



OFFICIAL REPORT
AITHISG OIFIGEIL

Economy, Jobs and Fair Work Committee

Tuesday 29 May 2018

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

Tuesday 29 May 2018

CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
IMPACT OF BANK CLOSURES.....	2

ECONOMY, JOBS AND FAIR WORK COMMITTEE
19th Meeting 2018, Session 5

CONVENER

*Gordon Lindhurst (Lothian) (Con)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Jackie Baillie (Dumbarton) (Lab)
*Colin Beattie (Midlothian North and Musselburgh) (SNP)
Kezia Dugdale (Lothian) (Lab)
*Jamie Halcro Johnston (Highlands and Islands) (Con)
*Dean Lockhart (Mid Scotland and Fife) (Con)
*Gordon MacDonald (Edinburgh Pentlands) (SNP)
*Fulton MacGregor (Coatbridge and Chryston) (SNP)
*Gillian Martin (Aberdeenshire East) (SNP)
*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Paul Alexander (Scottish Building Society)
Professor Cliff Beevers (Juniper Green and Baberton Mains Community Council)
Keith Dryburgh (Citizens Advice Scotland)
Allister Mackillop (Currie Community Council)
Lyn Turner (Unite Scotland)

CLERK TO THE COMMITTEE

Alison Walker

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Economy, Jobs and Fair Work Committee

Tuesday 29 May 2018

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Gordon Lindhurst): Good morning and welcome to the 19th meeting in 2018 of the Economy, Jobs and Fair Work Committee. I ask everyone present to turn off or turn to silent any electronic devices. We have received apologies from Kezia Dugdale, and Dean Lockhart has sent his apologies for the first part of the meeting; he will join us later. A couple of other members will join us shortly.

Under agenda item 1, the committee is invited to decide whether to take items 3, 4 and 5 in private. Do members agree to take those items in private?

Members *indicated agreement.*

Impact of Bank Closures

09:30

The Convener: We turn to our inquiry on the impact of bank closures. Before I ask committee members to introduce themselves, I welcome our panel of witnesses. We are joined by Professor Cliff Beevers, who is the chairman of Juniper Green and Baberton Mains community council; Allister Mackillop, who is the chair of Currie community council; Paul Alexander, who is the head of business development and sales strategy at the Scottish Building Society; Lyn Turner, who is Unite Scotland's regional officer; and Keith Dryburgh, who is policy manager at Citizens Advice Scotland. I invite committee members to introduce themselves.

Gordon MacDonald (Edinburgh Pentlands) (SNP): I am the member of the Scottish Parliament for Edinburgh Pentlands.

Jamie Halcro Johnston (Highlands and Islands) (Con): I am an MSP for the Highlands and Islands.

Colin Beattie (Midlothian North and Musselburgh) (SNP): I am the MSP for Midlothian North and Musselburgh.

Fulton MacGregor (Coatbridge and Chryston) (SNP): I am the MSP for Coatbridge and Chryston.

John Mason (Glasgow Shettleston) (SNP): I am the MSP for Glasgow Shettleston.

The Convener: I am the convener of the committee and an MSP for Lothian.

Andy Wightman (Lothian) (Green): I am an MSP for Lothian.

The Convener: I know that written evidence has been submitted to the committee, so we will move straight to questions. I will start with a fairly general opening question. Before I do so, I indicate to the witnesses that there is no need to press any buttons, because the microphones will be operated by the sound desk. Please do not feel that you need to answer every question. If you would like to respond to a question, raise your hand and I will try to bring you in. If there are any areas that you do not feel that you have been able to cover or to provide full detail on because our time is limited, please write to us following today's session—that option is available to all of you.

Who do you think are most affected by bank closures? Can you give us the headline?

Lyn Turner (Unite Scotland): Communities and employees are affected by the decision of Royal Bank of Scotland, but I will touch first on the

impact on employees. Since I have been an officer of RBS, we have had five rounds of branch closures. In the most recent announcement, which was made on 1 December, it was stated that there would be 52 branch closures, but it is inevitable that 62 branches will close. That announcement has had a detrimental effect on not only employees but the communities that RBS has served for a number of years.

