

CSBA Annual Impact Report: October 2018

Introduction

In 2017 The RSA's Inclusive Growth Commission recommended that **"government should explore and encourage the establishment of regional banks"**. Our research showed:

- Regional banks are an important institutional component of inclusive growth internationally making up a significant proportion of banking assets in many countries in Europe, Asia and North America.
- Regional banks serve a specific geographic area, focussing on retail banking. The best models possess three additional defining characteristics: they are mission-led, commercially rigorous, and collaborate in networks.
- By pursuing a different business model these banks bring a wide range of social and economic benefits to the region and improve the resilience of the financial system.
- Several strategies can be pursued in the UK to improve regional financial systems, but regional stakeholder banks, such as the Community Savings Bank Association (CSBA) are the only vehicle that can provide payment services as well as the ability to recycle local savings deposits.

The CSBA is a Fellow-led initiative that aims to create a UK-wide network of customer-owned, regional banks to serve the everyday financial needs of ordinary people, local community groups, and small and medium sized companies. This is supported as part of the RSA's Transform programme which offers a bespoke programme of in-kind support to projects that can have a transformative impact on society. This report will outline how the RSA has supported this initiative and provide key insight as to where this has been most valuable and enhanced the work of the CSBA.

Impact Summary

The RSA has played a key role in the progress of the CSBA. Some of our main impact includes:

- The three most developed banks state **the RSA's role as vital to their success** so far
- Chairman of the CSBA states **the RSA's role as 'invaluable'** to its success so far
- We have played an Important role in **building relationships with potential institutional investors**
- Investment of **£60K confirmed for Avon Mutual from our Fellowship Networks**
- **4 NEDs and 1 Founding Director in place** through Fellowship networks
- Raising the profile of CSBA banks with **50 influential politicians** at local and national level
- **Over 600 people have registered an interest with regional banks** via the RSA
- Over **14,000 views of RSA blogs** on community banking

Our partnership with the RSA has been invaluable. It has helped us open doors with central and local government, mine their influential Fellowship networks for key contacts, and promote this work to a wide audience. We are excited to be continuing this journey with the RSA and working with them to realise our vision of re-building regional banking in the UK.

James Moore FRSA – Chairman, Community Savings Bank Association

Overview

Over the past eighteen months we have been recording data on all outputs the RSA has supported as well as conducting a survey with the project lead of the CSBA and each bank. All responses to survey questions throughout the report are on a scale of 1 (Not helpful) to 5 (Indispensable).

To assess our overall support, we asked the project lead of each bank and the Chairman of the CSBA how helpful the RSA's support had been in terms of the following:

	CSBA	Average response from banks
Enhancing the work of your organisation	4/5	4.3/5
Making valuable connections	4/5	4.3/5

Overall the feedback we received from the Fellows leading and engaging with this work was very positive. The next five sections provide a more detailed analysis of the impact the RSA has achieved while delivering our five main objectives. The report concludes with three short case studies that bring this work to life.

1) Building support with policy makers and influencers

In theory a CSBA bank could be set up in any region of the UK without political support as no legislative change is needed to make this happen. In practice however, building political support will be a key factor to ensuring the successful roll out of these banks and is crucial to attracting any funding from local authorities. Each region has a different political structure and make-up and will need a tailored approach. This is an area where the RSA has both a breadth of connections and a high degree of influence and has been one of the main areas we have supported so far.

We asked the project lead of each bank and the Chairman of the CSBA how helpful the following aspects of the RSA's support has been in building support with policy makers:

	CSBA	Average response from banks
Meetings and events organised by the RSA	4/5	5/5
The RSA's Inclusive Growth work	5/5	4/5

We also carried out a review of all the useful political connections the RSA has helped facilitate. The table below shows the breakdown of 50 political connections facilitated through meetings and events arranged by the RSA.

