Building societies at the heart of their communities
FOREWORD

Many large companies give substantial amounts of money to support a wide variety of sporting, cultural and environmental projects. However, some of these relationships are hard to fathom. Why, for example, does a coffee company sponsor a Formula 1 team? Why does an oil company support an art exhibition? And why does a drugs company help to plant beach grass on sand dunes?

The reasons for charitable giving by large publicly quoted companies appear mainly to be to improve general public relations, to be seen to be doing “the right thing”, or to counter potential criticism such as being harmful to the environment.

The way building societies make charitable contributions is noticeably different to this. Societies put in a lot of effort to build strong relationships with their local communities, supporting causes with which their members and staff have an affinity. The root cause of this difference is that building societies are owned by their local customers, rather than distant shareholders. Building societies’ sense of responsibility to the communities from which their members and staff are drawn is therefore not diluted by the interests of other groups.

Building societies do give substantial amounts to good causes – around £7.8 million last year – as well as many hours of volunteers’ time. But they go about this with the instinctive guide granted to them by their mutual status. For example, members frequently have a say in which causes are supported, and the donations are often limited to locally based groups.

Building societies have always recognised that their businesses are intertwined with the interests of the communities in which they are based, and societies’ considerable charitable activities reflect the importance they place on improving the lives of those within these communities.

This report identifies the wide variety of activities by which building societies deepen relationships with their members and employees, and how societies structure themselves and develop policies to ensure their community activities are as effective as possible.
EXECUTIVE SUMMARY

Building societies are run for the benefit of the customers that own them, and societies consider it their responsibility to care for the communities in which their customers live and work.

Building societies develop professional, meaningful relationships with a wide range of good causes that operate in their local communities. Rather than merely writing cheques to distant, unrelated charities, societies invest time, effort, and money to build arrangements that benefit the communities that make up a building society’s membership and staff.

By forming links with their local communities, building societies are deepening their relationships with current and potential customers and staff. Developing these links therefore not only benefits the local good causes, but also benefits societies’ business. Recent theories on corporate philanthropy advocate mutually beneficial charitable policies, yet building societies’ ownership structures and traditions have automatically provided this incentive and rationale for years.

Even so, societies are taking an increasingly strategic approach to their charitable activities by considering how the expertise and capabilities that they have could best be utilised by community groups to benefit all parties. Societies are looking at more rigorous methods to appraise the effectiveness of their community giving policies.

Volunteering is a very common way in which societies help local good causes. In 2007, each building society donated around 790 hours on average of staff time to community activities. Assuming this was replicated across the entire sector, this would amount to over 45,000 hours of assistance. In addition, the sector gave approximately £7.8 million to good causes in 2007.

Societies support good causes in a number of other ways too, ranging from offering affinity accounts, making donations for votes received at their Annual General Meetings, running accounts for charities, as well as general fundraising in branches and offices.

Societies have detailed policies that determine the causes that they support, and have differing approaches to building relationships with charities. Many seek guidance from members when choosing which causes to donate to. Some have set up Charitable Foundations that make donations on the society’s behalf.

Financial education is an area to which building societies are directing a growing share of their efforts, whether this be running school bank schemes or comprehensive educational packages that the societies have developed and delivered in schools and colleges.
INTRODUCTION

It is relatively easy for large companies to throw money at charities and needy causes. While acknowledging these substantial sums can help to make real differences, building societies interact with the charitable organisations and good causes that they donate to in a very different way. Rather than merely handing out cheques, they prefer to build deep relationships over time with their local communities, by investing money, but also staff time and expertise. This is a result of building societies’ mutual structure and historic links with their heartlands.

Building societies support a wide range of local causes, many of which may appear unrelated to their business. However, the interdependence of building societies with their communities can often provide the rationale for support given to seemingly unconnected activities.

Recent models and standards for charitable giving and corporate social responsibility (CSR) emphasise the benefits of devising community giving policies with reference to the donor’s business strategy. If causes can be supported that also benefit what the business is trying to achieve, this can be to the advantage of all involved. Building societies’ mutual model appears to have instinctively provided this discipline, because their members have always been at the forefront of all of their activities.

There may be a case for building societies taking a more rigorous approach to community investment decisions, including appraising the likely impact of any activity. A number of societies have already started down this route.

The improvement of financial literacy is attracting increasing levels of support from building societies, in a number of innovative ways. This represents the combination of a national problem that is relevant to building societies’ areas of business with the opportunity for local action. A more collaborative approach between building societies, together with individual societies providing local support, could really make a difference in this important area, as well as helping to differentiate building societies from other financial service institutions.

“As a local, mutual organisation we are committed to supporting the local community in which we operate. Charitable giving and community activity helps us build relationships with many local people and raise the society’s profile. Activity also boosts staff moral and generates a sense of team spirit, ultimately helping us to attract and retain the staff we need to provide a high level of customer service.”

Cambridge Building Society

“The work within the local community leads to an affiliation with the society, often families remain linked with TCBS through the generations”

Tipton & Coseley Building Society
Community activity

Building societies are engaged in a wide variety of activities in their community. This is not just because societies feel that this is something that they ought to do, it also yields real benefits for them, as well as for their communities.

“There are fewer and fewer supporters of community activity, so our involvement and support is more important than ever”

Darlington Building Society

A selection of examples, drawn from 33 responses to a survey conducted by the Building Societies Association (BSA) in early 2008, indicates the wide variety of areas where building societies are making a difference:

Arts & culture - Ranging from support from Shepshed Building Society for a local singing group to Skipton’s sponsorship of the Ilkley Literature Festival and Nationwide sponsoring the Mercury Music Prize.

Health - Causes including hospices all over the country, and Leek United and Loughborough building societies providing support for their respective local air ambulance services.

Sport - All sizes and types of activity are covered from Nationwide’s sponsorship of the national football teams to Tipton & Coseley’s affinity account for Tipton Harriers Running Club.

Education - Leeds Building Society is an example of the many societies that run young enterprise schemes at schools and colleges to develop youngster’s business skills, while West Bromwich have launched an internet based financial education game.

Environment - such as Cambridge supporting local animal sanctuaries, and Norwich and Peterborough Building Society’s sponsorship of a new website providing information on how to switch to green energy, or Newbury Building Society offering free home energy checks to all of its mortgage customers.

“[Community activity] considerably raised our local profile and enhances our reputation as a caring community based organisation.”

