prisoners and recent research findings on resettlement outcomes (Home Office 2005) have both stressed the importance of the role played by supportive families in the resettlement of ex-prisoners and in the long-term reduction of re-offending. Despite the words of caution of such authors as Codd (2007), who argues that *“to co-opt families into the resettlement process uses families simply for instrumental reasons, allowing the State to shrug off some responsibility for the consequences of the negative effects of imprisonment”*, there is increased Government and prison service recognition of the value of supporting the family relationships of prisoners within the resettlement process. This demands a consideration of the impact of prisoner financial exclusion on their families.

It is increasingly recognised that prisoners' families are particularly vulnerable to financial instability, poverty and debt following the imprisonment of a family member (Smith 2007; Mitton 2008). As NOMS points out, 60% of prisoner families report that a family member being imprisoned has made them less well off (NOMS 2005b). Facilitating access for ex-prisoners to a bank account, therefore, holds out the possibility of furthering the financial inclusion of the entire family and thus strengthening the family environment within which long-term prisoner resettlement can take place.

## 4 Access to a basic bank account in HMP Forest Bank

### Background

To ensure effective co-ordination and project development, it was agreed by The Co-operative Bank and Forest Bank that the project would be a managed pilot project, established with a named prison co-ordinator and an identified bank project team. This structured approach was seen as critical to success, as not only would it allow the prison and the bank to develop a productive partnership, but it would offer a mechanism for identifying and resolving any difficulties or problems that may arise.

The two overriding aims of the project, as explained in the previous chapter, were to help prevent ex-offenders from re-offending on release from prison and to reduce the risk of financial exclusion. However, in addition to these aims, the project identified three further objectives:

- To resolve the problem of the proof of identity required by banks under anti-money laundering regulations to open a bank account. The bank agreed that accounts could be opened if the identification of the prisoner was confirmed with a copy of the prison identity card and the countersignature of the deputy director or his representative on the application documentation. This meant that inmates would not have to provide the proof of identity and address normally required by banks.
- To target prisoners who were entering employment, education or training on release. It was agreed between the bank and the prison that the accounts would be mainly available primarily to prisoners who needed an account to secure employment, or to undertake an education or training course.
- To provide a straightforward service for prisoners, prison staff and bank staff and to ensure accounts were opened without delays or problems prior to release.

It was to ensure this final objective of efficient service delivery that the project was planned in detail prior to its implementation. Protocols and parameters were established both at the prison and in the bank.

In free market circumstances, it might be expected that prisoners should have the same choice of which bank to use as the rest of the population. However, in the Accounts for Prisoners project, prisoners had no other choice; if they wanted to open an account through the prison project, they had to apply to The Co-operative Bank. In a prison, normal free market dynamics clearly do not apply and having the facility to apply for an account, even if that was with one bank alone, was seen by Forest Bank as a pragmatic solution to a problem that would never be resolved by the market itself. However, in fact, the partnership relationship between the prison and a single bank offered more than a pragmatic solution. It offered the opportunity for both organisations to develop a mutual understanding of the issues involved and to collaboratively tackle any problems as they arose.

### Bank account access

The Accounts for Prisoners project was not advertised generally in the prison. There was no publicity about the accounts in prisoner induction packs, distributed to prisoners on admission, nor were the accounts advertised on the prison wings. The project was designed specifically for prisoners who were entering employment, education or training on release, and the aim was to introduce potential applicants to the accounts as part of the prison's pre-release Get Out, Stay Out (GOSO) programme.

Initially, only those prisoners who participated in the GOSO programme's budgeting and money management course were eligible to apply. Not only was the link with financial capability education seen as important, the limited number of prisoners on the course meant that the project itself could be rolled out slowly. This gave both the prison and bank the opportunity to develop the processes and procedures of the partnership. However, given the level of demand for accounts, insisting on participation in the budgeting and money management course soon became impractical. Before long, all prisoners on the GOSO programme became eligible to apply and were introduced to the accounts at a session about the accounts, given by the project co-ordinator as part of the GOSO induction. The induction session covered the basics of the application process and explained how prisoners could access their accounts on release.

However, within a few more months, given the increasingly high level of prisoner interest in opening accounts, eligibility to apply was progressively opened up to prisoners in the education classes and to those who worked in the industrial workshops. As news of the accounts permeated the prison grapevine, it was not long before the project co-ordinator was receiving requests for an account from multiple sources throughout the prison. It was true that most prisoners were still introduced to the accounts at the induction session on the GOSO programme but, as demand increased, the strict eligibility condition of participating in the GOSO programme was, in some cases, de facto relaxed.

### Applying for a bank account

Following the GOSO induction session, or direct contact with the project co-ordinator, prisoners in need of a bank account were encouraged to apply. In line with the start of the GOSO programme, applications were usually made about three months before release, even though there were examples of some applications being made many more months before release. The bank, in fact, agreed to accept applications up to two years before release.

The account application procedure was designed to be simple and straightforward. The prisoner completed an application form, on which he had to give three years of address history. He also had to give a release address. This could sometimes be difficult for the prisoner to identify, but the bank was prepared to accept a hostel address if this was considered a safe location by the prison. The project co-ordinator then completed an anti-money laundering proforma, to which was attached a photocopy of the prisoner's prison identity card. The project co-ordinator assisted the applicant to complete the application form, stamped the anti-money laundering proforma with the prison stamp and then submitted both forms to the deputy director of the prison for countersigning. As the project progressed, the responsibility for the countersignature was delegated to a senior member of the resettlement team. Where necessary, and if flagged up by the resettlement team, prison security was asked to check an application for any particular problems with individual inmates (this may have applied, for example, in the case of an application by a prisoner convicted for credit card or bank cheque fraud).

Following countersignature, the application form and the anti-money laundering proforma was sent directly to the bank. Details of the posting of the applications were communicated directly by email to the project team at the bank.

### Opening an account

At the bank, standard checks were undertaken by the fraud team. They were particularly concerned to check prisoner address history, and to look for the factual accuracy of addresses and associated dates. In cases where the bank were unable to trace any address history of an individual, the application would be declined. The only other cases of account refusal concerned past convictions for fraud on bank accounts, on credit cards or on cheque clearance. However, the incidence of decline for fraud was less at Forest Bank than on

Cashminder accounts generally. The much greater problem concerned address history. If a prisoner had managed entirely in cash, never had a fixed abode, and had left no footprint of an address anywhere, the bank would find it difficult to agree to open the account. Overall, 7% of account applications were refused by the bank, mostly due to the absence of any address footprint.

Following the checks, if satisfactory, the account was opened and was immediately activated by the bank. The bank then sent all the account paperwork to the prisoner, care of the Education Department at Forest Bank. This included the account welcome pack, details of the account number and sort code, the paying-in book, the ATM debit card and the pin number. On receipt of the documentation in the Education Department, the project co-ordinator sent an internal letter to the prisoner in his cell notifying him of the acceptance of his application and informing him that all the account paperwork would be held by the Education Department until his release. He was informed that an envelope with all the documentation and details would be in reception on the day of his release.

The prisoner had no sight of any of the account paperwork while he remained in Forest Bank. Consequently, he had no opportunity to use the account, including making any deposits while he remained in the prison, even though the account was active. The account was open but remained dormant until the account holder was released.

After release, the account holder was advised by the prison to telephone the bank to confirm his home address and to give the required security information for telephone and internet banking. This telephone call was important as it ensured that the bank no longer sent account documentation to the Education Department in the prison. Given that it was only after release that the new account holder had sight of his sort code and account number, he then also had to contact Jobcentre Plus or his employer to arrange for the receipt of welfare benefits or wages into the account. If he had any problems, he was advised by the prison to telephone the Bank's Customer Services Department.

## Managing administrative difficulties

The administration of the project at Forest Bank has been relatively problem free and, according to both the prison co-ordinator and the bank team, has worked well. However, this does not mean that there have been no administrative difficulties or problems to resolve during the course of the project development. This has often meant a high level of contact and interaction between the prison co-ordinator and the bank team. It was recognised that having a close partnership relationship between the prison and a single bank had contributed to effectiveness in problem resolution. In an interview, the prison co-ordinator was confident that problems would not have been resolved so easily if she had had to relate simultaneously to multiple high-street banks.

Typical administrative problems that surfaced during the project, and were able to be resolved effectively, included:

- Identification problems – it can happen that the spelling on prison ID does not match the actual spelling of an individual's name due to previous misspelling on the court warrant. This resulted, in some cases, in the wrong spelling of a person's name on the bank debit card. This was resolved by the prison confirming the person's true name.
- Duplication of accounts – sometimes, two welcome packs for the same person arrived at the prison. This was resolved, as were cases of application packs not being received.
- Address after release – sometimes, bank statements and paperwork continued to be sent to the prison after the person had been released. This was a result of the database at the bank not being updated.

- Account closure – there were some reports of bank accounts being closed if not used within 28 days. This no longer happens and accounts are open until closed by the customer.

There are still a number of outstanding issues that are being worked upon by the prison and the bank. These mainly concern information on the opening of accounts subsequent to applications being sent to the bank from the prison. The prison would like written confirmation of accepted accounts and details of why particular accounts have been declined. This is currently being considered by the bank.

### Number of accounts opened at Forest Bank

It was always known by the prison staff that demand for a basic bank account was likely to be high. However, at the outset, the project was designed as a small scale operation to serve only a relatively limited number of prisoners with accounts, given that the original plan was to link account access to participation in the Budgeting and Money Management course. The course was just one option on the GOSO programme and was taken up by only a small percentage of people leaving the prison.

For many months, this kept demand for accounts low and, from the period April 2006 (the first account was opened in May 2006) to the end of February 2007, only 44 accounts were opened. However, as knowledge of the accounts grew in the prison, demand rose significantly and the link with the Budgeting and Money Management course had to be relaxed. Even though the project was not advertised openly in the prison, from February 2007 to the end of June 2008, on average, 26 accounts were opened each month. In June 2008, 51 accounts were opened in one month alone. By 15th July 2008, the bank confirmed that 436 accounts had been opened at Forest Bank.

Of course, more accounts were applied for than were opened by the bank. According to prison statistics, in the two year period May 2006 to May 2008, 488 applications were made to the bank for an account, of which 410 were agreed, 44 were still being processed and 34 were refused. On average, therefore, 7% of all applications were declined by the bank, predominantly on the grounds of factual inaccuracies or lack of data on address history. The number declined because of fraud was minimal.

### Number of accounts opened at other prisons

A direct consequence of the development of the project with Forest Bank has been the increasing requests from other prisons for access to bank accounts for prisoners. The need for bank accounts for prisoners is common throughout the prison service and many prisons struggle to identify banks willing to assist prisoners and ex-offenders. As news of the Forest Bank project permeated the prison networks, other prisons increasingly approached The Co-operative Bank to open accounts for their prisoners. The bank has endeavoured to respond positively to their requests and applications were accepted without, however, setting up any new formal projects with prisons. The bank wanted to wait and see how the pilot at Forest Bank progressed before formally extending the banking project to other prisons.

Even though the bank's relationship with the other prisons has not been established as a formal partnership project, HMP Verne, HMP Whatton and HMP Winchester have been able to develop a strong informal partnership. In each prison, a named project co-ordinator liaises directly with the prison account team at the bank. For the most part, the application process for accounts is similar to that at Forest Bank. However, the procedures for managing the account, after it had been opened at the bank, were somewhat different (*see Chapter 9 – On systems and procedures*).

Other prisons sending applications to The Co-operative Bank up to the end of June 2008 were Aylesbury, Bristol, Channings Wood, Dartmoor, Dovegate, Erlestoke, Garth, Guys Marsh, Portland, and Rye Hill.

**Table 1 Cashminder accounts opened by The Co-operative Bank**

	Monthly Average March 07 - June 08	Monthly Average April 08 - June 08	Total
HMP Forest Bank	26	38	436
HMP Verne	6.5	8	122
HMP Whatton	5	4	90
HMP Winchester	11.5	4	42
Other Prisons	16	68	293
Sub-total (non Forest Bank accounts )			547
<b>Total prison accounts</b>			983
All Cashminder accounts	3120	3541	66,826

As Table 1 illustrates, the demand for accounts from other prisons is increasing rapidly. Since June, accounts have also been opened at Albany, Birmingham,, Buckley Hall, Eastwood Park, Ford, Haverigg, Hollesley Bay, Holme House, Maidstone, Onley, Parc, Ranby, Standford Hill, Verne, Wayland, Whatton, Winchester and Wymott. The Co-operative Bank now opens more accounts in other prisons than it does at Forest Bank. It now serves 29 prisons in total.

However, prison accounts still only represent 1.47% of all Cashminder accounts opened by the bank.

### The problem of dormant accounts

A major problem raised by the bank during the course of the project was that of dormant accounts. The definition of a dormant current account, according to the bank, is either:

- there has never been a transaction on the account and the current balance is less than £100
- or the 'last transaction date' is more than 90 days ago and the current balance is less than £10.

**Table 2 Account statistics according to The Co-operative Bank – 15th July 2008**

	Forest Bank	Verne	Whatton	Winchester	Other Prisons
Number Of Accounts Matched	436	122	90	42	293
Accounts Closed	8	2	1	1	0
Number of Closed accounts Moving to New Cashminder	1	0	0	1	0
Number of Closed accounts moving to Standard Current Acc	0	0	0	0	0
Dormant Accounts	266	85	37	30	215
Accounts Never Used *	232	65	32	30	213
Dormancy ratio	61%	70%	41%	71%	73%

The bank's computerised records indicated a high dormancy rate on accounts. At the end of March 2008, of the 256 accounts that were opened in Forest Bank, 158 were judged to be dormant, which gave a dormancy ratio of 62%. By 15th July 2008, of the 436 accounts then opened, 266 were judged as dormant, giving a similar dormancy ratio of 61%. If 61% of the accounts opened at Forest Bank were not eventually being used, the viability of the programme would inevitably be brought into question. Similar high dormancy rates were recorded at other prisons (see Table 2).

However, the bank's initial calculation did not take into account two important and significant factors. It did not take into account how many prisoners with active accounts were not yet released from Forest Bank and how many of those who had been released had been returned to the prison. Evidently, this data is not recorded, and cannot be recorded by the bank, so bank calculations of dormancy cannot take into account these two factors.

A detailed analysis of the figures for the end of March 2008 was undertaken and it was discovered that 63 account holders had never been released and 58 had returned to the prison. A recalculation of the figures gave a new dormancy figure of just 28%. Of course, what was not possible to calculate was how many of the 58 prisoners who had been released, but were now back inside, used their accounts when they were outside the prison. This is possible and, if they did, they would not be identified as one of the Bank's 158 dormant accounts, so the dormancy rate would rise. The likelihood, however, given the short time from release to reimprisonment, is that most of these accounts remained dormant also; but this cannot be proved without consulting each prisoner individually. So the conclusion must be that dormancy is at least 28% if not higher. The issue of dormancy on accounts became a key research question and is tackled specifically in later chapters of this report.

**Table 3 Amended dormancy calculation – end of March 2008**

Forest Bank	Bank calculation	Amended calculation
Number Of Accounts Matched	256	256
Accounts Closed	3	3
Dormant Accounts	158	
Account holders still in Forest Bank (not released)		63
Account holders back in Forest Bank (released and then returned)		58
Accounts that can be used in calculation		132
Dormant accounts		37
Dormancy rate	62%	28%*

*\* calculated by taking 121 (63 plus 58) off the total figure and calculating dormancy as a percentage of those accounts that could be used by account holders. Actual dormancy may be higher than 28% if any of the 58 people who returned to Forest Bank used their account on the outside. This is possible but unlikely, given the short time before reimprisonment.*

**Table 4 Statistical analysis of active accounts at Forest Bank – July 2008**

Active accounts	161	
Accounts with Direct Debits	75 (47%)	(67% Cashminder average)
Average Credit Balance	£110.67	
Average credit turnover	£380.00	( £979 – Cashminder average)

**Table 5 Average Credit Balance of Accounts which are Currently Active – July 2008**

Forest Bank	110.67
Other	148.37
Verne	129.48
Whatton	1,401.56
Winchester	16.06

### Account activity

Bank statistical analysis indicates that, when compared with other standard Cashminder accounts, active accounts at Forest bank are of lower value, have a lower average balance and turnover and are less likely to have direct debits.

However, overall progress on active accounts is encouraging, but does reflect the fact that most account holders would still be unemployed and in receipt of welfare benefits. The average credit turnover is £380 in comparison with the average turnover of £979 on all Cashminder accounts (see Table 4).

The bank statistical analysis concluded that the small numbers meant that profiling the accounts does not produce significant results. However, it does show that Ex-Offender account holders tend to be younger than the Cashminder book as a whole, tend to transact less frequently, and have fewer accounts per customer. No Forest bank customer has yet upgraded to a standard current account.

### Accounts and the reduction of re-offending

In the period from the start of the project to the end of March 2008, 256 accounts were opened. However, as noted above, 63 customers with open accounts had not been released from the prison. Of the 193 people who left the prison with an account, 58 were back inside by the end of March 2008. A further 14 had returned by July 2008. 72 people out of the 193 with accounts returned to the prison, which gives a return rate of 37%. The national average return rate is around 67% (Hansard 2006)

It is clearly too early to state that access to the accounts helps to reduce re-offending. However, an initial return rate of nearly half the national average looks promising. This is an area for further research and study.

## 5 The survey of prisoners

A survey questionnaire was distributed to all inmates in the prison. It was piloted by first being distributed on the prison wings and then later circulated through the education classes. The move to disseminate the survey through the classes was in order to maximise returns, as education staff could assist prisoners who had any difficulties in understanding or completing the survey. Overall, 222 completed questionnaires were returned out of a total prison population of 1,200. This represented a return rate of 18.5%.

