

## Choosing the bank account

One of the first practical issues facing a new organisation is setting up the bank account. This is a simple check list you could use to help you decide. It might also be useful to review things from time to time.

### 1. Convenience

#### **Do you need physical access to the bank?**

This might be to deposit or withdraw cash regularly. Some banks also operate postal deposit systems for cheques, so there is no need for a trip to a branch

#### **If your bank does not have a branch near you, what is the arrangement for cash?**

Some banks don't have their own branches but have 'cashing arrangements' with other banks. Years ago most accountants would advise to bank all your takings and withdraw cash to top up any petty cash floats, but most accounting systems nowadays can easily cope with you retaining some cash takings and using this to top up the petty cash.

### 2. Interest

#### **Does the account pay any interest?**

I'm old enough to remember the days when you would actually earn interest on bank accounts, and it was worth shopping around. Organisations would have current accounts for day to day and then deposit or reserve accounts that earned interest.

#### **Is your money accessible?**

Some interest bearing accounts or time limited bonds have restrictions on access to the cash, so if you need it urgently, you might pay a price.

#### **Is it worth the bother?**

You might earn £100 more by moving money between accounts, but don't forget the costs of researching and changing, not least, your time.

### 3. Charges

#### **What will it cost?**

You might be lucky, some banks still offer 'free' banking to smaller clubs and societies, but most will have charges. It should be possible to do an estimate of the volume and nature of your transactions – how many cheques, online payments, transfers, salary payments etc – and compare a few banks with each other.

#### **Are there different costs for different types of transaction?**

It might cost you more to write cheques than doing things on line. Perhaps encouraging people to donate to you online will save you costs (staff and volunteer time as well as bank charges).

### 4. Services

### **Will you get what you need from the bank?**

It might seem obvious, but if you have any special circumstances, you might need to check that your bank can handle your needs.

## **5. Security**

### **How safe is your money?**

This is the big one nowadays. With practically no interest and all the banks being fairly similar, and all the fraudsters out there, the system for ensuring security is critical.

### **Does the account have dual authorisation?**

We are all used to having two signatories on cheques. A good rule and precaution, even though I frequently come across pre-signed blank cheques., but don't get me started!

Never have an account that allows sole authorisation. The risk of error or fraud is too great.

Remember the old adage *"In God we trust, everyone else we audit"*.

You might need to pay more to have an online account that provides this, but it is worth it.

Our own bank has a facility for someone to 'upload' payments but not authorise, then two other people have to log in and authorise. I suppose the three of us could run off together, but we wouldn't get far, and we'd probably end up arguing.

## **6. Ethics**

### **What will the bank do with your money?**

For some organisations, this will be a major issue and may outweigh other factors. The charity commission guidance does anticipate that trustees may wish to avoid certain investments that may conflict with its own objects or deter donors. The following guidance may be of interest:

<https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14>

So, in conclusion, don't just go to the nearest bank or the one with the nicest advert, ask around, check a few out and then once signed up, review from time to time.

**And remember: avoid sole authorisation!**

John O'Brien

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