

The battle to save our bank branches

CAN CUSTOMERS PERSUADE BANKS TO KEEP THEIR DOORS OPEN?

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A fresh round of bank closures could see a further 247 branches axed by the end of 2020, leaving the remaining network a third smaller than it was just five years ago. For each closure, banks must adhere to the Access to Banking Standard – a code of practice designed to protect communities from the impact of branch losses. Yet our investigation has uncovered gaping holes in this process, with poor communication from banks and a woeful lack of engagement.

TSB is set to close the most branches this year (82 in total), followed by Barclays and HSBC, which are removing 59 and 28 branches, respectively.

Virgin Money is restructuring the newly acquired Clydesdale Bank network by closing 22 branches and consolidating 30, while Lloyds Banking Group has paused its plans to axe 56 branches in 2020 as a result of the coronavirus pandemic.

Each of these closures is presented as a *fait accompli*. But if banks can always make commercial decisions that are never overturned, the Standard is little more than a box-ticking exercise that leaves many communities with nowhere to turn.

Here, we expose the limitations of the current system and explore new possibilities for communities trying to save their branches. >

The push towards digital banking

Banks are quick to point to the steady decline of footfall in branches and the popularity of digital banking to justify closures.

Some say reducing networks is 'inevitable and sensible', but when we asked 5,116 Which? members in May about the impact of recent closures, 53% said that they were using their nearby branch at least once a month before it closed. Only 5% said they never used theirs.

We put the same questions to the *Research Institute for Disabled Consumers* (RiDC) panel (275 people) and 64% told us that they used their local branches at least once a month before it closed, while only 1.5% had never used it.

The banks themselves ask customers to use branches for complicated processes, such as registering a Power of Attorney. Branches also provide technical support for customers getting started with online banking. Few members have made use of technical support (7%), even though this was generally

well received, with 74% rating their experience as good.

According to the Office for National Statistics (ONS), 25% of people over the age of 16 don't use online banking and 7.5% have never used the internet at all. In some areas, branch closures have outpaced improvements to broadband and mobile connectivity, making it impossible for residents to access reliable digital services. Other people lack confidence in the security of these systems and don't want to be forced to use it.

'I'm not innumerate or computer shy. Resistance to internet banking has been solely because I have not trusted the security of most systems,' says JG, who lives in south-west England. 'I can imagine a commercial enterprise such as a bank wondering what is in it for them? They can't offer us mortgages or large overdrafts on which to make their profits. So why should they care what happens to us and whether we find internet banking difficult or not to our taste? The senior generation are often discounted in this way.'

Even for those who are confident banking online, it's not without its frustrations: 58% of people said that they had been unable to access the help or online banking facilities they needed from home since lockdown, according to technology services company Olive.

Holding banks to account

The Access to Banking Standard – supervised by the *Lending Standards Board (LSB)* – requires banks to establish the potential impact of closures on branch users and make efforts to contact affected customers. But when asked if they had been proactively informed of their bank's intention to close a branch, only 53% of members and 58% of RiDC panellists said yes. Members who banked with Bank of Scotland, HSBC and Halifax were the least likely to have been informed about closures.

Of the rest, 17% said that they saw a poster or were told by staff in branch. And 48% only found out after their branches had already closed, including one member who

BANKS ARE QUICK TO POINT TO THE STEADY DECLINE OF FOOTFALL IN BRANCHES AND THE POPULARITY OF DIGITAL BANKING TO JUSTIFY CLOSURES

has been with the Co-operative Bank for more than 50 years: 'We were extremely surprised to go into Swansea only to find that it was closed. There had been no letter, no email, no warning. A notice informed us that our nearest branch was now in Cardiff – 43 miles away. That was hardly customer service or support.'

Banks must publish reports known as 'impact assessments' in branches and on their websites, detailing the reasons behind the decision and advising customers on alternative services in the area. When we asked survey respondents if they had read these, only 9% of members and 12% of RiDC panellists said yes. Some 55% of our members had never heard of impact assessments (62% of RiDC panellists), with those who had accounts with HSBC and RBS most likely to say this.

It's painfully obvious that impact assessments are of little benefit in their current form. How useful is it to know, for example, that Barclays is just as likely to close a branch that has 36 people using it exclusively or 308, or that it can justify closing the Kingswinford branch in Dudley even though counter transactions were up 5% year-on-year?

'I believe they don't care'

Statistics are gathered by banks with no independent body to verify them, much to the consternation of RBS customer Donald, from Pitlochry, Perthshire: 'Our local branch closed about two years ago. The reason was dwindling customer numbers using the branch. I find this very hard to believe – during the tourist season there were nearly

always other customers when we visited. Even off-season, there was still a steady flow of customers.'