Melton Mowbray Building Society

It is natural for building societies to support their local communities, as they are owned by and run for people within these communities, as well as drawing many of their employees from the local region. Investing in community activities therefore deepens this relationship and strengthens the association of the building society with its community, improving customer loyalty and staff morale.

“Through our corporate responsibility strategy we aim to tackle disadvantage and empower communities to act across the UK.”

Nationwide Building Society

Even for the largest societies, local communities are recognised as important. Nationwide Building Society, for example, gave funding to the Local Heritage Initiative (LHI), which was a grant and advice programme that helped communities bring their local heritage to life through a wide range of activities, from building paths to recording oral histories. Nationwide’s support enabled LHI to unlock national lottery funding, allowing the scheme to get up and running. Nationwide also gave top-up grants for individual

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1 All figures quoted in this report, unless otherwise stated, are taken from these responses. Quotes are also taken from the completed questionnaires, as well as from subsequent correspondence with societies.
schemes within the LHI, enabling a much greater number of projects to take place. From the scheme, Nationwide not only got extensive coverage in numerous local media, but also developed a heightened awareness of community issues across a wide range of regions.

“We recognise that the major part of the society’s business and membership is drawn from the local communities within which we operate. Consequently we actively endeavour to identify with and support those communities.”

Monmouthshire Building Society

The definition of community activity can be extended to cover groups that the society has other links with. For example, the Teachers Building Society, which has no branches and whose membership base consists mainly of those in the education sector, makes donations to the Teacher Support Network, as this is a cause for which the society’s members have an obvious affinity.

“Charitable and community activities, support for environmentally sound measures and staff related actions are both expected and represent a key differentiator on which to develop the business and gain loyalty from members and staff.”

Yorkshire Building Society

Volunteering

Building societies do more than just give money to good causes. One of the main methods that societies contribute to their communities is by staff at all levels giving up their time to offer their effort and skills to others.

“Most of our real wins come from staff engagement. Staff love the chance to get involved and ‘be the difference’ and we receive regular feedback on how proud they are to work for an employer who cares.”

Chelsea Building Society

Volunteering has advantages compared to simply giving money to the good causes. For example, staff and building society members become more involved in the cause and develop a greater understanding about the issues being tackled, benefiting both parties. For example, Coventry Building Society said that “volunteering provides a range of learning and development opportunities for staff and helps engender a sense of pride in the organisation”.

“Many of the volunteers or beneficiaries are account holders with the society so our donations also enhance our reputation with members as well as the charities.”

Newbury Building Society

One of the main areas where building society employees help out is in local schools. This might be providing mentors or judges for Young Enterprise schemes, participating in the Right to Read scheme, running school savings schemes, giving lessons on financial management or general numeracy, or delivering comprehensive financial education packages in cooperation with teachers. Staff of all levels are frequently involved.

In 2007, societies that were able to estimate the amount of time that their employees devoted to community
activities indicated that, on average, each society donated more than 790 hours of staff time, equivalent to almost £25,000. This was a similar amount to the estimated cost of staff time given in previous years.

“We believe that supporting community groups / charities etc with resource and in-kind support has a much longer lasting impact than financial support. With such a huge range of staff and experience within our business we can offer a variety of support which can leave a longer lasting legacy.”

Chelsea Building Society

More than half (52%) of the societies that responded to the BSA survey ran a structured staff volunteering scheme. As part of this, staff at many building societies are granted a number of day’s paid leave each year to help causes in their local community. For example, Hinckley & Rugby Building Society gives all members of staff up to three days’ leave to get involved in community based projects of their choice. The society says that they “believe that local community organisations are always in need of more manpower to enable them to function on a day-to-day basis or to carry out projects. By encouraging our staff to play an active role we believe we are helping these organisations to fulfil their role in the community.”

Some societies also operate a matched funding scheme to try to encourage employees to give up some time to help needy causes. For example, Cambridge Building Society adds up all the hours that their employees have spent helping the local community in some way in the prior year, and matches this with a monetary amount. This fund is then used in the following year to support the local community. Leeds Building Society matches money raised by staff participating in sporting activities.

Such initiatives greatly increase the support received by good causes.

Following feedback from its members’ panel, as well as from its employees, Yorkshire Building Society launched its own volunteering programme, Actionteering, in 2007 to encourage staff to take part. Over 350 out of the 1,000 members of staff based at its head office have now signed up to take part. The society’s principal link has been with the local Young Enterprise initiative to launch a personal finance programme in nearby schools, but volunteers have also participated in a wide variety of individual and team challenges ranging from business mentoring at local “not for profit” organisations, school governorships, planting bulbs and renovating a local park together with residents and children. So far in 2008, six educational and three environmental team challenges have been completed with a further four challenges planned. The Actionteering scheme stimulates keen and willing volunteers to support community projects, enabling the society to undertake these activities in a controlled, co-ordinated and cost effective manner, leading to significant benefits for all involved.

As well as staff volunteering, a number of societies also give up premises for good causes. For example Furness host the Barrow Community Trust at their head office, and Ipswich Building Society allow local charities to use their offices and branches to promote events. Saffron Building Society has a mobile communications vehicle that it lends out at no cost to local community events such as fêtes, shows and sports events. This is greatly appreciated by groups that are unable to afford their

Saffron’s mobile communications vehicle that charities can use
own loud speaker equipment. Bath Building Society pays to advertise on a hot air balloon, in return for which they receive a number of free flights a year from the balloon operator. The society offers these free flights to local charities for use in auctions and as raffle prizes.

Britannia Building Society also runs a payroll giving scheme where employees can commit to donating a portion of their salary each month.

Charitable giving

Based on societies that responded to the BSA survey, the building society sector gave about £7.8 million directly to charities in 2007, and gave a similar amount in 2006.

However, one society that responded has taken the decision not to give directly to charity, but will support local charities by taking advertising space instead. Another supports fundraising events rather than making direct donations so that one charity is not favoured over any others.

“(Community activity) raises our profile within the local community and demonstrates to our local customers that we are socially responsible.”

National Counties Building Society

Policies for charitable giving

More than nine out of ten (94%) of those building societies that responded operate policies to determine which charities are designated to receive donations. Chesham Building Society sets out the purpose of its donations policy as to “encourage and support projects and activities which strengthen the communities in which our employees live and work and sustain the environment in which the society does business”.

“We have an enviable reputation for giving, but this means that we receive many more requests than we can accommodate within our criteria and budget for charitable giving”

Newbury Building Society

These policies help societies deal with the large number of requests for donations that they receive. Policies tend to specify the types of organisation and causes that the society will support, as well as those that fall outside the scope of its policy.

