



## UK Finance response to the Economy, Jobs and Fair Work Committee Inquiry into Bank closures: impact on local businesses, consumers and the Scottish economy inquiry

*UK Finance is a trade association representing 300 of the leading firms providing finance, banking and payments-related services in or from the UK. UK Finance has been created by combining the trade association activities of the Asset Based Finance Association, the British Bankers' Association, the Council of Mortgage Lenders, Financial Fraud Action UK, Payments UK and the UK Cards Association.*

*Our members are large and small, national and regional, domestic and international, corporate and mutual, retail and wholesale, physical and virtual, banks and non-banks. The interests of our members' customers are at the heart of our work.*

### Introduction

UK Finance welcomes the opportunity to contribute to the Economy, Jobs and Fair Work Committee's examination of the impact of bank branch closures in Scotland on local businesses, consumers and the Scottish economy and to explore what steps can be taken to address any issues identified by the Committee.

At the request of the Economic Secretary to the Treasury, John Glen MP, UK Finance and the Post Office have been working closely with the five largest banks<sup>1</sup>, representing 85 per cent of the retail current account market, to develop proposals that deliver a substantive five-point programme of joint work that raises awareness of banking services available at the Post Office, in the interests of customers and communities across the UK. We now plan to roll this across the remaining 23 signatories to the Banking Framework to support personal customers and the remaining 15 signatories to support business customers.

The current pattern of growth in transactional activity seen over Post Office counters since the launch of the Banking Framework, shows that, year-on-year, transaction volumes have grown from 100 million in 2016 to 120 million in 2017 and are projected to rise further to 135 million in 2018, whilst the pattern of bank branch transactions declines as more customers increasingly adopt different payment methods. The Post Office's own research shows that currently 55 per cent of the general public are aware that they can access their account at the Post Office<sup>2</sup>, which aligns closely to Citizens' Advice's research that shows 56 per cent awareness.

UK Finance has also worked with Citizens' Advice to improve support for customers in vulnerable circumstances when using the Post Office for day-to-day banking services, given their research shows that customers in vulnerable circumstances are more likely to use this service. Customers who benefit most from day-to-day banking services at the Post Office are typically based in rural or urban-deprived areas, likely to be older or from specific socio-economic groups.

Our shared vision for public awareness of the banking services available at the Post Office is that customers are aware that they will receive a quality day-to-day banking service when using their local Post Office.

Our clear objective is to raise UK-wide awareness and confidence in the use of the Post Office for day-to-day banking, in a way that provides more targeted support to those who will benefit most.

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<sup>1</sup> Barclays, HSBC UK, LBG, RBSG, Santander UK

<sup>2</sup> yougov, March 2018

### Actions to raise awareness of banking services available at the Post Office.

We intend to undertake a targeted localised media campaign (including print and outdoor) focussed in a specific location with a lower concentration of bank branches and higher proportion of customers in vulnerable circumstances who are identified as having greater customer need. We have identified East Ayrshire, Dumfries and Galloway, where over 30 per cent of the population live over 3 miles from a bank branch and 22 per cent are living in a deprived area.

Concurrently, the Post Office will undertake a trial regional media campaign (including print and outdoor) in the North West of England, identified because it is considered broadly representative of the wider UK population. Both will use Post Office promotional materials and be timed to coincide with Post Office in-branch campaigns across 9,000 UK locations currently scheduled between September and November 2018 and in early 2019.

### Actions to support specific communities, including those impacted by branch closures.

We will undertake further activities across the UK that support communities in areas with lower concentrations of bank branches with a range of “tools” to drive awareness of the Post Office to access bank accounts locally:

- Post Office branded leaflets to be made available in closing bank branches, local community hubs and for local authority mail-outs
- Improved collaboration between Post Office and banks during the branch closure process
- Joint Post Office and bank outreach to communities to explain and promote the services available. This activity will be provided and made available on demand through a “Dear Colleague” offer to MPs as well as other community stakeholders

### Promotion of the Post Office as an integral channel for day-to-day banking.

Reference to the availability of the Post Office counter service in banks’ customer-facing collateral, using Post Office branding to maximise awareness:

- Bank literature and websites to provide clear prominent information on Post Office banking services
- Links to the Post Office branch locator (which will also include mobile branch routes) to be included on banks’ websites
- Telephony channels will reference Post Office locations where appropriate

### Enhanced support for customers in vulnerable circumstances.

We have identified that customers in vulnerable circumstances customers are more likely to use the Post Office. With support from Citizens’ Advice, we are developing Good Practice Guidance to supplement the Access to Banking Standard, using their customer journey methodology:

- Identifying a need to transact and establishing where
- Planning and travelling to the access point
- Entering and moving around inside the access point
- Being served at the counter

We are also working jointly to ensure that customers enjoy a high-quality service at the Post Office, compliant with all relevant legislation and regulation (e.g. money laundering), including closer liaison at area-manager levels to address local issues swiftly and effectively, as they arise.

### Ongoing monitoring of awareness and confidence in the Post Office counter service.

We will track the trial campaign, to inform further potential media approaches, as above.