



Banking Guidance

Category: Finance

1. Background and Introduction

Many u3as struggle with banking. This can be with regard to opening a new bank account, updating bank mandates, online banking, lack of personal contact, etc. This document provides some guidance on these topics and the broad subject of banking. It is not all encompassing due to the breadth of the subject but tries to provide pointers where other relevant information can be found.

The scope of this document is to offering guidance on banking issues, ie not on accounting aspects. See Reference 1 for accounting guidance.

2. The Problem

Not much time needs to be devoted to describing the problem that we are trying to solve here. We will all have encountered issues within this topic. However this guide does not try to solve all personal banking issues – but there may be overlap between the challenges for a u3a and the challenges for individuals. It is aimed at u3a Committees and specifically as a help guide for u3a Treasures.

Sometimes the problem is language and terminology. This can lead to misunderstanding and confusion when dealing with a bank. This guide tries to help with definitions and explanation of common terms used.

3. Banking - Generally

3.1 One Bank versus Another

We are often asked – ‘Is there are particular banking company that the Trust would recommend?’ We don’t. It could be said that there is pros and cons with each (main high street bank). Or that they are all much the same. We also get feedback from u3as that eg ‘Barclays is great’ or ‘Barclays are the worst’ (and you can substitute that name for any of the others). Why is variation in performance? It takes two to tango. Partly it will be how the u3as is dealing with a particular bank (and it is this aspect that this guide can help with) or it is with the bank – who you are dealing with. Either on the phone or in a local branch. This does mean it is difficult to generalise – you may find that some aspects dwelt on in this guide are not a problem you have encountered – but other will have.

However see Section 5 for some form of comparison between banks. So you should know what is possible from one bank to another – regardless of what you glean from online sites, through face to face contact or through verbal mis-communication (from members or even other u3as).



3.2 Trends

There are some things we can try and help with on this topic but others we can't. The trend globally is for more to be done online, through the internet. The Trust is not going to be able to revert, stop this trend. We can try to influence and how this happens but we can't stop the trend.

This means things like eg the closure of local branches will continue. Local u3as can try to petition (possibly as part of a local community petition), it might slow the rate of change, but is unlikely to stop doing what it wants to do. Some communities have been successful into creating local 'hubs' possibly in a local community hall. There different Banks appear eg one day a week. Not as convenient as a permanent local branch but at least somewhere, where you can talk to an individual Although what they can do there could be limited. Often they will say 'You have to do that online'.

As we all know there is a growing threat of scams, hacks and fraud. The Banks are then trying to bring in measures to counter that, to keep their systems and your money secure. This often means systems appear difficult or cumbersome but they are there to protect. Also the Government is constantly bringing in new legislation, eg for money laundering which again can mean it appears there is now a mountain of obstacles and bureaucracy. These requirements do enforce the fact – they are all the same – they are all trying to do the same, protect you and your money

3.3 Charity Accounts

Unfortunately another adverse trend for us is that many of the main high street banks don't want our business. Charities and Not-For-Profit organisations are generally small and don't create a lot of value for the Bank. This means many are cutting back on what level of service they provide for charities and in some cases seem not willing to open an account for a charity. We'll expand on this in more detail in the following section.

4. Specifics

4.1 Opening a New Bank Account

This section may be relevant for a new u3a just starting up, or for any reason, an existing u3a wanting to open another bank account.