One of the main distinctions that many societies draw is that the causes must be related to the society’s local area. For example, the Scarborough Building Society will only support causes based within 20 miles of the society’s branches. In recognition of the loyalty their members have shown to the society, Barnsley Building Society looks to reward groups that have assisted in keeping their local communities together.

“We have always felt it important to donate to grassroots charities, which is where we can really make a difference to the local community.”

Newcastle Building Society

Activities that societies tend to encourage are those that are aimed at helping disadvantaged or vulnerable groups, as well as small neighbourhood and community groups that might struggle to attract funding from elsewhere. Another major area that attracts support is education, particularly efforts to improve financial literacy. Societies’ policies are also frequently aimed at promoting sporting activity or benefiting the environment. A number of societies look at the potential impact that their donation will have, keen to ensure that any money they give will be utilised optimally. For example, Nationwide’s selection criteria require that the activity demonstrates real (and where possible measurable) benefit for the local or national community or environment, and benefits Nationwide’s business. Barnsley Building Society requests details of the recipients’ plans for the future, to make sure the donation makes a real difference.

“Using Nationwide’s knowledge and expertise to support, contribute to and improve the quality of life of communities locally and nationally through providing access to opportunities.”

Nationwide Building Society’s Charitable Policy Mission Statement
In contrast, societies are reluctant to support causes that could receive Government or Local Authority funding, those that promote religious groups, the military, or individuals, or any schemes that discriminate against others in any way.

Building society charitable foundations often have more detailed donation policies, and many make grants only to registered charities.

Guidance from members

Three fifths (60%) of building societies seek member input when selecting their charities, and use a variety of methods to draw out customers’ opinions. Members are often invited to suggest charities and causes that the society should donate to, with many having forms or webpages specifically for this purpose. Members of the Progressive Building Society are able to nominate a charity or non-profit organisation working for the benefit of communities within Northern Ireland for one of the society’s Community Awards.

“The benefit to us [of community activity] is marking us out as a different kind of organisation that’s not only in it for the bottom line, that as a business we have a heart.”

Bath Building Society

Britannia Building Society put the educational focus of its charitable policy to the vote at its 2007 AGM, and got an enthusiastic endorsement from more than 80% of its members that voted, and Nationwide Building Society got nearly 98% support for its policy of donating 1% of pre-tax profits each year to charity, community and environmental activities. Others, such as the Saffron and Leeds building societies offer members the chance to select between charities to receive the donations from AGM voting each year.

Nationwide supports Disability Sports Events to provide the opportunity for disabled athletes to compete in sports at every level from regional to international events.

Like several other societies, Yorkshire Building Society ask their Member Panel, comprising more than 10,000 of their customers, which causes it should donate to. Some societies even have members on the committee that distributes the charitable donations. For example, three members of the Progressive Building Society sit on its Community Awards Panel.

In some cases, building societies also ask their own employees which causes the society should donate to. For example, West Bromwich Building Society asks staff to recommend a charity of the year. This must have outlets throughout the West Brom branch network so that all staff can get involved and feel an affinity to the charity, increasing the potential for fundraising.

Nationwide supports Disability Sports Events

Cash awards for community projects

Loughborough Building Society’s Community Matters application form
Relationships with charities

Societies also take different approaches when dealing with their chosen charities. Just over a quarter (28%) change their selected charities regularly. In contrast, the same proportion (28%) try to build long term relationships with certain organisations. However, the largest proportion (44%) adopt a mixed approach in dealing with charities, developing long term relationships with some groups while simultaneously supporting others on a more ad hoc basis. Those that tend to change the charities they support, however, are not averse to providing support on more than one occasion to a deserving cause.

“The Loughborough also aims to create as much publicity as possible for the charities they support as they are often unheard of. Helping to raise public awareness of these good causes is important as small charities and local groups often don’t have the expertise to do this for themselves.”

Loughborough Building Society, on winning the Contribution to the Community category at the 2008 Leicestershire Business Awards

A long term relationship is often nurtured because it gives the charity reassurance and stability, as they know that funding will continue for some time. For example, Skipton Building Society has a three year funding agreement with the Grassington Festival of Music and Arts. This gives the festival organisers the security to make longer-term development plans and to offer free events to bring in new audiences.

Investing for the long term also gives the building society a sustained profile with the charity, so much so that the two institutions may become synonymous in the public’s mind, such as Cambridge Building Society’s association with the Village and Community Magazine Awards.

A long term relationship can also allow a more fruitful link to develop. For example, Derbyshire Building Society has supported Rainbows Children’s Hospice since the charity’s foundation in 1994. This relationship has been built up over time, with the society now offering an affinity account, selling the charity’s merchandise in their branches and running various ad hoc fundraising events. Staff from the hospice have visited several Derbyshire branches to explain the work Rainbows does to the building society’s employees. As a result, this relationship was awarded the “Best Business-Charity Partnership” award by the Association of Children’s Hospices in recognition of the building society’s long standing and enthusiastic support.

However, retaining the flexibility to change designated charities regularly can have advantages of being able to support the most needy cause, and can sharpen staff enthusiasm for fund raising year after year. It may also be fairer, given a diverse membership base, to change charities regularly so that one interest group within the society’s membership base does not receive preferential treatment at the expense of others.
Branches

While many societies prefer to deal with all requests for support centrally, two fifths (41%) of societies also allocate money to branches for them to distribute to support charities.

Often this money is distributed by the branches in response to individual requests from local groups for their fundraising activities. However, this money is sometimes not to be used directly as a donation, but is to be used to generate additional funds, for example, by purchasing raffle prizes. Alternatively, branches at some societies are able to apply for funds from head office or from the society’s charitable foundation for charitable work. Stroud and Swindon Building Society did have a corporate charity for four years, but switched to a branch charity programme where staff and members at each branch could select causes that they related to, as it was difficult to choose one charity with which all staff and members had an affinity.

Several societies give a set amount to each branch, but Cambridge Building Society takes into account the branch size and location, as well as its knowledge of the community and the events that occur in each branch’s catchment area when distributing money to its branches. Ipswich Building Society sets conditions on the use of the money it allocates, and any request the branches consider must comply with the society’s general sponsorship policy. Nationwide Building Society branches give particular consideration to requests that have customer involvement in the group or activity. Every branch at both Scarborough and Stroud & Swindon building societies is encouraged to choose a specific organisation to partner with for the year.

