



CO-OPERATIVES UK

Update on The Co-operative Bank

What's in a name?

Co-operatives UK is the guardian of the co-operative identity, operating with the mandate not just of its members but of the International Co-operative Alliance (ICA), the author of the [international statement on co-operative identity](#).

In the UK, we know that the term 'co-operative' operates as a 'quality standard', assisting market competition and helping to ensure consumers are not misled.

As a result of work by the sector over a long period of time, consumer and worker trust in co-ops is significantly higher than business at large, with 47% of those who expressed a view saying they would put their trust in co-operatives, compared to just 7% of people saying they trust shareholder companies. There is then something of an incentive for rogue companies to try and trade off the good name of co-ops.

How we define co-ops

Co-operatives UK has an established approach when it comes to defining co-ops, which draws on years of experience and expertise. The method we use was developed in line with the values and principles set out by the ICA.

To be open about how we work, Co-operatives UK [published the method](#) in 2012, following consultation with our members.

So where does The Co-operative Bank fit in all this?

Following the recapitalisation of The Co-operative Bank and the changes to its operating structure in 2013, Co-operatives UK reassessed the bank against the criteria for defining a co-op.

While co-op values and ethics have indeed been embedded in the bank's constitution, these alone do not make it a co-op and, as an investor owned business, it does not meet the full principles of the ICA.

It is important to recognise that the immediate requirement in 2013 was to secure the future of the bank as an ethical alternative to other high street offerings. Now, with a new leadership team in place and real progress being made to turn things around, Co-operatives UK has been working with the bank to agree a way forward that reflects the ethical, values-driven intent of the organisation alongside the principles of co-operative identity.

How did Co-operatives UK approach this issue?

One of the principles of the co-operative movement is co-operation between co-operatives and, as such, Co-operatives UK has wanted to be supportive of The Co-operative Group in relation to the Bank.

At the same time, this could not be at the long term cost of the integrity of the co-operative identity. We have therefore had to consider whether there are circumstances in which use of the word 'co-operative' in the Bank's name may be appropriate.

In order to guide our decision making process, Co-operatives UK has worked with the ICA to draft a set of criteria which we can apply against non-co-operative organisations wishing to use the term 'co-operative' in their name or branding.

The criteria are that the organisation concerned must:

- Exist in order to promote co-operative activity and be recognised by the co-operative movement in relation to this role
- Operate in line with co-operative values, and not discredit the co-operative business model
- Not use the term in ways that serve to mislead others as to whether the organisation itself is in fact a co-operative

What's happening now?

We have agreed a programme of action with The Co-operative Bank to ensure the organisation is compliant with the criteria outlined above.

Co-operatives UK will monitor the bank's compliance on an ongoing basis and, if anything varies, our view on the continued use of the name may change. In the meantime, the wider co-op sector must acknowledge that a commitment to making good on the intentions expressed by the bank is welcome.

Later this year, Co-operatives UK will be opening up a consultation process with our members in regards to the co-operative identity. This will include a look at, in contact with the ICA, the criteria developed for non-co-operative organisations. It is intended not for retrospective action but to guide future work.

Helen Barber
Head of Co-operative Advice
Co-operatives UK