

**All Party Parliamentary Group on Faith and Society**  
**Minutes of meeting: 14 July 2016**  
***Public Faith and Finance***

**Present:** *Rt. Hon. Stephen Timms MP (chair)*  
*Steve Double MP*  
*Dr Therese O'Toole, University of Bristol*  
*Dr Katya Braginskaia, University of Bristol*  
*Omar Shaikh, Islamic Finance Council UK*  
*Clare Payne, Barrow Cadbury Trust*  
*Megan Morris, Oasis UK*  
*Daniel Singleton, FaithAction*  
*Felicity Smith, FaithAction*  
*Rodie Garland, FaithAction (minutes)*  
*Alasdair Gordon, Office of Stephen Timms*  
*Sarah Pellew, Office of Stephen Timms*  
*Anne Double, Office of Steve Double*

**Minutes (summary of discussion)**

1. **The Rt Hon Stephen Timms MP** opened the meeting by saying that the purpose of the APPG is to draw attention to faith-based initiatives, which are very varied and not often well understood; and also to influence policy or legislative arrangements that might otherwise hold such initiatives back. He said he was delighted to host the event based on a piece of research that is very relevant, welcomed Therese O' Toole and Katya Braginskaia, and thanked the Barrow Cadbury Trust whose funding made the research possible.
2. **Dr Therese O'Toole** thanked the APPG for hosting the event, Clare Payne of the Barrow Cadbury Trust and FaithAction for their support. She said that Public Spirit was launched in 2013 at an event chaired by Stephen Timms, with a debate on whether public faith could rebuild the link between morality and markets. The aim of the present research was to take that question forward to look at faith responses to the financial crisis.

The research was particularly interested in the models, visions and values that faith-based organisations (FBOs) were bringing in response to austerity; it also aimed to focus particular attention on the role of minority faiths. The contribution of FBOs was considered in three areas:

- i. Welfare. It was obvious that this was a huge contribution. Adam Dinham argued that "faith-based welfare is an essential buttress for state welfare", without which "the architecture of care would collapse".\*
- ii. The critical voice that FBOs had on questions of socially just finance. The research set out to explore the kinds of activism and campaigns that FBOs were involved in – for example on welfare, and on promoting alternative financial products.
- iii. Alternative visions for finance being advocated or developed by FBOs – often in response to the call by Archbishop Justin Welby for alternatives to be developed to payday lenders such as Wonga.

The research was based on a survey of 90 FBOs and 13 qualitative case studies. It included

good representation from Muslim, Sikh and Jewish organisations, but not so much from Hindu, Buddhist or Jain groups.

3. **Dr Katya Braginskaia** began the presentation of the research findings.
  - i. In terms of the welfare/assistance offered by FBOs the research looked in particular at provision such as foodbanks, debt advice and financial education. FBOs often responded to people in need, especially when a person had no other source of help or was at a critical point in their life, for example suffering a bereavement or loss of a job. The support provided was not limited to people of their own faith communities but was offered across the board and regardless of faith – in line with the expectations of the Faith Covenant developed by the APPG. Examples of such provision included Al-Mizan, which offered grants to people in need; the Church Credit Champions Network, which encouraged churches to engage with issues of borrowing and saving in their communities; and Sikh *langars*; there were also other approaches to helping people with food security.

Organisations were trying to develop more sustainable support. They were also trying to provide emotional support. For example, Paperweight aimed to provide a ‘breathing space’ for people in difficulty. Still others were adapting their services to the needs of their clients: Sufra started as a foodbank but now also offered a ‘food academy’ teaching cooking skills, the opportunity to grow food, and debt and medical advice. Noteworthy about some FBOs such as Sufra was their ethos of hospitality and of treating people as guests rather than ‘service users’.

- ii. Organisations providing support and welfare developed expertise on how austerity policies were affecting people. The research found that these organisations were increasingly engaged in campaigning – sometimes in order to provide a critical voice about government policy, and sometimes to engage directly with financial institutions. The research found three main areas here:

- a. Tackling financial exclusion and payday lending
    - b. Campaigning for reform in welfare policies
    - c. Trying to reform the banking sector

Examples of campaigns include those by 1<sup>st</sup> Ethical Charitable Trust, a Muslim organisation engaged in lobbying around student loans (halal student loans were likely to be introduced in 2018), and the Interlink Foundation, an orthodox Jewish organisation that campaigned on the implications of the two-child credit cap. The Ecumenical Council for Corporate Responsibility (ECCR) engaged in talking to banks to persuade them to improve their corporate culture and be more transparent about social and environmental risks. Particularly interesting about some of the campaigns was their collaborative aspect, which was not about diluting faith values but rather about providing shared points of interest.

