

HOW TO GUIDE: BANKING FOR SMALL COMMUNITY GROUPS

Opening a bank account as a small community group is essential if you want to undertake any fundraising or apply for any funding. However, this is often not as straightforward as it sounds and there can be considerable time delays in setting up an account. This short guide will take you through the various steps and give you an overview of the process.

Which bank to choose

Look for banks that offer club, society or treasure's accounts. These are tailor-made for charity or not-for-profit groups, normally have minimal or no day-to-day charges and can usually be opened with no minimum balance. Each bank is different, however, and there may be differences in how each bank approaches the process. It is therefore vital that you read the terms and conditions of the specific bank you are applying to before you start the process of applying.

What documents do you need

Banks and building societies will require proof that the group is voluntary or not-for-profit before opening an account. Evidence required could include:

- A letter from the chair and secretary of the group
- Copy of a passed resolution authorising the opening of a bank account
- Copy of the group or not-for-profit's constitution
- If the group is a registered charity, a copy of the registration certificate

Signatories

Most banks and building societies require at least two signatories to prevent fraudulent use of the account. Therefore, when setting up the account, they will require evidence of the identity of each signatory and this will require a visit to the branch.

Signatories will need to show:

- Proof of identity – this may be photographic
- Proof of address

Signatories will also need to be individuals with good credit ratings and not be related. If a signatory is considered high risk, they may be refused by the bank.



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Tips on managing your account

- Make sure when you apply for the account that you specify that you are a voluntary or not-for-profit group, as otherwise, the bank may assume that you are a small business and charge you bank charges.
- Ensure the signatory contact details are kept up to date and that signatories are current group members.
- Don't have pre-signed cheques in the cheque book, as this cancels out the reason for having two signatories in the first place.
- If you have a fundraising event or regularly collect membership fees in cash, deposit these as quickly as possible to avoid any risk of accusations.
- Don't be tempted to use a debit card to routinely withdraw money from a cash machine. You run the risk of losing track of what you have withdrawn and it may leave you open to suspicion.
- Don't be tempted to use a personal account to manage your money. While this may seem like an easy option, it opens you up to suspicion and accusations of fraud.

For more information on how to manage your group's money, take a look at the Community First Yorkshire resources on our [website](#) or consider signing up to one of our training events. The Resource Centre also have some great advice on [managing your group's money](#).



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