

The **co-operative** bank  
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# Still banking on a fresh start

Progress report on the impact of  
The Co-operative Bank's project to enable  
prisoners to open basic bank accounts



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## Still banking on a fresh start

*The Co-operative Bank's project to enable prisoners to open a basic bank account was explored in depth in the 2008 LJMU research report, 'Banking on a fresh start'<sup>1</sup>. This study, commissioned by The Co-operative Bank, investigated the impact and effectiveness of the prisoner banking initiative established initially as a partnership project with HMP Forest Bank in Greater Manchester. It analysed the nature, dynamics and extent of prisoner and ex-offender financial exclusion, and examined the importance of access to banking within current Government penal policy.*

*The research study further explored how the delivery and operation of the bank account project could be developed to serve the ongoing needs of prisoners and ex-offenders after release. It took a holistic approach to assessing the contribution access to a bank account could make to the long term social and financial inclusion of ex-offenders and to the reduction of re-offending rates.*

*This progress report revisits some of the key themes of the original study and offers an update on the development of the initiative and its impact on policy within the wider banking sector. It explores how The Co-operative Bank's initial pilot project has expanded significantly and has now become part of a mainstream service offered to HMP Forest Bank and to nearly 30 other prisons throughout the country.*

*Importantly, it examines the impact of access to bank accounts on reoffending rates among prisoners at HMP Forest Bank and reveals a significant reduction in re-offending rates among account holders in comparison with national averages.*

## Financial exclusion, prisoner resettlement and the reduction of re-offending

Not having a bank account jeopardises job opportunities for prisoners, makes their access to rented housing more difficult, complicates access to education grants and compounds the social and financial exclusion of ex-offenders. In reality, lack of access to a bank account indirectly reinforces the conditions that lead to re-offending, an understanding confirmed in research undertaken for the Legal Services Research Centre<sup>2</sup>. This has serious consequences not just for these individuals, but for society as a whole. Over half of all crimes are committed by people who have already been through the criminal justice system<sup>3</sup>.

Prior to The Co-operative Bank's initiative to enable prisoners to open a bank account at the prison, resettlement staff at HMP Forest Bank recognised that the inability of prisoners to obtain a bank account was a serious problem. For even though, at first sight, it may appear to some to be a detail, in reality, lack of access to a bank account often undermines the successful resettlement of offenders in the community and, thus, actions and initiatives to reduce re-offending.

## Forging a new and innovative partnership

It was in 2005 that The Co-operative Bank was asked by HMP Forest Bank, a category B local prison just outside of Manchester, to consider offering prisoners the opportunity to open a basic bank account. At the time, resettlement staff were finding it very difficult to interest any of the high-street banks in providing bank accounts for prisoners. It was a difficulty that followed prisoners beyond the prison gates, as with no relevant proof of identity or photo identification and with an inadequate footprint of past addresses, ex-prisoners after release found that banks often rejected their application to open an account.

It was clear to the prison and to The Co-operative Bank that a new and innovative partnership approach would be required if prisoners were to be assisted to open a bank account. Becoming involved with a prison, however, was challenging for The Co-operative Bank. It recognised the seriousness of the issue, but was naturally concerned about the feasibility and outcome of serving prisoners, and also about the impact on The Co-operative Bank's reputation more widely. Nevertheless, driven by its own social and community values, The Co-operative Bank agreed to pioneer a partnership project at Forest Bank, which would, for the first time, enable Forest Bank prisoners to open a bank account prior to release. The project commenced in 2006 and the bank account on offer was the standard Cashminder account, The Co-operative Bank's basic bank account.

The agreement was that the project would be a pilot initiative evaluated over the first two years of its operation. Any future commitment to continue the project, at Forest Bank or elsewhere, would depend on the outcome of an evaluation. This evaluation was contained in the 2008 research report, 'Banking on a fresh start'.

## The partnership project in operation

The primary aim of the project was to address prisoners' need for a basic bank account on release. However, this was set within the wider context of tackling the social and financial exclusion faced by ex-prisoners and of working to assist their desistance from re-offending.

To ensure effective project development, it was stressed by The Co-operative Bank and the prison that the partnership would have to be managed by a named co-ordinator in the prison and by a dedicated bank service team. This structured approach was critical to the project's success, as it offered a mechanism to develop and agree policies, protocols and procedures and to identify and resolve any difficulties or problems that arose.

