The Church of Scotland has a presence in each community in Scotland. In 2015 a consultation was held with communities to discover what they believed needed to happen to make Scotland a better place in a better world. 11,000 responses were received, and from each of these responses a strategy called Speak Out was created. Within this strategy is the theme of an ‘Economy Built on Equality’. The results of the consultation revealed that people felt that the financial system as it is currently is perpetuating inequality. Thus, advocating for a new way to do finance became one of the Church of Scotland’s priorities.

This includes exploring the low-carbon economy, and advocating for the prioritisation of wellbeing and sustainability over harmful economic growth. We commend the bill which creates the framework from which Scotland can have a National Investment Bank, with a missional structure which focusses on low-carbon investments, addresses emerging demographic challenges, and promotes a more inclusive method for growth.

1. What are the advantages or otherwise in establishing the Bank as a public limited company?

2. What in your view are the fundamental characteristics of a national investment bank?

We believe that the SNIB should be structured in a way which allows for patient investment, and prioritises small and medium sized (SME’s) businesses so that they are no longer forced to rely on short term share-holder return investments. The SNIB should invest in SME’s with excellent ethical practices, for example low carbon initiatives, or businesses which are beneficial to communities in need of investment.

This is an opportunity for a new, sustainable financial institution. We do not, therefore, want the SNIB to invest in businesses with practices which are harmful for the environment, or the communities within which they operate. This includes discrimination, low pay, or any form of exploitation. We would strongly suggest that the Sustainable Development Goals are considered in the design and implementation of the bank’s policies.

3. Is the level of capitalisation proposed sufficient for the Bank to deliver its desired impact? Please expand.

4. What is your view on the proposed costs in the set up and day-to-day running of the Bank?

5. What governance arrangements ought to be in place?
6. **How can we ensure the market is ready for the investment opportunities the Bank can offer?**

7. **What ethical and equalities considerations do you think should inform the Bank’s ethos and decision making?**

   The inclusion of an Equalities Impact Assessment (EQIA) which ensures that a culture of equality is engrained within the operational level of the bank itself is a welcome addition. We also commend the process which is in place to measure the impact of the SNIB on socio-economic equality within communities.

   Financial inclusion is key to ensuring the success of the SNIB, and ensuring equal access to finance for women-led businesses, as well as businesses run by and for minority groups will go some way towards making this happen.

   The Church of Scotland would also like to emphasise the importance of ensuring that the ethos and decision making processes of the bank are based around its missional focus. It is essential that the SNIB provides a passage for low-carbon investment, and in doing so follows the principles of the Just Transition, which involves workers and employers who are currently dependent on jobs in oil and gas. This will ensure that socio-economic inequality is not intensified by a shift away from fossil fuel extraction and will provide more sustainable employability options.

8. **It is proposed that the Scottish Government will set the strategic direction of the Bank but the body itself decide on its investment approach. What is your view on this “mission-led” approach?**

   The Church of Scotland is widely supportive of the mission-led approach to the SNIB. However, in order to ensure that the bank is working effectively towards its themes, it is essential that any advisory group which oversees the implementation of the missional strategy comprises of people from a diverse cross-section of society.

   It is our belief that those who have experienced financial exclusion are best placed to advise on economic-equality. Their experience and knowledge of the realities faced by some communities in Scotland is key to ensuring that the SNIB is to operate in a way which is consistent with its mission. We recommend the involvement of organisations such as the Poverty Truth Commission, who ensure that people who experience poverty are consulted by decision makers, and again commend the Just Transition model which will ensure that the advisory group represents the many and varying voices of Scotland.
The Church of Scotland is also concerned that the term ‘inclusive growth’, which is found within point 3 of the SNIB’s mission, is clarified and does not compromise the first missional target to move towards a low carbon economy. A focus on economic growth can be disastrous for the environment, and is ultimately unsustainable. Focussing on inclusivity and sustainability should therefore be a priority of the bank as it seeks to begin the movement towards a more sustainable economy, where welfare and equality are prioritised alongside healthy growth rates.

9. **Is there any other aspect of the Bill you wish to address? Please elaborate.**