

Mission-led business case study submission from Charity Bank

Name of business

Charity Bank

Contact details for business

- Charity Bank, Fosse House, 182 High Street, Tonbridge, Kent, TN9 1BE

Brief description of business

Charity Bank is a savings and loans bank with a mission to use money for good. Since it was established in 2002, Charity Bank has lent over £150 million to more than 800 charities and social enterprises, with the support of investors and depositors who want to encourage more responsible and transparent use of their money.

Why is this a mission-led business?

Banking for good is at the heart of its business. For Charity Bank, doing good isn't something that sits alongside its activities as a promotional tool, it is the very core of what it does.

Here are five of the practises and safeguards that define its approach:

1. Social mission

Charity Bank was founded with a charitable mission to lend money to charities and social enterprises. This mission is written into its articles of association in the form of its charitable objects.

2. Ownership

Every single one of its shareholders is a charitable foundation, trust or social purpose organisation.

3. Social enterprise model

Charity Bank is the only bank with the Social Enterprise Mark because the money saved with it, invested in it and generated through its loan interest charges is put straight back into supporting the social sector.

4. Social impact

MISSION-LED BUSINESS CASE STUDY SUBMISSION FROM CHARITY BANK

Charity Bank measures social impact to assess organisations looking to borrow and to evaluate its own progress as a bank for good.

Impact measurement is a vital tool for Charity Bank in:

- seeing how it is helping organisations improve and grow;
- understanding and tracking its borrowers' ability to achieve their social missions;
- showing its savers and shareholders where their money is going; and
- understanding what works for its borrowers and making better decisions.

5. Its social mission is locked

The safeguard which stops Charity Bank drifting from its mission is known as a 'mission-lock'. Its charitable objects cannot be changed unless approved by a special resolution of shareholders holding at least 90% of the total voting rights and following prior consultation with the Charities Aid Foundation.

Stage of business development

Growth

Industry sector

Charity Bank lends to charities and social purpose organisations from across the UK. The table below shows the sectors that have benefited as a result of Charity Bank loans.

Sector	Amount of money	Number of loans
Arts	£10,837,054	73
Community	£22,997,848	163
Education & Training	£13,255,600	86
Environment	£6,052,037	52
Faith	£18,093,786	85
Health & Social Care	£30,141,872	150
Social housing	£45,262,023	155
Sport	£7,765,770	50
TOTAL	£154,405,990	814

Source: management data, correct as of 30th June 2016

Geographic focus

MISSION-LED BUSINESS CASE STUDY SUBMISSION FROM CHARITY BANK

Charity Bank lends to charities and social purpose organisations from across the UK. The tables below show the regions that have benefited as a result of Charity Bank loans.

Region	Amount of money	Number of loans
East Midlands	£4,429,195	32
Eastern	£12,322,910	75
London	£28,036,254	108
North East	£4,523,542	17
North West	£12,124,963	77
Northern Ireland	£1,291,718	7
Scotland	£8,682,602	61
South East	£28,713,220	131
South West	£20,322,944	123
Wales	£8,828,567	49
West Midlands	£8,941,721	46
Yorkshire & Humber	£16,188,354	88
TOTAL	£154,405,990	814

Source: management data, correct as of 30th June 2016

Evidence of financial growth

Charity Bank's loans to charities and social purpose organisations grew by more than a quarter in 2015 (26%) to £67.8 million.

Charity Bank approved a further £40 million of loans in the first six months of 2016; more than the whole of any previous year.

Evidence of social impact

- 95% of borrowers said that their Charity Bank loan had made a major or significant contribution towards the achievement of their mission.
- 72% said their financial management had improved as a result of the loan.
- 66% of new projects would not have happened without Charity Bank's support.
- 85% said that their Charity Bank loan had improved the quality of support they could offer the people they work with.

Source: customer surveys in 2012 and 2014

Any other details (e.g. legal form)

MISSION-LED BUSINESS CASE STUDY SUBMISSION FROM CHARITY BANK

Some of the supporting aspects of its internal culture:

1. Charity Bank does not pay bonuses.
2. Its staff are not driven by hard sales targets.
3. Charity Bank give staff time off to volunteer.
4. It pays the Living Wage.
5. Its non-executive directors are unpaid.
6. It supports its local community.

Ethical awards and accreditations:

- It is one of the top 10 ethical companies/brands in the world for the second year running, according to research carried out by The Good Shopping Guide in 2015.
- Charity Bank has won the top spot in the Good Shopping Guide index of ethical banks and building societies for five successive years.
- It is the only bank to hold the Social Enterprise Mark because the money saved and invested in Charity Bank is put straight back into supporting the social sector.
- Charity Bank is the only bank to display a Social Enterprise UK accreditation badge. The badge states, “It is a social enterprise – business where society profits”.
- It was the sixth UK business and the first bank in Europe to become a B Corporation: a company in which the interests of employees, communities and the environment rank alongside those of shareholders.
- Charity Bank’s cash ISA is an Ethical Consumer’s buyers’ guide Best Buy.
- Charity Bank is a founding member of the Responsible Finance Association.
- Charity Bank is part of a global ethical banking movement. It is a member of the Institute for Social Banking and a member of the International Association of Investors in the Social Economy.
- Charity Bank is an NCVO Trusted Supplier, awarded only to suppliers that NCVO consider offer “exceptional value, outstanding quality, and have lots of experience working with voluntary organisations”.
- It was named *Bank of the Year* at the 2015 Charity Times Better Society Awards.