

Lunch with...

Naomi Kingsley

Lunch with a banker? Can you think of anything worse in these times? But Naomi Kingsley is a social banker and she has a plan that could put all bankers back in the good books, reports **Chrisanthi Giotis**

Walking along a street just off Holborn, from the offices of the London Rebuilding Society towards The Fox, Naomi Kingsley says: 'It's just an ordinary gastro pub but the people are really nice and that makes a difference.'

Making a difference is what Kingsley is all about. She admits to being 'one of those strange breeds – a committed socialist', yet she's also a banker, and a banker in a hurry to take advantage of these extraordinary times.

'The timing for a virtuous partnership between community development finance institutions and the banks is perfect,' she says, while at the same time considering the virtuous partnership of a nice glass of rosé with our main meals.

A community development finance institution (CDFI) is what Kingsley runs. They exist to find finance for businesses (social or otherwise) and individuals that are cut off from banks for a whole raft of reasons, including where those businesses are located or where those people live.

CDFIs are focused on regeneration and on keeping small businesses alive. Two things that couldn't be more important in a recession – and Kingsley is determined to be heard.

We enter the pub, a wonderful warm wooden affair, and head upstairs to the empty, but soon to be full, dining room with a large open fireplace.

It's a truly pleasant atmosphere and there's a pleasing choice of fish on the menu, but the conversation soon turns to the grim economic outlook.

'The next two to five years are going to be awful,' says Kingsley. But she believes banks and the government can come out of 'smelling of roses' if they put money into CDFIs and 'started the growth of a sub sector of the banking system with some financial return and social return.'

'We're talking about investing in businesses creating jobs, and sustainable jobs at that. That's so, so important. Actually, jobs, are the biggest piece of the lot because, for the treasurer, it's a nightmare – three million unemployed will lose the government the next election, and banks aren't helping.'

What Kingsley would like is to overcome the 'impasse' created by banks not being willing to lend and not being trusted, through CDFIs acting as trusted intermediaries. Some tweaking to certain tax incentives that

already exist and a falling interest rate mean 'there is no reason why banks shouldn't be able to lend to CDFIs at zero per cent', says Kingsley.

'I know for certain that with a bit of investment into 20 CDFIs we could do amazing things. CDFIs could be looking at mortgage repossessions – there are so many things that make us a small but perfectly formed partner in a recession.'

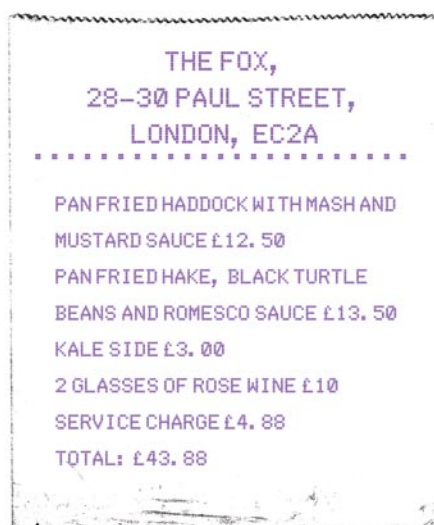
At that moment our curly kale arrives, the bright green leaves bursting with colour and flavour also look 'small but perfectly formed' and they are accompanied by our amazing-smelling mains. We are torn – not wishing to break off the conversation but also dying to tuck in.

The tangy mustard sauce and beautiful black turtle beans win the day for a while, but not for long.

There's so much to discuss, including a lot of history from both sides of the Atlantic.

Kingsley received a scholarship to study community finance in the US and she arrived at a time when former president Bill Clinton was pouring money into the sector as part of his regeneration push. But the carrots he was offering banks to work with the sector were being pushed along by a stick in the form of decades long legislation called the Community Reinvestment Act (CRA).

The CRA is legislation steeped in the unique race politics of the US. However, it led to such effective results in terms of the growth of community finance institutions that it has been





looked at by the UK for years, and for years the banks have opposed it.

Part of the reason, says Kingsley, is because, until recently, banks in the UK operated differently to banks in the US. Banking in this country was still about personal relationships.

However, things have changed and Kingsley feels it's time for legislation to take a role in forcing the banks to work with CDFIs, which would then do the difficult, time consuming but necessary work of providing financial services in deprived neighbourhoods, on the banks' behalf.

And she's not the only one with that view. Liberal Democrat shadow minister for the Cabinet Office Susan Kramer seemed to be all for the idea of a UK version of a CRA at last month's Catalyst Social Business conference – especially if the flow of money from the banks to community finance was linked to new forms of social return accounting.

Kingsley too is keen on linking new forms of social measurement and some light touch regulation of the CDFI sector to the package that could be

presented to the government.

Speaking as an individual social entrepreneur, not in her role as chair of the Community Development Finance Association, Kingsley would like to present the government with a 'fait accompli' – a proposal developed by the sector telling the government how it could all work, including how community finance could have a tiny slice of the £55bn bank bail out through working in partnership with the banks.

'It's a great time to talk about what sort of investment will let us invest our way out of recession,' says Kingsley.

'At this moment in time 0.5 per cent of £55bn would go a bloody long way. And it's small beer for them and they can ask for a particular return ten years down the line and we can give them so much social return that they won't know what to do with it.

'It's a big challenge and we would have to step up to the challenge, but it's very healthy for us to be lifting our heads above the parapet and saying we can be playing a part in this difficult time.' ■

BIOGRAPHY

NAME

Naomi Kingsley

DATE OF BIRTH

31/07/53

FAVOURITE FOOD

Japanese

FAVOURITE DRINK

Wine, definitely French, I love a Provençal rosé

CAREER PROFILE

Kingsley first studied law in Leicester then anthropology and development in London. As a committed socialist she became very interested in economic development and, after returning from overseas in 1985, worked in social marketing for the Greater London Council (GLC). From 1987 she worked for local authorities on enterprise and economic development. While at Camden Council she was encouraged to apply for a one-year fellowship to the US to study community finance. In 1995 she came back from Chicago and started KMC Assets. At the same time she was asked to sit on the advisory board of the New Economics Foundation as it was investigating community banking. She started the London Rebuilding Society in 2000 and became chair of the Community Development Finance Association (CDFA) in 2007.