Allister Mackillop (Currie Community Council): My focus is on people who live with dementia, the elderly and those who live in isolation. Although I fully accept that the foot traffic in branches has reduced dramatically, the local branch is a hugely important asset for the community and for those people in particular, because they are not able to travel. In Currie, for example, they would have to get two buses to get to their nearest branch. I feel that it is totally unacceptable for banks to just dispose of people who are long-serving customers.

I have been speaking to ladies and gentlemen who have been with the Bank of Scotland and the Royal Bank of Scotland for 30-plus years. It is very short-sighted; the banks are almost throwing the baby out with the bath water. Rather than looking for other avenues, such as smaller or part-time branches, or using branches in conjunction with something else, they have just decided to close them and to leave the communities that they served with very few amenities. We have lost the banks and we might lose our school, so there is very little left.

The RBS especially, which we still partly own, and which is making substantial profits of more than £1 billion, really should look at itself and decide who it serves. I understand that it is a company looking for profit but it also has to look at serving the communities that it has been serving for many years.

Professor Cliff Beevers (Juniper Green and Baberton Mains Community Council): On a point of accuracy, I was the chair of Juniper Green and Baberton Mains community council, but I am now an ordinary member of that committee.

The Convener: Apologies.

Cliff Beevers: The elderly and disabled in our communities are the most affected, and a number of disabilities give people problems with going online. My own problem means that I have to use a screen reader. That is not the only problem. Some people cannot remember the long list of numbers that they need to access a bank account online or by telephone. Those are issues in our communities and, as Allister Mackillop said, it is difficult for such people to get on a bus or two buses to get into town to go to their allotted bank.

There is also a big impact on the businesses in our communities. The fishmonger in Juniper Green told me that, since RBS closed, his takings have been down 15 to 20 per cent. He checked with a colleague near Goldenacre, where two banks have closed, and his takings are down 20 to 25 per cent. Small retailers and shopkeepers are the lifeblood of our communities.

Let me give an example of that. Two or three weeks ago, when the snow came suddenly, it was the fishmonger, the butcher and the greengrocer in our communities that kept people in food when the big beasts of commerce had their lorries stuck on the motorways of Scotland. Not only are banks important for trade; they and the businesses also keep the social fabric of a community together.

The committee will ask for research at some stage. The United Kingdom Government did a piece of research in December 2016 that indicates that, when a bank leaves an area, 63 per cent of investment in that community is lost. Juniper Green, Currie, Colinton, and Balerno represent something like 20,000 people. When RBS closed last year, it was like the last bank in town leaving that community. There are now no banks on the A70, which is a main artery into Edinburgh. It is estimated that £1.6 million is lost every year in investment in a community when the last bank in town leaves. That is a big problem.

Paul Alexander (Scottish Building Society): Our members are serviced throughout Scotland with five branches and a network of local agents, which are generally solicitors' offices. Our members can pay money into their savings accounts and take money out through those agents. The agents need a link to a local bank to pay in the cash and cheques and, at times, to top up their cash floats.

The issue that we have for serving our members, particularly in rural areas, is that if that banking connection closes, it is difficult for us to maintain the agents' offices and their dealing with savings transactions. We can do it through a local post office, but, as we know, some post offices can be part of retail shops. There are security concerns around somebody taking cash or a large number of cheques to pay into such post offices, where they are not protected in the same way from fraud and other threats, so there will certainly be an impact on our members if bank branches close, particularly in the rural areas.

Keith Dryburgh (Citizens Advice Scotland): Citizens advice bureaux advise about 210,000 consumers each year across Scotland. We consulted with the bureaux in the areas that will be worst affected by the bank closures or that have already been affected and it is clear, from what they are saying, that the people who are the most vulnerable to change are the ones who will be

affected—those who are more likely to have problems accessing digital services, those who have poor broadband speeds and those in rural Scotland.

We did some work that showed that about 20 per cent of consumers are still not online, and we have concerns that a lot of people are being pushed towards online banking who are either unable to take it up or have physical barriers to doing so. Older people are particularly affected.