However, even where branches are not allocated money from the society head office, they are usually free to partake in their own fundraising. This tends to take the form of collection boxes, fundraising days, selling badges and other charitable paraphernalia and holding raffles and competitions.

These tend to be matters for each branch to coordinate themselves, rather than being organised from head office. However, one society does not encourage the use of collection boxes because of the additional security risk that they introduce into branches. Based on those societies that were able to provide figures, the average raised per society was over £11,000 through its branch network.

National charitable appeals

Although a number of societies make considerable donations themselves to a wide variety of national charities such as Children in Need or Comic Relief, 67% do not. While they will hold fundraising events to support these causes, these societies instead prefer to focus society donations on local causes and organisations, providing their skills and time, as well as supporting them financially.

Some of the societies that donate directly to national charities do so by matching staff fundraising efforts (Scarborough), or by topping up the amounts raised by staff (Saffron).

It is more common for societies to accept donations from the public on behalf of national appeals, with almost two thirds of respondents (64%) saying they did this. Last year, Chelsea Building Society even became a call centre for Comic Relief. Societies also responded to appeals following disasters such as the tsunami in 2005 by acting as a conduit for donations.
Charitable foundations

Over a third of societies (34%) that responded to the BSA survey have independent charitable foundations. These are registered charities in their own right, and are not part of the building society or its group. They act as a conduit for societies’ charitable giving, and receive most of their funding via grants direct from the society that set them up. However, decisions about which causes are supported are made by a board of trustees, the majority of which are independent of the building society, and all of which must act in the interests of the foundation. In many cases the societies also meet the administration costs of the foundation so that all donations go to benefit good causes. Although there is not a direct link, most of the societies with charitable foundations tend to be larger building societies.

Those building societies that have established charitable foundations have done so to try to better manage their donations so that these funds have a greater effect on the causes they are trying to help. This is because the foundations often have dedicated staff whose task it is to develop close working relationships with those they are trying to help. The foundation’s independence may also give it more credibility and freedom. Donations can also be made with more certainty because the foundation can smooth donations over time out of their accumulated reserves.

Although charitable foundations are independent from the building society that provides grants to them, their grant-giving policies are often related to those of the building society. A recent study of charitable foundations found that foundations may be used as anything from a pure grant-makers to a fundamental element of the business-led corporate responsibility programme, without compromising their independence (CAF 2007).

Many building society charitable foundations have been in existence for almost ten years, and the role of the foundations has evolved over time with many taking on a more defined role in supporting the communities in which they are based, along the lines of societies’ charitable policies.

For example, following a review of the Melton Mowbray Building Society Charitable Foundation, the trustees decided that they wished to work more closely with the society in supporting their local community. The Foundation now focuses on kickstarting projects or establishing enduring initiatives within a catchment area of a 30 mile radius from Melton Mowbray, as well as supporting a variety of other community activities. Chelsea Building Society’s foundation has also redefined its role to fit within the society’s corporate responsibility agenda, while recognising the importance of the Foundation’s independence (CAF 2007). Donations from the society’s AGM votes help to engage Chelsea members with the Foundation, as they are able to indicate which charitable sectors they would like to see supported by the Foundation.

Grants from charitable foundations do not usually constitute all of a building society’s charitable giving. For those with charitable foundations, on average around two thirds (65%) of a society’s donations were channelled through the foundation, according to the BSA survey.

Although it has not set up its own charitable foundation, Newcastle Building Society contributes money to a fund with the Community Foundation that supports a variety of initiatives in Tyne and Wear and Northumberland. The Community Foundation selects causes according to the building society’s criteria and the society authorises all grants that are made, and can stipulate how the awards are made, such as spreading the funding for some projects over five years.

Dormant Accounts

The Government’s proposed unclaimed assets scheme aims to collect money that has been dormant in bank and building society savings accounts for 15 years or more, and to distribute this for use by good causes associated with youth projects, financial capability and social investment. The scheme is the subject of a Bill currently going through Parliament, and is due to come into law in 2009. Financial institutions that choose to be part of the scheme, including the larger building societies, will have to transfer any lost account balances to a central fund. As the Bill currently stands, however, most smaller building societies will be allowed to channel their balances directly to unspecified good causes in their locality. Building society charitable foundations will be able to bid for funds from the scheme, and will then be able to distribute them according to the foundation’s policies. As such, member’s money that may have been “lost” can be used to support causes that members care about, whether directly in the case of smaller societies, or via foundations for others.
**Annual General Meetings (AGMs)**

A separate survey by the BSA of building society AGMs\(^2\) showed that 73% of building societies offered donations in return for members casting their vote at the 2008 AGMs. This was a considerable increase on the 56% who offered donations at societies’ 2007 AGMs. In 2007, building societies donated approximately £250,000 as a result of votes cast, and the figure will be much higher in 2008, at more than £450,000.

This strategy has probably increased the number of members casting their vote. Out of those building societies responding, 55% thought that the turnout at their AGM increased because of the introduction of this policy. A further 10% said they did not know or could not tell definitively because of other changes to the voting process that took place at the same time (eg allowing online voting). However, 35% did not find that the turnout increased when this incentive was introduced.

In voting at 2008 AGMs, the most common amount to be donated for each vote cast was 10p, and the average donation was 28p per vote. The highest donation for each vote received was £2 for each vote cast in person at the AGM (as opposed to by proxy, by post or online). Otherwise the highest donation for voting by any method was £1 per vote, which was offered by three of the societies that responded.

Societies that offered internet voting tended to donate more to encourage online voting. For these societies, online voting led to a donation of 28p on average, compared to just 23p for other votes cast with these societies.

Most societies choose to make the donation from their AGM votes to their chosen corporate charity for the year. However, several building societies, including Leeds Building Society, offered members a choice of charities to which the donation from their AGM vote could go. Other societies, such as Ipswich Building Society, make the donation to their Charitable Foundation, which will then redistribute this grant to other causes.

**Accounts for charities**

Two thirds (66%) of societies operate deposit accounts for charitable organisations. The majority of these societies (84%) offer such accounts on the same favourable terms as are offered to other customers. Some offer preferential rates and these tend to be on rates substantially better than other corporate or club accounts. Other benefits with charity accounts include free coin bags and presentation cheques for photo opportunities.

Based on responses to the survey, the BSA estimates that at the end of 2007, building societies operated around 120,000 accounts for charities and good causes, with total balances of about £215 million.

