

Public Faith and Finance:

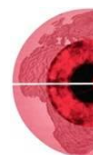
Faith responses to the financial crisis



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Notes

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The **Centre for the Study of Ethnicity and Citizenship** is a research centre in the **School of Sociology, Politics and International Studies** at the **University of Bristol** that focuses on: ethnicity, religion in public life and the politics of diversity and citizenship: <http://www.bristol.ac.uk/ethnicity/> It is also home to **Public Spirit**, the online portal for debate and analysis on religion and public policy: www.publicspirit.org.uk

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Executive Summary

Overview of the report

This report looks at how faith organisations have been responding to the impact of the financial crisis and the politics of austerity. It is based on a scoping survey of the work of 90 faith organisations and 13 case studies of faith-based initiatives, conducted by a research team based in the Centre for the Study of Ethnicity and Citizenship at the University of Bristol. This study builds on a core area of the Centre's work which focuses on the role of, particularly minority, religions in public life. The project is hosted by the Centre's online forum on religion and policy, *Public Spirit*. It is funded by the Barrow Cadbury Trust as part of an ongoing interest in promoting economic justice.

The role and impact of faith organisations in providing welfare services, and particularly in the context of economic recession and welfare reform, are well recognised. It is important to acknowledge that faith organisations are not only plugging gaps in social or financial provision left by the market and state, but also bring critical perspectives to questions of socially just economic organisation. Across different religious traditions, faith organisations are also mobilising values, people and resources to develop and innovate alternative approaches to market-based finance and credit. This report focuses on the role of faith organisations in:

- 1) assisting those experiencing financial hardship;
- 2) engaging in activism on and campaigning for the reform of financial products and services;
- 3) advocating or providing alternatives to market-based finance.



We explore how faith organisations, particularly from minority religious groups, view the effects of the financial crisis and austerity on faith communities and neighbourhoods and the ways in which they are responding to these issues. We examine the ways in which they assist those experiencing financial hardship, the issues on which they campaign, and the alternatives to market based finance they are helping to develop or advocate. We look at how and with whom they collaborate, and the values, models and practices that underpin their work.

Key findings

Faith values and organisational contexts

- Faith values are important to how and why faith organisations engage in providing assistance, activism or advocating alternative forms of finance, and these tend to drive holistic and personal approaches to addressing people's needs.
- Faith values can overlap with other faith and ethical values to enable successful forms of collaboration with others in relation to welfare, campaigning and developing more ethical approaches to finance.
- There are differences in the organisational features and capacities of faith groups across religious traditions – with minority religious groups often less institutionalised than Christian groups generally.

- Both organised and informal groups are nonetheless active in providing welfare and identifying and addressing issues of financial need.
- Some faith organisations express a desire for more support and guidance on issues of governance, financial transparency and charity regulations.
- This is particularly an issue for Muslim charities who fear reputational damage as a result of not meeting Charity Commission requirements due to under-developed governance mechanisms.

Faith-based approaches to assisting those in need

- Faith organisations play an important role in providing responsive and contextually sensitive support to people and often at critical moments, and where no other forms of support are available.
- Faith organisations tend to provide assistance to people regardless of their religious affiliation. This includes minority faith organisations who are playing an active role in providing assistance to those beyond their faith communities.
- A strong theme of faith-based approaches to assistance is the aim to provide holistic, sustainable services with an emphasis on dignity, equality and inclusiveness.
- Faith organisations often struggle with lack of resources and funding and occasionally suffer from spreading themselves too thinly.

Faith-based activism and campaigns

- Faith organisations draw on close links to communities on the ground and faith-based practices and values to campaign for reform of welfare policies and financial services.
- Faith-based campaigning entails both critical perspectives on policies and financial services, and engagement with government and financial organisations to address the (sometimes unintended) implications of policies and practices.
- Faith values are important for motivating campaigns, but campaigns are often more effective when faith perspectives and broader ethical concerns are linked.

Faith-based alternatives to market-based finance

- Faith organisations are promoting ethical alternatives to market-based challenges by drawing on religious beliefs and approaches to money, justice and liberation from debt.
- The creation of faith-based financial services and alternatives to payday lenders or high street banks faces design, logistical, financial and regulatory challenges.
- Faith organisations are more likely to be involved in advocating ethical or faith-based credit schemes, than directly providing alternative credit, lending or finance schemes.
- Faith organisations are offering a wide range of forms of financial education and training to promote better awareness of ethical and religious principles to enable people to apply these to their financial affairs.

Approaches to working with others

- Faith organisations are working, in often innovative ways, with other faith and non-faith groups to address the challenges created by welfare and public spending cuts.
- Being part of a larger network of faith and non-faith organisations can be beneficial for securing funding for welfare projects, and providing services to a larger set of beneficiaries in more efficient ways.

- Interfaith collaborations on welfare issues often happen under the radar, particularly in relation to food and welfare assistance.
- Interfaith cooperation is sometimes hindered by preconceived ideas, and perceptions that particular faith communities already have their own networks of support.
- Some faith groups have established links with the finance sector to create ethical finance initiatives. But faith organisations tend to lack information on how to develop successful partnerships with financial institutions or are unsure of how to develop more sustainable, long-term and ethical relations.

Recommendations

Our research reveals the value of collaborative working by faith organisations with other faith and non-faith organisations to enhance their ability to meet the welfare needs of communities and to campaign effectively. It also shows some of the challenges faced by faith organisations with different organisational capacities in meeting governance and funding requirements, whilst responding to the needs of communities. With these findings we highlight some areas for possible future work and development for different audiences and sectors, which are highlighted below.

Faith groups

- Faith groups can benefit from sharing learning and practices with other faith groups and the wider voluntary sector, both in relation to the delivery of services and in focusing and innovating campaigns to build voice around issues of financial exclusion and austerity.
- Campaigns for reform of financial services or alternative approaches benefit particularly from collaboration and alliances with others and through linking faith communities' concerns with other aligned ethical agendas.

Faith leaders

- Faith leaders can play an important role in using their leadership and networks to build and strengthen collaboration with other faith and non-faith groups, social enterprises and ethical finance providers.
- Faith leaders could play a particular role in opening dialogue with financial institutions to build strategic alliances and contribute faith perspectives and grassroots experience.
- Some faith organisations face particular challenges in meeting regulatory requirements (such as from the Charity Commission). Faith leaders can play a role in identifying where support can be offered and by whom.

Secular organisations

- Secular voluntary groups can benefit from more dialogue and partnerships with faith organisations to strengthen their reach and enable joined up working.
- Faith organisations can provide insights into and expertise on the (spiritual as well as welfare) needs of particular communities which secular voluntary organisations can feed into their models of working.
- Existing infrastructure organisations such as the NCVO, or other agencies, can play an important role in supporting faith organisations to improve their governance and respond to the requirements of statutory agencies such as the Charity Commission.

- Collaborative approaches between community development finance institutions and faith organisations to provide alternatives to payday lenders could help develop and promote much needed affordable finance schemes for those who are financially-excluded.

Funders

- Funders can consider how they can use their resources to encourage collaboration between faith groups and support them to enhance the benefits of shared innovation and learning.
- Place-based funders could consider the geography of faith and faith organisations within their work and the presence and contribution of such groups within the local voluntary sector infrastructure to enable collaboration and shared learning.

Government and regulators

- Policy makers can recognise and respond to the diversity of faith organisations – not just in terms of different faith traditions and perspectives, but also in relation to their different organisational features and capacities: highly organised *and* informal groups play a key role in providing support and services, and frequently to people beyond their own faith communities, and would benefit from appropriate forms of support.
- Policy makers can seek to better understand faith communities' different attitudes and approaches to financial inclusion issues such as debt, and the role that faith organisations play in responding to these and identifying where needs and issues arise on the ground.
- Local authorities can explore additional channels for communication and joint learning with faith organisations to feed these experiences, insights and models into the delivery of local services.
- More support for improved governance, financial management, understanding of regulatory regimes and fundraising within faith organisations is needed, and particularly approaches that are suited to faith organisations of differing sizes and capacities.

1. Austerity, Faith and Finance

Faith-based responses to the financial crisis: assistance, activism and alternative visions

This report explores how faith organisations have been responding to the impact of the financial crisis and the politics of austerity. In the current climate of retrenchment and financial austerity, coupled with the growing rate of personal debt and the expansion of payday lenders, faith organisations have been increasingly stepping in to identify and provide assistance to those experiencing financial hardship. The role of faith organisations in the historic development and current delivery of welfare is widely recognised.



In its recent report, the Commission in Religion and Belief in British Public Life (2015) noted the role of faith groups in engaging in social action, including as holders, mobilisers and generators of a wide range of resources, noting 'Religion and belief make an important contribution to social action not least because of their capacity and motivation to address local need'.¹

It is important to recognise that faith organisations are not only plugging gaps in social or financial provision left by the market and state, they also bring critical perspectives to questions of sustainable and socially just economic organisation. The intervention in 2013 of the Archbishop of Canterbury, Justin Welby, into the debate about payday lenders drew attention to the role of faith organisations in providing a critique of the operation of the market and financial systems. This interest has been reflected in a number of recent publications and debates among faith groups. Some of these, such as the Contextual Theology Centre's *God and the Moneylenders*, have focused on activism aimed at better regulation of credit, with Citizens UK's Just Money campaign.² Reports by groups such as ResPublica and the Church Urban fund have focused on community finance, and specifically the Church of England's involvement in credit unions.³ Similarly, the work of the St Paul's Institute, the Occupy Movement or the debates on Islamic banking have involved

¹ Commission on Religion and Belief in British Public Life (2015) *Living With Difference: community, diversity and the common good* (London: CORAB): 7.2:

<https://corablivingwithdifference.files.wordpress.com/2015/12/living-with-difference-online.pdf>

² Angus Ritchie and David Barclay eds. (2013) *God and the Moneylenders: Faith and the Battle against Exploitative Lending* (London: Contextual Theology Centre), <http://www.theology-centre.org.uk/wp-content/uploads/2013/04/CTC-Theology-for-the-Local-Church-2-God-the-MoneyLenders-2013.pdf>

³ David T. Llewellyn and Adam Wildman (2013) *Markets for the Many: How Civic Finance Can Open Up Markets and Widen Access* (London: ResPublica):

http://www.respublica.org.uk/documents/djd_Markets%20for%20the%20Many.pdf; Bethany Eckley (2014) *Money Speaks Louder than Words: Credit Unions and the Role of the Church in Tackling Financial Exclusion* (London: Church Urban Fund): <http://www.cuf.org.uk/sites/default/files/Research/Money-Speaks-Louder-than-Words-CUF-Jan2014.pdf>

faith-based critiques of the implications of austerity and the financial crisis and raised broader questions about socially just economic organisation.

Faith engagement in issues relating to finance has, of course, a long history, but faith groups have become increasingly vocal and engaged in questions of how to develop alternative visions of sustainable and ethical finance. Archbishop Welby's contention that the Church could and should seek to drive short-term lenders out of business by engaging in the development of stable alternative forms of personal credit, and the debate that followed it, generated broad interest not only in faith-based campaigning against poor lending practices, but also in the possibility that faith organisations can themselves play a role in developing alternatives to market-based financial services. This is reflected in debates on Islamic finance, such as in the report of the Muslim Council of Britain on *The Muslim Pound*, which focused on advocacy of alternative financial models among faith communities based on the principles of Islamic finance.⁴

Faith and finance in a multi-religious society

The role of the churches in providing welfare and supporting the expansion of credit unions has been well documented. At the same time, the landscape of religious organisations offering forms of assistance has undergone a series of changes, with new players, including minority faith groups, providing innovative solutions to reducing personal debt and encouraging interest-free credit. A recent report by McCabe et al noted that it is important 'to acknowledge that faith based social action, or engagement, is not a primarily *'Christian thing'*.⁵

Activity by non-Christian traditions, as well as partnerships that cross faith and secular traditions, have however been comparatively less explored: as McCabe et al note, whilst the landscape of faith organisations engaging with issues of social action and welfare is increasingly multi-faith, 'the literature in this field (or at least that available in English) has a predominantly Christian starting point.'⁶ This research seeks to complement these studies on the role of Christian organisations⁷ with insights into the role of minority faith communities in responding to austerity and financial hardship, the forms of support they provide and their activities, reach and impact.

⁴ Muslim Council of Britain (2013) *The Muslim Pound: Celebrating the Contribution to the UK Economy* (London: MCB): <http://www.mcb.org.uk/uploads/The%20Muslim%20Pound-FINAL.pdf>. See also Tarek el-Diwany (2014) 'If I have to share the losses, I don't just pile into sub-prime', Public Spirit: <http://www.publicspirit.org.uk/if-i-have-to-share-the-losses-i-dont-just-pile-into-sub-prime/> and Elaine Housby (2014) 'Islamic finance has something to teach us all', Public Spirit: <http://www.publicspirit.org.uk/islamic-finance-has-something-to-teach-us-all-and-may-have-more-freedom-to-flourish-here-in-the-uk/>

⁵ Angus McCabe, Heather Buckingham and Steve Miller with Marcianne Musabyimana (2016) *Belief in Social Action: Exploring faith groups' responses to local needs* (FBRN/ECC: Birmingham), pp.3-4. <http://www.birmingham.ac.uk/generic/tsrc/documents/tsrc/working-papers/working-paper-137.pdf>

⁶ Ibid p.8

⁷ See for example: Church Urban Fund (2015) *Church in Action: A National Survey of Church-Based Social Action* (London: CUF): <https://www.cuf.org.uk/2015-publications>

Contribution of this report

This report focuses then on the role of faith organisations, including those from minority religious groups, in:

- 1) assisting those experiencing financial hardship;
- 2) campaigning on and engaging in activism to reform financial products and services;
- 3) advocating or providing alternatives to market based finance.

The study

This report is based on a study conducted by a research team based in the Centre for the Study of Ethnicity and Citizenship at the University of Bristol and hosted by Public Spirit – the Centre’s online forum for debate on religion and public policy.⁸ The research undertaken for this study was funded by the Barrow Cadbury Trust as part of an ongoing interest in promoting economic justice.

The study explored: how faith organisations, including those from minority religious groups, view the effects of the financial crisis and austerity on members of their faith groups and beyond, the ways in which they are responding to these issues, the groups they seek to support and assist, the issues on which they campaign, the alternatives to market-based finance they are helping to develop or advocate, how and with whom they collaborate, and the values, models and practices that underpin their work.

Research design

The study is based on a scoping survey of the work of 90 faith organisations involved in providing welfare or assistance to those experiencing financial hardship, campaigning or activism in relation to finance (see Appendix 1 for a profile of our survey respondents). This was conducted through a questionnaire that was distributed online via Public Spirit, mailing lists and social media, and conducted by post and through telephone contacting and interviewing. The survey asked faith organisations a series of questions about their organisations, their activities, who they worked with, their views about the issues they were dealing with, issues relating to finance and credit and the impact of government regulation and policies.

The survey enabled us to scope some of the work in which faith organisations are involved, and to identify initiatives and organisations for follow-up qualitative research. This took the form of 13 case studies of faith-based initiatives, which comprised interviews with key individuals in organisations or initiatives, and analysis of their documents, guidance and websites. They included: 1) 1st Ethical Charitable Trust; 2) Al-Mizan Charitable Trust; 3) Canary Wharf Multifaith Chaplaincy; 4) Church Credit Champions Network; 5) Churches and Industry Group Birmingham; 6) City Sikhs Network; 7) Ecumenical Council for Corporate Responsibility; 8) Interlink Foundation; 9) Jubilee Debt Campaign; 10) Paperweight Trust; 11) St Martin’s Affordable Finance Development and Street UK; 12) Sufra Food Bank and Kitchen; and 13) UK Islamic Finance Council (see Appendix

⁸ See: <http://www.publicspirit.org.uk/faith-and-finance/>

2 for a list and profiles of our case study participants). Where discussed, our case study organisations are highlighted in bold throughout this report.

Our sample is relatively small, thus it is not representative of faith organisations generally,⁹ nor does it provide a comprehensive overview of all the work that is being done in this area. Not all minority religions are represented in this study – we had relatively few responses from Hindu organisations and none from Buddhists.

With these caveats, our report highlights a broad range of initiatives and groups that have been active on these issues and whose experiences and perspectives provide insights into the issues, challenges, constraints, opportunities and achievements of faith organisations. The findings are being distributed via this report and other briefings and activities that are highlighted on Public Spirit.

Structure of the report

Chapter 2 of this report considers the significance of **faith values and organisational contexts** in shaping the activities of faith organisations responding to the financial crisis and austerity. We explore the different perspectives and models and levels of organisation that have an impact on the ways in which faith organisations work.

Chapter 3 explores the types of **assistance** that faith organisations in our sample are providing, for whom and with whom, the issues they are responding to, the needs they identify, and the approaches they are taking to meet the needs of those experiencing financial hardship.

Chapter 4 focuses on the **activism** and campaigning activities of faith organisations to seek reform of financial institutions and regulations or in relation to policies that they identify as causing or exacerbating financial hardship.

Chapter 5 explores the **alternatives** to market based finance that faith organisations are either developing or advocating, the rationale for these and the extent to which they are distinctively faith-based, or linked to more broadly ethical alternatives.

Chapter 6 considers the experiences of and scope for **collaboration** between faith groups, and between faith groups and other groups active in providing assistance, campaigning for reforms or promoting alternative forms of finance.

Chapter 7 reflects on the key findings of the report and their implications for our **recommendations**.

⁹ A recent report by NPC (2016) found that there are 43,352 faith-based registered charities in Great Britain involved in a range of issues, including but not confined to, responding to the impact of the financial crisis and austerity policies. See: <http://www.thinknpc.org/publications/faith-matters/> This figure does not include faith organisations that are not registered charities.

2. Faith contexts: values and organisation

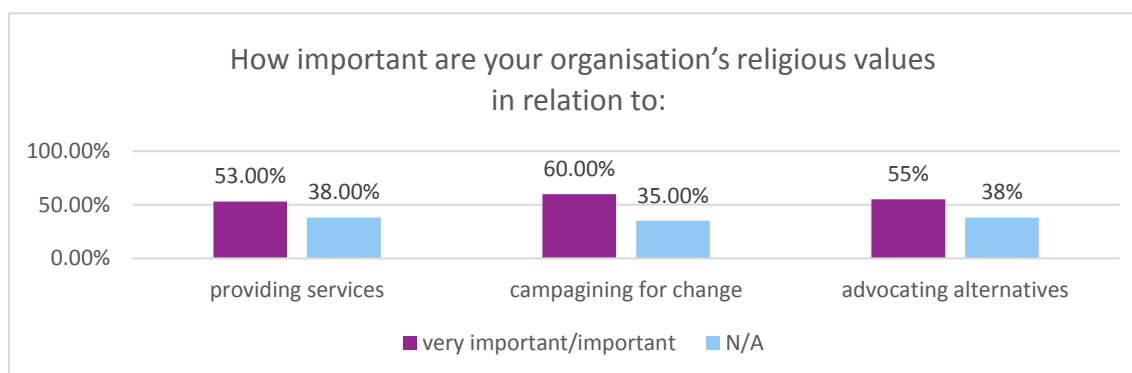
In this chapter we consider the values of faith groups and organisations, and how these shape the kinds of action in which they are involved. Key to this discussion are the ways in which faith traditions and values orientate different faith groups' responses to the financial crisis and austerity. We also explore some significant differences in the organisational features and capacities of faith groups across religious traditions that shape their responses to engaging in provision of assistance, activism and advocating alternative forms of finance.

In examining the significance of faith values, we seek not to assert core theological principles or engage in theological interpretation, but to draw together an understanding based on our research and data on the relationships between values, ethics, organisation and action across and among faith groups.

2.1 The role of faith values in shaping assistance, activism and alternatives

Most survey respondents reported that religious values were important to their work (see *Figure 2.1*). This was particularly the case for those engaged in campaigning for change: 60% stated religious values were very/important here, whilst 55% of those engaged in advocating alternatives felt religious values were very/important, and 53% of those providing services to assist those in need. Interestingly, across these activities, roughly one third of survey respondents felt that religious values did *not* apply to their work. This in part reflects views about the broader ethical and collaborative significance of their work, or a concern among some organisations to avoid defining themselves as a faith organisation on the basis that they are providing services for all – 'this is very much something that we are doing for humanity in a broader sense' as one respondent explained to us.

Figure 2.1



2.1.1 Faith-based approaches to charity and service

The obligation of charitable giving is common across faiths – as one of the five pillars of Islam, the obligation to pay *zakat* (2.5% of one's wealth above a certain threshold) is a key element of Muslim charitable-giving, alongside other non-obligatory forms of charity such as *sadaqah*. Similarly, within Sikhism, *daswandh* operates as a religious obligation on Sikhs to donate a tenth of one's earnings to charity, a concept that resonates with the *tithe* in Christianity and the *Ma'aser* in Judaism. In our study, respondents frequently made reference to such traditions in motivating social action to assist or support those in need.

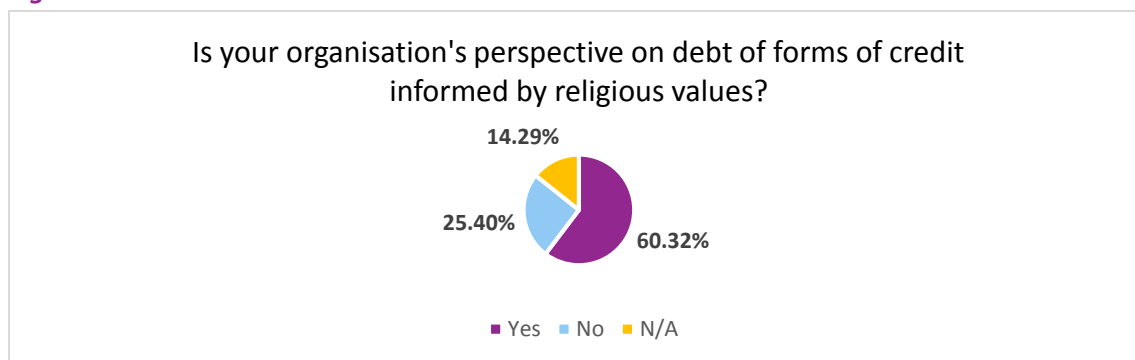


The concept of *sewa*, ‘unconditional, selfless service without expectations of reward’,¹⁰ underpins Sikh and Hindu traditions of volunteering – including Sikh volunteering to assist in the provision of the *langar* – the Sikh tradition of providing a communal meal to all without charge, and which is increasingly being provided to address food insecurity, as we discuss in Chapter 3. National Sewa Day that was launched in 2010 is a day of volunteering, supported by a range of Hindu organisations.¹¹ On its launch in 2010, National Sewa Day was coordinated to run at the same time as Mitzvah Day, a Jewish-led initiative launched in the UK in 2005 to promote a day of mass social action.¹²

2.1.2 Faith-based approaches to debt and interest

Across faith groups, there are also particular theologically-based concerns in relation to matters of debt, finance and investment, and a fairly high proportion – 60% – of our survey respondents said their perspectives on debt and credit lending were informed by religious values (*Figure 2.2*).

Figure 2.2



There are different views among Christians on questions of interest– as Luke Bretherton in *God and the Moneylenders* (2013) reflects – whilst many Christians are not opposed to interest in principle, there is nonetheless a strong concern among Christians with challenging excessive interest-charging and with liberation from debt, consequently he suggests:

The questions confronting the church [... are] how to prevent unjust and extortionate interest rates, encourage responsible lending, and as Christians, point to a deeper reality and truer foundation for human life, one based on loving kindness and generosity not maximisation of profit and the private pursuit of selfish interests.¹³

¹⁰ See *Ethical Finance: A Sikh Perspective* (2013) City Sikhs: <http://www.faithsforum4london.org/wp-content/uploads/2013/01/Ethical-Finance-A-Sikh-Perspective-City-Sikhs-Network.pdf>

¹¹ See www.sewaday.org

¹² See <http://mitzvahday.org.uk> and Jewish Leadership Council (2010) *The Big Society and the UK Jewish Community*: <http://www.thejlc.org/newsite/wp-content/uploads/2011/12/big-society.pdf>

¹³ Luke Bretherton (2013) *God and the Moneylenders*, p.43: <http://www.theology-centre.org.uk/wp-content/uploads/2013/04/CTC-Theology-for-the-Local-Church-2-God-the-MoneyLenders-2013.pdf>

Debt forgiveness and liberation from debt are key to various forms of Christian social action (the **Jubilee Campaign** invokes a Christian notion of debt liberation) and as one respondent from the **Church Credit Champions Network** framed it, ‘the idea of liberation from debt, the freedom that comes from having that burden of debt lifted, is a sign of salvation’.