4. **Therese O’Toole** presented the findings in the third area, alternatives to market-based finance. Issues of socially just finance were a particular concern of the Church of England. There had also been a lot of interest in how Islamic finance could speak to a broader ethical finance agenda.

It was a significant challenge for any organisation to come up with alternatives to market systems: there were issues to tackle relating to design, finance, regulation and so on. The research found three areas where FBOs were quite active:

- a. Developing or advocating alternative forms of lending. For example, the Church of England was advocating for the take-up of credit unions, on the understanding that they were for everyone, not just the ‘unbanked’. But people agreed that credit unions are not the answer

to everything, and the research also found other approaches. One was a joint initiative between St Martin's Affordable Finance and Street UK, a secular ethical finance service, which aimed to provide an online, responsive lending service that matched the services provided by payday lenders. The goal was for the initiative to become self-sustaining, and to provide both for people with emergency needs and for small businesses that need loans. There was also an example of a small halal loans service.

- b. Education, training and advice for individuals, groups and organisations. This aimed to help people with money management, advice and personal finance in ways that were ethical and informed by faith values. For example, City Sikhs published a report setting out principles on ethical finance from a Sikh perspective. 1<sup>st</sup> Ethical provided a range of materials such as a halal money guide and advice and educational materials for schools, encouraging children and young people to think about what it meant to be a good and active citizens. Education about ethical investment was also provided by ECCR, which ran a number of campaigns including Ethical Money Churches and campaigning around compliance with the Modern Slavery Act.
- c. Coordinating efforts to bring together a range of organisations involved in promoting ethical finance and approaches. This included the Ethical Hub in Scotland, a successful and high profile initiative, supported by the Scottish Executive and run by the Islamic Finance Council UK and the Church of Scotland.

The key messages from the research were that there was a wide range of contributions by FBOs to address issues of welfare and financial exclusion, not just for people of faith but for the wider community. There was a wide range of services being delivered, and the organisations had a great deal of expertise and knowledge about what was going on 'on the ground'. Furthermore, there were ways in which FBOs could build collaborations and partnerships in order to gain more traction and impact.

The recommendations resulting from the research were:

- i. Support was needed for FBOs involved in these areas. This needed to recognise the diversity not just of faiths but of the different kinds of organisations and capacities involved. Support therefore needed to be tailored as appropriate, whether for very small, informal organisations or for large, institutionalised groups: both were making vital contributions. Some organisations wanted to become registered charities but needed support, advice and training around how to do so. They might need support with issues such as governance and transparency and to build up their skills and knowledge. Ways should be found to do this without requiring such organisations to become very bureaucratic. There was also a perception that the anti-lobbying clause was a problem for FBOs in publically expressing complaints around policy issues.
- ii. The contribution that FBOs made should be better understood and promoted. In particular, this included the way in which such organisations were able to mobilise their values to provide solutions – for example, in addressing the trust deficit in the financial system, and in providing education and personal finance programmes, especially ethical personal finance education programmes like the LifeSavers programme from the Church Urban Fund.
- iii. Some organisations required more help in order to navigate the regulatory and logistical challenges of developing alternatives to high street banking. For example, incentives could be introduced to encourage asset-rich institutions to partner with ethical or faith organisations to develop alternative financial products.
- iv. There was more scope for partnerships between different FBOs and between FBOs and

secular ethical finance orgs. Questions remained as to whether secular organisations were too suspicious of FBOs, but the research suggested that such partnerships were necessary and productive.

5. **Stephen Timms** thanked the speakers for a very important piece of research. He asked whether there was a larger group of organisations that were *not* faith-based but were involved in similar work – ie what the proportion of FBOs was in relation to the overall response.

**Therese O'Toole** replied that this was very difficult to quantify. This was partly because of the informal nature of much of the work, which went on 'under the radar' – for example, much welfare work was not necessarily carried out by registered charities. The research did not seek to make the claim that FBOs were doing more than non-faith organisations, but to call for recognition of the significance of what FBOs *were* doing, motivated by values such as the idea of Jubilee or the principles of Islamic finance, and also their ability to mobilise their congregations and infrastructure; and also for recognition that FBOs did a large amount of work 'on the ground' which meant that they saw how policies really affected people.

**Stephen Timms** said that foodbanks were almost all faith-based of one sort or another. He asked whether in the area of finance, by contrast, there were a significant number of non-faith providers.

**Therese O'Toole** replied that this was indeed the case, particularly in the area of lending where there were a number of ethical secular organisations.