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\(^2\) Based on responses from 49 societies, the same societies make up the last year comparison.
Affinity Accounts

Affinity accounts are savings accounts which pay some portion of interest on the savings balances to an associated charitable organisation or cause, rather than to the account holder. Approximately two thirds (64%) of societies that responded offered such affinity accounts. On average, the amount of interest paid to the good cause was equivalent to an annual rate of 0.9% of the balance in the account, with the most common amount being 1% of the balance. The BSA conducted a more detailed survey of affinity accounts in 2006, which found that around £5.8 million was donated to the associated causes that year.

Most affinity accounts are linked to locally based organisations. Building societies offer these products not just to attract new members and deposits, but to deepen relationships with their communities by supporting local organisations and enabling their members’ pride in their community to generate extra donations.

Several societies say they introduced affinity products in response to demand from their members. Nottingham Building Society offers its affinity accounts “to provide a service to heartland customers”, and Hinckley & Rugby’s member panel requested that the building society launch an affinity account, an indication of how keen members are to support local causes.

Societies choose their affinity partners carefully, opting for causes that are important to their local communities. A lot of affinity accounts are linked to local sports clubs or associations. The BSA’s previous work in this area showed that 85% of balances in affinity accounts were linked to sports-related causes. The remaining 15% of balances were linked to partners in a wide variety of areas, ranging from the local National Trust (Derbyshire) to hospices (several societies) to supporting red squirrels (Furness).

Derbyshire Building Society offers a “Community Saver” account, which is an affinity account where the cause is not predefined. Instead the saver gets to select the local charity or cause they would like to support when they open the account.

Leeds Building Society is among the societies that allow savers to donate the pence amount of their annual interest payment to charity. For example, if £26.14 was earned in interest in the year, the £0.14 would be donated. For each individual this is a small amount, but can amount to a large sum if a lot of members take part – as Yorkshire Building Society call their scheme – “small change, big difference”.

Although not an affinity account as such, for every one of its Family Saver Accounts opened in its branches, Scarborough Building Society donates a pound to the local Home Start scheme. Scarborough has links to eight local schemes that give support and advice to families with young children. The branch and its local scheme get together to jointly run family events or buy vital equipment to benefit people in local communities.

Darlington Building Society has developed a range of affinity mortgage products linked to local hospices, the local air ambulance service and the regional Federation of Disability Sport. These schemes operate by donating the equivalent of 0.25% of the outstanding balances each year, or by paying £100 on completion of the mortgage, and it is anticipated that in 2008 over £15,000 will be donated through these products.

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3 http://www.bsa.org.uk/feature/affinity_accounts08.06.htm
Community activity and societies’ business

This section looks at how building societies approach their community activities and charitable giving, from the point of view of their overall business operations and strategies.

“We are seen as an integral part of the communities we serve”
Darlington Building Society

The free market economist Milton Friedman wrote that the only “social responsibility of business” is to “increase its profits”⁴. This is because these profits can then be appropriated to the owners (members in the case of building societies, shareholders in the case of companies) and employees of the business. These individuals are then free to decide how these funds are used, and it is up to them to make any charitable donations as they see fit. According to this thinking, businesses should not give to charity or engage in community activities at all.

Building societies do, first and foremost, offer competitively priced mortgage and savings products to consumers, as acknowledged by Beverley Building Society’s comment that “the main interest of customers is the products we offer rather than what we give away”.

“Newcastle Building Society believes that by creating jobs in the north east, we can make a big contribution to the local community and economy”
Newcastle Building Society

However, Friedman’s philosophy does not necessarily apply if barriers exist that would prevent the individuals giving their time or money. These may include, for example, procrastination and inertia, that prevent people from getting round to making donations, even if they actually want to do so. Alternatively, if an institution can make a bigger difference by giving time or money than a number of separate individuals can, then there may be value in businesses engaging in community activity. This would imply that business and general society are interdependent, rather than in conflict: one’s gain is not necessarily the other’s loss.

“Showing an interest and offering a strong commitment to the local community has improved confidence in the society and our credibility.”
Ipswich Building Society

Building societies’ experience, as mentioned in the previous pages, indicates that their members clearly value them participating in community activities and charitable work. A survey of its own membership found that 72% of Britannia’s members said that the society’s approach to social responsibility was an important factor in remaining a member. When the membership is asked to vote on charitable policies, votes in favour are often over 90%, and those that vote against are often doing so because they would prefer a different cause to be supported rather than no donation to be made. For example, Yorkshire Building Society’s Member Panel Survey found almost 90% support for its Charitable Foundation’s current policy. This would suggest that, for whatever reason, people do appreciate donations or help for good causes being provided on their behalf by business.

“[Community activity] helps to engender team working and living of mutual values for staff.”
Saffron Building Society

The chart above right shows how building societies rated various motivating factors that could explain why they engaged in community activity. This presents the proportion that thought each factor was very important, as well as the proportion thinking each was quite important.

BUILDING SOCIETIES AT THE HEART OF THEIR COMMUNITIES

"Such an added value commitment to our communities is what our members expect from us, and actively demonstrating our organisational values in this way will increase their loyalty towards us."

Scarborough Building Society

This shows that almost all (94%) societies that responded considered that their responsibility to their community was a very important (82%) or quite important (12%) motivating factor behind their community activities. This indicates that building societies consider themselves an important part of the communities in which they operate. Given this, community activities that deepen relationships with the building society’s community in this manner are comparable to what Porter and Kramer (2002) term investments in the competitive context, changing the external conditions in which competition takes place. By investing in community activities, building societies are developing their reputation and standing with those that make up their membership and employees.

Good public relations opportunities were also a significant reason for engaging in community activities. This factor was very important to 69% of respondents, and quite important to 25%.

“Getting involved in local projects sends out a positive message that we are a caring organisation.”

Hinckley & Rugby Building Society

Community activities were also considered positive in relation to increasing the engagement of the building society’s staff, with 90% of societies agreeing this was quite or very important.

The BSA survey suggests that building societies work to develop deeper relationships with community organisations than other, usually larger institutions, and do appear to place greater value on building meaningful relationships.

“Community involvement provides us with a significant way of putting our values into practice and of contributing to the communities in which we live and work.”