### 69% of prisoners lack assured access to transaction banking

43% of respondents stated that they had no current or basic bank account before they went into prison. However, 19% of these, even though they lacked a transaction account, reported that they retained a savings account. 34% of all prisoners, therefore, according to the survey, had no access to any form of bank account before going into prison.

In addition to the prisoners who were unbanked (no current or basic bank account) before going into prison, 46% of those who reported that they had a bank account said that they no longer had it or were unsure if they still had it or not. Many of these inmates had their account closed by the bank, had lost contact with their bank, had closed their account, or, for one reason or another, had just lost track of their situation with regard to banking (see Table 1). Nearly 30% reported that their account had been closed by the bank when they went into prison.

**Table 1 Reason for no bank account now if had one in the past**

Bank closed the account	29.72%
Other reasons for losing track of the account	22.97%
Personally closed the account	21.62%
Lost tenancy and did not inform of whereabouts	14.86%
Lost contact with the bank	10.83%

With loss of contact with the bank or with closure of the account, this meant that an additional 26.22 % of inmates found themselves in prison without a current or basic bank account. It can be calculated, therefore, that 69% of all inmates in Forest Bank have either never had a bank account or have one no longer, now that they are in prison. Even allowing for a margin of error in the completion of survey forms, it seems clear that the majority of prisoners are without assured access to a bank account. The survey confirmed the high number of the unbanked prisoners at Forest Bank, a reality already known to staff anecdotally and through experience and, as emerged in the focus groups, to prisoners themselves who unscientifically ‘best guessed’ the level of need for bank accounts at around 60/70% of inmates.

Of those who said that they still had an account, only 49% reported that they had someone, a partner, family member or friend, to help them to look after it while in prison. The remainder were just hoping to sort out contact with the bank after release and had left things as they were for the time being.

## Reasons for not having a bank account

In general, as research has previously demonstrated (NCC 2005), people on low incomes have often developed successful cash-based money management strategies (NCC 2005), which place a high importance on the control and the visibility of their finances. It was not unexpected, therefore, that nearly 50% of the unbanked respondents said that they preferred to deal in cash or had no need of banks. However, added to this, as reasons for not having a bank account, respondents also noted a lack of knowledge about banks and a suspicion that banks would not act in their interests (see Table 2). This also reflects findings elsewhere (O'Reilly 2006) that many people on a low income feel intimidated and unwanted by banks.

**Table 2** Reasons for not having a bank account.

Prefer to deal in cash	37.17%
Don't know much about banks	16.66%
Other reasons (not specified)	16.66%
Don't trust banks	15.38%
Never needed one	12.82%

## Using a bank account

Of the 57% who reported having a transaction account, 39.2% said that they had a basic bank account and 60.8% a standard current account. 76% of the total related that they used their account prior to imprisonment, primarily for the receipt of wages or welfare benefits. However, 8.3% reported that, even when they had an account, they did not use it. 56.7% non-users said that they still preferred to deal in cash.

Overall, analysis of the survey seemed to suggest that prisoner use of certain bank account features was lower than average. Only 25% said that they used direct debits and only 50% stated that they used a debit or cash card. The lower than average usage of direct debits is in line with previous research into the use of bank accounts by low income consumers (Jones 2008). Direct debits can be seen as compromising the control people desired over their finances and as leading to unexpected charges if account holders run into difficulties. 39.2% of respondents with accounts reported previously paying bank charges on accounts, 27.7% of whom calculated that they paid over £200 per annum in charges on their account.

The fact that only 50% stated that they used a debit or cash card is somewhat difficult to interpret, given that 60.93% said that they used a card to take money out of a cash machine (see Table 3). It can only be assumed that this relates to the fact that many account holders tend to use a card for withdrawal of cash from an ATM but do not use it otherwise, either to buy goods in shops or to obtain cash-back (as is demonstrated in Table 2). 54.7% stated that they had no cheque book, which is to be expected, given the proportion of basic bank account holders.

**Table 3** Use of debit or cash card by those with current or basic bank accounts.

To take money out of the cash machine	60.93%
To buy goods in shops	38.28%
Cash back	28.90%

## Importance of bank accounts

The importance of bank accounts for prisoners emerged clearly from the survey findings. 79.08% of prisoners said that having a bank account was important to them. 51% said that it was very important. Despite any stated preferences for managing money in cash, inmates were realistic and pragmatic about the importance of a bank account.

This appreciation of the importance of an account was, in the focus groups and discussions, to result in a high demand for accounts among prisoners.

## Bank accounts arranged before release

58.85% of respondents said that they did not have a bank account arranged for their release. Even given a margin for statistical error, this figure relates strongly to the 69% of respondents who did not have a bank account or said that they did not know if they still had one or not.

67% of respondents without a bank account due for release stated that they wanted to arrange a bank account while in Forest Bank. 4.87% of the survey respondents were already in the process of arranging a Co-operative Bank account through the prison authorities.

However, not everyone wanted to arrange an account. The reasons given by 23% of respondents without access to banking, but not interested in opening an account, included being able to manage money better in cash (30.43%), not knowing much about banks (23.18%), not trusting banks (11.59%) and being able to use a family member's or friend's bank account (13%).

## Money advice

31% of respondents said that they required money advice now while they were in prison. The majority of these were seeking advice about opening a bank account (see Table 3), followed by advice on welfare benefits and debts. There was a marked difference between the different types of advice sought by inmates and by those released from prison (see Table 4 below and Chapter 5, Table 15). For those released from prison, seeking advice about starting a business was the most important. It is possible that this high interest in advice on self-employment arose both from the difficulties many ex-offenders experience in finding paid employment and from a spirit of entrepreneurship that often characterised their previous criminal way of life.

**Table 4** The types of money advice sought by inmates.

Opening a bank account	24.3%
Welfare and housing benefits	16.2%
About debts	12.6%
About starting own business	11.7%
Other	2.5%
Mortgage	1.8%

Only 42% of respondents said that they had never been in financial difficulty, leaving 58% who had experienced financial difficulty in the past. 22% said that they would be in financial difficulty on release and 43% noted that prison made life financially difficult both for themselves and their family. 35% of respondents thought that the people they lived with needed financial advice or were not sure if they did.

The majority of financial difficulties were associated with debts on personal borrowing. 33.3% of those who reported financial difficulties noted that these were related to personal loans, 43.4% said they were concerned with debts on credit cards and 28.8% with debts on household bills.

However, only 14% of respondents had ever sought money or debt advice in the past. Only 5% of respondents, for example, had ever sought advice from the Citizens Advice Bureau and only 3.3% from a money advice agency. However, of those who did seek advice, just under 50% had approached several different agencies.

**Table 5** Where respondents sought advice from in the past

Citizens Advice Bureau	5%
Money Advice Agency	3.3%
Landlord or housing association	3.3%
Bank	5%
Credit union	3.3%

### Financial education

91% of respondents had never attended a training course on financial matters but 49% of those replying to the survey say they would attend a course. This high level of interest in financial education was to be reinforced in both the focus groups and the interviews.

## 6 The survey of released ex-offenders

A survey questionnaire was mailed to 250 released prisoners, all of whom had opened a Co-operative Bank basic bank account while in Forest Bank. 44 (17.8%) of the questionnaires were completed and returned. The survey was designed to elicit the views of account users on the importance of the bank account project, on the application process in the prison and on the impact of opening an account on the lives of prisoners after release.

The majority of respondents had not found employment since leaving Forest Bank and were in receipt of welfare benefits. Only 7.1% of respondents were in full-time employment. 2.4% were in part-time employment, and 2.4% were self-employed. 64.3% were unemployed and available for work. 4.8% were on a Government supported training programme and 2.4% in full-time education. 14.3% were sick or disabled and 2.4% were looking after the home. Only 9.8% of the group were not in receipt of welfare benefits. 85% were on Job Seekers' Allowance or income support. 4.9% received incapacity benefit.

### Why people applied for the basic bank account

Nearly 84% of this group of respondents did not have a bank account when they went into prison. 79% reported that they had never had a bank account and the remainder stated that they had closed their account on going into prison. It was evident that there had been a high level of need for a bank account among people replying to the survey.

**Table 1** Access to a bank account prior to Forest Bank

Did not have a bank account before going into prison	79.10%
Had a bank account but never used it, so wanted new one	9.30%
Lost contact with my original bank when went into prison	9.00%
Had a bank account but closed it when went into prison	4.70%
Lost my home or tenancy when went into prison and did not inform bank	4.70%

### Reasons why applicants did not have a bank account

The reasons given by people, who did not have a bank account prior to Forest Bank, for not having one related both to the supply of accounts by the banks and to the prior demand for accounts among the group. 28% considered the main reason why they did not have an account was exclusion by the banking system through lack of relevant ID, while the remainder gave reasons that related more to their use of the Post Office Card Account or, significantly, to their lack of knowledge and experience of, or confidence in, using banks. In this question, respondents were asked to choose one main reason only (even though some did choose more than one). Clearly, not having relevant proof of identity would have related to more than 28% of the group, as lack of ID surfaced regularly in all elements of the research project as a key barrier to banking. In this question, people prioritised only what they saw as the main reason for not having an account. Similarly, more than 35% would have used a POCA and these would have included those who did not know much about banks or claimed not to trust them.

**Table 2** Reasons for not having a bank account

Used the Post Office Card Account	35%
Did not have relevant proof of identity	28%
Did not know much about banks	23.3%
Didn't trust banks	16.3%
Never needed one	11.6%
Could manage my money better in cash	9.3%

Written additions to this question included such comments as,

*"Never had one before, but never had the right proof of identity, but always wanted one";*

*"I put in for this bank as I could not get ID to open one [a bank account]"*

### Why people wanted a bank account

The main driver for prisoners to open a bank account related to having somewhere to receive wages or welfare benefits. However, as the following table demonstrates, the drivers for bank account access also related strongly to a desire to manage money more safely and effectively, and to achieve social inclusion within society. In fact, throughout the research, it was clear that access to a bank account had a much greater significance for prisoners than as a method of money transfer alone. It changed the way people felt about themselves and about being included within wider society. In this question, few people were seeking any further particular features of accounts (e.g. direct debits). It was having an account per se that mattered.

**Table 3** Why I want a bank account

To have benefits paid in	54.5%
To have wages paid in	34.1%
To feel part of society again	29.5%
To manage my money better	27.3%
To feel better about myself	27.3%
To keep my money safe	27%
Access to direct debits	2.3%

### Opening the account at Forest Bank

95% of respondents considered that the process for opening accounts at Forest Bank was easy. 72.7% said it was very easy and 22.7% that it was quite easy. This high level of overall satisfaction with the bank project at the prison was also reflected in focus groups and interviews. Written additional comments in reply to this question included, "This is a very good idea", "Staff are helpful" and "Most prisoners have no ID and this is where Forest Bank comes into it, coz the prison can witness who the man is". One person of no fixed abode, and who currently sells the Big Issue on Manchester's streets, wrote positively of the prison securing a 'care-of' address so that he too could open an account.

However, it is significant that there was a lower percentage of people finding it easy to understand the account or to have information about it (see Table 4). In the focus groups and interviews, participants expanded on these issues of financial capability and access to information, and identified how prisoners' information and education about the accounts could be improved.

**Table 4** What was easy or difficult about opening the account?

	Easy	Difficult
Filling in the application form	90.20%	2.40%
Understanding how the account worked	73.20%	7.30%
Getting information about the account when still in the prison	65.00%	15.00%

### Using the bank account after release

92.9% of respondents reported that they had had no major problems in using their accounts since release, in fact only 7.1% said that they had. This high percentage probably indicates that those responding to the survey were the more successful account holders. However, statistics on the level of dormant accounts (see Chapter 3) would suggest that a significant number of account holders were having some problems in using their accounts, a reality later borne out in focus groups and interviews.

The suggestion that some people were having difficulties in using their accounts was supported by responses to a later survey question asking for specific information about particular aspects of using the account that people may find easy or difficult (see Table 5). In reply to this question, 24.20% of respondents reported that sorting out problems on the account was difficult. Around 14% found making enquiries about the account to be difficult. If it is a fair assumption that survey respondents tended to be the more motivated and better equipped account users, the conclusion must be that many more are having difficulties in managing their accounts.

**Table 5** What was easy or difficult about using the account?

	Easy	Difficult
Receiving the bank card	92.30%	7.70%
Receiving information about the pin number	91.90%	5.40%
Receiving statements or bank information	72.20%	11.10%
Making enquiries from the bank about the account on the outside, once released	63.90%	13.90%
Getting new card when one lost or stolen	57.10%	14.30%
Sorting out problems with the account	54.50%	24.20%

Those reporting problems in using the account made such comments as,

*“Have not received bank book or paying book yet.”*

*“Lost my card and don’t know how to get a new one.”*

*“Not really yet put it to full use, although fully intend to put my debit card service to full use and put money (regularly) into the account.”*

*“Problems using chip and PIN. Address on card showed Forest Bank Educational Department.”*

*“The problem of understanding how stuff worked”*

## Levels of satisfaction with account usage

Notwithstanding any problems associated with the account, 95% of respondents were satisfied with opening and using their accounts. By any indicator, this is a high satisfaction level and indicates prisoner approval of obtaining an important financial service, one that they would normally consider to be denied to them. Nobody was very dissatisfied with opening and using the account.

**Table 6** Levels of satisfaction with opening and using the account

Very Satisfied	71.40%
Quite Satisfied	23.80%
Neither Satisfied nor Dissatisfied	2.40%
Quite Dissatisfied	2.40%

## Access to a bank account

Over 79% of participants thought that opening a bank account would have been difficult for them after release, if they had not had the opportunity to open The Co-operative Bank basic bank account. 35.90% thought that it would have been very difficult. From focus groups and interviews, it was clear that the high satisfaction rate with the accounts reflected the appreciation of prisoners for the programme.

**Table 7** Without The Co-operative Bank project, how easy or difficult would it have been to open a bank account after release?

Very easy	2.60%
Quite easy	7.70%
Neither easy nor difficult	10.30%
Quite difficult	43.60%
Very difficult	35.90%

The majority of reasons given for saying that opening an account would be difficult concerned the lack of personal identification. Other reasons given included,

*“Bad credit rating”*

*“Because I find things difficult”*

*“Been refused a bank account before”*

*“Due to my prison (criminal) record”*

*“I’ve tried in the past”, “I have had problems in the past”*

95.5% of respondents noted that they had not opened any other bank account since release. It can be safely assumed that most participants would not confidently approach another bank to open an account, given the expectation of rejection.

### Level of account usage

61% of respondents reported that they used their account often (see Table 8), which confirms that most respondents were those who had opened accounts and were using them. What they reported using their accounts for is noted in Table 9. 97% are using the accounts for the receipt of benefits or wages.

It is noteworthy that even though participants did not open their accounts in order to use direct debits (see Table 3 above), 40.50% were actually doing so. The low use of the debit card for cash-back in shops reflects other research findings, that indicate that people on low incomes often lack confidence to use cash-back, not just because they are unfamiliar with the system but through a concern that there may be insufficient funds to cover the withdrawal (Jones 2008). This can lead to embarrassment at the checkout.

**Table 8** How often do you use your Co-operative Bank account?

Very Often	31.70%
Quite Often	29.30%
Sometimes	19.50%
Not Very Often	12.20%
Never - Do not use it	7.30%

**Table 9** What do you use your Co-operative Bank account for?

Have my benefits paid directly into my account	66.70%
Use the cash card to get money out of cash machines	66.70%
Use debit card to buy goods	42.90%
Use direct debits and standing orders to pay bills	40.50%
Have my wages paid directly into my account	31.00%
Use debit card to get cash back in shops	31.00%
Use the bank account to clear cheques paid to me	23.80%

### Reasons for not, or only rarely, using the account

25% of those who were not using, or only rarely using, their basic bank account reported that they still preferred to deal in cash or felt that they could manage their money better in cash. This relates to National Consumer Council research which found that half of basic bank account holders still preferred to manage their money in cash (NCC 2005). Cash offered them close financial control and a visible means of keeping track of expenditure, both essential to low-income money management (O'Reilly 2006). Clearly the transition from managing money in cash to the use of a bank account is challenging for some and demands a significant cultural change in the management of money.

**Table 10 Why do you not use, or only rarely use, your Co-operative Bank account?**

I can still manage my money better in cash	16.70%
I don't trust banks	16.70%
I never needed it	8.30%
I still prefer to deal in cash	8.30%

Respondents added a number of other reasons for not using their account.

*"Haven't needed to use it"*

*"I was having my money paid into another account"*

*"No pay in book or bank card yet"*

*"Not had money to put in my new account"*

*"Still rely on P.O. Account and also have a TSB cash card account"*

*"Waiting for benefits to get sorted"*

*"Would like to open another, lost details of previous"*

Of course, managing money in cash would probably entail continuing to receive benefits through benefit cheques or through the Post Office Card Account. There was evidence from focus groups and interviews that migration from benefit cheques and POCA to the use of the account was often slow. This ties in to some of the replies noted in the next section with regard to the account being important *"for when I get a job"*. For some people on welfare benefits alone, there can be little motivation to make the transition to the account.

### The significance of the basic bank account

100% of the respondents stated that it was important for them to have opened a bank account. Despite any problems or any preferences of dealing in cash, all account holders without exception recognised the importance of having opened a bank account. 66.7% said that it was very important and 33.3% said it was quite important.

The reasons given for the importance of opening an account related mainly to three key areas; future employment, rehabilitation and inclusion within society, and financial stability and money management.