The prohibition on interest or usury among Muslims and Jews is key to the pursuit of alternative forms of borrowing, and a concern with relieving the debt burden of those in need. Beneficiaries of zakat can include ‘Al-Gharimin’ – those ‘who have incurred overwhelming debts, where money was borrowed to satisfy basic needs’.¹⁴ As we will see in Chapters 4 and 5, these concerns have been particularly important in motivating campaigns and initiatives by Muslim groups for the provision of non-interest based forms of credit, including the campaign for halal student loans (Chapter 4) and the setting up of halal money schemes and Islamic personal finance advice and investment initiatives (see Chapter 5). As we also discuss in Chapter 5, religiously-based prohibitions on charging interest among Jews underpin the development of more informal forms of lending among Jewish communities. The tradition of the *Gemach*, for instance, responds to needs within Jewish communities for small sums of money to address immediate financial needs, often run by (particularly Orthodox) communities, with the resources donated by community members. According to the Jewish Leadership Council:

One of the most local and basic ways in which Jewish communities help the less fortunate is the ‘Gemach’ – a contraction of the Hebrew words Gemilut Chassadim, meaning ‘Acts of Kindness’. They are essentially lending clubs which loan for free or for a voluntary contribution to those who need help. Gemachs can be for furniture, baby-clothes and equipment, toys or even money. Money Gemachs function as credit unions, providing interest-free hardship loans to those who have fallen on hard times.¹⁵

2.1.3 Faith-based approaches to investment

Faith values were frequently cited as important in motivating and shaping groups’ engagement with questions of investment. This often found expression in advocacy of forms of investment that referenced values and principles that have a relatively broad ethical basis, such as supporting causes and businesses that have an ethic of care towards people, the environment or which are non-exploitative. This was a theme among some Christian groups seeking to promote ethical and responsible investments on the part of churches and among congregations, such as the Church Investment Group and Ethical Money Churches, which we discuss in Chapter 5. Our respondent from **City Sikhs** advanced a Sikh perspective on corporate social responsibility (CSR) as one based on ‘re-instilling morality when it comes to finance’¹⁶ and supporting ethical causes – although as we discuss in Chapter 5, the **City Sikhs** report on *Ethical Finance: A Sikh Perspective* suggested the mechanisms for enabling this are currently under-developed. We also found Muslim financial and

¹⁴ A. Khimji (2014) *A Survey of Charitable Giving in the British Muslim Community* (London: Cause 4) p. 3. <http://www.cause4.co.uk/home/wp-content/uploads/2014/12/Cause4-A-Survey-of-Charitable-Giving-in-the-British-Muslim-Community-December-2014.pdf>

¹⁵ Jewish Leadership Council (2010) *The Big Society and the UK Jewish Community*, <http://www.thejlc.org/newsite/wp-content/uploads/2011/12/big society.pdf> p. 17.

¹⁶ City Sikhs (2013) *Ethical Finance: A Sikh Perspective*: <http://www.faithsforum4london.org/wp-content/uploads/2013/01/Ethical-Finance-A-Sikh-Perspective-City-Sikhs-Network.pdf>

investment advice and guides to enable people to avoid investments associated with alcohol or gambling – with ‘negative screening’, as a respondent from the **UK Islamic Finance Council** explained, a common feature of Islamic investment approaches, although he suggested ‘positive screening’ (for ethically desirable investments) is less developed, as we discuss in Chapter 5.

Faith organisations are also responding to the lack of trust in the banking/finance sector and the critique of banking ethics following the banking crisis, with some involved in seeking to promote change, educate banks and improve ethical standards in the banking industry (e.g. **Canary Wharf Multifaith Chaplaincy, Churches and Industry Group** Birmingham, the **Ecumenical Council for Corporate Responsibility (ECCR)**, the **UK Islamic Finance Council**, or **City Sikhs**). For faith groups, this was approached as an opportunity to delve deeper into faith values to effect change and find alternatives (this was a feature, for example, of the discussions of the Ethical Finance Hub, of which the **UK Islamic Finance Council** is a leading member, as we discuss in Chapter 5).

2.1.4 Faith-based praxis

Many faith groups were concerned with asserting an ethic of care and respect towards those who were recipients of their services, which tended to reference religiously based principles or ideas, although in ways that could link with other – including secular – ethical or faith perspectives.

The values that underpinned assistance tended to stress the importance of valuing everyone. As one respondent from the **Paperweight Trust** put it, a ‘key ethical value is that *everyone* is important and everyone is a human being with the soul who deserves your best attention. We love to say love, but being nice to people is very important.’ This view resonates with the Catholic approach to ‘*caritas*’, a key plank of Catholic Social Teaching, which underpins Catholic social action in ‘tackling poverty, promoting justice and restoring dignity’.¹⁷

This ethic of respecting individuals in the way that faith organisations work with was seen as important in building ‘trust which is important in terms of fabric of society’ (**ECCR**) and removing the stigma or anxieties that people have about being obliged to resort to services such as foodbanks. The concept of ‘hospitality’ was asserted as ‘very traditional to Muslim values’ so that service-users are seen as guests and volunteers as ‘hosts’. This ethic was mentioned by several organisations, whether from Muslim, Jewish, Sikh or Christian traditions – to stress the dignity of those in need, and the importance of making people feel welcome, as guests or members of the family.

For example, the ethic of asserting the equality and dignity of those seeking assistance was cited as key to the Sikh langar. According to Jagraj Singh of the Sikh Press Association, the langar expresses the Sikh principle of the fundamental equality of individuals, and in being open to all –

¹⁷ See: <http://www.caritas.org/>

including those experiencing hardship and food insecurity and those who are not – overcomes the stigma of poverty or food need.¹⁸

Whilst drawing on ethical values to challenge existing forms of finance and credit is an aspect of both faith and non-faith organisations, one respondent from **ECCR** suggested that what faith organisations contribute is a space to think about these issues: ‘in faith you have time to talk with others about those sort of issues and listen...why I go to Church on a Sunday, I go to listen to the preacher, to hear the word of the Gospel and come and think about how to do it in our everyday life and come and think.’

As we discuss in more detail in Chapter 3, a notable feature of the approach taken by many faith organisations in our study was a holistic approach to providing assistance, in ways that focused on a contextualised approach to understanding individual need and financial distress, in order to develop more rounded approaches to practical support, and to address the emotional as well as practical aspects of financial hardship.

Neither faith groups, nor religious values, are static, and faith traditions may be drawn upon in dynamic ways to address current social issues or problems. For example, we found evidence of discussions among younger Sikhs and Hindus about the forms that social action should take, models of leadership and the relationships between social action and places of worship. Thus, there is an interest among a younger generation of Sikhs in exploring different models of leadership and practice and pursuing forms of Sikh social action, including outside of the context of the gurdwara, for example by bringing the langar to the streets. In part, this is because these are sacred spaces, as one langar organiser explained:

Langar has been abused in the past with people who are perhaps drunk or on drugs coming to the gurdwara and being disruptive. This causes a conflict, because as men of faith we need to show compassion, yet they cannot come in to a place of worship if they are behaving poorly. Therefore, we invested in plastic boxes to carry food so now if someone comes to the door and is drunk or disorderly, we give them the food in a box to take away and eat. We would still much rather people come inside to sit down and talk to us because that is how you forge friendships and learn about each other’s lives.¹⁹

This is also aimed at promoting wider awareness of the langar. Thus, National Langar Week was launched in 2014 to promote awareness of the langar, particularly among those experiencing financial hardship, and Sikh values, by distributing the langar food in city centre locations.²⁰

¹⁸ Robert Cumber (2014) ‘Sikh temples celebrate langar, the free meal at which prince and pauper eat side by side’ *Get West London* 10.11.14: <http://www.getwestlondon.co.uk/news/local-news/sikh-temples-celebrate-langar-free-8082665>

¹⁹ See *Asian Express* ‘National Langar Week: Sikhs take food to the streets in Leeds’ (16.10.15) <https://www.asianexpress.co.uk/2015/10/national-langar-week-sikhs-take-food-to-the-streets-in-leeds/>

²⁰ See Sikh Press Association ‘Hello Langar, Goodbye World Hunger’ (October 2015) <https://www.dropbox.com/sh/xbqej0zadd75e27/AADSdqmtezA7kEJC9T8eQmqqa/Sikh%20PA%20-%20Langar%20Week/Langar%20Week%20-%20Press%20Release.pdf?dl=0>

2.1.5 Faith-based and secular ethical values

The forms of faith-based praxis we found in our research were underpinned by values which could be expressed in non-religious terms, e.g. of being humanitarian, caring or inclusive. There has been discussion of whether faith-based social action is particularly different from secular forms of social action – since both faith and secular organisations can be motivated by values of justice or equality. Rachel Chapman suggests that whilst the bases of values, beliefs and motivations may differ between faith and secular voluntary organisations, they often overlap, although she suggests faith-based organisations play perhaps ‘a distinctive role in addressing spiritual, religious or other needs’.²¹

Theological positions among our respondents *were* important reference points, but there was an appetite for collaboration with others – including with other faith and non-faith groups – for practical purposes. In practice this meant that while individual teachings (e.g. about money and lending) influenced the nature of the social action in which organisations engaged – there was also a willingness to work on shared values, such as fairness, social justice, or the value of social – rather than simply financial – returns in lending and investment practices. Similarly, whilst an aversion to interest can be rooted in theological teachings, this is also shared by people with secular ethical or humanist perspectives.

There are overlaps between faith-based and secular positions on what constitutes social justice, inequality and exclusion in campaigns to infuse banking and financial institutions with a sense of morality and responsibility. On the one hand, this might make it harder to talk about specific values of faith-based approaches to finance. On the other hand, it can help to create wider networks to promote tackling financial hardship or campaigning for better ethical standards and therefore increase impact of faith organisations (for example, when working in partnership with secular, social enterprise or financial organisations). Relatedly, welfare cuts combined with a desire to provide more caring and differentiated services help account for the holistic nature of faith-based approaches in the area of finance and welfare. Many organisations suggested they were becoming more inclusive not only to members of other faiths, but also more open to finding practical synergies and shared values to form partnerships with others. The reasons they cited for this are the pressures arising from welfare cuts and perceived benefits of pooling resources and working together to achieve results.

Thus, whilst faith values shape approaches to financial and welfare provisions, campaigning and advocating of alternatives, the financial crisis and austerity policies are having an impact on the ways in which faith organisations engage by creating greater urgency to apply their values, e.g. in ‘speaking truth to power’ or ‘liberating the debtor’, and driving interest in collaborative social action with others.

This does not mean, however, that religious values become ‘suspended’ in the process. They were still regarded as important, but there was for many a need to apply these pragmatically, driven by

²¹ Rachel Chapman (2009) ‘Faith and the voluntary sector in local governance: distinctive yet similar?’, *Faith in the Public Realm*, Adam Dinham, Robert Furney and Vivien Lowndes (eds.) (Bristol: Policy Press)

the desire to have more impact on welfare provisions or banking culture. This applied not only to Christian organisations (who have traditionally been seen as in the driving seat), but also to others, including Muslim and Sikh groups' approaches to welfare and ethical finance.

2.2 Organisational capacities across faith groups

Faith groups have nonetheless different organisational features and capacities that have a bearing on the ways in which they engage in social action. Thus, faith groups have different infrastructures in terms of numbers, reach and organisational capacities, funding models, and capacities for engaging in welfare or campaigning.

2.2.1 Infrastructure

A recent (2016) report by New Philanthropy Capital (NPC) provides a very useful analysis of the numbers and income of faith-based registered charities in Great Britain, revealing some interesting insights into different levels of institutionalisation and resources across faith groups – as *Table 2* from their report, reproduced below, shows.²²

Table 2: Total income and total number of charities by faith

Faith group	Total income	Total charities
Multi-faith	£7,585,016	57
Buddhist	£48,340,974	312
Sikh	£61,361,068	320
Hindu	£83,274,709	459
Quaker	£104,061,455	158
Muslim	£542,290,982	2,054
Jewish	£1,012,042,429	2,147
Generally faith-based	£3,270,017,026	10,310
Christian	£11,208,512,992	27,535
Total	£16,337,486,651	43,352

Their findings show that Christian charities are, unsurprisingly, the most numerous and draw the largest amount of income. Among minority religions, Jewish and Muslim charities are next in terms of numbers and income – it is notable that Jewish charities although comparable in numbers to Muslim charities have a much larger income, almost double, relative to Muslim charities. The NPC study also found that whilst most charities are micro or small charities – with little or no income – most charitable income goes to major or super-major charities, and this is particularly true of Christian and Quaker charities (2016: 6). In terms of the areas where faith-based charities are active, the NPC study found that they are most likely to be active in the areas of: international development, human rights, poverty and housing.

These differences are relevant to some features of faith groups' engagement in forms of social action in our research. The Church of England has an extensive infrastructure of parishes and places of worship – a point referred to by Justin Welby in his arguments about the capacity of the

²² See David Bull, Lucy de Las Casas and Rachel Wharton (2016) *Faith Matters: understanding the size, income and focus of faith-based charities* (London: NPC): <http://www.thinknpc.org/publications/faith-matters/> Table 2: p. 3.

Church to mobilise alternatives to payday lenders, as we discuss in Chapter 5. Other faith groups – particularly non-Christian – did not have the same level of coordination, infrastructure and resources. Relatedly, we found relatively high levels of networking, coordination and collaboration among Christian groups, both within their own faith communities and outside, compared to minority groups, reflecting that infrastructural and institutional development.

2.2.2 Organisational capacities and campaigning

This had implications for the capacity and willingness of faith organisations to engage in political campaigning. Thus, our study found that Christian groups tended to dominate the field of campaigning for reform of financial services (although Muslim organisations and initiatives are active in this area also). Here it is worth reflecting on the relatively institutionalised presence of the Church of England that facilitates its role in ‘speaking truth to power’. Whilst this can be an ambivalent or uncomfortable position for the Church – as witnessed in the media backlash that followed Justin Welby’s comments on payday lenders – this does set it apart from other faith groups.

Additionally, minority religious groups sometimes perceived certain hazards in engaging in political campaigning, particularly in lobbying for accommodation of their particular religious needs or adopting positions of dissent or critique. This was something that was noted particularly for Muslims in the present climate. This was voiced in concerns that the campaign for halal student loans would be portrayed as an exceptional and illegitimate demand by a hostile media and in a political climate dominated by the counter-extremism agenda. Thus campaigners were keen to frame halal student loans as a solution to, rather than exemplary of, problems of extremism, by enabling young Muslims’ access into Higher Education and integration (see Chapter 4).

In a similar vein, campaigners reflected on the difficulties faced by Muslim charities due to the level of scrutiny by the Charity Commission and the media of Muslim charitable activities, in which organisations particularly feared reputational damage due to being (even inadvertently) associated with groups under investigation for extremism or receiving negative press coverage. As one respondent noted:

I guess a small part of the reason why we’re ring fencing off our charitable donations is to make sure we don’t inadvertently get caught up in anything. It’s very easy to make a donation to an Islamic charity and suddenly something’s happened and there’s a problem. [...] Obviously from a legal and compliance perspective you’ve trusted a charity that’s regulated by the Charity Commission and it’s their responsibility. Nevertheless we’re very sensitive to that [...] and there are right wing journalists who like to throw a lot of muck and that would be very damaging to us from a business perspective.

As we discuss in Chapter 5, the role of Islamic finance in offering a potential model for campaigns and visions of alternative forms of finance has been relatively – and unusually – successful, as different commentators reported to us, in finding more general audiences and acceptance in policy terms. As one respondent reflected: ‘Islamic finance is the only part of Islam that’s been accepted and promoted by the UK government’. Our case study of the success of the Ethical

Finance Hub, led by the **UK Islamic Finance Council**, points to the importance of alliance-building with others and linking religiously based concerns with broader ethical frames and agendas to achieve that level of policy acceptance – strategies, we suggest, that have potentially wider significance for minority religious groups seeking to engage in campaigning.

2.2.3 Challenges of institutionalisation of faith groups

The asymmetries between the Church of England and other minority religious groups highlight a few issues relating to institutionalisation among faith groups. Firstly, levels of institutionalisation differ across the sector, but we found that relatively informal groups and forms of assistance and service were widespread and important sources of support. As we noted, there is a tradition of reliance on quite informal lending practices among Jews (through the *gemach*) that provide an important source of help and relief among Jewish communities. Thus, formal and informal organisations and groups can play important roles in targeting and providing resources for people in need.

Secondly, many faith groups may have no desire to formalise their structures or practices, or to apply for registered charity status. Indeed, there are risks associated with formalisation – including that it will hollow out the religious or spiritual focus of the group, with complex bureaucratic demands displacing faith values or objectives, or that institutionalisation will create dependency on funding streams. As one member of our Steering Group suggested, both the ‘Faith Based Organised Sector’ and ‘Faith Based *Disorganised* Sector’ are important! Thus informal practices of support and mobilising are not necessarily illegitimate, with the informal sector able to target the sometimes quite specific needs of communities – something that could be supported without demanding that those organisations overhaul their structures and practices, as we discuss in Chapter 7 on recommendations.

Thirdly, for those organisations that *do* want to strengthen their organisational capacities, we found several respondents, particularly from minority faith groups, felt more support and guidance was needed to enable this. This was also needed to overcome the apprehensiveness that some felt about how to respond to changes in welfare provision or in dealing with formal regulatory bodies or requirements.

Thus, one respondent suggested of some Muslim charities: ‘I don’t know if they have a decent understanding of what it means to be a good charity, good governance, strong organisational structures and things like that.’ He suggested that these weaknesses were potentially particularly hazardous for Muslim charities who feared being tainted with associations of extremism, when often the issues they faced related to capacity or governance:

So I haven’t looked into all of the investigations to see whether they’re, yeah, that’s just kind of like - sometimes they haven’t updated their details or they haven’t shown their accounts – [...] haven’t got proper centre office or something. But I think that’s also because there isn’t that much good guidance about how to set up a good charity and run it properly. The main interaction with the charity commissioners who set up the charity is every year you have to send them the annual report and accounts, an annual return. And that’s it. [...] So I don’t think anyone’s really sat down with all of the charities and said this is what you need to do to be a proper charity or something like that.

Similarly, a respondent from a different minority religious group noted the importance of maintaining financial transparency and the issues that this raised in terms of governance and organisational capacities for faith groups more generally:

Financial transparency is going to become a major issue for all faith communities and faith places of worship in the coming few years. There'll need to be a lot of training that needs to be done by the faith communities to make sure they don't fall foul of those particular rules and that I think is long overdue. As part of that there may well then start being a discussion about how can faith communities improve their finances and what moral issues are there that one needs to look at when it comes to faith communities and how they look at money as a whole. So that's why I say it's long overdue but I think there will be some work and some achievements coming from it.

Conclusion

In this chapter we suggested that faith-based responses to engaging in provision of assistance, activism and advocating alternative forms of finance are shaped by religious values, and these frequently underpin an ethic or praxis that emphasises the dignity of those in need and a holistic approach to responding to crises or financial hardship. We also found that these values can link across faith and non-faith perspectives and groups, and often a broader framing of ethical approaches to finance or support can be effective in increasing faith organisations' capacities and campaigning effectiveness. This can of course create tensions for particular faith values, but broader frames can also be enabling.

We also noted different organisational capacities across faith groups: four points arise here: 1) both formal and informal groups are responding to people's needs; 2) some groups do not wish to formalise their operations or practices – and this should not be seen as illegitimate and could even be supported; 3) a lack of organisational capacity is often a feature of minority religious groups, and in the present climate can be particularly hazardous for Muslim organisations and charities due to hostile media coverage and the implications of counter-extremism policy in increasing scrutiny of Muslim charities' financial arrangements; and 4) faith organisations that would like to build their capacities would welcome more support and advice from government, the Charity Commission or voluntary sector organisations to develop their governance structures and mechanisms for financial transparency.

3. Faith-based assistance

Introduction

In the current climate of austerity, faith organisations play an active role in delivering services to alleviate poverty and offering welfare support to the most vulnerable and excluded members of society. Faith groups are addressing shortfalls in welfare provisions by delivering services on a very wide range of social needs, including responding to financial hardship and indebtedness, generating social capital and contributing to social cohesion – not least by mobilising voluntary activity in neighbourhoods and engaging in inter-faith and cross community initiatives.

Outlining the contributions that faith organisations make, Adam Dinham has argued that ‘faith-based welfare is an essential buttress for state welfare’ and without it, ‘the architecture of care would collapse.’²³ Additionally, the report of the Commission on Religion and Belief in British Public Life suggested that not only does ‘voluntary action [provide] a vital complement to – and occasionally a substitute for – public sector services’, but also offers ‘an alternative perspective on social need and social obligation.’²⁴ In this chapter we examine:

- 3.1 the issues and needs that faith organisations are seeking to address;
- 3.2 the kinds of assistance they are providing;
- 3.3 the groups that benefit from faith organisations’ assistance; and
- 3.4 ways in which faith organisations provide these forms of assistance.

3.1 Issues requiring assistance

Our research identified a series of common welfare challenges that faith organisations were trying to address. These varied from structural and long-term issues, including indebtedness, lack of access to financial services and food poverty to more volatile changes in personal circumstances, such as loss of employment, health issues or bereavement. As was noted by a respondent from the **Paperweight Trust**, ‘when a new crisis hits [...] suddenly everything becomes too much and just as a rollercoaster carries on, the outside world doesn’t stop for you.’

A majority of our survey respondents identified financial hardship and personal debt as the two most important issues affecting the communities they were working with. However, our data also indicated variation in how faith organisations perceived the extent to which different issues affect their own faith community. For example, Muslim organisations identified lack of access to appropriate forms of financial services as the biggest issue (50%), closely followed by lack of access to forms of financial assistance (37.5%) and ‘personal debt’ (37.5%). Half of the Jewish organisations who responded singled out financial hardship as being the most pressing issue (50%), followed by personal debt (37.5%), and lack of access to forms of financial assistance (25%). For Christian organisations, while financial hardship and personal debt were important, their impact on Christian communities was perceived to be less important (23% and 26% respectively). Finally, Sikh organisations identified financial hardship (20%) and lack of access to forms of

²³ Adam Dinham (2013) ‘Welfare is Sacred’, *Public Spirit*: <http://www.publicspirit.org.uk/welfare-is-sacred/>

²⁴ CORAB (2015) *Living With Difference*, p. 60.

financial assistance (20%) as the most pressing issues. However, with only a small number of Sikh organisations taking part in the survey, these figures are only indicative at best.

Lack of access to sustainable or affordable finance, unemployment and poor standards of social housing were some of the most pressing concerns that faith organisations were dealing with on a daily basis. While these challenges are long-standing and well-documented, respondents in our study noted some changing trends in the nature of concerns facing those with whom they worked. In particular, they reported addressing needs not only of those who are unemployed and receiving benefits but also those who are in poorly paid jobs and unable to make ends meet or the working poor. This was summarised by a respondent from **Sufra Foodbank** who observed:

It is not just about the poverty of those who are unemployed, it's about the poverty of those who are in employment but whose opportunities [...] are restricted.

Benefit cuts and growing housing costs have exacerbated the problems. One of our interviewees, engaged in creating affordable online lending services, from **Street UK**, noted an increase in the percentage of their customers who were in-work, but nonetheless 'struggled to obtain finance from mainstream institutions'. Similarly, an interviewee from **Interlink Foundation**, a non-profit umbrella organisation for Orthodox Jewish charities and voluntary organisations, discussed how they encountered many who faced a stark choice between surviving on benefits or taking up low paid work and feeling that 'they lose more in benefits than they are getting in another five hours of work.'

Our respondents suggested that living alone is an increasingly common phenomenon that can bring financial pressure or insecurity. For example, while responding to the needs of the elderly in the Jewish community, **Paperweight** noted an increase in the number of people who are 'divorced, newly divorced, separated, or newly single'. **Sufra's** analysis showed a 5%-10% increase in the number of single people accessing their services in 2016 'because they don't have children [and] can't benefit from child tax credits.'