Britannia Building Society

This could be partly due to historical context. Building societies were established more than two hundred years ago by people in local communities in order to house all the members that formed the building
society. The mutual ethic remains as strong as ever in building societies today. Building societies and their communities do not tend to exist together in tension: they are interdependent, and societies clearly recognise this. Unlike the donations of some large publicly quoted companies, donations and volunteering are not to counter wrongs that building societies have committed, nor are they given to local causes just on the basis of being local. Instead, they are deepening building societies’ integration in their communities.

However, it is not apparent that all building societies actively and explicitly consider the charities and causes that they support against their strategic objectives and operational aims. As the above chart shows, just 13% of building societies thought that community activities were very important in helping them compete. Instead, building community relations is instinctive for societies, a product of their mutual structure and historical origins.

“Our community activity confirms that the society plays a key role in the areas within which we operate and that the society’s management and staff are fully committed to making a real difference... at all levels of the community by providing support to those who need it most and opportunities to those who would otherwise be excluded.”

Leeds Building Society

Support for local causes, which may on first appearances appear a hotchpotch of unrelated donations, can therefore be an important strategy for building societies, and not just for the positive PR that such donations generate. These can build on building societies’ reputations for fairness and trust (BSA 2007), increasingly important attributes in today’s financial services industries.

“[Community activity] helps identify the society as being part of the local community.”

Loughborough Building Society

Another indication of the importance of charitable giving or community activity to building societies is given by where responsibility for these policies sits in the organisation. At half of societies (50%) that responded, responsibility ultimately lay with the chief executive. A further 25% said that community and charitable policies were the responsibility of the whole board or individual directors. Another 16% said that charitable policies were determined by senior managers. At the Furness Building Society all senior managers each have responsibility for at least one community project. Given the senior staff responsible for community activities at societies, there is therefore a significant chance that charitable policies will be constructed with a wide recognition of the potential mutual benefits for the building society and the community, if not consciously, as least intuitively.

“[Community activity] builds our reputation as a trusted and reputable society.”

Derbyshire Building Society

Some societies said that individual staff members were responsible for charitable giving or community activity. However, others said that responsibility was spread from directors down to branches or to all individual members of staff. This is likely to reflect different aspects of a society’s charitable work, such as choosing a corporate charity compared to fundraising in an individual branch.

Scarborough Building Society also includes a session on its community activity in its induction process, an indication of how important it is to the culture of the organisation.

“The community can feel secure that their local financial institution is there to benefit them and not just about making profit.”

Newbury Building Society
Within building societies the department that usually took on all, or at least part, of the work to do with community activities was the marketing or corporate communications department. This was the case at 52% of societies.

“We like to organise our community involvement such that what we give makes a difference in people’s lives. To do that effectively you have to know your community and what will and won’t make a difference.”

Bath Building Society

The chief executive was responsible for all or part of the work in 29% of societies, and the board or individual directors in a further 16%. The operations department was responsible for some or all the charitable work in 10% of societies. A couple of societies said that the society as a whole was responsible.

“The local community support.”

A core value of West Bromwich Building Society

In addition, some societies had other structures to guide their charitable policies, such as community and environmental departments, or community development departments within marketing. For example, Yorkshire Building Society has created a Responsible Business Practices Steering Group to oversee the constant developments in its community and charitable work, and how this work is organised within the society. Within this, personnel are temporarily seconded to part time management of the society’s Actionteering scheme and other programmes.
Modelling and formalising community activity

The previous section showed how community activity is vitally important to building societies, in terms of their responsibility to their communities, but also in terms of their business operations and competitiveness, even if this was not explicitly acknowledged, but instead was out of instinct due to their mutual structure and traditions.

While many large companies appear to use community and charitable activity defensively, many building societies are actively exploring the opportunities that community activities can present.

“We use our own local connections and contacts to help charities and groups benefit from our knowledge and experience.”

Chelsea Building Society

However, building societies may benefit from a more rigorous and explicit analysis of the causes that they support from a business standpoint, as this could benefit both their community, and also the building society itself. This may require decisions about community activities to be approached with a different mindset within building societies, thinking more in terms of giving strategically or competitively.

“As a mutual, we have long taken an active role in our communities through sponsorship, fundraising, donations and staff volunteering and it’s very much a part of what we are all about... We believe it’s about both sides gaining.”

Skipton Building Society

A survey by the Economist Intelligence Unit found that those companies that thought they were doing well on sustainability (which includes community activity) were generally seeing better financial results than those that believed they weren’t doing well on sustainability (Economist Intelligence Unit 2008). A report from the charity Business in the Community compiles case studies that show that taking community activities closer to the business’s core operations yields more for the causes being supported (Business in the Community 2006).

Business in the Community also promotes a more rigorous measurement of the effectiveness of donations, while acknowledging that no standard measurement methodology can be applied to all activities.

An excellent example of a building society thinking strategically about how it can achieve its goal to improve its communities is provided by Newbury Building Society’s Loyalty Card. The building society has joined with nearly 50 local businesses across its operating region and negotiated discounts for all its members when they show their loyalty card. The society also meets with the businesses to share ideas on serving local customers. The result is a virtuous circle where local businesses work together to provide benefits wanted by local people who in turn support local businesses. Newbury sum up how they looked at making the most of their skills and capabilities to support too great a variety of causes. While this obviously provides some benefit to those supported, a more carefully considered approach could possibly yield greater benefits for all concerned.
develop a mutually beneficial community programme:
“We are good at knowing people; we are good at finding out what people want; we are good at organisation; we are good at marketing; we know what value is and we genuinely care about the prosperity of the nine towns we serve. Our Loyalty Card brings that all together.”

In cases where the society’s involvement will add value, Bath Building Society’s community policy explicitly commits the society to act in concert with partners, such as the Bath Round Table organisation or the Local Authority.

Other building societies have attempted to add more rigour to their community activities. For example, Nationwide and Coventry building societies use an approach similar to that formulated by the London Benchmarking Group (LBG). This attempts to formalise the management of community programmes by quantifying and measuring the inputs, outputs and longer term effects of any given scheme or project. This approach is summarised in the matrix below.

By using this approach, Coventry hope to be able to quantify their total community investment as a single monetary figure and, where possible, evaluate where they have been able to make the biggest difference, for them and their community. This methodology adds some rigour to community investment, helping the society to appreciate the full costs of activities, and how they should be most appropriately allocated, not just where the costs hit budget lines. Coventry also hope to measure the impact (what changed) as a result of their larger investments, not just the outcome (what happened), and use this information to guide future community investment decisions.