	CSBA	London	West	South West	Total
Councillors without portfolio	n/a	7	4	5	16
Councillors with cabinet portfolio	1	11	1	3	16
Council Leaders / Deputy Leaders	1	7	0	1	9
MPs	1	1	2	2	6
Assembly Members	2	1	N/A*	N/A*	3
Total	5	27	7	11	50

*Not applicable

As the first bank to emerge, and with the RSA being based in London, we were able to offer a significant amount of staff resource to Greater London Mutual to build political support. This was crucial to developing a group of councils that have shown significant interest in investing (see case study 3). In other regions events have also helped to build support in areas such as Devon and Cornwall (see case study 1) and we have also made key connections at a senior level with Preston Council as well as the Welsh and Scottish Government.

2) Raising awareness of CSBA banks as an investment proposition

£20million of investment is required to attain a banking licence and capitalise each bank. We envisage that most banks will aim to raise this investment in three rounds (Round 1 £500k; Round 2 £2million; Round 3 £17.5million). The RSA has supported this work by hosting events and roundtables as well as setting up meetings with potential investors and sending mailings to our Fellowship networks.

We asked the project lead of each bank and the Chairman of the CSBA how helpful the following aspects of the RSA's support have been so far:

	CSBA	Average response from banks
Meetings and events aimed at potential Institutional Investors (e.g. local authorities)?	4/5	3.5/5

We also carried out a review of all the useful connections the RSA had helped facilitate that led to investment leads. The below table shows the breakdown of 26 connections that have attended meetings or events that were facilitated by the RSA.

	CSBA	London	West	South West	Total
Council Chief Finance Officer / Deputy Finance Officer	0	10	0	1	11
Council CEOs / Deputy CEOs	1	2	0	1	0
Other Senior Council Officer (e.g. Economic Development)	0	5	1	4	9
Confirmed HNW / Certified Investor	N/A*	N/A*	6 (£60k invested)	N/A^	6

*No funding round for HNWs

^Funding round opening November 2018

Depending on the initial level of interest from local government (or central government in Wales/Scotland) a different approach to funding will be needed. Our work so far has helped us test different approaches for building interest with both institutional and HNW investors which we can adapt depending on the needs of the bank. This is an area where we can have a significant impact as the project grows.

3) Identifying people with relevant skills and experience

Finding the right people to lead these banks is of critical importance to the project. The requirements of the Executive team and Non-Executive Directors are to a large extent determined by the Bank of England and they will not grant a banking licence if the core team does not meet these requirements. We have identified several people with the relevant experience that have gone on to hold these roles:

Name	Role	Experience
Ian Coleman FRSA	GLM, NED	Experienced NED, with a background in corporate finance
Tony Greenham FRSA	SWM, Founding Director	Expert in banking reform and experience working with major banks
Jules Peck FRSA	AM, Founding Director	Introduced via Tony Greenham. Wide range of movement building experience.
Nigel Boothroyd FRSA	CSBA, Trustee Director	Experienced NED with expertise in risk who spent 38 years at HSBC
Sundeep Bhandari	CSBA, Trustee Director	Introduced via Ian Coleman. Wide range of retail banking experience

However, we don't expect the Fellowship to be a core source for these roles and we will focus more on identifying the right people to act as Founders who require expertise in movement building and investment raising in the start-up phase, rather than banking expertise. As the banks grow it is likely the skills needed to drive the project forward will also increase and we will use the RSA's networks to identify advisors, movement builders and other roles as they emerge.

4) Raising public awareness of CSBA banks and developing membership base

We estimate that it will take around three years to set up a bank using the CSBA model through the Bank of England's 'mobilisation' approach. We are keen to ensure that we don't build public momentum too early as there is a danger people will become disengaged or frustrated as they are not able to use the bank for a long period. This means our public engagement to date has been limited to building support strategically within the Fellowship networks and with key people and institutions that will help us deliver campaigns to drive membership at the right time.

We asked the project lead of each bank and the Chairman of the CSBA how helpful the following aspects of the RSA have been so far:

	CSBA	Average response from banks
Raising the profile of this work with external organisations with a vested interest in regional banking	4/5	4.3/5
Events to access networks that will help build a membership base?	3/5	4/5
Mailings to access networks that will help build a membership base?	4/5	4/5
The RSA's blog as a platform to raise the profile of this work?	N/A*	4/5
Build interest with media?	N/A*	3/5

*Not Applicable

We have run 13 events across the UK and captured full attendee information for 11. Of these 11 events we have recorded 291 people attended; 108 were Fellows, 175 were Non-Fellows, and 8 were Ex-Fellows. Of the 291 people that attended an event, 63 or 22 % provided online feedback. The events were well received with a NPS of +62.