Close partnership working meant, of course, that prisoners were restricted to only applying for a Co-operative Bank account through the project. Of course they could always apply independently to any bank, but the project offered one option alone. In a prison, normal free market conditions do not apply and having the facility to apply for an account, albeit with one bank alone, was a pragmatic solution, decided upon by Forest Bank, to a problem that would never be resolved by the

1 Jones P.A. 2008. 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. The Co-operative Bank and Liverpool John Moores University (LJMU), Liverpool

2 Buck, A., Tam, T., Fisher, C. 2007. Putting Money Advice Where the Need is: Evaluating the Potential for Advice Provision in Different Outreach Locations. Legal Services Research Centre.

3 Home Office, 2005b. Where next for Penal reform? Speech by the Home Secretary to Prison Reform Trust, <http://press.homeoffice.gov.uk/Speeches/sp-prison-reform-0905>

market. In addition, for the prison, it would have been unworkable to develop the kinds of relationships required for project success with multiple banks at the same time.

The first issue that had to be resolved on the project concerned the proof of identity required by banks under anti-money laundering regulations to open a bank account. The Co-operative Bank agreed with the prison that accounts could be opened if prisoner identification was confirmed with a copy of the prison identity card and the countersignature of the deputy director or his representative on the application documentation. This was a major step forward in enabling prisoners to obtain an account as it meant that they would not have to provide the proof of identity and address normally required by banks.

The second issue concerned marketing the account and rolling out access in a controlled manner. It was agreed that access to an account would not be open to all prisoners, but would be targeted at those who were entering employment, education or training on release, and who needed an account to secure a job or undertake a course. In fact, initially, access requirements were even stricter with only those prisoners who participated in the pre-release budgeting and money management course eligible to apply.

### High level of demand for accounts

From the outset, access to a bank account in Forest Bank was in high demand. Despite the initial restrictions on eligibility, as news of the accounts permeated the prison grapevine, it was not long before the project co-ordinator was receiving requests for an account from throughout the prison. Even within the first few months of operation, as the level of demand increased, accounts were being opened for prisoners who did not fit the original eligibility requirements.

In fact, survey data from the 2008 study revealed how extensive prisoner exclusion from banking services at HMP Forest Bank was. 69% of all Forest Bank's inmates either had never had a bank account or no longer had one now that they were in prison. Among those who had left the prison with a Cashminder account at the time of the survey, 84% did not have a bank account when they went into prison. 79% reported that they never had a bank account and the remainder stated that their account had been closed on going into prison.

Alongside this lack of access to a bank account, the 2008 study also revealed how important access to a bank account was for prisoners. 79% of Forest Bank inmates surveyed said that having a bank account was important to them and 67% stated that they wanted to arrange a bank account while in Forest Bank.

In research interviews, this 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 prisoners on admission or through wider advertising of the accounts on the prison wings.

### From pilot project to mainstream service

Following the 2008 study, and its findings on the demand for and importance of bank accounts for prisoners, HMP Forest Bank implemented a number of important changes in its delivery of bank accounts. The most important was that bank account

access was no longer seen as a pilot project with restrictive eligibility criteria, but rather a mainstream service offered to all prisoners.

All prisoners are now informed of the possibility of opening a bank account as part of their induction. This is reinforced on the pre-release course and information about the accounts will be sent directly to prison cells as part of the internal communication system.

The co-ordinator in the prison has now been permanently assigned to managing access to bank accounts. She is the central point of reference for both prisoners and bank staff, and can be contacted about the bank account by ex-prisoners after release. The 2008 study highlighted the importance of support for prisoners who open a bank account but who may lack understanding as to how it works. The co-ordinator interviews each prisoner individually, assists with the application form and gives basic information about the account.

Overall, as the 2008 report noted, the administrative systems in regard to the account have worked well, with minor difficulties being resolved through direct communication between The Co-operative Bank and the prison. Since the report's publication, systems have been reviewed to ensure an efficient service to prisoners on release. Links with the Department for Work and Pensions, for example, have been strengthened to ensure that the payment of Job Seekers Allowance is made into the new account after release. This has resulted in a high level of satisfaction among prisoners. 95% of ex-prisoner respondents to the survey in the 2008 study considered that the process for opening accounts at Forest Bank was easy, and the same percentage were satisfied with opening and using their accounts.

### High demand from prisons nationwide

A direct consequence of the successful development of the project at Forest Bank has been a steady rise in demand for access to bank accounts for prisoners from throughout the prison service. The Co-operative Bank has endeavoured to respond positively to these requests and now has agreed to serve 30 prisons nationwide with accounts for prisoners. So far in 2009, The Co-operative Bank has opened accounts for prisoners in 25 prisons, with one of these prisons now opening more accounts than in Forest Bank.