Among other honours, the Hanley Economic Building Society was awarded the Community Mark award in 2005, achieving the highest mark in the country at the time. This award recognised the work that many small and medium businesses do in their local community and provided a model for businesses to maximise their positive impact on the community, whilst drawing out the commercial benefits. This also entailed developing staff through community involvement. The award recognised Hanley’s community programme was fully integrated with its operations, and that a high proportion of their staff were actively involved.

### THE LBG INPUT/OUTPUT MATRIX

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Community activity</th>
<th>Cash</th>
<th>Time</th>
<th>In-kind</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time</td>
<td>Value of the time contributed by employees during company time</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>Total cash contributed</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Community benefits</th>
<th>Business benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage</td>
<td>Additional contributions to the activity from other sources</td>
<td>Quantified details of how the activity has benefitted society, e.g. number of people helped</td>
</tr>
<tr>
<td>Community benefits</td>
<td>Quantified details of how the activity has benefitted the company, e.g. value of positive press coverage</td>
<td></td>
</tr>
<tr>
<td>Business benefits</td>
<td>Assessment of the long-term achievements of the activity, i.e. how is the world a better place as a result?</td>
<td></td>
</tr>
</tbody>
</table>
A study by the Economist Intelligence Unit (2008) into “sustainability”, which encapsulates community activity, concluded that there were ten lessons for corporate leaders, a number of which many building societies already appear to have taken on board. Paraphrasing these for community activity, these were:

1. The quality of community activity counts more than quantity
2. Organisations need to figure out for themselves what they think is “right” and act accordingly, rather than pander to public demands
3. Businesses need to understand the impact of their operations on those around them
4. Good community activities concentrate on what an organisation does best
5. Business should recognise that community activities can benefit the organisation as well as benefiting society generally
6. Clear leadership and senior management support is required
7. The behaviour of partner organisations and suppliers matters as well
8. Monitoring the effectiveness of community activities is required
9. Community activity needs to be integrated into business structures and processes, not just an add-on
10. Businesses need to constructively engage with the issues that are being confronted in the community activity

Business in the Community have recently relaunched the Community Mark standard for organisations of all sizes, with a new set of requirements relating to management processes and the impact on the community and the business. The aspects of the new award are summarised in the diagram above. This may appear to be a formalisation of what many building societies already do, but the added rigour of analysing the impact of activities may be worthwhile, as is the recognition that the social issues relevant to the specific business are likely to be the most appropriate causes for them to tackle.
Limits to applying a business case

Are there limits to looking for causes and community activities that fit with business objectives? It could be claimed that it is sufficient for businesses to engage in community and charitable work just because it is the “right thing to do”. While such morally motivated behaviour can undoubtedly help the intended causes, claims made by businesses about their virtuousness are likely to be met with scepticism by the public. Furthermore, if a business case also exists for making the donation, the cause could be helped even more.

“[Community activity] improves the public perception of the society and the morale of the society’s staff”

Market Harborough Building Society

A business can, and will, have an element of self-interest when giving to charities and communities. For example, building societies’ community activities help to build their reputation as caring and trustworthy institutions with their existing and potential customers. Acknowledging this self-interest during the community investment decision can spur greater benefits than if the organisation were to donate to a completely unrelated cause, because a carefully targeted donation can also allow the charity or good cause to make the most of the business’s capabilities.

Also, if there is some fit with the business’s operations, any community initiatives will seem to make more ‘sense’, making it easier to generate enthusiasm in staff, customers, charities and the community. There is also likely to be less cynicism, as the relationship between the business and the cause can be better understood. As it is the owner’s money that is ultimately being given away, even if a section of the business’s owners disagree with the cause, a business case for the donation could help to justify the support that was given.

If there is some sort of benefit to the business, it also encourages longer-term donations, meaning that charitable initiatives can be sustained.

“Modern Mutuality: Enhance the communities in which our members live through responsible behaviour, charitable giving and by providing sustainable employment.”

Part of Scarborough Building Society’s Corporate Social Responsibility Policy

However, it is important to consider donations that are good for the business against the needs and demands of other interested parties – including customers and employees, and specific interest groups within these, as well as the wider community, as their interests may not all be in line. A more rigorous approach to decisions about community activity is likely to uncover potential conflicts.

In addition, measurement of the effectiveness of different community activities should be proportionate. The costs of capturing the relevant information need to be weighed against the benefits in terms of better decision making. Measurement should also be done in order to make better decisions about donations rather than just for show, or to tick boxes.
Financial education – building societies’ charitable calling?

In recent years the need for everybody to be financially capable has attracted increasing recognition, with many bodies advocating the development of a base level of financial understanding as fundamental to improving individual financial decision making, and therefore improved financial wellbeing throughout their lifetime (see, for example, HM Treasury 2008). The Government has launched an initiative called “Every Child Matters” that aims to address financial well being through the education system.

Financial capability and inclusion are already growing areas for building society charitable giving. This represents a cause that fits naturally with building societies’ area of business, and one in which they can use their skills and capabilities to make a significant difference. This is recognised by many societies, from those such as Furness that run school banks, to fully fledged education programmes and interactive educational games as at West Brom. Nationwide has sponsored a book called The Teenager’s Guide to Money and Norwich and Peterborough Building Society has made a five year financial commitment to the regional National Skills Academy in Financial Services.

Individual building societies are having a significant and direct impact on financial literacy through their financial education initiatives. The following case studies are examples of building societies using their scale and capabilities to support good causes in ways that individual members could not alone. They are also clear examples of building societies thinking carefully about where they focus their donations, and how they go about their giving.

Scarborough Building Society has developed the Young Finance Manager computer game and workbook with help from the financial education charity pfeg (Personal Finance Education Group). Using situations and terms which occur in real life, this asks 13-15 year olds questions that will benefit them when they have to look after their own finances, such as the difference between a standing order and a direct debit.

“We live in a culture of growing debt and, as a financial institution, we believe that we have a responsibility to ensure that children in our communities reach adulthood with the knowledge that they need to ensure they do not perpetuate the same cycle.”

Scarborough Building Society
In response to the Government’s “Every Child Matters” initiative, Ipswich Building Society has launched Money Days with the purpose of developing a programme that could support schools in the Suffolk community to teach children about money and savings. Teachers have been impressed by the level of detail of the resources provided by the society and have appreciated the volunteers’ advice on how to deliver financial education.