We found different perceptions of how issues and faith-based solutions affect faith communities or local neighbourhoods. For example, some Hindu and Sikh respondents noted that Hindu and Sikh communities provide food services to anybody who needs them by distributing hot meals or running langar services. However, these communities experience little food poverty themselves.²⁵

Further differentiation was found in relation to the impact of particular issues within the same faith traditions. While our data suggested that financial hardship was not seen as a big issue for Jewish communities in general, some suggested that it was salient for some Jewish Orthodox communities and particularly for the Charedi community who tended to have larger families. However, we uncovered a degree of resilience at the local level with assistance offered through communal networks of support. A member of **Interlink Foundation** noted that many families in the Charedi community in Stamford Hill experience financial hardship, but the extremity of this is

²⁵ See: *British Sikh Report 2016* (2016) p. 16: <http://www.britishsikhreport.org/wp-content/uploads/2016/03/British-Sikh-Report-2016.pdf>

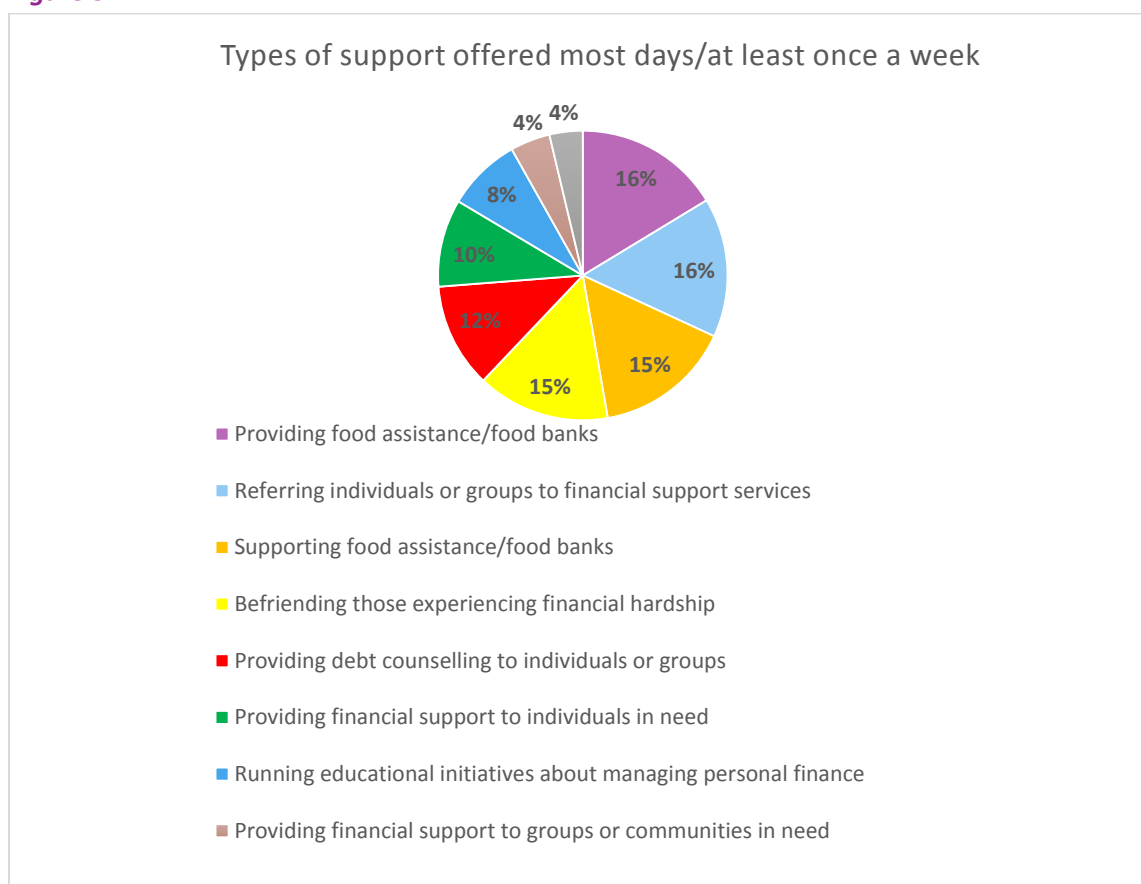
mitigated because ‘the community will immediately stand out to support that person or their family.’ Some of these forms of support include the already mentioned *gemachim* or Jewish loan scheme.

3.2 Forms of assistance

Faith organisations were engaged in a wide range of activities to support people experiencing financial hardship and indebtedness, including:

1. offering forms of food assistance (food parcels or cooked meals) or supporting existing food assistance schemes;
2. providing grants to people in crisis and offering debt advice and counselling;
3. befriending people who need financial help or referring them to the relevant sources of support or services.

Figure 3.1



We found that these activities cut across different faith groups. Over a third of survey respondents reported facing challenges in providing financial support mainly due to lack of funds, resources and increased pressure of welfare cuts. In this section we outline different ways in which faith organisations developed and provided welfare in spite of financial and staff constraints.

3.2.1 Forms of assistance: food banks and support

Food assistance in the form of free meals or food bank services is one of the most developed forms of faith-based services to alleviate poverty. With a wide range of studies written on this subject, foodbanks are a well-researched area in social policy.²⁶ Here we focus on faith-based social action to address linkages between food poverty, reduction in people's incomes and ways of tackling exclusion.

Designed as an emergency measure to deal with food insecurity, food banks have developed into a more integrated range of services to support people in need. Our scoping survey found that just over a third of our respondents have been involved in either providing food assistance or supporting those who do. Evidence of food support among Christian organisations is well-documented, with the Trussell Trust being the largest and fastest growing foodbank network.²⁷ However, our research also found many minority faith organisations actively involved in food provision, including **Sufra Food Bank**, Midlands Sewa Langar, Bhagwan Valmik Sabha Bedford and Menorah Synagogue.

Food assistance is a form of support which minority faith organisations reported they were increasingly providing to vulnerable members of their local neighbourhoods rather than necessarily, or particularly, to their own faith communities. A series of outreach initiatives developed by Sikh, Muslim and Jewish organisations provide examples of these inclusive social services. Over the last few years, Sikh organisations have developed free food provision for homeless and vulnerable people through the langars. One of our respondents from the **City Sikhs Network** suggested that while langars were created 'purely in the Sikh faith, they are not benefitting Sikhs'. Midlands Sewa Langar is one such initiative, providing over 7,000 hot meals a week, with the number of people using their services rising. Another Sikh organisation, Khalsa Aid, which is engaged in international humanitarian work, collaborated with Muslim volunteers to coordinate and provide warm meals to those affected by weather disasters in the UK, as was the case following the floods in the north of England in January 2016.²⁸ Thus some Sikh and Muslim organisations are adapting some of their development work abroad to provide services at home in response to everyday issues of food poverty and homelessness or unexpected events, such as natural disasters.

We also found different faith communities working together to provide food assistance in their local areas (and see Chapter 6 on interfaith collaboration). For example, Salaam Shalom kitchen (SASH) is a joint enterprise led by the Nottingham Liberal Synagogue and the Muslim charity,

²⁶ See Hannah Lambie-Mumford (2013) 'Every town should have one': Emergency food banking in the UK', *Journal of Social Policy*, 42, 1, pages 73-89.

²⁷ Loopstra, R., Reeves, A., Taylor-Robinson, D., Barr, B., McKee, M., Stuckler, D. (2015), 'Austerity, sanctions, and the rise of food banks in the UK', *BMJ*, 350. h1775.

²⁸ *The Guardian*, 'How the floods united the north – from chefs bearing curry to refugees with sandbags' (5.1.2016): <http://www.theguardian.com/environment/2016/jan/05/how-floods-united-the-north-chefs-bearing-curries-refugees-with-sandbags>

Himmah, who work together to serve weekly hot meals and support those in poverty in the local area.²⁹ Motivated by the pursuit of social justice, the Menorah Synagogue supports the work of their local St Luke's foodbank. Their outreach group which was previously engaged in supplying food to refugees, has now turned its attention to 'those in need, virtually on [their] doorstep.'³⁰

Whilst its founders and some of its trustees are Muslim, **Sufra** operates as a community Food Bank and Kitchen, supporting disadvantaged families experiencing food poverty in the London Borough of Brent, and is 'open to the whole community.' It provides food parcels to those who have been referred to their services and hot meals on Fridays to all. **Sufra** seeks to address the needs of those who are financially disadvantaged or socially isolated. Their approach is characterised by a holistic model of hospitality and sustainable development (as will be discussed later in this chapter).

3.2.2 Forms of assistance: financial support, debt advice and education

According to the Money Charity's estimates, the scale of debt in the UK in April 2016 was £1.47 trillion, with an average debt per adult of £29,210.³¹ However, the Money Advice Service found that only 17% of those indebted are 'currently receiving advice to get help dealing with their debts.'³² Many faith organisations are increasingly involved in advising on money matters and supporting people facing high costs of borrowing and lack of affordable housing.

Our research found that grants to individual or groups and money advice were common forms of helping people deal with financial hardship and debt issues (see Figure 3.1). Different faith-based initiatives included running debt advice centres, distributing small grants and engaging in financial education to prevent further indebtedness. Organisations such as Community Money Advice and **Paperweight Trust** offer debt advice and counselling alongside the Citizens Advice Bureau and Money Advice Service.

Additional to the Church Urban Fund which fundraises and distributes grants to local projects through its Together Networks, Muslim, Jewish and Christian-based organisations, including **Al-Mizan**, **Interlink** and Bethany Christian Trust, provide small grants to assist with everyday costs of living including education, medical and funeral costs, mobility and subsistence. Some minority faith organisations fund their provision through charitable giving such as *zakat* or *tsedaka* within Muslim and Jewish communities respectively.

Al-Mizan is a welfare trust that claims to be one of the first Muslim grant-funders to individuals in the UK, regardless of their religious background. Last year it supported 201 families and disbursed over £46,000 through their grant-making programmes to cover the costs of education, household items, medical expenses and vocational training.³³ While some organisations provide

²⁹ Tom Norton, 'Muslim-Jewish kitchen opens to help Nottingham's neediest', *Nottingham Post*, 20 May 2015. <http://www.nottinghampost.com/Muslim-Jewish-kitchen-opens-help-Nottingham-s/story-26543074-detail/story.html>

³⁰ Menorah Synagogue: Gita Cohn, 'It's Only Sticking Plaster' <http://menorah.org.uk/menorah-outreach>

³¹ The Money Charity: 'Money Statistics': <http://themoneycharity.org.uk/money-statistics>

³² The Money Advice Service, *Indebted lives: the Complexities of Life in Debt*, 2013, p.4.

³³ Al-Mizan Trust (2015), *Annual Report and Accounts 2015*, p.4.

assistance to individuals who meet a particular set of eligibility criteria, other community-based initiatives are also designed to help their member organisations to fundraise for themselves. For example, **Interlink**, a Charedi community organisation, administers grants and trains fundraisers and trustees in financial management and how to develop grant applications.

Whilst very different organisations, **Interlink** and **Al-Mizan** both reflect a tendency among faith organisations to supplement grants with training and capacity-building. Thus, they offer assistance in the form of grants or interest-free loans, and also train and empower individuals or organisations to help them boost their employability or bid for further funding and grants. There was a similar trend among Christian organisations to training individuals to provide money advice. For example, **Church Credit Champions Network** have developed a series of initiatives to engage local churches in developing creative ways of dealing with money and debt problems:

In Hackney, for example, 10 churches across different traditions ran a ‘Money Talk’ event for their members in 2014, opening up the conversation about financial issues in their neighbourhood and what they wanted to do about them [...] Since then, several churches have had their members trained in order to open their church buildings as ‘access points’ for the credit union in areas with no local branch presence.³⁴

Our research also found faith-based providers involved in initiatives to enable people to budget, and in providing forms of debt and financial advice. For example, **1st Ethical**, a Muslim organisation, describes itself as ‘an information service’, although not a professional one. Motivated by the desire to help people in debt, Community Money Advice, was established to help churches and local organisations to set up money advice services. Numbering 150 centres, it provides free debt advice and engages in face-to-face conversations with clients to relieve levels of stress and anxiety about debt.³⁵

Several organisations in our study referred to the sense of shame that people felt when having to admit to money problems. Many faith organisations are responding by accompanying provision of financial advice with emotional support. One Jewish organisation which has a high number of elderly clients, **Paperweight**, highlighted the importance of acting as a barrier for their clients, to give them ‘a temporary breathing space in which they can quietly deal with their issues.’ In fact, research by the Money Advice Service found that retired people are one of the over-indebted groups that often feels shame or guilt and are therefore ‘more reluctant to reach out for help.’³⁶ Some respondents also commented on the state of confusion in which people come to them and the need to provide a calm space in which to deal with financial matters.

3.2.3: Forms of assistance: referrals, signposting and befriending

Faith organisations are also engaged in signposting and encouraging clients to access other free of charge debt services, such as Step Change or the Citizens Advice Bureau. With a growing number of good quality debt advice available, an interviewee from a Christian organisation

³⁴Church Credit Champions Network Annual Report 2014-15. www.toyourcredit.squarespace.com/s/CCCN-Annual-Report-2014-15-churches.pdf

³⁵ See: <http://www.communitymoneyadvice.com/>

³⁶ The Money Advice Service (2013) *Indebted lives: the Complexities of Life in Debt*, p.12.

commented that the ‘thought that anyone would be paying for debt advice is outrageous’. Our data indicated that around 16% of organisations were engaged in referring individuals and 15% in befriending on a regular basis. We also found that referrals flowed in different directions, often based on close local relations between faith-based and secular service providers. For example 80% of **Sufra**’s clients were referred to them by 17 different agencies, including Citizens Advice Bureau, Probation Service and Brent Somali organisations and Brent Council’s Welfare Assistance Team.³⁷ As was noted by one Jewish organisation, ‘the reason we exist is we have referrals from very many other organisations, both within the Jewish sector and the state sector’. While local authorities refer individuals to faith-based charities and services, smaller under-resourced faith organisations benefit from sending their clients to more established organisations with a larger number of trained social workers. Referrals are also used to improve access to limited amount of available grants with faith organisations supporting their clients in making applications or applying to other organisations on behalf of their clients.

We found though that some faith organisations saw referrals as a double-edge sword. While many directed people to community services to ensure they received the best possible advice, some felt that compared to faith-based initiatives these services lacked the personal approach needed to help vulnerable people. Consequently, **Paperweight** piloted a befriending service called ‘Paperlight’ which involved recruiting ‘caseworkers who are themselves retired ladies who will visit every four or five weeks and just have a cup of tea and check everything is still okay.’ This approach sought to provide a more caring service, sensitive not only to people’s financial issues, but also to their psychological state.

This is enhanced by the home visits that faith organisations often provide to support people – which local authorities or other charities cannot always provide. For example, one interviewee from a Jewish organisation characterised the Citizens Advice model as ‘bring along your problems and we’ll tell you what to do next’ – although he acknowledged that Citizens Advice services have been affected by financial cuts, which have greatly reduced the level of services they provide. In a different conversation, another interviewee from **Church Credit Champions** summarised the way in which faith organisation differentiate their services from other providers:

What I think the church adds in to that is relationship, for example Citizens Advice, lots of people go in, they’re expecting face to face and lots of time, it just doesn’t work like that. The church can give depth, a greater listening ear and a deeper relationship.

3.3 Beneficiaries of faith-based assistance

A recent study by Cinnamon Network has shown that local churches and other faith organisations ‘work with a vast cross-section of beneficiaries’ and are not focused on one particular age group or gender.³⁸ Similarly, we found evidence that many faith organisations are developing increasingly open and inclusive services for the benefit of all. The picture can be more complex in relation to particular provisions that exist within faith communities to help their members.

³⁷ *Sufra, Annual Report 2014-2015*, p. 18.

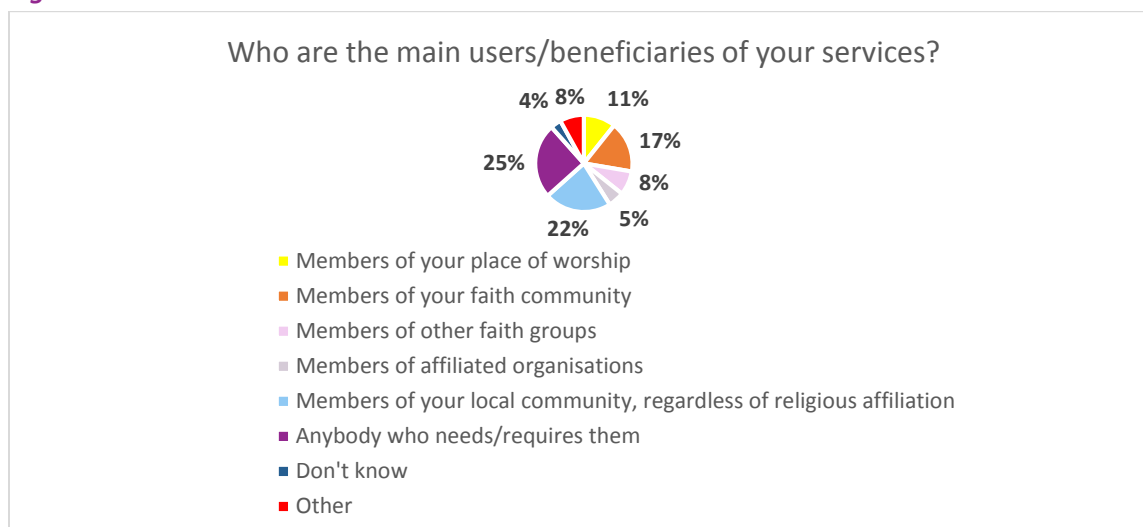
³⁸ Cinnamon Network (2015) *Faith Action Audit*, p. 1.

Some respondents indicated that there were financial issues which should be addressed within their own community. Moreover, some believed that their particular faith-based tradition of charitable giving shaped the way they provided assistance. For example, some Muslim respondents emphasised that a strict application of the zakat model requires that funds raised through zakat should be used for the benefit of Muslims, whilst 'unpaid zakat remains a debt for the believer and must be addressed without delay'.³⁹

A minority of respondents from other Christian or Jewish groups suggested that tackling debt or financial need should be addressed within one's own community. Some organisations establish themselves specifically to deal with the particular issues faced by their communities or to provide religiously appropriate assistance for their groups. For example, Agudas Israel Community Services has been set up to provide specific advice on benefits and employment for the Charedi community in Stamford Hill.

However, the majority of our respondents provided help and support regardless of their religious affiliation. As noted by one Jewish organisation, the 'faith community has same problems as those experienced nationwide'. Our research found 25% of those who responded to our survey said the main beneficiaries of their assistance were anybody who needed it, followed by 22% whose main beneficiaries were those within their local neighbourhood, and 17% whose main beneficiaries were people of their own faith (see *Figure 3.2* below).

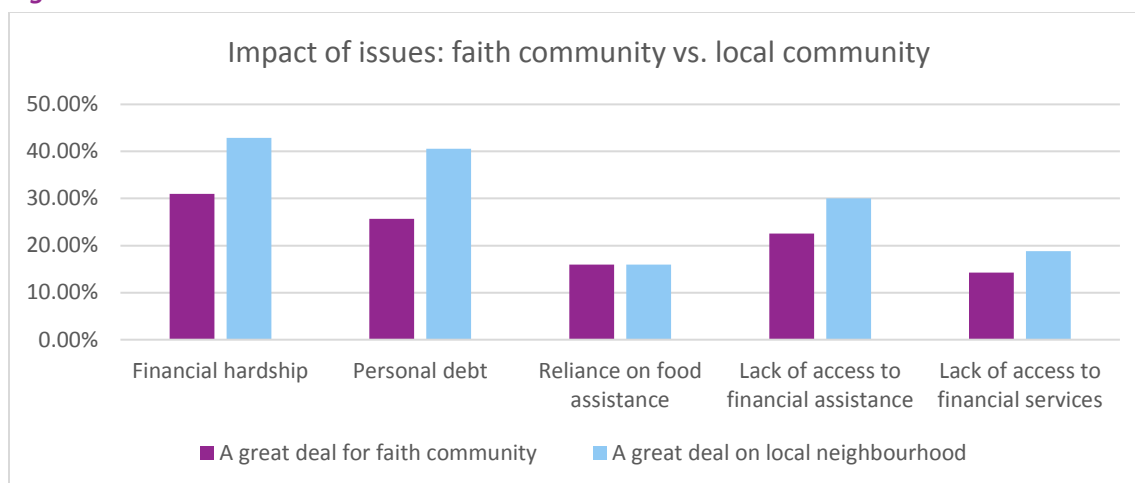
Figure 3.2



Although some respondents were unsure about the extent to which particular issues were more critical to their faith or local communities, some organisations considered their own faith communities to be relatively better off than the communities in their wider neighbourhoods, and our data suggest faith groups tended to seek to address issues affecting their local areas:

³⁹ National Zakat Foundation: www.missedzakat.com

Figure 3.3



Some organisations have a particularly inclusive ethos to assisting people regardless of their faith or cultural background. For example, **Al-Mizan** reported struggling with how to manage zakat funds, as their ethos has never been to ‘favour Muslim over non-Muslim, Asian over non-Asian, Pakistani over non Pakistani’, but has always been based on need. Similarly, a respondent from a Sikh organisation, the **City Sikhs Network**, conceptualised ‘sewa’ (service) as selfless giving and as a ‘form of worship which doesn’t have to be aimed at any one particular group of people’, suggesting rather as Sikhs they should strive to be inclusive.

Annual events organised by faith organisations, such as Sadaqa, Mitzvah or Sewa days, share a common ideal of combining donations with people dedicating time and selfless service to improve the welfare of their local area, regardless of their religious affiliation. In the Sikh tradition, *sewa* is ‘an act of kindness without expectation.’⁴⁰ According to the *British Sikh Report 2016*, 93% of Sikhs engaged in charitable donations which amounted to an average of £380 per person per year.⁴¹ For Muslim communities, *sadaqa* is a ‘form of voluntary charitable giving that can occur at any time for any amount’ and unlike zakat, can be used for ‘any charitable cause’ and ‘for the benefit of others.’⁴² Mitzvah Day, a Jewish-led initiative, which was the first of these events is similarly based on volunteering to help those in need, and engage in social action and care, with giving one’s time often regarded as important as giving money.

Our study found that just under half of the support activities reported by our respondents were locally focused (45%). While their focus remained local and small-scale, it was not necessarily confined to just one area. Although Muslim communities often provide support internationally in the form of international development or remittances, a large proportion of funds and services are provided within the UK.⁴³ While Jewish organisations who responded to our survey indicated stronger provisions in the local community, financial provisions from Christian organisations were

⁴⁰ See: www.sewaday.org/about-sewa-day

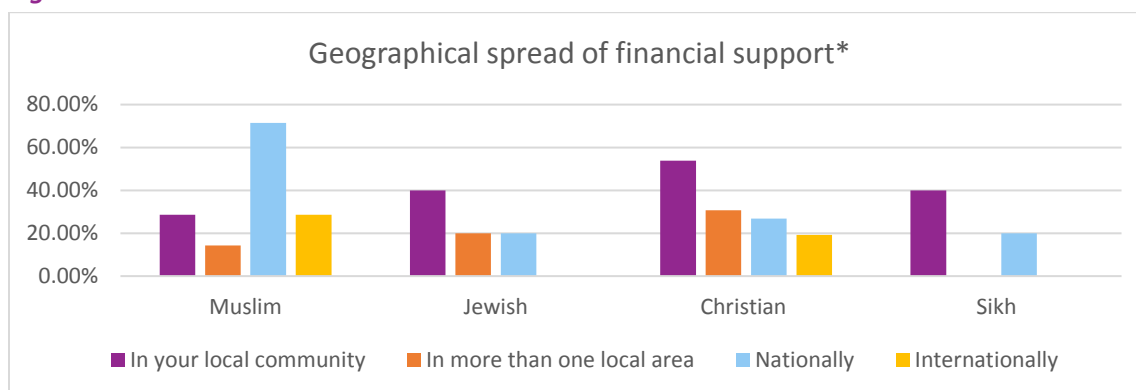
⁴¹ *British Sikh Report 2016*, p.20: <http://www.britishsikhreport.org/wp-content/uploads/2016/03/British-Sikh-Report-2016.pdf>

⁴² See Ali Khimji (2014) *A Survey of Charitable Giving in the British Muslim Community* (London: Cause 4).

⁴³ Ibid.

more spread between local, national and international levels. Some of this data is summarised below, *Figure 3.4*, although it is based on very limited responses to this particular question from Jewish and Sikh communities.

Figure 3.4



* Respondents could select more than one option

3.4. Innovative ways of working

Many faith organisations in our study emphasised the need for a holistic approach to addressing financial need, driven by a deeper level of engagement with people individually, learning more about their particular needs and trying to provide tailored solutions. The following sections discuss the ways in which the organisations play a key role not only in providing a safety net, but also offering a holistic approach to addressing financial need.

3.4.1 Innovative ways of working: holistic approaches and linked services

Alongside the provision of financial support and welfare services, some of the most innovative faith organisations were also engaged in developing holistic and sustainable approaches to addressing financial need. This involved delivering additional services aimed at boosting the physical and emotional wellbeing of their clients, and developing specially tailored training programmes to ensure that people gain the necessary skills to take care of their related needs and change their lives.

Holistic support often requires a stronger sense of empathy and willingness from volunteers to go the extra mile to help. While some respondents highlighted that a deeper understanding of need comes from a strong identification with one's own community, or personal experience of deprivation, others commented on the link between their faith and their duty to the society they are living in. For example, one Muslim respondent from **1st Ethical** saw the role of their organisation in terms of helping Muslims to 'practice their faith holistically and through doing so reaching society by being better citizens.'

A holistic approach to delivering services develops from being closely engaged with people's needs and noticing other areas in which they require support. For example, **Al-Mizan** diversified their services from providing small grants to giving out sleeping bags and warm clothes to the homeless, essential baby items to new mothers and back-to-school backpacks for children. In a

similar way, **Sufra** viewed their food services as a gateway to other services and set up ‘welfare surgeries [to] provide one-to-one support around things like housing, benefits, employment.’

Such approaches were often guided by practical considerations and the sense that one issue cannot be dealt with without addressing others. As was commented by **Interlink**, although initiatives such as Connect Hackney are about ‘reducing social isolation for older people, their work inevitably overlaps with the need to take care of their financial health as older people often neglect this by not opening their bills or letters’ – requiring an integrated approach.

