

**CHANGING
LIVES**



Changing Lives

Banking on a better future

*Access to banking services for vulnerable and homeless
people on their journey to stability and independence*



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Banking on a better future

Access to banking services for vulnerable and homeless people on their journey to stability and independence

The report of the action research project, “Banking on a better future”, designed to solve the problem of access to banking for service users of Changing Lives

Project period: July 2010 – October 2013

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Contents

| | |
|--|----|
| Executive summary | 3 |
| Acknowledgements..... | 7 |
| 1. Introduction | 8 |
| 2. The reality and impact of banking exclusion | 10 |
| Perceptions of Changing Lives staff members..... | 13 |
| Perceptions of service users | 14 |
| The stories of service users..... | 18 |
| 3. Researching banking options | 24 |
| A community banking facility for vulnerable and homeless people..... | 24 |
| An arrangement with a credit union..... | 25 |
| An arrangement with a local bank branch..... | 25 |
| Charity introducer status with a high-street bank..... | 26 |
| 4. Negotiating with the banking partner | 28 |
| 5. The development of processes and procedures..... | 30 |
| 6. Preparation and support of service users..... | 32 |
| Financial inclusion champions | 32 |
| Preparatory interview of service user applicant..... | 32 |
| Building financial capability | 35 |
| 7. Impact of access to a bank account on service users | 36 |
| 8. Conclusion..... | 38 |
| References | 41 |
| Appendix I Project methodology | 42 |

Executive summary

For some time, Changing Lives support staff had reported the barriers service users faced in opening a bank account, and how this had a negative impact on assisting them to re-integrate into mainstream society. Lacking the standard personal ID and the provable three-year address history that most banks require, and sometimes with a record of bank account closure due to past payment default, a significant number of service users on a road to stabilisation were regularly refused a current account by high-street banks.

In July 2010, LJMU, in partnership with Changing Lives (The Cyrenians), and supported by the Northern Rock Foundation, developed an action research project to identify a solution to the problem of access to banking for the people with whom Changing Lives worked.

Previous research

Even though there has been extensive research into the impact of financial inclusion, only a few studies have explored the financial needs of vulnerable and homeless people. The result has been that, not only do people self-exclude from the financial system, financial institutions and providers lack the awareness, knowledge capacity and the will to respond to their needs.

The studies that exist highlight how vulnerable and homeless people experience financial exclusion similarly to other low-income groups, but are less well equipped to manage their money and to access banking. They often operate in a cash economy where money issues are accompanied by violence or aggression.

The research study

The aim of the study was to find a solution to the problem of access to banking. This meant creating and developing a relationship with a bank or other financial institution that would enable this to happen. This turned out to be not an easily accomplished task. Not only did a bank have to agree to become involved in the endeavour, it also had to agree to a formal set of policies and procedures that were acceptable to the bank and to Changing Lives. In 2011, Barclays agreed to become the banking partner of the project.

The process leading to agreement on policies and procedures was complex and engaged multiple decision makers at the bank. It took until October 2012 to finalise the process through which Changing Lives staff could handle the sign-up and account application procedure for service users and liaise directly with the bank's central account opening service. The project continued until October 2013 in order to embed the new arrangements in Changing Lives working practice and to enable interviews to take place with service user beneficiaries.

Exploring banking options

A solution to the problem of access to banking for the people with whom Changing Lives worked was not determined in advance. A number of options were explored. These were a bespoke community banking facility for vulnerable and homeless people (as at Grand Central Savings (GCS), Glasgow); an arrangement with a credit union; an arrangement with

a local bank branch and, lastly, charity introducer status with a high-street bank. Charity introducer status was finally chosen, which meant that appointed Changing Lives staff could process basic bank account applications and undertake all the paperwork on Changing Lives premises before submission to the bank's central processing unit.

A banking solution had to be easily accessible and user friendly, with straightforward and simple terms and conditions and with debit and/or ATM cards, direct debit and standing order functionality. It needed to be operated by a financial institution that understood the situation of vulnerable and homeless people on a road to stabilisation.

Engaging Changing Lives staff members

The project depended on the active engagement of Changing Lives staff members in exploring the issues service users face in accessing bank accounts and relating to banks, and in facilitating the participation of service users. Staff members participated in research discussion groups, accompanied and supported service users in discussion groups and in face-to-face interviews, and agreed to become financial inclusion champions in order to promote access to banking to service users throughout the organisation.

Engaging service users

The action research project would not be successful long-term unless it responded directly to the needs and wants of service users. In discussion groups and in face-to-face interviews, service users spoke of their experiences of accessing and using the banking system. Some people had never used a bank account, and had managed in cash with benefits being paid by giro cheque or into a Post Office Card Account.

Others had been 'banking included' in the past but had fallen out of banking due to changes in life circumstances, past debts or unpaid penalty charges. Sometimes people who had been banked had just lost track of their bank account when life had become very difficult through addictions or homelessness.

Most people interviewed had tried to access banking in recent years, as they progressed along a path of stabilisation and security. However, all spoke of the difficulties they faced. Lacking the relevant ID or address history, they were constantly refused access to an account. This left people feeling rejected and isolated from the system. For the most part, research participants had just given up on attempts to access a bank account.

Past experiences of bank account refusal led many people to self-exclude from the banking system. Banks were seen as institutions not for them and there was an assumption that they would always be rejected by banks. People spoke about how they felt that they were judged on their appearance in a bank branch and how they did not want to keep putting themselves forward for rejection. This rejection did not just make life more difficult in managing money; participants stressed its effect on their self-esteem and self-worth.

Despite constant rejection, however, there was a strongly held view among participants that it was important to have a bank account, not just for practical reasons but to feel like a normal member of society. For some, this would be a first time experience.

There was a strong appreciation of the possible pitfalls of opening a bank account and of then mismanaging it. Many of those who had been in the banking system previously had often got burnt through bank charges and debts. It would be important that access to a bank account would be accompanied by access to professional debt advice on how to deal with any debts that may resurface once a bank account is opened.

The fear of debt and of the loss of control in managing a bank account led most participants to reject the need for an overdraft or, in some cases, for direct debits. For others direct debits were seen as an effective way of not forgetting to pay a bill. It was stressed that people would have to learn to tightly track and control their accounts.

Negotiating with the banking partner

A period of negotiation then ensued. Barclays had to be assured that Changing Lives would conform to its risk management requirements and comply with all relevant legislation. It had to be sure that Changing Lives would be a trusted and competent partner. Among the key issues that formed part of the negotiations were:

- **Staffing:** The appointment of a banking co-ordinator and the provision of the details and signatures of nominated support staff to the bank. These staff members were to act as bank intermediaries and undertake the full bank account application process, including ID checks, for service users.
- **Literature and the provision of information:** It would be Changing Lives' responsibility to ensure service users were given all items that make up the literature suite. This is a legislative and regulatory requirement and the bank had to be assured that this would be properly undertaken and monitored.
- **Identification:** It was agreed with the bank that a Department for Work and Pensions (DWP) welfare benefits letter (one document), which correctly identifies the service user's current address, would be sufficient for identify purposes, if accompanied by an introductory letter from Changing Lives stating that the person has been known to the organisation for at least three months and was on a planned programme of stabilisation.
- **Address history:** This was a complicated issue. It was finally accepted by the bank that it would often be difficult to obtain full and complete three years' address history for people who have been homeless, sleeping rough or of no fixed abode. The bank agreed to accept as much of the previous address history as possible.
- **Processing:** It was agreed that Changing Lives would send all applications together with the ID documents (or document) to the bank at its central processing unit. There would be no need to go through the local branch. This was important as many service users could initially feel uncomfortable in a local branch.
- **Limitations:** No more than 10 applications per month could be made.

The development of processes and procedures

A processes and procedures document had to be developed by Changing Lives that would be acceptable to the bank. Overall co-ordination was to be through a nominated project coordinator and application processing undertaken by area financial inclusion champions.

The detailed processes and procedures document outlined every step from enquiry to the delivery of the bank account documentation to the service user. A number of key points of interest in this procedures document include:

- If a service user requests a bank account, the key worker¹ contacts the area financial inclusion (FI) champion to discuss if the service user is ready. The decision to proceed depends on the service user being known to Changing Lives for at least three months and being on a programme working towards independence.
- It was agreed that a letter from the DWP would suffice as ID.
- All service users would have an induction session with a FI champion and keyworker. The FI champion goes through a pre-scripted induction process. The aim is to ensure that the service user is fully aware of the responsibility of opening a bank account.
- At this induction session the advantages and pitfalls of a bank account are discussed, as are the operations and responsibilities of managing a basic bank account.
- Also at the induction session the difference between a debit card and ATM cash card is discussed – the service user can apply for either on the application.
- Advice on financial education classes will also be given – if available and appropriate.
- Information on money and debt advice is also provided and a referral made to a Citizens Advice Bureau or other advice agency if required.
- Once the bank account is opened, all further contact by the bank is directly with the service user. However, further support in managing the account is provided by Changing Lives through normal key worker support provision.

The first accounts opened

The first service user application for a basic bank account was sent to the bank with the endorsement of Changing Lives in April 2012. This first application was eventually successful. After years of living on the streets, this service user is now on a road to independence with a functioning bank account.

Access to bank accounts is now part of the service offered by Changing Lives. There are not as yet large numbers of people who apply for an account but where they do, the service can be of help in assisting them into financial stability and into integration into the community. Where services users have opened accounts, the feedback has been overwhelmingly positive. It is envisaged that the use of the bank account opening system will be increasingly used when service users have to manage Universal Credit.

¹ A key worker is the staff member allocated to support an individual service user through the pathway of stability and progression.

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Finally and not least, thanks have to go to all the various staff members at Barclays, who over the years participated in negotiations, often complex and protracted, which eventually led to Changing Lives being able to offer access to banking directly to their service users. Many thanks to Barclays for taking the banking needs of vulnerable people on a pathway to stabilisation and progression seriously.

This research report was written by Paul A Jones, Liverpool John Moores University.

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 Changing Lives or of the Northern Rock Foundation.

