Banking: Reading

The concept of banking may have been a good one initially but I can't help feeling that in today's world there are less people benefiting. Of course it's good to know that your money is safe and sound, but it does seem strange to pay an organization for having your money when they make a profit from this. The charges nowadays in some banks (and different banks in different countries vary enormously) are incredible. Some charge for an overdraft facility even if you don't go overdrawn, some charge every time you take money out (*your* money!) while others charge for closing an account! If you're not careful, it's a way of losing money rather than keeping it safe.

Perhaps because of **this** there are some interesting alternative money systems. In fact there are some banks that don't use money at all. Time banks are an example of **this**. Instead of Pounds, Dollars, Euros etc., the currency is 'time' – issued in the form of time credits. As **this** is an egalitarian system, everyone's time is valued equally so one time credit is equivalent of one hour's work, whatever the work. The idea is that whenever you do something to help another person you are given a time credit for **this** rather than cash. So, for example, if you spend an hour looking after the kids next door you'll be given one time credit. **This** you can then spend on an hour's yoga class or having your front door painted. Time banking believes in 'give and take' and it helps to form a feeling of community. It's free and you don't have to pay tax. There are now many time banks all over the world. In the UK there are more than 100 but they can also be found in the US, Japan, Spain, New Zealand and Brazil among others.

Another money system that guarantees that currency remains in the community – thereby benefiting people who live and work locally - is local currencies. Those who are part of the scheme (and **this** can be individuals or businesses) use a 'local' currency for example a Toronto Dollar rather than a Canadian Dollar, or a Kyoto Yen rather than a Japanese Yen. To get your local currency you exchange, for example, 10 Canadian Dollars for 10 Toronto Dollars. You then go shopping and spend the money as usual but in local grocery stores rather than national ones, or at local farmer markets rather than in a supermarket chain. You can also spend the currency on local services, for example the dry cleaner's or getting your car fixed. Some shops may even use the currency as part of an employee's wages. The employee uses **this** to buy things in the community. If anyone has too much local currency they can exchange it for 'real' money again – although they will lose 10%. **This** goes towards a fund that gives local currency to volunteers in the community, and encourages people to keep the money. The scheme limits people's choices but supports the local neighbourhood, and many have really prospered from the financial support.

One man who has recognized that banks don't help the poor is Bangladeshi economist Muhammad Yunus of Chittagong University who set up the Grameen Bank ('village' bank). He realized that one reason that poor people were remaining poor was because they could not borrow any money from 'normal' banks. The people then had no choice but to borrow money from unscrupulous money lenders who charged enormous interest rates. So the professor and his colleagues lent very small amounts of money to people with very low interest rates. They simply had to trust the people to return the money as agreed. To his surprise he found that poorer people are much more reliable in returning money than those who are richer and borrow from a bank. Grameen Bank has a proven repayment rate of around 98% - much better than any high street bank! The money is mainly lent to women, 95% of the borrowers are female, and as a result small businesses are booming and people have a much better opportunity of breaking out of their poverty. Professor Yunus's bank turned against the banking principle of 'the more you have, the more you get' and there are now well over 1,000 branches in Bangladesh.

Meanwhile, in the UK clients are taking their banks to court. They claim that the charges for being overdrawn are unfair. Thousands of cases have already been settled out of court, costing the banks millions of pounds. A court case involving the Office of Fair Trading is taking place to clarify the situation. Perhaps the result will also turn against another banking principle: 'the less you have, the more you lose'.