**Stephen Timms** asked whether all of the FBOs involved helped all those who came to them regardless of faith. Presumably in some cases, only people of the faith community knew that the organisation existed.

**Therese O'Toole** replied that the situation was complex, and that some organisations helped people of their own faith. This was largely driven by a sense that sometimes there were very specific needs to which the faith organisation was best placed to respond. For example, within the orthodox Jewish community the *Gemach*, or informal lending scheme, was driven by a particular religious perspective on what constituted a legitimate form of lending (based on the need not to charge interest to other Jews), and was very trust-based. Recipients were vetted from within the community. That was of course a legitimate scheme; the report did not argue otherwise, but what was striking was the aspiration that so many FBOs said they had, which was to be there to serve all.

**Stephen Timms** asked whether it had been difficult to find the organisations.

**Therese O'Toole** said that the highly institutionalised organisations were not hard to access, but others were very difficult to find. Christian groups tended to be well networked. In other cases the researchers had to link with lots of gatekeepers to gain access to organisations.

**Claire Payne** said that anecdotally and from the Barrow Cadbury Trust's experience as a funder, those non-faith voluntary and community organisations that provided debt advice and welfare provision were in extremely challenging funding situations and able to spend less time with their clients. FBOs tended to have a holistic approach and were able to spend the extra time that other organisations could not because their staffing had been cut or they had to close at 5pm.

**Stephen Timms** said that it could therefore be that FBOs were able to carry on when others

could not.

**Megan Morris** asked whether many of the services took place in places of worship. Would that then create a barrier to people not of that faith accessing the service? Was a barrier to finding out about faith organisations, particularly Islamic ones, the lack of trust (for example) between government and these organisations, as the government might wonder if the organisation was being used as a front for other things? That could be a reason for an organisation being willing to work only with those from its own faith community.

**Therese O'Toole** said that some places of worship, especially in the Church of England, were being used as community hubs, for example running food banks and debt advice. However, many were running out of offices or community centres, not just places of worship. To answer the questions on barriers would probably require another research project!

**Katya Braginskaia** said that the researchers found some examples of organisations using each other's buildings, such as Al-Mizan, which used a church building. There were also joint food banks run in places of worship by, say, Muslim and Jewish or Muslim and Christian organisations. Probably a minority of services ran from places of worship.

**Therese O'Toole** said that the Sikh *langar* was an example of where some organisations had decided to take food out of the gurdwara and into the street. This was about both increasing awareness of Sikh values and taking food to the people.

**Katya Braginskaia** said that increasingly there were interfaith events such as Mitzvah Day, or Sewa Day, when people were encouraged to build relationships and visit each other's communities as they took part in acts of service together.

**Therese O'Toole** added that Muslim charities certainly reported that in the present climate they were under scrutiny from the Charity Commission and the media with regard to issues such as governance, and that it was possible to be tainted inadvertently by association. Organisations taking part in the research reported examples elsewhere of charities that had underdeveloped governance and were not knowledgeable, and were therefore under suspicion of impropriety, although the real issue was that their governance was weak. More training on compliance was therefore needed, and many organisations reported this need, although it was a particular jeopardy for Muslim organisations.

**Stephen Timms** invited Omar Shaikh to speak.

6. **Omar Shaikh** thanked the APPG for the invitation and commended the excellent research report. He had been asked by Katya Braginskaia to speak about some of the Islamic Finance Council UK (IFCUK)'s work and the insights it had gathered, so planned to speak on what Islamic finance was, the activities of the IFCUK, and some of the challenges it faced.

i. Islamic finance was best understood through two lenses. The first was ethical finance: for example, money should not be invested in anything deemed harmful to society, such as pornography, gambling or tobacco. The second was the ban on interest, which could neither be received nor charged. This ban was in fact an Abrahamic ban: there was an aversion to interest within the Jewish tradition, and interest was banned by the early church for over two centuries.

ii. IFCUK saw Islamic finance as part of the broader ethical finance framework. The IFCUK was established in Scotland and much of its work was in Edinburgh. It had been involved in

supporting Bank of England consultations and other efforts to make the UK a global hub for Islamic finance, which also meant tapping into liquidity from Gulf and Asia.

