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Banking on a Fresh Start

A research study into the impact
of The Co-operative Bank's
project to enable prisoners to
open basic bank accounts in
HMP Forest Bank

Executive Summary



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HMP Forest Bank is a privately managed, category B, male, local prison in Salford, Manchester. From April 2006, The Co-operative Bank Accounts for Prisoners project has enabled Forest Bank prisoners to obtain a basic bank account before release.

Given the success of the project, word of mouth communication circulating around the prison service resulted in the bank opening accounts for prisoners in 28 other prisons around the country¹.

Bank accounts and resettlement

The escalating demand for bank accounts for prisoners is directly related to the increasing focus on resettlement and on the reduction of re-offending within Government penal policy.

The problem of prisoner access to a bank account

69% of all inmates in Forest Bank either have never had a bank account, or no longer have one now that they are in prison.

Over 79% of ex-prisoner survey respondents said that opening a bank account would have been difficult for them after release, if they had not had the opportunity to open The Co-operative Bank Cashminder account.

The Accounts for Prisoners project - a major intervention by The Co-operative Bank.

By the end of June 2008, 436 Cashminder accounts had been opened at Forest Bank and 547 in 15 other prisons. In total, by the end of June 2008, 983 Cashminder accounts had been opened for prisoners.

By the beginning of August 2008, an additional 13 prisons had approached The Co-operative Bank for accounts and the number of Cashminder accounts for prisoners rose to 1,392. During the month of June 2008 alone, the bank processed 184 Cashminder account applications from 17 prisons.

The Co-operative Bank's involvement in prisoner bank accounts far exceeds that of any other high-street bank and represents a major intervention in the sector.

The significance of a bank account to inmates and released prisoners

The Government's crime reduction and resettlement strategies recognise the importance of a bank account for prisoners. For, without a bank account, measures to enable ex-prisoners to gain access to settled accommodation, employment and education are more complex and difficult to implement.

79% of inmates surveyed said that having a bank account was important for them. However, a bank account had a greater significance than a method of money transfer alone. For prisoners, the significance of a bank account lay more in a desire

to manage money more effectively and to achieve social inclusion within society.

For them, access to a bank account had many more psychological and social outcomes than immediate economic ones. They wanted an account in order "to feel better about myself" and "to feel part of society".

For inmates, the Cashminder account offered the opportunity of a fresh start and it was seen as a significant factor in building a new life.

Where ex-offenders had gone on to use the Cashminder account effectively, there was evidence that it had contributed to their personal social and financial advancement. Only 2.2% of ex-offender survey respondents, for example, said that they wanted access to direct debits when they opened the account, but 40.5% of them said that they now used direct debits to pay bills.

63% of ex-offender respondents said they were unemployed and only 11% reported that the bank account had assisted them to secure a job. However, the bank account was regarded as assisting in the facilitation of future job opportunities.

The national average re-offending return rate to prison is around 67% (Hansard 2006). However, only 37% of Cashminder account holders at Forest Bank re-offended after release and returned to prison. This decrease in the re-offender return rate to just over half the national average looks promising. It is early days, and time will tell, but the research suggests that access to a bank account has assisted a significant number of people to bank on a better future.

On systems and procedures

95% of ex-offenders who had opened accounts considered that the process for opening accounts at Forest Bank was easy. 72.7% said it was very easy and 22.7% that it was quite easy. This high level of overall satisfaction with the bank project at the prison was also reflected in focus groups and interviews.

The high demand for a bank account in the prison led many inmates and ex-prisoners to argue strongly for bank account applications to be open to all inmates on admission or through wider advertising of the accounts on the prison wings.

There are good arguments to suggest that the initial assessment on induction should establish whether or not a prisoner has access to a bank account, and then include opening an account within the prisoner's rehabilitation plan.

However, evidence suggested that at least 27% of accounts, probably more, were not being used after release. The research was able to identify some of the reasons for this and some possible solutions. Some of the solutions were procedural and included:

- ensuring Jobcentre Plus receives the new account details before release in order to set up JSA or other benefit payments to the new account

- suggesting that prisoners be given account details before release and that any items that must be retained by the prison, such as the debit card and pin number, go into Valuable Property to ensure that prisoners are guaranteed to receive them on release.

