

An Update on the Archbishop's Task Group – to promote responsible credit and savings

Extracts from a talk by Sir Hector Sants

I am delighted to provide an update on the work of the Archbishop's Task Group that I am privileged to chair. To remind you, its origins were the Archbishop's comments about high cost credit providers. The Task Group's purpose is, however, a wider one, namely: "To promote responsible credit and savings". It also has a subsidiary objective of reinforcing the Church's place at the centre of local communities.

I believe this is a mission of the utmost importance. It is clear that financial distress is one of the principal causes of social detriment. Furthermore, Archbishop Justin has emphasised that helping alleviate financial distress should be central to the

Church's mission. This call, to make helping people manage their money a key part to the Church's mission, reflects the belief that how we handle money – as individuals and communities – is central to living full and contented lives: 'Life in all its fullness'

A few statistics to remind us why:

- In 2013 an estimated 1.6 million people took out high cost short-term credit with a total value of £2.5bn.
- An estimated 7 million people rely on high cost credit providers.
- 1.4 million people have no bank account.

These statistics are in themselves justification for action, but for me, even more moving is encountering the impact of financial distress at the personal level.

Over the last few months I have met many individuals who are in financial distress and this has brought home to me the extent of the personal suffering that results. Christians Against Poverty, the well-known debt advice charity, has shared with me the following statistics about their debt advice clients:

- 36% have contemplated or attempted suicide.
- 67% visited their GP due to the negative effects of debt.



- 76% said that their financial situation has adversely affected their primary relationship.
- 23% said that this relationship had broken down entirely.
- 42% were prescribed medication due to negative effects of debt.

These statistics alone demonstrate that tackling these issues would impact every aspect of life, which is why, in my view; the Church should be involved with passion and commitment. So how is the Archbishop's Task Group assisting this endeavour?

Our goal is to promote responsible credit and savings. We are not seeking to solve the whole problem but rather to identify a set of practical and achievable actions, through which the Church community can make a difference.

We have grouped these actions into four work streams:

- Education.
- Church Community Support
- Direct Service Provision; and
- Influencing.

In all cases we are not seeking to 'reinvent the wheel', so wherever possible we will draw on existing work, of which there is much within the Church already. We are seeking best practice and to do whatever we can to assist its development, growth and geographical spread. At all times we will be conscious of the fact that this initiative will only succeed with the support and enthusiasm of church communities at parish level.

A few words on each of the work streams:

1. Education

Helping society manage money from a more informed perspective is a multi-generational project. Thus, equipping children is a key element of the mission. The Task Group concluded that the Church's focus in this area should be on primary schools. This reflects the fact that it is both the most neglected area with regard to financial education and the area where the Church has the most influence. Currently less than a third of all primary schools offer any financial education but a quarter of all pupils in England attend a Church of England school.

The project's vision is to establish an effective national financial education programme for primary schools based on Christian values in order to equip children with the knowledge, skills and attitudes to manage money well both now, and in the future. It is a joint initiative with Young Enterprise/pfeg and ABCUL (Association of British Credit Unions).

It has three core components.

Savings Clubs for Children: To be run weekly or bi-weekly supported by the local community finance organisations.

A teaching component: This will be linked to the practical learning experience from the savings club supported by accredited teaching resources and based around a core set of values such as generosity and thankfulness.

Whole Community Approach: Central to the concept is involving everyone; parents, teachers, and children and reinforcing the links with the local Church.

This approach builds on a number of successful small-scale initiatives in



Debt attempted suicide:
A Greek man sets fire to himself outside his bank.



School Credit Union Savings Club in Wales

various parts of the country, as well as evidence of what makes for an effective financial education programme: starting early, experiential learning, and reinforcing messages from a range of sources.

The LifeSavers programme is being piloted initially in three areas, Bradford, Nottinghamshire and South-East London, with a view to rolling it out nationally from 2016.

2. Community Support

The Church of England is the best branch network in the country. A major high street bank has at most 3000 branches, but the Church of England has 16,000! In order to harness the energy and enthusiasm of this network we have launched the Credit Champions initiative. Its goal is both to help those afflicted by financial problems, and equip us all to save and borrow in a responsible way. The vision is for a

countrywide network of clergy and lay people who are trained and supported as Credit Champions. We hope that, in time, every Diocese will have enough of these trained volunteers and clergy to deliver help for all who seek it.