The activity has been specifically designed to increase financial understanding, competence and responsibility with a creative and engaging approach coordinated to support the education system. Ipswich has also invested in research to help understand how children are educated about money, as well as looking at how many children have ever visited a bank or building society. By displaying the children’s work in its branches, the society is encouraging more children to visit, and hope over time that they educate a younger generation about becoming more confident and familiar with visiting banks and building societies. The society also collects feedback from children, teachers and its own employees to assess the effectiveness of the scheme.

After its initial investment to develop the scheme, Ipswich has made an ongoing financial commitment to ensure that this successful project can continue to grow.

Britannia Building Society’s community involvement policy has determined that the society will support education, wherever possible promoting an improvement in numeracy or financial capability amongst children and young people.

One result of this has been the Fit4Finance scheme, which has been developed in-house by Britannia. The financial games within the scheme have been approved by pfeg, the financial education charity, and are designed so that they do not add to teachers’ workloads. Volunteers from the society go to secondary schools, sixth forms and young offenders’ institutions to deliver practical workshops that give guidance on topics such as budgeting, saving and credit. This aims to raise students’ awareness of financial products before they are required to use them. According to research by Britannia, pupils demonstrate a 40% increase in financial awareness on average as a result of the Fit4Finance scheme.

Britannia also sends volunteers to local primary schools to play number based games in lunch times under their Number Partners scheme. This aims to improve children’s numeracy.

By mid 2008, Britannia had in excess of 350 staff volunteering for these schemes, and almost 30 of the society’s employees had achieved the City & Guilds Community Mentor Associate qualification through their participation.

West Bromwich Building Society have launched the Awesum Challenge, a web-based maths game that develops confidence in handling money and financial literacy in children in a fun way. Over 5,000 youngsters have successfully completed the game while another 100,000 have clicked on to the website to play or visit the game.

It is not just the young that are being assisted. West Brom have also run roadshows with the charity Help the Aged to help pensioners on low incomes to learn how to cope with their finances in winter.
National Counties Building Society is one of a number of societies to address the related problem of financial exclusion by working with a local housing association to provide tenants with access to affordable small loans. Such loans might not normally be available to these borrowers via mainstream financial service providers, so these products may prevent people falling back on door-step lenders and loan sharks.

The Charities Aid Foundation study into charitable foundations that was referred to previously found that some foundations were established specifically to support a single cause that is central to the “parent” organisation’s social responsibility agenda (CAF 2007). This is almost a move towards the establishment of a new charity to address a specific social issue that exists in the organisation’s competitive context.

“The role that the society plays in helping local communities and charities is very important. We have successfully harnessed the enthusiastic support of our members and staff for initiatives ranging from straight forward fundraising to volunteering”

Leeds Building Society

For building societies, financial education might represent this central cause, and one that links easily to local community initiatives that are also central to societies’ business models. However, societies may benefit from greater collaboration so that efforts to prepare resources within one society are not duplicated unnecessarily at others. Links between individual societies and the local community could still be forged by staff volunteering to help deliver the education sessions in local schools. Financial education perhaps represents an opportunity for the whole building society sector to collaborate, further differentiating themselves and the mutual model by showing that building societies care about tackling the problem of low financial literacy in society.

Future community and charitable policies

Generally, people approach business decisions with a certain mind set, weighing the costs and the benefits, including the return over time. However, people often approach charitable giving, even by institutions, with a completely different mind set – one of who should be helped today.

This has changed in recent years. Building societies are putting more rigorous decision making processes in place when deciding how to support good causes, and which community groups or charities to support. Increasingly, causes that are relevant in some way to the business supporting them are likely to attract funds. These trends are likely to continue and spread to other societies. However, each society will continue to use different policies to reflect their differing contexts and circumstances.

The result is that different approaches will be suitable for different institutions. A recent publication entitled “Engaging business in the community – not a quick fix” (Bush et al 2008) advocates a considerable amount of Government action in encouraging community involvement. However, there is a risk that any Government intervention could be restrictive, when a more flexible and adaptive approach is likely to yield more effective results for all involved. Direct Government involvement in this area should be kept to a minimum.

“It is a good way to develop contacts in the local communities and can provide us with new networking and business opportunities and promote mutuality. Branch staff can relate to these activities in a way which helps them engage with the people which enhances relationships and improves customer service and customer knowledge. By supporting the community the community supports us back, which will be to our advantage.”

Newbury Building Society
One area where Government will inevitably be involved, though, is via its proposed unclaimed assets scheme, which should free up some funds for building societies and their charitable foundations to use. It would be beneficial to look at how and where to allocate and distribute this using a strategic mindset.

There is an opportunity for co-operation between building societies and society in general to further common aims and try to improve relevant problems in wider society, such as the need for greater financial capability. Building societies are currently providing a number of excellent, but disparate, financial education schemes relating to this issue, but increased collaboration could yield even greater returns for all involved.

**Conclusion**

Building societies help a huge range of community groups, charities and good causes, covering a wide variety of interests and needs.

“It shows that we are a local business, who is prepared to support local ‘good causes’, building partnerships which may benefit the society either through customer loyalty, staff morale, and by enhancing our company profile”

*Chesham Building Society*

Building societies take community giving very seriously. It is not just because it is right to do something, nor is it to mitigate bad PR. Instead, societies value developing meaningful relationships with local causes, more so than appears apparent with the large plcs. This is because mutuality grants building societies an instinctive link to communities, meaning that they engage in charitable giving that aligns closely to their operations and the people that they engage with. They can select causes that matter to their members, who greatly appreciate the difference this can make. This helps to engender a greater sense of trust and fairness, which are vitally important for financial service institutions.

Societies may be able to think more about how community activities link with and benefit their business goals, and be more rigorous in how they approach community investment decisions. This includes attempting to measure the impact that their donations of time and money have on the causes they are trying to help. A number of societies are already heading in this direction. However, any attempts to analyse community activities need to be kept in proportion, and should not develop into an industry that consumes efforts that would be more usefully spent on helping good causes.

“[Community activity] helps to demonstrate how a well established business in the region can play a significant role in supporting the local community outside of its core business”

*Stroud and Swindon Building Society*

Building societies are putting increasing amounts of effort into financial education. Addressing low levels of financial capability is a major issue across the country today, and one where building societies’ skills could prove very useful. This national issue is already benefiting from the efforts of a number of societies. An opportunity may exist, though, for building societies as a sector to work together and use their knowledge to help improve standards of financial literacy in the country, while imparting their expertise at a local level.

“Community support is an integral part of and built into the ethos of being a mutual organisation.”

*Newcastle Building Society*
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