In 2010 the IFCUK held a conference on Islamic and ethical finance. It discovered that nobody was bringing together the different strands of ethical finance, such as asset management, social consumerism, funding, investment and avoiding payday lending: everyone was acting in silos. The Edinburgh Ethical Finance Roundtable Series was therefore established. The IFCUK sought only to host the roundtables, and did not pretend to have the answers, but these brought many people together to learn from each other and share experiences. As a result of that platform being brought together there were two specific initiatives:

a. The Ethical Finance Hub. This was a suggestion coming out of the roundtables. The Scottish Executive and the private sector offered support and Heriot-Watt University acted as a partner. It was found that the idea of such a hub had a lot of 'legs' – people were very keen to establish it – and as far as the IFCUK was aware, there was no initiative like it in Europe. The intent was to create a platform to grow the ethical finance sector by allowing collaboration and research, and ultimately to demonstrate growth in the sector. Significant in this was the role of millennials, who had suffered from the banking crisis and were seeking alternative models.

b. A joint venture with the Church of Scotland. This developed from a roundtable held in Parliament, looking at practitioners' perspectives on implementing the management of finances in line with one's faith. Following this, IFCUK increased its engagement with the Church of England, but also developed the joint venture with the Church of Scotland. This represented the first time in the world that Islamic finance and a Christian church had come together to launch an ethical finance initiative based on shared faith values.

The venture was inspired by the Rev Henry Duncan of the Church of Scotland, who set up TSB in response to a crisis in which poor people were unable to save. That venture was the blueprint for the first attempts at Islamic banking in Egypt in the 1970s. It also led IFCUK to talk about shared values in today's climate.

The initiative had just been launched with three workshops planned. The first had already taken place, and the second would be held in the House of Lords. Omar Shaikh invited those present to attend. The IFCUK hoped to create a one or two-page document to articulate the shared values, which would then feed into a practical proposition: a solution that must be open to everyone in society.

iii. As regards challenges and learning points, the success was in building the platform. The IFCUK recently won one of the largest awards in the ethical finance space for its work, which gave it international promotion. However, this was not just a banking story, an asset management story or an ethical finance story. It cut across these sectors, which meant it involved many different nuances when addressing different audiences. Collaboration was the key. The IFCUK never took the approach of thinking that it had all the answers. All of the initiatives were about bringing clever minds and enthusiastic people together. While the talk was of ethics, passion and enthusiasm, often inspired by personal faith, also went a long way in investing and developing new ideas. People were willing to go the extra mile.

Stephen Timms thanked Omar Shaikh and invited Steve Double MP to respond.

7. **Steve Double** apologised for arriving after the beginning of the meeting due to business in the Chamber. He set out his background: he had spent the first 10 years of his working life working for a bank, then 10 years working for a church, then started his own business, before

getting involved in politics.

Discussions such as this one should not just be about organisations, as people of faith were to be found across many different types of organisations, and faith was expressed not only through churches or other FBOs, but right across society through the influence brought by people in all their walks of life. Furthermore, non-faith organisations were often heavily manned by people of faith, engaging in the particular cause because they were motivated by their faith. Nonetheless, FBOs had a crucial role to play. This was particularly because they were rooted in their communities and could often be the voice of people from that communities who might not otherwise be heard. Government should therefore listen carefully to these organisations.

The report also touched on the fact that FBOs often engage not just with symptoms but with causes. For example, someone's debt might allow an organisations to make a connection with that person, but often the organisation would then be able to deal with the cause of the debt because the engagement allowed for a wider conversation.

In 2001 Steve was pastoring a church, but decided to leave this to start a business. For him this was very much an expression of his faith and wanting to see faith worked out in the real world. Today the business would be called a social enterprise although the term was not used then. It aimed to provide work for people who ordinarily found it difficult to get a jobs or had special needs. The organisation would give them a job but also provided an opportunity for staff to engage with these people and perhaps address wider issues in their lives. Fifteen years later, it was still going and three or four of those who joined it as young men were still with it. This was an illustration of how addressing causes as well as symptoms did not have to be done only through typical 'charity-based' organisations.

The report also touched on the issue of regulation; this was a very real issue. The most effective organisations, particularly FBOs, were often small. They were effective due to their low overheads and flexibility to adapt to changing needs. To burden them with regulation would take up a lot of their resources, and take them away from the front line where they were most effective. The government should look at how it could provide support for such organisations. Charities could otherwise reach a point where their optimum effectiveness suddenly became diluted as regulations came in.

Finally, the report talked about the need for partnership and cooperation. People of faith could often be the bridge to build those partnerships. People of faith across different organisations could often discover connections with each other and use faith as the means of building connections, which could be very helpful.

The report was very good and raised some very interesting points. Steve said that he took every opportunity to champion the role of FBOs in Parliament, because in the current climate their role in communities was more important than ever.

8. **Stephen Timms** thanked Steve Double and asked what his business had been.

