

# Financial Services for Baptist Churches Webinar

Tuesday 28 January 2020

Richard Wilson, Support Services Team Leader  
Neil Poynton, Head of Charities at CAF

# who are CAF?

We're a charity, bank and champion for better giving, and for over 90 years we've been helping donors, companies and charities make a bigger impact. Our independence, expertise and reach mean we're uniquely placed to do this.



# Who is Neil Poynton?

## Neil is Head of Charities at CAF

- He has wide experience of the financial challenges and opportunities facing charities of all sizes
- Neil has been working in the financial and third sectors for more than 30 years
- He has background ranging from private banking, insurance to landed estates, business and charity clients

## Specialist areas

- Charity finance and practice
- Financial services including lending and investments
- Private banking
- Landed estates



# Outline

1. Introduction to financial services for churches
2. Current Accounts
3. Payment cards for ministers and staff
4. Taking card payments
5. Savings Accounts
6. Borrowing
7. Investments
8. Insurance
9. Final Thoughts

# Introduction to financial services for churches

Churches have a unique profile:

- Relatively small entities, but are often employers
- Largely volunteer run
- Are not profit seeking businesses, but rather Charities
- Mostly funded by donations rather than sales/fees
- Most are not registered charities, but need to meet good governance requirements

# Introduction to financial services for churches

Not necessarily well served in the market

- Limited range of options
- Many providers try to serve with products designed for small businesses or “CASCs”



# Introduction to financial services for churches

## Health warning:

- Any products mentioned in this webinar are purely for information purposes
- We do not make recommendations of financial products and services.
- You must check any product meets your specific needs

# Current Accounts

## Features to look for

- Dual authorisation
- Online banking features and functionality
- Cash deposits (for the collection)
- Fees and charges
- BACS Bureau
- International payments
- Relationship management
- Branch locations



# Current Accounts

## Supplier Choices:

- High street banks
- Specialist banks (CAF Bank, Charity Bank, Reliance Bank, Tridos, Unity Trust etc.)

# What can CAF Offer?

## CAF Bank Cash (Current) Account

- Day to day banking
- Online
- Access to UK based service centre
- Access to Relationship Managers


CAF Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.


# Payment cards for ministers and staff


- Balance of convenience and cost vs. risk
- Credit card – access to funds up to credit limit.
- Debit card – direct access to bank account balance
- Pre-paid card – access to funds up to card balance
- Business card – debit and credit card hybrid

# What can CAF Offer?

## CAF Bank Business Card

 **No bank charges**  
CAF Bank won't charge you to issue your card or make payments or cash withdrawals. Some merchants may charge, but must tell you if any charges are payable at the time of the payment or cash withdrawal.

 **Pay with confidence**  
The card uses Chip and PIN security for in-store payments and cash withdrawals. Authorisations are only allowed if you have the available balance on your CAF Cash account.

 **Paying online**  
You can make Business card payments online 24/7. Online payments are randomly verified by use of MasterCard SecureCode™ or MasterCard Identity Check™.

# Receiving Card Payments

Sales of goods, tickets for events, etc.

- Commercial retail solutions can work well:
  - Traditional terminals standalone terminals (often with a monthly rental)
  - Some newer providers with terminals that work via phone/tablet (e.g. SumUp, iZettle, Paypal, Square), with no rental and low hardware costs

# What can CAF offer?

## From CAF Bank

- Accept payments from all major credit and debit cards directly into your CAF Bank account.

### **Secure and reliable**



Customers' card details are processed safely and securely

### **Competitively priced**



A choice of pricing plans to ensure you've got the flexibility you need



### **Card processing to suit your needs**

Whether you need a countertop or portable machine, or you're taking payments online, there's a solution

# Receiving Card Donations

## Taking donations:

- Replacing cash collections as many carry no cash
- Ideally looking for “self-service” for anonymity
- Some options only offer fixed donation amount(s)
- Market is relatively immature. Current solutions appear to be either expensive or not very robust
- Watch this space!