In order to manage the demand for accounts for prisoners, The Co-operative Bank made a decision to restrict its service to the 30 prisons with which it currently has an agreement to serve. The expectation is that other banks will step in to serve the rest of the prison estate.

### 3,663 Cashminder accounts opened since 2006

By August 2008, at the end of the research study, The Co-operative Bank had opened over 1,392 Cashminder accounts for prisoners. By October 2009, this number had risen to 3,633 accounts, opened in nearly 30 prisons throughout the country.

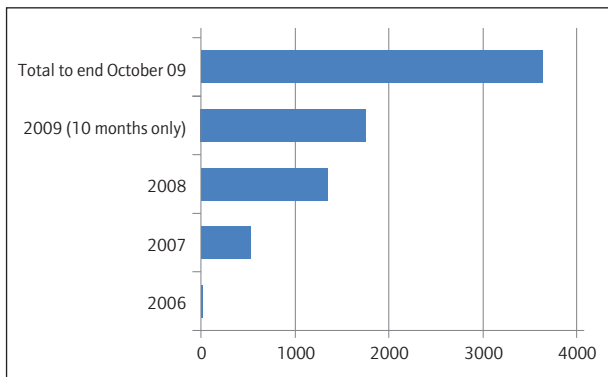
- In 2006, 22 accounts opened;
- In 2007, 519 accounts opened;
- In 2008, 1,336 accounts opened;
- In the ten months of 2009 to the end of October, a further 1,756 accounts opened (see Figure 1).

Since the inception of the project, the greatest number of accounts have been opened at HMP Forest Bank, with 863 accounts opened as of October 2009.

However, so far in 2009, more accounts have been opened at HMP Ranby than at HMP Forest Bank, 300 compared with 271.

In 2009 alone, over 100 accounts have also been opened for prisoners in each of HMP Erlestoke, HMP Haverigg and HMP Hollesley Bay.

Fig. 1. Number of Cashminder Accounts opened in prisons since 2006



Overall, more accounts have been applied for than were opened by the bank. In 2008, 8.32% of all applications were declined by the bank. This rose to 11.14% in 2009. Grounds for refusal include factual inaccuracies, inconsistencies on address history and suspected fraud, although it should be emphasised that this is minimal.

### The significance of a bank account for prisoners

In the 2008 study, prisoners said that they wanted to open a bank account to receive wages or welfare benefits, and as a support in securing a job. However, among the majority of prisoners, access to a bank account had far greater significance than as a method of money transfer alone. They wanted it to assist in money management, including saving, but more importantly, the significance of a bank account lay in the status, self-respect and social inclusion that it brought. They wanted an account “to feel better about myself” and “to feel part of society”.

*“I know it seems a bit trivial but sometimes it seems important also coz you just feel like everybody else don’t you sometimes. It’s been years and years since I ever imagined using a card in a shop.” (Ex-prisoner account holder).*

For inmates, the bank account offered the opportunity of a fresh start and it was seen by them as a significant factor in building a new life<sup>4</sup>. For many, it offered an opportunity to move away from living within a marginal, cash-based economy with all the dangers of re-offending that it entailed. It appears reasonable to conclude that it is this wider desire for self-respect and inclusion that continues to drive the ongoing demand for accounts from prisoners.

4 See, Jones P.A. 2008. 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. The Co-operative Bank and Liverpool John Moores University (LJMU), Liverpool. Chapter 9, page 64.

5 Ministry of Justice (2009). Reoffending of adults: results from the 2007 cohort. England and Wales. MOJ Statistics bulletin. 21st May 2009.

### Bank accounts and re-offending

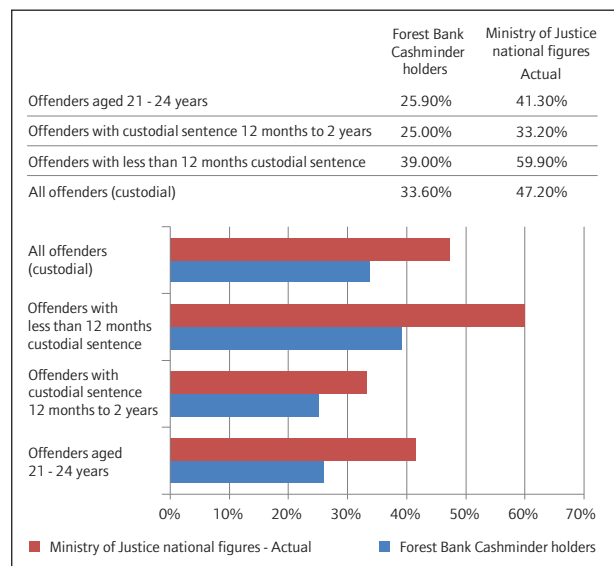
Certainly, the success of enabling prisoners to access bank accounts will be judged in the long-term by the extent to which it reduces re-offending rates. In the 2008 study, an early indication of a decrease in the re-offending rate of account holders to just over half the national average looked promising. It was early days however, and the then apparent reduction in re-offending was regarded tentatively albeit with optimism for the future.