**Steve Double** replied that it was a mailing house, so while much of the work was mundane, it provided a route into employment. One member of staff who came to them as a young man was now a senior manager and had really flourished, marrying another staff member.

**Stephen Timms** asked what the IFCUK and Church of Scotland planned to do as part of their very interesting venture.

**Omar Shaikh** replied that the agenda for the initiative had been announced in March with publicity in the *Financial Times* and elsewhere. Its aim was to create a practical proposition, shortlisting four practical ideas from which one would be selected. The requirements were that initiatives should be inspired by the shared values but open to all, and should be sustainable. Their impact on the poorest in society, in particular, would be considered. One of the four ideas shortlisted was a bank, one a real estate investment trust and one a crowdfunding platform. The three workshops were the other area of work. Ultimately, to create impact on society, people needed to be given the opportunity. People wanted to buy their car in a way aligned with their faith.

9. **Stephen Timms** asked if there were any further points.

**Omar Shaikh** made the observation that with regard to charities, many had had their bank accounts shut with zero explanation or communication on behalf of the large international and UK-based banks that held them. Underlying this were issues connected with regulation and compliance for all charities. Perhaps there was a space here for the government to step in and provide a framework or 'back office' base for regulation of charities, ie an operational framework, quarterly assessment, compliance checks and so on.

**Steve Double** said that this was very topical as a charity he was involved with had just been told that its bank would end its services, because the charity had been involved in sending money to East Africa to support Christian work. This risk-sensitive approach by banks was a real concern that was affecting many charities.

**Stephen Timms** remarked that this sometimes happened because of developments in the USA, where some banks had faced huge fines.

**Omar Shaikh** said that a solution-based approach should be found according to which a bank could step in, define the problem and look for solutions, providing a framework to manage the risks. This would give the UK government greater robustness as regarded the charity system, and assure no 'leakage'. It would instil further confidence among donors and give banks a guarantee they could rely on.

**Stephen Timms** said that these were one or two ideas to think about further.

**Clare Payne** said that there was a role for policymakers to play in raising the issue with banks. She was not sure about government as an auditor of small, possibly faith-based organisations that were possibly already quite nervous. A key issue was often fear, which could be alleviated with better understanding.

**Steve Double** said that the government should offer support and advice.

**Clare Payne** pointed to infrastructure organisations such as NCVO. Those around the table could encourage such organisations to look at their role with regard to small, nervous charities.

**Daniel Singleton** said that the discussion of risk was taking place within a febrile atmosphere. While people worried about possible news headlines about the Charity Commission funding terrorism, they did not worry about Tesco employees who would use their salaries to do what they wanted to do. There was always a risk, and inevitably things would go wrong. It should be recognised that some things would work and some would not. A situation had arisen at

FaithAction when, as a distributor of government funding, everything would slow down on the part of the government department involved whenever a funding application was received from a Muslim organisation. The Charity Commission had brought out a 'light' version of its requirements, but they tended to create legislation that would kill most people. If FBOs tried to ape banks we would miss something. Relationship, accountability and community were all things that FBOs did. What was needed was not to pretend that credit unions were banks, but to look at how we could make communities work. Often this would come down to trust.

**Omar Shaikh** said that he agreed about the point on audit. The approach was not about audit per se but about independent verification. The largest Muslim charity in the UK had had to turn to a 'big four' firm because it was apparently put on a list that labelled it as 'one to watch', with no reason given. The Charity Commission could do something here and the government could help. There could be something like the Investors in People model, which charities could opt into if they wished.

**Therese O'Toole** said that Near Neighbours funding offered something very interesting in relation to how to build capacity and understanding. Near Neighbours had local hubs and was very well embedded. It used ambassadors and champions who really knew faith groups; it had a light bureaucratic load, and promoted work across faiths. It was willing to speak about projects in the language of faith. Something about this model offered potential for very small faith organisations.

10. **Stephen Timms** drew the discussion to a close, saying there were many ideas that the APPG could think about taking forward. He thanked Therese and Katya for the presentation and the printed copies of the report, and Clare for supporting the work. From the point of view of the APPG, it was very encouraging to see Public Spirit doing this work and recognising the potential of faith communities across the country. He asked if there would be any further work.

**Therese O'Toole** said that the team would continue disseminating the findings, and would follow up with briefings targeted at different audiences.

**Stephen Timms** thanked Steve Double, Omar Shaikh and everyone for taking part and closed the meeting.

**Date of next meeting:** *TBC*

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\* Adam Dinham (2013) 'Welfare is Sacred', Public Spirit: [www.publicspirit.org.uk/welfare-is-sacred](http://www.publicspirit.org.uk/welfare-is-sacred)