



# Social Enterprise NI

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## **Response from Social Enterprise NI to : Inquiry into the Northern Ireland Banking and Financial Services Landscape**

### **To: Committee for Finance, Northern Ireland Assembly**

Social Enterprise NI welcomes the opportunity to contribute to this important inquiry. As the representative body for social enterprises across Northern Ireland, we advocate for a thriving, inclusive economy where social impact is valued alongside financial return. The evolving banking and financial services landscape presents challenges for our sector, particularly in relation to financial inclusion, access to capital, and community wealth-building.

It is also worth noting that this is not a restricted issue for organisations in Northern Ireland, but a UK wide matter that has caused some concerns as the financial industry seeks to move to a more digital landscape.

### **Impact of Bank Branch Closures and Financial Exclusion**

The closure of a relatively significant number of bank branches over recent years has had a disproportionate impact on vulnerable groups, rural communities, and micro enterprises in general. Many social enterprises operate in areas of high deprivation and rely on accessible banking services to manage cash flow, receive advice, and engage with local stakeholders. The loss of physical branches has exacerbated digital exclusion and reduced access to financial advice, particularly for older people, those with disabilities, and low-income households.

We would urge the Committee of Finance to consider tailored solutions that reflect Northern Ireland's unique socio-economic context, including its rural geography and higher reliance on cash transactions.

### **Role of Banking Hubs and Community Solutions**

Social Enterprise NI supports the development of **Banking Hubs** as a partial remedy to branch closures. These hubs must be designed with community input and should not be restricted to transactional banking but should also include financial education, access to cash, and advisory services. We also advocate for **community finance models**, such as credit unions which have a proven track record of supporting underserved populations. It would be beneficial if credit unions could widen their offerings and impact and utilise the significant level of assets for greater community benefit.

Perhaps building partnerships between social enterprises and credit unions to enhance outreach and impact is worth consideration.

### **Support for Micro Businesses and Social Enterprises**

Social enterprises are a vital part of Northern Ireland's economy. In 2025 updated statistics will show an increased number of social enterprises from the last survey in 2018. At that stage there were 83 organisations, contributing over £980 million in turnover and employing nearly 25,000 people. This year is expected to show an increase to over 1000 social enterprises. Each of these are individual businesses with varying degree of need and support however many are micro businesses that face barriers to accessing mainstream financial services due to their hybrid social-commercial model. Traditional lenders often lack understanding of social enterprise structures, which can result in limited access to credit and investment ie how to assess the commitment of surplus funds into the organisation rather than retaining as profit.

- We would seek enhanced financial literacy and advisory support tailored to social enterprises. Some banks are already offering such levels of support however this could be enhanced by greater engagement between banks and the social enterprise sector to build trust and understanding. Social Enterprise NI stands willing and able to support this work.
- In terms of access to finance which is not part of this report, a dedicated funding stream and new directed loan products for social enterprises and micro businesses would be advantageous.

### **Day to day support**

Social enterprises like other micro businesses and perhaps the wider economy experienced difficulties exacerbated by Covid. This was reflected in the difficulty in opening new bank accounts or indeed additional bank accounts to those already open. Banks appeared to only support their existing customers, creating issues for new start up social enterprises.

Additionally, feedback has stated that amending such things as signatories on bank accounts is now carried out digitally, creating issues for those with poor broadband signals or indeed lack of digital skills, which along with the removal of face to face services in branches has created issues for several organisations.

We need to ensure that financial inclusion is not sidelined and we would ask banks to consult with organisations such as ourselves and others to ensure alternative arrangements can be made that have the least impact on communities who need banking services most.

Credit Unions can fill many gaps on the high street however their role and remit would require further expansion and clarification and how they can expand their services to individuals.

### **Community Wealth-Building and Future Interventions**

We strongly support the Committee's interest in **community wealth-building**. Social enterprises are uniquely positioned to anchor wealth locally, reinvest profits into communities, and promote inclusive growth. Models from Scotland and parts of England demonstrate the potential of cooperative banking and mutual finance to empower local economies.

Social Enterprise NI is open to participating in scoping work around the creation of a **co-operative or mutual bank** in Northern Ireland. Such an institution could prioritise social value, local investment, and financial inclusion.

### Recommendations

- **Protect and expand access to banking services** in rural and disadvantaged areas.
- **Support the development of Banking Hubs** with integrated financial education and advisory services.
- **Create financial products tailored to social enterprises**, including blended finance and patient capital.
- **Further explore the feasibility of a mutual or cooperative bank**, with a mandate to serve social enterprises, micro businesses and the wider Community and Voluntary sector.
- **Promote community wealth-building** through procurement, local investment, and social enterprise development.

Social Enterprise NI stands ready to assist the Committee in its inquiry and to collaborate on solutions that build a more inclusive, resilient financial ecosystem in Northern Ireland.