Generally all the banks require this to be done online. We can't go through the step by step process as the forms or processes are different for each banking organisation. However general pointers are:

- A charity account is a 'Business Account' ie it is not a 'Personal account. This language can be confusing. But often the banks have only the two categories and can only process as one or the other. Make sure you are opening a 'Business account' (but see below also)
- Make sure beforehand you have all the personal details for all your Trustees (not just those that you want to add to that bank mandate)

- If you are a registered charity, that you have the charity number handy. This can be difficult if you are a new u3a just setting up. You may not have been issued a number from the Charity Commission (CC) – it's a chicken and egg situation – the CC will ask for bank details as part of it's registration process. The only way round this seems to be – when registering with the CC initially use either the Treasures personal bank details, or see if a neighbouring u3a will allow use (ie quoting) their bank account number. Once the new u3a is registered with the CC, it can then proceed to open its own bank account and then update the online CCs details. Not ideal.
- Do ensure you seek out a bank that will open an account for you as a charity (which is part of their 'Business Accounts' offering. This will mean lower charge rates (see later)
- Also try to ensure that your bank account is set up to offer online 'dual authorisation'. See the References section: Finance Matters – Guidance, Section 7.3. Some banks will offer – online - dual authorisation and some u3as use this facility. This is effectively triple authorisation – where the Treasurer approves and processes (ie posts on online) then online, two (normally Trustees) are required to authorise for the bank.
- Ensure you have at least three names on the bank mandate. It is not easy to update bank mandates, and with turnover or availability of Committee members you need flexibility. Get it right from the beginning rather than then trying to add names later.

It seems this Foreign Tax Compliance Act requirement originated in the USA and their requirement is for a taxpayer identification number (TIN). The UK has signed an inter-governmental agreement (IGA) to help the US implement FATCA so it's now UK law. Therefore UK banks have it on their forms (& if you are a US citizen living in the UK you will have a TIN) but the online forms don't seem to acknowledge, if you are a UK citizen you won't have a TIN, we don't use them. Most annoying! Our equivalent is 'UTR' (Unique Tax Reference). So you could use that. But also your (the Treasurers) National Insurance Number would be sufficient. They need to know you are a UK tax payer / citizen. Either of these reference numbers will allow them to establish that.

For further related information from the Lloyds website see:

What is a Taxpayer Identification Number (TIN)?

A Taxpayer Identification Number is a unique identifier assigned to individuals and entities for tax purposes. It could consist of a combination of letters, numbers or both. You can find further information on TIN formats for your country of tax residence via the OECD website. If you are a Tax Resident in the UK, the TIN will be your National Insurance (NI) Number or Unique Tax Reference (UTR) Number.

<https://www.lloydsbank.com/help-guidance/common-reporting-standard.html>

Some other guidance and suggestions can be found here:

<https://www.resourcecentre.org.uk/information/entity-tax-residency-self-certification-form/>

4.2 Cheque Handling

While the quantity of cheques is generally dwindling, many u3as still handle many cheques (often for renewal of Membership Subscriptions). Our first advice would be to try to get your members to use other methods. Either through online Bank Transfer (if they are willing to use online banking); renew through Beacon (if your u3a uses Beacon); or through a (credit or debit) card reader (most members are comfortable nowadays with tapping to pay). For the later see the Reference section for further guidance on card reads.

However if you still need to process cheques, how best to do it? Banks will process cheques but will now charge a handling charge. If you don't have too many cheques this might be acceptable. But another problem with cheques can be how you deposit them (if there is no local branch or 'hole-in-the wall machine. Some banks offer other methods – Lloyds offer a cheque deposit service at Post Offices. Others offer a method where you can take a photo (on your smartphone) and submit the image online. This is actually quite an easy and growing method.

4.3 Cash Handling

This is a similar problem to above with a declining number of local branches and/or remaining branches charging a fee for cash deposits. Again the solution is similar – try to get your members to avoid the use of cash (although many may say they still prefer to pay using cash!).

The bank card method mentioned above can be the easiest alternative for members at eg Monthly Meetings. For u3as that use a 'Pay As You Go' form of membership subscription (versus the alternative 'All Inclusive' method) will generally have higher cash handling requirements. Group Coordinators/ Convenors will be taking cash for minor incidental costs. See if these can be minimised or avoided – if they are paying a venue, can this be done through the u3as main account (although this won't help with collecting for costs).

