

The ethical Church-Bank of England



The Church of England has acquired a bank.

Well, the Vatican's got one, so why not?

The Church Commissioners for England confirmed that as part of a consortium of investors they will be partnering with Royal Bank of Scotland (RBS) to create a leading challenger bank from 314 RBS branches across the UK.

Gosh. The Church of England is once again to become a 'leading challenger' in something.

The confirmation follows the decision of the board of RBS to favour the bid of a consortium which includes the Corsair Capital investment fund, Centerbridge Partners and the Commissioners to create a new bank with a focus on ethical standards and servicing the needs of retail and SME customers.

The new bank, to be called Williams and Glyn's (W&G), will be a vigorous challenger in UK business and retail banking sector with a projected 5% market share of the small and medium sized enterprise (SME) and mid-corporate banking markets, and a 2% share of UK personal current accounts. Williams & Glyn's origins date back to 1753 and the name has been dormant for almost 30 years.

A bit like the Church of England.

Revival and resurrection are always welcome.

But His Grace would rather this new Lambeth Bank had been called Justin's & Glyn's, for the impetus for its foundation certainly came from the Archbishop of Canterbury. The Independent notes that he has become "a major figure in the struggle to reshape Britain's banking sector due to his position on the Parliamentary Commission on Banking Standards. He clashed with RBS's chief executive, Stephen Hester, last November in the role, asking: 'What is the duty of an enormous bank like yours – approaching 100 per cent of GDP, well into the hundreds of billions of pounds – what is your duty to society, and why didn't you mention it?'"

The Archbishop of Canterbury is still a member of the Banking Standards Commission which was established to investigate the culture and performance of banking in the United Kingdom, and to make recommendations for a new banking act. With a background in business, he is perhaps uniquely placed to comment upon the behaviour of the financial markets. He observed last year in his Zurich speech to financiers:

In the case of the financial markets and infrastructure of the world, what has been obliterated is not physical, plant, property and equipment, but confidence. There is no longer confidence in banks as

safe, in banks as virtuous, or in bankers as being part of the same world as the rest of us and with the same values and desires as the rest of us. That loss of confidence may be unfair, in many cases I would argue that it is, but it is a reality.

According to the bankers, the financial crash was brought on by 'an unfortunate moment of carelessness'. According to the people, the only response is 'à la lanterne' (a reference to the French revolutionary lynching of the nobility and the clergy from a lamp post). Whatever the reaction and wherever the truth, the Archbishop is of the view that 'too much effort is going into putting Humpty back together again, and it can't happen'. He expounded his own observation of the cause:

Activity without purpose is anarchy. It may not look like anarchy, it may in fact be very well organised anarchy but unless it has a serious and clear purpose activity is merely random. One of the biggest faults in the pre 2008 financial markets was essentially they were exponents of anarchy in this sense. They involved wild and frantic activity, often by exceptionally intelligent people, working very long hours, but they had no socially useful purpose. The industry was referred to as financial services, but in fact it served nothing. In the UK, where most of it was housed, SME's (small and medium-sized enterprises) still struggled to find finance, although they were based within close reach of the largest financial centre in the world. Martin Wolf, the Financial Times columnist, said in 2009 that the UK suffered from having a 'mono crop economy'. By that he meant, that like Nigeria with oil the UK had finance. Far from being the goose that laid the golden egg, it was in fact the cuckoo in the nest that pushed all the other fledgling industries out to die. The same can be said of much finance in other places around the world. Certainly, it was true of the hedge fund industry in the United States, and of much dealing activity across Europe and in the Far East. Finance had become a feature of its own, rather than anything with intrinsic value.

This new bank will be a serving bank. Andreas Whittam Smith, first estates commissioner, said: "The Church Commissioners are excited to have the opportunity to be involved in creating a U.K. challenger bank operating to the highest ethical standards and giving consumers more choice. We are delighted that the Royal Bank of Scotland recognised the strengths of our bid and the consortium's vision, and have chosen the consortium as their preferred bidder."



Andrew Brown, Secretary to the Church

Commissioners, said: "This is a great opportunity for the Commissioners to invest in an exciting opportunity for the benefit of the serving and retired clergy, bishops, cathedrals and the wide work of

the Church of England throughout the country especially in areas of need and opportunity.”

The Church Commissioners for England are responsible for managing a well-diversified investment portfolio with the aim of producing returns to support the Church of England’s work across the country. They manage an investment fund of some £5.5 billion, held mainly in a diversified portfolio including equities, real estate and alternative investment strategies. The Commissioners’ work today supports the Church of England as a Christian presence in every community.

The annual objectives of the Church Commissioners include:

- A return on investments of RPI +5%
- Supporting poorer dioceses with ministry costs
- Providing funds to support mission activities
- Paying for bishops’ ministry and some cathedral costs
- Administering the legal framework for pastoral reorganisation and settling the future of closed church buildings
- Paying clergy pensions for service prior to 1998
- Running the national payroll for serving and retired clergy

Might things go wrong? Of course they may, but nothing ventured, nothing gained. There will be those who will pore over every investment made and the handling of every private account to ensure that they reflects their reading of a 'biblical worldview'. His Grace will now look into transferring his meagre stipend from the unethical sharks to ++Justin's "new bank with a focus on ethical standards". Now all we need is an advertising jingle for this venture to prosper. How about:

Church of England - the Bank that likes to say Bless?

Forgive us our debts, as we forgive our debtors?

Over to you..

Archbishop Cranmer blog