ethicalfutures

make your money change your world

Guide

to

Ethical Banking and Savings Products

Contents

Introduction 1

Ethical Banks 2

- Triodos 2
- The Co-operative Bank 3
- smile 4
- Charity Bank 5
- Ecology Building Society 6

Digital Banks 7

- Monzo 7

NS&I 8

Sharia Banks 9

- Gatehouse Bank 9
- Al Rayan Bank 9
- Bank of London and the Middle East (BLME) 9

Building Societies 10

Introduction

Choosing your bank account is an important decision to make, after all you'll most likely be using it nearly every day. We understand that as an ethically minded investor, you'll want to make sure that the bank you choose is ethically sound and that it matches with your ethical mindset and values.

With that in mind, we've created this guide to provide you with some information about the main options that are available in the UK for ethical banking and some options for cash savings. For this guide we will be focussing on:

- Ethical Banks
- Digital Banks
- NS&I
- Sharia Banks
- Building Societies

We will give you a brief overview of who the banks are, what makes them ethical and what services they have on offer. We hope this will help to provide you with enough information to make your decision.

Ethical Banks

Triodos

(https://www.triodos.co.uk/)

Who are they?

Founded in 1980, Triodos are a Netherlands based bank with operations in Belgium, Germany, Spain and the United Kingdom. Their name is of Greek origin and means 'three roads', which for them are people, planet and profit. Triodos will invest your money in projects that have a positive impact on people's lives, protect the planet and build stronger communities. You could be one of 750,000 customers world-wide.

To learn more about their mission and values, click here.

What do they do?

Triodos provide finance to companies and organisations, often community enterprises, which they believe add cultural value to people and the environment. They will not invest in companies where 5% or more of their activities are directly related to non-sustainable products and services or non-sustainable working processes. Their projects include investment in solar energy, organic farming and culture. Their mission is to realise and promote quality of life in the broadest sense. They are focussing on the future with long term goals from a global perspective.

For examples of the projects that they have invested in, click here.

What services do they offer?

In the UK, they provide a digital only service as they currently do not have any physical branches here. They offer a range of services including:

- Personal Current Account
- Savings accounts (Everyday Savings, Triodos Online Saver Plus and Triodos Online Saver)
- Fixed rate bonds
- Online Cash ISA
- A range of investment options

The Co-operative Bank
(https://www.co-operativebank.co.uk/)

Who are they?

Founded in 1872, the Co-operative Bank are a Manchester based ethical bank. They have 50 branches across the UK including one on Gordon Street in Glasgow. As part of their ethical stance, they do not provide finance to organisations that conflict with the ethical views of their customers.

What do they do?

The Co-operative Bank are the only high street bank in the UK with a customer led Ethical Policy (click here). Their Ethical Policy is overseen by a values and ethics committee that is chaired by an independent director. It is reviewed on an annual basis through the distribution of a survey to all their clients. This has led to a commitment to avoid financing armaments, the extraction or production of fossil fuels, gambling and payday lending amongst others. They estimate that since the Policy was introduced in 1992, they have refused in excess of £1 billion of finance.

As part of their commitment to being a positive influence on the world around them, Co-operative Bank have entered into a partnership with the youth homelessness charity, Centrepoint (click here). Through this partnership, they have raised over £1 million which has been used to help fund a national helpline as well as a specialist helpline based in Manchester.

The Co-operative Bank found themselves in some financial trouble in 2017 which led to the need for some assistance. This resulted in ownership of the bank moving to a private equity firm. However, in January 2025, the bank was purchased by Coventry Building Society, bringing it back into mutual ownership. Although their ownership has changed over the years, their mission and ethical mindset remain the same.

What services do they offer?

The Co-operative Bank only have one branch in Scotland but all of their services are accessible via online banking or over the telephone. They offer a range of services including:

- Bank accounts (Current account, Student Account, Ukrainian Refugee Account)
- Savings accounts (Regular Saver, Smart Saver, Trackers and Fixed Rate Accounts, Cash ISAs and the Future Fund children's savings account)
- Other financial services

smile
(https://www.smile.co.uk/)

Who are they?

Launched in 1999, smile bank are the UK's first fully digital bank. They are owned by the Co-operative Bank and it is possible to visit their branches to deal with a smile account.

What do they do?

As they are part of the Co-operative Bank, they have the same ethical stance and follow the same Ethical Policy. Smile aim to make banking accessible, direct and fuss free. Sustainalytics gave them a score of 9.2 making it the highest rated high street bank for ESG in the UK in 2021.

As well as following the Co-operative Bank's Ethical Policy, smile also supports local communities, they treat their customers fairly and they are a living wage employer. They claim that they are beyond carbon neutral and they send zero waste to landfill each year.

What services do they offer?

As with the Co-operative Bank, smile bank is mostly online with only one available branch in Scotland. They offer a range of services including:

- Current accounts
- Savings accounts (No-notice savings, ISAs, Fixed Rate Cash ISAs)
- Other financial services

Charity Bank

(https://www.charitybank.org/)

Who are they?

Charity Bank was formed in 2002 with the aim of helping charities who struggle to find funding for their projects. They are owned by charitable foundations, trusts and social purpose organisations therefore they are not driven by profit but rather a desire to help the world around them.

They are not just an ethical bank, they are also socially conscious, mission driven and values based. They believe that banking should always work for good so they want to show people that it is possible to save your money in an ethical manner.

To see the impact that they have had, click here.

What do they do?

They state that their mission is to support your mission. They are a living wage employer who employ people who understand and care about their clients' projects. Since they were established in 2002, they have made over 1300 loans with a value of over £500 million.

What services do they offer?

