



**NICVA Submission to the NI Assembly Committee for
Finance on the Inquiry into the Northern Ireland Banking
and Financial Services Landscape**

January 2025

Background

NICVA (the Northern Ireland Council for Voluntary Action) welcomes the opportunity to provide this briefing to the Committee for Finance on the issues that charities and other voluntary led organisations have experienced with their bank accounts.

NICVA is the umbrella representative organisation for the voluntary and community sector in Northern Ireland with a membership of over 1,400 organisations.

NICVA's response is based on its role as the representative body for the voluntary and community sector in Northern Ireland. Comments are informed by and through the practical support and advice that NICVA's Governance and Charity Advice Team provides to the sector as well as our participation in the UK-wide Civil Society Group on Banking.

NICVA has been working with other representatives of the voluntary and community sector (the sector) and charity regulators across the UK as part of the Civil Society Group on charity banking issues for over two years to highlight issues that charities and other not for profit organisations are experiencing with their bank accounts.

The issues

Issues started to emerge during Covid when many of the banks stopped offering bank accounts to new organisations. While some of the High St banks, but not all, are now offering a bank account for charities or voluntary organisations, the wait time to get the account opened is unreasonable, it can take three months or even longer.

Over the last few years, many organisations with existing bank accounts have experienced issues with trying to maintain their bank account. The issues can be summarised as follows;

- Bank accounts being frozen, and in some cases closed
- Dual authorization not always provided
- Bank not accepting the charity's governing document
- Bank not communicating what the issues are with digital uploads
- Bank call centre staff not being able to tell what the issues are
- Trustees needing to attend a branch in person for ID verification
- Bank not sending letters to current signatories of the account
- Banks losing information
- All trustees having to provide personal info, not just the signatories
- Bank charging fees for providing the account,
- Difficulty opening a bank account on the High St

Causes

Bank closures and a move to digital have resulted in a lack of client facing bank staff that have knowledge of the voluntary sector legal structures. Having to update the business bank profile digitally has caused issues as the bank uses language that is unfamiliar or inappropriate for charities, and some digital processes are not user

friendly, for example, not explaining why the uploaded documents are not accepted. In many, if not most, cases, the banks' processes and requirements are designed for businesses, which causes significant problems for voluntary and community organisations.

Issues have also emerged with the banks' over-zealous approach to prevent fraud, money laundering, and terrorist financing. Some banks are now asking for more detail and ID verification from charities about their whole board/committee members and not just the account signatories. Each bank has its own specific requirements and processes.

We have heard of various instances of charity bank accounts being frozen by their bank and in some cases the bank account being closed. This can happen when updating the bank mandate, or when the bank asks that the business profile be updated online. As the digital processes are designed for businesses, they do not use language appropriate for charities and the call centre staff, in a lot of instances are not able to help as they don't seem to know what the problem is. The process can go on for up to a year or over as the bank keeps asking for more information, but not all at the same time. The complexity of the process and the lack of intuitiveness from the bank's digital systems are very stressful and frustrating for Trustees.

New organisations wanting to open a bank account for the first time have also been left frustrated with the wait time to open an account, sometimes taking several months with High Street banks. The introduction of monthly fees on some bank accounts has also left limited options of free banking for charities.

Do the banks know that this an issue?

This is a UK wide issue, and we have been working with other representatives of the voluntary and community sector (the *Civil Society Group) along with the charity regulators across the UK to highlight these issues and seek an improved offer from the banking sector to the voluntary and community sector.

Part of this work involved working with UK Finance, the trade association for retail banks, to highlight the many issues to the banks. UK Finance's response was to create a banking tool that would encourage better understanding of each other, eg legal structures used by the voluntary sector and processes and language used by the banks. NICVA along with other Civil Society Group partners provided significant amounts of time and expertise to help ensure that the guidance was relevant and accurate as well as helping identify areas of potential confusion that needed to be resolved. The Voluntary Organisation Banking Guide was published in July 2024.

This Guide could and should be an invaluable educational tool for banks to improve their systems and skill their staff on legal structures used by the voluntary and community sector. It all depends now on each individual bank to decide whether or not they are going to improve their internal systems and processes with the knowledge from this accessible digital knowledge tool. There is a feeling however that banks do not have an interest in making substantive changes to their processes as this costs money and they are not making money on small charity bank accounts.