#### Bank accounts and future employment

The survey supplied no immediate evidence of access to a bank account facilitating widespread access to employment. 74.4% of respondents said that the account had not yet helped them to secure a job. As noted above, only 9.5% of respondents were in full-time or part-time work and 2.4% were self-employed. However, comments made on the questionnaire indicated that respondents appreciated the necessity of having a bank account in order to secure employment. *"No bank; no job"*, wrote one respondent. Another stressed that you, *"Only need an account to get a job"*. The focus was on the possibility of a getting a job being assisted through having access to a bank account.

10.3% of respondents, however, reported that the account had helped them to secure a job. In focus groups and interviews, it was stressed that finding a job depended on having a bank account. This 10.3% of respondents related closely to the 11.9% of respondents in full-time and part-time work or self-employed.

For ex-offenders, a bank account is a necessary but clearly not a sufficient condition for finding employment. As is often the case among people leaving prison, the majority of respondents found it difficult to find a job and, therefore, remained unemployed. It would be perhaps unrealistic to expect a higher rate of employment among the group at this stage. As one respondent wrote, *"Finding a job is hard at the best of times"*. However, having the bank account opened up the possibility of employment at some date in the future.

### **Bank accounts and money management**

If the assistance that the bank account can afford ex-offenders to find employment is over the longer-term, the replies to the survey indicated that the account was having a more immediate effect on account holders' capacity to manage their money. 69.1% of respondents reported that the account had already helped them to manage money better. People wrote such comments as:

*"It is easier to keep track of my money", "I don't have to carry money around with me all the time", "I can get my money in small chunks if I want", "I can keep what I don't need to spend in the account", "I can save now", "My money is kept safe", "My money has lasted me longer", "Only withdraw the amount I need; also if I spend at a shop, I can use my debit card to purchase"*.

There seemed to be clear evidence that access to a bank account was contributing significantly to greater financial stability among the group of respondents.

### **Bank accounts, rehabilitation and inclusion**

41.5% of those completing the questionnaire also said that the account was having a series of other effects on their lives. These effects, as evidenced through comments made on the forms, related to an individual's sense of self-worth and to feelings of greater inclusion within society. As one respondent wrote on his form,

*"This might sound daft, but I feel better as a person, and I would like other prisoners to know that"*.

Another wrote,

*"I feel like I am getting my life back in order"*.

And yet another,

*"Coz I can provide a future for my family when I am older"*.

Other comments included references to feeling normal, gaining independence, feeling good and feeling much better about things. As became evident throughout the research project, both in the focus groups and in interviews, the bank account had a much greater significance in the lives of ex-offenders than merely pragmatic access to a money transmission facility. Its meaning was closely related by many respondents to a personal journey of rehabilitation and reintegration within society.

## **On saving and borrowing**

The survey also enquired into the experience of participants with regard to saving and borrowing. The aim was to discover if access to the bank account had made any contribution to thinking or practice with regard to these.

### **Saving**

26.2% of respondents said they saved regularly either weekly or monthly, 31% only when could afford it, 16.7% rarely, 9.5% sometimes and 16.7% said that they could never afford to save (in a separate question, this rose to 23.10% of respondents who said that they could not afford to save, see Table 11). Most saving

was informal (*see Table 11*), but significantly 42.9% said that they saved in a bank account. From written comments on how the account had assisted people to save, and given that the majority of respondents only used The Co-operative Bank basic bank account, the evident conclusion is that the use of the bank account has resulted in people being able to retain some income in savings.

However, the impact on savings, albeit real, must not be overstated. In reply to another question, only 22.7% reported that the bank account had helped them to save and 47.7% said that it had not. Moreover, the average credit balance of ex-offender accounts, according to the statistics generated by The Co-operative Bank, do tend to be low and markedly lower than the average on other standard Cashminder accounts.

**Table 11** The ways respondents saved

Keep money in a jar, box or cupboard at home	45.20%
In the bank account	42.90%
Ask family or friends to keep money until needed	26.20%
Never save	23.10%
A savings account at the post office	19.00%
By buying valuable items to pawn or sell if needed	11.90%
A postal or internet savings account	4.80%
A credit union account	2.40%

### Borrowing

23.8% of respondents were repaying cash loans but nobody was repaying a mortgage. As Table 12 illustrates, most loans were from the Social Fund, from family members or friends or from high-cost credit providers. Only 5% noted having a bank loan, which possibly predated The Co-operative Bank bank account.

However, 62.2% said that they thought that having The Co-operative Bank account would help them to obtain loans in the future.

**Table 12** The ways respondents borrowed

Social Fund	52.30%
Friend or family member	32.50%
Home Credit Company	15.00%
Pawnbroker	12.50%
Bank	5.00%
Balance owing on a credit card	5.00%
Cheque casher	2.60%
Credit union	2.50%
An unlicensed moneylender	2.50%

## Money advice and information

51.3% of respondents reported having been in financial difficulty always or when they left prison and only 25% claimed not to have been in financial difficulty at all (see Table 13). 46.3% reported that being in prison had made life particularly financially difficult for their families or people that they lived with.

30% of the group said that they had sought money advice, leaving 70% who had not sought advice at all. 52% of respondents said that they currently needed money advice. The remainder said that they would not seek financial advice. The kinds of advice sought by those seeking advice are noted in Table 15. It is possible that the hurdles that ex-offenders face in finding employment may account for the significant interest in self-employment in replies to this question.

Of the 30% who had sought advice, 30% had sought advice from the Citizens Advice Bureau and 27.5% from the prison authorities. Interestingly, 20% of this group said that they had sought advice from a bank.

**Table 13** Have you ever been in financial difficulty?

Yes - always	28.20%
Yes - in the past	23.10%
Yes - when I came out of prison	23.10%
No - never	25.60%

**Table 14** Sources of money advice for those who had sought advice.

Citizens Advice Bureau	30.00%
Prison authorities	27.50%
Bank	20.00%
Landlord or housing association	15.00%
Money advice agency	7.50%

**Table 15** Money advice that would help at the moment

About starting my own business	29.40%
About welfare and housing benefits	26.50%
About my debts	19.90%
About a bank account	17.60%
About a mortgage	5.90%
About loans	4.50%

## 7 The focus groups

A series of focus group discussions took place with inmates in Forest Bank, and also with Cashminder account holders released from the prison within the last year. Nine focus groups were held in the prison involving 42 participants, while two groups for ex-offenders were arranged off the prison premises; these involved a further eight participants. The aim of both sets of discussions was to understand the relevance of the Accounts for Prisoners project to the people it concerned the most, and the ways in which a basic bank account has, or could, contribute to prisoner resettlement. In total, 50 inmates and released ex-offenders contributed to the research findings.

### Discussions with inmates in Forest Bank

The majority of discussions in the prison took place with people invited at random from classes in the Education Department. All inmates participated voluntarily in the discussions, organised in groups of four or five people. Most of the participants were already aware of the possibility of applying for a bank account in the prison, and several had already done so. At least two participants had opened accounts while they were in Forest Bank on a previous occasion.

### No bank account

The majority of group members had either never possessed a bank account or, if they had opened one in the past, had, for some reason, lost access to it. In most cases, the account had been closed or abandoned mostly due to past debts. Fewer than 30% of group participants reported that they would have access to a current or basic bank account on release. The majority claimed that, if they were unable to apply for a Cashminder account in prison, they would have to continue to manage their finances in cash, either working “cash-in-hand” or drawing benefits through a Post Office Card Account or in the form of welfare benefit cheques (‘Giros’). A significant number of participants reported that they often had no choice but to use other people’s bank accounts to pay certain bills or even to receive wages.

Many unbanked participants said that they had never previously tried to open a bank account. They said that they had always managed their finances in cash and they believed that banks neither understood them nor wanted them as customers. As one inmate recounted:

*“All I know about is the Giro, and I go in and draw it out. Don’t know anything about banks”*

Others claimed that they actively distrusted banks and argued that they had not tried to open an account because they were sure that they would be refused. As one participant reported:

*“You can’t get one [a bank account] out there. Thought of opening one, but then just left it. I had the post office card instead”*

Another maintained strongly:

*“I’d never get one [a bank account]; I’ve no credit history. I’ve got no ID as well”*

Of course, many of the participants were used to managing their finances in cash. However, it was clear in the discussions that the self-exclusion that resulted in many inmates never applying for a bank account was based, not just on a preference for managing finances in cash, but on the knowledge that others, in similar circumstances, had been turned down for a bank account. In fact, a large number of individual participants reported how their bank account application had been declined for reasons such as no photographic proof of identity, no proof of address, no regular address history, a poor credit history or a recent criminal record. Many in the groups described the severe difficulties they had had in trying to open a bank account and how they had failed to do so, sometimes on several occasions. As one participant typically noted:

*"I had no photo ID. But I had a birth certificate, a letter from my solicitor and a letter from Education to Employment, but they still would not give me one [a bank account]"*

An awareness of these difficulties, communicated through networks of prisoners and ex-offenders, left many inmates with psychological barriers which prevented them from even contemplating applying for a bank account on the outside. Opening a bank account was described by participants as *"hard work"*, and there were many stories of the difficulties created by the lack of a relevant means of identification, of photographic proof of identity, of irregular address histories, of living in temporary accommodation hostels and of having no fixed address. As one inmate explained:

*"I had no gas bill; everything was in other people's names. I had no relevant ID. I tried but gave up. It was too much hassle."*

Many of those who had opened bank accounts in the past, but which were now closed or abandoned, faced similar barriers to opening a bank account. However, in addition, many faced the further hurdle of dealing with the past debts associated with the previous account. As one participant noted, referring to the time subsequent to a previous release when he was unable to open an account due to past debts:

*"I lost my job, I was struggling to pay debts and I never noticed the bank charges. It got closed when I was in jail. I had to struggle again with benefits and just had to go to the social and get paid over the counter. I have got used to that now."*

Another explained:

*"I was a student and I got overdrawn because of the bank charges. The bank closed the account and I am not sure now what happened about the bank charges."*

In trying to assess the extent of these difficulties among prisoners in Forest Bank, group members were asked to assess, from their knowledge of the inmates on the wings, how many people currently lacked access to a bank account. This was an unscientific, *'guesstimate'* exercise, but which attempted to assess inmate perception of the number of unbanked individuals in the prison. Over the nine groups, participants estimated that 60% to 75% of inmates lacked a bank account and, without the Accounts for Prisoners project, would have difficulty in obtaining one on release. Interestingly, this approximated to the survey finding that 69% of prisoners lacked, or were unsure if they would still have, a bank account on release (see Chapter 5 – Survey of Prisoners).

## Managing without a bank account

With no access to a bank account, most of the participants were accustomed to managing their finances in cash. In fact, many said that they preferred to deal in cash as it gave them a greater visibility and control over their finances. They maintained that they were *"not good with bank accounts"* and that they were more familiar and comfortable with managing their finances in cash. The visibility of cash, they claimed, assisted them to avoid overspending and getting into debt. When asked to identify the advantages of cash-based money management, typically one person replied:

*"I am a lot better with cash. You can trust cash. You don't run up debts spending money you haven't got with a bank account"*,

A general distrust of banks led many group members to be wary of bank accounts as there was always the possibility of getting into debt through overdrafts and charges. In all groups, there were participants who had incurred high bank charges in the past, which had often led to account closure. As one inmate noted:

*"Direct debits and standing orders - who wants that? Someone taking money out of your account. Sometimes banks make mistakes and take out more money than they should"*

However, it is also clear in the group discussions that managing money in cash tended to suit the particular lifestyle of certain of the participants. They had been often used to living on the margins of society and bank

accounts were sometimes perceived as mechanisms of control through which they could be traced and held accountable. As one member argued, in maintaining his preference for cash:

*“With cash, no one knows how much [money] you have got. You know what I mean, most of the jobs I do are cash-in-hand”.*

Cash seemed to be perceived as being more immediate and certain than a deposit in a bank account. It was for this reason that some of the participants said that they preferred to receive benefits by cheque. A “Giro” could be cashed when required, it was money in their hand, and could even be cashed early in a cheque casher’s shop if need be.

## Why inmates wanted a bank account

Despite a stated preference for dealing in cash, and even an acknowledgement of a distrust of banks, participants were not led to the conclusion that they did not want to open a bank account. On the contrary, in all nine groups, there was a high level of interest in opening a bank account and participants consistently rated access to a bank account as very important. In most groups, 100% of the participants stated that opening a bank account was important. Around two thirds of all group members said that they wanted to take advantage of the Accounts for Prisoners project and open a bank account.

In the groups, a high interest in opening a bank account was often linked by participants to a wish to create a better future. In the discussions, members demonstrated a realism that a bank account is necessary to function effectively in society, but it was also clear that for many, a bank account was linked to a desire to become an included member of society. The group sessions seemed to reflect an aspect of the prison environment in which inmates, given the loss of freedom, often speak of an intention to change, to create a new life and to avoid prison in the future. In the prison, many inmates seemed to genuinely want a bank account for reasons greater than just access to transaction banking. Of course, whether this desire for change would translate into effective action on the outside, within a changed context and with different pressures, was another question.

In the discussions, inmates identified the following reasons as to why opening a bank account was important to them:

### To assist in finding employment

*“When I have been for a job, I am always asked for a bank account”.*

A bank account was linked pre-eminently with finding a job on release. There was a stress on a bank account offering people “more chance of a job” in the future, as the barrier to finding employment without an account was keenly appreciated. With a job came the possibility of greater independence and status. For some, a bank account was linked to self-employment and starting a business.

### To gain personal independence

Opening a bank account was seen as a step forward into personal independence and freedom from reliance on others. Discussions on the bank account often moved from the pragmatic need for transaction banking to the more psychological and social outcomes of feeling financially included. The following are typical comments of participants:

*“I tried in the past [to open a bank account but had no ID], I tried a few times, was getting things paid into a family member’s account. It was very awkward, having to ask my Mam or my girlfriend”.*

*“It’s [i.e. opening a bank account] something to look forward to when I get out. It saves being dependent on my family”.*

*“I used to use a mate’s account, before things were not as difficult. But now need my own account”.*

However, it was not just having an account that mattered; for some people personal independence depended on the kind of account that was on offer. Some participants had used basic bank accounts in the past which only offered a cash card rather than a debit card. The point was made in discussions that having a debit card to pay for goods in shops or over the internet was an important element of personal independence. As one participant noted, when asked to identify the main reason why the bank account was important to him:

*"Independence; so I can pay my own direct debits, pay for the car insurance, pay for stuff in the supermarket and not have to use the girlfriend or mum"*

### **To feel part of society**

For many participants, access to a bank account was linked strongly to social inclusion and becoming a part of a society from which they felt alienated. As one inmate stressed, in reference to his family and friends:

*"I am the only one without a bank account; it makes me feel \*\*\*\*ed off. It [the bank account] gives you a standing in the community."*

Repeatedly in the group discussions, the focus turned from practical considerations to the psychological and social outcomes of possessing a bank account. It allowed people to gain social status and to feel that they were accepted back into society. As one participant said:

*"When you get out of jail, it [the bank account] gives you a bit of status; it helps to claim benefits and makes you feel that you are part of society again."*

Another inmate added:

*"A lot of people in prison never had any experience of banking, but here most people want to be normal. That's why they want a bank account"*

### **For transaction banking, saving and money management**

In the discussions, alongside psychological and social reasons for a bank account, there were many practical reasons given for wanting a bank account. People wanted somewhere to receive benefits or wages and some looked for facilities to cash cheques and set up direct debits.

*"You cannot do without one. You've got to have [a bank account] to put your Giro in"*

*"Coming out of jail, and trying to get a cash giro, there are lots of errors, problems. A bank account would be better"*

At least one participant noted that he had previously paid to cash a prison cheque for the disbursement of personal cash at a cheque casher's shop as he had no bank account in which to deposit it.

For many, there was a link between having a bank account and being able to save and manage money better. As one inmate said:

*"When you have money in your pocket, you spend it too quickly, cash goes in and out. A bank account helps people to deal with money"*

There was a feeling that having an account would result in them being less tempted to spend:

*"I tend to spend it if in cash. When I've got money I spend it. I want the bank account for money management, so that I won't spend it"*

Another participant noted:

*“It’s good to have a bank account, you can manage your money better and it gives you greater control and safety.”*

Linked to money management was the issue of safety. Many participants had lived in precarious situations and had often lost cash or giro's through theft or misadventure. As one inmate said:

*“If it’s not all in your pocket or in a biscuit tin, you can manage your money easier. If I got mugged, it’s all gone. You know that your money is safe in the bank”*

Another stressed the difficulties he had experienced with lost and stolen benefit cheques in the past.

*“[I need an account] for safety, I’ve had lots of problems with Giro’s.”*

### **As a gateway to other financial services**

Inmates related that opening a bank account was a step forward for them into possible greater financial inclusion. It offered them the opportunity to build up credibility within a financial institution and to gain greater access to other products and services. As one participant put it:

*“It’s a kick start. It helps you access to other things, opens up gates. Maybe to have another account or to build up a credit history”*

A theme running through many of the discussions was the desire of some to become self-employed and set up their own business. A bank account was seen as a stepping stone to accessing a business loan in the future.

### **To assist in finding accommodation**

Some participants, but by no means all, were aware of the importance of a bank account in finding rented accommodation. From April 2008, local authorities pay Local Housing Allowance (LHA) directly into a bank account and, clearly, ex-offenders unable to open an account are at a significant disadvantage. Inmates who had been in prison for some time, however, tended not to know about the new LHA arrangements.