1. Introduction

Changing Lives² is the operating name of the Cyrenians, a registered charity which provides support to vulnerable and homeless people throughout the north east of England and increasingly on a national basis. Through its network of residential and day centres, employment and outreach services, it enables people experiencing homelessness, addiction and other problems to make lasting positive changes in their lives.

Early in 2010, Changing Lives front-line staff began to draw attention to the blocks and barriers service users experienced in opening a bank account. Often lacking the standard personal identification documentation and the provable three-year address history that most banks require, and sometimes with a record of bank account closure due to past unpaid overdrafts and other debts, a significant number of the people Changing Lives worked with were regularly being refused a basic bank account by high-street banks.

Given the level and extent of the problems faced by Changing Lives service users, their inability to access a bank account may not seem a significant issue. However, Changing Lives staff members were keenly aware that this exclusion from the banking system could undermine the progress of service users on their pathway to stabilisation and integration into society. Like anyone else, service users need access to a bank account to receive wages or benefits, to cash cheques, to pay bills, to access certain services or facilities, and to keep their money safe. Indeed, without a bank account, as Changing Lives staff members argued, it was difficult or often impossible for service users to secure a job or a private sector tenancy. Many employers will not engage someone who cannot provide bank details for the receipt of wages. But, more importantly, staff members were conscious of the way in which lack of access to a bank account could reinforce the wider social exclusion of their service users, compound feelings of rejection and poor self-worth, contribute little to building psychological health and well-being and compromise progress to economic citizenship.

In order to assist service users to open a bank account, staff members often wrote letters of support to bank managers and even accompanied individuals to local branches. These actions sometimes resulted in success, dependent on the response or otherwise of individual branch managers. For Changing Lives as an organisation, however, such individual staff initiatives albeit commendable were more often than not piecemeal and uncoordinated. Changing Lives senior management could not see how they could of themselves offer a long-term solution to the problem of service user exclusion from banking services. Another solution needed to be found.

In a search for a more effective solution to banking exclusion, Changing Lives turned for support to the Northern Rock Foundation (NRF) and to the Research Unit for Financial Inclusion (RUF). NRF readily recognised the importance of the issue and, in August 2010,

² In 2013, The Cyrenians adopted the operating name of Changing Lives to clearly reflect its mission and purpose. Even though for most of the project, the organisation was known as the Cyrenians, the name Changing Lives has been adopted throughout this report, except when used in direct quotation of staff or service users.

agreed to support a participative action research project designed to identify a solution to the problem of banking access for Changing Lives service users. This project, entitled '*Banking on a Better Future*', was to be led by RUF1 and operated in collaboration with Changing Lives staff members and service users (see Appendix I for an outline of the methodology of the research project).

This report documents the progress and the findings of the '*Banking on a Better Future*' research project through its journey to establish a sustainable solution to banking exclusion. At the outset, it was envisaged that the project would take 18 months, with a solution to the problem of access to banking achieved within the first year. In reality, it took much longer as the road to a solution proved more complex and problematic than initially envisaged.

The first challenge was to develop a relationship with a bank or other financial institution that could enable a solution to be found. This was not easy. Serving the most financially excluded and vulnerable people in society is not an endeavour that financial institutions find a naturally attractive business proposition. The project team spent a significant amount of time researching varying possibilities with several banks and discussing what might be involved. Eventually, Barclays agreed to become a partner in the project and to explore the possibility of Changing Lives becoming a direct charity introducer to their basic bank account.

With this initial agreement in place, the next stage was for Changing Lives and Barclays to work through and agree a set of operating policies and procedures that would be acceptable to the bank and to Changing Lives. This was a complicated and lengthy process engaging multiple departments and decision-makers at the bank, concerned to ensure that the Changing Lives staff handling applications would be aware of their responsibilities and that procedures would be robust and compliant with banking and money laundering legislation.

In April 2012 Barclays accorded Changing Lives charity introducer status. This was a major step forward and meant that the Changing Lives staff could now handle the bank account application procedures directly for service users, including the verification of identity and prior address, and liaise directly with the bank's central account opening service (universal banking). There would no longer be any need to accompany service users to a bank branch or to depend on the good will and the response of local bank staff. It took a further six months, however, until October 2012 to resolve a number of additional queries about procedural arrangements before the new system was fully implemented and installed.

Thanks to the agreement and the support of Barclays, the granting of charity introducer status to Changing Lives has solved the problem of access to banking for its service users. A number of basic bank accounts have now been opened for service users who previously were unable to access banking. These beneficiaries report, as recorded later in this report, the practical advantages a bank account has given them, particularly in relation to the receipt of wages and benefits and in the development of money management skills. But more importantly, they stress the positive social and psychological benefits gained from feeling included in the banking system just like any other citizen of society.

2. The reality and impact of banking exclusion

The majority of Changing Lives service users manage their finances without accessing or using a bank account. In a survey of 114 service users, over half said that they did not have or were not sure if they had a bank account, and many of the remainder with an account would not be using it regularly. Even if they had a bank account in the past, or even still technically had one, the largest number of service users receive welfare benefits through a Post Office Card Account, a Simple Payments card or even still via a giro cheque, even though the latter are fast being phased out by the DWP. They have little option but to manage their money and pay any bills in cash.

For many service users managing in cash is not problematic and, indeed, may even be preferred given the direct control it gives them over their small amount of income. Given the significant other challenges they have of endeavouring to leave behind an often chaotic and difficult life of homelessness and addiction, having to manage in cash is not an issue.

However, for others who have begun to make progress on a pathway of stabilisation and integration into society, the disadvantages of managing in cash become more and more evident and consideration is then increasingly given to opening a bank account. It is at this stage that the barriers to opening an account become evident and problematic.

There has been extensive research into the reality and impact of banking exclusion over the last ten years (Farrell C. and O'Connor W., 2003; BMRB, 2006; Jones P.A., 2008b, 2009; Whyley C., 2010; Ellison A., Whyley C, Forster R., 2010; GfK NOP., 2010), even though only a few studies have explored the specific banking needs of vulnerable and homeless people (Bonner, A. and Luscombe, C., 2009; Tanner, S., 2005; Wallace, A. and Quilgars, D., 2005)

In the literature, there is considerable agreement about the difficulties of operating in a modern society without access to a bank account. Managing in cash may often be the preferred option of many people on a low income who have to carefully control the household budget by closely monitoring cash flow, but there are clearly definite disadvantages which surface more and more acutely as people integrate into mainstream society. The disadvantages of having no bank account, as detailed in the literature and which surfaced as a driver for the creation of a banking solution for Changing Lives, include:

- **Difficulties in receiving payments, particularly wages.** The inability to access a bank account can be a barrier to employment as employers rarely want to pay wages in cash. Welfare benefits can be received into a Post Office card account, but this cannot be used to receive any other form of payment or electronic deposit.
- **Difficulties in making payments or paying bills.** Some payments can only be made, or bills settled, through a bank account. For example, some private landlords insist on payment of rent by standing order or direct debit.
- **Increased costs, in time and money, of making payments or paying bills in cash.** By paying utility bills in cash, for example, people can miss out on discounts or lower tariffs that are available through payment by direct debit. Having to visit a post office or PayPoint store can take time and money in bus or taxi fares.

- **Lack of access to certain goods and services.** Without a bank account debit card (or credit or pre-paid debit card), it is not possible to purchase items over the telephone or via the internet. Without some form of bank account, people cannot for example, use eBay. Also mobile phone contracts, broadband services and satellite/cable television mostly demand payment by direct debit putting them out-of-reach to the unbanked.
- **Difficulties in balancing out the household budget over the year.** With no place to store cash, expenditure tends to be from week to week with little planning for spreading costs throughout the year. Without the use of direct debits, for example, it is hard to spread out the cost of utility bills over the year.
- **Difficulties in building up a savings safety net.** Without a bank account (basic, current or savings account) it is difficult to store money until it is needed. Having money available in cash tends to lead to a temptation to spend, reducing the potential to save for unforeseen eventualities and emergencies.
- **Lack of security and safety.** If funds are kept entirely in cash, there are higher risks of theft or loss of money. In a study of unbanked homeless people, all those interviewed had been mugged at least once (Collard et al 2003).
- **Restricted access to other financial services.** Lack of access to a bank account usually means lack of access to mainstream credit and insurance services. There is a strong correlation between lack of access to a bank account and the use of certain forms of high-cost credit (home credit; weekly pay rent-to-own stores; pawn shops etc.). Of course access to payday loans normally requires a bank account.
- **Undermining of confidence and self-esteem.** Banking exclusion can also be linked to a lack of confidence and self-esteem. Studies into access to basic bank accounts for prisoners and ex-offenders found that lack of a bank account often resulted in feelings of low self-esteem and self-worth (Jones 2008, 2009). Prisoners and ex-offenders saw being banked as important in creating a better future and helping them to gain personal independence and 'feel part of society'.
- **Lower financial capability.** Banking exclusion has also been linked to lower levels of financial capability, often as a result of very limited experience of financial choices and decision-making. Whyley (2010) makes the point that banking exclusion can also make people more fearful and mistrustful of the technology associated with bank accounts.
- **Negative impact on families and children.** The reality of being unbanked can impact negatively on the self-esteem and status of families and children. One of the Changing Lives service users stressed this when he reported how his son was embarrassed that his father was excluded from the banking system. In general, living in an unbanked household can impact on the financial capability of the entire family.

The above difficulties apply to all low-income groups excluded from the banking system. Studies that have explored the specific banking needs of vulnerable and homeless highlight how vulnerable and homeless people experience banking exclusion similarly to many other low-income groups, but are less well equipped to manage their money and to

handle access to banking. They often operate in a cash economy where money issues are accompanied by narratives of violence or aggression (Tanner, S. 2005). Bonner and Luscombe (2009), in their survey of homeless people, reported that 22 per cent of those surveyed said that financial issues was the main reason for their homelessness, rising to 36 per cent of those aged 46-55.

The literature is also clear about the barriers that people face in accessing banking, many of which characterised the experience of Changing Lives service users. GfK NOP Social Research (2010) noted the following typical barriers to becoming banked. Some of these barriers arise from the requirements of the banking system and others from the perceptions of people excluded from the system for one reason or another.