Following the events 93% of respondents said they had found out more about the work and mission of their local bank with 71% having a clearer understanding of how they could engage following the event and 81% now feeling more motivated to get involved. As well as being potential members, we will be encouraging attendees from these events to play an active role in establishing the banks – this will be dependent on their skills/experience, but all will be able to help us build a movement by spreading the word through both personal and professional networks. 73% of people feel like they are now part of a local community working towards establishing a regional bank, which is very positive.

- We have published eight blogs on community banking, viewed by over 14,000 people.
- In total over 600 people have registered an interest in the banks via the RSAs events, meetings and mailings.

We are yet to run any campaigns to drive potential membership as it is too early in the project but have designed what an effective campaign might look like and will be supporting this as things progress

5) Improving network collaboration

Any start-up is challenging but this will be the first ever network of regional co-operative banks in the UK so collaboration is vital to making this project a success. To support this, we have developed a learning network which all new banks will be able to participate in. This involves regular online meetings, a slack group for real time conversations and a file sharing platform used to develop shared resources. This is in its early stages and the seven online meetings we have hosted to date have been well received. We will continue to work with the network on this and are confident it will become an invaluable resource as the network grows.

The RSA's support in establishing and facilitating a learning network amongst our mutual banks has been invaluable for nurturing collaboration, visibility, and coherence amongst our distinct but related banking projects. Every member of the group is time poor and grappling with heavy cognitive loads and work pressures. Having a dedicated space and support structure to "step back" and see the bigger picture, to think strategically and to actively work on aligning our efforts has been incredibly helpful.

Fionn Travers-Smith – Social Impact Officer, Greater London Mutual

Case Studies

Case study 1 – Building influence through local organising

Over the course of 2017/18 we hosted a series of events across the South West of England. In February 2018 we hosted a public event in the Devon market town of Newton Abbot, in partnership with Helen Chessum, the chair of a local community organisation. Over 50 people attended including key decision makers and influencers such as the local MP and both councillors and officers from Devon County Council. As well as helping to build momentum with Devon Council, a few potential early stage investors registered an interest and the local MP connected us to someone with significant banking experience as a potential Chair. A few weeks later in the Cornish city of Truro we convened a meeting with support from RSA Fellow and Cornwall Council Officer, Stephen Horsroft. The meeting included talks from influential Fellows from the Cornwall Business Partnership & Chamber of Commerce. This

was very well attended by key figures from Cornwall Council who are now in discussions with South West Mutual about potential support and investment.

Case study 2 – Fellows investing in their region

Each bank's ability to raise £20 million investment during the start-up phase is critical to its success. While we expect most of this money will come through institutional investors such as local authorities, a successful initial funding round is important to get the backing of local investors and fund some of the early work that is needed. This was one of the main aims of our series of five events across the West of England in early 2018. Each of these events had between 25-40 attendees and as well as making some key connections with local government and anchor institutions, each event created leads to potential early investors. This led to £60k of the first £300k raised by Avon Mutual coming through the RSA networks.

Case study 3 – The RSA's convening power

In September 2017 we hosted a seminar at RSA House which was aimed primarily at Councillors from London's 32 Local Authorities with the aim of building political support for Greater London Mutual. We presented the case for regional banks as a vehicle for driving more inclusive growth (as recommended in our 2017 ICG Commission). Keynote speaker Baroness Kramer talked about her work to drive the necessary change in legislation and the seminar was followed by a talk in our Great Room with Robert Peston (Political Editor, ITV News) reflecting on the collapse of Northern Rock, 10 years earlier. This event enabled us to connect with 15 local authorities and was followed in October by a round table for Chief Finance Officers which was also hosted at the RSA. On the back of these events a group of Councils have shown significant interest in investing the £20 million needed to capitalise the bank and discussions are ongoing with GLM to finalise this agreement.

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