We also found many seeking to develop linked services and cooperate with other organisations. Christian places of worship often provide a range of community services in their premises, from food banks and parenting groups to debt advice and debt services. For example, St Andrews Community Network offers money and debt advice alongside their original parenting programmes and foodbank services. Murston Community Bank provides general financial advice as well as invites volunteers from the Citizens Advice Bureau on a weekly basis.

Our research showed minority faith organisations were involved in joining forces with other service providers. While some users of welfare organisations benefitted from close engagement with temples and mosques for food collections, some faith organisations also invited money experts and welfare advisors to their premises to provide financial advice or other forms of welfare counselling. Being able to work as a community hub was identified as particularly important for older people who may find it difficult to reach other service providers: thus caseworkers from **Paperweight**, rather than simply signposting people to other services, ‘call upon the services and advice of the expert panel who provide solutions and direction in matters of family law, accounting, taxation, inheritance, insurance and benefits’ to help people address financial concerns. Similarly, **Sufra** offers a range of different surgeries for existing users of their services, including ‘a fuel poverty charity that runs some of the surgery specifically around utility bills and debt, issues around heating at home.’ They are also thinking of adding medical screening to assist a particular group which uses community kitchens to access primary healthcare.

However, holistic support is not without its challenges. On the one hand, it is based on a more personal and a caring approach, which is partly motivated by religious beliefs and partly by a deeper understanding of people’s issues and needs. A Jewish interviewee from **Paperweight** emphasised that because their case workers come from the same community ‘they understand what makes people tick.’ Importantly, they identify with the issues and ‘deal with the sources of their problems professionally and with discretion’ but they have also experienced a degree of deprivation and know what people might be going through. On the other hand, it requires greater volunteer capacity and financial resources. For example, one respondent highlighted a discrepancy between the funding and volunteer resources and the level of support that charity-based organisations are expected to provide: ‘Because we are more intensive we help less people, but see better results with the people we do see.’

At the same time, some also commented on the need to spend extra time and resources on providing emergency help, for example distributing food parcels or running soup kitchens. Criticisms have been raised by some about whether faith organisations are spreading themselves

too thinly in trying to address too many issues and concerns at the same time, while a more effective way might be outsourcing more services to partner organisations, as indeed is happening as well.

3.4.2 Innovative ways of working: training and capacity building

One of the debates around welfare support focuses on the question of faith organisations being involved not only in helping people solve their immediate problems, but also promoting sustainability and encouraging people to become independent and resilient. What we found was that rather than just plugging the gap or providing ‘sticking plaster’ services, faith organisations were increasingly focused on delivering training and improving capacity.

We found a faith organisation that had set up a food academy to train members to develop the necessary skills required to cook and eat well and improve their employability, and provide further education to improve debt advice services. Working with different clients, particularly young users of their food services, **Sufra** noticed their clients were keen to achieve accreditation and access to qualifications. To improve their employment prospects and limit their dependence on food banks, they set up a food academy for under 25 year olds. An inspiration for training in cookery skills came from one of their guests who ‘did not know what to do with his food parcel because he did not know how to cook.’ **Sufra** also encourages people to grow their own food to increase self-sufficiency and gain further training in horticulture or gardening to enhance employment opportunities. Our interviewee from **Sufra** noted that by providing emergency aid and showing hospitality towards those they supported – treating them as guests – they also provided ‘alternative pathways that deal with the underlying causes around disadvantage.’

A similar idea was expressed by a respondent from **Interlink**, but their activities focus on helping small Charedi community organisations, rather than individuals. Part of their work involves training staff and trustees to fundraise for themselves and to deal with financial management of charities. Other organisations in the community also do training work with individuals. The Shaarei Parnosah Tova (SPT) was set up in 2011 to deliver training for Charedi men from families with low income to help them develop language and IT skills to improve their employment prospects as well as learn how to become employers to provide further work opportunities for others.⁴⁴

Our respondent discussed how the initiative is expected to grow into a business hub for people to set up their own businesses. Some of this work also involves ‘finding mentors from a Jewish community or whoever they feel comfortable with, who they could ask for help and advice.’ At the moment there are around 400 people on the courses in total, including ‘English and IT, professional vocational skills, accountancy and book-keeping’.

Training and capacity building is also seen as a way of measuring the success of particular faith-based actions. While **Church Credit Champions** evaluate the effectiveness of their campaigns in

⁴⁴ Interlink Foundation, *Guide to Services*, p.13.

terms of the ways in which their activities are ‘transforming people’s lives’, one of the ways they assess impact is based on the number of people they have trained to become credit champions.

Conclusion

Faith organisations address a wide range of issues – particularly in relation to financial hardship and personal indebtedness. Single people, young and old, and those in low paid jobs are some of the growing groups using faith-based support services and food banks. Whereas similar issues affect faith communities in different measures and there are different opinions in communities about how they need to be addressed, faith organisations are providing services which are inclusive and seek to benefit all. We found examples of interfaith initiatives initiated by Christian, Muslim, Sikh, Hindu and Jewish organisations to support people in need – regardless of their religious affiliation.

Against the backdrop of diminishing welfare support, faith organisations are developing new and innovative ways to fill the gaps. While some of their services are not dissimilar to those offered by non-faith organisations, our respondents highlighted the importance of the emotional and caring aspect of faith-based work. Sometimes this may entail dedicating more time to people and sometimes treating them as guests, rather than users of services, to address the damaging stigma of poverty. These values cut across different faith traditions and were particularly strongly expressed in relation to food provision and debt advice.

Another distinctive feature was the holistic nature of faith-based approaches as indicated by our respondents. This was manifested in approaches to linking services, and tailoring them to the needs of people. While many faith organisations are responding to people’s immediate problems, we found evidence of faith organisations offering training to help people improve employability and encourage resilience.

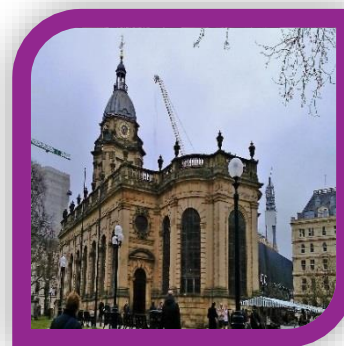
Our research also found faith organisations face challenges in providing welfare and financial support. While some related these issues to insufficient financial and human resources, others related to organisational pressures of linking up too many services and spreading themselves too thinly, as well as concerns about the changing benefits system or the regulatory expectations of the Charity Commission.

4 Faith-based activism and campaigning

Introduction

The idea that faith organisations can play a role in shaping a socially responsible economy not only by supporting people in financial difficulty but also actively campaigning to challenge existing financial practices is being taken increasingly seriously. While a series of reports have analysed faith-based social action through the lens of delivering services particularly in areas where the state has retreated, less attention has been focused on the critical voices of faith organisations as well as their increasingly complex engagement with the world of banking and investment.

In line with the claim by Williams et al that faith organisations are not mere ‘state-mobilised little platoons in the service of neoliberal hollowing out of the welfare state’,⁴⁵ our research uncovered a diverse landscape of activities and campaigns aimed at fighting for the most vulnerable members of society, sometimes by openly contesting existing policies and practices and sometimes seeking to affect change by direct engagement, lobbying and consultancy.

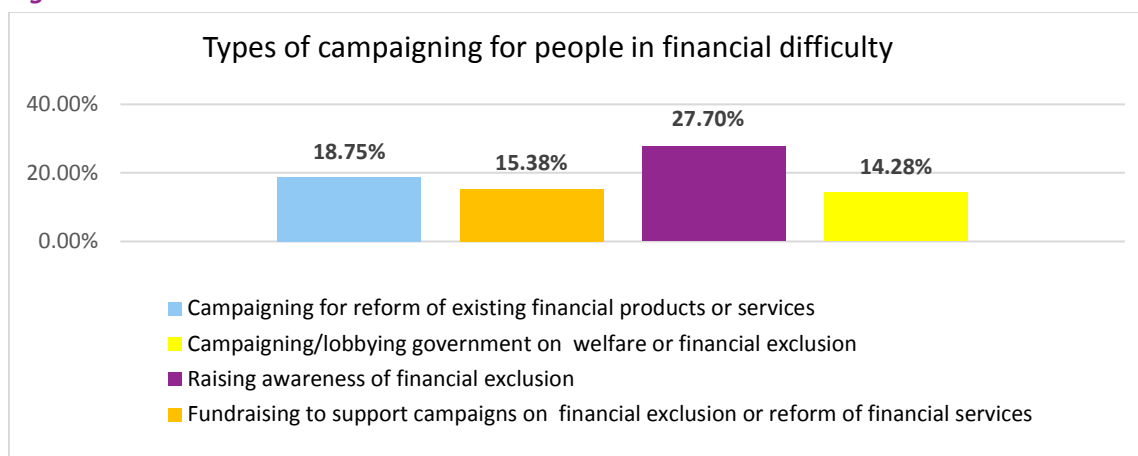


Survey data headlines

Questions on faith-based campaigning were answered by a lower proportion of organisations in our survey. However, it still allowed us to make a series of interesting observations about the ways in which faith organisations engaged in campaigning to change the existing financial provisions which they deemed unjust and unfair. If ‘raising awareness of financial exclusion’ was the most common campaigning activity (27.7%), ‘fundraising to support campaigns on financial exclusion or reform existing services’ was the least popular, with just under a half of those who responded claiming to have never engaged in it. While this can be attributed to the nature of organisations which engage in campaigning, a lower percentage of respondents reporting that they engage in fundraising to support campaigns is not surprising in light of the shortages of funding and priorities on welfare. Our interview data suggest that ‘raising awareness of financial exclusion’ can be interpreted in a broad sense, encompassing lobbying activities, participation in local community events or engaging with places of worship to increase public knowledge of particular issues relating to payday lenders or alternative forms of ethical or community finance.

⁴⁵ Andrew Williams, Paul Cloke, Samuel Thomas (2012), ‘Co-constituting neoliberalism: faith-based organisations, co-option, and resistance in the UK’, *Environment and Planning*, 44, p.1478.

Figure 4.1



At least a third of our respondents acknowledged facing challenges in campaigning efforts which ranged from a lack of resources and inertia within the sector to profit-driven mentality and resistance to change from companies and government. We uncovered a series of campaigns in which faith organisations have been particularly vocal. These included increasing awareness and membership of credit unions or lobbying for alternative financial arrangements (e.g. Hope Church Islington, **Church Credit Champions Network**, **1st Ethical** and the **UK Islamic Finance Council**), campaigning to cap interest rates and develop payday lending regulation at home (e.g. Together Lancashire, the Community and Theology Centre and the Just Money campaign) and working towards cancelling debt of the poorest countries (e.g. **Jubilee Debt** Birmingham).

Several respondents drew attention to their work in raising awareness about the impact of welfare cuts and the need to increase benefits for the most vulnerable members of society (e.g. **Interlink** and Quaker Social Action). Others emphasised taking part in campaigns to reform financial provisions and the banking sector together with secular organisations such as ShareAction and Positive Money or engaging with companies to improve ethics (e.g. **Ecumenical Council for Corporate Responsibility (ECCR)**, Methodist Tax Justice and Medical Mission Sisters).

Three areas of campaigning proved particularly popular with the faith organisations who responded to our survey or took part in the interviews.

- 4.1 The first cluster of activities centred on campaigning against financial exclusion and promoting alternative forms of finance and credit.
- 4.2 The second group of campaigns involved lobbying the government to change existing provisions on benefits and payments.
- 4.3 The third cluster focused on active engagement with the financial activities of national and international companies in an attempt to shape sustainable economic system by challenging the banks' behaviour and promoting ethical investment.

4.1 Tackling financial exclusion: access to financial services

The intervention of Archbishop Justin Welby in the debate about payday lenders in 2013 drew attention to the role of faith organisations in reforming financial systems, therefore giving a fresh impetus to existing campaigns to drive payday lenders out of business and promote alternative

forms of personal credit. Our research found a series of campaigns for alternative forms of lending by Christian and Muslim organisations. In this section we will focus on three campaigns: Just Money, Church Credit Champions and Halal Student Loans.⁴⁶

4.1.1 Access to financial services: the Just Money campaign

The Centre for Theology and Community (CTC) launched the Just Money campaign in partnership with Citizens UK in response to the financial crisis of 2008 and the lack of regulation of payday lenders. Mobilising as a coalitional and multi-faith movement, they collected stories on the impact of lending through a series of money talks which, as was noted by our respondent from the **Church Credit Champions Network**, ‘confirmed the extent to which people felt [they were] being exploited by the system.’ The campaign focused on lobbying for a cap on the cost of credit, promoting financial literacy through the ‘money mentors’ programme and promoting and supporting ‘more ethical and local forms of finance’, such as credit unions.⁴⁷ The campaign was successful and resulted in the Financial Conduct Authority introducing caps on the cost of credit in January 2015. As a consequence, customers no longer need to ‘pay back more than twice what they borrowed, and someone taking out a typical loan over 30 days and repaying on time will not pay more than £24 per £100 borrowed.’⁴⁸ David Barclay called this ‘a huge step forward in the fight against exploitative lending, and one that CTC has been calling for as part of Citizens UK since right back in 2009!’⁴⁹

4.1.2 Access to financial services: Church Credit Champions

The work of the **Church Credit Champions Network** was inspired by the Archbishop’s message to support and promote credit unions. Commenting on campaigning efforts to publicise existing credit unions, a leading member of the network remarked that:

We heard stories of churches who were now trying to set up their own credit unions even though they were just round the corner from very successful credit unions [...] In most parts of the country there’s existing coverage of a credit union[...] It’s more about how can churches get involved in existing ones.

Campaigners, however, are aware that not every church may benefit from joining a credit union. They emphasise the importance of listening to their members’ stories of debt and money and helping them to find alternative solutions by offering further training, resources or connecting them with debt advice providers.

⁴⁶ For a more detailed discussion on the development and creation of faith-based financial products and ethical alternatives, see Chapter 5.

⁴⁷ Adapted from Citizens UK: http://www.citizensuk.org/just_money

⁴⁸ FSA (2015) ‘PS14/16: Detailed rules for the price cap on high-cost short-term credit – including feedback on CP14/10 and final rules’. <http://www.fca.org.uk/news/ps14-16-detailed-rules-on-the-price-cap-on-high-cost-short-term-credit>

⁴⁹ Centre for Theology and Community: <http://www.theology-centre.org.uk/were-winning-just-money-campaign-taking-steps-forward>

Promoting alternative forms of credit to address spiralling debt is seen as a faith-informed response and service to members of faith community and local neighbourhood. In his comments on the devastating effects of payday loans, the Archbishop noted that ‘people often have little choice, especially in deprived areas of the country.’⁵⁰ He added that because ‘faith in Christ calls us to love the poor and vulnerable with our actions [...] the Church must be actively involved in supporting the development of real lending alternatives, such as credit unions.’ For Christians, he suggested, ‘this is not an optional activity, but a fundamental part of our witness and service to all God’s people’. Similarly, the Bishop of Durham argued that campaigning for joining credit unions played a key role in ‘bringing unbanked and under-banked people into financial services.’⁵¹

4.1.3 Access to financial services: Halal Student Loans

Muslim efforts to introduce halal student loans in the UK have been driven by concerns that an increasing number of Muslim students are excluded from the education system because of the interest-based loans system. A campaign to provide halal student loans was launched by **1st Ethical** and supported by FOSIS, Al Qalam and the **UK Islamic Finance Council (UKIFC)**. It called on the government to address the dilemma faced by many Muslim students of having to choose between not going to the university or funding one’s degree with an interest-based loan which is against Islamic teaching. **1st Ethical** created a website to encourage Muslims to take part in the government consultation on sharia-compliant loans,⁵² and over 25,000 people responded.

For a time, the measure suffered a series of delays in going through the Parliament due to a lack of political will. However, lobbying efforts continued and the campaign was fought on the grounds of promoting financial inclusion and equal access to the education system. As an interviewee from **1st Ethical** reflected, the proposal could also be framed as promoting integration and addressing extremism:

There’s this whole debate about what makes an extremist. To my mind, it’s pretty clear cut that if you give somebody a university education, you enhance their life skills and make them more integrated in to society.

Our respondent from **1st Ethical** linked the slow impact of the campaign with the challenging nature of the issue, particularly since it was not viewed as a priority by policymakers, and due to concerns that media coverage might present the issue as one of problematic Muslim exceptionalism, where ‘Muslims get special treatment for student loans’. Similarly, the **UKIFC**, commenting on their lobbying for the inclusion of Islamic finance in policy, noted slow progress:

⁵⁰Archbishop of Canterbury (2013) *Leaflet to Church Leaders*:

https://www.churchofengland.org/media/1853426/a5_creditunion_abcmmessage_5reasons_v1.pdf

⁵¹ Bishop of Durham (2016) *Banks: Unbanked and Underbanked*:

<https://hansard.parliament.uk/Lords/2016-04-11/debates/1604115001378/BanksUnbankedAndUnderbanked>

⁵² See the Government’s response to consultation at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/349899/bis-14-984-government-response-to-a-consultation-on-a-sharia-compliant-alternative-finance-product.pdf

There are inherent challenges in the whole process, education is one, awareness is one and political cycle is another. It is a big topic, being bottom of the political agenda you want more done by government, you want more reforms made, more level playing field and amendments.

The halal student loan campaign achieved success when the government confirmed their intention to introduce the relevant legislation for alternative finance in the White Paper 2016:

To ensure participation and choice are open to everyone, we will introduce an alternative student finance product for the first time. This will be open to everyone and will not result in any advantage or disadvantage relative to a student loan, but will avoid the payment of interest, which is inconsistent with the principles of Islamic finance.⁵³

While it is anticipated that halal loans will become available in 2018, there is ongoing debate on whether the right model of Islamic finance has been selected.⁵⁴ Similarly to some of the Christian-based campaigns on payday lenders, or some of the earlier efforts to introduce a living wage, this campaign has taken a long time and energy to achieve its aims. However, it has also illustrated some specific challenges Muslim organisations face due to a lack of religious literacy among policymakers and a hostile media climate.

4.2 Lobbying government to change welfare policies

Faith organisations have been critical and active in the area of welfare policies, attempting to pre-empt or limit the damaging impact of particular measures and cuts, albeit with varied levels of success. The following two campaigns reflect efforts to change provisions on child tax credits and address rising and prohibitive funeral costs.

4.2.1 Lobbying government: the two-child limit on child tax credits

This campaign focused on trying to stop policymakers from limiting child tax credits to two children per family. Faith and child protection organisations argued that the proposed changes would exacerbate debt and have serious implications for family life. A report by Step Change found that reducing levels of benefits results in persistent debt and income fragility, disrupting children's lives.⁵⁵

A number of faith organisations joined forces to raise their concerns on clauses 11 and 12 of the Welfare Reform and Work Bill, including the Baptist Union of Great Britain, the Board of Deputies of British Jews, Caritas Social Action Network, the Church of England, the Church of Scotland,

⁵³ Department for Business, Innovation and Skills (2016) *Success as a Knowledge Economy: Teaching Excellence, Social Mobility & Student Choice*, May 2016, p.60:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/523546/bis-16-265-success-as-a-knowledge-economy-web.pdf

⁵⁴ See discussions by Alex Stevenson in *Politics*, 24 October 2014 <http://www.politics.co.uk/comment-analysis/2014/10/24/sharia-student-loans-are-flawed-but-it-s-not-just-muslims-be> and Javier Espinosa in *Telegraph*, 17 May 2016 <http://www.telegraph.co.uk/education/2016/05/17/muslim-students-to-be-given-charitable-sharia-loans>

⁵⁵ Step Change (2014) *The Debt Trap: exposing the impact of problem debt on children*, http://www.infohub.moneyadvicetrust.org/content_files/files/thedebttrap.pdf, pp. 9-10.



Interlink, the Methodist Church, Quakers in Britain, and the United Reformed Church. Campaigners challenged the proposed bill on the grounds it was unfair to families on lower income. Moreover, the campaign focused on religious literacy and equal treatment of large families that are more common in some faith traditions.

The Jewish Orthodox community was one group to be strongly affected by the measures. **Interlink Foundation** became a leading voice in the campaign because of the damaging effects the proposed cuts would have on large families in the Charedi community, with an average of 5-6 children. In the written evidence submitted to the Welfare Reform and Work Committee and jointly written with other Orthodox Jewish organisations, they argued that:

The inevitable consequence of a policy of limiting tax credits to 2 children will be that poor working households with additional children will not have the wherewithal to pay for basic needs such as food, clothing, heat and rent. The more children in the household, the greater the problem will be.⁵⁶

A further document was produced with other Jewish and Christian organisations, including the Board of Deputies of British Jews, Church of England, Baptists Together and the Methodist Church, for the briefing at the House of Lords, called in front of Lord Freud for the second reading of the Welfare Reform and Work Bill in November 2015. The joint letter stated that the 'proposed measure will disproportionately affect families where, perhaps because of the parents' faith there is a devout desire to avoid contraception or abortion.'⁵⁷ With no changes resulting from this meeting, further lobbying efforts were undertaken in partnership with other organisations, including jointly written letters sent to the Prime Minister from community leaders.

Some of the parliamentary discussions focused on the question of equality between working families and those on benefits, rather than on issues of faith equality.⁵⁸ However, while religious grounds were clearly important for the faith-based campaigners, there were further concerns about children's health and wellbeing that the cuts would undermine by creating a large number of children being brought up in poverty. The campaigners were, therefore, critical of the measures on the grounds that they would promote child poverty and create disparities of income. One of our respondents from **Interlink** summarised the expected impact in the following way:

⁵⁶ Welfare Reform and Work Bill Committee, Written evidence submitted by the Interlink Foundation, Agudas Israel of Great Britain and the Union of Orthodox Hebrew Congregations (WRW 44), 14 October 2015 <http://www.publications.parliament.uk/pa/cm201516/cmpublic/welfarereform/memo/wrw44.htm> - 14 October 2015.

⁵⁷ 'Child tax credits and Universal Credit: limit on support for families with more than two children', Briefing for House of Lords on the Welfare Reform & Work Bill, 2nd Reading.

⁵⁸ See parliamentary discussions in *Hansard*, 17 November 2015. <http://www.publications.parliament.uk/pa/ld201516/ldhansrd/text/151117-0001.htm#15111752000329>

After the two child cap not only won't you get benefits for that child, they won't be included in any calculations. So it's as if they're not there. So when they work out the housing benefits they only work out your costs, they regard an income only for the first two children.

While many believe that there is still a long way to go, our respondent from **Interlink** remarked that at least the campaign brought them closer to other faith organisations. Interestingly, this referred mainly to other Jewish and Christian organisations, whilst Muslim groups were seemingly less involved in this particular campaign.

Until now, only small amendments have been introduced, with 'two families joining together' not being affected by the measures, and organisations have continued to challenge government on the issue. There have been some recent encouraging developments, with Alison Thewliss of the SNP lodging a complaint to the UN, claiming that the proposed changes to the Welfare Bill might increase child poverty. In response, the UN has asked the UK government to provide evidence on the impact these measures would have on children.⁵⁹

4.2.2 Lobbying government: the Funeral Poverty Alliance

Whilst the 'Two children limit' campaign was fought on social as well as religious grounds, the 'Fair Funeral' initiative was argued from a social perspective. The campaign was initiated by the Quaker Social Action (QSA) with the establishment of the Funeral Poverty Alliance (FPA), a network of not-for-profit organisations to campaign against funeral poverty. The network consisted of faith (mainly Christian) and non-faith partners set up to 'lobby the government and review funeral poverty.'

The QSA wrote to the Work and Pensions Select Committee drawing their attention to the financial consequences and distress caused by delays and mistakes with applications which can be hugely painful to bereaved applicants. With the value of grants being dramatically eroded, 'bereaved people on low incomes' were being pushed into 'unmanageable debt which they often have no means of paying off.'⁶⁰

A key outcome of the campaign was an inquiry set up by the Labour MP Frank Field to look into benefits supporting bereaved people. Heather Kennedy, campaign manager for 'Fair Funerals' welcomed this development, emphasising that the issue of funeral payment has been long overlooked by the government.⁶¹ However, she went on to add that the issue could not be solved

⁵⁹ See *The Guardian*, 21 May 2016, 'UN asks government to explain two-child cap on child tax credits' <http://www.theguardian.com/society/2016/may/21/two-child-cap-child-benefit-un-snp>.

⁶⁰ Written evidence from Quaker Social Action, Committee Work and Pensions. Bereavement <http://data.parliament.uk/WrittenEvidence/CommitteeEvidence.svc/EvidenceDocument/Work%20and%20Pensions/Bereavement%20benefits/written/26547.html>

⁶¹ Heather Kennedy, 'Major inquiry into bereavement benefit failings', *Quarter Social Action*. 1 December 2015, <https://www.quakersocialaction.org.uk/news/enquiry>

by the DWP alone and other ministries, including Justice and Health, needed to be involved in tackling funeral poverty.