### **To help in future resettlement and stability**

Linked to a desire to feel part of society was an emphasis on the role of a bank account in assisting inmates to resettle and achieve stability. There were many comments relating to bank accounts *“helping to rehabilitate a lot of people”*. As one participant explained:

*“I am thrilled to get a bank account. I want to be an electrician. I was living rough from the age of 10 and I never had a bank account. When I leave, I am going into rehab for 6 months. Then hope to get a job”*

There was also a link made in the discussions, (which also surfaced during those with released prisoners), between not having a bank account, living entirely in a cash economy and the temptation to return to a life of crime.

*“It’s harder to get a job when you’ve no bank account; the only way you can get by is by getting into crime.”*

Even though many had previously stated a preference for managing money in cash, there were some who suggested that managing entirely in cash left them on the margins of society where there was a greater propensity to return to criminal activities. Working for ‘cash-in-hand’ often went along with still illegally claiming welfare benefits, which in itself left people vulnerable to other negative influences. A bank account was seen by some as the one element supporting them in an attempt to build a more stable future.

## Obtaining a Cashminder account in Forest Bank

Some participants expressed genuine surprise that The Co-operative Bank was prepared to offer bank accounts to inmates. Many of those with past experience of prison commented that they had “*never known a prison to open a bank account*” and that they had been in “*many jails around the country and only ever had Giro*”. For many, the Accounts for Prisoners project was seen as a unique opportunity to obtain a bank account:

*“If I hadn’t had the chance here, I would not have got one [a bank account] on the outside.”*

Another person added:

*“If I didn’t get the chance in here, I wouldn’t bother. There is no provision for people in hostels and B-&-Bs.”*

The high demand for a bank account led many group participants to argue strongly for the accounts to be more generally available to all in the prison. Originally, the Cashminder project was designed for people on the GOSO<sup>4</sup> pre-release programme, particularly for those on the budget and money management course. Increasingly, knowledge of the accounts permeated the prison grapevine and applications came to be accepted from inmates in education or in the industrial workshops. However, accounts were still not generally available. They were not advertised, there were no leaflets on the wings or public areas and there was no information about them in the prison induction packs, given to each prisoner on arrival. There was a strong call from participants to widen access to the accounts to all who had need of them:

*“Bank accounts should be part of the induction process; there is nothing in the induction pack about them when you come into prison. You are not told.”*

*“Not everyone goes on the GOSO, so they do not hear about it. I didn’t know about it, I first heard about it today. People in workshops don’t hear about it, people on the wings do not hear about it, and when I did the induction, nobody told me about the bank account.”*

*“I would not have heard about the bank account unless my pad mate had not told me, no one told me about the account.”*

Because information about the accounts was not generally available, inmates sometimes heard about them too late in their sentence to make an application:

*“There is no problem to open bank account while in here. But it takes a few weeks. The problem is if people apply late, they apply sometimes when only six weeks to go [to release]. A lot of people are missing out because of the time period.”*

*“Ten other people did not get to see her [the project co-ordinator], there are plenty going out without the bank account ‘coz there is not enough time to get it. People in for less than a month cannot get it, for a start.”*

It was clear that demand for the accounts was increasingly outstripping supply. Inmates were conscious in discussions that the project was being managed by one person who, if accounts were made generally available, would be so overloaded with work that the system would break down. In several of the groups, inmates suggested that more information should be available about the accounts in the prison, whether in the induction packs or through leaflets on the wings, that more prison officers should be made aware about the accounts and that the project be upgraded so that the resources were there to offer accounts to all who wanted to apply. It was stressed by some, however, that some people with literacy problems would need particular support if they were to manage a bank account successfully.

There was one concern expressed with regard to release addresses, which some inmates worried would prevent them obtaining an account. It was stressed that some people were not sure about where they would be living after release. In fact, The Co-operative Bank will accept a bail hostel address as the release address.

## What inmates looked for in a bank account

It was noticeable in the discussions that many of the participants were unfamiliar with the operation of a bank account. Participants wanted a bank account in order to find a job and for the status and self-respect it brought but, in conversation, there was not a high level of demand for particular features of the account.

Only a few people, for example, sought direct debits. Many of those who had accounts in the past, and had run up debts due to failed direct debits, were adamant that they were *“not doing direct debits again”*. Many others admitted that they had no idea what a direct debit was.

There was a particular low-level of understanding of how to pay into an account or of how cash-back worked. Many said that they would not be too confident about reading and understanding a bank statement. As with direct debits, many participants had never heard of cash-back. It was remarkable just how many inmates, mostly young people under 30, were unfamiliar with basic bank terminology.

There was a greater level of interest in the debit card. One participant said he wanted The Co-operative Bank account because the basic bank account he had in the past only gave him a cash card. A debit card to make purchases in shops, on the phone and on the internet was keenly sought by many in the groups. Its possession was linked to feeling *“normal and part of society”*.

There was little call for any overdraft facilities, which were linked to putting people in debt. Bank charges were regarded with apprehension by many and, of course, one of the drivers to remain within a cash economy. There was a general call that bank charges should be fair, be designed not to put people into debt and *“fit with what people earn”*.

## Bank accounts and financial capability education

Given their low-level understanding of bank account operations, most participants were open to the idea of linking access to an account to some form of basic induction or training into the way bank accounts work. One inmate stressed:

*“It is a good idea to link the account to a course, and teach about chip and pin and reading bank statements”*

Another inmate made the point:

*“The bank needs to appreciate that people are new users; we need education about bank charges”*

It was stressed that not everyone in Forest Bank does the money management and budgeting course and that many people were now opening accounts without any form of training as to how they operated. But even those on the course stressed that the course itself did not directly address how the Cashminder account worked in detail.

## Debt and money advice

The survey conducted in the prison had indicated that about a third of all inmates sought money advice. 22% said that they would be in financial difficulty on release, mainly connected with debts on personal borrowing. Discussions in the focus groups tended to suggest that debt problems among prisoners were higher than the written survey had suggested. Most of those who previously had a bank account, but who had it no longer, reported that its closure was associated with debt problems.

The majority of group participants considered that access to debt advice in a prison is important. There was some feeling though that many people would be reluctant to admit their debts and go and see an adviser. In the groups, there was little understanding of the nature of debt advice and what to expect. When explained in one of the groups, five out of the six participants said they wanted to see a debt adviser about past debts. There was a stress by a number of people on advice that *“sorted out debts”* rather than just gave information about what to do in the future.

In general, it was clear in the groups that inmates were ready to speak about and discuss issues related to money, even though knowledge of many financial services was poor. There appears a good case for introducing the new FSA Money Guidance service<sup>5</sup> into prisons, given the range of financial issues which prisoners face on release.

### Access to a bank account in prison

The view was expressed by inmates that the facility of using the Cashminder account should be available to account holders while still in prison. Prison Service policy does allow inmates to maintain a bank account and, within certain restrictions, make deposits into the account, including from the prisoner's personal cash account. Inmates considered that people opening a Cashminder account in prison should have the same facilities as prisoners possessing a bank account opened prior to imprisonment. However, at Forest Bank, even though Cashminder accounts are technically open while prisoners remain in the prison, there are no facilities to use the account until after release.

Yet inmates argued that it would be helpful to have "somewhere to put your money in while you are in here" and, if the account was already activated, it would be better to start using it immediately. Not only would inmates become familiar with the workings of an account while still in prison, but they would have the account details to pass on to Jobcentre Plus or any other relevant agency. Some people maintained that it would be better if the discharge grant was deposited in the account, rather than given in cash on the gate on release. It would assist people to familiarise themselves with the way in which an account operated.

The issue of the disbursement of monies in the prisoner's personal cash account was also raised. It was felt that this would be better deposited in the bank account. At least one inmate spoke of receiving a personal cash disbursement by prison cheque, when released after a previous sentence, which he had to cash in a cheque casher's shop because he had no bank account.

### Discussions with released prisoners

The eight released prisoners who participated in the external focus groups had all lacked a bank account before applying for the Cashminder account in Forest Bank. They were now in the transitioning process of using the new account. Five claimed to be using the account fully. However, two had yet to start using it at all, one of whom had been released nearly a year earlier, and another who used it for saving but had not yet arranged for his JSA to be paid into the account. The discussions with released prisoners replicated many of the issues articulated in the groups in Forest Bank. However, there was a greater focus on the benefits of access to an account since release and on the barriers which some people may face in using the account fully.

As with the inmates in the prison, all the released prisoners had opened the Cashminder account because they were convinced that they would have been unable to open a bank account otherwise; this would have jeopardised their future job prospects. When asked why they opened the account, typical replies were:

*"It's coz I didn't have enough ID and mainly to help me get a job, and it was easier to get me money paid into an account."*

*"I never bothered with a bank account, because too much ID and no utility bills – passports and all that – and if you're living with someone, you've not got utility bills, hard to get bills, I don't get bills living with my mum and dad"*

*"It was important because I knew that if I didn't get it whilst I was in prison, I wouldn't have been able to open one... because I wouldn't have had photographic ID"*

<sup>5</sup> The Thoresen Review of Generic Financial Advice (HMT 2008) recommended that the Financial Services Authority leads a 'Pathfinder' programme to set up a service offering free, impartial information and guidance on money matters. The national money guidance service will work in partnership with a range of organisations that are experienced in delivering money guidance.

Some participants had used a bank account in the past but had lost contact with it, through default or indebtedness caused by difficult and problematic lifestyles:

*"I had a TSB account when I left school but I turned alcoholic in that time. I was an alcoholic for 14 years and I just lost track of me account basically and they closed it down on me. So when I did come to need an account again, couldn't find any of me details – possibly it's still open but I'd lost all me details, everything like that, and they couldn't give me the information that I needed to find out where me account was up to and if it had been closed down or if it had not, coz of fraud. So I just had to open another one."*

## The Cashminder account and the opportunity of employment

The overriding reason given by all participants for opening the Cashminder account was to assist in finding a job. Even though only two people had found regular employment, the bank account held out the possibility of employment for all. The three participants who were not using the bank account fully, and whose JSA was still being paid through a Post Office Card Account or by benefit cheque, linked the bank account directly to a job and said that they were waiting to find a job before using the bank account. In the meantime, they just continued as before.

*"[I opened the account] basically just for when I get a job, for wages to be paid in"*

*"Probably not [use the account] because I'll wait coz I'm planning on being in work in the next couple of weeks, so I'll wait until I get into work really"*

However, even though given as the main reason, for the majority of participants the importance of an account was not seen solely in terms of finding a job. For them, the bank account brought a sense of security and inclusion and even a desire to change from a previous criminal lifestyle. It was also about money management and saving.

## A sense of financial security

For participants, having a bank account was about *"keeping your money safe, better having a card in your pocket than walking about with loads of money in your pocket"*. It was about financial security and not getting mugged on the streets.

*"I wake up with money in me bank and I didn't used to wake up with money in me pocket. So I've always got money in me bank account now whereas if I would have been pulling all me money out, I wouldn't have had nothing left the next day"*

*"For me personally the fact that my money's now secure, especially now that I've got an income, it's not much of an income but I trust the bank"*

## A sense of social inclusion

There was a strong emphasis on the social and psychological benefits of possessing a bank account. People said that having a bank account allowed them to *"feel partly normal"* and *"good about myself"*. As one participant explained:

*"It seems superficial doesn't it just to say the most important reason for me is that I can be like anybody else but .... I'm working, you know what I mean and to come off benefit was like strange and pay rent, how weird is that? But it's good actually, I'm actually paying all this money for rent – I never pay rent"*

Another similar comment was:

*"I know it seems a bit trivial but sometimes it seems important also coz you just feel like everybody else don't you sometimes. It's been years and years since I ever imagined using a card in a shop"*

## A bank account and the avoidance of crime

It was suggested by group members that moving away from operating solely in cash supported ex-offenders to move away from criminal activities. Some participants argued that living entirely in a cash economy tended to go alongside working 'cash-in-hand', which was accompanied by a temptation to claim welfare benefits at the same time. Continuing to live on the margins of society and managing day-to-day in cash meant that a return to a criminal lifestyle was always a possibility. Moving to using a bank account was a positive step to a more regular lifestyle. For some, managing solely in cash held out some particular dangers:

*"Of course it has (helped), yeah. It [the bank account] definitely has [helped me], it's avoided ..... it's helped me not to buy ..... you see, I've been detoxed, off drugs and all sorts and done really well and cash is one of the ..... through therapy I've learned that, one of the triggers – we all have triggers don't we? Maybe you've not been addicts but there's triggers you see. It might be going to a certain house where you've done drugs in the past or whatever. Having money with nothing designated to do with that particular ..... so if I've got £100 and I've not yet decided what to spend it on, that to me is why I've always failed on drugs – always. So now I don't have to ever worry about that because I do not have that money on me, it's not, it's in the bank and it's great. It's much, much better. Even though I can get it out of the bank with a beep-beep-beep, it doesn't matter, it's still enough to prevent me from relapsing again and again and again."*

Another related comment was made by another participant:

*"And it is making me not do crime actually; I've got to tell you, I'm earning money, I'm not ..... Yeah, I've not got cash to do dodgy deals, it's just good – it's good all round, it's making me a better person, it really is. Having a bank account does help to reduce you doing crime"*

## Managing money with the Cashminder account

Only two of the group of eight participants had found regular employment by the time of the focus group discussions. However, despite the account not yet assisting in finding a job, for all participants it had helped significantly in money management. Most of those using the account related how it had enabled them to become more careful with their money, and to save on weekly expenditure and, in general, to find greater stability in their financial situation.

One person described how he used to manage money when he received his JSA by benefit cheque:

*"So I was just getting me money and then going straight to Post Office with it and cashing it, but because you've got to carry all that money around with you, you tend to spend more of it. Instead of using your change, you're just breaking into tenners all the time and then the next minute your money's gone. So with this account you can leave it in and if there's any remainder left over, I just leave it in and then collect it when I go, so just let it build up."*

Others spoke in a similar vein:

*"If you got money in pocket, you're going to blow it straight away, if all your money is on your card, your kids can't mither you for money."*

However, there was also evidence in the groups that those with accounts were progressively learning to use the accounts more effectively. Both in the internal prison survey and in the prison focus groups, for example, there was little interest in the use of direct debits. However, participants in the external focus groups said that there were increasingly using direct debits to pay bills.

*"Now I'm on a quarterly meter and I'm paying through direct debit, it's a lot cheaper."*

*"I've saved £150 on fuel bills through paying by direct debits already. Paying all me household bills coz I can manage everything a lot better, and a lot easier; it just makes my life a lot easier, so I don't have things worrying on me mind then"*

Some participants reported that they had used their account to cash cheques, whereas in the past they had just used cheque cashers or pawnshops, and at least two had started to shop online. The debit card was strongly associated with financial and social inclusion, and participants reported the social, psychological and economic benefits of using the card in shops and, some, albeit not many, for cash-back. However, for one or two, there was some disappointment with some of the limitations of the Visa Electron card, which is the form of debit card issued with the Cashminder account. As one participant explained:

*“When I went into Phones4U to get a phone, I was going to buy a pay-as-you-go phone and she was mithering me to get a contract, you’ll get a free this and I said, alright, contract then. So we went through it all and she said, have you got a Visa card and I said I do actually and their faces was a sourpuss as soon as she saw that Visa Electron. Sat there for an hour with me and she said, we can’t take that. You’ve not got a Visa debit card from a bank or something, not an Electron card?”*

Some retail outlets, such as this mobile phone company, in fact do not accept the Visa Electron card as a form of regular payment. The reaction of this particular participant, now in work, was to aim to upgrade his account as soon as possible in the future and obtain a full Visa debit card.

A bank overdraft, which is not offered with the Cashminder account, was not particularly sought after by participants. Most felt that it would complicate their attempts at successful money management:

*“I’d be too afraid of having an overdraft right now. I would want to, yeah, eventually I think, if I could be trusted”.*

*“I wouldn’t like overdraft, no, not a chance coz that’d just ..... because I manage my money pretty well what I’ve got and if I just got overdraft, it’d just complicate things”.*

The impact of improved money management on family life was stressed in the groups. Participants spoke of the financial difficulties that their partners and families had undergone when they had been in prison. As one member explained:

*“She really did struggle and it’s like, it’s not just me serving the sentence, me missus served the sentence more than me. I had everything I needed there; she was struggling, really struggling. Luckily me mum was out there to help her”.*

This participant explained that, now he was working, he had applied to The Co-operative Bank for a joint account with his partner and was awaiting a reply. However, he was sure that the use of the bank account and its positive impact on the household budget was contributing to the stability of his relationship. He described how he even ordered Euros with his debit card from The Co-operative Bank for a trip to Ireland with his partner and the Euros were delivered to the house. He said that it felt good to be just like anyone else.

## Savings and loans

There was some evidence in the group that the bank account had promoted ideas on saving and several people had progressed to opening savings accounts:

*“Savings. I want to save, definitely. I’ve opened already a little savings account that’s linked to it. I’ve not put anything in it yet but that’s what I want from this bank, I want to be able to save something even if it’s a little bit every week.”*

Only one member of the group had tried to apply for a loan from The Co-operative Bank, and was refused.

## Widening access to Cashminder accounts in Forest Bank

All participants were positive about the project at Forest Bank and the support they had been given by the prison staff to complete the application.

