

Expanding Birmingham-based bank set to scrap penalty charges

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While global financial institutions are struggling, one local success story says it is set to see strong growth in 2009.

The Birmingham-based Unity Trust Bank, which focuses largely on services for the social economy and SMEs, has seen record lending to commercial enterprises, along with strong growth in its regular areas.

It has now made a customer-pleasing move by announcing it will be abolishing all penalty charges and interest applied to unauthorised overdrafts.

A spokesman for the bank, which is based in Brindleyplace, said: "Unity Trust Bank is 'open for new business' and at a time of obvious difficulty for many other banks, we intend to grow our customer base, our workforce and our business in 2009, underlining the robustness of our business model.

"Our success in 2008 was based on the success of our 'socially focused' business model. This meant that we were not tempted to deal in sub-prime investments, as to have done so would have been against our business and social responsibility policies.

"Throughout 2008, we demonstrated our support for the social economy by launching a number of sector specific products, including our Community Asset Transfer (CAT) loan account, the first of its kind in the United Kingdom and our grant bridging loan facility."

Unity Trust offers banking services to a number of trades unions, including the National Union of Journalists. In 2008, it increased lending by 35 per cent to the social sector economy - charities and not-for-profit organisations working for a social goal.

Lending to commercial enterprises also reached record levels, with the commercial enterprise team receiving an ever-increasing number of quality business proposals including acquisition and refinance facilities for owner-occupiers and loans to assist other investors. Kevin Turmore, managing director of the bank, said, 'I am confident that our commitment to innovation, customer care, social responsibility and the values of our shareholders will contribute to our continued success.'

Alternative sources of funding have become more popular and more important for businesses as banks become more reluctant to lend because of the pressures of the recession.

The Unity Trust Bank is a strong supporter of low-level community development finance institutions, which lend small amounts to companies. Two local CDFIs supported by Unity are the Aston Reinvestment Trust (ART) and the Black Country Reinvestment Society (BCRS).

ART said it had seen a huge rise in approaches as the credit crunch intensified. After a quieter start to last year, the organisation was inundated with requests and secured funding from sources including the Unity Trust Bank. BCRS doubled its lending to small businesses to over £1million last year.

Unity is known as one of the top names in the country for social lending. It topped the customer service satisfaction ratings in Charity Finance annual survey of banking services in 2005, 2006, 2007 and in 2008, ahead of all other mainstream banks. In November 2007, it launched the £50 million Social Economy Fund in November 2007 to meet the growing demand for access to loan finance to

support the increasing working capital requirements of charities, voluntary organisations, social enterprises and other social purpose bodies.