We did some work a couple of years ago that looked at access to banks by public transport. We found that people living in rural areas typically had to make a 40-minute round trip to their bank using buses. I think that that travel time will increase significantly as the branch closures continue.

Lastly, I echo the points made by the other panel members about the impact on businesses. The citizens advice bureaux that we consulted made the point that small businesses will be badly affected in relation to getting change and depositing cash. That applies equally to charities and community groups that rely on going to banks to get small amounts of cash, deposit subscriptions and so on. The bureaux have pointed out that there is a security risk for those organisations, which is adding a lot of pressure on to volunteers. There is an impact right across vulnerable consumers, businesses, charities and community groups.

Andy Wightman: Branches have been closing for some time now—Lyn Turner mentioned previous closure programmes. Concern about that has led to the development of the access to banking standard, which requires giving advance notice, doing public impact assessments and making customers aware of alternative solutions.

In any of the bank closures that you are involved with, are you aware of such exercises being carried out?

Lyn Turner: In the round of closures before this one, I looked at the Whitburn branch closure in West Lothian. The impact assessment that was done for that closure was clearly not a proper impact assessment. We raised that issue at the Scottish Affairs Committee, because the assessment was numbers on a website—it did not tell us anything about the impact of that branch closure on vulnerable customers and so on. We dispute the impact assessment done by RBS. We have been clear about that from day 1.

Andy Wightman: Do you dispute all the impact assessments done by RBS?

Lyn Turner: Absolutely—it is a fudge.

Andy Wightman: What about other banks?

Lyn Turner: I am not too sure about what other banks have done, because I am concentrating on RBS. The RBS impact assessments on branch closures are clearly not proper impact assessments. I am sure that that point would be echoed by other panel members.

Allister Mackillop: Gordon MacDonald and I, among others, visited the Bank of Scotland when it was deciding to close our branch in Currie. The impact assessment was an absolute disgrace. It was a tick-box exercise; it was 100 per cent one-sided. All the bank was really looking at was footfall.

The bank admitted to us that the customers in Currie were first-rate, brilliant customers. That is what it did not want, because, basically, it could not make money off them, as they already have mortgages and they do not want insurance. Customers in Currie have a substantial amount of savings, but again, the bank was not interested in that.

As with the closure that Lyn Turner described, in the impact assessment, the Bank of Scotland certainly did not give any consideration to the risks, including the risks to people who are living in isolation or loneliness. Basically, the bank said that there would be internet access, so customers should get on with it. If we bear in mind that in rural areas such as Currie and Balerno, the broadband is quite slow and often prone to breakdown, we see that that argument is really a non-argument.

09:45

Keith Dryburgh: What worries me most about the business assessments and the access to banking standard is that there is no power of consultation with community groups or, indeed, customers. It is a matter of making an impact assessment without really asking what the impact will be on people. It is very much a business-led assessment. There needs to be consultation with the community on what the alternatives are and what the impact will be before a decision can be made.

The Convener: Professor Beevers will be followed by Lyn Turner.

Cliff Beevers: Call me Cliff, please, Gordon.

The Convener: I will do that, Cliff.

Cliff Beevers: Thank you very much.

We picked up on the access to banking protocol fairly early on when RBS decided to close its branch in Juniper Green. When we looked at that document, it was clear that the only thing that RBS could be held to account on was the Equality Act 2010. Even then, it was easy for it to dance

around the fact that it was not going to cover disability issues for people in our community.

The access to banking protocol is worthless; it is just a piece of paper that allows the banks to pretend that they are consulting communities. In my experience, there was no consultation whatsoever. The exercise was decided in the headquarters, and the group that came to talk to the community was simply told, "You're closing the branch and you're taking the ATM as well." That is also a big issue for us in Juniper Green, as we have no post office and no other ATM.

Lyn Turner: In the evidence that RBS gave to the Scottish Affairs Committee on 17 January, the chief executive officer for personal and business banking said that RBS does not have to consult communities. I thought that that was ludicrous. Incidentally, he has been asked to appear in front of many public meetings in the Borders and has refused to do so.