4.4 Bank Mandate Updates

This is not an easy process (regardless of which bank you are using). Generally this is an online process but it can be a mixture of both – you need to complete forms online then get 'wet' signatures on the form and then post (by the Post Office). This can mean that you need: a printer, a scanner, and easy access to relevant Trustees (to gather their signatures). So it's the worst of both systems. Some allow more of this to be done online. Most will not allow submission of images (you can't send in a photo of the completed Forms – even if they do accept these for cheques!!).

Try to keep you mandates up to date. The task only gets harder if Trustees that were on mandate but are no longer Trustees (either as they have stepped down, moved away, or died). Trying then to get their signature can be difficult if not impossible. Therefore every time (eg yearly) there should be a review of your bank mandate (for each account held) and an update where necessary.



A fact that is often not anticipated is that the form needs to be updated not only with details of your change (eg of Treasurer) but then requires – all – Trustees to sign (ie authorise the change). Some banks don't require this – but instead they need the definition of two 'Responsible Persons' and any change needs to be authorised by these two. Sounds easier but you have to ensure the details for these two are current.

4.5 ????

This is a ?????????????????? Other topics to be added.

5. Bank Comparisons

The following is not all inclusive and things change so might not be totally up to date. But does list the key services being offered by the main banks.

| BANK NAME:/ SERVICE: | Barclays | Lloyds | Co-op | | | | | NOTES |
|--|---------------|----------------------|-------|--|--|--|--|-------|
| Open a new 'Charity' account for a u3a | | | | | | | | (1) |
| Online Dual Authorisation | Yes | Yes | No | | | | | |
| Cheque handling | With a charge | | | | | | | |
| Cheque processing alt | By image | Through Post Offices | | | | | | |
| Online Banking | | | | | | | | |
| Telephone banking | | | | | | | | |
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NOTES:

(1) These are sometimes called business accounts or Not-For-Profit accounts.

More research needed for this section.

6. References

a) Finance Matters – Guidance:

<https://www.u3a.org.uk/all-documents/finance-matters-guidance/download>

b) Card Reader Guidance:

<https://u3asites.org.uk/files//london-region/docs/sharedpracticeguide018-bankcardreadersrev01-03.pdf>



c) NCVO's Assessment of the problem: add link to national website

<https://www.u3a.org.uk/component/edocman/ncvo-banking-project-presentation-feb-23/download?Itemid=>

| u3a | Banking Guidance | The Third Age Trust |
|------------|-------------------------|---------------------|
| Version | Description of changes | Date |
| | | |
| | | |
| | | |
| | | |
| 01-1 | First draft for comment | |



Material to be considered yet for inclusion in above:

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In a word - Yes.

As you say, if the bank has issued the cheque book on this basis, then that's their statement of who is authorised to sign. You need do no other checks (than visually checking it is Mrs B Xxxx that has signed.

Regards, Derek Harwood, Trust Treasurer

I'm Treasurer of West Cheshire Rural u3a (WCRu3a). Our members are currently renewing their annual memberships (2023/24). I have received a cheque from a long-standing member, Mrs B. Yyyy, but - for the first time - the printed name in the signature box reads: "Mrs B. Xxxx POA for Mrs B Yyyy" (I've withheld the surnames for member privacy reasons). I have to return the cheque to our member anyway because it has been incorrectly filled in (Payee in our Membership Secretary's name, not WCRu3a, & the cheque is unsigned. Before I do, I have a query about POAs & can't find the answer in the Finance section of the website:

Qu. If the cheque had been correctly made out & signed by Mrs. Xxxx as POA, can I assume that our member's (Mrs Yyyy's) bank has completed all necessary checks before issuing a cheque book with Mrs Xxxx's name on it as POA, meaning that our u3a is under no obligation to - nor should we - enquire any further into Mrs Xxxx's status as POA? Can you advise me, please.

If you need any more information or any clarification, please do not hesitate to email me.

Best regards, Linda Davenport WCRu3a