Since the publication of the 2008 report, a more accurate comparison of the re-offending rates of account holders with the national average was able to be calculated, albeit on a relatively small sample. In the four-month period August 2007 to December 2007, 107 prisoners who had opened a bank account were released from Forest Bank.

- Within 12 months, 36 of these 107 ex-prisoners had re-offended. This was a 33.6% re-offending rate, a 28.81% reduction on the 2007 national prisoner reoffending rate of 47.2% as quoted by the Ministry of Justice<sup>5</sup>.
- 74 of the 107 prisoners had served sentences of less than 12 months, of whom 29 had re-offended within 12 months after release. This was a 39% re-offending rate, a 34.8% reduction on the 2007 national prisoner reoffending rate of 59.9% for prisoners in this category.
- 24 of the 107 prisoners served sentences of 12 months to 2 years of which 6 re-offended. This was a 25% re-offending rate, a 24.69% reduction on the 2007 national prisoner reoffending rate of 33.2% for prisoners in this category.
- 27 of the 107 were in the age group of 21- 24 years, of which seven re-offended. This was a 25.9% re-offending rate, a 37.2% reduction on the 2007 national prisoner reoffending rate of 41.3% for prisoners in this young person’s category.

Utmost care must be taken when making any claim for the impact of any one factor on re-offending rates, as multiple factors are at play in any behavioural change. However, it is encouraging that in all categories, re-offending rates were significantly less than the national average among bank account holders. This was particularly the case among offenders with sentences under 12 months, and young people, where the rate was over a third less than the national average.

Fig.2. Re-offending rates of prisoners in custody compared (2007 figures)



## Bank accounts and financial capability education

In the 2008 study, there was evidence that a significant number of prisoners had very limited understanding of the operation of a bank account and, in fact, the low-level of financial capability among ex-offenders was noted as a reason why some ex-prisoners failed to transition successfully to using a bank account. Indeed, it is now recognised by many agencies that financial exclusion and poor financial capability can collectively reinforce the circumstances that contribute to re-offending<sup>6</sup> and that co-ordinated action is required to tackle both simultaneously<sup>7</sup>.

From inmates and ex-prisoners, there was a general call for a better education about bank account usage, and it is clear both to The Co-operative Bank and the prison that access to a bank account would be best supported by equivalent access to financial capability education. Forest Bank has endeavoured to respond to this need by linking access to the bank account to the finance and budgeting education courses in the prison, even though attending one of these courses is not yet compulsory for inmates opening an account. However, given the high level of need for financial education in the prison, compulsory attendance on a money management course for those opening an account is being considered. However, there are major difficulties in achieving this given the resource and financial implications involved.

## Assessing the wider impact of The Co-operative Bank's intervention

The Co-operative Bank's involvement in bank accounts for prisoners far exceeds that of any other high-street bank and represents a major intervention in the sector. In response to direct requests from the prison estate, The Co-operative Bank now serves 30 prisons nationwide. There are indeed a number of banking schemes in prisons operated by other high-street banks and credit unions, approximately 40 across the whole banking sector have been mapped by UNLOCK, the National Association of Reformed Offenders<sup>8</sup>. These are often local initiatives with bank branches or smaller centralised projects initiated regionally. Certainly not all of the major banks are involved and less than half of the 157 prisons in the UK are served. Given that access to a bank account is often the missing link in prison resettlement plans, much has yet to be done to fully meet the needs of financially excluded prisoners.

It was argued by The Co-operative Bank from the outset that serving prisons on a national basis depended on the collaboration of all banks and building societies, accepting responsibility proportionate to their market share. It is for this reason that a positive outcome of The Co-operative Bank's initiative has been the support it has been able to give the British Bankers' Association's (BBA) working party, established through the intervention of UNLOCK, to explore access to banking in prisons and to encourage all financial institutions to accept equal responsibility in this regard.

