

# Better banking for all

Joint Advisory Committee  
on the Ethics of Investment 2023



The **Methodist** Church



**JACEI, along with the Central Finance Board of the Methodist Church (CFB), has focused on banking this year, to help the Church be better equipped to assess the performance of banks and challenge areas of concern or weakness.**

## **The role of banks**

Banks underpin so many activities that it is hard to imagine life without them. In 2022 there were 260 banks registered in the UK with over 350,000 employees. Banking is a service industry concerned with helping customers, from individuals to institutions, manage their finances, and balancing the demands of different stakeholders. From individual savers or borrowers and small businesses, to governments, large corporations and society as a whole, we are all invested in the banking system.

## **Room for improvement**

Banks have justifiably been criticised for their role in the global financial crisis of 2007-2008 and various other scandals that have beset UK banking in recent years, such as PPI mis-selling, LIBOR fixing and the mistreatment of small businesses struggling after the financial crisis.

Banks are far from perfect. They are human institutions, subject to human frailties, meaning mistakes can occur, rules can be violated, systems can break down and, if they fail, society can be left to carry the cost. When banks do get things wrong, their size, influence and economic importance means that the consequences can be far-reaching – for individuals, communities, countries, and the planet.

**In 2021, it was alleged that HSBC was seeking to weaken action on climate change through the Net-Zero Banking Alliance. CFB met with representatives of the company about their work on the climate emergency and how it linked with internal culture.**

**In 2023, the CFB and JACEI participated in a high-level dialogue with Cardinal Vincent Nichols and two senior HSBC advisors. Equipped with CFB's new banking policy, they were able to discuss the HSBC's position on democratic rights in Hong Kong, its stance on banking in Russia following the illegal invasion of Ukraine, and its commitment to end the provision of new project finance for oil and gas fields.**

# Banking – for good

**Banks have power and influence, so they also have responsibilities to help further social, economic and environmental good through their activities.**

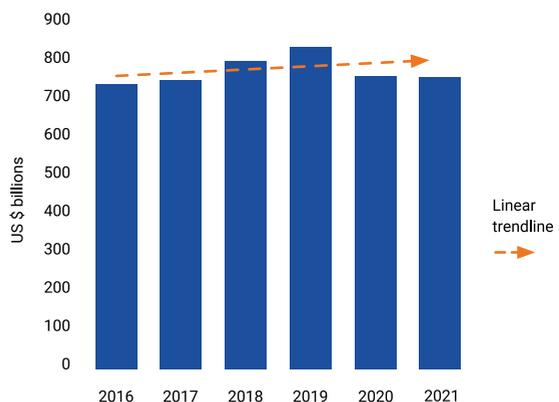
**For example:**

- Banks have a crucial role in the global economic response to the climate emergency to ensure a managed transition from fossil fuels to sustainable energy. Considerable work remains to be done to reverse the trend in the global financing of fossil fuels, and to encourage banks, which have already made commitments, not to backslide from them.
- Banks have a duty of care towards customers. As society increasingly embraces digital banking, the closure of traditional bank branches can be devastating. Banks should increase access to services, particularly amongst marginalised and vulnerable groups, and 'banking deserts' should be tackled by working with local communities to provide alternatives.
- Banks have a duty to uphold international peace and security, including complying with sanctions to prevent terrorism or refusing to finance controversial weapons, but also by combatting money-laundering, cyber-attacks and fraud.
- Banks have a responsibility to their staff, by supporting physical and mental well-being, valuing diversity, encouraging inclusion and promoting equal opportunities.
- Banks have a unique responsibility to contribute to a more just society and healthier planet.

## Global Fossil Fuel Financing 2016 - 2021

Aggregate fossil fuel financing by the world's 60 largest banks from 2016 (the first year after the Paris Agreement was adopted) to 2021

Data source: [Banking on Climate Chaos 2023](#)



## A policy fit for purpose

We expect banks to take their responsibilities seriously. JACEI has supported the CFB in developing a banking policy that recognises the importance of banks but also clearly sets out our expectations. Investment decisions are guided by the CFB's Ethical Pillars – Society, Fairness, Responsibility and Transparency, Earth and Ecosystem, Equality, Labour, Conflict, and Health and Well-being – and are linked to the UN's Sustainable Development Goals.

CFB measures a banks' performance against the policy using a variety of data sources, weighting the measures according to current ethical priorities. From these scores, banks are then ranked to enable comparison and to trigger engagement on specific issues. This policy gives an objective basis for investment decision-making and a robust methodology on which we can challenge banks to become better.



The **CFB/Epworth** co-filed a shareholder resolution with **ShareAction** at Barclays AGM in 2020 asking the bank to **phase out finance for fossil fuels** and utility companies that are not aligned with the Paris climate goals. This received the support of **24 per cent of shareholders**. CFB continues to ensure that fossil fuel financing is central to its engagement with Barclays.

## From the Chair of the Joint Advisory Committee on the Ethics of Investment (JACEI)

This leaflet has focused on one issue – banking. However, during 2022/23, JACEI has also advised the Central Finance Board (CFB) in a number of other ethical areas, particularly:

- policies around conflict and human rights;
- engagement in all sectors across a variety of social, governance and climate issues;
- continuing to oppose excessive executive remuneration;

A Summary Report on the work of JACEI is contained in the Agenda of Methodist Conference. The full Report is available at [methodist.org.uk/jacei](https://methodist.org.uk/jacei) and on the CFB website. Other Position Papers and Policy Statements on ethical investment issues are also available at [cfbmethodistchurch.org.uk/ethics](https://cfbmethodistchurch.org.uk/ethics)

We welcome comments and feedback on the work of JACEI and I encourage you to contact me with any questions or concerns about ethical investment and the Church.

The Revd Dr Stephen Wigley, Chair  
Joint Advisory Committee on the Ethics of  
Investment (JACEI)

The Joint Advisory Committee on the Ethics of Investment (JACEI) is composed of representatives appointed by the CFB and by the Methodist Council. It meets four times a year to advise the CFB on the ethical aspects of its work and monitors its decisions from an ethical standpoint.

**Joint Advisory Committee on the Ethics of Investment (JACEI)**

Methodist Church House, 25 Tavistock Place, London WC1H 9SF

**Telephone:** 020 7467 5502

**Email:** [jaceichair@methodistchurch.org.uk](mailto:jaceichair@methodistchurch.org.uk)

**Web:** [methodist.org.uk/jacei](http://methodist.org.uk/jacei)

The Central Finance Board of the Methodist Church (CFB) is responsible for managing and investing Methodist assets. Its challenge is to make good financial returns, whilst acting in accordance with the aims of the Methodist Church. Its mission statement affirms that “we aim to construct investment portfolios which are consistent with the moral stance and teaching of the Christian faith [and] to be a Christian witness in the investment community”.

**Central Finance Board of the Methodist Church (CFB)**

9 Bonhill Street, London EC2A 4PE

**Telephone:** 020 7496 3630

**Email:** [invest@cfbmethodistchurch.org.uk](mailto:invest@cfbmethodistchurch.org.uk)

**Web:** [cfbmethodistchurch.org.uk](http://cfbmethodistchurch.org.uk)