*“I think it was very easy, considering what I thought it might be. She filled it out for me, with me next to her and she photographed my prison ID which you get on arrival. She said I will do all the writing for you, it was good.”*

But, similarly to the inmates in the prison, the ex-prisoners also felt that access to bank accounts should be more publicly and widely available in the prison. They were concerned that the project was not open to all and several spoke about finding out about the accounts by accident:

*“I accidentally found out, somebody on the wing that I was on had said I’ve got to go to this appointment about a bank account and I said, what bank account? Well, the prison’s opening a bank account for me and I went, don’t talk rubbish, I’m not having that. And they came back and they had all these leaflets and I’m like, no way. So I put a little thing in the application box, I want a bank account, can somebody please contact me and the next thing you know [I have got a bank account].”*

There was a strong feeling that access to the Accounts for Prisoners project should not be through Education or limited to certain sections of the prison, but should be open to everyone, given the level of demand for accounts among prisoners. They argued for open publicity about the accounts in the prison, with a leaflet about the accounts given to all prisoners on arrival or on induction into the prison. In one of the groups, participants thought there should be a *“financial helper in the jail”*, someone who would give information about the bank accounts and other financial matters, including debt advice. They felt that a dedicated worker would be needed if all in the prison were to have access to the account. One person suggested:

*“If after two weeks after arrival, they put something under the door of your prison at night when they’re doing the rounds and it said, you can leave this jail with a bank account if you want to, I think you’d get a lot.”*

All participants in both groups said they would have attended an induction session on the accounts in the prison.

## The bank account and a fresh start

For the participants, the Cashminder account offered the opportunity of a fresh start and it was positively regarded as a factor in building a new life. Typical were the following comments:

*“It’s a fresh start for me really, I’d have never got a bank account – it’s definitely given me a fresh start.”*

*“I got eight months and it was like, it’s what left of your old life sort of thing and going to jail this time, it was like a new start for me and I wanted to get everything out of the way, get all me fines out the way and just make a fresh start and then that’s what the bank account’s done for me. Well, more myself than anything – I’ve done it myself.”*

*“I got the job actually in Forest Bank; they got me the job through Timpson’s. As well as a bank account, they also got me a job. It’s a good job but they said we need your bank account to pay you.”*

The following was a piece of conversation in one of the groups which indicated the meaning the bank account had for participants:

*Person A: “Just the fact that people are interested to know what we think and what we want to know is almost as beneficial to me as having the card really because it shows ..... you know, it’s good, it’s all part ..... “*

*Person B: “That you are part of society again.”*

## The problem of dormant accounts

Participants were asked to explore why they thought there was a high number of people who had opened a Cashminder account in Forest Bank but did not use them on release. Among the group of eight participants, two were not using the account at all and the third was doing so only for saving.

On reflection, the following reasons were given by participants to explain the incidence of a high number of dormant accounts:-

### Difficulties in changing account details for payment of JSA

The majority of ex-offenders leaving prison make a new claim for the payment of Job Seekers Allowance (JSA). This claim is made in the prison. However, new Cashminder account holders only receive their account details after release and it then becomes their responsibility to contact Jobcentre Plus and request payment of benefits into the new bank account. However, often Jobcentre Plus already has a claimant's account details, usually a Post Office Card Account, associated with prior claims made before imprisonment. Unless informed, the new claim will be paid to the old account.

Participants reported that some ex-offenders find it difficult to change the bank account details with Jobcentre Plus because a) the form is complicated and not easy to complete (*"I hate forms me and I know a lot like that too"*), b) it takes time to sort out and c) it can often involve multiple changes (if in receipt of child benefit etc.) which appear to the claimant to be too complicated to manage. There is also a real fear that if they request the account details to be changed, the payment of the JSA will be delayed. Given that the Jobcentre Plus does not always insist on providing bank account details, the payment of the new claim into the previous Post Office Card Account just continues.

In fact, each prisoner has an interview with a Jobcentre Plus adviser in the prison before release. However, at that interview, the claimant does not have the new account details. This led participants to argue that it would be better if prisoners had details of the account before, rather than after release:

*"So if you applied for your account, you should have your account details with that piece of paper when you go and see the [adviser] . . . . . it's important to get your account sorted out before you actually do get out because your appointment's [at Jobcentre Plus] for the day after you've been released - if you don't have your details there, then you're stuck in that position. And then because it's being paid into it [the Post Office Card Account], you can't be mithered doing anything about it anyway".*

Three of the group participants, all on JSA, had not requested Jobcentre Plus to change the bank details for payment. They said that they would use the bank account when they found a job; changing the details for the payment of the JSA did not seem worth it to them.

*"It's too much trouble to change benefits, but waiting until get a job, if it is to do with the Social, they just mess you about. When I get a job, everything will be going into my Co-operative account".*

### Difficulties in obtaining bank details on release

A number of participants claimed that the envelope containing the bank account details, including debit card and pin number, which should have been given to them on release at the gate, was not there. They thus left the prison without any account details. Some added that it had then been difficult after release to obtain the details, which remained at Forest Bank. By the time the bank details were obtained by post, the JSA payment into POCA had already commenced. For some, there was then insufficient motivation to approach Jobcentre Plus and change the bank details.

One participant described his experience:

*"I was expecting an envelope in there with a card and all that and when I got to the reception and I was leaving I said, where's me bank account stuff? And they're like, do you not want to go home, do you want*

*to go back? And I'm like, no, just get me out of jail, I didn't give a crap, you just want to get out don't you? So I just left and then a week later when I'd not heard anything, I rang up the prison, couldn't get through no matter what. Left a message saying, I need the account number and the sort code, I'm getting paid money and I've got to give it to them."*

As a solution to this problem, participants recommended that prisoners be given bank details before release and any items that had to be retained by the prison, such as the debit card, should go into valuable property to ensure that prisoners receive it on release.

### **Fear of past debts**

There was a feeling among participants that opening a bank account can result in past creditors being able to recontact people. Participants said that many prisoners had past debts and they feared that, if they used their account, they would be once again on the radar of past creditors. One participant, who did use his account and had found a job, related how past creditors were now writing to him and he was unsure what to do.

There was also the view expressed that past debts were understood by some ex-prisoners to be crimes, which heightened their fear of creditors and the reasons to avoid entering the banking system. As one participant explained:

*"It's just illegal to fraud or whatever; it's not illegal to actually not be able to pay your bills. And I think a lot of people might not realise that and they might think, gosh, I don't want a bank account because I could get nicked for this or nicked for that overdraft, and they're not going to get nicked are they?"*

There was little or no understanding of how to access debt advice in the groups, even though it was recognised that being able to access the Citizens Advice Bureau or other debt advice agency in the prison would be useful.

*"People could be in debt before they went to jail and they think once you get a bank account, that's it, they [creditors] can start taking money out; a lot of people who go to jail have got a lot of debts."*

### **Lack of financial capability and knowledge of how a bank account works**

There was direct evidence in the groups that some participants had very limited understanding of the operation of the bank accounts. One participant, who had the bank account but still used the Post Office Card Account, had no idea that he could use the bank account through the post office. The receipt of a cheque had presented him with a problem as he was unaware how to deposit it in his account. He was also unsure how he could withdraw from the account except by using an ATM. He was unaware that he could withdraw his money out with a card in the post office or by using cash-back in a shop:

*"I was being paid £118.30 I think and I could only draw £10 out of the wall, the other £8, I could not get it out, so went into all the other banks, Lloyds and could not get it out, so had to travel miles to The Co-operative Bank."*

The low-level of financial capability among ex-offenders was noted by participants as a major reason why many may have been unable to make the transition to using a bank account. There was a general call for better introduction to the bank account:

*"Some people find it difficult to run the bank account; people don't understand it. A lot of people in jail don't understand it properly. All I got told was, do you want a bank account and that was it. Lot of people have not got a clue, they are not educated in bank accounts. They should be getting the lads together, in a room, and telling them how to use it."*

## Fear of traceability

The view was expressed that some ex-prisoners linked banks with the courts and the police. It was claimed that some would consider that having a bank account increased the likelihood of being traced, given the perception that the police had easy access to account details. *“You are on that computer at the end of the day, aren’t you?”* argued one group member. It was ventured that that could be a possible factor explaining why some people, who had opened accounts, did not eventually use them.

One person articulated his own experience to support the contention that fear of traceability may be a factor:

*“In honesty, I was probably homeless for five years because of choice I would suspect more than anything, looking back now in hindsight, if I was to analyse it properly, I’d think why five years? You’re not an old man, you can get a place to live if you need to, can’t you? So I thought why? And it’s because you were free, you’re not tied. Nobody knows where you live, nobody knows – the police can’t get you if you’ve got a ..... nobody can pin you down and a bank account is like, it’s ID isn’t it? The authorities can find you.”*

Another group member noted that, for some ex-prisoners, avoidance of using the bank account indicated some lack of motivation to move away from living on the margins of society.

*“Probably you’re traceable aren’t you, I suppose. I bet you think I’m a right dodgy ..... everything I’ve said is really dodgy.”*

However, another group member argued that it was education that would allay some of the fears surrounding the use of bank accounts:

*“Somebody needs to be telling the lads that open these accounts that this is confidential, because I was never told that none of the prisons can use this information, this is your bank account and it’s private information between you and the bank, I wasn’t told anything like that.”*

## Poor motivation to migrate to a bank account

Participants considered that it was possible that some ex-prisoners did not have sufficient motivation or commitment to migrate to a bank account, once they had been released. In the prison environment, when people feel vulnerable and have time to think, participants explained that most people genuinely want to get a job and improve their lives after they leave prison. In general, most prisoners, group members maintained, want to change and “go straight”. So the application for the bank account in Forest Bank is mostly genuine and undertaken with the best of intentions.

However, life after release can be very different. The days and weeks after release can be difficult for ex-prisoners. Often the environment on the outside has changed considerably, they may have lost partners and girlfriends, and there may be a whole range of complex issues to face and cope with. Participants related that it is not uncommon for some prisoners after release just to go missing for a while. A bank account, while it is important in the prison, loses some of its significance.

Linked to the disorientation of leaving prison, participants stressed that there was always the attraction of returning to old ways. With no job, and limited income, the temptation to work cash-in-hand while still claiming welfare benefits was strong, which often then led on to other criminal activities. As one person explained, who had never had a bank account in the past:

*“We are not all prim and proper so honestly, we’re getting JSA but working as well. That is why people are not going to use the account. I am working yes, still claiming Social, a lot of people won’t use that account when putting in for crisis loans. The Social can look at your bank account. Social is like the police, looking into your bank account. I have been caught working in the past and paranoid about bank accounts”*

It is perhaps the nature of this particular group of customers that not all will migrate successfully to the use of a bank account, at least at first. However, the evidence from the focus group, surveys and bank statistics is that a significant number do make that transition with notable benefits for themselves and society at large.

## 8 James's, Mark's and Steve's stories

Three ex-prisoners, all of whom had opened basic bank accounts at Forest Bank, agreed to discuss their experience of the account application process and of using the accounts since release. The semi-structured interviews focused entirely on the bank account, and participants were not questioned on the reasons why they received custodial sentences or on anything relating to the experience of the criminal justice system. Any references to personal details were given freely by participants. People were interviewed individually and at different locations. The names of participants have been changed to ensure anonymity.

### James's story

James was released from Forest Bank in February 2008, approximately four months prior to the research interview. He now has a full-time job, working as an assistant in a shoe shop and lives with his partner who is expecting their first child in the autumn. James feels that he has been able to make a fresh start in life and he attributes this, at least in part, to being able to obtain a bank account before release. He is committed to not returning to prison.

James is 34 years old. He has had a chequered history with the criminal justice system, mostly receiving probation orders and community service. He has been in Forest Bank on at least two occasions for relatively short periods of time and for minor offences, some of which were drugs related.

However, in his early twenties, things were quite different. Despite having had a difficult childhood in a large family, which struggled on a low income, James was able to pass his 'A' levels and to obtain a place at university. Although he failed to complete the university course, he was able to find a job as a salesman, which he kept and enjoyed for about four years.

Life began to change for James when he lost the sales job due to a driving disqualification. With the loss of the job came severe financial difficulties. He ran up multiple debts on credit cards, was unable to repay a mortgage and subsequently lost his home. For a series of personal reasons, none of which were gone into as part of this research, James's life took a radical turn for the worst. As he explained:

*"It was a disaster really, once I lost the job and the house, it was a quick spiral into misery; you end up taking drugs and I was homeless for a good couple of years."*

With the mortgage default, James let his bank account lapse. However, some years later, while lodging with his brother, he was able to open a new bank account with a different bank. However, very quickly this account was also overdrawn, unpaid bank charges mounted and it fell into disuse. The tragic death of his brother led James into greater decline, and by the time he went to Forest Bank for the last time, he was living in a squat with his girlfriend, dependent on benefits cheques, sent to 'care-of' addresses.

*'I tend to tear up my life every few years and start again'*, explained James. But this time, he argued, going into Forest Bank was different. *'This time, it was a good thing really, got me somewhere to live, got me a bank account and a job'*. For James, the opening of the bank account had greater significance than access to a money transaction service. As he explained:

*"Getting this bank account from the Co-op has allowed me to get paid for my job; it has given me a sense of self-respect more than anything; and allowed me to feel part of society again. I have got to be honest with you and every time I go into a shop and use a debit transaction I do feel good about myself. It is amazing it does make a difference."*

He recounted a recent experience of using his debit card and its impact on his psychological well-being.

*"I was in the Co-op last night buying something and I know this woman [the shop assistant], she thought, shoplifting, following me around. I'd shoplifted out the Co-op, that's probably why, in the past but ..... I wasn't and when I just went up with my card and paid, I had a smug look on my face. She was utterly*

*wrong, and it's funny but it is a benefit of the card, believe me I got a buzz from it. Every time she's on duty I'll make sure I pay with a card and not cash. I just hope she says do I want cash-back, and I've got enough money to say yes, so that's my next goal."*

For James, the bank account related directly to becoming part of society and to achieving financial security. Used to managing his money in cash, James stressed security as a key advantage of the account.

*"One of the problems I always had was, because we lose our money for lots of reasons, either we're off our faces, it could be you've had it taxed off you by somebody who's bigger than you – lots and lots of reasons. If it's in the bank, I've got an idea that it's safe and it's really important to me that. So some form of security – you might want to call it security, I don't know. Just knowledge, know-how that it's there and the Co-op won't fleece me."*

Alongside security, James stressed how the account was helping him to manage his money more effectively.

*"In the past, I found money quite difficult to manage; it burnt a hole in my pocket. I come from poor family. It was a really hard life as a kid, all kinds of abuses, having nothing, and money is something that you spend very quickly and lose. I quite like managing this account properly."*

He continued:

*"I only earn the minimum wage and it feels good to be able to pay bills – it used to feel good not to pay them. In many respects I am no different to anyone else now and that is a good feeling."*

James had also made moves to pay bills by direct debit, which he regarded as a step further into financial inclusion:

*"Well, they're going to take my meters out in three months because I can do direct debits now. I've got these electric cards, gas card – it's a nightmare. So I've rang them up a few times saying can you please take these meters out and they've said, 'That's quarterly billing and can you set up a direct debit?' and I said, 'well, I can do that now'."*

He has opened a savings account and arranged a regular savings plan.

*"As for service with the bank, they were really lovely, she refused it [the savings account] first but then she went on the computer. She said she had to go to another department, but two days later I got letter saying 'welcome to savings account'. I now have an automatic transfer of £50 a month into savings and I am seeing how it goes. I have never saved anything in my life before, and now to be saving hundreds of pounds, it is good. It is important to me. I feel good about that, especially if I don't spend it!"*

James' experience of being able to open a bank account has had a significant impact on his life, on his psychological health and on his opportunities for the future.

*"It has made a great difference to my life. For me, you know I have no intentions of being unemployed or homeless again. It is as simple as that; it is important really. I have child on the way, got to make sure it is a success, and if they [The Bank] can help society to become less criminal, they are being a responsible bank. If you are working and got a bank account, you are not going to be doing the same things as before."*

James has plans to apply for a current account in six months, and a full debit card rather than his current Electron visa debit card. He uses the internet and phone banking but is not keen to obtain a credit card. "You don't ever need a credit card unless you want to spend other people's money, and I have spent enough of other people's money in the past", he reflected. His level of satisfaction with The Co-operative Bank is high, given the fresh start in life it has afforded him.

*"I like The Co-operative Bank. It really is a good bank. I know a lot of banks say we really really love you, they pump it out. But this bank really does care and it comes across when you go into the branch in Bolton. They are really nice and really do care."*

James had no particular problems understanding the operations of a bank account and felt he did not necessarily need an induction course. His problem was access. Without The Co-operative Bank programme, he was sure that he would have been unable to obtain an account elsewhere after release. As he explained:

*"I would have been in the same situation as before. I would not have had any kind of credibility, the first thing that this job asked me was did I have a bank account, if I had said that I did not have one and can't get one, I am sure that would have meant that I could not have got the job. It says a lot about a person that they have not got a bank account or can't get one"*

James speaks very highly of The Co-operative Bank programme at Forest Bank. As he says, *"It is a great scheme and has made all the difference"*. However, he does also have some concerns. The first is about accessibility of the account application process in the prison.

*"The first thing that you need to realise is that not everyone in the prison hears about the bank account. Only about 30% of the prisoners hear that there is a bank account available, that's it, and those are the people that go to education. You can choose to stay in your cell, or to work or to go to education. The only people that hear about the bank account are those who opt to go into the Education Department"*

His concern about access to account application arose because he heard about the possibility of obtaining a bank account purely by chance. He did not opt for an education programme and therefore did not hear officially about the accounts.

*"I only found out about this bank account three weeks before I left the prison. It was just pure chance, so I almost never got it. I opted to work in the library, but, even though it is in the Education Department, you did not hear about the accounts. I just overheard a conversation about it and asked"*

James recounted that when he went back to the wing, nobody there knew about it either. He told people on the wing about the accounts and a few requested application forms. *"That seemed to work"*, he said, *"[the education worker] came down with the forms. But they would not have known to do that if I had not told them"*.

James was keen to promote access to making a bank account application for all prisoners.