One of the findings of the inquiry was ‘the lack of protection in the market for bereaved customers, particularly those on low incomes.’⁶² The Committee has also called for the Social Fund Funeral Payment to be increased in line with the price of a basic funeral. The Chair of the Committee commented on the ‘distressing circumstances and debt this is leading people into, at a time when they are grieving and vulnerable’ and urged the Government to ‘conduct a cross-Departmental review of burials, cremations and funerals’ to reduce funeral poverty.

These two campaigns aimed at changing the welfare system to reduce poverty and speak on behalf of most vulnerable and often voiceless people whose livelihoods are threatened because of excessive debt resulting from lack of child support or funeral costs. While the first one based some of its claims on religious inclusion and literacy, the second campaign did not frame itself in religious considerations. Indeed the QSA does not see itself as a religious charity. The presence or lack of political good will, involvement or backing by senior political figures and the wider public appeal of the campaign can often be the determining factors for whether a particular initiative succeeds.

Our research also suggested that increasingly, campaigning efforts have centred on bringing together faith-based and secular organisations to ensure that critical voices are heard. In some ways, this supports existing evidence that faith organisations are linking with secular groups and discourses to articulate their claims. Not only is this visible in the campaigns that gain traction, but also in the increasing number of non-faith volunteers working inside faith organisations.⁶³ However, this does not mean that faith organisations are becoming secular in their values: a majority of respondents told us that religious values are very important to their work, including campaigning (see Chapter 2).

4.3 Reforming banking and investment practices of financial organisations

Whilst the Church of England, including the Church Urban Fund (CUF), Together Networks and **Church Credit Champions Network** have successfully campaigned for better regulation of credit models and raised awareness of alternative ethical products, Quaker, Ecumenical and Methodist organisations were more focused on campaigning for financial justice, transparency and responsibility in the banking sector and large corporations.

4.3.1 Reforming banking and investment practices: rebuilding trust in banks

ECCR and **ECCR West Midlands Group** campaign to improve the culture of the banking sector, reduce unfair practices limiting people’s access to banking accounts and fight inequality. Some of their work with Share Action also involves attending banks’ annual meetings to raise questions

⁶² See Chair’s comment , 31 March 2016, Commons Select Committee, Work and Pensions Committee, News <http://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2015/bereavement-benefits-report-published-15-16/>

⁶³ See Johnsen, S. (2014). Where’s the ‘faith’ in ‘faith-based’ organisations? The evolution and practice of faith-based homelessness services in the UK. *Journal of Social Policy*, 43(2), 413–430.



about workers' salaries and shareholders' investments. Campaigning efforts include setting up websites, conducting ongoing discussions with different banks and collecting recommendations on how the banking sector can improve its behaviour and increase public trust.

The creation of the advice portal 'Your Faith Your Finance', jointly run by the **ECCR** and the Quakers Peace and Social Witness, is aimed at discussing questions of money, faith and ethics and providing guidance on ethical investment, including critical engagement with the banks. A key example of this engagement was the **ECCR's** focus with Rathbone Greenbank Investments to change banking culture and practices which culminated in two reports on the banking sector published in 2011 and 2014.

Guided by a Christian commitment to responsible economic growth, the reports were motivated by the need to 'stand in solidarity with those oppressed by poverty and exploitation and work to change the structures, policies and practices that harm them and the natural world on which human life depends.'⁶⁴ With public trust in banks severely undermined by 'corporate misbehaviour and regulatory failures', the campaign focused on the need to improve transparency, sustainable growth and economic activities in the interests of the common good, 'rather than protecting the interests of the few'.⁶⁵ They issued a series of recommendations to rebuild trust, including a culture change in the banking sector, fair tax policies and greater transparency on social and environmental risks in finance activities.

To discuss the findings of the earlier Report (2011),⁶⁶ the **ECCR** ran an event in Birmingham, where Christian organisations and ethical finance providers were invited to share their views and opinions, including representatives and contributions from the Anglican Church, St Paul's Cathedral, Centre for Responsible Credit and Better Banking Campaign and many others.⁶⁷ Discussions with the banks were conducted under Chatham House rules, particularly in light of some of the banks ignoring invitations to take part in earlier discussions. At the same time, some respondents felt the banks who did take part were not particularly proactive. Although **ECCR** members shared their findings with the banks who were part of the report, there was a feeling that 'speaking truth to power' was a challenging position to be in 'both for those who receive the message, but also for those who make it'.

However, both national and local level discussions with the banks were reported to be honest and direct. At the same time, some members of the **ECCR** West Midlands group reported tensions between national and local decision-making processes within the banks. For example, some local bank representatives 'felt very sore because people locally were very cross with them about the

⁶⁴ ECCR (2014) *The Banks and Society – Trust Rebuilt?*, p.8.

⁶⁵ ECCR (2014) *The Banks and Society – Trust Rebuilt?*, p.13.

⁶⁶ 'ECCR (2011), *The Banks and Society: Rebuilding Trust – social, ethical and environmental concerns*

⁶⁷ See discussion of the ECCR report, March 2011, Birmingham.

http://www.eccr.org.uk/dcs/Banks_and_Society_1March11_event_report.pdf

decisions the banks had made, but they hadn't made it, they claimed, it had all been done at head office level.' The second report highlighted a need for a more localised approach to banking and better access to basic finance and banking services.

Our respondents also commented on the denial of miss-selling and the lack of will to acknowledge the depth of the problems in the banking sector. However, in light of better attendance by the banks at the meeting generated by the second report, there was a sense that the campaigning efforts were having an impact and that was seen as a measure of success, although further work is needed.

Some of the recommendations presented in the second report indicate the relative success of the campaign, with the Report (2014) suggesting that in the three years between the two reports, the banks had shown greater commitment to improving their practices. One respondent from the **ECCR** West Midlands Group commented that these included 'gender equality and employment and keeping better records about social and environmental lending practices'. However, the second Report noted that despite some progress, transparency was still poor.⁶⁸ More importantly, another key finding was that 'no bank seemed to have a clear policy on making unsuccessful loan applicants aware that other sources of credit or support are available.'⁶⁹ It highlighted this as an area to be improved, together with more effective communication within the banks on issues of culture change and good customer service.

4.3.2 Reforming banking and investment practices: climate divestment and debt relief

Collaborative campaigning on climate divestment provides an interesting example of Christian inter-denominational campaigning for sustainable economic and financial systems. One such campaign was: 'Footsteps: Faiths for a low carbon future'. Our interviewee from Britain Yearly Meeting suggested that the Quakers were 'the first national church to divest from fossil fuel companies and sell their shares in 2013.' Based on internal discussions on the impact of keeping or selling the shares, the campaigners persuaded the trustees that they could 'run a portfolio quite happily without oil' and therefore become 'a beacon for other people to know about this and to follow that example.'

Similarly, there are campaigns for the Church of England to divest from fossil fuels or formulate different terms of engagement with fossil fuel companies. For example, the Birmingham and Oxford Dioceses contributed to this discussion by suggesting that 'you can only really continue to invest if these firms are prepared to produce credible future plans as to how they're going to either change or scale down their activities.' They urged the National Investing Bodies to disinvest from coal and oil companies and called on 'parishes and individual Christians to take steps to encourage the government and political parties to act quickly on climate change.'⁷⁰ In July 2015,

⁶⁸ ECCR (2014) *The Banks and Society – Trust Rebuilt?*, p.25

⁶⁹ ECCR (2014) *The Banks and Society – Trust Rebuilt?*, p.30.

⁷⁰ Diocese of Oxford (2014) *Diocese to disinvest from fossil fuels*, 17 November 2014
<http://www.oxford.anglican.org/diocese-disinvest-fossil-fuels>

the General Synod voted in favour of disinvesting from tar sands oil and thermal coal: investment that was worth £6bn.⁷¹

Campaigning on disinvestment has a strong inter-faith element, including messages from the Birmingham Faith Leaders Group in 2011 following the Paris Conference on climate change. More recently, Quakers in Birmingham organised a multi-faith forum to discuss how to create a low carbon future, concluding that a new vision was needed to ‘challenge the dominance of fossil fuels’ and this required ‘seeking new economic and social realities and a transition to vibrant, cohesive communities.’⁷²

Tax justice provided another issue for faith-based campaigning. The Methodist Tax Justice Network offers a critical voice on this, drawing attention to corporate tax avoidance of a large number of international companies. A particularly interesting feature of their campaigning is the way in which the Methodist Church used its position as a shareholder to engage with companies and lobby for change. Thus campaigners decided against disinvesting in companies avoiding tax because otherwise they ‘would have almost no investments left’,⁷³ opting to work instead with the Methodist Joint Advisory Committee on Ethical Investment and Central Finance Board to ‘engage these companies and ask some serious questions of them regarding their tax situation.’

This highlights a challenge for faith-based campaigning in relation to ethical investment: although investment in some of these companies may be problematic, the fact that they remain shareholders enables a degree of influence in how these companies operate.

While some inter-faith campaigning focused on issues of disinvestment and tax, others sought to focus attention on the question of debt and unjust mechanisms of the world financial system. The **Jubilee Debt Campaign**, which began in 2000 succeeding the Jubilee 2000 campaign which had started in the 1990s, was founded on the need to lobby for ‘cancellation of the unpayable debts of the poorest countries, through fair and transparent processes.’⁷⁴ As was noted by our respondent, it was also based on the desire to change the system to make sure that ‘the risks of getting a loan were shared between the creditors and the debtors’.

In a booklet on Biblical teachings, financial crisis and jubilee economics, its authors characterised the **Jubilee Debt Campaign** as ‘the UK campaigning coalition which is part of a global movement demanding freedom from the slavery of unjust debts and a new financial system that puts people first.’⁷⁵ Being an organisation of ‘all faiths and none’, they took their ‘inspiration from the biblical

⁷¹ *The Guardian*, 14 July 2015 <http://www.theguardian.com/environment/2015/jul/14/church-of-england-governing-body-approves-divestment-policy>

⁷² Footsteps (2016) *Many Faiths – One Planet – One Future: a success!* 31 May 2016, <http://peacehub.org.uk/footsteps/2016/05/31/many-faiths-one-planet-one-future-a-success/>

⁷³ Methodist Tax Justice Network, *Methodist Investments: Tax avoidance by companies in the Methodist investment portfolio*: <http://methodisttaxjusticenetwork.nationbuilder.com/methodistinvestments>

⁷⁴ Jubilee Debt Campaign (UK) *Founding Document*, 24 May 2001, <http://jubileedebt.org.uk/wp-content/uploads/2013/01/JDC-founding-document.pdf>

⁷⁵ Tim Jones, Jubilee Debt Campaign (2013) *Jubilee economics: Contents Biblical teaching and financial crisis*: http://jubileedebt.org.uk/wp-content/uploads/2013/01/Jubilee-Economics_08.14.pdf

concept of ‘jubilee’ – a time when debts were cancelled, slaves set free, land returned to its owners and fields left fallow.’

By 2009, Christian, Muslim, Sikh and Jewish campaigners, as well as organisations like Islamic Relief and Tzedek were involved. It has been very active in Birmingham, involving local workshops for women and students of different faiths, as well as an event for Dharmic faiths. A strong local focus of this initiative (albeit within the global scope of the issues) brings to light some of the tensions in campaigning on the national and local level. For example, some Birmingham-based interviewees highlighted difficulties in working with many organisations located in London. Conversely a more local focus of the campaign and good personal connections facilitated the smooth running and management of individual campaigns

Today the **Jubilee Debt Campaign** has a wide scope and reach, including fighting against austerity measures, criticising countries for ‘dodgy investment deals’ and seeking to warn against a new wave of irresponsible lending. For example, a key initiative has been a campaign against the unjust treatment of Greek people whose banks, but not people, have been bailed out, arguing for ‘the need for some sort of international bankruptcy system’.

Conclusion

Faith-based activism and campaigning revealed a complex mix of faith organisation’s strategies and motivations. While offering critical voices on existing welfare provisions, faith organisations often also seek positive engagement with authorities and financial institutions to promote more ethical alternatives to financial services and reforms to existing ones. We found three areas where both Christian and minority faith organisations have been particularly active – campaigning against financial exclusion and encouraging credit caps, lobbying the government to change existing benefit provisions and introduce alternative forms of credit, for example halal services, and finally engaging with ethical forms of investment to challenge banks and institutions in an attempt to make the economic system more just and sustainable.

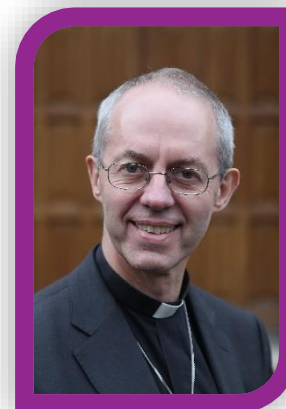
We found that campaigning efforts with a broad ethical and social support base, including non-faith partners, have resulted in stronger traction and ability to overcome hurdles such as resistance to change or lack of political will. Faith-based campaigning to reform banking institutions has been a slow and gradual process. However, dialogue has been enabled as a result of more ethical institutions coming on board and the growing realisation in the banking sector that greater transparency and accountability will be beneficial for business. Interfaith campaigning on the issue of international debt and ethical investment was facilitated by having strong personal connections at the local level.

The welfare system, however, is one of the hardest areas for campaigning, not least because of the lack of political will to reduce the number of cuts. Some of the most successful approaches to campaigning against cuts have combined a particular preoccupation with religious exclusion with more universal concerns over poverty, thus widening the support base and increasing the likelihood of the issues being addressed.

5 Faith-based alternatives to market-based finance

Introduction

In his intervention into the debate about payday lenders in 2013, Archbishop Justin Welby proposed that the Church should seek to compete payday lenders out of business by promoting alternative stable forms of finance, citing the reach and values of the Church as key to promoting these. That intervention, and the debate that followed, generated broad interest in the potential for faith organisations to draw on their faith values and act together to mobilise their resources and reach into communities most affected by austerity and the need to resort to payday lenders in order to make alternative forms of ethical sustainable finance more widely available.



For example, a debate hosted by Public Spirit in 2013, focused on the question ‘Can Faith Remoralise Markets?’ in which participants deliberated the question of whether faith organisations or faith values could potentially offer an alternative vision to market based finance. In that debate, the expert on Islamic finance, Tarek el-Diwany, pointed to the potential for faith groups to collaborate to develop an alternative paradigm that might challenge the ‘MBA business consensus’ by providing alternative approaches to risk and profit, arguing:

until we encourage the financial industry to share more of the risk of the real economy, and be less a parasite that gains in good times and bad at the cost of the overall system, until we address that fundamental issue we are not going to move much further forward. That is a paradigm change; it is long term; it is normative, and ... I absolutely agree that, yes, we need food banks – we are firefighting at the moment – but we have to find a way of balancing the two and having a dialogue which helps all of us in the faith communities come together and act against this problem.⁷⁶

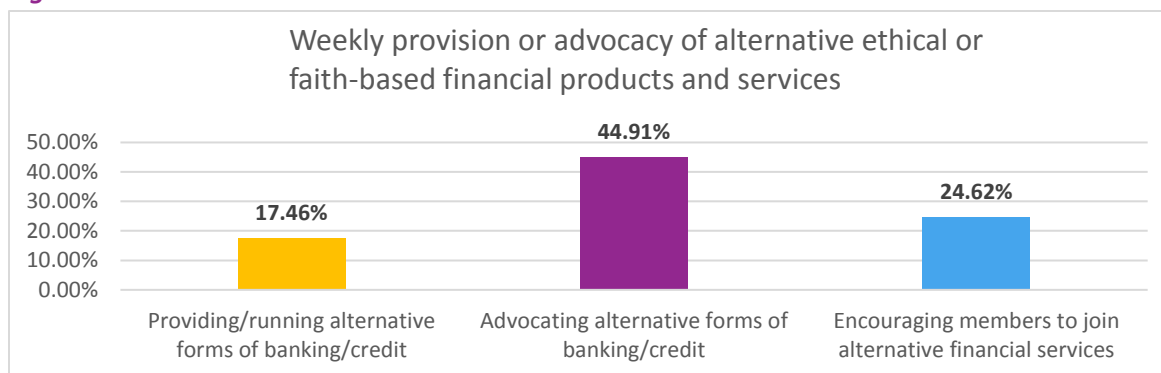
Survey and interview data headlines on types of alternative products

Our research found faith organisations were not only providing social and financial assistance to address the consequences of gaps in welfare provision and financial services but also engaged in developing or providing alternatives to market-based finance products. This was by no means the most common kind of activity among the organisations in our sample. Thus, our survey data suggested that faith organisations were more likely to be involved in providing assistance to those in financial distress, or campaigning or lobbying for reforms to existing financial services, than providing or advocating alternative forms of finance (see *Figure 5.1*). Those that were involved in this area, were more likely to be involved in advocating ethical or faith-based credit schemes or banking, or encouraging their members to participate in ethical or faith-based credit or banking services, than directly providing credit, lending or finance schemes. This likely reflects the

⁷⁶ Tarek el-Diwany (2014) ‘If I have to share the losses, I don’t just pile into sub-prime’, *Public Spirit* <http://www.publicspirit.org.uk/if-i-have-to-share-the-losses-i-dont-just-pile-into-sub-prime/>

logistical, financial, regulatory and design challenges in setting up alternatives to payday lenders or high street banks.

Figure 5.1



Nonetheless our survey and interview data found a range of models and initiatives across faith groups aimed at developing or promoting alternative approaches to market based finance, including:

- 5.1 ethical or faith-based lending through credit unions, social enterprises or halal money projects;
- 5.2 financial advice services, education and training programmes to raise awareness among and inform individuals or organisations on financial matters from a faith or ethical perspective;
- 5.3 coordinating initiatives to either create networks to promote ethical or faith-based investment strategies or to link up existing forms of ethical and faith-based financial provision.

5.1 Ethical or faith-based lending

Interest-free lending and socially responsible forms of credit are valued by faith organisations for their emphasis on fairness – particularly in response to the high interest rates that characterise payday lending, and due to faith-based concerns with or prohibitions against interest (usury or riba).

There is, as Luke Bretherton in *God and The Money Lenders* has discussed, an ongoing debate among Christians about whether charging interest is compatible with Christian scripture, with some concluding that fair rates are compatible with scripture, whilst others rule out the charging of interest. The development of non-interest-based lending is of interest to Muslim groups of course because of the qur’anic injunction against usury or riba. Similarly, the prohibition of interest-charging between Jewish people prompts the search for appropriate forms of lending at different scales: for example, as previously noted, one interviewee told us of ‘gemach’ initiatives within the Charedi community to enable loans of small sums of money between members.

Broadly speaking, then, our study found Christian and Muslim groups involved in running ethical or faith-based lending schemes, with informal forms of non-interest based lending among some Jewish communities.

5.1.1 Ethical or faith-based lending: credit unions

Credit unions occupy a particular role for many Christian groups because of their emphasis on trust, mutuality and fairness in seeking to provide manageable and accessible forms of finance to low-income families and communities. Thus, the Church of England, and other Christian denominations, have long been involved in supporting, participating in or running credit unions. Archbishop Welby's call in 2013 to drive out payday lenders like Wonga, was cited by several interviewees as having created an added impetus to support the growth of credit unions as a response to problems of indebtedness and reliance on payday lenders. Thus, one interviewee told us about the response by churches in Birmingham to Archbishop Welby's comments that involved a coordinated drive to encourage churches and parishioners to participate in their local or school-based credit unions – replicating similar drives in Liverpool and London. Indeed, the *Financial Times* reported that credit union membership has more than doubled in a decade – to reach 1.5 million members, although they noted that this did not quite match the 1.6 million customers who used payday lenders in 2013.⁷⁷

Our research uncovered references to a number of credit union initiatives – although these were not necessarily models of faith-based lending, or based on faith values, but rather on broader ethical principles of fairness, mutuality, affordability and sustainability. A number of credit unions have been established in churches, often for logistical and social reasons because churches provide a site and space, and are often located in areas where there is need for accessible and lower cost forms of finance. As Archbishop Welby pointed out, 'we have, so to speak, branches in every community—16,000 branches in 9,000 communities, even more than the banks', and volunteers with relevant skills and financial expertise.⁷⁸ The relationship between credit unions and the churches that host them can then be pragmatic and need not be a permanent feature: one interviewee told us of a credit union that had started out in a church but had gradually become separate from it.

There are also credit unions that have developed schemes that seek to respond to faith values. Thus the Loans and Savings Abertawe (LASA) credit union, provides sharia compliant saving and loans schemes – including Hajj, marriage and funeral savings funds that operate on a non-interest basis, and a goods purchase scheme based on 'Murabahah' principles (cost plus sale/financing).⁷⁹ LASA is not itself a faith-based union.

The scope for credit unions to provide a viable alternative to payday lenders such as Wonga has been called into question – not least because the model of lending that they offer does not

⁷⁷ Barney Thompson (2015) 'UK credit union membership doubles to 1.5m in a decade', *Financial Times*, 8.2.15: <http://www.ft.com/cms/s/0/d3ee121a-af76-11e4-b42e-00144feab7de.html#axzz4BRz6ONFI>

⁷⁸ See Archbishop Welby's transcript of his speech to the House of Lords: <http://www.archbishopofcanterbury.org/articles.php/5083/payday-loans-archbishops-speech-in-the-house-of-lords>

⁷⁹ See Lasa Credit Union: <http://www.lasacreditunion.coop/products/ethical-products/>

necessarily match the needs of those resorting to payday lending.⁸⁰ As Francis Davis of the Cathedral Innovation Centre has argued:

A quick market test, ringing up few credit unions, will show that many have a three day response on loan applications. So, if I'm lying awake at one o'clock in the morning, absolutely fretting because my gas meter is going to be taken out by some repulsive person from the gas company in the morning, well, I can ring up Wonga, or I can get on the website for Wonga, and in 15 minutes I'll get the money in my account. Or if I'm turned down by Wonga, which happens quite often for some people, they can get the money much more likely from Quick Quid, who can be more liberal because they are based off-shore. And, then I can go back to sleep, and I can sleep and I can be sane and look after the kids in the morning, and get them off to school and worry about all the usual things that parents worry about. If I've got to wait for three days for a credit union to get back to me, or the credit union simply can't arrange the money on enough scale to be able to respond flexibly to my needs, those credit unions are the wrong institutional response to competing Wonga out of business.⁸¹

5.1.2 Ethical or faith-based lending: social enterprises

This has driven a search for other forms of finance that address the need for short-term responsive lending, through the development of financial social enterprises that provide short or medium term small loans on a quick turnaround, and to a scale that also addresses the needs of small or micro businesses for accessible and affordable finance. Whilst those involved in promoting these social enterprises tended to be positive about the service that credit unions provide for communities, they highlighted the need for other models that met the needs of those with poor credit and in need of emergency lending, and 'good small businesses' that needed finance but lacked the security to borrow from mainstream lenders.

Writing in *God and the Money Lenders*, Philip Krinks outlined what the features of what a not-for-profit, Christian financial social enterprise could include:

Firstly, a national not-for-profit short and medium term lending service. Secondly, signposting for lower income adults to long-term solutions to credit dependency: especially to active membership in the credit union sector and to financial coaching, counselling and education. Thirdly, for the churches on-going prayerful reflection on, and experience in, the world of personal finance.⁸²

⁸⁰ A report by Tischer, Packman and Montgomerie (2015) raised similar questions, suggesting 'it is doubtful that credit unions will be able to compete payday lenders out of business alone, or indeed plug the gap that has come about as a result of well-needed tighter regulations over high cost credit'. See: *Gaining Interest: A New Deal for Sustained Credit Union Expansion in the UK*:

<http://www.perc.org.uk/perc/wp-content/uploads/2015/06/Gaining-Interest-Report.pdf>

⁸¹ Francis Davis (2014) 'To challenge payday lenders, we need to focus on the details', *Public Spirit*, <http://www.publicspirit.org.uk/to-challenge-payday-lenders-we-need-to-focus-on-the-details/>

⁸² Philip Krinks (2013) 'Social Enterprise Perspective', *God and the Money Lenders*, Angus Ritchie and David Barclay (eds.), London: The Contextual Theology Centre, p. 60. <http://www.theology-centre.org.uk/wp-content/uploads/2013/04/CTC-Theology-for-the-Local-Church-2-God-the-MoneyLenders-2013.pdf>

There are social enterprises that aim to address the need for forms of fair and responsible lending that are a viable alternative to payday lenders or for loans to support small businesses, such as the Aston Reinvestment Trust in Birmingham. As with credit unions, these are not necessarily faith-based, although we found examples of collaborations between faith and non-faith based organisations to establish ethical loan schemes.

For example, we explored a collaboration between **St Martin's Affordable Finance**, a faith-based charity, and **Street UK**, a non-faith-based social enterprise based in the West Midlands. **Street UK** was originally established to support micro businesses (with fewer than 5 employees) with business planning, financial modelling and loans, to respond to the difficulties these businesses encountered in accessing borrowing via the mainstream banking system.

Launched in 2000, **Street UK** began by making loans to groups of borrowers, using the Grameen model of generating finance for mutually guaranteeing groups.⁸³ They noted difficulties at first in registering as a charity because they were providing temporary provision of credit, rather than grants to alleviate poverty, but that they established at a time when the Charity Commission broadened its categories to enable the inclusion of social enterprises engaging in temporary provision of credit to alleviate poverty.

