



Save Our Bank

Crowd power to keep our bank ethical

Consumer Union for Ethical Banking

2015 Business Plan and Mission

1. Background

In October 2013, Ethical Consumer became involved in setting up the grass-roots 'Save Our Bank Campaign' to protect existing ethical values at the Co-operative Bank following its 're-structuring' under new ownership.

We were overwhelmed by the level of interest from both ordinary and institutional customers and now have more than 10,000 signed-up supporters. We were also surprised by the apparent leverage the campaign has been able to exert - via the press, via collaborations with other organisations and by informal meetings with bank staff and directors. We have attracted advice and support from banking academics, professionals and specialists.

By early 2015, the turmoil around the original restructuring had quietened down and the Co-op Bank had refreshed and reconfirmed its ethical policy. Nevertheless underlying concerns remained that the Bank's new owners were unlikely to be in it for the long haul, and that fresh challenges to its unique nature would re-appear in the not too distant future. It became clear that Save Our Bank needed to consider becoming a more permanent body or watchdog.

Ethical Consumer does not really have the resources to fund a long-term project of this nature, and in any case, we would like to form a more democratic decision-making structure for Save Our Bank members. When we came to look at a more formal structure for the campaign, some of our collaborators suggested that perhaps the 'supporters trusts' appearing alongside football clubs in the UK offered a glimpse of how this idea works successfully in another field.

We surveyed our supporters in April 2015 to see if they would be interested in joining a 'customer union' and would be willing to pay a small membership fee. The positive response led us to take advice on how the new organisation might be structured, and we go into it in more detail in Section 3b below.

2. The Vision

The Co-operative Bank has, since 1993, become a beacon of ethical innovation in a sector where social and environmentally sustainable lending remains as far off the mainstream agenda as ever.

Save Our Bank wants to create a new, democratically organised group of customers to work together with investors and employee unions to hold the Co-op Bank to account on its ethical promises. In addition, it can also grow a "co-operative stake" in the bank, and campaign for its eventual return to majority co-operative ownership. The Customer Union would also act as a strong moral voice, giving people the confidence to come forward and to get involved.

With enough members it would have real influence on a bank that is trying to re-establish its reputation for ethics and integrity, and exercise real economic muscle if it needs to.

Getting ordinary customers and shareholders to pull together with one voice inside their own banks to influence ethical standards is a new idea, untested, so far as we know, anywhere in the world. Some institutions (such as mutuals) are already set up to receive member input. Save Our Bank

hopes to develop a practical example of how this might work inside a shareholder-owned bank in the UK.

As we can see below, the organisation will be a co-operative, owned and controlled by its members. and one which focusses on using new technology both for management and consultation internally as well as for swift interventions on corporate policy decisions as they arise.

3. The new customer union

(a) Mission

The co-operative's formal objects focus on campaigning and providing a collective voice for the bank's customers. This explicitly includes activities such as undertaking research on the benefits of ethical investment, conducting surveys of members and acting as a nominee for shareholders of the Co-operative Bank plc.

CUEB aims to:

- Work with other stakeholders, such as trades unions, civil society groups, and shareholders, who are interested in maintaining the culture and practice of ethical behaviour at the Co-operative Bank;
- help stakeholders to pool and attract resources to observe/collect/track and disseminate information in real time on individual bank decisions and actions;
- use digital technologies to create nimble, responsive stakeholder groups to publicly challenge poor decisions in the board-room;
- use formal (AGM) and informal channels to create pressure for responsible behaviour;
- use online tools to engage members in the decision-making within the co-operative.

(b) Legal arrangements

When we asked the FCA (which regulates co-operatives) whether we could register a new organisation with the name the Union of Co-operative Bank Customers they refused saying there could be confusion about links with the Co-operative Bank itself.

We therefore agreed to call the co-operative, the Customer Union for Ethical Banking and we are currently in the process of registering a co-operative with the FCA with the following characteristics:

- using Co-operatives UK Model rules for a multi-stakeholder co-operative.
- with initially, one category of members (those who pay a subscription).
- members will elect a board of directors which will meet remotely (initially) quarterly.
- a management committee of active members and paid staff will conference call monthly or more often if necessary to manage the day to day business of the co-operative.
- It will have the power to issue shares
- it intends to trade as a not-for-profit organisation.

A full copy of the rules is downloadable [here](#).

4. A Three Year Plan

	Year 1	Year 2	Year 3
	2016	2017	2018
<i>Member targets for year end</i>	<i>2000</i>	<i>3000</i>	<i>4000</i>
Income			
Membership fees	23,280	34,920	58,200
Donations	4,000	1,000	1,000
TOTAL	27,280	35,920	59,200
Expenditure			
<i>Core Costs</i>			
Website, hosting and subscriptions management	5,880	8,820	14,700
Management meetings and member consultation	2,400	2,880	3,456
Newsletters (10pa) and social media	5,100	6,120	7,344
<i>Variable Costs</i>			
Strategic research and meetings with bank	2,340	2,808	10,000
Campaign and Press work	3,120	3,744	4,493
Annual Conference/AGM	1,200	2,000	3,000
Contingencies/Other	3,275	3,930	4,716
TOTAL	23,315	30,302	47,709
BALANCE	3,965	5,618	11,491

We have produced an initial financial plan based on what we think the minimum size is to have critical mass and a viable project. Obviously a core goal of CEUB will be to continually grow its membership as this will help meet both political (leverage) and economic (income) goals. We therefore hope to exceed the figures stated, and core work in the first years will be to build the lists of members and supporters beyond the 10,000 we already have.

Initially CUEB will not seek to set up a separate office or directly employ staff, but will continue to operate a virtual office buying in time from Ethical Consumer staff and associates as required. Calculations are based on ECRA charging at its 'supported project' rate of £30 per hour.

Membership fees are expressed after 3% transaction costs have been subtracted.

(a) The November 2015 crowd funding

Our plan is to launch the Union using a crowd funding platform in order to gather some initial resources to help set up a permanent website designed for membership organisations which will be able to process member payments and allow them to manage their accounts. We will probably use a web platform like groupspace.com.

We have set the target as a relatively-easy-to-get £15,000. With this amount we will have adequate resources to set up the member platform and to invest in attracting sufficient members to meet our first year's member targets. If we exceed the target we will not place an upper limit on the amount raised as this is the initial opportunity for members to join the organisation. It would simply mean that we move to later stages of the financial plan earlier.

The Crowd funding is being run using Ethical Consumer's name and bank accounts. Once the new legal entity is registered and new bank accounts are set up, ECRA will transfer all revenues over.

5. People

Founding Directors

Rob Harrison - Director and lead financial sector researcher at Ethical Consumer Research Association since 1989. Designed and managed the 2013 Move Your Money bank ethical ranking project.

Shaun Fensom - Technology strategy consultant and mutuals specialist. Founder of Save Our Bank campaign.

Ryan Brightwell - Researcher at BankTrack in the Netherlands. CSR consultant and analyst.

We are also building an Advisory Board comprising experts on the banking industry, mutual financial institution directors and other key professionals.