*"What you need to push for and what would make a big difference. When a prisoner arrives, he is given an induction pack and there should be a leaflet in there about the bank account. Then anyone who needed one would get it. Most of those opting for education have literacy and numeracy needs. Other people who need accounts are in industries, vocational type work. There are more people outside education"*

James recognised, however, that opening the application process to all prisoners could be a major resource issue for Forest Bank. He was clear that *"one worker could not cope"* with the demand.

James' second concern was with access to bank account details, once the account has been agreed and opened by the bank. He explained:

*"When she {the education worker} hears back from the bank you get a note in the cell to say it has been opened but that you get it [welcome pack bank account details] on release. This is where they are going wrong. You don't get it on the release, I did not get it. The welcome pack and details need to be in the personal property so that you get it when you leave. People are now getting released early, and just leaving it on reception is missing people. I had to ring about mine and it came in the post about three weeks later"*

James had to chase up the account details after release in order to pass these on to Jobcentre Plus and, importantly, to his new employer. However, James went on to successfully use and operate the bank account. In the interview, he was asked if he could identify the reasons why perhaps a third or more of people opening accounts did not go on to use them once on the outside. James identified four main reasons that struck him as relevant.

First, if people left the prison without their account details, as in his own case, they would not be able to give them to Jobcentre Plus and the benefit payment would automatically be set up using a POCA or benefit cheque.

*“If the bank and prison had made sure the people had the card on release, they would be able to give the bank account details when they go to Jobcentre. If they do not have the bank account and sort code handy, it will automatically be paid into the POCA. I don’t think you need the debit card in prison, but not sure why people can’t have the sort code and account number.”*

*Also I would say that the Jobcentre does not even ask them for the sort code even if they have it, but they don’t, they never asked me, and my first benefit was paid into my post office account. The bank information should be handed to the Jobcentre on leaving.”*

Secondly, James thought people probably linked the account to employment and continue to receive benefits with a POCA, thinking they will migrate to the account when they find employment.

*“I think people are associating this account with employment, not with Government transaction such as benefits. When they have a POCA already on the system, I doubt if they ever ask about changing it. They do not make that link.”*

Thirdly, he thought that worries about past debts catching up with them put some people off using the account. Prisoners, he claimed, sometimes see debts as crimes and are not looking to get caught for them.

*“There is nobody in the prison to speak to about debts. Most people are young and they will have bad debts to catalogues, and other debts, high interest debts to Brighthouse and other pay-weekly shops. When they don’t pay they think they are on the run from them. I was speaking to someone recently in prison who had bought a plasma screen TV from a pay-weekly store, he moved and did not pay for it. He got in a right mess; he thinks he is on the run from them, not just put into debt with a damaged credit history. That might put him off opening or using a bank account.”*

The final reason for the non-use of accounts put forward by James was the lack of knowledge and understanding of basic banking among many prisoners.

*“I think really, you know, that it is important that prisoners know why they would want a bank account; going up to prisoners and asking do you want one, might just mean free money to them. There has to be some education that goes along with this account. I did not do the budgeting and money course but the curriculum of that course could be altered and tweaked to [prepare people to use the bank account]. The prison should make it something that prisoners must go through.”*

At the end of the interview, James made one final point about the impact of the bank account on his life, or rather on his partner’s life.

*“It was horrible for my partner [when James went into prison]. I was claiming the benefit for us both and her benefit stopped. I go into prison, she can’t get any money and it took her six weeks to get it sorted out. It was quite awful and she suffered horrendously. Now, with this bank account, we are going to have a joint account, which will make all the difference.”*

For James, the bank account was just one factor, but an important one, that was supporting his resolve not to re-offend.

## Mark’s story

Mark is 26 years old and has been in prison a number of times. The last occasion was in Forest Bank for four months from where he was released in June 2007. However, it took Mark twelve months from his release before he started to use his newly opened bank account.

*"I have not got round to it, I've not really like had the opportunity to do it, well, because like, when I went into the job centre, they turned round to me and they said, right, have you got a bank account? I said well, yes but I have not got the bank details on me, they said right, we'll send you a giro cheque. They [the cheques] were getting posted to my house and so I had no need to use it [the bank account]. All I had to do was to get the giro and take it to the post office."*

Mark had been informed that there would be an envelope containing his bank details on the reception desk on the day of his release, but it was not there. He received it in the post two to three weeks later, by which time he had been for the interview at Jobcentre Plus and had set up the cheque payment arrangements for his welfare benefits. Even though every fortnight for 12 months Mark signed on at the Jobcentre, he maintained that no one ever asked him about the bank account and that there was no further request to supply bank details. So he just went on receiving benefit cheques as he had been used to doing in the past.

Things were challenging enough for Mark as he adjusted to life outside prison; there was no job on the horizon and with no pressure to migrate to a bank account, he continued to manage in cash as before. He was, as he said, *"on my a\*\*\* me, living here and there"*. He was in one hostel but *"got chucked out"*, then in another, but always used his mother's address to give some semblance of stability. Added to this, he had worries about past debts, mostly rent arrears which he was already repaying at £5 a week. But he harboured the suspicion that debts would be deducted at a higher rate directly from the account if he started using it. He had never sought debt advice, had no idea where it could be found and, in the interview, continued to express concern about the possible impact of past debts on his bank account.

A further hurdle to migrating to bank account usage was Mark's basic dislike of and lack of confidence in all things administrative. *"I hate filling forms in, me"*, he explained and then described the reason why he did not give the Jobcentre the bank details himself,

*"It is not as easy as that, you go to the Jobcentre and say can you change this for me; they go here is the so and so date and come back then, we can't just do it here and now, you will have to make an appointment, just more work, just easier to keep it the way it is"*.

Eventually, however, Mark was motivated sufficiently to take action to move payment of his Job Seekers Allowance to his bank account. A job possibility was one motivator; another was his realisation of the future importance of having an active bank account. He explained,

*"It [giving the details to the Jobcentre] was because I wanted to start getting money paid into the account, so that they know money is going in, it was my decision, I just can't keep getting giros, if one day I want a mortgage, money has got to be seen going into the bank account"*.

Mark considered that he should have opened the account sooner. The delay was not because of a lack of appreciation of the importance of a bank account, he claimed it was more to do with coping with the instability of daily life after release. On reflection, Mark felt that if the prison had made the link between opening the account and setting up the new benefit claim with Jobcentre Plus, it would have assisted him to use the account earlier.

*"If I could give you a bit of advice about this – what I would say is when you see the Jobcentre while in prison, if they could get the bank details, and then set up your payment and build a little system up. It would not be hard for them to do that. They ask about bank details, but we do not get the details until we leave, but if we could get the account number and give it to him"*.

Despite the delay in his using the account, for Mark, opening the account was a significant step forward in the process of his personal rehabilitation into society. He described the account in terms of being both *"a new opportunity and a fresh start"*. This was the first time Mark had ever had any form of current account. All he could remember was having a savings account as a child, opened by his mother, but which was never used. He had grown up managing money entirely in cash. As he explained:

*"I have worked before but I have always done casual work for cash, plastering and labouring jobs and a bit of gardening. I have not done work that would need bank details, just done anything to earn a couple of quid"*.

Mark has described his decision to apply for a bank account in Forest Bank in terms of a personal commitment to his own future. He explained:

*“It was like a commitment, somewhere to have my wages paid when I get a job. While in prison, most people say that when they get out, they are getting a job, changing their ways. Half of them go another way and half of them stick at it, that is why a lot of people will say they want to open a bank account. It’s a fresh start. It’s hard to explain, I felt better me when I got the bank account, you’ve got something, I felt better inside. I can’t wait to get my wages paid in”.*

For Mark, the bank account was more than a money transaction service; it was symbolic of a new opportunity for change.

*“I wanted an account because people do change. At the end of the day, we all know in our heads that if we do not work, and pay money into the bank, where do we end up? Thieving and back in prison. And there comes a time in life when you just change your point of view and turn round”.*

*“It’s normal and it’s life to have a bank account. Every person that is normal has a bank account. Do you understand? Everyone has a bank account, people have ID and fixed addresses, I want to feel part of society. Normally, I would never have had the opportunity to get a bank account”.*

Mark recognised that life was not easy and it took time to find work. He appreciated that not having a job was itself a demotivator to migrating to the account. “If a lot of lads are doing cash in hand, they are not going to need an account are they?” he remarked. But for Mark, the account was about his future and he reported in the interview that, for him, it was important now to begin to save and to budget. “When I had money in my hand”, he argued, “I used to spend it all; it is easier to keep it if it is in a bank account”.

However, even though Mark was committed to opening an account while in Forest Bank, he did not find the application process easy. In fact, he found it something of a struggle.

*“I heard about the account off a lad on another wing and he said that they were opening bank accounts so many weeks before leaving prison. There was no notice or nothing, I just heard about it. I had to chase it up, asking the wing managers, the screws, right, I have heard about a bank account, they say come back and ask so and so, you just have to keep chasing it. I asked one of screws who said he’d sort it. A couple of weeks later, I got a bang at my door and someone said, ‘heard you want to open a bank account’ and then I went and saw this woman. I filled in the forms and put application in”.*

Mark argued strongly that the account application process should have been more open and transparent in the prison. He would not have heard about it if he had not had that casual conversation with another prisoner. He did not take part in the GOSO programme, where he would have heard about it, and was not formally offered the opportunity to open an account.

*“You need to have application forms more generally available, at the end of the wing. With the canteen forms”.*

He also regretted that he had no induction or training in how to use the bank account. He did admit that he had an option to do the GOSO programme, including the budgeting and money management course, but did not take it up.

*“I always worked on the bins and gardens. So I did not take part on the GOSO course. You get options of what you want to do; had the opportunity but did not take it up”.*

However, the lack of an induction into basic banking resulted in Mark being unsure of banking operations and procedures. In the interview, it was clear that he did not know how to pay into the account (the £5 cheque sent from the university for returning the survey was still in his wallet), that he was unfamiliar with how to use a cash machine (and unable to change his pin number), that he had no idea how to access or interpret a bank statement (he claimed he had never had a statement sent to his mother’s address), that he did not know how to contact customer services (he was unsure if the bank had his correct address) and that he had only just noticed the location of a Co-operative Bank branch on the way to the interview.

*"I did not know where the bank was, until I seen it on the corner. I never heard of it before, have seen the Halifax all over the place, but never see it [The Co-operative Bank]. I didn't know where it was."*

Mark saw the interview as an opportunity to ask some basic questions about his bank account:

*"I didn't get told how to use the bank account. I thought to myself I can't wait to ask him [the research interviewer] that [about payment into the account]; I don't know who to ask, I didn't get any information or anything. I don't know who to ask."*

*"I am trying to learn myself, but never been sent a bank statement. You need them details [from the statement]; they ask you questions, you need a statement. But did not have information about telephone banking."*

He was particularly concerned to know how to pay in his £5 cheque.

*"I tried [to pay the cheque in]. I went to the post office and it was a bloke, I passed him the card and the cheque and asked, 'Can I cash it into the account, mate?' and he looked at it, and looked at the card, and went 'No'."*

Of course, Mark went to the post office with only his bank card. He would have needed a Co-operative Bank paying-in book and an envelope to deposit the cheque. In the interview, he claimed never to have heard of paying-in books and envelopes.

With hindsight, Mark now recognises the value of introductory training to managing the bank account. He claims that he would have attended an induction course if it was obligatory and essential to applying for the account. In fact, he felt most inmates seeking an account would *"be up for it"*. Mark also argued for access to the account details and to bank literature about the account while in the prison. This would not only have helped him to give the account details directly to the Jobcentre but also to familiarise himself with the account before release.

Mark also felt that being able to use the account while in the prison would have helped him to understand how an account works.

*"We could also put the money into the account, even the £47 release grant, then you are going to start use it, aren't you?"*

In the interview, Mark was very positive about the new opportunity that the bank account afforded him. Even though he was still in a bail hostel, and tagged, he asserted that the bank account *'makes me feel good about myself'*. He was clear that he was looking forward to a better future.

## Steve's story

Steve is 35 years old and he has been in prison on at least four separate occasions. The last time, he served three years, of which he spent the last six months at Forest Bank. He was released in December 2007.

Steve has never had a bank account, or even a Post Office Card Account. Throughout most of his adult life, he has been used to receiving welfare benefit cheques. He managed in cash and, as he explained, this was not a problem for him. In fact, Steve preferred to manage in cash as it gave him visibility and immediate control over his finances. Prior to Forest Bank, he had never been attracted or motivated to open a bank account.

*"There weren't a problem with giros then. I had a job when I was younger but not now. Getting a giro was easy; just took it to the post office and cashed it."*

It was his interview with the Jobcentre Plus adviser in the prison before release that provided the push for Steve to apply for a bank account. He was told by his adviser that he could no longer continue to receive benefits by cheque and that he would have to open a bank account or a POCA.

*“When I filled out the forms for the dole money, the woman said you need a bank account, and she said that the prison was opening bank accounts if you were interested. Luckily I had come back to a jail where I could get a bank account, there are no other jails doing it as far as I know. I have got no ID but there wasn't a problem with ID at Forest Bank. They knew who I was.”*

Steve opened the bank account primarily for the receipt of welfare benefits. However, he also wanted it to help with saving and with obtaining loans in the future. When asked why he opened the account, he replied,

*“Getting my money in and leaving it in there, and getting a loan and that, which has not happened. Thought I'd get a loan for summer, but did put in for one, and they said they would upgrade me to a Privilege account, but they knocked me back”.*

For Steve, opening the account was relatively straightforward. He was supported in filling in the application form and had no problem with ID. He did have problems, however, in receiving information about his account subsequent to the application. As he explained:

*“I got a letter that said I was accepted for the bank account, and I was told that I would get my card on reception on release. But staff on reception said it was not there, they tried to ring about it but there was no answer from education. Got my probation office to ring up later but I left it. Then it came in the post in a big brown envelope six weeks after I got out”.*

With no information about his account when he went to Jobcentre Plus to sign on, he had to explain that he had opened a bank account in the prison but that he was still waiting to receive the account number. In the meantime, Jobcentre Plus arranged that his Job Seekers Allowance could continue to be paid by benefit cheque. He received cheques for nearly four months until he finally made the transfer to using a bank account in April 2008.

Steve explained, however, that even after receiving his account details, his motivation to migrate from benefit cheques was low.

*“I thought I'd keep it as it is, I couldn't be \*\*\*\*d, I did not get round to it [the account number], taking it to the Social, till it got to a stage when they said that I was not going to get any more giros if I don't have a bank account. They were getting on my case so much, that I got a letter from them saying that this was my last giro and I had to get a POCA or a bank account. I went in and took the bank details”.*

His reluctance to migrate to the bank account seemed to arise for a number of different reasons. First, he was used to the cheque system and worried that transferring to a bank account would delay his payments. As he explained:

*“[I prefer cheques] because with giros you get your money two days earlier; when I signed on, got giro on a Wednesday, with bank account it would be a Thursday”.*

Secondly, and perhaps more importantly, Steve, who had no prior experience of using a bank account, worried about accruing bank charges and about how the account may be used by others to recover past debts. For Steve, the bank account meant a loss of the kind of control he was used to in managing his money in cash.

*“I had that many things about banks, about charges and that, plus I owed a bit of money to the social [for a budgeting loan] from the last time before I went into the jail, I thought that if my money goes into the bank, they are going to hammer me and take all my money out”.*

Finally, he was concerned about how he would be able to withdraw his money in its entirety. He was used to withdrawing his money to the penny from the post office, which is something he was concerned he would not be able to do with the bank account. Speaking after he had migrated to the account, he spoke about some of the problems he still had in accessing cash:

*“There are not that many places round ours when you can use the card, I have to come into Leigh, there are no free cash machines near us, and then I forget my pin number, so sometimes I have had no money”.*

*“The one [cash machine] near us costs £2.80 to use it, but I can’t do that, I get £122 and I can withdraw £120 out – but if use that machine I can only draw out £110. Do you know what I mean? Because it charges £2.80. So the money is left and I have to travel to Wigan to get that money because no other bank will give it me. I took my card to the post office and they said you can’t draw it out here, and took it to other banks, but I have to take it to The Co-operative Bank and it’s a long way”.*

In fact, despite Steve’s assertion that he could not withdraw his money in its entirety from the post office, full withdrawal services are available for The Co-operative Bank basic bank account at all post offices. All Steve needs is his bank cash card and the pin-number. He had no need to take a journey to Wigan, or to use a cash machine, as he can withdraw his money in full in cash at the same post office where he cashed his benefit cheques in the past. Unfortunately, Steve was unaware of this basic post office withdrawal facility. Or, if given the wrong information in a post office, he was unaware of how to contact The Co-operative Bank customer support about a particular problem.

Steve’s worry about accessing amounts less than £10 clearly arose from a lack of experience, knowledge and understanding of how to use a basic bank account. In the interview, it emerged that Steve had never heard of a cash-back facility and was unsure about using his card for retail purchases. On one occasion, with the support of his brother, he had used his card to make a purchase in a shop but he was not sure how it worked and he lacked the confidence to try it again.

In Forest Bank, Steve had attended an induction session on opening the bank account but this was mainly about the application process. Steve received no specific training or information about understanding or using a bank account in practice.

*“I did not do any education. I was okay with my English. I was in a workshop doing pallets. I did not go on the GOSO course, I didn’t get picked for it, I did not get asked to go on it. So why did they not ask me?”*

In the interview, Steve considered that it would have been helpful for him if someone had gone through the basics of using a bank account with him in the prison. He felt that a basic introduction to, or class on, using the account should be part of the application process. He also argued that it would have been beneficial if he had been able to open the account earlier into his sentence than just six weeks before release. He thought it should even be possible to use the account while in the prison in order to make deposits from personal cash or from money sent in by family members.