- **Lack of required identification:** lack of appropriate identification (photographic ID and proof of address).
- **Fear of the risks associated with a bank account:** the fear of problem debt is strongly associated with a perception of being unable to meet direct debit payments and/or becoming overdrawn. This results in people being daunted by the risks of incurring bank charges and thus of running up problem debt. People who are embedded in a cash culture which gives direct and immediate control over the management of finances can be worried about losing such control when banked.
- **Having a poor credit rating:** people can be refused a bank account because of their poor credit rating. This arises from past problematic debt.
- **Being unemployed or on a low income:** this can be a perception rather than a reality. People assume that they would not benefit from having a bank account because of their low income. Others assume they can only open an account if they are able to make a minimum monthly payment into the account.
- **Cost of becoming banked:** GfK NOP (2010) found people who thought that a bank account required a minimum initial deposit or the payment of an ongoing fee.
- **Negative images of banking:** GfK NOP (2010) also found that negative stories about banking coming from friends and family, and the media, could reinforce people's fears and concerns about opening or re-opening a bank account,
- **Poor previous experience of having a bank account:** negative experiences of being previously banked or attempting to open a bank account can influence views about opening a bank account. If people have got into debt in the past through use of a bank account, or have been treated badly by bank staff, they are often reluctant to consider opening a bank account again.

In addition, in relation to vulnerable and homeless people, financial institutions and providers often lack the awareness, knowledge capacity and the will to respond to them. This leads to even greater self-exclusion from the banking system.

Perceptions of Changing Lives staff members

The drive for a solution to banking exclusion came primarily from staff members working directly with service users. It was front-line staff recounting to senior management the difficulties that service users were facing in opening a bank account that led to setting up of the action research project.

It was the staff members working in employment support services who had immediate experience of the negative impact of banking exclusion on service user, many of whom had to inform potential employers that they were unable to open a bank account. Staff members had sometimes accompanied service users to bank branches to open accounts, and had seen at first hand the barriers and difficulties erected by the banking industry when it came to serving people who had lived many years with no fixed abode and thus had difficulties in producing the standard ID and address history.

For staff members, the need for a solution to banking exclusion was high on their agenda. In a 2011 research survey of 52 support staff members, 78 per cent (40 of the 52) said that access to a bank account was an issue for the people they worked with and 87 per cent (n45) said that the people they worked with had problems opening a bank account. 69 per cent (n36) worked with people who had never tried to open a bank account, either because they were used to operating in cash, were not interested in banks or considered that they would be refused if they applied. 78 per cent of staff members said that they worked with people who had been refused an account, mainly because of no ID or address history.

However accessing an account was not the only issue for staff members in the survey as some service users did have bank accounts. But 74 per cent of staff members (n38) said that the people they worked with often had difficulties using a bank account once they had managed to open one. The biggest difficulties they said were in relation to managing direct debits and standing orders, and coping with the often high penalty charges.

In research discussions, staff members explored the issues service users faced in accessing and using bank accounts. A strong theme to emerge through the discussions was the level of support that some service users would need to open and to manage a bank account. Staff members stressed that opening a bank account was only the first step; it would be managing the bank account that would be much more challenging and important.

Staff members stressed that great care would have to be taken to ensure that service users were ready for the responsibility that a bank account brings.

In one discussion group, for example, the advantages of a bank account for service users were stressed and explored, but staff members also stressed some of the pitfalls.

Research into banking inclusion published by the Financial Inclusion Taskforce (Ellison et al 2010), highlighted the clear benefits of a basic bank account in terms of assisting people to save and to enhance their financial stability and security. However, this research study also revealed that 26 per cent of people who have opened basic bank accounts since they were created in the early 2000s have lost out financially. According to the Taskforce report, around half of the newly banked have been subject to penalty fees on their accounts with a significant increase in problem debt among the newly banked. Many of these newly banked individuals fell out of banking as a result.

Staff members were clear that access to banking needed to be supported by good clear preparatory information and advice for service users and, where possible, access to financial education sessions. Supporting service users to develop the financial capability to manage an account was seen as fundamental to the access to banking project. In some cases, it was suggested, there may be ways and means of introducing people to banking gradually, for example by their taking out an ATM rather than a debit card, or foregoing the setting up of direct debits on an account.

It was acknowledged by staff members that in some cases a bank account may not be an appropriate option for service users and, given the wider difficulties they face in achieving stabilisation and progression, they may be better advised to continue using a Post Office Card Account and managing their money in cash.

Staff members also tackled the issue of past debts that can surface again once a person opens or re-opens a bank account. It was stressed that access to debt advice for newly banked service users would have to be a priority and key workers would need to bear this in mind. In fact, this point was raised strongly by the Passage in London in its evaluation of its progress in making bank accounts available to its service users.

“More than 400 service users received basic debt advice. This was not in the form of debt scheduling or applying for IVA’s but more in the form of encouragement to address the debt issue and help with writing letters to creditors acknowledging the problem and asking for help. Debt is a concept that belongs to ‘another world’ like taxes, mortgages and the like. Homelessness it seems suspends you from that world. Hostels and benefits become a protective bubble where everything is provided for you until ‘you are sorted out’. Of course the moment that a client seeks to leave this bubble and return to work or even move into accommodation provided by the private sector the debt issues re-surface and the client may see their progress evaporate” (The Passage 2008).

Perceptions of service users

At the outset of the research project, all staff members working directly with service users were asked to complete a survey on service users’ use of banking services on the online system that captures multiple data on services user progression towards stabilisation. This was to gain initial information on the needs of service users for banking services.

By February 2012, through the survey the financial inclusion data of 114 services users had been captured on the system. Of these 114 service users:

- 46 per cent (n53) had a bank account already, 29 per cent (n33) did not and 26 per cent (n28) were unsure or did not know.
- 17 per cent (n20) sought support with a bank account, 26 per cent (n30) did not, and 56 per cent (n64) were unsure or did not know.
- 9 per cent (n11) wanted a bank account, 18 per cent (n21) did not and 72 per cent (n82) were unsure or did not know.

The 9 per cent of service users wanting a bank account would translate into about 54 people across the organisation given that Changing Lives were working with about 600 people per month at the time of the data collection. However, with the expansion of Changing Lives across the north east and beyond, it was envisaged that the demand for a bank account from service users would increase significantly.

However, the high numbers of people in the survey who were unsure or did not know if they wanted a bank account, or were unsure if they needed support in using one or not, indicated that the levels of knowledge or of consideration about the advantages of banking were relatively low. Further information about banking disseminated throughout the organisation could also result in a higher demand for bank accounts,

The action research project was designed as a collaborative enquiry; and the engagement of the people with whom Changing Lives worked was critical to success. The creation of a means of accessing banking would not be successful unless it responded directly to the needs and wants of service users.

Nine in-depth interviews were conducted with service users, about their experience of accessing and using a bank account. The interviews explored in detail the personal experience of people with regard to banking services and the reasons they wanted to access or re-access the banking system. Common themes of rejection and banking exclusion ran through the interviews, but in every case, there was a desire to access the banking system and to become a functioning economic member of society. Two discussion groups of service users were also organised.

In the interviews and discussion groups, service users articulated their experiences of accessing and using the banking system. This experience was varied. Some people had never had or used a current or savings bank account, and had managed in cash with benefits being paid by giro or into a Post Office Card Account. Others had been banked in the past but had fallen out of banking due to changes in life circumstances, past debts or unpaid penalty charges. Sometimes people who had been banked had just lost track of their bank account when life had become very difficult through addictions or homelessness.

Most people in the groups had tried to access banking in recent years, as they progressed along a path of stabilisation and security. However, all spoke of the difficulties they had faced. Lacking the relevant ID, and often with bank branches insisting on a driving licence or passport, some people found they were constantly refused access to an account. Others spoke of even having ID from the DWP, the landlord or utility companies but still being refused on multiple occasions. This left people feeling rejected and isolated from the system. Even though they did not refer to this explicitly, it is also possible that such rejections were the result of a lack of address history. The following comment was made by one service user in a group about trying to access a bank account and not being able to open one.

"I have tried to get a bank account; I tried two places. I was running backwards and forwards I took in various letters but they would not accept them. They had all sorts of excuses; even DWP letters they would not accept. I took in a lot of ID but it did not fit; gym card, library card, TV licence card, but it did not fit, I was doing this for weeks and weeks".

For the most part, participants in the groups just gave up on attempts to open a bank account. As one person said:

"I just gave up and I manage with a Post Office account for benefits. But it did not stop me looking for work. If I got a job, I'd use by sister's or my mother's bank account".

Some people had found a job but still could not open a bank current account, and were in the position of the person above, either having to use someone else's account or just using a savings account at a building society. The latter were easier to obtain and could receive wages, but of course they lacked the functionality of a basic bank account. They could not be used for direct debits or standing orders, or for making payments with a debit card.

Past experiences of bank account refusal, again as the above participant referred to, led many people to self-exclude from the banking system. Banks were seen as institutions not for them and there was a widespread assumption that they would always be rejected from banks. As one other participant noted,

"People think that people at the bank will look down at them. I have the expectation that I could not open one because of all the experience in the past"

People spoke about how they felt that they were judged on their appearance in a bank branch and how they did not want to keep putting themselves forward for rejection. As another person noted:

"I was dressed like I am now. I asked myself was it the way I am dressed. I must look, like, poverty stricken. It was strange; I asked myself if it was because I was unemployed, maybe they just did not want me"

Another person was less inclined to think it was her fault, but rather a result of the way the system worked. She said:

"It is the system not being able to cope with people going through hard times".

This continual rejection did not just make life more difficult in managing money; participants in the groups stressed its effect on personal self-esteem and self-worth. As one person said,

"It's awful not being able to get a bank account. When I was told I could not have a bank account I could not believe it. It is about self-esteem and pride and just wanting to be like anyone else",

Despite constant rejection, however, there was a strong consideration among participants that it was very important to have a bank account for practical reasons and also to feel like a normal member of society. As one person stressed,

"Having a bank account is about being integrated back into society".