After some time, they found difficulties in implementing the Grameen model, because they found that 'groups of taxi drivers, groups of market traders, groups of plumbers, whatever, when one of them was having a hard time, they were all having a hard time and the mutual guarantee thing didn't really work'. They concluded that the need was actually for individual loans, and that the Grameen model faced difficulties in being sufficiently scaled up in order to achieve genuine sustainability. After making loans to individuals through branches for several years, **Street UK** decided to establish an alternative form of ethical lending in the form of Street Online, in collaboration with **St Martin's**.

Street Online was launched in April 2016 by **Street UK** in collaboration with **St Martin's**, with support from three social investors, the Esmee Fairbairn Foundation, Barrow Cadbury Trust, and the Big Issue.⁸⁴ It is distinctive in providing an online ethical lending service to individuals requiring short to medium term loans. Our interviewees explained that the model and approach of social enterprises like **Street UK** were different to the credit union model. For example, Street Online aspired to achieve much larger scale and reach. Thus, one explained, whereas credit unions charged very low interest rates, 'we're going to lend at a bigger price but we're going to do more and we're going to reach a lot of people that will never go anywhere near a credit union and a lot of credit unions wouldn't want them to be near them'.

⁸³ The Grameen model is a group-based model of community lending developed by Professor Mohammed Yunus in Bangladesh, in which small groups of potential borrowers are formed, and loans issued to its members are guaranteed by the group in order for other members to become eligible to borrow. It relies then on pressure from within the group to secure the loan. See:

http://www.grameen.com/index.php?option=com_content&task=view&id=43

⁸⁴ See <http://www.barrowcadbury.org.uk/street-uk-launches-online-lending-platform-as-an-ethical-alternative-to-high-cost-pay-day-lenders/>

The logic of establishing the lending service as an online service was to get around the costs involved in growing **Street UK's** network of branches to provide ethical lending through face to face applications and evaluations. Thus our interviewees referred to the costs of establishing branches and the length of time (up to 2 years) before each branch would begin to cover its own costs as a key obstacle to their aspirations to grow and expand their reach. So, rather than attempting to expand the branch network further, the partners decided to launch an online service with lower costs, which enabled it to set interest rates at levels they considered compatible with ethical lending whilst achieving growth and sustainability: as they explained 'we want to make loans for the least amount of interest that will allow us to carry on growing the business sustainably, to attract external social finance'.

Unlike ethical lending via their branch model, the online service does not involve face to face evaluation of applicants' financial situation, character and capacity to make repayments, but relies instead mainly on credit reference agency data and algorithms. They suggested that this platform could nonetheless include a mechanism for referral back to a branch and to personal evaluations if applicants were unable to secure a loan via the online tool.⁸⁵

The ambition for Street Online, then, is that it will provide a model of finance that can act as a real alternative to payday lenders: 'we are going head to head with Wonga, trying to steal their customers from them', where success will enable the future lowering of interest rates charged to clients and lowering of the credit scores needed to access their loans.

5.1.3 Ethical or faith-based lending: Halal money and Islamic loans

Islamic finance, with its prohibition on usury, has attracted gathering interest in its scope to provide alternatives to market-based lending. An interesting aspect of many of the discussions of Islamic finance approaches in our research was the sense in which it offered the potential to a) generate principles of ethical finance that could potentially appeal to Muslims and non-Muslims, and b) provide an important corrective to more negative prevalent public discourses on Islam.



Whilst there may be disquiet about some of the practices of Islamic finance institutions, as Elaine Housby has noted 'some of the modern financial activity that is technically compliant with Islamic rules is just as ruthless in building wealth at the expense of the less fortunate as the irreligious sort', she suggested that Islamic finance nonetheless has the potential to create meaningful dialogue with other groups. She pointed out that the principles of Islamic finance: 'mutual solidarity and assurance; the sharing rather than the transfer of risk; the avoidance of gambling, speculation and non-transparent

contractual arrangements; using money actively in productive trade and business', are not simply

⁸⁵ Street UK: <https://www.street-uk.com/how-it-works>

compatible with Christian tradition, but also have the potential to provide a useful spur to Christian thinking. Moreover, she suggested that it might be that the really interesting innovations in the application of Islamic finance principles will come from ‘outside academia and the large banks’, and be developed ‘on the ground in deprived communities’, and possibly through encounters between Muslims and other faith cultures which ‘could reinvigorate the expression of the underlying financial principles of these other traditions.’⁸⁶

Our research did not find quite this kind of breakthrough, but we did come across examples of on-the-ground initiatives to make forms of finance that are based on Islamic principles available within local communities, and in response to those seeking to deal with debt or overcome their reliance on payday loans, such as Ansar, a registered charity based in Manchester that provides halal loans, or ‘Qard Hasan’ (benevolent loans).⁸⁷

The infrastructure for the availability of Islamic finance generally is developing in the UK: there are six Islamic banks licensed in the UK and over 20 banks in the UK offer Islamic financial services and products.⁸⁸ There is also interest in promoting Islamic finance in the UK as an approach to improving financial inclusion. Thus, the Responsible Finance Institute is seeking ways to enable socially responsible and sharia compliant banking to work together, although it is working at a largely strategic and policy level.⁸⁹

As we discussed in our previous chapter on faith-based campaigning, **1st Ethical** (among other organisations) has been heavily involved in campaigning for government to support the provision of Halal student loans, and this campaign has been successful.⁹⁰

Those organisations working on the ground with groups in financial distress noted the challenges involved in establishing micro loan schemes, as our interviewee at **Al-Mizan**, which provides emergency grants to Muslims and non-Muslims, explained:

when we first set up we wanted to do the grant and interest free loans. We haven’t really done any loans because people are in such precarious situations that they can’t really afford to make repayments. So there wasn’t really a viable alternative to repay their loan. I think, again being quite cautious about the legal framework around loans [...] I don’t know if that is something we should look into [...] if you promote it you’ll get people being a bit ambitious around their circumstances. So they might say they’re good to go to you for a loan but when we look at the case we know they’re not going to be in a position to repay it after three, six months [...] And then you don’t know if

⁸⁶ Elaine Housby (2014) ‘Islamic finance has something to teach us all and may have more freedom to flourish here in the UK’, *Public Spirit*, <http://www.publicspirit.org.uk/islamic-finance-has-something-to-teach-us-all-and-may-have-more-freedom-to-flourish-here-in-the-uk/>

⁸⁷ <http://www.ansarfinance.com/>

⁸⁸ See City UK Report 2015: <https://www.islamicfinance.com/2015/11/city-uk-islamic-finance-report-2015/>

⁸⁹ See RFI Foundation: http://www.rfi-institute.org/main/activities#key_activities

⁹⁰ See *Telegraph* (17.5.16): <http://www.telegraph.co.uk/education/2016/05/17/muslim-students-to-be-given-charitable-sharia-loans/>

you give them that loan, and they can't repay it, that it's more of an issue for them. So they're burdened with that debt.

5.1.4 Ethical or faith-based lending: faith-based banks

In our study of faith organisations' engagement in ethical and faith-based lending, we did not find any organisations directly involved in establishing banking services, although interestingly, we found references to the exploration by the Quaker Finance Trust of the idea to establish a Quaker bank – with the QFT exploring a longer term aspiration to found a bank that expresses Quaker values, defined as:

- “Peace: equitable lending criteria and repayment conditions
- Justice, Equality and Community: a not-for-profit company, without shareholders or investors, treating all stakeholders with respect
- Simplicity: simple processes and simple product; open dealings, with no hidden conditions, and terms which are easy to understand
- Truth and Integrity: honesty and integrity in daily business dealings, encouraging our borrowers and lenders to do the same.”⁹¹

One Quaker interviewee in our study acknowledged the challenges in finding a workable business model for faith-based banks, but suggested that the Quakers' initiative is responding to a key deficit in the current banking system – the lack of trust in financial institutions (and see our discussion of this in Chapter 4).

5.1 Financial advice, education and training

We came across a range of initiatives aimed at advice, education and training for individuals and organisations to promote ethical or faith-based finance. Thus, Archbishop Welby's call for the Church to support the promotion of alternative finance was followed by his To Your Credit initiative aimed at providing information resources and skills for individuals and churches to promote understanding of credit unions and financial skills.⁹²

5.2.1 Financial advice, education and training: Halal money and Islamic finance

There have been different initiatives by Muslim organisations to promote better awareness of the principles of Islamic finance and to enable people to organise their financial affairs according to these principles. The Muslim Council of Britain's (2013) report, *The Muslim Pound*, refers to the development of a 'Halal Money Guide' 'to enable consumers to make informed decisions about their savings and investments in accordance with their religious principles'.⁹³ A Halal Money Guide has been produced by **1st Ethical**, with the aim, as an interviewee explained to us, to enable

⁹¹ See Quaker Finance Trust: http://qft.uk.com/purpose_and_products.html

⁹² Church of England, To Your Credit: <https://www.churchofengland.org/our-views/home-and-community-affairs/home-affairs-policy/work-and-the-economy/creditunions.aspx>

⁹³ See MCB (2013) *The Muslim Pound*: <http://www.mcb.org.uk/wp-content/uploads/2014/10/The-Muslim-Pound-FINAL.pdf>

Muslims ‘who want to practice their faith more comprehensively beyond worship’ and to have clear Islamic principles with which to apply to money matters.

Work in this area by **1st Ethical** has been extended with the establishment of a panel of Islamic scholars who provide advice on money matters from a scriptural perspective, and with the creation of a Halal Money service, which provides an online consultancy tool for those seeking theological advice on money matters, including in relation to money, student loans, zakat and wills.⁹⁴

1st Ethical has also been developing a financial education curriculum which focuses on financial literacy from an Islamic perspective for delivery from pre-school level through to the Key Stages of learning in primary and secondary schools – ‘the two to 18 bracket’ – which will be aimed at schools, evening and Sunday schools and mosques. At the time of interviewing, **1st Ethical** reported that its curriculum was being delivered in 50-60 schools. The importance of this educational initiative, our interviewee suggested, was to ‘equip [people] with the skills to navigate modernity or being a citizen in today’s communities in a way that enriches communities and is faithful to their scriptures.’

5.2.2 Financial advice, education and training: Money Mentors

Other alliances and groups have also been establishing ethical or faith-based money advice initiatives. For example, between 2009 and 2012, London Citizens ran a peer-to-peer financial literacy project called ‘Money Mentors’. This scheme involved training over 4,000 volunteers from the member organisations of London Citizens in key skills relating to credit, debt, budgeting and university finance. The Money Mentors receive an ASDAN qualification and engage in dissemination and training of these skills via peer-to-peer teaching and networks within their communities.

5.2.3 Financial advice, education and training: Sikh approaches to ethical finance

Approaches to ethical finance and justice are also being debated by Sikh organisations, as evidenced by a report by **City Sikhs** (2013), which discussed principles of ethical finance and Sikh values.⁹⁵ Their report *Ethical Finance: A Sikh Perspective*, discussed the importance of ethical investing for Sikhs, suggesting ‘most Sikhs would expect to use part of their profits to create some additional social, economic or environmental benefit’ and discussed the ways in which Sikh doctrines of Rehat and dharamsal might be used to inform investments, with an emphasis on investing to generate profits, but only to the investor’s level of need – that is seeking to avoid excessive profit from



⁹⁴ See 1st Ethical: <http://www.1stethical.com/halal-money>

⁹⁵ City Sikhs (2013) *Ethical Finance: A Sikh Perspective*: <http://www.faithsforum4london.org/wp-content/uploads/2013/01/Ethical-Finance-A-Sikh-Perspective-City-Sikhs-Network.pdf>

investing. The report noted the appetite among Sikhs for further engagement in these questions, but suggested the mechanisms for enabling Sikhs to engage in financial management in ways informed by Sikh values are under-developed:

Faith-based investment would have a natural appeal for Sikhs. In reality, the demand for faith-based investment is still untapped. The idea of investment in financial markets, let alone faith-based investment, is relatively new to Sikhs around the world. When growth comes, it will be organic, pushed by individuals – investors and thought leaders alike – and from entrepreneurs offering faith-based investment services. That may take the debate on how modern Sikhi applies its values and doctrines to a wider forum. Currently, there are no specific Sikh values-based investment institutions.⁹⁶

5.2.4 Financial advice, education and training: church-based ethical finance

Other initiatives promote education and awareness on particular issues relating to finance and investment strategies. For example, Ethical Money Churches is an **ECCR** initiative that seeks to promote understanding about the role that money and assets play in the church's life, including issues relating to ethical investment and how congregations can link with communities outside the church on ethical money issues. A project that the **ECCR** is currently working on is to raise awareness of people-trafficking and the obligations of the Modern Slavery Act, requiring companies with an annual turnover greater than £36 million to provide a statement on how they are dealing with the risk of trafficking in their supply chains. This led to collaboration with 'Stop the Traffic' and developing materials to help people and congregations to engage with these issues as shareholders, and how to lobby companies to ask them to account for how they are complying with the requirements of the Modern Slavery Act.

Ethical Money Churches (EMC) sees itself as distinct from a similar group focused on investment strategies within churches – the Church Investors Group, which focuses on the investment strategies of the institutions of the churches – in that it focuses more on the investment practices of congregations. EMC seeks to increase awareness of what is happening with their investments and how to move their investments or pensions to more ethical sources and companies. It provides advice to enable individuals and congregations to develop more ethical finances, including training modules to enable people to engage in ethical decision-making over their banking and investments.

5.2 Coordination and networking initiatives

A third area of activity that we found was the establishment of networks and coordinating initiatives to bring together different groups and organisations interested in ethical or faith-based finance in order to enable the coordination of investment strategies and financial approaches or services across groups and initiatives.

⁹⁶ City Sikhs (2013) *Ethical Finance: A Sikh Perspective*, p. 2.

5.3.1 Coordination and networking: Church-based investment and credit networks

The Church Investors Group is a grouping of the major national churches who meet to discuss ethical investment and to campaign together on particular issues. Through cooperation between churches, they campaign to improve company investment and behaviour. CIG claim to have been instrumental in getting shareholder resolutions passed at BP and Shell to require them to improve their reporting on carbon reduction and how they were setting their businesses up.

Church Credit Champions as discussed in Chapter 4, emerged to address what it perceived as problems of coordination among credit unions. Thus although churches were becoming more active in this area in response to Archbishop Welby's intervention, they suggested there was 'a need for something more than just his inspiration at the top that would somehow filter down to the grass roots of the Church of England and other churches and inspire relevant strategic action', not least because 'we heard stories of churches who were now trying to set up their own credit unions even though they were just around the corner from very successful credit unions.' **Church Credit Champions Network** emerged to address a perceived need to direct that energy in productive ways, as one interviewee told us:

the **Church Credit Champions Network** in a way sprung from that conversation about how we could create a kind of infrastructure, a bridge between the resources of local churches and the needs of community finance providers like credit unions in a way that was true to the theology and the issues the churches were seeing but would also help the community finance sector strategically.

5.3.2 Coordination and networking: ethical and Islamic finance collaboration

An interesting and high level faith driven initiative is the Ethical Finance Hub that was launched in Scotland by the **UK Islamic Finance Council (UKIFC)**, Herriot Watt University and the Scottish government in October 2015. It is intended to operate as an incubator of small firms working in ethical finance. It emerged from a series of roundtables over 5 years initiated by the **UKIFC**, and with financial support from the Scottish government. The **UKIFC's** activities are focused on four areas: 1) providing advice to government on Islamic finance; 2) advising on Shariah assurance and governance; 3) promoting ethical finance; and 4) community education and awareness.⁹⁷

Speaking on the role of Islamic finance principles in forming alternative ethical forms, our interviewee from the **UKIFC** reflected on the ways in which the financial crisis has spurred interest in ethical finance, whilst acknowledging that 'Islamic finance has been going on its own journey, still trying to figure out itself', and that it has 'a lot of its own issues and challenges', particularly in terms of its reach to cut across, understand trends and identify where it could be applied. Nonetheless, he pointed to a number of ethical principles within Islamic Finance that had the potential to feed into general debates about ethical finance, including 'negative screening', or not being involved in financial activities that are harmful, including those relating to alcohol, tobacco, pornography and gambling. He acknowledged that the Islamic finance industry had not yet developed more positive screening principles that focused on positive social returns, which he suggested was being discussed, and had yet to be fully developed, but which might 'address some

⁹⁷ See UK Islamic Finance Council: <http://www.ukifc.com>

of the creeping cynicisms and aspirational dissatisfaction within the industry', nonetheless he suggested that 'real social impact... is a good place for Islamic finance to be'.

The **UKIFC** has been very successful in Scotland in promoting Islamic finance and being a key driver of the Ethical Finance Hub that launched late last year. Reflecting on the **UKIFC**'s achievements, our interviewee reflected that their success in engaging with government on Islamic finance issues was a particularly positive engagement, and not typical of how Islam is viewed by government generally: 'Islamic finance is the only part of Islam that's been accepted and promoted by the UK government'. He noted that levels of foreign trade and investment most likely played a significant part in this. In 2013, the UK hosted the 9th World Islamic Economic Forum in London, when David Cameron announced the government's ambition to make London the capital of global Islamic finance. Shenaz Banglawala in her reflections on that forum and the UK government's support for Islamic finance observed that given 'The Islamic banking industry and sovereign wealth funds represent huge sums and big business. It's no surprise the UK should want a good size of that pie.'⁹⁸ She argued however that

The global Islamic finance industry and its growing significance to London ought to be about more than the sums involved and the jobs created. It is an opportunity to inspire new approaches to suffuse morality in markets; to transmute the regard for ethical means and equitable outcomes from conceptual deliberations to contemporary problems.⁹⁹

Nonetheless, pragmatically, our **UKIFC** interviewee suggested 'let's not be too cynical either way, it's positive and it's good... to the economy, for the ethical finance market, for us as a Muslim minority and faith group'.

Similarly building on the more positive associations with Islamic finance as holding the potential to provide a more ethical alternative, in the development and planning of the round tables, the **UKIFC** identified Islamic Finance as potentially providing a unique opportunity to offer an alternative discourse on Islam:

with the increasing negativity in the media, Islamic finance was the only part of Islam which was somewhat positively received and we realised we could not afford to lose this opportunity to highlight the universal values of Islamic finance.¹⁰⁰

In setting up the roundtables and the forum, the **UKIFC** interviewee stressed the importance of adopting a collaborative approach to promoting Islamic and ethical finance – both intellectually and practically: 'we've never walked in and said Islamic finance has all the answers', since 'we're

⁹⁸ Shenaz Banglawala (2014) 'Reflections on the 9th World Islamic Economic Forum', *Public Spirit*: <http://www.publicspirit.org.uk/reflections-on-the-9th-world-islamic-economic-forum/>

⁹⁹ Ibid.

¹⁰⁰ See statement by Chris Tait, IFC project manager (2016):

http://www.salaamgateway.com/ar/finance/story/insider_viewwhy_muslims_and_christians_in_scotland_are_uniting_to_create_ethical_financial_solutions_-salaam22032016120134/

all in this boat together': thus the hub seeks to bring together a range of actors in the financial sector concerned with ethical finance. **UKIFC** also announced its pioneering work with the Church of Scotland to create a partnership to develop ethical financial services.¹⁰¹

Conclusion

Our research found a range of models and initiatives across faith groups aimed at developing or promoting alternative approaches to market-based finance. These included lending through credit unions, social enterprises or halal money projects and raising awareness about ethical forms of credit and lending. Faith organisations were seeking to promote ethical alternatives to market-based challenges by drawing on religious beliefs and approaches to money, justice and liberation from debt.

The creation of faith-based financial services and alternatives to payday lenders or high street banks faces a series of hurdles, including logistical, financial and regulatory barriers. While some have been campaigning to change the FSA provisions or make the financial system more inclusive and sensitive to the financial needs of minority faith groups, it is not surprising that many faith organisations are more involved in advocating, rather than directly providing credit, lending or finance schemes. Some are also encouraging their members to participate in existing ethical or faith-based credit or banking services. While raising awareness of ethical principles from particular faith traditions and encouraging people to organise their financial affairs according to these principles, faith organisations are also engaged in offering financial education and training opportunities, particularly in relation to promoting Islamic and Christian-based financial products or approaches.

Successful collaborations with ethical finance organisations and personal connections between faith organisations and members of the banking communities enabled the establishing of alternative ethical hubs and financial initiatives – such as the Ethical Finance Hub in Scotland. Some of the most innovative and far-reaching work has also involved efforts to create larger networks with other ethically-conscious investment companies to build on shared values and principles to improve people's access to affordable and ethical forms of finance. These examples reveal the opportunities that can arise from collaboration between faith organisations and other organisations concerned with promoting ethical finance.

¹⁰¹ UKIFC: <http://www.ukifc.com/media-release-christians-and-muslims-unite-to-tackle-banking-crisis/>

6. Working with others

Introduction

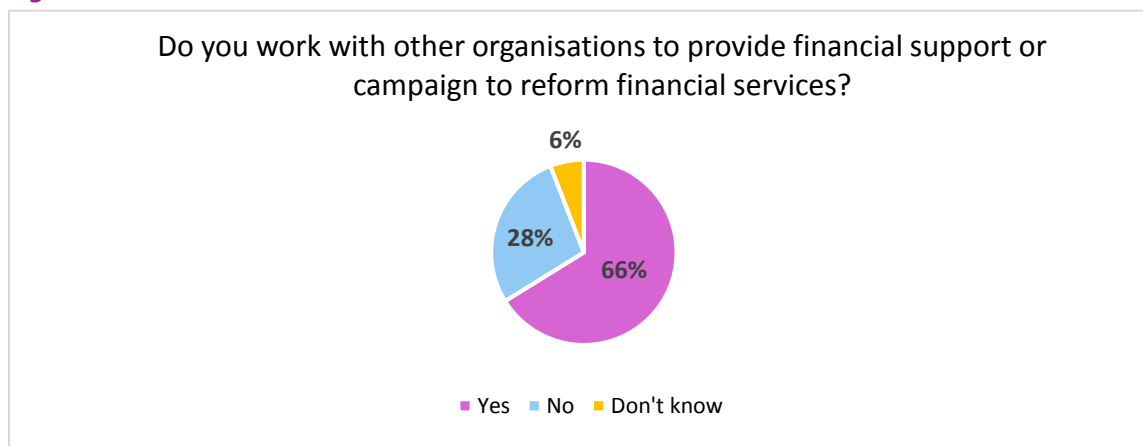
Some of the evidence presented in the earlier chapters illustrated that collaboration between faith and non-faith organisations can be effective for welfare, campaigning or developing alternative approaches to finance. In our research, we collected stories and strategies from faith organisations and examined why they decided to work with other organisations, what benefits this can bring and how different kinds of partnerships with other faith groups or financial organisations can be improved to achieve greater impact.



Survey data headlines

The survey data show that over 66% of our respondents work with other organisations (*Figure 6.1*). Not only does this indicate an openness on the part of faith organisations to work with other religious, community and financial organisations, but also reflects that joint efforts tend to be positively regarded as proactive, innovative and often indispensable to tackling financial hardship in light of the welfare cuts. We found, however, that over two thirds of Christian and Jewish organisations found it easy to engage or initiate collaborative work with other organisations, compared with a third of Muslim or Hindu organisations.

