Cambridge Climate Society

University Banking Guide

TLDR

What's the *problem*?

Banking in Cambridge is complicated. Each college manages its own bank account and the University Finance division handles central administration and academic departments.

The University had previously claimed that they **could not switch banks**, as all of the existing major banks that cover the University's needs are involved in fossil fuel expansion.

Good news!

We now have 7 banks that can replace Barclays/ NatWest/Lloyds to offer banking services and a quasi-Money Market Fund for cash management. This combination should allow colleges to **switch away from their existing banks**.

Why should I *care*?

We need *you* to get banking on your college agenda - find out how your college intends to respond, and what their banking plan is.

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Banking Engagement Forum

What is the BEF?

The *Banking Engagement Forum* aims to use the combined influence of the colleges + central University to encourage banks and asset managers to transition away from fossil fuels.

The BEF targets companies which engage in or facilitate fossil fuel expansion: fossil fuel, utilities, banking, and insurance companies.

Goals

Reducing primary market financing of companies which engage in or facilitate fossil fuel expansion:

- banks that finance and underwrite fossil fuel companies
- utilities that are exploring for new reserves or building new fossil fuel infrastructure

Why?

1. Primary market financing directly injects money into fossil fuel companies to build new infrastructure
2. Most primary financing of fossil fuels comes from bank loans and bond issues, almost all of which comes from a handful of large global banks

? Primary market financing

When companies sell financial securities (usually bonds) directly to investors, as opposed to investors trading amongst themselves (secondary markets, where most shares are traded)

Amélie Gadsby

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Request for Proposals (RfP)

Who are the members?

Chair: Anthony Odgers, Chief Financial Officer, University of Cambridge

Members cover representatives from the University, the Endowment, Cambridge University Press & Assessment, the Colleges, the Cambridge Institute for Sustainability Leadership, and the student body (SU undergrad + postgrad presidents).

What is the RfP?

The RfP asked banks to offer cash products which do not finance fossil fuel expansion.

Banks which meet its objectives have no clients in the fossil fuel or utilities sector that were:
a) building new fossil fuel infrastructure and/or
b) exploring for new fossil fuel reserves

They are focusing on avoiding the construction of new coal- and gas-fired power plants in OECD countries, as this new infrastructure can lock in emissions (and demand for fossil fuels) for decades.

Who has signed onto it?

The RfP is led by Cambridge and has **83 co-signatories** in the UK Higher Education Sector.

29/31 Cambridge Colleges have signed on - all but Trinity Hall (which owns a bank - conflict of interest) and Murray Edwards.

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Request for Proposals (RfP)

What are the outcomes?

Quasi-Money Market Fund

Amundi will manage this £500m fund, which is due to launch in 2026 (TBC). Only companies that are not engaging in, financing or facilitating fossil fuel expansion will be included. Colleges will then hold their cash reserves in this fund.

? Money Market Funds

Low-risk funds for cash management. They act as an alternative to holding cash in a bank account and have same or next day access to funds. However, they cannot replace physical bank accounts and debit/credit cards to make payments.

Full Service Banking

7 institutions have been found which offer full-service banking:

- Coventry Building Society
- Handelsbanken
- Leeds Building Society
- Skipton Building Society
- The Co-operative Bank
- Unity Trust Bank
- Yorkshire Building Society

Colleges would then **switch from Barclays/Lloyds/NatWest** to one of these institutions.

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What's next?

Colleges and the University now have an a**lternative to banking with Barclays** - using one of the 7 banks + the quasi-Money Market Fund to hold their cash.

The University is likely to be a slow mover, but colleges can be quicker.

Do RfP signatories *have* to switch?

No - it's a commitment but not an obligation. However, we want to nudge colleges to stick to their commitment.

How can we get this on the agenda?

Students + college green society officers can **speak to college bursars** to ask for a response: Barclays was the single biggest funder of fossil fuel expansion in Europe this year!

The first college to switch will have to investigate banks, but should then be able to guide other colleges in the process.