And another service user made the same point when he said:

"I feel it [having a bank account] makes people a part of society, even if I am not putting a lot [of money] into a bank account. It is one of those things that make you feel like a member of society".

Another person said he wanted a bank account because it made him think about the future

“I want a bank account because I will not be this way for ever – I want a bank account for the future”.

People wanted a bank account not just for transaction banking, but for saving, safety and security and money management. In fact these reasons were high on the participants’ agenda. Managing money totally in cash led to a temptation to spend and there was always the danger of losing it either through inadvertence or theft. As one man noted,

“You squander your money when you have it in your pocket”

Several noted how money was often insecure in hostels.

However, in the discussions, there was a strong appreciation of the pitfalls of opening a bank account. They understood that it could be mismanaged and that this would run up debts through bank charges. In fact, most of those who had been in the banking system previously, and then had lost the account, had often got burnt through bank charges and overdraft debts. As several people noted:

“I had an account but it went funny. There was a problem with the ATM machine and I ran up an overdraft on the account, because some payment had not gone through. There was not supposed to be an overdraft”.

“I got into debt with the bank account and was hammered by charges. Just had £20 left out of my benefits”

The reality of debt, in fact, was a significant issue raised by many participants. They were worried not just about the danger of future debts, but of handling previous debts that would resurface if they re-entered the banking system.

Some people were fearful of opening a bank account precisely because they felt that past debts would catch up with them. Service users stressed that they felt that this was an important point for Changing Lives to consider in accessing people to banking.

It was pointed out by service users that access to a bank account would require Changing Lives to be able to offer, or access people to, skilled advice on how to deal with debts that may resurface. As service users stated:

“Previous debts need to be dealt with. People have a fear of opening a bank account and debts just catching up with them”.

“People need independent advice on dealing with the debts; and for taking out bank accounts. They need a good explanation of what is involved”.

Service users in interviews felt that Changing Lives key workers would need to give people who were considering opening a bank account the necessary advice and support to understand the advantages but also the dangers of an account. But it was not just about advice and support; service users felt that key workers had an important role to play in making an assessment as to the readiness of an individual to open an account. They argued that accounts should only be opened for people who were ready to manage them. Some comments included:

“They [key workers] need to be clear on the pitfalls and share those with service users. It needs to be left to the support worker to make that assessment [about suitability and readiness for an account]”

“What The Cyrenians [Changing Lives] can do to help, they need to offer more support than just opening the bank account. They need to check out where people are at – in managing their money – and whether they are ready for a bank account”.

In some cases, this may mean a gradual introduction to banking through, for example, taking out an ATM card rather than a debit card in the first instance.

In the discussion groups and interviews, service users were clear that access to financial education was very important. They spoke highly of the sessions that they had with Clean Slate, a support organisation engaged by Changing Lives to offer individual mentoring and basic financial education and counselling to service users. They felt strongly that enabling people to access a bank account should be part of a package which includes financial education and access to money and debt advice. There was support for Changing Lives to organise more formal financial education sessions, perhaps with the support of Barclays.

The fear of future debts and of the loss of the control in managing a bank account led most participants to reject the notion of an overdraft or, in some cases but not all, of direct debits. For others direct debits were seen as an effective way of not forgetting to pay a bill and also of functioning just like anyone else in society. As one person noted:

“It is about being integrated back into society. We can’t do anything without direct debits”

It was stressed how people would have to learn to tightly track and control their accounts. As one participant said

“The problem is that banks don’t warn you enough. You can get charges. You don’t want to get into trouble by opening a bank account”.

Overall the participants valued the research project and its aim to enable service users to obtain a bank account directly through Changing Lives. For not only was a bank account important in itself, being able to access the account through Changing Lives would mean that people would not face the danger of rejection in a bank branch.

The stories of service users

From the interviews, four case studies of service user approaches to banking were compiled. These case studies tell the stories of service users whose experiences replicate that of many of the people with whom Changing Lives works.

1. Arthur’s story

Arthur, a man in his fifties, had never had a bank account. Over 20 years ago, he had had a savings account in a building society but that was long gone. At one time, he had a Post Office Card Account but lost the card when walking the streets. For years, he has received his benefits by giro cheque and has withdrawn his money from the benefits office each fortnight.

Over a very long period, decades in fact, Arthur suffered from chronic alcohol addiction. With no fixed abode, he managed totally in cash on the streets. He explained that as soon as he received his benefits, he would go straight to the pub or to the off-licence and the money would then only last a few days. For the rest of the fortnight, he managed hand to mouth, borrowing and begging.

Through the support of Changing Lives, Arthur entered a programme of recovery, stopped drinking, took out a tenancy on a new flat and, at the time of the interview, was on a pathway to stabilisation and stability.

But he was still being paid by giro cheque, which was now posted to his new address. Now in recovery and feeling much more stable, Arthur wanted to open a bank account. First he was concerned about the safety and security of his money, as he kept it in cash in the flat or his pocket. Secondly, he wanted to save and improve his money management skills. As he explained,

“When I’ve got money in my pocket, I just squander it, I buy rubbish. I could save, if I had an account. At the moment it’s just lying about the house and I don’t like leaving money lying about, if I’ve got company, you don’t know who you can trust, you never know who is going to rob you.

I pay bills at PayPoint with a PayPoint card. My main bills, electricity, water rates and TV, all are paid with the card. But I pay fortnightly and I have to remember to pay them, sometimes I forget to pay, then I am late and get letters”.

Arthur was convinced that a bank account would help him to save, to pay bills by direct debit and to manage his money better and also keep it safe in the bank. Now that he is not drinking, cash is building up in the house and he just has no place to put it. He was aware of the dangers of accruing bank penalty charges, but was sure he could cope. As he said

“It [a bank account] would make me more sensible about my money; I would make sure the money is there in the bank”.

He sought only a limited banking service; he was not interested in overdrafts and did not want a debit card in case he overspent. He felt he would be able to manage adequately with just an ATM cash card.

The problem was Arthur could not open a bank account. He had approached bank branches in Newcastle and was constantly refused an account. He was not without documentation; he went with his tenancy agreement, his benefits letter, and his birth certificate and utility bills in his name at his address. But one bank refused on the grounds that he had not been on the electoral register for three years and another because he did not have a driving licence or passport. He even asked his key worker to ring the bank, but he was only told the same that Arthur needed a driving licence or passport. All this took its toll on Arthur, who said

“It feels depressing not to be able to have an account. I have to run about a lot paying bills. If I could get a bank account, I would feel more secure in myself”.

“Banks should not look down on the likes of me. Seems to be one set of rules for one and another for people like me”.

At the time of the interview, Arthur had still not been able to open a bank account. However he was one of the first people to open a bank account through the Changing Lives project.

2. Barry's story

Barry, a man in his late 30s, was for many years a service user of Changing Lives. He had a long, chaotic and difficult history of alcohol dependency; but through his engagement with Changing Lives, he was able to free himself of the addiction and achieve stabilisation. He made so much progress that Barry became a real inspiration and role model for other service users. In order to ensure that they benefitted from Barry's experience to the maximum, Changing Lives employed him as a support worker.

It was only when he was appointed to the post that he realised that he was unable to open a bank account. He approached several bank branches in Gateshead and Newcastle, with a letter from Changing Lives, a provisional driving licence, a birth certificate – and he was even accompanied by another member of Changing Lives staff to vouch for him, but all his applications in every branch were rejected. The banks either asked for a utility bill, which he did not have, or a tenancy agreement from a registered landlord, which again he did not have. The banks seemed not to want to accept the letter from Changing Lives.

Barry has never had a bank current account, even though he did have a building society savings account opened for him by his mother when he was a child. For many years he was married and worked, but managed solely by having money paid into his wife's bank account. He explained that, in those days, he was not concerned about money or a bank account and just lived from day to day with the cash given to him by his wife.

Barry's drinking worsened; his relationship with his wife broke down and he had to leave the family home. He soon then lost his job. As he explained in the interview, he went through a period of "a lot of madness" and entered a very dark place.

Eventually he came across Changing Lives and started to attend Oaktrees Rehabilitation Centre where he learned to overcome his addiction. By the time he got to Oaktrees, he was receiving benefits by giro cheque and managing in cash. He had no interest in a bank account.

Barry, however, made a transformation in his life. He is now in recovery and working in Changing Lives. But his inability to open a bank account, as he explained, affected his self-esteem and feelings of self-worth and was no support on a road to recovery.

Once he had the job, he wanted to open a bank account. He explained,

"I wanted to be like a grown up and have a bank card".

There had been a period between leaving his wife and before losing his job when he used his building society savings account to receive his wages. But it was a savings account with no ATM access and withdrawing cash was difficult. For Barry, this was not a long term solution. He wanted to possess a direct debit card, pay bills by standing order or direct

debits and operate a banking account just like anyone else. For him, access to a bank current account was part of the process of recovery and normalisation.

For the first two and half months of working at Changing Lives, Barry was paid in cash. In the end, it took a high level intervention by a senior staff member of Changing Lives to sort out a bank account for Barry by making a direct approach to a local branch on his behalf.

Since opening the account, Barry now feels like anyone else, he said that his money management skills were improving and that he even has money left over at the end of the month, which never happened when he managed solely in cash.

3. Peter's story

In the past, Peter was employed as an industrial cleaner and had experience of using a basic bank account to receive wages in the normal way. There was no overdraft facility on his basic bank account but, through a series of difficulties, he managed to accrue bank charges on failed direct debits and he began to run up debts on the account.

Life took a turn for the worse and he found himself in prison. While inside, his bank account was left dormant. By the time he came out of prison, the bank had closed the account because of the debts and unpaid charges.

He tried to open a bank account again but with no success. As he explained, he was living in a hostel and had no relevant ID or utility bills which would satisfy the bank for ID purposes. As he remarked,

"I was let out of a high security jail, but with papers that were not good enough for a bank account".

At the time of the interview he was receiving exceptional payments by giro cheque as there had been some complications with setting up a Post Office Card Account (POCA). Peter explained that this led to difficulties with the DWP as he had neither a POCA nor bank account to receive payments. This resulted in his benefits claim being constantly terminated as there was no means of making the payment in place. Each time the benefit payment was stopped, he had to make a new claim all over again, which resulted in his regularly losing several days payment of benefits.