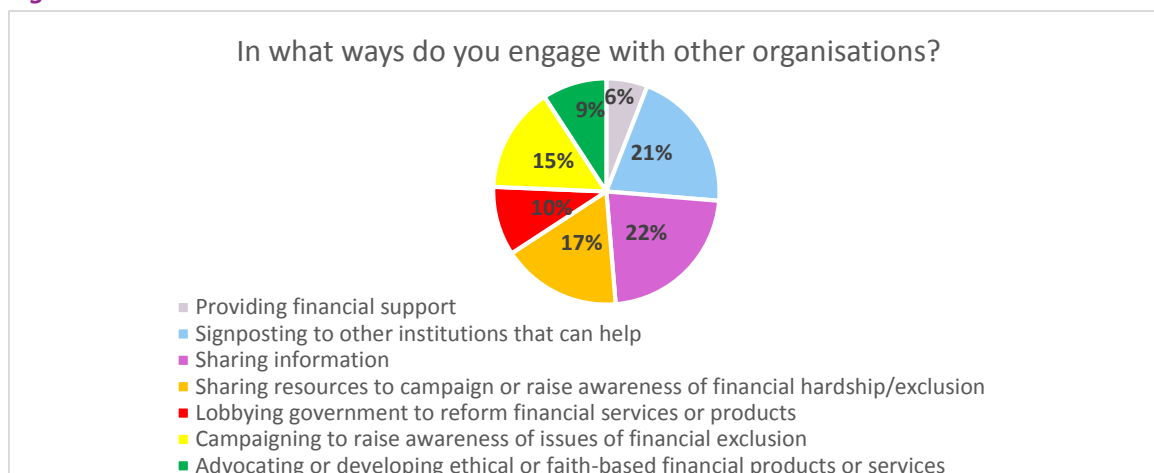
Figure 6.1



Our survey also suggested that faith organisations work with other organisations mainly by sharing information (22%), signposting and directing people to those who can help (21%) and sharing resources to raise awareness or campaign against financial exclusion (17%). This

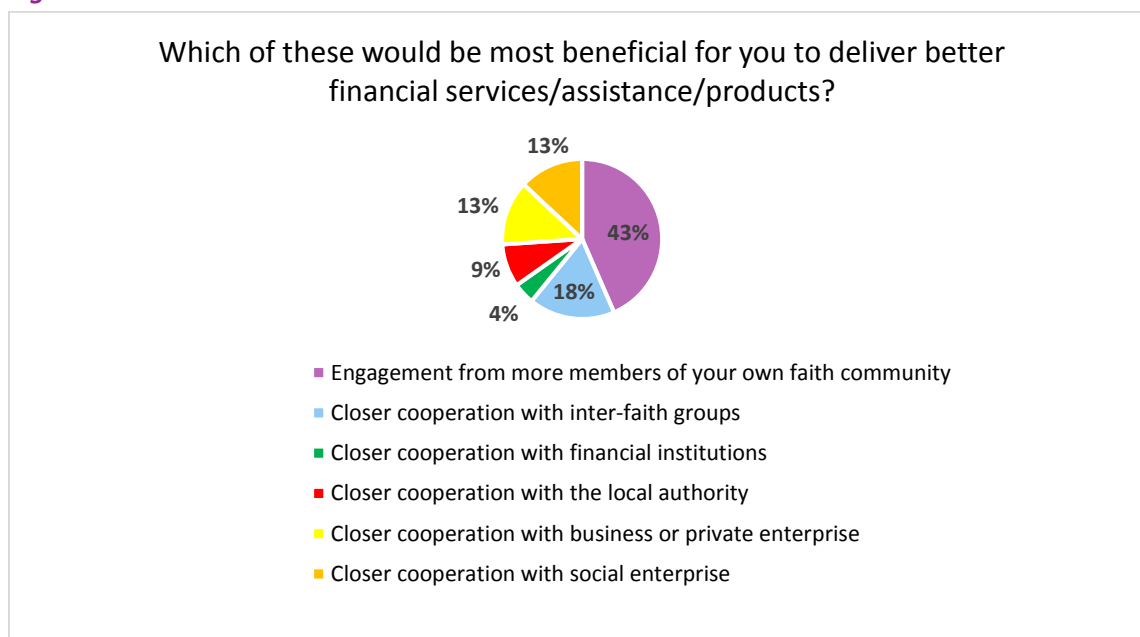
corroborates some of the evidence in existing research on how faith organisations work with outside partners, particularly if seeking to outgrow constraints of being a local project.¹⁰²

Figure 6.2



Over a quarter of our respondents indicated that their work would benefit from stronger engagement from their own faith community, while at least 18% said they would like to work more closely with interfaith organisations. Engagement with financial organisations was seen as the least beneficial activity (4%). This reflects the limited appetite among faith organisations generally to collaborate directly with the financial sector (see *Figure 6.3*).

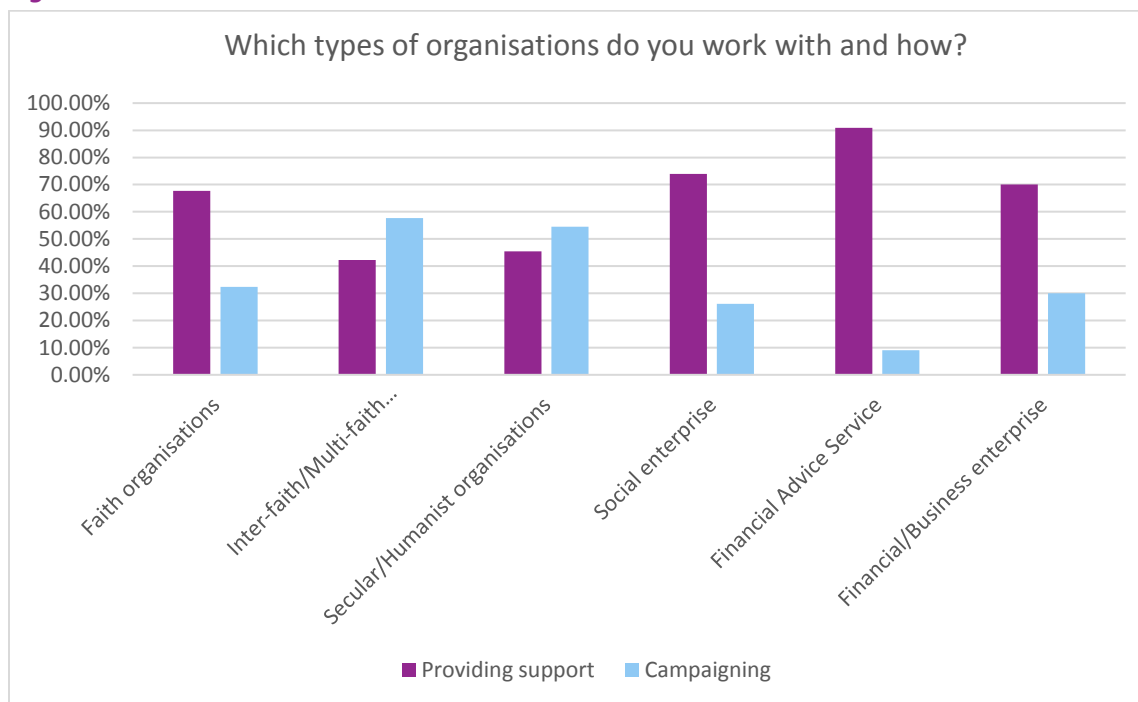
Figure 6.3



¹⁰² See Hannah Lambie-Mumford and David Jarvis (2012) 'Building better neighbourhoods? Insights into the contributions of local faith-based organisations', *Voluntary Sector Review* (3, 3: 399-405), pp. 401-403.

We found that a higher proportion of collaborative work focused on welfare provision and financial support rather than campaigning, which is not surprising considering that a higher number of our survey respondents engage in running food banks and money and debt services. What is interesting, however, is that faith organisations were more likely to work with financial and social enterprise organisations when providing financial support, while joint campaigning efforts tended to involve working with multi-faith and secular bodies (Figure 6.4).

Figure 6.4



In their study of inclusionary and exclusionary cycles in faith-based social action, Pathak and McGee (2014) reflected on the importance of the ‘networked nature of... resources and the means by which projects within certain networks can take advantage of physical resources.’¹⁰³

Our research found that faith-based social action is frequently a collaborative effort, and our research focused on the motivations for working together, as well as on successful interfaith initiatives and partnerships with financial organisations. Earlier in this report we mentioned a series of collaborative activities to deliver welfare support (e.g. **Sufra** and local places of worship in the London Borough of Brent), collective campaigning to change banking practices (e.g. **Churches and Industry Group Birmingham** and **ECCR West Midlands Group**), or joint efforts to deliver affordable and accessible credit lending services (**St Martin’s Affordable Finance** and **Street UK**). In the next sections we discuss why faith organisations collaborate on welfare or financial issues, advice from our interviewees and opportunities and constraints that have an

¹⁰³ Pathik Pathak and Derek McGhee (2014) ‘I thought this was a Christian thing?’ Exploring virtuous and exclusionary cycles in faith-based social action’ *Community Development Journal* 50:1, pp 40-54.

impact on the nature and effectiveness of collaborative work in: 6.1) interfaith initiatives; 6.2) multi-member consortia; and 6.3) collaborations with companies and financial enterprises.

6.1 Interfaith partnerships and collaborations

Our research found faith organisations using each other's places of worship and premises in order to join forces in social action. This was beneficial in reaching vulnerable or excluded groups, and allowed faith organisations to pull together resources to deliver better provisions and services. For example, **Al-Mizan** distributes food parcels at a church in Manchester because the church hosts the British Red Cross Refugee and Asylum Seeker Drop-in Centre and in this way, they are able to reach refugees.

Similarly, we found faith organisations collaborating to conduct food or clothes collections. **Sufra** has collections that take place at Hindu temples and synagogues, with BAPS Shri Swaminarayan Mandir in London collecting over 150 cans of food for **Sufra** during the Interfaith Week in 2014.¹⁰⁴ Members of the West London Synagogue engage in social action to 'improve life for those outside our immediate community' by working with a young Muslim group called 'Feeding Folk' who prepare warm meals at their synagogue and deliver them across London.¹⁰⁵ They also partnered with St Paul's Church in Marylebone to 'combat food poverty and social isolation in their local area.'¹⁰⁶

Another motivation for interfaith collaboration is the aim to learn from one another and exchange services in a mutually beneficial way. In its early days, **Sufra** benefited from the experience of a Christian charity called Saint Laurence's Larder which advised them on setting up their kitchen and cooking meals. Subsequently, users of the two services gained access to food provisions offered by the two charities, thus expanding their reach and ability to help more people.

Shared networks and social connections were seen as important because they can result in stronger bonds between faith communities through hospitality, welfare support and celebrations of different cultures and religious traditions. In our study, we found minority faith groups participating in and sometimes initiating these collaborations. Some of this can be attributed to a proactive approach by third and fourth generation Muslims, Sikhs, and Hindus to assisting communities abroad and at home. One Muslim respondent from **Sufra** highlighted the inclusive nature of interfaith collaborations by commenting that 'they're even quite proud that we've been able to achieve, because sometimes even individual mosques may struggle for various reasons, but this provides them with a platform to be able to do a lot of the work'.

A series of conversations with faith organisations suggested innovative ways in which interfaith collaborations, particularly in the area of welfare provisions, can be made more effective. These included: listening to and respecting different faith traditions, joining larger collaborative

¹⁰⁴ See Shri Swaminarayan Mandir: <http://londonmandir.baps.org/2014/11/worshippers-join-members-of-other-faiths-to-donate-food-to-the-homeless/>

¹⁰⁵ See West London Synagogue: <http://www.wls.org.uk/social-action-more-information-2>

¹⁰⁶ Ibid.

platforms, and sharing information with others. However, our respondents also highlighted some challenges and pitfalls that may arise on the way.

Working together involves having shared goals, such as tackling poverty or financial exclusion, but also means being aware of each other's perceptions and teachings, for example around the question of money. A number of our respondents noted the importance of listening rather than rushing into action while developing ties to address this issue. They suggested this involves being mindful of theological teachings, and aware of how they are interpreted in different faith communities. However, as was suggested by our interviewee from **Church Credit Champions** this may not be 'an easy thing to do when it comes to money and debt.'

Some suggested that different teachings about interest rates and debt in Muslim or Jewish traditions need to be better understood by Christian organisations seeking to collaborate to address financial hardship. In their essay on the role of faith in responding to economic injustice, Angus Ritchie and Muhammad Abdul Bari, for instance, acknowledged that Christians and Muslims have theological disagreements on the issue of money and economics. However, they highlighted the positive and practical value of acting together for the greater public good, arguing that such actions should not dilute religious views, but help participants to 'become more authentic and faithful in our own religious practice.'¹⁰⁷ David Barclay and Angus Ritchie argued action for justice was a 'theological imperative', rather than only 'a piece of political activism or social work.'¹⁰⁸

Interfaith collaboration, for many, involves being mindful of other religious and cultural traditions without ignoring the welfare needs of one's own community.¹⁰⁹ Our research revealed some faith organisations were successful in resolving this challenge, at least in relation to alleviating food poverty. **Sufra's** community kitchen serves vegetarian options, as well as caters for dietary needs of other faith communities at annual dinners, by offering halal options and kosher food. In this way, the organisation strives to be 'as inclusive as possible, whilst also not alienating [their] own community.' They did not evaluate inclusion through quotas or particular numbers of participants from other faiths joining in, but suggested social action needs to be about 'celebrating individual achievements and engaging with other faith communities in a natural rather than artificial way'.

Establishing successful interfaith collaboration can be hindered by a lack of knowledge or a series of misconceptions about different faith communities. While this is true of any interfaith collaborations, joint efforts to deal with financial issues often require trust. For example, a more hierarchical structure of authority within one community may present a challenge to other religious groups or denominations which are more used to working with grassroots volunteers rather than in highly institutionalised ways.

¹⁰⁷ God and Lenders 2013, p.29.

¹⁰⁸ God and Lenders 2013, p.6.

¹⁰⁹ See Johnsen 'Where's the Faith in Faith-Based Organisations? The Evolution and Practice of Faith-Based Homelessness Services in the UK' *Journal of Social Policy*, 43: 02, pp 413 – 430.

We found Hindu and Sikh organisations were sometimes seen as playing a less active role in interfaith projects on welfare or financial provisions. While some attributed having less contact with these faith groups to their small size or particular geographical distribution, others suggested that the level of engagement was lower because both communities already have their own well-developed networks and may not require partners from other faith groups. The latter comment was made in relation to professional organisations such as the City Hindus and the **City Sikhs**, which have developed strong provisions for supporting people in the financial sector and running their own activities.

While temples and gurdwaras can be seen to be working together with other places of worship to tackle food poverty or participate in charitable events, interfaith engagement of more professional Sikh or Hindu organisations takes a different shape, which may not be always visible for welfare-based organisations. For example, **City Sikhs** partner with professional bodies, such as the St Paul's Institute or Islamic Society of Britain and took part in the LSE interfaith discussion about faith in the work place. In discussing with us their approaches to ethical finance and the importance of interfaith engagement, a leading member of **City Sikhs** mentioned their work in developing stronger relations with St Paul Institute and the need for people of faith to remain true to their 'ethics and beliefs whilst working in the financial industry'. Moreover, talking at the 'LSE Faith and Leadership' event in spring 2016, he shared practical advice on how different faith groups and networks can shape the ethical side of high finance, 'relaying some of the work the **City Sikhs** achieved through CSR [corporate social responsibility], and how other faith groups can model – or innovate – new forms of engagement [to] positively improve the culture of their firm.'¹¹⁰

6.2 Multi-member consortia

In the earlier chapters, we mentioned some ways in which faith organisations have worked with other voluntary organisations to increase the impact of particular campaigns, such as the Just Money campaign by Citizens UK. We also found that consortium models were popular with some faith organisations who decided to join forces with other community organisations to overcome financial hurdles generated by cuts in public funding. For example, **Interlink Foundation** responded to the withdrawal of state funds by developing its own consortium model of small faith organisations and community partners bidding together to secure government contracts. After creating its consortium model, the organisation 'took a leading role in developing a 'City and Hackney Together' consortium of voluntary and community sector organisations engaged in delivering health and wellbeing services. **Interlink Foundation** promoted the idea of establishing a borough-wide Community Interest Company and has a subsidiary company that 'bids for public sector contracts on behalf of community organisations.'¹¹¹

Members of the consortium engage in a wide range of social action initiatives which may be unrelated to financial issues. However, there are some partnerships, including Connect Hackney

¹¹⁰ LSE Blogs: <http://blogs.lse.ac.uk/faithcentre/2016/03/08/483>

¹¹¹ Interlink Foundation (2015) *Guide to Services*, p.26. See also Prospectus for City and Hackney Together: <http://www.hcvs.org.uk/resources/pdfs/cityhackneytogetherweb.pdf>

and Hackney Health and Social Care Forum which bring mutual benefits and funds for providing care and support for older people who are vulnerable or excluded. Being one of the Big Assist Beacons, **Interlink** also shares knowledge with other local organisations on how to build the voluntary sector and secure further funding, which has benefited new less experienced organisations.

Being part of a larger network of faith and non-faith organisations can be beneficial for securing funding for welfare projects, and providing services in a more holistic and efficient way. One Roof Leicester is a consortium of independent faith, community and voluntary sector organisations supporting the homeless and vulnerable people in Leicester. Faith-based members include the Diocese of Leicester, Open Hands and Islamic Society of Britain, as well as local charities such as the Centre Project. Working together with a series of different partners ensured sustainable provision of daily assistance without duplication of services.¹¹²

6.3 Collaboration with the financial companies and social enterprises

We found faith organisations tended to struggle to develop successful partnerships with financial institutions or were unsure of how to develop sustainable, long-term or ethical relations. Drawing on our interviews with a series of organisations with successfully established partnerships, we reflect on how collaboration was established and the challenges in sustaining these.

Our interviewee from **ECCR** suggested that faith organisations need to have a common agenda with the non-faith partner and shared interest in ‘human rights and human dignity and financial justice and economic and environmental sustainability.’ Faith organisations, they suggested, also need credibility in the eyes of their partner and a track record of being involved in activities with the banking sector. This was crucial when engaging with financial organisations and campaigning to reform their organisational culture and practices. A similar need for credibility was also reported by faith organisations working within the financial sector as chaplains. For **Canary Wharf Multifaith Chaplaincy**, it was the interfaith element of their work and the ongoing dialogue with financial companies and pastoral care that helped them build relations with financial institutions.

In the case of partnerships with social enterprises, our interviewee from **St Martin’s** highlighted the importance of having ‘a clear view on the economic sustainability’ to ensure that social investors would fund the proposed business activity and believe in its success. Reflecting on the nature of their joint venture, he also outlined the importance of aligning not only the financial dimension of the project but also the social impact. This, however, implies ‘taking the time to get to know each other.’ One of the founders of **Street UK** also emphasised the importance of finding the right people in faith organisations who are capable of helping financial partners: for example, to be effective in raising funds and building relations with social investors. At the same time, a social enterprise or a financial organisation can benefit from working with a faith organisation by drawing on some of the energy and ‘theological wisdom’ that faith organisations channel into their work and aligning it with their own values.

¹¹² See One Roof Leicester: <http://www.oneroof.org.uk/about-us>

Another interviewee highlighted that faith organisations can learn from financial and social enterprise organisations. An interviewee from **ECCR** praised the Positive Money Group's approach to network development and the knowledge they gained from their contribution to the Good Money Week event, held in October 2015. Speaking at the Islamic Finance conference at the LSE in February 2016, Ben Dyson, the founder of Positive Money criticised the banks for creating debt issues, unaffordable housing and called for alternative approaches to making sustainable recovery which would resonate with the **ECCR** or other faith groups' ethical values.¹¹³

Engaging with financial institutions in a critical way can be challenging, particularly when faith organisations are involved in working with banks to improve their accountability and transparency. Interestingly, while a few interviewees suggested that relationships take a long time to grow, it was a member of the **Canary Wharf Multifaith Chaplaincy**, a faith organisation which works at the heart of the City, that remarked that 'it is only when you are trusted that you can have some of these conversations.' She also added that although some companies themselves may encourage whistle blowers inside their organisations, faith organisations need to do their research before making their criticisms:

You only get one bite at the cherry and if you've got it wrong you lose all credibility and you don't actually help the people that you're helping. I think that does much more damage, particularly if a faith organisation has done that.

Building successful partnerships can be a slow and gradual process. One interviewee suggested that because establishing trust and finding mutual support for practical propositions takes time, it is important to find areas where organisations can simply work together. This may not be at first the exact issue where they would like to collaborate but as a respondent from **UKIFC** suggested 'half of the challenge is building the friendships'. The idea of the Ethical Finance Hub (see Chapter 5) was born out of these friendships and a series of roundtable discussions which brought different faith organisations and ethical finance players under one roof, including 'credit unions, asset managers, monetary reformists, third sector organisations, faith organisations and micro finance institutions'. This inclusive collaborative initiative was made possible by being open and trying to connect to the ethical elements in each other's approach. It is notable that this initiative was led by a Muslim organisation which brought participants together.

Another critical issue for faith organisations working with non-faith organisations is how to collaborate without losing their religious identity. For faith organisations partnering with groups who share their beliefs, for example a credit union or an Islamic-based enterprise, this was viewed as a relatively easy process. However, our interviewee from **St Martin's** pointed out the importance of maintaining one's religious identity and 'being able to work with groups who share your passion for a social issue but do not share your faith'. On the one hand, the challenge of such collaboration lies in how to remain true to religious values while joining a secular initiative. On the other hand, not collaborating may entail failing to form partnerships which would be effective, or losing access to creative and knowledgeable experts. A successful partnership therefore

¹¹³ See individual reports by Positive Money: <http://positivemoney.org/our-proposals>

depends on the ability to resolve this tension and benefit from, for example, ‘a degree of technical understanding of those who are borrowing and saving and how best to work with them.’

Our research also found internal competition between credit unions and community development finance institutions (CDFIs) or social enterprises sometimes creates obstacles for mutually beneficial partnerships. Similarly, some respondents commented on competition among Muslim organisations. While often depending on the same investments, media coverage or political good will, credit unions and CDFIs may find themselves competing rather than collaborating in attracting customers away from Wonga and payday lenders:

We’re all working for the same thing and we can probably find a way to work together quite well, if we try to avoid the competitive instincts that make us worried that the others will make what we’re doing even harder.

One of our non-faith respondents mentioned that it would be beneficial if faith organisations promoted ethical products while community finance and social enterprises would make reciprocal promises. However, he went on to add that faith organisations are often nervous about backing such schemes, including the Church of England who has not yet supported the idea. He remained, however, optimistic about the mobilisation of faith organisations in this area in the future.

Conclusion

We found faith organisations are keen to work together in response to policy cuts and to improve outcomes by engaging in joint campaigning efforts. The most popular types of collaborations included sharing information to raise awareness about financial exclusion and signposting people to organisations who might be more qualified to offer professional advice. Our research highlighted examples of collaborative work in delivering and promoting alternative products, although, our survey suggested that a higher proportion of collaborative work focused on providing welfare support and campaigning to change policy or regulatory frameworks.

Faith organisations use each other’s places of worship and premises as a way to join forces, establish bonds between communities and deliver better services. Many interfaith welfare initiatives happen under the radar and at the community level, particularly in relation to food provision. Being part of a larger network of faith and non-faith organisations can be beneficial for securing funding for welfare projects, or providing services to beneficiaries more effectively.

There are obstacles to interfaith cooperation and the ways in which faith groups build partnerships with financial or non-faith organisations. Sometimes establishing new collaborations is hindered by preconceived ideas and perceptions that a particular faith community already has its own networks of support. Faith organisations tend to be unsure of how to develop sustainable, long-term or ethical relations with financial organisations. While faith organisations highlight the importance of learning from social enterprises and their experiences, there is a perception of competition between some credit unions and community development finance institutions. There is scope for further mutual learning between faith organisations and ethical finance companies in the areas of regulatory and financial competences on the one hand and fundraising skills and contextual knowledge of the particular needs of minority faith communities on the other.

7. Conclusions and recommendations

As our research has shown, faith organisations are responding in a variety of ways to the consequences of the financial crisis and austerity policies – providing assistance, engaging in activism to reform existing financial services or institutions, and developing or advocating alternatives to market-based finance. In this final chapter we draw out, and elaborate on, some key implications of our research, and feed these into our recommendations for future work. In particular, we focus on the significance of faith values, collaboration, faith-based campaigning and the organisational diversity of faith organisations.

The value of faith-based approaches

A strong theme of faith-based approaches to assistance in our study is the aim to provide holistic, sustainable services with an emphasis on dignity, equality and inclusiveness. This is exemplified particularly in approaches that seek to: remove the stigma or shame of receiving welfare or assistance and assert the dignity of those in need; address the emotional, as well as material, aspects of financial hardship; respond to the linked needs of individuals experiencing financial hardship and work closely with them to effect longer-term changes in their circumstances. Faith values were also significant in motivating work with other organisations to develop sustainable services or platforms for more ethical approaches to finance.

The value of collaboration

Our research reveals the value of collaborative working by faith organisations with other faith and non-faith organisations to enhance their ability to meet the welfare needs of communities and to campaign effectively. This is exemplified in local partnerships to pool resources and knowledge to provide assistance, or to establish consortia to strengthen faith organisations' capacity to bid for funding, or strategic alliances with other faith and non-faith organisations to campaign for or develop more ethical approaches to finance. We found for many faith groups there are clear strategic benefits to collaborating with others and aligning faith with ethical concerns about finance, to enhance the impact of campaigns for, and alternative approaches to, ethical finance.

The critical, campaigning role of faith organisations

Faith organisations can play a valuable critical, campaigning and lobbying role. They are often working on the ground and seeing the implications, and sometimes unintended consequences, of different policies or financial practices. For example, our research showed that sometimes policies have unintended consequences for particular groups that faith organisations with their reach into particular communities are able to identify – as the campaign on the implications of the cap on child tax credits for some religious communities exemplifies. Or sometimes, faith organisations are well placed to identify specific needs of communities, as the campaign to demonstrate the felt need for sharia-compliant student loans for Muslims showed. Yet, as one respondent put it to us: 'a lot of our [work] can be geared towards challenging government policy and showing gaps in the welfare system, [but due to the lobbying clause] we kind of stay away from criticising government policy to that extent'. It is important to recognise the role that faith organisations can (and many believe *should*) play in providing an important and critical feedback loop to government in identifying problems and innovating new approaches.