*“If you saved in the account, you would be going out with money, not going out skint, ‘coz many of the lads who get out skint, start doing things straight away because they have no money. You could move money into the bank account from private cash or when you get postal orders from your family. If you are doing 2/3 years, you could save up a lot”.*

Steve also agreed, given his worries about past debts, that money and debt advice would have helped him and encouraged him to migrate to his bank account sooner.

The transition to a basic bank account was both hesitant and slow for Steve. However, it is a transition that he is glad he made.

*“I did not know how to use a bank account, but having an account is a good thing for me, you can save if you want, but the JSA goes nowhere. Also, I go there and draw whatever I want out, I am not messing about. Sometimes when I went to cash the giro, they asked for ID and I had to go back home ‘coz I had not got it, with this I don’t need it”.*

For Steve, opening the bank account was a positive step forward. However, it is not yet one that has resulted in him finding a job. As he explained:

*“There are not many going out to jobs, but when you go for jobs they ask your experience and you’ve not got it. I saw the employment before got out of the jail, but it was about the Social, nothing about getting a job. It is not easy to find a job, particularly when you are not able to do heavy lifting”.*

## 9 Research findings

### Bank accounts and resettlement

Prisoner access to a bank account is fundamental to current developments in the resettlement of prisoners and to the Government's agenda of reducing re-offending. As has become clear in this research study, penal policy and practice depends on assisting prisoners into employment, education and accommodation and, in the longer-term, into wider social and financial inclusion. The inability of most unbanked ex-offenders to open a bank account is a barrier to advances being made in these key areas of resettlement intervention.

It is important to recognise, therefore, that the increasing approaches by prisons to banks for accounts for prisoners is the direct result of an increasing focus on resettlement and the reduction of re-offending within Government policy. The success of the Accounts for Prisoners project, and other similar projects where they exist, will be judged in terms of the extent to which they appear to reduce re-offending rates (Maguire and Raynor 2006).

### The problem of prisoner access to a bank account

43% of inmate respondents to the internal survey stated that they had no current or basic bank account before they went into prison. 46% of those who reported that they had a bank account said that they no longer had it or were unsure if they still had it or not. This amounts to 69% of all inmates in Forest Bank who either have never had a bank account or who no longer have one now that they are in prison.

Of those who replied to the external survey, nearly 84% did not have a bank account when they went into prison. 79% reported that they never had a bank account and the remainder stated that their account had been closed on going into prison.

Over 79% of ex-prisoner survey respondents said that opening a bank account would have been difficult for them after release, if they had not had the opportunity to open The Co-operative Bank basic bank account. The majority of reasons given for saying this concerned their lack of personal proof of identification.

The high level of need for a bank account was replicated in the focus groups. The majority of group members had either never possessed a bank account or, if they had opened one in the past, had, for some reason, lost access to it. Fewer than 30% of group participants reported that they would have access to a current or basic bank account on release.

Despite this high demand for a bank account by prisoners, prisons find it problematic to interest banks in opening bank accounts for prisoners and ex-offenders, given the fact that they often lack the required proof of identity. Forest Bank struggled to find a bank that was prepared to engage with a prison before it approached The Co-operative Bank. HMP Whatton was also refused by two major high-street banks before it came to The Co-operative Bank. UNLOCK, the National Association of Reformed Offenders, has now made some progress in interesting some banks in particular prisons, but recognises that the vast majority of prisoners in most prisons in the country are unserved by high-street banks.

### The Accounts for Prisoners project – a major intervention by The Co-operative Bank.

The Co-operative Bank's project with Forest Bank began as a local response to an immediate problem faced by resettlement workers at Forest Bank. It began as a relatively small project and was originally planned to serve a limited group of prisoners on the prison's pre-release programme.

However, given the large number of unbanked prisoners, the demand for bank accounts in Forest Bank grew and, by the end of June 2008, 436 accounts had been opened in the prison. Added to this, word of mouth communication around the prison service led, by the end of June 2008, to applications from 15 other prisons for which 547 prisoner accounts were opened. In total, therefore, 983 Cashminder accounts were opened for prisoners.

However, by the first week of August 2008, an additional 13 prisons had approached The Co-operative Bank for accounts and the number of applications for Cashminder accounts for prisoners had risen to 1,392. During the month of June 2008 alone, the bank processed 184 Cashminder account applications from 17 prisons.

The Co-operative Bank's involvement in prisoner bank accounts far exceeds that of any other high-street bank and represents a major intervention in the sector and, for a small bank, it is certainly taking on more accounts than may have been expected. The HBOS 12-month pilot project in 2005, for example, opened 133 basic bank accounts before the project ended. Most of the other bank account projects in prisons around the country, as reported by UNLOCK, offer a restricted number of accounts per month. It must, however, be stressed that most prisons are unserved by banks at all and, as exemplified at HMP Whatton above, most high-street banks seem reluctant to respond to the needs of prisoners in any significant manner. For the most part, universal banking does not extend to prisoners (Brown and Thomas 2005).

Approached by Forest Bank, The Co-operative Bank responded to the request to open bank accounts for prisoners in line with its core values of social responsibility and ethics in action. However, taking a lead role in serving UK prisons will ultimately be a challenge both organisationally and economically to the bank.

### The significance of a bank account to inmates and released prisoners

The Government's crime reduction and resettlement strategies recognise the importance of a bank account for prisoners. For without a bank account, measures to enable ex-prisoners to gain access to settled accommodation, employment, education and training are more complex and difficult to implement.

However, the research revealed that access to a bank account was also important for prisoners. 79.08% of inmates surveyed said that having a bank account was important to them. Moreover, of the 58.85% of respondents who said that they did not have a bank account arranged for their release, 67% stated that they wanted to arrange a bank account while in Forest Bank. Survey findings were reinforced in all nine focus groups, where participants consistently stressed access to a bank account as being very important.

The main reason prisoners said that they wanted to open a bank account related to having somewhere to receive wages or welfare benefits, and ultimately as a support in securing a job. However, it was revealing that access to a bank account had far greater significance than merely as a method of money transfer alone. For prisoners, the significance of a bank account lay more in a desire to manage money more effectively, and to achieve social inclusion within society.

In fact, throughout the research, it was evident that prisoners wanted a bank account as much for the status and self-respect it brought, and to assist in money management (including saving), as they did for the transaction service it provided to receive wages or benefits. They wanted an account *"to feel better about myself"* and to *"to feel part of society"*.

For inmates, the Cashminder account offered the opportunity of a fresh start and it was seen as a significant factor in building a new life. A number of people in the focus groups and case studies linked access to a bank account to an opportunity to move away from living within a marginal, cash-based economy with all the dangers of re-offending that it entailed. Maguire and Raynor (2006) stress that a key element of desistance from crime narratives is a belief by the offender that he has begun to take control of his or her life. There was some evidence from surveys and in discussions that access to a bank account was seen by prisoners as one element in regaining personal control of their lives.

Where ex-offenders had gone on to use the Cashminder account effectively, there was evidence in the case studies and focus groups that it had contributed to their personal social and financial advancement. Only 2.2% of ex-offender survey respondents, for example, said that they wanted access to direct debits when they opened the account but, in fact, 40.5% said that they now used direct debits to pay for bills. The use of the debit card was a significant contributor to ex-offender experience of increasing social and financial inclusion (see Chapter 8 – James' story).

However, only 11% of ex-offender respondents reported that the account had helped them to secure a job. In fact, 63% said they were unemployed. However, as was confirmed in the focus groups, the bank account was regarded as assisting in the facilitation of future job opportunities.

As noted in Chapter 4, it is clearly too early to state that access to the accounts has helped to reduce re-offending. However, an initial prison return rate of account holders of nearly half the national average looks promising. It may be that access to a bank account proved to be just one additional factor that assisted some people to look forward to a better future.

## On systems and procedures

The Accounts for Prisoners project was established with a named prison co-ordinator and an identified bank project team. Starting small and building the relationship between the bank and the prison were critical to the success of the project. The project offered both organisations the opportunity to develop a mutual understanding of the issues involved and to tackle any problems as they arose. In fact, the learning on the Accounts for Prisoners project replicated that of the prior HBOS project, which recommended to “*start small and spend time establishing relationships*” and to “*ensure that there are champions or key personnel in each organisation supporting the scheme*”(NOMS 2007b).

Overall, the project administrative systems worked well, with minor difficulties being resolved through direct communication between the bank and the prison (*see Chapter 3 for details*). This resulted in a high level of satisfaction among prisoners. 95% of ex-offender survey respondents considered that the process for opening accounts at Forest Bank was easy, and the same percentage were satisfied with opening and using their accounts. This level of overall satisfaction with the project was reflected in focus groups and interviews.

However, some elements of project procedural practice were questioned by inmates and ex-offenders, and there was some evidence that some of the project systems could be improved in order to reduce dormancy on accounts after release.

The main procedural issue questioned by inmates and ex-prisoners centred upon who could apply for an account in the prison. The project was not advertised generally. Originally limited to inmates on the pre-release course, but increasingly offered to inmates who heard about the course ‘*on the grapevine*’, the high demand for a bank account led many inmates and ex-prisoners to argue strongly for the accounts to be more generally available to all on admission or through wider advertising of the accounts on the prison wings.

This request seems to be supported by both NOMS, which argues for an initial assessment of the needs of all prisoners, and by the Prison Service Order, Prisoners’ Personal Financial Affairs:

*“Every offender will be assessed, and clear goals will be set for reducing their risk of re-offending”* (NOMS 2007a).

*“It is best practice that establishments ascertain at Reception or Induction whether a prisoner has access to an external bank account. This information should be passed to the Resettlement (or equivalent) and Finance teams as appropriate within individual establishments.... If the prisoner does not already have such an account, s/he should be advised that it is in their best interests to make arrangements to open one”*(HM Prison Service 2007).

There seem to be good arguments to suggest that the initial assessment on induction should establish whether or not a prisoner has access to a bank account and then include the opening of an account within the prisoner’s rehabilitation plan. Moreover, if an account is required, it seems reasonable to proceed to make the application soon after induction, subject to there being sufficient time to release remaining. The Co-operative Bank currently accepts applications up to two years before the release date, provided a release address can be given.

Clearly, widening access to bank accounts to all unbanked prisoners would be a major resource issue for the prison and the bank. Given current resource restrictions, it is unlikely that such an action could be implemented at Forest Bank, given the high number of possible applications, without the provision of additional Government investment into the project.

Some systems and procedures were more immediately problematic and gave rise to the suggestion that they may contribute to account dormancy after release. Despite the keen interest of the prisoners making an application for an account, at least 28% of all accounts, probably more, remained unused after release (see Chapter 4). At least two procedural factors seemed to feature in ex-prisoners failing to use their account after release (see Chapter 7):

- Difficulties in changing account details for the payment of JSA: The majority of prisoners make a new claim in the prison for the payment of Job Seekers Allowance (JSA). However, as account details are not available to the prisoner, Jobcentre Plus is not informed of the new bank account at the time of the application. There was evidence that Jobcentre Plus, which already had a claimant's previous account details, usually a Post Office Card Account, paid the new claim into the old account. It was suggested that there must be a way to ensure that Jobcentre Plus receives the new account details before release, in order to set up payment to the new account.
- Difficulties in obtaining bank details on release: There was evidence that some prisoners did not receive their bank account details, including debit card and pin number, on release at the gate. Currently, account details are deposited by hand at the gate desk on the day of release, a system which seems to break down on occasion. It was suggested that prisoners be given account details before release and that any items that must be retained by the prison, such as the debit card and pin number, should go into Valuable Property to ensure that prisoners are guaranteed to receive them on release.

At HMP Whatton and HMP Verne, different procedural approaches were adopted for the administration of the Cashminder account. At Whatton, the welcome letter from the bank, together with the account details, goes directly to the prisoner. Only the debit card and pin number are retained by the prison, both of which are held in Valuable Property until release. The fact that the prisoner has access to his account details means that he can use the account in the prison. He can make a transfer from the prison private cash account to the bank account, through the completion of a cash disbursement form submitted to the prison cashier, and he can use the account to deposit money sent from his family. Whatton has no problem with allowing prisoners to deposit money into the bank account and encourages prisoners to save by using the account. Given that the prisoner has the account details, there is no difficulty with informing Jobcentre Plus of those details at the time of a new claim.

Similarly, HMP Verne allows prisoners to retain details of the account while in prison. The welcome letter from the bank is received directly, as at Whatton, by the prisoner in his cell. At Verne, prisoners can also use the account in prison and can make deposits from personal cash and from family and friends. At Verne, only the debit card is kept in Valuable Property. Verne sees the use of the account in prison as directly assisting the prisoner in the rehabilitation process and has argued for accounts for 'lifers' in order to support their transition back in to society. The Co-operative Bank's requirement of a release address, however, can make applications for lifers difficult.

## Using a bank account in prison

The issue of using a bank account while in prison emerged in discussions with prisoners, who argued for the facility to use the Cashminder account while still in the prison. They said it would assist by having the details to pass on to Jobcentre Plus and by enabling people to save and make deposits while in the prison.

Prison Service policy does allow inmates to maintain a bank account and, within certain restrictions, make deposits into the account, including from the prison personal cash account. In fact, the Prison Service recommends that inmates open an account in prison and make deposits into it:

*"If a prisoner already possesses an external banking account and during the course of his or her sentence, acquires cash exceeding £500, they should be advised that it is in their interest to transfer the excess to the external account..... If the prisoner does not already have such an account, she/he should be advised that it is in their best interests to make arrangements to open one."* (HM Prison Service 2007).

Arguments were put forward by some Education staff that having access to the account details, including the bank welcome pack and explanatory documentation, and also having the facility to use the account,

would allow inmates to become familiar with the workings of an account while still in the prison. Not only would Education staff be able to answer any queries a prisoner might have about his account, the prisoner would have the opportunity to learn about its operation through actually using it, even if only for making deposits (see Chapter 7).

In its report study Locked Out, Citizens Advice discovered that:

*“Comprehensive support for prisoners during their sentences can help enable offenders to successfully rejoin society. But CAB evidence shows support services can be patchy, often leaving prisoners without the skills to manage their situations, thereby reducing their chances of successful rehabilitation”* (Hopwood Road 2007).

It could be argued that opening an account for a prisoner who has no prior knowledge or experience of bank accounts, and expecting him to read the literature and sort out the setting up of the account on his own after release, has a built-in liability to fail. In fact, evidence from the focus groups and case studies highlighted this danger, as people did leave the prison unsure how to proceed. If the account were available for use in the prison, education and other staff would be able to offer appropriate advice and guidance and enable prisoners to gain confidence in account use. For those unfamiliar with banking altogether, it could be an important first step on the pathway to financial inclusion.

### Continuity through the prison gate

92.9% of external respondents reported that they had no major problems using their accounts after release, which indicated that those responding to the survey were possibly the more successful account holders. Statistics on the level of dormant accounts (see Chapter 4) suggested that a significant number of account holders did have problems in using their accounts, a reality later borne out in focus groups and interviews. Even though they are a factor, the procedural problems noted above cannot in themselves explain the high level of dormancy. Clearly, there are issues with regard to the financial capability of prisoners (see next section), but the focus groups and case studies indicated that the non-usage of accounts was also associated with the complex dynamics of moving from prison life to the outside world.

Life after release can be a very challenging time for ex-prisoners. They often have to sort out somewhere to live, arrange benefit payments and deal with a whole range of complex issues that may face them on the outside. With no job and limited income, there is always the tendency to continue to manage money in cash just as before, particularly if they feel that they still prefer to deal in cash, given the unfamiliarity of a bank account. For some people used to living on the margins of society, and despite the desire for a bank account expressed in the prison, bank accounts can still sometimes be perceived as mechanisms of control, through which they could be traced and held accountable (see Chapter 7). Given the complexities of life, the priority and the motivation to migrate to a bank account declines.

In relation to the process of resettlement, Maguire and Raynor (2006) stress how *“individuals differ greatly in their readiness to contemplate and begin the process of change”* and *“desistance [from crime] is a difficult and lengthy process, not an ‘event’ and reversals and relapses are common”*. For Maguire and Raynor (2006), ex-prisoners *“generating and sustaining motivation is vital to the processes of change”*. A bank account is clearly necessary for future resettlement progress but, on its own, without the motivation to change, for some people it is not sufficient to promote migration into account usage and financial inclusion.

The implication of Maguire and Raynor’s analysis is the need for direct intervention with ex-offenders to sustain motivation through the prison gates. Lewis et al’s (2007) findings about what works in resettlement, drawn from research into seven Pathfinders for short-term prisoners, stress that success in resettlement depends on *“(a) skilled and systematic work with offenders in relation to thinking, attitudes and motivation as well as their practical problems; and (b) genuine ‘continuity’ in work ‘through the prison gate’”*. They argue that both these elements require the development of personal relationships with offenders and a holistic approach to working with individuals after release. In fact, this applies as much to migration to the use of a bank account as to any other aspect of resettlement. At least with one Forest Bank case study participant, it was the researcher’s interest in his migration to the account that prompted him to start using it after it

had lain dormant for 12 months. Lewis et al. (2007) are concerned, however, that, despite the assurances of NOMS, this level of personal support after release will not materialise in practice.

## Bank accounts and financial capability education

There was evidence that a significant number of prisoners had very limited understanding of the operation of a bank account. This was clear in the focus groups in the prison. In the external discussion groups, the low-level of financial capability among ex-offenders was noted by participants as a major reason why some people may have been unable to make the successful transition to using a bank account. It was striking in some sessions how participants were completely unaware of some of the basic rudimentary features of basic bank account operation.