Peter was very keen to open a bank account but just did not have the relevant ID. He said he wanted to open a bank account to receive benefits as soon as possible, as payment by giro was unsustainable. He also related how he had received an Inland Revenue repayment of tax for £317 and had no choice but to go to the cheque cashers and pay £27 to release the funds. Peter said that he had an immediate need for an account to manage day to day, but he also wanted an account as he hoped to be able to find a job in the future.

He was also worried about having money in cash in his pocket as he said he was constantly tempted to spend more than he could afford. As he explained,

“When I have money I just spend it. I have no respect for money. When I got the £300 in cash I just gave it away or used it”.

He was also worried about having cash on him all of the time as he fears it might be stolen in the hostel or he could lose it on the streets. For Peter, as he explained, a bank account would help with security, with saving and with money management. But at the time of the interview, he saw no way forward. The barrier to obtaining an account was just too great.

4. Michael’s story

Michael, a man in his late 30s or early 40s, had never had a bank account since having a savings account at school. Like many service users, Michael had had a very difficult life and spent many years homeless and sleeping on the streets. At the time of the interview, he was living in Changing Lives hostel accommodation.

As he progressed towards stability, he reported that he tried on a number of occasions to open a bank account. He said that he had visited a number of bank branches but always without success. He just did not have sufficient relevant ID. As he explained,

“They [the bank staff] were not very helpful. They were looking for ID, a passport or something like that. I never went back. I tried again at another bank. They said that they did not have any forms for a basic bank account. So I never went back there either”.

At the time of the interview, Michael was on invalidity benefit and was paid, as an exceptional circumstance, by giro cheque. He said that the DWP had tried to move him onto a Post Office Card Account but it had never happened. He was at pains to stress that he would have much preferred to have a bank account. As he argued,

“It is not right that we should not be able to get a bank account. It is not fair that some people should be able to get a bank account and others can’t”.

Michael managed all his finances in cash, which he felt gave him some control over his management of money but in other ways, he said he found it disadvantageous. He said he was not able to save as his income is too low (£88 a fortnight) but, with cash available, the temptation to spend was just too great. Moreover, he said he tended to give a lot of his money to other people in the same position as himself in the hostel. As he said,

“When you get the giro, and have money, you give some to others. People look after one another and are reliant on one another”.

He was also conscious of the ease with which money was lost or stolen, particularly in hostels. He stressed that he wanted a bank account to keep his money safe.

Michael was quite confident about being able to manage a bank account, and was not very aware of the risks involved. As he said,

“Risks? How would I know? I have never had a bank account so would not know”.

But he was sufficiently conscious of risk to be certain that he was not interested in a cheque book or direct debits. He said the only direct debit he would be interested in would be the one to pay his court fines.

Michael exemplified many service users whose lack of experience of banking resulted in his having little knowledge of how a bank account worked. When asked about direct debits, for example, he had to admit that he did not know what they were. It was only when they were explained that he was clear that he would not be interested in them, apart from the one mentioned exception.

He was open, however, to participating in any financial educational opportunity that arose especially if linked to access to banking.

Michael was very positive about the possibility of being able to open an account through Changing Lives, as he thought it would open up an opportunity that had been denied to him in the past. As he stressed,

“I would like a bank account, everyone should have one”

Michael was able to describe his life of living hand to mouth in cash, and the constant temptation to resort to crime. When he was stuck, he would borrow from other service users, but also sometimes from the money shop in Blyth. This was expensive high-cost borrowing, but which he felt was his only option at the moment.

Like many others, Michael was trapped with little possibility of moving into banking and into a stable and affordable financial system.

3. Researching banking options

A solution to the problem of access to banking for Changing Lives service users was not determined in advance of the research project. It was agreed by the research team that it would be important to explore a number of options that could possibly give service users access to an appropriate banking facility that suited their needs.

Any banking solution needed to be easily accessible and user friendly, with straightforward and simple terms and conditions and with debit and/or ATM cards, direct debit and standing order functionality. It needed to be operated by a financial institution that understood and empathised with the situation of vulnerable and homeless people on a road to stabilisation.

The research team mainly focused on exploring the following four options.

A community banking facility for vulnerable and homeless people

In order to explore a banking solution that was specifically designed to respond to the needs of vulnerable and homeless people, interviews were arranged with managers at Grand Central Savings (GCS), Glasgow.

Originally part of the Big Issue Foundation Scotland, GCS is an independent charity providing banking facilities and money advice to vulnerable and homeless people in and around Glasgow. It serves over 3,000 people who have no prospect of opening a high street bank account through the normal channels.

It runs several staffed branches in the city and is open to anyone in need of an account. It acts as an intermediary for the Bank of Scotland whose accounts it offers to those seeking a bank account. It has a flexible approach to ID requirements and will accept a letter from the DWP, from the Home Office, from Citizens Advice or a Big Issue Vendors ID card as proof of identity. There is no requirement for any proof of address history as part of the application process.

GCS is independently branded and manages the application and operational systems relating to banking – it offers a simple savings account that takes in cash deposits and offers access to cash withdrawals, and can accept electronic deposit payments for wages or benefits. This can be linked to a HomeGuard Account Service which offers standing order facilities to pay rent and council tax. It is also exploring the possibility of paying other bills such as TV licences and utility companies. It does not offer direct debit facilities or furnish people with an ATM or debit card, as it is judged that the people GCS works with are just too vulnerable to be able to manage such products.

GCS is an impressive service and reaches some of the most vulnerable people in society. However, on reflection, it was not seen as a suitable model for Changing Lives to follow. Not only did it involve establishing a banking service open to the general public, which was not the aim of Changing Lives, the costs of such an operation would have been prohibitive. Given that GCS cannot generate income from its business, it depends entirely on charitable

donations. With staffing and premises costs, in 2010, GCS cost around £180k per annum to run. This was not something Changing Lives could consider.

In addition, GCS offers a basic cash-based banking facility to suit the needs of people still living on the streets and in chaotic conditions. Its aim is to give people a place to deposit money and keep it safe when still living in difficult circumstances.

Changing Lives, however, wanted to offer a banking facility to people who were already on a programme or pathway to stability. The idea was to offer a full basic banking service include ATM and/or debit cards and direct debit facilities to people who were beginning to re-establish themselves within society.

An arrangement with a credit union

Any banking solution has to be sympathetic to the needs of vulnerable and homeless people. The research team considered that it was important to consider a credit union solution and to this end, a representative of Moneywise Credit Union Ltd, based in Newcastle, was invited to one of the staff consultation groups.

The credit union could offer a localised and member-friendly service throughout the Newcastle and Gateshead areas. However it did not offer a basic current account. It could offer a savings account that could receive wages or welfare benefits by electronic transfer, but which had limited functionality otherwise.

Staff members felt that the credit union is part of the solution for savings and affordable loans, but could not be a full solution to the problem of banking access as it does not yet offer a current account with ATM or debit card facilities. Deposits and withdrawals normally had to be undertaken at a credit union service point in person. An additional problem was that Changing Lives operates outside of the Newcastle and Gateshead areas and thus the credit union could not be a solution for all service users.

However, where service users have easy access to credit union service points, Changing Lives staff members do encourage them to join and save in a credit union.

An arrangement with a local bank branch

In the early days of the project, a number of the banks contacted suggested that Changing Lives develop a working relationship and understanding with a local bank branch or branches and assist service users to apply for a basic bank account in the normal way.

This was considered by the consultation group and research team but was ultimately judged unsatisfactory for a number of reasons. It was first felt that, given the background and vulnerability of the client base, expecting that they would have the confidence to handle a normal application process in a bank branch might be too big an ask. Client experience of approaching banks through local branches had often been negative and there could be no guarantee that individual bank branch staff would have the training or the experience to respond effectively to the needs of vulnerable service users. Changing Lives staff considered that the journey into banking for many service users would require significant

personal support and hand-holding, which is something that bank branches were not equipped to provide.

Secondly, bank branches would be constrained by the normal application procedures for a basic bank account. Changing Lives service users would in many cases lack the required ID documentation and provable three year address history normally required by a bank to open an account. They would therefore be in danger of rejection for a bank account even though a particular branch had expressed a willingness to support the client group.

A third issue concerned the accessibility of individual branches. Changing Lives serve people throughout the North East, and increasingly on a national basis too, and a bank branch solution was seen by Changing Lives staff as depending on building multiple relationships with bank branches in towns and neighbourhoods. This would not only be complex but may result in variations of approach to the client group by individual branches. Changing Lives was looking for a solution that would be consistent throughout the organisation and which would offer service users a friendly and easy way into banking.

Charity introducer status with a high-street bank

Contact with the Passage Centre in London opened up the possibility of a fourth banking option. The Passage is a charity directly working with the homeless in London. It runs London's largest voluntary sector day centre for homeless people, it manages outreach services to contact rough sleepers, offers hostel accommodation aimed at moving people towards re-settlement and also semi-independent accommodation assisting people to achieve independence and re-integration.

Like Changing Lives, the Passage had had problems in the past in assisting the people with whom it worked to open a bank account. For the Passage service users, as revealed in a 2003 survey, lack of access to a bank account was highlighted as one of the top three factors preventing a return to work and thus full integration into society (The Passage, 2008). Similarly to Changing Lives, the Passage was faced with the fact that their service users were continually refused a bank account because of their past difficult and chaotic lifestyles. They just did not have the personal identification and other documentation required by banks to open an account.

In order to enable service users to access a bank account, the Passage had been able to develop a special relationship with Barclays through which it was accorded the status of charity introducer to the bank. This meant that, with Barclays agreement, a Passage staff member could be appointed to directly assist service users to open a basic bank account.

The Passage staff member handled all the application paperwork. Importantly, Barclays agreed to replace the standard application ID documentation, in cases where it could not be obtained, with a certificate of introduction verified by a Passage worker. This certificate stated that due to his or her current situation, the applicant could not be expected to supply standard ID documentation with their application. Instead the Passage worker could state that he or she had known the client for a minimum of six months (subsequently reduced to

three and then one month as the scheme progressed without incident), and that he or she believed the client to be who he or she said they were (The Passage 2008). The application paperwork together with the certificate of introduction was then sent directly by the Passage to Barclays' central processing unit.