This BBA working party has now prompted the National Offender Management Service (NOMS) to introduce a revised Prisoner Service Instruction (PSI) regarding identification (ID) for prisoners wishing to open bank accounts. Uncertainty about ID was often a hurdle preventing banks and prisons facilitating prisoner access to accounts. This PSI is now approved and agreed with the BBA, the banks and the Joint Money Laundering Steering Group. It instructs prison governors on the importance of prisoner bank accounts and introduces a pro-forma for prisons to confirm prisoner ID from prison records. It is a significant step forward in engaging both banks and prisons in the issue.

The impact of The Co-operative Bank's intervention can also be measured by the way in which prisoner access to bank accounts has also risen significantly on the national political and Ministry of Justice agenda. Recently the Minister of State at the MOJ, Maria Eagle MP, held a meeting with representatives of the banks to promote the opening of bank accounts by prisoners. One outcome of the increasing presence of the issue on the political agenda has been the recent Ministry of Justice decision to award a grant to a third-sector organisation to deliver a short-term project to support the establishment of working relationships between individual prisons and banks. This project is to start early in 2010 and will concentrate on working to connect prisons with banks locally and centrally in a way that facilitates easier access to bank account administrative processes for prison staff.

Providing prisoners with bank accounts is the hard edge of promoting social and financial inclusion. Whilst it is challenging, The Co-operative Bank project has shown how banks can play their part with positive results. Evidence suggests that valuing the potential of ex-offenders as participants in society, and offering them a fresh start offers the best long-term solution in terms of rehabilitation.

*The Co-operative Bank has commissioned this progress report. However the views and opinions expressed herein are the author's and do not necessarily reflect those of The Co-operative Bank.*

6 National Offender Management Service, 2005. Signposting Offenders to Financial Capability Training, Debt Advice and Financial Services, Home Office - London.

7 Cf. FSA (2007), Increasing Financial Inclusion, what the National Strategy for Financial Capability is doing to help. FSA London.

8 UNLOCK (2009), Mapping of Prison/Bank Partnerships. National Association of Reformed Offenders, June 2009.

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## Responses to The Co-operative Bank's initiative to open basic bank accounts for prisoners:-

*"Prisoners' ability to open and run an account to manage their finances can prove key to their resettlement in society once they are released, and access to a bank account is a core component of this. Without access to an account, finding a job or accommodation is often much harder for prisoners. In offering bank accounts to prisoners in nearly 30 prisons, The Co-operative Bank is helping the National Offender Management Service make a significant contribution to prisoner resettlement and to reduce re-offending rates."*

Maria Eagle MP, Minister of State at the Ministry of Justice

*"The BBA and its members recognise the important benefits that access to a bank account can bring to prisoners and ex-offenders. Having a bank account can help a prisoner make a fresh start and can reduce the likelihood of reoffending, to the benefit of the individual and to society as a whole. BBA's members are involved in a number of projects with HM Prison Service (HMPS) and National Offender Management Service (NOMS) designed to encourage prisoners to apply for accounts and for banks to accept such applications, where appropriate. The Co-operative Bank has been at the forefront of this work and its experiences at HMP Forest Bank and elsewhere are proving valuable in assisting other banks to play their part in this important area of financial inclusion"*

Angela Knight CBE, Chief Executive, British Bankers' Association

*"HMP Forest Bank has a comprehensive Pathways programme which works to assist prisoners into employment, housing, education and training after their release. Before The Co-operative Bank and Forest Bank collaboration, the fact that many prisoners could not open a bank account before or after release presented a real hurdle to the successful implementation of the Pathway's strategy. The Co-operative Bank's intervention to enable prisoners to open a bank account has been a major contribution to the reduction of re-offending rates of prisoners leaving Forest Bank. All prisoners are now offered the opportunity to open a Co-operative Bank account and over 900 accounts have been opened at Forest Bank since the project started"*

Steve Taylor, Deputy Director, HMP Forest Bank

*"The Co-operative Bank's initiative has provided a foundation for people to change their lives, increasing their self-esteem, social inclusion and opening the door to sustainable employment. In delivering truly financially inclusive policies, and encouraging others to do the same, The Co-operative Bank has shown itself to be an industry leader"*

Chris Bath, Director of Projects, UNLOCK, The National Association of Reformed Offenders

*"Getting this bank account from the Co-op has allowed me to get paid for my job; it has given me a sense of self-respect more than anything; and allowed me to feel part of society again. I have got to be honest with you and every time I go into a shop and use a debit [card] I do feel good about myself. It is amazing it does make a difference"*

HMP Forest Bank ex-prisoner after release

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[www.co-operativebank.co.uk](http://www.co-operativebank.co.uk)



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