They are an online based organisation and offer loans and a variety of savings accounts.

Ecology Building Society

(https://www.ecology.co.uk/)

Who are they?

Ecology Building Society started in 1981 after a meeting of the Ecology Party unearthed a need for an ethical building society. From humble beginnings with 10 members and £5000, they now have over 9,000 members and assets worth £180 million. Despite the growth they have experienced, they still stick rigidly to their original values.

To view their 2030 strategy, click here.

What do they do?

They are dedicated to providing finance to projects that use ecological building practices and promote sustainable communities. They are committed to providing mortgages for projects that might otherwise struggle. For example, they are interested in providing mortgages that would see derelict and abandoned properties being brought back into use to help contribute to the UK's sustainable housing stock.

Ecology Building Society practice what they preach. Their purpose-built office was constructed with the environment in mind. They have installed argon infused double glazed windows to help with temperature control, they used renewable sources where possible and they have installed motion sensors and timers to ensure that unnecessary lights are not left on. They are also a living wage employer and have provided six electric car charging ports and support their staff to use public transport.

For an example of one of their Edinburgh based projects, click here.

What services do they offer?

Ecology Building Society offer a range of savings accounts and mortgages.

Digital Banks

As there are no physical branches and less paperwork, digital banks are often touted as the “greener” option. Many of these banks are newer to the market and do not have the same connections and investment in oil, armaments, tobacco etc. as the traditional mainstream banks. These banks often focus on innovation and technology and appear keen to promote change and development in the finance industry. You will need a compatible mobile phone or digital device to access these accounts.

Monzo

(https://monzo.com/)

Who are they?

Founded in 2015, Monzo was granted it’s full banking license by the FCA in 2017. They initially offered only pre-paid debit card but now offer a variety of current accounts and savings accounts. Alongside this, Monzo’s app offers users the ability to track their spending with features such as savings goals, budgeting help and direct debit management.

What do they do?

Monzo’s mission is to make money work for everyone. Not only do they want their own clients to benefit from their services, they hope to drive up standards across the banking industry to make sure that as many people as possible can get the support they need with their finances.

They are a digital only bank; therefore, they do not have any branches which they believe helps contribute to their low environmental footprint. They also do not invest in fossil fuel energy companies. However, they are aware that they still contribute to the climate crisis and acknowledge the responsibility they have to minimise and offset their carbon footprint.

What services do they offer?

Monzo offer a variety of current accounts and savings account for personal and business use alongside credit cards. They also offer the ability to spend money abroad without additional fees.

NS&I

(https://www.nsandi.com/)

You might also consider placing your money with NS&I which offers 100% secure savings backed by the UK Treasury.

Whilst some people might be concerned that placing their money with the UK Government is perhaps unethical, due to our national involvement in the arms trade and national defence, capital raised through savings with NS&I will also go to support wider government programmes such as healthcare, education, environmental protection and social security benefits.

What services do they offer?

Premium Bonds

Although they do not offer interest, ownership entitles you to entry into a monthly prize draw. Prize rates, when averaged over time, are roughly equivalent to the Bank of England Base Rate.

Green Savings Bonds

NS&I now offer a Green Savings Bond, issued as part of the Government's drive towards sustainability.

Sharia Banks

Islamic law (Sharia) has a number of rules concerning banking, and finance. One of the key principles is that Islamic banks cannot charge or pay interest and must comply with core ethics by not investing in gambling, alcohol, tobacco, armaments, pornography and other commodities contrary to Islamic values.

Gatehouse Bank
(https://www.gatehousebank.com/personal)

Established in 2007, Gatehouse Bank takes a Sharia, ethical and socially responsible approach. They offer Woodland Saver accounts, which support the creation of new woodlands in the UK by planting a tree for each account that is opened or renewed. Gatehouse Bank has been a certified carbon neutral business since 2021.

Al Rayan Bank
(https://www.alrayanbank.co.uk/)

Previously the Islamic Bank of Britain founded in 2004, Al Rayan Bank was purchased by Masraf Al Rayan in 2010 is now a UK subsidiary of the second largest bank in Qatar.

Bank of London and the Middle East (BLME)
(https://www.blme.com/)

BLME was launched in 2007 and is sponsored by Boubyan Bank based in Kuwait. The bank deals in Wealth management, real estate and Savings and is now based in Dubai as well as the UK and listed on the NASDAQ Dubai.

Building Societies

As an alternative to ethical banks, you could consider a building society. Building societies are mutual (i.e., owned by the customers) and by law, have to focus most of their lending on house ownership. You may find that some also do small commercial mortgages and many offer 'buy to let' lending. However, that does present its own ethical dilemma.

If you choose to open an account with a building society, you are then deemed a member and therefore have the right to vote on matters such as policy and board members.

Some high street building societies have environmental or community policies, but they are not really at the front of their operations.

Some options to consider are:

- Nationwide (https://www.nationwide.co.uk/)
    - Current accounts
    - Mortgages
    - Savings accounts
    - Other financial services
    - They have multiple branches across Scotland as well as online services.
- Coventry Building Society (https://www.coventrybuildingsociety.co.uk/)
    - Savings accounts
    - Mortgages
    - They do not have any branches in Scotland but are available online.
- Yorkshire Building Society (https://www.ybs.co.uk/index.html)
    - Savings
    - Mortgages
    - Other financial services
    - They have branches in Glasgow, Bishopbriggs, Edinburgh, Dunfermline and Alloa alongside online services.
- Scottish Building Society (https://www.scottishbs.co.uk/)
    - Savings
    - Mortgages
    - They have branches in Edinburgh, Glasgow, Troon, Inverness, Galashiels and Aberdeen alongside online services