As part of its National Strategy for Financial Capability, the FSA recognised the particular financial capability issues faced by ex-offenders and the fact that financial exclusion and poor financial capability often contributed to re-offending. It was for this reason that the FSA sponsored the development of the *'Signposting Offenders to Financial Capability, Training, Debt advice and Financial Services'* report (NOMS 2005b) and argued for greater financial capability training in prisons.

However, it needs to be stressed that there are clear, established links between low educational attainment and poor financial capability (AdFLAG 2001). Prisoners are at a greater risk of low financial capability if their average literacy and numeracy levels are much lower than those of the population at large. Low educational attainment, together with the fact that many prisoners suffer chaotic lifestyles, come from disadvantaged family backgrounds, and have a higher likelihood of mental health and/or drug related problems have often resulted in a failure to develop many of the basic, practical life skills that the majority of the population take for granted, including those associated with managing money effectively (SEU 2002).

This highlights the importance of fully utilising the time a person spends in prison to respond to the gaps they face in basic life skills. This includes financial capability training, which is integral to wider education and resettlement plans.

Financial capability training, if it is to support prisoner use of a bank account, must focus on the detailed practicalities of managing a bank account. There was some evidence at Forest Bank that the Budgeting and Money Management Course, which some prisoners undertook, did not fully explore the full range of issues associated with basic banking. To enhance provision, there is clearly a good case to be made to include training in basic banking within the Learning and Skills Council's Offender Learning and Skills Service (OLASS) contracts. For it is clear that prisoners, once they have acquired access to a bank account, must also be confident about their ability to use it effectively once they have left prison. There is also a possible role here for the new FSA Money Guidance service to fulfil in prisons.

From inmates and ex-prisoners, there was a general call for a better introduction to the bank account. Most prisoners had been introduced to the Cashminder account at the induction session on the GOSO programme, but not all had undertaken the Budgeting and Money Management Course and some had even missed the induction session. Given their low-level understanding of bank account operations, most participants were open to the idea of linking access to an account to some form of basic training course on the way a bank account works.

91% of inmate survey respondents had never attended a training course on financial matters but 49% said they would attend a course if it were available. This high level of interest in financial education was reinforced in both the focus groups and interviews.

However, it cannot be expected that access to a financial capability training course alone will in itself generate and sustain the motivation to migrate to successful bank account usage (Maguire and Raynor 2006). Somewhat in agreement with Maguire and Raynor (2006), De Meza et al. (2008) have convincingly argued that improvements in the level of financial capability require long-term changes in attitudes, habits and behaviour towards money. They argue that a person's financial behaviour depends more on their intrinsic psychological attributes than on information or skills acquired on a course. They conclude that financial capability training initiatives have a positive but modest impact.

De Meza et al. (2008) continue to describe some of the principal cognitive biases that are relevant to the development of financial capability. They identify these as procrastination, regret and loss aversion, mental accounting, status quo bias and information overload. Just to take two of these, it is clear that procrastination and status quo bias apply within the Forest Bank research findings. As was seen in at least one of the case studies, procrastination characterised the major reason for account dormancy over a 12-month period. As described by De Meza et al., one case study participant demonstrated the tendency to postpone a cost (sorting out his account) even though it potentially generated future higher benefits. And at least two case studies exemplified status quo bias or the tendency for people to stick with their prior choices and what they know best. This was the reason that people, despite the best of intentions, continued to manage their money in cash.

In their FSA report, De Meza et al (2008) refer to two forms of financial capability work that appear to be the most promising. The first is the use of 'norms', which means directing people to a particular action such as using the bank account, and the use of active intervention by a counsellor and/or individualised advice, rather than the receipt of passive information or education. If the prison and Jobcentre Plus combined to direct people to the use of the bank account and, after release, adequate access to personal advice and money guidance was put in place, then maybe the number of dormant accounts would be fewer.

### Money and debt advice

31% of inmate respondents to the survey said that they required money advice while they were in prison, mainly related to financial difficulties associated with debts on personal borrowing. Only 14% of inmates had ever sought money or debt advice in the past. 51.3% of ex-prisoner respondents reported that they were in financial difficulty when they left prison and 52% said that they currently needed money advice.

In the focus groups, fear of past debts surfaced as a reason as to why some people may not have eventually used their bank account. Group participants said that many prisoners had past debts and they feared that, if they used their account, they would be approached by past creditors. Some expressed the view that past debts were sometimes understood by ex-prisoners as crimes, which heightened their fear of creditors and of entering the banking system. Discussions in the focus groups also tended to suggest that debt problems among prisoners were higher than the written survey had suggested.

There was no money or debt advice provision in Forest Bank, a gap which may have had some impact on the eventual incidence of dormant accounts. The importance of money and debt advice, however, goes beyond migration to a bank account. A Legal Services Research Centre report (Pleasence et al. 2007), noted how a few research studies had suggested that debt advice can lower re-offending rates among offenders. One study concluded that re-offending rates are lower among people on probation who are provided with debt counselling than among others.

### Bank accounts and the family

46.3% of inmate survey respondents reported that being in prison had made life financially difficult for their families or people they lived with. Of the 14 partners of prisoners interviewed at the Visitors' Centre, six (42.8%) reported that their partners in prison did not have a bank account and that their partner's prison sentence has made life financially challenging for them. They spoke about their loss of income since their partner went into prison and of the difficulties of managing the household budget.

However, when told about the Cashminder account, they were all keen to communicate the information to their partners in the prison. They all recognised the importance of a bank account to their partner in terms of future job opportunities and, more generally, in terms of his status and wellbeing. In at least three cases, the prisoners used the partner's bank account when necessary, as the partners had a bank account whereas he did not.

Facilitating accessing for ex-prisoners to a bank account holds out the possibility of furthering the financial inclusion of the entire family and thus strengthening the family environment within which long-term prisoner resettlement can take place.

## 10 Conclusion

The success of The Co-operative Bank Accounts for Prisoners project is to be found above all in the lives of the ex-prisoners who have been able to leave Forest Bank and start afresh, with a new hope and confidence in a better future. Nobody would claim that a bank account is the solution to preventing re-offending, or sufficient to find a job and create a new life, but it is one vital, necessary factor in making a fresh start happen. With the refusal of a bank account, often comes no job, the message that participation in society is not for you, and hence a return to re-offending.

What has been evident in this research project has been the significance that prisoners and ex-offenders have attached to opening a bank account. Certainly it was important as a banking transaction facility for the receipt of wages or benefits, but it was much more important as a vehicle of social and financial inclusion. For them, access to a bank account had many more psychological and social outcomes than immediate economic ones. It was about having a second chance, about feeling better as a person and about being recognised as human being. It is those feelings that give ex-prisoners the motivation to desist from crime, which is often a difficult feat to accomplish (Maguire and Raynor 2006). As prisoners related in the study:

*"If I hadn't had the chance here, would not have got one [a bank account] on the outside."*

*"This might sound daft, but I feel better as a person, and I would like other prisoners to know that."*

And in relating past experiences:

*"Because coming to jail and having a bad credit rating, the bank will not deal with us which is not right; at the end of the day we are human"*

Society cannot afford to exclude prisoners and ex-offenders from the banking system and reject their pathway back into society. The reduction in re-offending concerns everyone and exclusion certainly does not result in resettlement. It concerns The Co-operative Bank, owned by The Co-operative Group where customer theft from its stores costs millions of pounds. For the long-term wellbeing of its 3.3 million Co-operative members, and of the communities served by its stores, The Co-operative Group recognises its responsibility to contribute positively to the Government's penal policy on resettlement and the reduction in re-offending. The Co-operative Group claims that its *"values and principles of self-help and social responsibility should penetrate the very heart of each of our communities, helping to support, encourage and inspire those around us"*<sup>6</sup>. These values and principles have to penetrate not only communities that are the easiest to reach, but also the most difficult and problematic of all, including those of prisoners and ex-offenders.

In this report, there were concerns about the high level of dormant accounts among ex-offenders. Evidence suggested that around 30% of accounts were not being used. However, the research was able to identify some of the reasons for this and some possible solutions. However, given the customer base, it is to be expected that some accounts will remain dormant. but that should not be taken to indicate that the project to enable prisoners to obtain bank accounts has failed. On the contrary, the majority of accounts are being used. Moreover, initial indications are, as noted in the report, that there is a significant reduction in re-offending among the group of Forest Bank Cashminder account holders. It is early days yet, but the reduction in the return rate to the prison is promising.

The recommendations of this report are commended to Government, to the Prison Service, to the National Offender Management Service and to the banking industry. Through this pilot project at Forest Bank, and by serving 28 other prisons, The Co-operative Bank has demonstrated its responsibility to serve the prisoner population.

6 <http://www.co-operative.coop/magazine/aco-operativelife/>

However, The Co-operative Bank is a small bank in comparison with its high-street competitors. The delivery of the penal policy on the resettlement of offenders depends on the active collaboration of all financial institutions, particularly banks and building societies. In recent months, UNLOCK has identified a number of current and future banking projects in prisons, involving other high-street banks. It is these new projects, together with an equitable division of responsibility for the sector among all financial institutions, that have the best chance of contributing effectively to the resettlement of offenders. The Accounts for Prisoners project was a pilot project; the challenge now is to determine how such projects can be mainstreamed (cf. NOMS 2007b).

The Co-operative Bank project has proved that bank accounts can be opened for prisoners with positive results. For all financial institutions perhaps the biggest question of all is not if we can serve prisoners, but whether we want to. As Maguire and Raynor (2006) noted, cultivating a positive approach to prisoners and ex-offenders is not easy in a context of public hostility and vindictiveness. In some sections of the press, opening bank accounts for prisoners would not create a very positive reaction. But valuing the potential of ex-offenders as participants in society, and offering them a fresh start offers the best long-term option in terms of rehabilitation. Providing ex-offenders with bank accounts is the hard edge of promoting social and financial inclusion.

# 11 Recommendations

The Co-operative Bank Accounts for Prisoners project has confirmed the importance of access to transactional banking in the process of prisoner rehabilitation. With no bank account, and with little opportunity to obtain one after release, ex-offenders suffer disproportionately from the multiple effects of financial exclusion (HMT 2007). Having no bank account can result in not finding a job, in difficulties in securing accommodation and in paying more for products and services. Added to this, and maybe more importantly, are the effects of having no bank account on the social and psychological wellbeing of ex-offenders. Not having a bank account prolongs marginalisation and exclusion from civic society and potentially compounds lifestyles that entail inherent dangers of re-offending.

A series of recommendations have arisen from the research into the delivery of The Co-operative Bank project at HMP Forest Bank which aim to encourage and facilitate prisoner access to bank accounts, as a key element within the Finance, Benefits and Debt Pathway promoted by the National Offender Management Service.

These recommendations are designed not just for The Co-operative Bank and HMP Forest Bank and those prisons sending applications to The Co-operative Bank, but for prisons in general, for the National Offender Management Service, for banks and financial institutions and for Government. Enabling prisoner access to bank accounts cannot be the responsibility of individual banks and prisons acting alone. Prisoner access to bank accounts, as a necessary element of the rehabilitation process, is a society-wide responsibility in which prisons, banks, NOMS, Government, the voluntary sector and others all have a role to play.

## 1 For the National Offender Management Service

- 1.1 NOMS needs to proactively promote access to banking as a key element of the rehabilitation process.
- 1.2 Access to opening a bank account in prison needs to be embedded within strategic reducing re-offending delivery plans. The aim should be that all prisoners should be able to open a bank account in prison if they do not have one arranged for release.
- 1.3 Access to opening a bank account in prisons should feature in the service level agreements negotiated with the prison services.
- 1.4 Within reducing re-offending delivery plans, access to bank accounts needs to be integrated with access to money guidance, financial and debt advice, to financial capability training, education and to employment and self-employment opportunity initiatives.
- 1.5 Offender managers should be encouraged to ensure that ex-offenders who opened bank accounts in prison are supported to use and manage them after release.
- 1.6 It is recommended that NOMS take a lead in promoting stronger administrative links between prisons and Jobcentre Plus to ensure that prisoner welfare benefit claims are linked to the new bank account details before release.

## 2 For Government

- 2.1 The Government needs to ensure that resources are available to deliver access to banking in prison. Delivering a comprehensive access to banking service for all prisoners is beyond the material and human resource capability of individual prisons and cannot be solely regarded as the responsibility of individual banks.
- 2.2 It is recommended that Government commissions, or supports the commissioning of, further longitudinal research into the impact of access to banking on the rehabilitation of ex-offenders.

### 3 For the Financial Services Authority

- 3.1 It is recommended that The Financial Services Authority includes prisons in the North-West and the North-East Money Guidance pathfinder projects.

### 4 For prisons

- 4.1 Given the appropriate resources, it is recommended that prisons enable all unbanked prisoners to open a bank account in prison, as a key element of long-term rehabilitation programmes.
- 4.2 It is recommended that access to banking is not regarded as a stand-alone facility in the prison, but is integrated with access to money and debt advice, to money guidance, to financial capability training, to education and to employment and self-employment training programmes.
- 4.3 It is important, as a condition of opening an account, that every new account applicant should attend a basic bank account induction and information session in the prison. This could be delivered in partnership with external agencies, such as UNLOCK or the Citizens Advice Bureau.
- 4.4 As part of the induction to the banking process, a simple guide to a basic bank account, which addresses in simple terms all the basic aspects of banking, needs to be given to each new account holder while in prison.
- 4.5 All account information, including welcome packs, account numbers and sort codes, should be given to the prisoner in his/her cell. This will enable the prisoner to ensure that Jobcentre Plus has the relevant details for new benefit claims before release. Given the constraints of the prison regime, it will also enable the prisoner to access his/her new account while in prison. Only the debit or cash card and pin number should be retained in personal property and be made accessible only on release (arrangements for the use of debit cards and pin numbers may be modified for lifer pre-release programmes in order to familiarise account holders with the banking system on town visits prior to release).
- 4.6 Within the constraints of the prison regulations, it is recommended that prisoners be encouraged to use and manage their new bank accounts while still in prison. This will familiarise those unused to banking with the basics of the banking process, encourage saving for release and enable prisoners to deposit cheques sent to them from outside. In line with the relevant permissions under prison regulations, prisoners should be allowed to make deposits from private cash into a bank account.
- 4.7 Education in transactional banking needs to be closely linked to the financial capability education classes and money management programmes that are available in some prisons. Financial capability courses and literature need to ensure that they cover, in simple and straightforward terms, all aspects of the management of a basic bank and current account. It is further recommended that appropriate links are also made to other educational courses, particularly in the areas of self-employment and business management, as well as basic skills.
- 4.8 At a local level, it is recommended that each prison should ensure that procedures are in place to enable Jobcentre Plus to set up new welfare benefit claims, using the new bank account details (sort codes and account numbers could be given to the Jobcentre Plus adviser directly by the prisoner).
- 4.9 At a local level, clear and effective systems need to be in place for prisoners to obtain the debit or cash card and pin number on release. It is preferable that all cards and pin number details should be held in personal property.

## 5 For banks and financial institutions

- 5.1 It is recommended that banks and financial institutions recognise the importance of developing banking transaction services for prisoners as central to their corporate social responsibility to tackle financial exclusion within society.
- 5.2 As with other basic banking customers, delivering bank accounts to prisoners may appear to be financially disadvantageous to banks in the short-term. It is recommended that further longer-term research be undertaken into the actual commercial potential of serving these customers in the longer-term.
- 5.3 It is recommended that banks and financial institutions develop access to banking services to prisoners in partnership rather than in competition with one another. The Co-operative Bank project revealed the importance of designated prison staff members being able to develop working relationships with designated staff members in the bank. The strength of this relationship acted in the interests of prisoners. It is unlikely that prison staff could develop similar relationships with multiple staff teams in a range of different banks and financial institutions. It is recommended that banks and financial institutions collaborate in serving the UK prison market, with individual banks taking responsibility for serving particular prisons, or clusters of prisons.
- 5.4 It is recommended that banks and financial institutions, through the British Bankers' Association, agree on common standards and codes of practice for enabling access to bank accounts in prison. At the moment, there are wide variations in service delivery and practice.
- 5.5 Given the appropriate safeguards against fraud and misuse, access to a bank account should be open to all unbanked inmates in a prison. For certain categories of prisoner, it is recommended that banks refrain from requiring a release address as a condition of opening an account. This excludes certain prisoners, e.g. lifers, whose release address is often not available until nearer the end of the sentence.
- 5.6 It is recommended that banks waive any designated maximum time period before release as a condition of opening an account.
- 5.7 It is recommended that, when requested, banks enable prisoners to obtain a basic bank account and a savings account. The latter could be important to encourage longer-term saving.

## 6 For all stakeholders working to promote access to banking in prisons.

- 6.1 It is recommended that NOMS, Government, prisons, banks, financial institutions, voluntary sector agencies and others committed to assisting unbanked prisoners to access transactional accounts should engage with and learn from The Co-operative Bank Accounts for Prisoners project at Forest Bank. With the findings of this research, together with research undertaken by such voluntary organisations as UNLOCK, a considerable body of knowledge has now been established on the procedures and operational processes of delivering transactional banking in prisons. It is important that their knowledge is built upon and not re-invented.

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## **Research Unit for Financial Inclusion**

The Research Unit for Financial Inclusion (RUFİ) is situated within the Faculty of Health and Applied Social Sciences at Liverpool John Moores University. It undertakes academic, action and evaluative research in a wide range of areas related to the development of financial services for lower income households. RUFİ has a particular expertise in research aimed at strengthening credit union capacity and effectiveness.

For further information on RUFİ see:

<http://www.ljmu.ac.uk/HEA/financialinclusion>

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