

News Analysis

'Fairbanking' label lauds customer focus

Banking

Only four providers qualify for new accreditation, writes **Matthew Vincent**

Only one high street bank, and three smaller account providers, have been judged worthy of the first "Fairbanking" marks for financial products, under a new accreditation scheme similar to FairTrade labelling for food.

More than 250 current accounts, savings accounts and credit cards, issued by more than 40 UK institutions, were assessed by The Fairbanking Foundation – a

not-for-profit, research-based charity that aims to improve the financial well-being of consumers – but just four were awarded its lowest three-star mark on Tuesday: RBS/NatWest's "Your Savings Goal" tool, Saffron Building Society's Goal Saver account, and the no-overdraft current accounts from Secure Trust Bank and thinkbanking.

These products will now be able to display the Fair-

banking mark on associated customer literature and web pages.

To gain a mark, banks and building societies had to submit product details for analysis by the foundation, which measured them against criteria such as how well they helped customers control day-to-day finances or meet savings goals.

In addition, independent customer surveys were conducted by Ipsos MORI to

confirm whether customers found the products useful, and complaints data was checked to ensure customer service made the grade. A Fairbanking accreditation panel then reviewed the results to award a three, four or five-star mark.

Antony Elliott, director of the Fairbanking Foundation, said a small number of qualifying products showed how much work UK banking institutions had to do to meet customer needs – but hoped the first awards would spark competition.

"Many firms have yet to 'see the light', but an increasing number have – and these enlightened organisations are talking to us about plans to improve product offerings. We are excited about the extent to which the Fairbanking marks programme is encouraging the industry to move in a much more customer-orientated direction."

RBS/NatWest and Saffron Building Society were recognised for facilities that let customers set savings targets and monitor progress online. "We've seen our customers' savings behaviour change for the better. We're thrilled an independent body has recognised what a fantastic saving resource it is," said RBS/NatWest head of savings Phil Sheehy.

Secure Trust bank and thinkbanking – a service run by RBS for the Think Money Group – gained marks for no-overdraft current accounts with tools that enable customers to set budgets and analyse

their spending. Social Finance, the organisation that aims to build a social investment market in the UK, praised the accounts for helping consumers manage household bills and removing the risk of penalty fees. It estimates only 150,000 UK consumers are presently taking advantage of such accounts.

Although the Fairbanking scheme does not involve the government or regulators, it has been welcomed by

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the Treasury and the Financial Services Consumer Panel. Mark Hoban, financial secretary to the Treasury, said: "The government is committed to helping people take responsibility for their finances and I am pleased to see voluntary initiatives developing to promote financial wellbeing."

However, not a single credit card qualified for a Fairbanking mark. Elliott believes the scheme has the potential to change product design, if it becomes

widely recognised. "The marks will serve to provide clarity as to which products are the most helpful – and drive up standards," he said.

