

An Update on the UK Higher Education Institution Request for Proposals: Cash deposits and money market funds.

In early 2024, a group of UK Higher Education Institutions (HEIs) [announced](#) a new collaboration on a request for proposals (RfP) to seek out financial institutions and products that do not contribute to the financing of fossil fuel expansion. This note provides an update on their activities as well as the responses to this RfP.

Rationale

Fossil fuels are responsible for around 80% of global greenhouse gas emissions, which are accelerating the climate emergency.

Despite the recommendations of the Intergovernmental Panel on Climate Change (IPCC), electrical utilities continue to build hundreds of fossil fuel power plants (mainly methane gas plants) in wealthy countries alone, and fossil fuel companies continue to seek new reserves and build infrastructure to extract and transport fossil fuels. These activities can lock in decades of fossil fuel demand, resulting in emissions that will further accelerate climate change.

The majority of such fossil fuel expansion is financed or facilitated by banks, including those used by HEIs across the UK. As innovative, influential organisations with commitments to civic responsibility, HEIs are well-placed to identify solutions to shift finance away from fossil fuel expansion.

RfP Objectives

The RfP aims to find banking institutions and investment products that do not finance fossil fuel expansion while meeting the business and operational needs of UK HEIs.

This represents an opportunity for banks to change their policies and for asset managers to develop new products, thereby attracting new HEI customers, while minimising their exposure to risks associated with fossil fuel investments.

The RfP also seeks to address an important gap for products that assess a company's emissions *trajectory*, not their current emissions profile. This would enable investors not only to provide new capital to high-emissions companies that are rapidly decarbonising, but also to decline to provide new capital to companies that are building new fossil fuel infrastructure or exploring for new reserves.

Progress

The take-up by HEIs and financial institutions alike has been impressive. Led by the University of Cambridge Banking Engagement Forum, the RfP now has more than 70 HEI co-signatories and received 23 proposals from financial institutions.

The HEIs' approach involves undertaking extensive discussions with applicant financial institutions. This process, sometimes known as engagement, is then combined with co-signatories moving money to successful providers. From a review of the academic evidence, we know that these two approaches – engagement and divestment – are likely to work best when combined.

The pace of progress is dictated by how quickly financial institutions are able to make changes to their policies, as these will usually need to go through internal governance processes.

During the year, the following steps have been taken:

1. Cash deposit accounts

Several banking providers responded to the RfP, proposing to provide cash deposit accounts. For these providers, the project team assessed whether the institution provides any fossil fuel expansion financing. To date, six institutions have been deemed to meet the objectives of the RfP. They are (in alphabetical order):

- Coventry Building Society
- Leeds Building Society
- Skipton Building Society
- The Co-operative Bank
- Unity Trust Bank
- Yorkshire Building Society

The co-signatories are now able to begin the process of opening accounts or increasing the amounts that they have on deposit at these institutions in the assurance that they meet the RfP's objectives.

Four full-service banks are currently still in the engagement phase. We are meeting regularly with them to discuss what changes are necessary for them to meet the RfP objectives.

2. Money Market Fund equivalents

Money Market Funds (MMFs) are an investment product offered by asset managers to help institutions manage their cash. Traditional MMFs largely invest in financial institutions such as banks. The RfP seeks to create alternative MMF-equivalent products that do not invest in banks that finance fossil fuel expansion nor in

companies engaging in fossil fuel expansion themselves. It is relatively simple for institutions to move their money to a new MMF, making this a good tool for engagement.

The asset managers are being assessed on their general practices at the institutional level, including i) their provision of primary market financing (new money) to fossil fuel expansion and ii) their use of votes against directors of fossil fuel expansionist companies at annual general meetings. This institution-wide work could affect trillions of pounds of investments.

We are now working closely with a small number of asset managers to create up to two new products. We expect the new funds to launch in the first half of 2025.

Media coverage

There has been widespread media coverage of the RfP, including in articles in the [Financial Times](#), [The Guardian](#), and [The Telegraph](#).

In November 2024, a coalition of 70 churches and faith organisations published a [statement](#) calling on UK High Street banks to cease financing new fossil fuels. This initiative directly referenced our RfP.

We have met with several HEIs from other countries to discuss replicating this work elsewhere as well.

Impact and next steps

To remain within the carbon budget and decrease emissions on a science-aligned trajectory, fossil fuel expansion – and the financing of companies engaging in fossil fuel expansion – must come to an immediate end. This project approach provides clear, achievable expectations for corporate behaviour.

This RfP shows the power of collaboration within the HEI sector and highlights the growing demand for banks to cease financing fossil fuel expansion. As the RfP concludes in early 2025, it is an exemplar as to how universities can seed new financial products that contribute to decarbonising the financial sector and the real economy.

Related resources

[The original announcement of the RfP](#)

[FAQ from the University of Edinburgh.](#)

For further information, please contact us directly at BEF@admin.cam.ac.uk.