Several banks list how many 'regular' customers use the branch, yet the definition varies wildly from one provider to the next. For Lloyds Banking Group, this is strictly the number of customers who transacted at the counter or self-service machine in 11 out of 12 months in a 12-month period, while RBS considers a regular customer to be someone who uses branch services at least once a week over a six-month period.

Banks must also report on feedback from customers and local stakeholders, explaining how it plans to address any concerns raised. Santander specifically shares how many responses were received from customers and community groups about each closure. We reviewed 30 impact assessments from 2019 across a range of banks and customer engagement at Santander (in terms of responses as a percentage of letters sent out by the bank) ranged from a paltry 0.02% to 6.5%.

It's clear that many people we spoke with feel wholly disengaged with the process. Mary, 71, from Okehampton, described feeling powerless to stop her local branch closing in 2018: 'I believe they don't care about their customers who are not tech minded. I'm in a small town with only one bank left, which I imagine is likely to go. It's unfair and doesn't serve the community. If you're elderly or infirm and carrying shopping, mobile branches are too challenging, particularly in wet and windy conditions.'

Even if community groups and politicians do kick up a fuss, banks aren't compelled to do anything other than make a note of this. Barclays, for example, has acknowledged that the community was anxious about the effect on the high street and local trade when the Abertillery branch closed in Wales in May 2019, leaving the population of 4,416 with no banks at all.

The response? A reminder that everyday banking can be done at the Post Office and a promise to support customers so they



Residents protest outside NatWest in Keyworth, Nottinghamshire, in 2015

understand which transactions can be completed there – even though Barclays planned to stop customers withdrawing cash from Post Offices for free last year and only reversed its decision after public criticism.

Post Offices are poor substitutes

While there is no doubt that Post Offices have offered many rural communities a lifeline when branches close – enabling them to pay in cash and cheques, withdraw money and check their balance – they don't offer anything close to a like-for-like replacement.

You can't do the following: open or close an account; make bank transfers; register Power of Attorney or *grant of probate*; request a replacement card; or lodge a complaint. Innovation isn't on the cards – Post Office banking director, Martin Kearsley, told a Treasury Select Committee in 2019 that it doesn't set out to replace a bank and warned that its network would become 'utterly inoperable' if postmasters were expected to become financially regulated.

Our 2018 survey of 2,049 people found that 47% were unlikely to use their local Post Office for banking

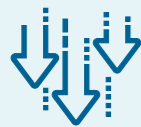
because of: long queues (42%); a lack of privacy (32%); and a lack of expertise in financial services (28%).

The average Post Office, increasingly located in corner shops, convenience stores or WH Smith, isn't set up to help vulnerable customers with mental and physical disabilities. In rural areas, vans, village halls and local pubs host services for a few hours each week. In 2018, Citizens Advice reported that mystery shoppers were not able to use a hearing loop in 44% of the Post Offices visited. Lloyds has also admitted that five of Bank of Scotland's 44 mobile vehicles aren't fully Equality Act compliant.

Significantly, banks never step back in if the local Post Office closes, leaving communities with no physical banking services at all.

'In the past few years, the five banks and building societies local to me have all closed, together with the local Post Office and all their cash machines', says Clive from Leeds. 'The fact that the Post Office has closed down, too, serves to emphasise the lack of responsibility to the community and local businesses. I live in a middle-class, thriving area of a large city and if

Branch closures



6,439
physical branches left today, a decline of 35% since 2015



11
parliamentary constituencies have just one bank left



99,150
The population of Wentworth and Dearne, a constituency in South Yorkshire, without a single bank branch



40%
of banks in north-west England have closed since 2015, making it the hardest hit region

WHAT SHOULD HAPPEN BEFORE A BRANCH IS CLOSED

Banks must hold an internal consultation to weigh up the potential impact on the community, before informing affected customers of planned closures. If yours doesn't meet these standards, the Lending Standards Board can accept feedback from the public within its role, but it can't provide any remedies as it's not a complaints body. Here's what you can expect before a branch is closed:



ANNOUNCEMENT

Banks must inform customers of the decision no later than 12 weeks before the closure. Customers should be directed to an 'impact assessment' detailing the main reasons for closure, what the alternatives are and how they can be accessed.



PRE-CLOSURE

Banks must provide detail of feedback from customers and explain how any issues raised have been addressed. Customers who require additional assistance should be proactively contacted.



POST-CLOSURE

Banks must continue to offer help and assistance to customers who need it – and make it clear that this is available.

this is the impact here, then the impact on rural communities and more deprived areas will be huge.'