# Savings Accounts

## Key Considerations:

- Interest Rate
- Terms: instant access, notice, fixed term etc.
- Security (e.g. eligible for FSCS, risk of failure)
- Ethical issues
- Consider multi-Treasury management solutions for large quantities of cash



**1.35% interest**  
on 1 year fixed rate deposit

**1.1% interest**  
on 3 month notice account

**0.85% interest**  
on 7 day notice account

(all rates subject to regular review)

**Minimum deposit £1,000**

## Baptists Together Deposit Accounts

- *c.£53m deposited by Baptist organisations*
- *Available to member organisations*
- *Highly attractive rates of interest*
- *Provides funding for Loans to Baptist causes*

# What can CAF offer?

From CAF Bank and CAF Financial Solutions Ltd (CFSL)

	Instant Access		Notice <£50k		Fixed Term <£50k		Notice & fixed £50k+
	CAF Cash Account CAF Bank	CAF Gold Account CAF Bank	CAF 60 Day Notice Shawbrook	CAF 90 Day Notice Scottish Widows	CAF 12 Month Fixed Shawbrook	CAF 1 Yr Fixed Scottish Widows	CAF Charity Deposit Platform CFSL
Rate	0%	0.15%	0.90%	0.25%	1.40%	0.65%	Up to 2.1%
Minimum	£1	£1,000	£1,000	£10,000	£1,000	£10,000	£50,000
Access	Instant	Instant	60 Days	90 Days	12 Months	1 Year	Notice / Fixed Term

# Borrowing

Issues to consider:

- Interest Rate
- Term
- Fees and charges
- What security is needed?
- Tranches/project stages
- Flexibility on repayments



## Baptists Together Loan Fund

*£38.1m on loan:*

- *~50 manse loans (£4.8m)*
- *~50 church loans (£10.4m)*
- *~20 Pension loans (£0.6m)*
- *RBMHO (£22m)*
- *Others: £0.3m*

*Aim to be creative in supporting Baptist organisations*

### **CURRENT TERMS:**

- Loans available from £25,000 to over £1m
- Standard interest rate of 3% above Bank of England base rate
- Repayment terms between 10 and 20 years
- Fee free, subject to certain conditions

# What can CAF offer?

## From CAF Bank and CAF Venturesome Loan types



### **Secured loans up to 25 years**

CAF Bank can provide lending of between £50,000 and £5m to support capital projects to achieve your charity's goals.



### **Social investment up to 6 years**

CAF Venturesome provides repayable finance of between £25,000 and £400,000 plus for organisations with high social impact.

# Investments

## Key Considerations

- **MUST** consider Charity Commission Guidance for Trustees on investments (CC14)
- Need to consider why you are making investments
  - Income generation
  - Capital growth
- Generally will need to take professional advice to meet your obligations



# Investments

## Choosing investments:

- Consider diversification options
- Take advice unless you have good reason for not doing so
- Balance between risk and return
- Review investments regularly

## Know, and act within, your charity's powers to invest:

- Write and/or update your investment policy
- Justify if adopting an ethical/ socially responsible approach


# Investments

## Key Considerations:

- Self Managed or Through an Adviser
- Choosing a platform (for listed investments)
  - Cost
  - Functionality
  - Reporting
  - Manager or Platform
  - Dual Authorisation

# What can CAF offer?

From CAF Investments and CFSL  
Range of investment solutions

-  • **CAF Investment Account** with WBS
  - Includes free Investment Explorer with Financial Express
- **FP CAF Investment Funds** with Fund Rock partners and Octopus Investments
- **Managed Portfolio Service (MPS)** Octopus Investments
- **CAF Equitrack Fund** with L&G Unit Trust Managers
- **CAF Socially Responsible Portfolio (SRP)** with BMO

## Some of the Fund Mangers on the CAF Investment Account



# Insurance

## Types of insurance

- Church building
- Manse
- Public Liability
- Employers Liability
- Trustee Liability
- Legal Expenses
- Loss of Income
- Cyber risk

## Considerations

- Price
- Level of excess
- Customer service
- Understanding of church needs

# Final Thoughts

- Churches are different from other organisations
  - Distinct needs
  - Don't forget wills, testaments and trusts
  - More limited product set available
  - Can take research to find the right fit for you
  - Networking with other churches can help you to find what you need through word of mouth

# Thank you

- Baptists Together Support Services Team contact details
  - [supportservices@baptist.org.uk](mailto:supportservices@baptist.org.uk)
  - 01235 517700
- CAF Contact details:
  - [clientrelations@cafonline.org](mailto:clientrelations@cafonline.org)
  - 03000 123 444