

Ratings billed as 'FairTrade' label for banks

By Matthew Vincent

Bank accounts and credit cards are to be rated according to the "wellbeing" they promote in customers, under a new scheme that aims to become the financial equivalent of FairTrade labelling for food.

In the past two weeks, The FairBanking Foundation – a research-based charity – has invited all the big UK banks and building societies to take part in a sur-

vey of how well their accounts and cards help customers to budget, save and reduce debt. Their responses will then be combined with customer opinion polls and complaints data to award the first "star ratings" and FairBanking marks. Institutions that qualify for a FairBanking mark will be able to display it on their product literature and websites from June next year.

Detailed questionnaires have been sent to 50 banks and building societies to ascertain how well their latest products help customers manage their finances. Questions on current accounts, for example, ask whether they provide alerts when balances reach a certain level, enable tracking of expenditure, and allow customers to set up plans to pay off debt. Similarly, questions about credit cards

ask whether issuers show customers how long different repayment levels take to clear a balance. In addition, the survey will find out how many providers offer regular savings accounts encouraging customers to set savings targets and meet them.

To verify the responses, The FairBanking Foundation will commission research firm Ipsos Mori to poll 250 customers of those banks and building societies scoring highly, and will check published complaints data before calculating a final star rating, between one and five.

In an initial study, published in February, the charity found that only three UK bank accounts and one credit card merited stars. But director Anthony Elliot believes the award of the first FairBanking marks will prompt institutions to improve their offerings. "We anticipate the mark will garner interest among customers and banks will want to be offering products that are encouraging financial health," he said.

Royal Bank of Scotland (RBS), the Post Office, and Saffron Building Society – which gained a provisional three-star rating for its Goal Saver Account in the earlier study – have already expressed support. "We believe the development of a FairBanking mark or standard could provide a positive new way for consumers to compare products and services from the financial services industry," said Charlie Smith, director of brand at RBS. "Anything that helps us build independent measures of fairness in an easily accessible way is really, really helpful," added Post Office marketing director Gary Hockey-Morley.



three stars
for financial
well-being



five stars
for financial
well-being