the Bristol Method:
how to set up a local currency
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Introduction

Most of us recognise that global capitalism is an imperfect financial system and that serious changes need to be made, not only to our individual lifestyles, but also to the very structure of our economies. While it is by no means a total solution, fiscal localism is one way that communities can signal their resistance to economic globalisation. By creating a voluntary local currency, people are empowered to trade more efficiently within their local area.

Local or complementary currencies exist in a number of communities around the world, raising awareness of the local economy and encouraging people to support independent businesses. They exist as a supplement to the conventional, national currency and are therefore not backed by government or ‘legal tender’.

Bristol’s diverse network of independent shops and businesses is one of the city’s great characteristics. In September 2012, Bristol launched a local alternative currency called the Bristol Pound (£B) with the objective of encouraging people to spend their money locally.

Prior to this, local currencies had been established in the UK in Totnes, Lewes, Brixton and Stroud. They had proved that these systems could attract attention to local traders. The Bristol Pound is an attempt to scale up the benefit to the local economy by means of the local multiplier effect. It is now the UK’s largest alternative currency.

What are the benefits of a local currency?

- To exchange your national currency for a local one is to make a commitment to spend your money locally.
- It’s a virtuous circle: when a business accepts a local currency, it too is committing to spend its money locally, forging new business relationships in the area.
- This means more wealth is kept in the area, instead of being lost in complicated global financial systems.
- By promoting the localisation of trade and relationships, there is typically a carbon saving too.

“Sterling isn’t loyal; it goes wherever it can make more of itself, accumulating in tax havens, in big executive pay packets or with distant shareholders. Bristol Pounds stay working on the ground for us. They stick to Bristol creating stronger communities and a greener economy.” www.bristolpound.org
How was the £B created?

The Bristol Pound began as a conversation between two friends who wondered what it would take to create a local currency at scale, across a whole city. This conversation led to others, and soon a small group of enthusiastic people were working together to make it happen.

The idea of using a text-based payment system arose and one of the team built a prototype to prove that a local currency could be exchanged electronically via a mobile phone payment. The team then wrote a 100-page feasibility study to prove the concept and this facilitated the formation of a partnership with Bristol Credit Union to manage the electronic accounts and a grant to develop the associated software.

In order to engage the city, the team launched a competition to design the banknotes. They received more than two hundred entries from professional designers, keen amateurs, and many school children. An independent panel, drawn from different communities of the city, chose the winners.

At the same time, they hit the streets and alerted businesses across the city that they should get ready to join.

The scheme was officially launched on 19 September 2012. At that time about twenty people were directly associated with the team and almost all of them were working voluntarily.

In its first year of operation, more than 1,000 Bristol Pound accounts were created and over £200,000 worth of Bristol Pounds entered circulation.

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Key stats:

As of January 2015:

- In total, £B750,000 has been issued and £B446,000 is currently in circulation
- 794 locally owned businesses accept £B
- 43% of £B members report spending more in Bristol’s indie businesses because of the Bristol Pound
- More than 1,500 people have opened a Bristol Credit Union account
The Corn Exchange lies in the heart of the historic part of Bristol. The short pillars known as the ‘nails’ in Corn Street are places of ancient exchange, where people swapped gold for goods, paying, as we say ‘on the nail’. On the 19th of September at 12 noon the Lord Mayor, stood by one of the nails in all his fine regalia, held up a Bristol pound and declared, ‘What will anyone give me in exchange for my Bristol pound.’ And a local trader stood forward bringing a loaf of bread and said ‘I will give you this loaf for your Bristol Pound.’
How does the Bristol Pound work?

Individuals:

- Open a Bristol Pound account with Bristol Credit Union and pay into your account with a standing order or with any standard bank transfer (£1 gets you £B1);
- Instead of a debit card, Bristol Pound members use the ‘TXT2PAY’ system which allows users to pay for goods and services by sending a text message from their phone. There is also a Bristol Pound App for smartphone users;
- If you prefer, you can arrange to have printed bank notes posted to your door;
- There are also numerous ‘£B Cash Points’ around the city where you can swap sterling for Bristol Pounds without opening an account and becoming a member (great for visitors to the city);
- Paper £B cannot be changed back for sterling but you can mix them in with £s.

