

What is Ring-fencing?

Ring-fencing is part of a package of reforms that the UK Government put into place following the global economic crisis of 2007. It requires that a bank separate its retail banking activity from the rest of its business.

The reason for this is to protect retail customers from shocks in the wider financial system meaning that the essential banking services will become safer. This move aims to make it less likely that everyday customers will be affected by a failure in other riskier parts of the business.

Essential banking services refer to the core services offered by retail banks, such as:

- Deposits and payments
- Offering facilities for withdrawing money or making payments from an account
- Overdraft facilities

These changes must be implemented before January 2019.

Is Unity Trust Bank affected?

No. The new legislation applies only to the larger Banks in the UK who generate a 3-year average of more than £25bn 'core deposits'.

Further information

Please visit <https://www.fca.org.uk/consumers/ring-fencing> if you would like to learn more.