This direct relationship with Barclays, as charity introducer, enabled the Passage to assist 334 service users to open basic bank accounts between January 2005 and June 2008 (The Passage 2008). These accounts have full basic bank account functionality.

The fact that Barclays had a special "charity introducer" arrangement with the Passage, and seemingly also with a number of other organisations that work with vulnerable people, was encouraging for the research team in its search for a similar arrangement for Changing Lives. Two banks had already been tentatively approached by the LJMU researcher, but without any positive outcome.

However, given that Barclays was Changing Lives' banker, it was decided by the research team, in consultation with the Changing Lives Chief Executive Officer, to make a formal approach to Barclays to request charity introducer status similar to that enjoyed by the Passage. This formal request was then sent from the CEO of Changing Lives.

Banks have reservations about working through third parties and they are generally not keen to implement charity introducer type status arrangements with large numbers of organisations. Barclays was no exception in this regard and had to reassure itself that offering its products and services through Changing Lives would conform to its rigorous risk management requirements and comply with all relevant legislation. Barclays, in other words, had to be sure that Changing Lives could be a trusted and competent partner organisation in the delivery of banking services to members of the public.

However, it would also be fair to say that Barclays had already showed itself committed to the banking inclusion of vulnerable groups and, from the outset, the research team were confident that Barclays would help if it at all could. The formal request was delivered to Barclays on the 26th April 2011. The bank confirmed that it would accord Changing Lives introducer status on a conference phone call between the LJMU research team, the Changing Lives assistant director in charge of the project, and the Barclays Risk and Retail Operations teams on the 27th July 2011.

This was a significant achievement for the project and an important commitment by Barclays to serve some of the most socially and financially excluded people in society. Changing Lives now had a banking partner that was willing and prepared to engage in finding a solution to the problem of access to banking for Changing Lives service users.

However, Barclays' decision to accord charity introducer status to Changing Lives was not the end of the story. Even though Barclays had accorded charity introducer status to other organisations, there was no 'off the shelf' policies and procedures document that could be immediately implemented in order to establish service user access to banking within the Changing Lives organisation. The process of negotiation around policies and procedures and the implementation of the banking facility would last until October 2012.

4. Negotiating with the banking partner

Barclays' decision to designate Changing Lives as a charity introducer for the Barclays Cash Card Account, the bank's basic bank account, was the significant step forward on the project. The success of the action research project was to be measured by two criteria— the first, and the most important, was the creation a process through which service users could open a bank account if and when they needed to do so. The second criteria was harder to measure but concerned raising the awareness of service users of the operation and benefits of a bank account and of the issues they would face in managing it successfully.

Barclays must be commended for enabling Changing Lives to achieve the first and most important objective of the action research project.

However, the decision to accord charity introducer status was one thing, it was quite another to work out in detail how this status would be implemented and how the application process for a bank account would work in practice. The negotiations with Barclays involved a detailed and thorough exploration of the policies and procedures that would need to be followed in the promotion and the opening of accounts through Changing Lives.

Achieving agreement on the details of charity introducer status took many months of negotiation between Barclays and Changing Lives. According charity introducer status to a third party is a reputational and organisational risk for any bank. It has to be assured that any third party is sufficiently competent to ensure that all legislative and regulatory requirements in the delivery of a banking service will be met and that it will act in a responsible manner. Of course, for Changing Lives, any agreed process had to result in a responsive and accessible banking service for its service users that would not result in continual service user rejection from the banking system

The negotiations were protracted and lengthy. Different parts of the Barclays banking business were necessarily involved in different stages; these included the Consumer and Community Affairs team, the Financial Crime Unit, the Risk team, Retail Operations and the Universal Banking Section.

Among the key issues that formed part of the negotiations were:

- **Staffing:** The appointment of a banking co-ordinator and the provision of the details and signature of nominated support staff to Barclays. Barclays needed to be assured about the people who would be administering the project. These staff members were to act as bank intermediaries and undertake the full application bank account application process, including ID checks, for service users. Applications for bank accounts would then be sent directly to the Universal Banking section of Barclays and dealt with centrally by the bank.
- **Literature and the provision of information:** It would be Changing Lives responsibility to ensure service user applicants were given all printed items that make up the literature suite. This is a legislative and regulatory requirement and the bank had to be assured that this would be properly undertaken and monitored.

- **Identification:** It was eventually agreed with Barclays that a DWP welfare benefits letter (one document), which correctly identifies the service user's current address, would be sufficient for identity purposes, if accompanied by an introductory letter from Changing Lives stating that the person has been known to them for at least three months and was on a planned programme of stabilisation.
- **Address history:** This was a complicated issue and nearly derailed the project at the last minute. Normally the bank would require a provable three year address history prior to application. However, after deliberations, it was finally accepted by Barclays that with people who have been homeless, sleeping rough and of no fixed abode in the past, it would often be difficult to obtain full and complete three years' address history. The bank agreed to accept as much of the previous address history as possible, even if this included addresses further back than three years. Changing Lives would endeavour to obtain a three-year address history even if this were over an extended period.
- **Processing:** It was agreed that Changing Lives would send all the completed applications together with the ID documents (or document) to Barclays at the central fulfilment hub in Leicester.
- **Limitations:** It was agreed that no more than 10 applications should be batched and sent to Barclays at any one time. Barclays agreed to accept up to 10 applications per month for processing.

5. The development of processes and procedures

This section highlights the main elements of the bank account application process as finally agreed by Barclays and Changing Lives. Service users can only apply for a Barclays' basic bank account (known as a Cash Card account).

Banking co-ordinator and financial inclusion champions

The process is coordinated through the Changing Lives banking project coordinator and application processing is managed by the local area financial inclusion (FI) champions. These are nominated support staff that have been appointed by Changing Lives and have provided their details and signature to Barclays (see Chapter 6).

The banking project co-ordinator is an administrator based in the Changing Lives central office. The co-ordinator verifies and checks all documentation sent in by FI champions, countersigns, dates and stamps the application letters with the Changing Lives stamp to confirm that all data has been checked against Changing Lives central records. The co-ordinator sends the application form and the introductory letter to Barclays Universal Banking Section within two weeks of the application arriving from the FI champion.

All enquires about the application by Barclays are to be directed through the banking co-ordinator. The co-ordinator will take up any issues with the FI champion who conducted the initial interview and send in the completed paperwork to the Changing Lives central office.

All key worker support staff members are to be made aware of the access to banking project and the way that it operates.

Applying for a bank account

If a service user requests a basic bank account, the key worker phones an area FI champion to discuss if the service user is ready. The decision to proceed is measured against a standard checklist (which includes that the service user has been known to Changing Lives for at least 3 months and is on a programme working towards independence). If the person is not ready, the key worker will continue to work with the service user to ensure readiness.

If ready, the service user is referred to a Barclays FI champion for a one-to-one induction session. The key worker must attend this interview. The FI champion will have all necessary paperwork including application form and the introductory letter template.

The service user brings ID documentation (often a welfare benefit letter) to the meeting.

The FI champion goes through a pre-scripted induction process. The aim is to ensure that the service user is fully aware of the responsibility being taken on by opening a bank account.

At this induction session the advantages and the possible pitfalls of opening a bank account are discussed, as are the operations of a basic bank account, including standing orders, direct debits, bank penalty charges, statement production, using an ATM and cash back in shops, and how to contact Barclays for information or in case of card loss or theft. There is no overdraft or cheque book on the basic bank account.

Also at the interview the difference between a debit card and ATM cash card is to be discussed – the service user can apply for either on the application form.

Advice on financial education classes is also given if they are available and appropriate. Information on money and debt advice is also provided and a referral made to the Citizens Advice Bureau or other advice agency if required.

The FI champion assists the service user to complete the application form and completes the introductory letter to be sent to Barclays. This will entail the checking and verifying ID – a photocopy of the ID will be taken for sending to Barclays – the photocopy must be endorsed with the words *“I verify that this is a true copy of the original documentation supplied to me by NAME”*, dated and then signed by the FI champion.

The FI champion also explores the address history of the service user and completes the three-year address history part of the form if at all possible. If there are gaps in recent addresses, prior addresses older than three years can be added to the form. The FI champion should ensure that there is a three-year address history overall.

The service user countersigns the introductory letter and states that s/he has undergone and understood an induction to banking at this meeting with the FI champion.

The FI champion sends all paperwork to the banking project co-ordinator, who checks and verifies the documentation against the Changing Lives database records. This confirms how long the service user has been engaged with Changing Lives and details up to date information (such as address). At this stage, the introductory letter is stamped and countersigned by the co-ordinator as verified by the organisation. Barclays will contact the banking project co-ordinator will any difficulties in opening the account.

Barclays will send all bank account documentation directly to the applicant at the applicant's address on the introductory letter. Barclays will update Changing Lives on progress on opening or declining an account.

From this point on, the banking relationship is between Barclays and the service user. Once the account has been opened, all further contact by the bank will be directly with the service user. However, further support in managing the account will be provided by Changing Lives through normal key worker support provision.

6. Preparation and support of service users

Financial inclusion champions

A key element in the development of the access to banking research project was the development of the position of financial inclusion champions throughout the organisation. Individual staff members agreed to take on the role of financial inclusion champion in order to promote access to banking to service users and to take a key role in the assessment and educational process prior to application.

Financial inclusion champions were appointed in Durham, Newcastle, Northumberland and North Tyneside, Middlesbrough, Gateshead and South Tyneside. There was also a financial inclusion champion in the Changing Lives Employability Team. Their actions were co-ordinated by a banking Project Coordinator based in the Changing Lives head office.