Businesses:

Businesses that receive £B can use them in a wide variety of ways:

- Pay their own suppliers;
- Find new local suppliers through the Bristol Pound Online Directory;
- Pay business rates to Bristol City Council;
- Pay employees a small portion of their wages in Bristol Pounds;
- Offer paper Bristol Pounds in change alongside sterling;
- Exchange Bristol Pounds back into sterling at no cost.

The bank notes

The paper money has six security features:

- Individually printed serial number
- Ink strip in fluorescent ink
- Etched foil image of ‘£B’
- The red background image shines red under UV light
- The logo is printed in thermochromic ink meaning the colour fades quickly when rubbed between finger and thumb
- A hologram foil shows a different animal on each note:
  - £B1 Stag image
  - £B5 Gorilla image
  - £B10 Cockerel image
  - £B20 Balloons image
‘I love using £B, because all the money I spend will keep going round and round.’ £B member

‘We’ve paid for everything from gas service to bicycle repairs; all of our fruit, veg and milk from the Community Farm; fantastic meat and fresh fish from Stream Farm.’ £B member

‘The more places that accept £B, the more money is staying in our community.’ Retailer
Who manages the bank accounts?

To make a payment in £B either online or via a text message, you need a Bristol Pound account. These are provided by Bristol Credit Union, Bristol’s member-owned community bank. They provide the Bristol Pound with expertise in managing accounts and payment services and security for Bristol Pound deposits.

All Bristol Pound accounts are held with Bristol Credit Union. When a person opens a Bristol Pound account, they automatically become a member of Bristol Credit Union and are required to keep a £1 deposit in a Bristol Credit Union Share Account as, literally, their share in Bristol Credit Union.

Bristol Credit Union accounts, including Bristol Pound accounts, are covered by the Financial Services Compensation Scheme.

How is the scheme funded?

The scheme takes fees through a small charge taken by the recipient of a text or online transaction.

“Not many people realise that a local high street is actually a web of people who tend to know one another and may even care about each other – in our society that’s precious. It is in the little casual interactions of the high street that community life is actually made. That’s something we want to preserve and see prosper.”

Ciaran Mundy, Bristol Pound Director
What are the steps to setting up a local currency?

In Bristol, setting up the Bristol Pound took three years. An enthusiastic team of local people worked together to make it happen. This is their advice to people looking to do the same:

**Gather a team:** Look for people who share your core purpose and values. Using a local currency to develop a sustainable city is what drives us and a key reason for the energy in the team.

**Think big:** You have to do a local currency at scale. It is crucial to get a critical mass of retailers on board to sustain the currency and help it grow.

**Utilise technology:** The £B is different from many other local currencies because it can be used via electronic means, making it simple to spend, and removing the barrier of not having the currency on you when you want to make a purchase;

**Learn and borrow from others:** Bristol’s links with other local currencies and their infrastructure support in UK and Europe has been strong and positive. The £B electronic payment system is based on Cyclos, a software package created by European partners STRO and delivered by Qoin in the Netherlands, in partnership with the UK based Brixton Pound.

**Print paper money:** However, the paper notes are a huge part of the success of the Bristol Pound – they are beautifully designed and fun to shop with. Tourists love them and seem to enjoy buying into the idea of a local currency;

**Get members:** By establishing a membership system, we have won a deeper level of commitment from people than we would have achieved by inviting them to exchange the odd bank note. Any member can turn their electronic deposits into sterling and withdraw them at no charge, but few do this, recognising a commitment to try to spend their Bristol pounds as a means of supporting the local economy.

**Get it accepted by ‘the system’:** we have worked with the council to allow people to pay their business rates in £B, and were able to clear off legal concerns with the Bank of England. This has helped to legitimise the currency, as well as make it an integral part of how people run their businesses.