Using a bank account in prison

Prison Service policy allows inmates to maintain a bank account and, within certain restrictions, to make deposits, including from the prison personal cash account.

The research argued that prisoners should be encouraged to use and to manage their new bank accounts while still in prison. This will familiarise those unused to banking with the basics of the banking process, encourage saving for release and enable prisoners to deposit cheques sent to them from outside.

Continuity through the prison gate

Life after release can be a very challenging time for ex-prisoners. They often have to arrange somewhere to live, organise benefit payments and deal with a whole range of complex issues that may face them on the outside.

With no job and limited income, there is the tendency for some ex-prisoners who opened a bank account to continue to manage money in cash, given the unfamiliarity of a bank account. Further personal support after release is required if the motivation to migrate to a bank account is to be sustained.

Bank accounts and financial capability education

There was evidence that a significant number of prisoners had limited understanding of the operation of a bank account. In the focus groups, prisoners and ex-offenders said that the low-level of financial capability among ex-offenders was one reason why some people had been unable to make the transition to using a bank account.

91% of inmate survey respondents had never attended a training course on financial matters, but 49% said they would attend a course if it were available. Financial capability training in prisons must focus on the detailed practicalities of managing a bank account. However, improvements in the level of financial capability do not result from course attendance alone; they require long-term changes in attitudes, habits and behaviour towards money.

The research suggested that if the prison and Jobcentre Plus combined to direct people to use a bank account and, after release, adequate personal advice and money guidance was available, then the ability of ex-offenders to use a bank account would be improved.

Money and debt advice

31% of inmate survey respondents said that they required money advice while they were in prison, mainly related to financial difficulties associated with debts on personal borrowing. Only 14% of inmates had ever sought money or debt advice in the past.

51% of ex-prisoner respondents reported that they were in financial difficulty when they left prison and 52% said that they currently needed money advice.

In the focus groups, fear of past debts surfaced as a reason why some ex-prisoners did not eventually use their bank account. Some expressed the view that past debts were sometimes regarded by ex-prisoners as crimes, which heightened their fear of creditors and of entering the banking system.

Bank accounts and the family

46% of inmate survey respondents reported that being in prison had made life financially difficult for their families or people they lived with. Of the 14 partners of prisoners interviewed at random in the study, six (43%) reported that their partners did not have a bank account and that their partner's prison sentence has made life financially challenging for them.

Facilitating access for ex-prisoners to a bank account holds out the possibility of furthering the financial inclusion of the entire family, and thus strengthening the family environment within which long-term prisoner resettlement can take place.

Conclusion

The success of The Co-operative Bank Accounts for Prisoners project is to be found above all in the lives of the ex-prisoners who have been able to leave Forest Bank and start afresh, with a new confidence in a better future and in an ability to desist from committing crime.

The research indicated that valuing the potential of ex-offenders as participants in society, and offering them a fresh start, offers the best positive long-term intervention aimed at the reduction of re-offending.

Society cannot afford to exclude prisoners and ex-offenders from the banking system and reject their pathway back into society. However, the challenge of serving ex-offenders, one of the most excluded groups in society, is recognised to be significant. Assisting ex-offenders to have bank accounts is the hard edge of promoting social and financial inclusion.

Recommendations

The Co-operative Bank Accounts for Prisoners project confirmed the importance of access to transactional banking in the process of prisoner rehabilitation. A series of recommendations emerged from the research for the National Offender Management Service, for Government, for the Financial Services Authority, for prisons, for banks and financial institutions, and for all stakeholders working to promote access to banking in prisons. These can be found at the end of the report.

The full report, Banking on a Fresh Start, a research study into the impact of The Co-operative Bank's project to enable prisoners to open basic bank accounts in HMP Forest Bank, can be downloaded from the website of the Research Unit for Financial Inclusion, <http://www.ljmu.ac.uk/HEA/financialinclusion>

¹ The 29 prisons where The Co-operative Bank Cashminder accounts have been opened are Albany, Aylesbury, Birmingham, Bristol, Buckley Hall, Channings Wood, Dartmoor, Dovegate, Eastwood Park, Erlestoke, Ford, Forest Bank, Garth, Guys Marsh, Haverigg, Hollisley Bay, Holme House, Maidstone, Onley, Parc, Portland, Ranby, Rye Hill, Standford Hill, Verne, Wayland, Whaddon, Winchester, and Wymott.