Preparatory interview of service user applicant

As noted in the last section, the application interview with the FI Champion and the key worker was seen as essential in ensuring that service users only opened accounts when they really needed them and when they felt confident that they could manage them. In this interview the FI champion followed a set checklist of questions and issues to explore with the service user. The prepared checklist was to make sure that nothing was forgotten and that all aspects of the account application and operation were covered. The checklist includes the following questions and prompt points:

- Why would the service user like to open a bank account? Is there evidence that the service user has thought carefully about this?
- What does the service user think are the main advantages for him or her in opening an account?
- Has the service user been known to Changing Lives for three months and is s/he making progress to stability and independence?
- What kind of account would the service user like to open? A savings account or a basic bank account (called a Cash Card Account)? In some cases it might be better for the service user to open a savings account³ rather than a basic bank account.
- Explain that in a savings account you can save by having your benefits or wages paid in. You can take money out with an ATM cash card but only at a Barclays' branch or ATM. You can pay money or cheques in at any Barclays branch.
- Explain that with a Cash Card (basic bank) account the service user can also: withdraw money from any post office and from any cash machine with the LINK sign: set up direct debits or standing orders to pay bills and have a debit card rather than an ATM cash card.

³ The special arrangement with Barclays was for the opening of a basic bank account. A savings account would be easier to arrange through the normal branch channels.

- Explain that a debit card lets the service user pay for goods and services wherever the VISA sign is displayed at home or abroad, get up to £50 cash back in shops and pay for goods online.
- Explain to the service user that he or she can just have an ATM cash card with a Cash Card (basic bank) Account too – if he or she does not want a debit card – but this ATM cash card has more features than a savings account cash card (see below)
- Explain that the account that Changing Lives can arrange is a basic bank account (Cash Card Account). Explain that this account has all the features of a full current account except there is no overdraft or cheque book. If the service user wants an overdraft or cheque book, they can possibly upgrade to a full current account later. Explain this will depend on future circumstances and on managing the basic bank account well.
- With the Cash Card Account the service user can have benefits or wages paid into the account. Check that the service user knows how to set up payments into the account with the benefit agency or employer.
- Explain the importance of the bank sort code and account number. The service user will need these to set up payments into the account.
- Paying in cash and cheque, explain that these can be paid in at any Barclays Branch over the counter or by using a self-service deposit machine. Check that the service user knows the location of the nearest Barclays branch.
- Explain again the difference between a debit card and an ATM cash card. This is important as the service user has the choice about which one to choose. Note that service users worried about money management may be better off with just an ATM cash card on the basic bank account.
- Explain that the service user can pay for goods and services with a debit card. He or she can also get cash back in shops (explain cash back). He or she can also take money out of any VISA cash machine from a Post Office or Barclay's branch.
- With a basic bank account ATM cash card the service user cannot pay for goods or services or get cash back in shops. But he or she can take money out of Barclays AND any LINK cash machine (most machines) or from a Post Office or Barclays' branch (note this is much more than can be done with a savings account ATM cash card, where you can only take money out from a Barclays machine or branch).
- Ask the service user which card is most appropriate to his or her needs.
- Make sure service users know how to get money out of their account. Note for withdrawals less than £10, or those not divisible by £10, service users will have to withdraw at a bank branch or post office – or, if they have a debit card, with cash back at shops. ATM machines normally allow withdrawals in £10 units only.

- Explain the importance of the card PIN number. Stress it is important to keep this number secret and not forget it. If the service user forgets it, he or she will have to contact Barclays for another number.
- Explain that the service user can pay regular bills by direct debit or standing order with the Cash Card Account. Explain the difference between a direct debit and a standing order. Stress that by signing a direct debit they give permission to an organisation to take money out of their account to pay a bill. Discuss which bills are best paid by direct debits and by standing order.
- Stress the importance of having money in the account to cover direct debits and standing orders. Ask if they envisage any problems with this.
- Raise the issue of bank charges and discuss how they can arise. At the time of writing this checklist, the returned transaction fee (failed direct debit) was £8 maximum per account per day. Note if failed direct debits come in over a few days – the £8 charge can mount up.
- Explain how the account holder can use online, mobile or telephone banking to transfer money (but the service user needs to register for these services). This can be done by going into a branch or on the phone. Ask if the service user thinks that he or she might want to use online, mobile or telephone banking
- Explain that when the account is opened the service user will have to manage the account themselves. Check out that the service user is confident that he or she will be able to manage an account without any difficulty.
- Ask what difficulties he or she thinks might arise in managing an account. Check that the service user is aware of how account mismanagement can lead to difficulties.
- Explain that the service user can always get help and support from the Bank, Either by going into the branch or ringing the helpline number.
- Ask if the service user has had a bank account before. Were there difficulties in managing a previous account? What were these difficulties? Does the service user have past debts that they are worried about?
- Explain where the service user can get money and debt advice – either from the CAB or other local or telephone advice agency. Warn the service user of the danger of approaching fee paying debt advice services.
- Explain that Changing Lives is always there to offer support in the future – but the first port of call for support should be the bank.
- Explain the process after account application – and stress the importance of looking out for the letter and documentation when it comes in the post.
- Give the service user copies of Cash Card Account, Terms and Conditions and bank charges leaflets. Three leaflets in total.

- Ask if the service user has any more questions about opening and managing a Cash Card Account.

The interview was designed to be more than just a checklist but a prompt to initiate an in-depth discussion with the service user about his or her understanding of the demands of managing a bank account. It also aimed to be a mutual assessment, between service user, FI champion and key worker as to the best way forward on a bank account application.

Building financial capability

The interview process and the checklist were designed to stimulate a discussion and were seen as essentially educative and supporting the financial capability of the service user to manage the bank account. However, it was clear from the study that service users often had a significant need for financial education and the development of financial capability. This applied not just to managing a bank account, but more generally to the management of the household budget, saving and accessing credit. The danger of borrowing from high-cost money shops, or illegal money lenders, was always prevalent among some service users.

The importance of accompanying access to a bank account with financial education and financial capability skills training was a key finding of the Co-operative Bank research reports into enabling prisoners and ex-offenders to access banking (Jones 2008, 2009). The same realisation emerged strongly in this research study,

To address the issue of financial education and money advice, during the period of the project, Changing Lives engaged Clean Slate to offer direct one-to-one financial counselling to service users. Clean Slate is a financial counselling, training and advice service based in Newcastle-upon-Tyne which specialises in responding to the needs of people who live on a low income and/or who experience financial exclusion and over-indebtedness.

The Clean Slate one-to-one counselling for all service users was designed to address issues around welfare benefit maximisation, access to a bank account, savings, credit, insurance and fuel poverty as well as any financial issues linked to employment and job search.

It was also recognised at Changing Lives that further opportunities for the development of financial education opportunities would need to be explored with and for service users. Interestingly in Canada, a study into financial inclusion for homeless persons and those at risk identified the urgency of offering more financial education to service users, as this quotation from that study indicates: .

“There appears to be both an opportunity and imperative to offer more financial education to residents of transitional shelters and those who are insecurely housed. There is evidence for gaps in financial inclusion, gaps in financial literacy among clients as well as some openness to learning new knowledge and practising new skills” (SEDI 2008)

7. Impact of access to a bank account on service users

The first service user application for a basic bank account was sent to Barclays with the endorsement of Changing Lives in April 2012. This was a pilot application to test out the new system and resolve any possible teething troubles. After a few hitches, this first application was eventually successful. After years of living on the streets, this service user is now on a road to independence with a functioning bank account. Over the last year Changing Lives has continued to facilitate the opening of accounts for service users.

Where service users have opened accounts, the feedback has been overwhelmingly positive. In follow-up interviews, when service users were asked about their experience of opening and using a bank account, significantly, the responses focused more on the psychological benefits of boosting self-esteem, of building confidence in money management and of feeling more included in society than they did on the functionality of a money transaction system. For Changing Lives service users, accessing a bank account removed the stigma of being outside of the financial system and outside of society.

The same focus was found in the studies into access to banking for prisoners and ex-offenders (Jones 2008b, 2009), where too the advantages of a bank account were often related to the social and psychological benefits of feeling part of society again. The comment of this ex-prisoner in the Co-operative Bank study (Jones 2008b) replicates nearly exactly the comments of Changing Lives service users now operating with a bank account:

“This might sound daft but I feel better as a person, and I’d like other prisoners to know that” (Jones 2008).

It was too early to assess the longer term impact of access to banking among Changing Lives clients, but it is known from other studies (Jones 2008a) that it is important that, for long term effective use of an account, people on low incomes require a form of current account that responds to their needs, and offers or strengthens the kind of control they gain from cash-based management strategies. It was a point that service users made often in discussions when they said that banks do not do enough to assist people on low incomes to manage their accounts effectively. Over the years there have been numerous calls from consumer organisations for banks to reform basic accounts to respond appropriately to the circumstances of those on low incomes. It was in 2005, for example, that the National Consumer Council argued,

“Getting basic banking right means focusing on what low-income consumers need it to deliver by respecting and building on the money management strategies that work for them”. (NCC 2005)

Overall, low-income consumers are looking for a form of transaction service that offers easy and straightforward accessibility, regular control over day-to-day finances, certainty and transparency about charges, flexibility of operation, and which, at the same time, enables them to save and to build a credit rating to access affordable loans when required.

There were certainly no reports from new Changing Lives service user bank account holders of any detriment as yet being caused by accessing banking. On the contrary it has enabled people to access employment, to better control their money and to feel part of society.

Here are the transcriptions of the accounts of two beneficiaries of their experience of accessing a bank account with the support of Change Lives:

Account holder A

"I had a bank account years ago, but got into debt when I lost my job. The bank closed my account. I then used a Post Office Card Account for years. In some ways it did not matter as I did not have a job. But it was not easy to get money out, especially at weekends, as you had to get the money from a post office.

I have been with The Cyrenians for 18 months. I spoke to Val and the employment team as I started thinking about getting a bank account again. The Cyrenians gave me a lot of support in sorting the bank account out. It took a month to get the account but that was not a problem.

I got the card and the pin number and it's been great. I have had no hassle. I have only got an ATM card for now, as I don't want to get into debt. I did not want the temptation of spending. I want to control my money. I set up a direct debit for a mobile phone, but my rent goes directly to The Cyrenians.