**Keep communicating:** We produce a Bristol Pound Directory with a list of all the businesses that accept £B. This acts as a marketing tool for the businesses, encouraging their continued support and drawing new businesses to the scheme. It also demonstrates to individuals what a huge range of businesses will accept the currency.

**Make members feel special:** We encourage retailers to create exclusive offers or discounts for £B members.
What were the barriers?

**Public confidence:** people will argue that a local currency is ‘funny money’, not quite real, and certainly not to be trusted. In Bristol, every paper Bristol Pound was backed with a pound sterling, which would be locked away in a trust account so that even if the scheme went bankrupt, people’s money would be safe. Similarly, confidence was built through a partnership with Bristol Credit Union, who agreed to manage the electronic accounts. Bristol Credit Union are regulated by the UK Financial Conduct Authority and already managed accounts to a value of several millions pounds.

**Achieving scale:** To succeed, a local currency must be significant in the life of the city. If people fear it is a gimmick, they will not participate. One way to demonstrate this is to gain the support of the local authority. In Bristol, the local authority was initially resistant to adapt their accounting systems to accept £B but now accept payment for business rates in £B. Most local buses now accept the currency too.

**Recruiting traders:** businesses were anxious that they could get stuck with a currency they could not use. Knowing they could always use £B to pay their business rates proved particularly important in our trader recruitment.
Taking the Bristol Pound to the next level: Real Economy

It has become apparent that the majority of £B are spent in certain areas of Bristol where there are strong high streets with many independent retailers. Other areas, including some of the most disadvantaged communities in the city, have few shops and very little obvious presence of the local currency.

In response, the Bristol Pound team is launching the Real Economy, an initiative based on forming buying groups in these areas, which will source food and other products from local producers using the local currency. It is inspired by the experience of buying groups in Italy, where the Gruppi diAquist Soledale network has made a substantial contribution to local economies.

The Real Economy project will take the Bristol Pound’s original ambition of supporting the local economy to the next level by establishing an alternative economic network for food supply. The scheme aims to encourage small, local enterprises and develop local food supply chains by creating buying groups and pop-up markets.

The team received a grant from the Tudor Trust to fund the start-up phase and, within two years, hope to create a sustainable, not-for-profit enterprise.

The Real Economy programme will focus particularly on areas of the city where there is high unemployment and little choice in food retail. As well as growing the capacity of the local food system and encouraging new enterprise, the scheme will give access to fresh healthy local food and develop community life.

The Real Economy co-operative will have three types of members which will be supported in different ways:

**Buying Groups**
Self-selected groups are introduced to local producers, from whom they can order their food. Groups agree a delivery time with producers and come together to collect their food. A convenient and sociable way to buy food, that ensures ease of access for all and good financial control.

**New Enterprises**
New food-based businesses are given support with legal, health and safety, design and business modelling. Enterprises are offered access to markets associated with Real Economy and can apply for micro-finance.

**Pop-up Markets**
People who are interested in establishing a market are supported to: negotiate the space needed; find local producers and makers; negotiate fees adequate to cover costs; work with the Bristol Pound; and include fun aspects such as cooking demos, tasting and music.
BRISTOL 2015

European Green Capital is a prestigious annual award designed to promote and reward the efforts of cities to improve the environment. Bristol is the first ever UK city to win the award.

European Green Capital is run by The European Commission, recognising that Europe’s urban societies face many environmental challenges – and that sustainable, low-carbon living is vital to the future of our cities and our people.

The award was first won by Stockholm in 2010. Since then, Hamburg, Vitoria-Gasteiz, Nantes and Copenhagen have carried the torch. Bristol will hand over to Ljubljana at the end of the year.

THE BRISTOL METHOD

The Bristol Method is a knowledge-transfer programme aimed at helping people in other cities understand and apply the lessons that Bristol has learned in becoming a more sustainable city, not just in 2015 but in the last decade.

Each module of the Bristol Method is presented as an easy-to-digest ‘how to’ guide on a particular topic, which use Bristol’s experiences as a case study. The modules contain generic advice and recommendations that each reader can tailor to their own circumstances.

The Bristol Method modules are published on the Bristol 2015 website at www.bristol2015.co.uk/method

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