We envisage that the core mission of these Champions will be to:

- Support local community finance organisations, such as credit unions, to help them grow and develop. This would include raising awareness among and encouraging active membership by the church community.
- Ensure that those in financial distress have access to quality debt advice appropriate to their needs. This would include training clergy and lay workers as debt sign-posters in their local community.
- Work with the educational initiative in the local primary schools.

- Provide information and help for those who wish to save and borrow through ethical organisations.
- Encourage the use of church premises for the delivery of community finance, such as hosting the branch of a credit union.

Over time, as our project develops and we gain experience and valuable feedback from the Champions, the role will evolve.

The initiative has commenced with pilot schemes in the dioceses of London, Southwark and Liverpool. Currently over 100 churches are involved. However, the scope of the pilots has been restrained by the availability of finance and I would like to stress that if individual churches and Dioceses can find the finance and the necessary volunteers, then we are more than happy for them to join our network and press on in parallel with the formal pilots.

Underlying this mission is the concept of promoting responsible credit and savings. A word therefore on what we consider responsible credit to be. It is difficult to be precise, but I believe we would agree that responsible credit has the following features:

- **Realistic:** offered with the reasonable expectation that the borrower can meet the terms of the contract.
- **Affordable:** that the interest and charges are fair.
- **Flexible:** the repayment terms are flexible to allow for unforeseen changes in people's circumstances.

Another way of expressing this is that the contract should be in the long-term interest of both the lender and the borrower.

3. Direct Service Provision

Modern technology has opened up many new ways of accessing credit for both small businesses and individuals - mostly through peer-to-peer lending. The Task Group also looked at the question of whether this new area could be utilised in some way by church congregations for the benefit of the communities in which they live and work. Our conclusion was that the idea the Church should endorse or operate a specific platform was inappropriate. However, we did conclude it was important for the Church to support and raise awareness of the alternative (non-bank) finance industry to help fill the funding gap in small business

lending and contribute to a more competitive and diverse financial system. Furthermore, it was specifically apt for Credit Champions to recognise the value of alternative non-bank finance and raise the awareness of it.

4. Influencing


This work stream aims to help and add value to the many existing initiatives designed to promote the growth and development of community finance. We are working closely with Government, ABCUL and Citizens UK to ensure we avoid duplication of effort.

This is perhaps the moment for me to make a very important point. The task group is fully aware that currently many credit unions are not equipped to the degree necessary to fully engage with our initiative. Success will require not only the commitment of the Church community but also the commitment of many credit unions to further enhance their services and credibilities. Central to achieving this is the success of the project financed by government to provide a technology platform. I strongly support this initiative and recognise the importance of it being successful.

Additionally the task force is strongly aware of the value of encouraging the development of a deep and sustainable community finance capability in the country. By community finance we mean user-owned organisations which have a particular interest in helping the community. Credit Unions are a

specific example of this initiative. There are of course others, notably Mutuals, Friendly Societies and the more recent concept of CDFIs (Community Development Finance Institutions).

There has been a lot of recent focus on the value of CDFIs and their role in providing credit where it is generally not available. However, they will not grow without additional external finance. Given this, the Archbishop's Task Force strongly supports the proposal by Citizens UK that the government should create a Community Finance Fund. Such an organisation would provide grants at affordable rates to all community finance organisations. The Citizens UK proposal is that it will utilise the funds generated by the fines levied on the banks by the FCA (Financial Conduct Authority). Once the fund is established it would then be self-sustaining.

In conclusion, I hope these words will broaden your understanding of the Task Group's work. In the longer term, however, these initiatives will only succeed if they become embedded in Church community as a core part of their mission. This requires 'ownership by all' in the Church. It will only come about through the collective recognition that managing money well is key to living a fulfilled and contented life, and it is the duty of Christians to help people achieve this goal. 

If you would like to follow up on any of the ideas I have talked about please see our website, which is www.toyourcredit.org.uk.



Sir Hector Sants is Chief Advisor to the Chairman and Board of Abu Dhabi Global Markets and Vice Chairman and Partner of Oliver Wyman. Prior to this he was at Barclays where he was responsible for Compliance and Government and Regulatory Relations. Previous roles include the Chief Executive of the Financial Services Authority. He is Chair of the Archbishop of Canterbury's Task Group on promoting responsible savings and credit and Chair of StepChange, the UK's leading debt advice charity. Previously his activities have included being Chair of the Oxford University Business School.