

Bristol's local currency


Bristol, United Kingdom 



Bristol's scheme is supporting local economy and developing local supply chains

The city of Bristol, known as one of the most sustainable European cities, has implemented an alternative currency system designed to support Bristol's local economy and reduce environmental footprints of long supply chains [6]. The Bristol Pound was launched in 2012 as a joint non-profit enterprise between Bristol Pound Community Interest Company and the bank Bristol Credit Union [2]. The Bristol Pound is a voluntary system based on the citizen's commitment to support the value of living in an economically, socially and environmentally sustainable city. It is the UK's first citywide local currency, the first to have electronic accounts managed by a regulated financial institution and the first that can be used to pay local taxes [1]. At this moment (2015) it is considered the world's most successful local currency with the equivalent of around 700,000 £B in circulation and 800 local businesses involved [2].

Country/ City Profile

	Country		City	
	Population (2014)	64.51 million [9]	Population (2014)	442,500[12]
	Land area (km ²)	243,610 [10]	Land area (km ²)	110 [13]
	GDP per capita (2014, current international \$, at purchasing power parity)	39,762 [11]	GDP per capita / GDP per capita at purchasing power parity	n/a
	Region	Western Europe	Region	South West England
City's physical geography	Location	<ul style="list-style-type: none"> ✓ Placed on the Severn Estuary and on the river Avon (flood risks) ✓ Hilly landscape with an average altitude of 21m 		
	Climate	<ul style="list-style-type: none"> ✓ Temperate marine/oceanic climate with a mean annual temperature of approximately 10.5 °C (considered as one of the warmest UK cities) ✓ 512 mm/year annual rainfall 		

Initiating context

The idea started in the midst of the 2008-2012 economic crisis when banking and money began to be perceived as a 'ruthless system'. At the same time, transition movements, dedicated to searching for ecological and social innovations that make communities more sustainable and resilient, were booming all across the UK. The fact that 80% of the money spent in large multinational stores quickly goes out of the area was leading the movements to development of strong local currency systems [7]. After several towns launched their alternative currencies, the members of Transition Bristol, a local transition group, started thinking about the same. After assessing the feasibility of introducing a Bristol Pound, a strong team was established to promote the idea. They organized events around the city, provided information and asked local retailers and people about their views on the proposed scheme. As the scheme was getting up, organizers invited citizens of Bristol to help create paper notes for the Bristol Pound [8]. To encourage people to join the scheme, they offered a 5% Bristol Pound bonus on all sterling amounts deposited into electronic accounts for the first £B100,000 provided in the scheme. So, early adopters were receiving £B105 in the return of £100 [1]. As too many local businesses, including, for example bakers, butchers and plumbers, wanted to join the scheme the official launch of the currency had to be postponed for 4 months. In September of 2012, the use of the Bristol Pound finally started with more than 300 independent retailers involved in the scheme [8].

Project description

The Bristol Pound is run as a not-for-profit partnership between the Bristol Pound Community Interest Company and the bank Bristol Credit Union. It works as a voluntary system based on the citizen's commitment to support the value of living in an economically, socially and environmentally sustainable city. The "Pound" brings citizens and businesses together and creates a mutually supportive trading network [3]. Besides being used throughout the whole city, it is also used in the surrounding region. That is very important as it allows restaurants to buy organic groceries produced by local farmers, for instance. Furthermore, the city council has also adopted the Bristol Pound. Local businesses can use this currency to pay taxes, which removes a possible concern that they will not be able to fully re-spend their earnings received in Bristol Pound [5]. Also, some of the city officials and even the mayor George Ferguson receive their entire salaries in the local currency [2]. It is the first complementary currency having some kind of deposit-taking financial institution as a partner. Bristol Credit Union, a local ethical bank that offers low-cost loans, is addressing most of local currency challenges like administration, security and funding. This project offers a great marketing opportunity for Bristol Credit Union. The bank becomes stronger and more competitive, as individuals and businesses need to open accounts there to partake in the Bristol Pound scheme. Meanwhile, customers buying Bristol Pound are also helping their fellow citizens to get loans with more affordable rates [5].

Implementation process

The Bristol Pound is used both as paper and electronically. Paper notes can be purchased at the £B Cashpoints all around the city or they can be ordered online and delivered using the Online £B Cashpoint. While there are paper notes of 1, 5, 10 and 20 £B denominations, electronic Bristol Pounds are exchanged online or by text messaging, called 'TXT2PAY' [6]. Every paper £B1 is backed up by a one pound sterling deposited at Bristol Credit Union. A Bristol Pound account is available to qualifying businesses, trade, organizations and individuals that agree to be members of the Bristol Pound Scheme, and to accept Bristol Pounds in exchange for goods and services. To be able to join the system, the business must be in the area (covering 50 mile radius of Bristol). It must be mostly owned by local people and must not be listed on the stock exchange. This promoted the trade of regional products [1]. Although the Bank of England recognizes the existence and the role of the local currencies, according to the EU Treaty of Lisbon, all the bank notes not issued by the European Central Bank and national central banks cannot have legal tender. For that reason, participation in the scheme is voluntary [2].

Projects implementation details [6,8]

Process	<p>The project started when several organizations like Transition Bristol, Bristol Green Captial, New Economics Forum, Transition Network and Coin gathered to examine the possibility of adopting a local currency. After receiving positive feedback from the public, these organizations founded non-profit Bristol Pound Community Interest Company and developed the partnership with the bank Bristol Credit Union.</p> <p>Finally, the success of the project depended on the number of local business and individuals willing to join the scheme. The support of Bristol City Council also played a huge role in the social acceptance of the project.</p>
Financing	<p>The initiation of the project was financially supported by several organizations. At the beginning of the scheme there was a small financial stimulation provided for the first members of the scheme. In general, the project does not require any particular funding as it simply runs by replacing Pounds Sterling with Bristol Pounds and involvement of many businesses subjects and individuals.</p>
Leadership	<p>The Bristol Pound project is implemented by the bank Bristol Credit Union and Bristol Pound Commuity Interest Company.</p>
Involved stakeholders	<p>Operators</p> <ul style="list-style-type: none">✓ Bristol Credit Union✓ Bristol Pound Community Interest Company✓ City Council✓ Local businesses and organizations <p>Users</p> <ul style="list-style-type: none">✓ City residents✓ Tourists✓ City Council✓ Local businesses and organizations

Results

To date, there has been £1M Pounds issued in the local currency, of which about £700,000 is in circulation. [4] Some 800 businesses in the area, including coffee bars, organic food restaurants, dancing schools, bike repair shops, recycled wood shops and others, are using the Bristol Pound. Many of them have some kind of sustainable approach to their business, which is acknowledged by customers. Altogether, the local currency system made Bristol's local economy more rich and diverse while the community is better connected and happier. The introduction of the Bristol Pound seems to be a good response to the economic damages to local businesses caused by the emergence of global supply chains. Also, when the businesses began to source their goods locally the environmental footprints of usual long supply chains were reduced [6]. Moreover, Bristol Pound also contributed to Bristol being awarded the title of European Green Capital 2015 [2].

Lessons learned

This example shows how despite the economic and social crisis the city can revive and be resilient. The success of Bristol is partly due to the enthusiasm of local traders, but also due to support of large organizations involved. The benefits of this project for the local community are doubtless. But what is also important is that citizens changed their relation to money and became more aware of where their money really goes [1].

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