I would never have got a bank account without The Cyrenians. I tried before when I was in the hostel. But I gave up. I kept getting knocked back and they were sending the paperwork back. But with The Cyrenians I had an account within the month.

Without The Cyrenians, I still would not have bothered to get a bank account. But it makes me feel, I know it sounds daft, makes me feel more human again. I feel just like anyone else".

Account holder B

"I spent 8 years in custody and all the problems started when I was in prison. It is really hard to get a bank account when you come out of prison. I tried to get a bank account when I came out, but could not get it, because of ID and address history. It was so frustrating, but I know lots of other people who could not get a bank account too.

The Cyrenians have been brilliant. Without The Cyrenians I would not have got a bank account. Now I have got a bank account, it is so much easier, because you can pay your rent, can do online shopping and use the card in the shops. From not having a bank account to having one now, it has totally changed my life basically.

When I did not have one, it was like you were not a proper person. Coming from being in custody, you don't feel like a proper person because you cannot get a bank account. Some jobs I applied for, asked if I had a bank account and looked at you like you are Martian when you said you did not have one,

More important than having a card is that it makes you feel like a normal person. I feel human again instead of a number – now feel like a normal person. My whole outlook has changed. I have got a job as chef now in a pub chain and I love the job. I would not have got the job without the bank account".

8. Conclusion

The action research project, *“Banking on a better future”*, achieved its aim of establishing a process through which Changing Lives could directly offer its service users access to a bank account. This was achieved through the support and engagement of Barclays.

At the same time, the project revealed the challenges and issues faced by vulnerable and homeless people in accessing and using the banking system. But it also revealed the importance of access to banking in the lives of service users on a pathway to stabilisation and progression. The comment by Account holder A in the previous chapter that having an account made him feel *“more human again”* sums up the level of importance of a bank account in the lives of many people who have faced years of social exclusion and alienation from society.

The project also revealed, however, the extent and depth of the banking exclusion of vulnerable and homeless people in the UK. As one service user remarked, the banks do not have the systems or the culture to respond to the needs of the most financially excluded people in the country. Even with the support of Barclays, setting up a system that could respond effectively to their needs took much longer than expected, as the bank checked and re-checked the details of the process.

A clear problem is that citizens in the UK have no right to a bank account. The action research project was in the position of asking the banks to provide a solution for vulnerable and homeless people as a favour or as an element of their corporate social responsibility. Changing Lives could not demand a bank account for its service users as a right.

But this is about to change through a proposed European Union directive that will ensure that all European citizens have a right of access to a basic bank account, including previously excluded groups (see Box1). Refusal of an account will have in future to be on very serious grounds, such as major crime or fraud, and not just for the reason a person does not have a passport or cannot furnish a three year address history. The Commission’s proposal, article 15, establishes a right of access to a payment account with basic features for every European consumer, and *“establishes an obligation on Member States to designate at least one payment service provider to offer a basic payment account.”*

The European Commission has recognised that not having access to a basic bank account makes it difficult and more expensive for people to participate in everyday life. So it has designated the right of access to a bank account as a necessary measure, given that more than 58 million EU citizens do not yet have a basic bank account.

With this directive in place, and its agreement should be assured by the summer of 2014, there should be much less of a need to enter into all the complex negotiations with a bank that were required as part of this action research project.

However, significantly, the directive has run into opposition from the UK financial services sector that has argued for the EU to give member states the choice of self-regulation by the banking sector. The UK banking sector does not want citizens to have a right to an account,

but would rather handle access to accounts through its own self-regulatory systems. The conclusion of this action research study is that self-regulation in this regard by the UK banking sector is not in the interests of the most vulnerable and excluded in society. For them, a right to a bank account needs to be enshrined in EU and UK legislation.

As yet, at the time of the writing of this report, the number of bank accounts opened through the new system at Changing Lives remains relatively small. However with the growing number of people being served through the national expansion of Changing Lives services, this number should grow. At the moment, from statistical data collected by Changing Lives staff, it appears that about 10% of service users are actively seeking to open a bank account.

The demand for a transaction account will also arise from the significant changes in the way welfare benefits are to be paid through the impending arrival of Universal Credit and the direct payment system (see Williams 2012). All payment of benefits, including housing benefit, will be made to claimants monthly in arrears. Not only will many more service users need a transaction account, they will need the financial capability and skills to manage it effectively.

The action research project has resulted in a system being established at Changing Lives for the organisation itself to enable its service users to access a bank account directly through the intermediation of and with the support of its staff. For Changing Lives, the challenge now will be to ensure that the opportunity to open a bank account is clearly communicated and explained to all existing and new service users, and that, at the same time, enhanced financial education and financial capability training will be available to all in residential and day centres throughout the organisation.

Box 1 - Proposal for a Directive of the European Parliament

Proposal for a Directive of the European Parliament and of the Council on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features

/ COM/2013/0266 final - 2013/0139 (COD) */ Brussels*

Article 15 Right of access to a payment account with basic features

1. Member States shall ensure that at least one payment service provider in their territory offers a payment account with basic features to consumers. Member States shall ensure that payment accounts with basic features are not only offered by payment service providers that provide the account solely with online banking facilities.
2. Member States shall ensure that consumers legally resident in the Union have the right to open and use a payment account with basic features with the payment service provider or providers identified pursuant to paragraph 1. Such a right shall apply irrespective of the consumer's place of residence. Member States shall ensure that the exercise of the right is not made excessively difficult or burdensome for the consumer. Before opening the payment account with basic features, payment service providers shall verify whether the consumer holds or does not hold a payment account in their territory
3. Payment services providers may not refuse an application for access to a payment account with basic features except in the following cases:
 - (a) Where a consumer already holds a payment account, with a payment service provider located in their territory, which allows him to make use of the payment services listed in Article 17(1);
 - (b) where the conditions established by Chapter II of Directive 2005/60 are not satisfied
6. Member States shall ensure that access to a payment account with basic features is not made conditional on the purchase of additional services.

Article 16 Characteristics of a payment account with basic features

1. Member States shall ensure that a payment account with basic features includes the following payment services:
 - (a) services enabling all the operations required for the opening, operating and closing of a payment account;
 - (b) services enabling money to be placed on a payment account;
 - (c) services enabling cash withdrawals within the Union from a payment account;
 - (d) execution of the following payment transactions within the Union:
 - (1) direct debit;
 - (2) payment transactions through a payment card, including online payments;
 - (3) credit transfers.
3. Member States shall ensure that the consumer is able to manage and initiate payment transactions from the consumer's payment account with basic features via the payment service provider's online banking facilities, where available.
4. Member States shall ensure that the consumer is not offered any overdraft facilities in conjunction with the payment account with basic features

Article 17 Associated fees

1. Member States shall ensure that the services indicated in Article 16 are offered by payment service providers free of charge or for a reasonable fee.

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Appendix I Project methodology

The Changing Lives and LJMU action research project was designed to resolve the specific problem of access to banking for service users and to generate knowledge and research findings on banking exclusion directly from practical action and experience. The project was participative and involved Changing Lives staff and service users in a process of action and collaborative reflection.

The role of LJMU researcher was to work alongside Changing Lives staff and to co-ordinate a process of reflective inquiry related to the actions and initiatives taken in response to issues as they arose. In practice, the researcher worked closely with the Changing Lives Assistant Director who had responsibility for the project and, with her, initiated and followed up on actions to secure a banking solution.

The LJMU researcher also engaged directly with Changing Lives service users both in research seminars and in face-to-face interviews.

Over the period 2010 – 2013, the research study methodology was based on the following constituent elements:-

Staff consultation seminars

The research study commenced with an initial planning seminar with Changing Lives staff and the LJMU researcher. The seminar clarified the parameters of the research and how actions could be taken and recorded. This seminar was followed up by three further seminars to discuss progress and reflect upon actions taken.

A staff member was appointed as a banking project co-ordinator and seven members of staff as financial inclusion champions to promote the project and access to banking in various geographical areas in the North East.

Surveys of staff and service users

52 staff members completed an online staff survey on responding to the needs of vulnerable and homeless people for a bank account and other financial services.

A survey of service users' attitudes to financial and banking inclusion was carried out by Changing Lives staff through the Inform online client data software which support staff complete, and regularly update, with their service users. 114 responses were collected from service users.

Group sessions with service users

Two group sessions with service users, support workers and the LJMU researcher were organised. These explored client demand and expectations of a bank account and the barriers and problems faced in opening and managing a current account.

Individual interviews with service users

Nine in-depth interviews were undertaken with service users. These were conducted by the LJMU researcher. The interviews focused on people's experience of banking

in the past, their attempts to access banking over the years, their current situation in regard to transaction banking and their experience and thoughts on access to banking through the Changing Lives project. The final interviews were completed in October 2013 after service users had been able to open and to use basic bank accounts through the project.

Literature search

Desk research into the financial and banking exclusion of homeless and vulnerable groups and of measures identified designed to promote their inclusion and financial stability. This was undertaken by the LJMU researcher. Pertinent literature in this field is not extensive. However it did inform action planning on the project.

Consultations with key organisations

The project started by contacting and engaging with a series of people in financial institutions and organisations working in the field of homelessness. Organisations consulted in the initial stages of the project included the Bank of Scotland (Lloyds Banking Group), The Co-operative Bank, Barclays, Grand Central Savings (Glasgow), Toynbee Hall, and Moneywise Credit Union (Newcastle).

Negotiations with the preferred banking partner

The preferred banking partner, Barclays, was identified in May 2011. Negotiations with Barclays continued throughout the period of the project. A final agreement on Changing Lives as a charity introducer and on the processes of opening bank accounts through Changing Lives was concluded in October 2012.

About the Author

Dr Paul A Jones is a Reader in the Social Economy at Liverpool John Moores University. He heads up the Research Unit for Financial Inclusion (RUFi) in the Faculty of Education, Health and Community at Liverpool John Moores University. RUFi undertakes academic, action and evaluative research in a wide range of areas related to the development of financial services for lower and moderate income households, money and debt advice and credit union development.

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About Changing Lives

Changing Lives is a national, registered charity which provides specialist support for thousands of vulnerable people and their families, every month.

<http://www.changing-lives.org.uk/>

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