Closure protocol not fit for purpose

Although the Standard was set up with good intentions, the issues most pressing to those affected by branch closures are not addressed: the domino effect of one branch closure quickly following another; the suitability of nearby Post Offices in terms of capacity, parking and accessibility; the impact on high street businesses and the local economy; investment in infrastructure and other developments that could affect the banking needs of the community.

Jill Smith, 73, has seen a flurry of closures around her home town of Stalbridge, as well as neighbouring Sturminster Newton, Gillingham, Sherborne and Wincanton: 'We live in a lovely part of Dorset, but with poor public transport it's difficult for many of our elderly residents to do their banking, as the nearest branch is eight miles away. Not everyone can, or indeed wants to, use internet banking.'

Banks don't have to explicitly consider the profile of the local population or make it clear that they have considered barriers such as Post Offices or mobile vans that aren't Equality Act compliant, or poor broadband connection and mobile signal, even though all of these factors are of huge significance. The latest LSB report stated that only 'some' banks take into account local broadband speeds.

'I'd been a customer at my branch for more than 40 years and knew staff who helped me with any issues I had due to my blindness, such as writing cheques and financial advice', says Mike Brace from Hornchurch. 'They also advised on other issues such as insurance and savings. I chose to use telephone banking to have personal contact, but this service has been suspended by NatWest due to the pandemic.'

Banks must also engage with local postmasters to support customers and prepare for an expected uplift in traffic, yet a recent survey by Citizens Advice found that only 15% of postmasters reported engagement from the bank when a local branch

closed. Shockingly, 77% of postmasters weren't contacted at all.

Ultimately, the clearest indication that the Standard is failing communities is that banks rarely overturn a decision to close a branch. HSBC, Lloyds Banking Group, Santander, the Co-operative Bank, TSB and Virgin Money all confirmed that they have never reversed a decision. Barclays and RBS Group didn't respond in time for publication. We shared our concerns with the Lending Standards Board, but it declined to comment.

The future of face-to-face banking

Which? has campaigned to protect cash for people hit hard by bank branch and ATM closures since 2017. Earlier this year, the government committed to introducing new laws to ensure that everyone who needs cash can continue to access it.

Banning banks from removing the 'last branch in town' could be on the cards, although this may have unintended consequences if banks race to the bottom to avoid being the last branch standing. There is also mounting pressure to consider neutral banking centres or 'hubs', where multiple providers pool their resources to offer counter and ATM services under one roof.

If banks can't justify the cost of running branch networks, they need to innovate beyond the Post Office. A handful of banks (Barclays, Lloyds and NatWest) have taken a small step in this direction, running a pilot business banking hub for cash and cheque handling last year, although this was fully automated (not staffed), and labelled as 'too little and in the wrong place'.

Still, Derek French, former director of the Campaign for Community Banking Services, believes there is a window of opportunity for a shared banking model to be explored now that high street banks face increased costs to run basic services at the Post Office and renewed pressure from the government: 'The interests of consumers and industry are aligning. I'm more hopeful now than throughout the 18 years I ran the campaign.'



SAVING THE LAST BRANCH IN BALFRON

The residents of Balfon in West Stirlingshire, Scotland, continue to fight to save their last branch.

Bank of Scotland has paused plans to close this branch due to the pandemic

'There are no other banks in the whole Strathendrick valley, the Killearn branch having been closed several years ago,' says Colin Cameron (above), chair of Balfon Community Council.

Colin has been unable to arrange a meeting with a representative of the bank, despite written support from other community councils, local councillors and the local MSP: 'I raised the possibility of running

a community operation out of the building along with the library and registry office (both in separate buildings), but I need to be able to talk to Bank of Scotland to at least explore this idea.'

Balfon is a rural community that still relies on cash, with a high proportion of older people and very limited public transport options. Bank of Scotland plans to offer

a mobile service, but no timetable has been given of when, how long or where it will be based. Parking in the village is already at a premium and the local Post Office is 'tiny, has no disabled access, no confidentiality, and if more than three people are queuing it's full'.

Alyn Smith, the Scottish National Party MP for Stirling told *Which? Money* that he is in no doubt that

the time for reform has long since passed:

'I'm sensitive to the reality that the bank finds itself in, but the bank, particularly this branch, is providing considerable social services. I don't get the sense that there is much meaningful dialogue, although banks are willing to go through the motions. I'm not hostile to change, but this is a national failure of regulation and provision.'

NEXT STEPS

Use our unique branch closure tool to find out if your local bank is closing: [which.co.uk/bankbranches](https://www.which.co.uk/bankbranches)

IN THE MAGAZINE

- Bank IT failures Feb 2020, p10
- The last banks in town Oct 2019, p13
- Digital exclusion Jun 2019, p10

ONLINE

- How to switch your bank [which.co.uk/bankswitch](https://www.which.co.uk/bankswitch)