Challenges and benefits of organisational diversity

Our research also shows some of the challenges faced by faith organisations with different organisational capacities in meeting governance and funding requirements. Faith organisations are diverse not only in terms of different faith traditions and perspectives, but also in relation to their different organisational features and capacities. Yet, both highly organised and less organised groups are engaged in providing services and support to people within and frequently beyond the membership of their own faith communities, and they are doing this in formal *and* informal ways. For example, welfare and food assistance is often provided under the radar and in quite informal ways, and by groups with relatively low levels of institutionalisation, which can nonetheless be effective in addressing the needs of hard to reach communities. We suggest that recognising the legitimacy of formal and informal organisations and enabling forms of support for, and funding to, the informal sector would be beneficial.

An example of this approach can be seen in the Near Neighbours fund, for example, which enables distribution of funding to, and support for, small and informal local groups and initiatives. The Near Neighbours fund was launched by the DCLG in 2011 and is administered by the Church Urban Fund.¹¹⁴ It distributes relatively small pots of money of between £250-£5,000 to local groups and projects, with a particular aim to bring people of different faith and non-faith communities to work together on social projects. Significant features of this funding model are that it has a simple application process, with a quick response time, thus it has a light bureaucratic load. It is also highly locally embedded, as it is coordinated by local hubs to enable responsive and locally contextualised approaches to distributing resources and supporting faith groups. This approach has also been used to promote collaboration between faith and non-faith groups.¹¹⁵ Models like this could improve access to support for capacity building, funding, and networks for those organisations who do not have highly developed systems of organisations and governance (and who, for valid reasons, may not wish to become highly organised).

For those faith organisation that *do* want to formalise their activities by becoming registered charities, many are unsure about the regulatory requirements of the Charity Commission. Some Muslim charities are particularly apprehensive about the reputational damage that might follow if they fall short of regulatory requirements – in particular there are concerns that problems arising from underdeveloped governance mechanisms may be read erroneously as problems of extremism. Many faith organisations – and not only Muslim organisations – would value more help and support on issues of governance, financial transparency and regulation to enable them to develop their organisations (if they wish to). Such support could come from within the voluntary sector.

¹¹⁴ See Church Urban Fund: <http://www.cuf.org.uk/near-neighbours>

¹¹⁵ See: Therese O’Toole, Daniel Nilsson DeHanas, Tariq Modood and Stephen Jones (2013) *Taking Part: Muslim Participation in Governance* (Bristol: University of Bristol): <http://www.bristol.ac.uk/media-library/sites/ethnicity/migrated/documents/mpcgreport.pdf> pp. 49-53.

Recommendations

On the basis of these findings we highlight some areas for potential future work and development for different audiences and sectors, which are highlighted below.

Faith groups

- Faith groups can benefit from sharing learning and practices with other faith groups and the wider voluntary sector, both in relation to the delivery of services and in focusing and innovating campaigns to build voice around issues of financial exclusion and austerity.
- Campaigns for reform of financial services or alternative approaches benefit particularly from collaboration and alliances with others and through linking faith communities' concerns with other aligned ethical agendas.

Faith leaders

- Faith leaders can play an important role in using their leadership and networks to build and strengthen collaboration with other faith and non-faith groups, social enterprises and ethical finance providers.
- Faith leaders could play a particular role in opening dialogue with financial institutions to build strategic alliances and contribute faith perspectives and grassroots experience.
- Some faith organisations face particular challenges in meeting regulatory requirements (such as from the Charity Commission). Faith leaders can play a role in identifying where support can be offered and by whom.

Secular organisations

- Secular voluntary groups can benefit from more dialogue and partnerships with faith organisations to strengthen their reach and enable joined up working.
- Faith organisations can provide insights into and expertise on the (spiritual as well as welfare) needs of particular communities which secular voluntary organisations can feed into their models of working.
- Existing infrastructure organisations such as the NCVO, or other agencies, can play an important role in supporting faith organisations to improve their governance and respond to the requirements of statutory agencies such as the Charity Commission.
- Collaborative approaches between community development finance institutions and faith organisations to provide alternatives to payday lenders could help develop and promote much needed affordable finance schemes for those who are financially-excluded.

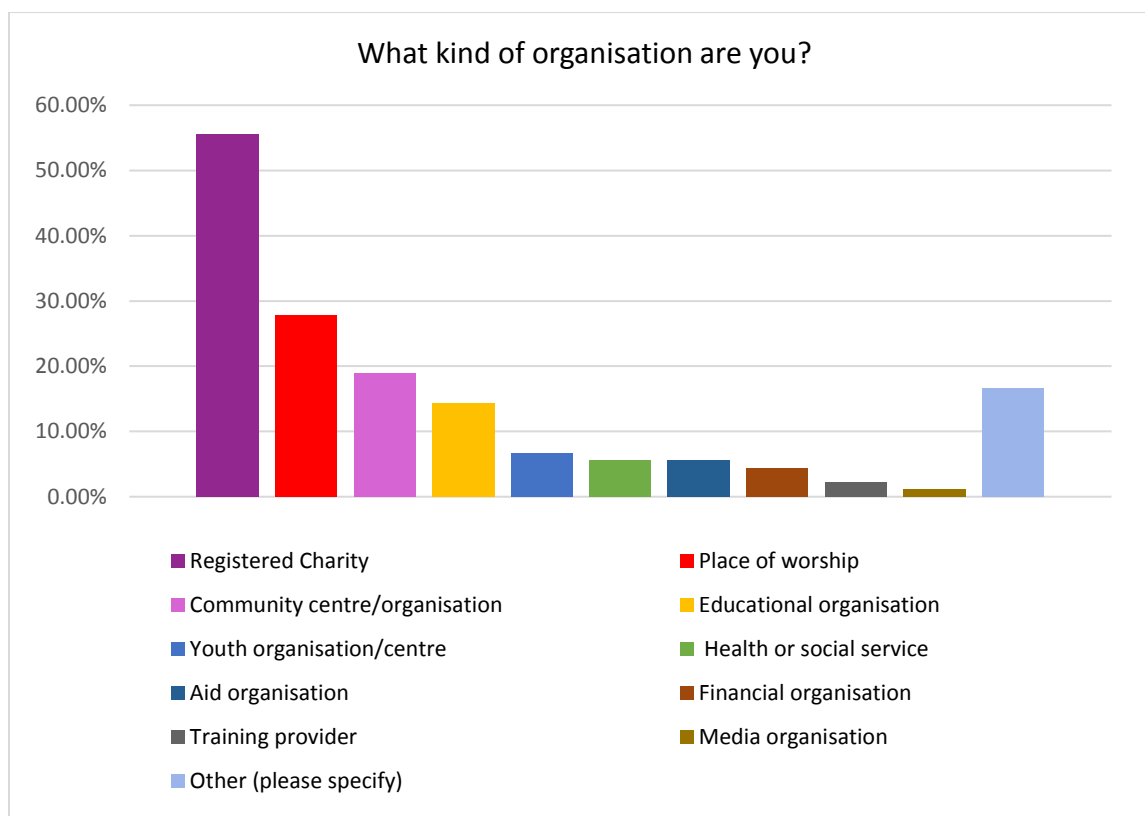
Funders

- Funders can consider how they can use their resources to encourage collaboration between faith groups and support them to enhance the benefits of shared innovation and learning.
- Place-based funders could consider the geography of faith and faith organisations within their work and the presence and contribution of such groups within the local voluntary sector infrastructure to enable collaboration and shared learning.

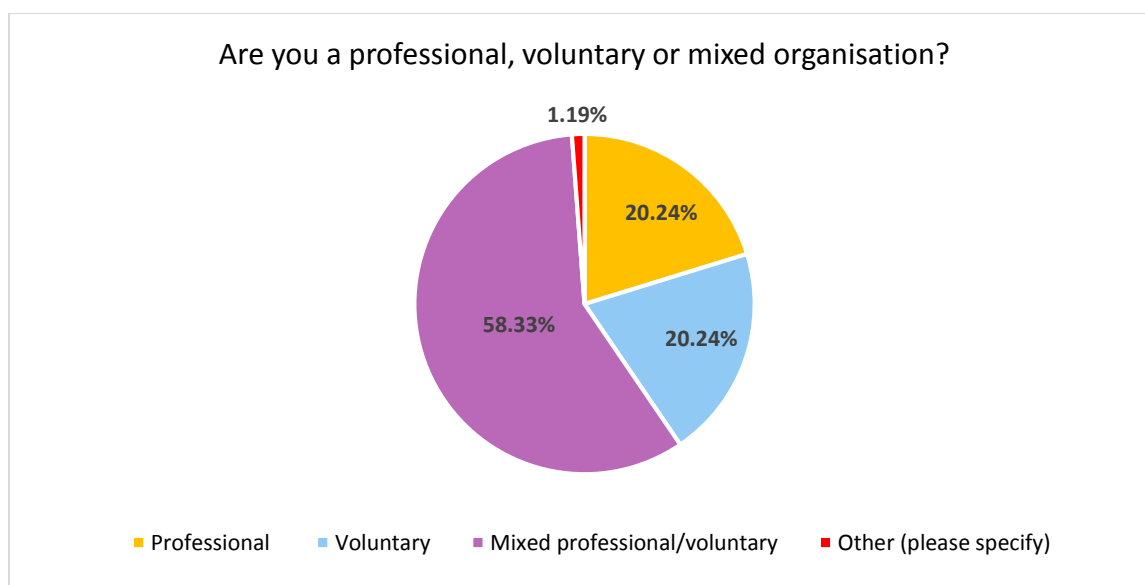
Government and regulators

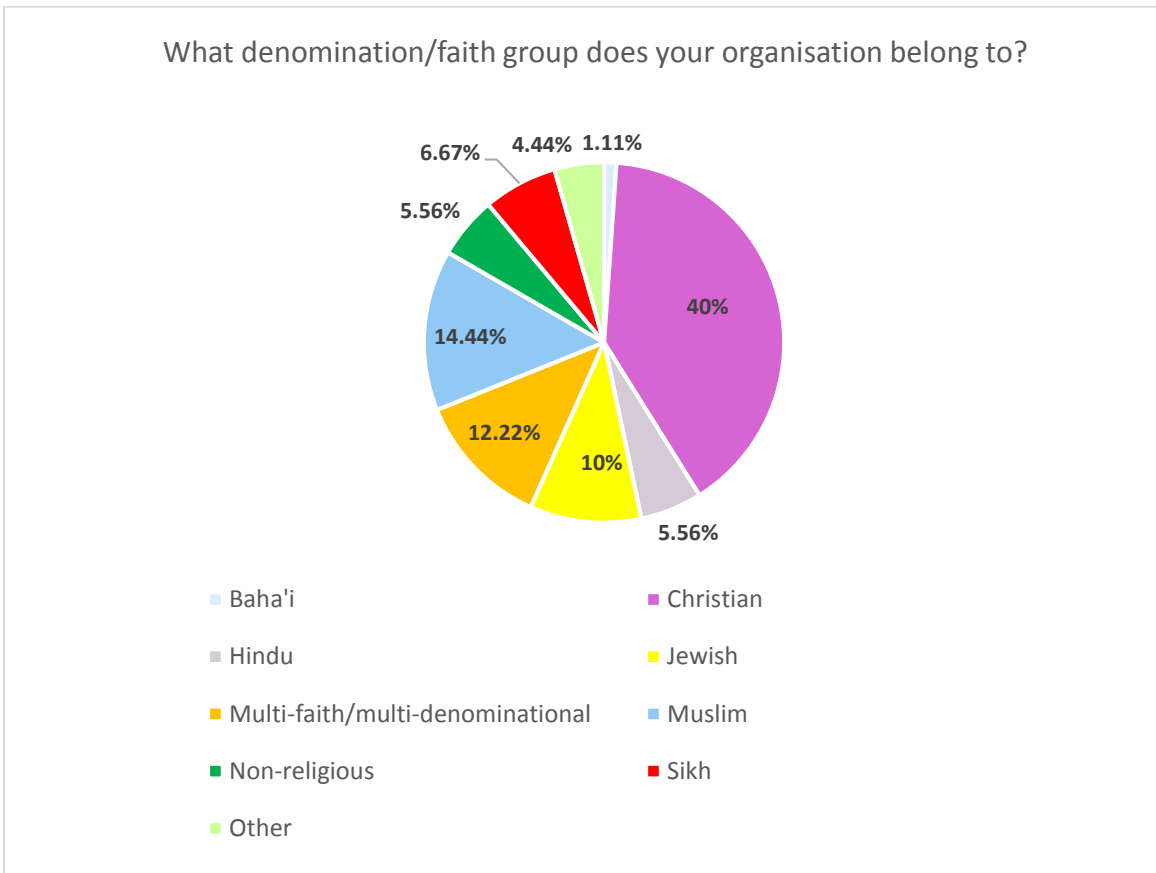
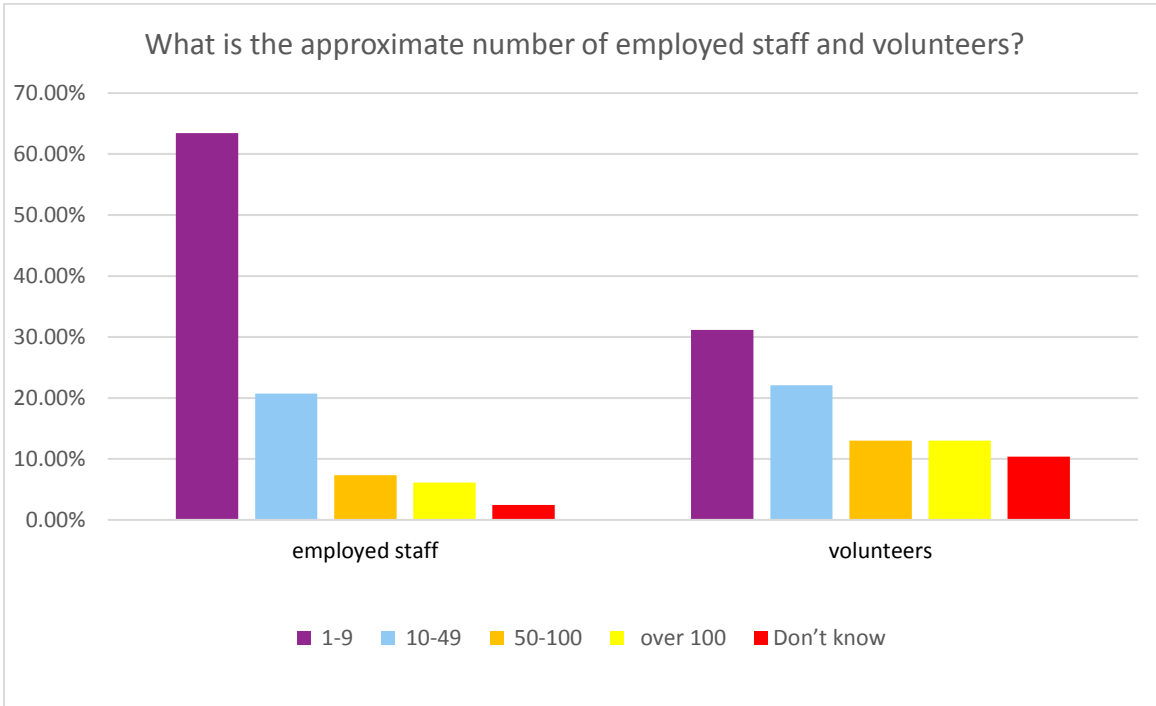
- Policy makers can recognise and respond to the diversity of faith organisations – not just in terms of different faith traditions and perspectives, but also in relation to their different organisational features and capacities: highly organised *and* informal groups play a key role in providing support and services, and frequently to people beyond their own faith communities, and would benefit from appropriate forms of support.
- Policy makers can seek to better understand faith communities' different attitudes and approaches to financial inclusion issues such as debt, and the role that faith organisations play in responding to these and identifying where needs and issues arise on the ground.
- Local authorities can explore additional channels for communication and joint learning with faith organisations to feed these experiences, insights and models into the delivery of local services.
- More support for improved governance, financial management, understanding of regulatory regimes and fundraising within faith organisations is needed, and particularly approaches that are suited to faith organisations of differing sizes and capacities.

Appendix 1: Profile of survey respondents



*Respondents could select more than one option





Appendix 2: Profile of case study organisations

1. 1st Ethical Charitable Trust - www.1stethical.com

1st Ethical, established in 2003, is a British based educational charity working in partnership with the mosques, darul ulooms and Muslim faith primary, secondary and supplementary schools on issues of money matters and social responsibility. They aim to inspire Muslims living in Britain to be confident, active and ethical ambassadors of Islam by empowering them to benefit society through faith-based campaigns and encouraging the holistic practice of faith. They have a history of providing a free information and support service to the Muslim community on money matters such as zakat, Islamic wills and halal money, through the distribution of guides and a free email support service. They have been actively involved in campaigning and lobbying government for the introduction of halal student loans.

2. Al-Mizan Charitable Trust - www.almizantrust.org.uk

Al-Mizan Charitable Trust is a Muslim grant-funder which supports disadvantaged people and deprived communities across the UK, regardless of their faith or cultural background. It provides small grants, which help with the costs of education and training, employment and enterprise, household items, medical and mobility, and subsistence. Beneficiaries include children and young people, single parents, elderly people, victims of domestic violence or abuse, asylum seekers and refugees, prisoners and ex-offenders, disabled people, and the working poor. It also runs four fundraising appeals throughout the year. During Ramadan, food parcels are distributed to low-income families and before the school year starts, back-to-school backpacks are given to children living in poverty. In winter, the Trust distributes winter-warmer packs that contain warm clothing, toiletries, and first aid items for homeless people.

3. Canary Wharf Multifaith Chaplaincy - www.canarywharfchaplaincy.co.uk

Canary Wharf Multifaith Chaplaincy is based in the Canary Wharf Estate in East London working with the business community (individuals and companies). Their work is informed by the 'Common Faith Covenant' for doing good business – an idea developed by senior business executives of different Abrahamic faith groups from a variety of financial and professional services based in Canary, working with the Chaplaincy, assisted by the Institute of Business Ethics. The Chaplaincy aims to provide a service to all who work on the Canary Wharf estate, ensuring pastoral care and spiritual support are available to everyone irrespective of whether they have a faith or not. They act as faith advisors, to promote the wellbeing of employees and act as a resource to help companies understand the positive role faith for business communities.

4. Church Credit Champions Network (CCCN) -

www.theology-centre.org.uk/projects/economic-justice/church-credit-champions-network

The **Church Credit Champions Network** was developed to harness and direct the energy created at a local level by the Archbishop of Canterbury's public intervention on payday lending and credit unions. It is a joint project between the Community and Theology Centre and the Church Urban Fund's Together Network which helps local churches to 'engage faithfully and effectively' with

issues of money, debt and credit in their communities. The Network aims to increase the number of churches engaged in issues of borrowing and saving in their community. It is involved in training ‘Credit Champions’ to understand and support responsible credit and savings providers.

5. Churches and Industry Group Birmingham (CIGB) - www.cigb.org.uk

Churches and Industry Group Birmingham (CIGB) is a team of workplace chaplains which aims to help churches and workplaces in Birmingham and Solihull to engage with the world of work. They provide workplace chaplaincy services, seek to deepen church economic engagement, and campaign for a faithful economy. Chaplains are engaged in projects to make ‘our economy work better for all people’, including combatting people-trafficking and improving employment opportunities for young people. They have also worked on issues relating to migrant workers, as well as contributing to the **Ecumenical Council for Corporate Responsibility (ECCR)** report: *The Banks and Society – Rebuilding Trust*. Their ‘Chatham House’ conversations with senior regional bankers were reported in the House of Lords debate on Banking Standards.

6. City Sikhs Network - www.citysikhs.org.uk

City Sikhs Network is an organisation run by Sikh professionals to create ‘positive change within society and to help create a more connected world’. The majority of its members are Sikh professionals from second, third and fourth generation British Sikh community, primarily based in London, the South East and the Midlands. The Network is committed to supporting integrity, honesty, openness, personal excellence, constructive self-criticism and mutual respect. City Sikhs aim to build a cohesive, tolerant and inclusive society in which individuality is respected and diversity is celebrated. Their aim is to provide a voice for professional Sikhs whilst empowering people to create positive change within society. As well as creating the report, *Ethical Finance: A Sikh Perspective*, they also publish the annual *British Sikh Report*.

7. Ecumenical Council for Corporate Responsibility (ECCR) - www.eccr.org.uk

The **Ecumenical Council for Corporate Responsibility (ECCR)** is a church-based investor coalition, registered charity and membership organisation. ECCR undertakes research, advocacy and dialogue to encourage companies to meet high standards of corporate responsibility and transparency, and assist faith communities and investors to uphold the same high standards through responsible and positive-impact investment. They have led and participated in dialogue with companies including Barclays, BHP Billiton, Diageo, HSBC, Morrisons, Northern Foods, Rio Tinto, Sainsbury, Standard Chartered Bank and Tesco, and with fund managers and institutional investors, on a range of ethical and financial issues. Linking with a broad range of faith- and values-based partners, ECCR shares insights, develops strategies and works for positive change. It leads and collaborates with others in advocacy and awareness-raising on issues of business, human rights and environmental stewardship.

8. Interlink Foundation - www.interlink-foundation.org.uk

The **Interlink Foundation** is the membership organisation for Orthodox Jewish community organisations in the UK, with 200 constituent organisations concentrated mainly in areas with Orthodox Jewish populations, including London, Manchester and Gateshead. It supports

community organisations with advice and consultancy services, training and access to funding and resources. Its core values include commitment to voluntary activity as ‘a defining feature of Jewish tradition’ and encouraging ‘independence, sustainable growth and self-representation of the organisations’ they serve. Interlink works in partnership with other communities and organisations with the aim of ‘bringing benefits to the wider public and strengthening community cohesion’. It advocates on behalf on the community and seeks to influence policy-makers to work equitably and collaboratively with the community.

9. Jubilee Debt Campaign (JDC) – www.jubileedebt.org.uk

Jubilee Debt Campaign is a coalition of national organisations and local groups around the UK, calling for the unjust and unpayable debts of the poorest countries to be cancelled. Part of a global movement demanding freedom from the slavery of unjust debts, it aims to promote a new financial system that ‘puts people first’. Inspired by the ancient concept of ‘jubilee’, it campaigns ‘for a world where debt is no longer used as a form of power by which the rich exploit the poor’. Its recent activities include campaigning to drop Greece’s debt, end British ‘dodgy export deals’ and prevent people from falling into further poverty and debt traps around the world.

10. Paperweight Trust – www.paperweighttrust.com

The **Paperweight Trust** is a registered charity offering a free service to the Jewish community across London. Their aim is to help the most vulnerable members of society, and particularly the elderly, to take control of their domestic administrative affairs and to deal with everyday burdens which can become intolerable in a time of crisis. Paperweight deals with bureaucracy, welfare and benefits, correspondence with banks and building societies, form filling, hoarding, tax authority, councils, utilities, bills, probate, insurance, divorce and legal issues. They promote a proactive approach to debt management and household expenditure and intervene with creditors to stabilise precarious situations. Paperweight offers time, guidance, confidentiality, experience and ‘common sense’ to help steer people towards independence.

11. St Martin’s Affordable Finance Development and Street UK - www.street-uk.com

St Martin’s Affordable Finance is a charitable enterprise based in London. Based on a Christian ethos, it provides social consultancy to charities and social enterprises. **Street UK** is a social enterprise based in the West Midlands that offers affordable finance and supports other social enterprises and financial institutions with software and support services. A partnership between Street UK and St Martin’s was formed in 2014 to offer affordable finance as an alternative to existing high cost credit services. As a result of their collaboration, an online lending platform, Street UK Online, was launched to offer customers an ethical product, while providing them with access to affordable credit, extended repayment periods and financial education and advice.

12. Sufra Food Bank and Kitchen - www.sufra-nwlondon.org.uk

Sufra NW London is a Community Food Bank & Kitchen, based in the London Borough of Brent, which supports disadvantaged families suffering from food poverty in the local area. It runs a food bank providing parcels of food ingredients for individuals and families, and a community kitchen to meet the specific needs of the street homeless and individuals and families in temporary

accommodation with no cooking facilities. Sufra ‘provides a life-line for families who simply don’t have enough food to eat’, whilst trying ‘to get people back on their feet’. Apart from a food bank, they also run a food academy, advice surgeries and have a food-growing project. Their vision is to develop a community hub, which provides a frontline support service, as a ‘first point of call for local people in crisis’.

13. UK Islamic Finance Council (UKIFC) – www.ukifc.com

The **UK Islamic Finance Council (UKIFC)** is a specialist advisory and development body established to promote and enhance the global Islamic and ethical finance industry. The IFC specialises in advising governments and regulatory agencies on creating enabling frameworks for Islamic finance and it pioneered a series of programmes on Islamic Finance and collaborations to create ethical finance initiatives. It developed programmes and thought leadership designed to enhance the robustness of Shariah assurance and governance in Islamic finance: their work has led to upgrades in leading central bank guidelines and improved practices amongst various Islamic financial institutions. The Ethical Finance Hub, launched in Scotland by the UK Islamic Finance Council, Herriot Watt University and the Scottish government in October 2015 is the first dedicated hub for ethical finance in the UK.