We therefore need pressure from Government and the FCA to make sure they make the required changes to fulfil their Consumer Duty.

Charitable Sector Banking Forum

The Civil Society Group in its work with UK Finance had the expectation that this would be a type of forum where we could relay the issues to the banks but that was not the case so the Charity Finance Group, with the backing of the wider Civil Society Group partners, set up a 'charitable sector banking forum' which met for the first time in July. At the second meeting of the 'forum' in November, the key findings and recommendations from the Charity Banking Challenges report was presented before it was officially launched. The 'forum' includes civil society group members, charity regulators, UK Finance and bank officials.

What are the regulators doing?

As part of the Civil Society Group we have also met with Treasury officials, charity regulators and sought advice from the Competition and Markets Authority. We have also participated in the Financial Conduct Authority's roundtable event with the banks and Civil Society Group partners and charities in September. The FCA told banks at this meeting that "Our expectation is that, at the very least, communications with customers are cognisant of the type of customer in front of them".

The FCA also stated that they expect firms to be considerate of the 'Consumer Duty' which also applies in relation to ensuring that products and services meet the needs of customers.

Each of the charity regulators across the UK issued an open letter to the UK's main high street banks last year requesting that banks take urgent action to help charities have access to proper banking services.

Charity banking challenges report

The Charity Banking Challenges survey was carried out by Charity Finance Group partners on behalf of the Civil Society Group on charity banking issues across the UK.

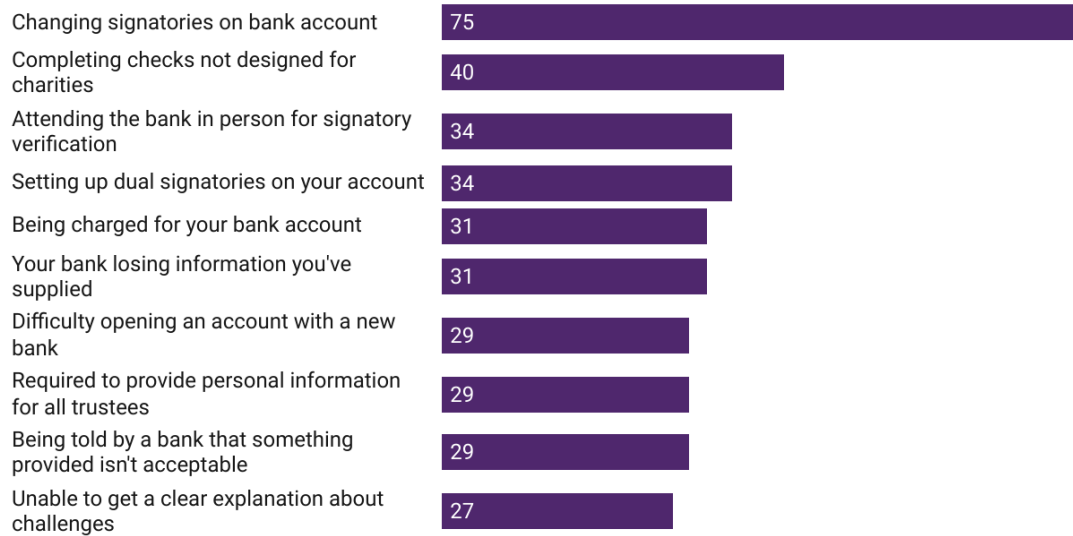
The report reflects that the most common issues involve administration and communication challenges, both of which often arise from the banks' insufficient understanding of how voluntary organisations are structured, governed and managed. The most frequently reported issue relates to the process of adding or removing signatories on bank account mandates

The report can be downloaded from the following link:

[Charity Banking Challenges Report 2024 launched | NICVA](#)

The graph below outlines the top ten most common banking challenges faced by voluntary led organisations across the UK

Top 10 most common banking challenges faced (% of respondents)



Source: Charity Banking Challenges Survey 2024 • Created with Datawrapper

Much time and effort has been spent to date on highlighting the issues to the key stakeholders and NICVA will continue to work as part of the Civil Society Group to advocate for better banking for voluntary and community organisations.