Andy Wightman: I am sorry, but I cannot remember who said that the approach is one-sided and focused on footfall. Is it focused on footfall in the bank? Is no assessment made of the impact on footfall in the general area?

Allister Mackillop: None whatsoever. RBS waxes lyrical about a 70 per cent drop in footfall and there being only 80 people during the day. Basically, it is all about money and the branch not being worth its while. It does not even consider downsizing the branch or doing anything different; it just uses that as a big stick to hit us with, and says, "You're not using it, so you're going to lose it." That is its impact assessment. If it is losing money, it is not interested in looking at any way of revising how the branch works. It will just say, "There is very limited footfall and it costs us money. We'll close it." That is it.

Andy Wightman: I think that Cliff Beevers mentioned anecdotal evidence relating to a fishmonger in his community.

Cliff Beevers: Yes.

Andy Wightman: His takings were 15 per cent down.

Cliff Beevers: That is what he told me.

Andy Wightman: Are you aware of studies that look at the matter in a systematic way?

Cliff Beevers: I mentioned the one that the UK Government did. There was a briefing paper in December 2016 that contained an analysis of postcodes where the last bank in town had left. That covered loan investment to small and medium-sized enterprises, so that was only the tip of the iceberg. When a bank leaves an area and people have to bank elsewhere, they take their shopping elsewhere, too. Therefore, money leaves

the community not only because people do not have the opportunity to get loans, but because people spend it elsewhere.

There is one thing to confirm from the committee's previous session on bank closures. I did an informal check around our retailers, who still say that the cash versus card split in communities is 70:30. That confirms what the committee heard at the previous session.

Andy Wightman: I want to go back to the fishmonger whose takings were 15 per cent down.

Cliff Beevers: He is a good man.

Andy Wightman: Local people are no longer buying fish in his shop because they are going somewhere else.

Cliff Beevers: Yes. They are going somewhere else.

Andy Wightman: You are implying that because they are going somewhere else because they need to do that for banking, they might as well buy fish there, too.

Cliff Beevers: I cannot take that step; all that I can do is tell you what he claimed to me, which is that, since the bank closed, his takings have been 15 to 20 per cent down. I asked whether that is true elsewhere, and he went and checked with one of his colleagues—the one at Goldenacre whom I mentioned.

Allister Mackillop: Needless to say, like Cliff Beevers, I did a sort of pop quiz with our local businesses, and they certainly feel that people use 70 per cent cash and 30 per cent card. I agree with Cliff in that, anecdotally, one shopkeeper said that, basically, people used to pop into the bank, get some money and then spend it, but they now have to go out of town so, rather than get the money and come all the way back to Currie, they just go to the shop nearest that particular branch. Shopkeepers are concerned that they are losing footfall or traffic because, when people are in the bank anyway, if there is a shop just across the road, they decide to do it all in one. That is where I feel the knock-on effect is. However, that is anecdotal—there is no proof of that.

John Mason: My question is aimed at Mr Turner for starters, although others might want to comment. Unite has made some fairly strong comments on the issue, which is helpful for the committee, as it lets us know what people are thinking. Specifically, you say that RBS has "misled the public" on a number of counts, which are the measurement of footfall, the scale of job losses and the costs of or the savings from the proposed closures. Will you comment on those three areas?

Lyn Turner: I will start with footfall. Taking Mallaig as an example, the information that was presented to me was that the branch has nine customers, but in fact it has 1,001 customers. The nine customers who RBS counted are the ones who come into the branch on a weekly basis. The evidence that was presented to me was that RBS in Mallaig has only nine customers, which is why it is being closed, but that is not true at all.

John Mason: As a layperson, I would have thought that footfall would have meant the number of people going into a branch in a week, which might be 99.

Lyn Turner: But it still has customers.

John Mason: So if I happen to be on holiday and go into the Mallaig branch but I am a customer somewhere else, I would not count.

Lyn Turner: No, you would not, because you are not one of the nine regular customers.

The figures were massaged. That is also the case with the redundancy figures. The bank presented it as 168 redundancies, but in fact the figure is 321. The bank's figure of 168 is the full-time-equivalent figure; the actual headcount is 321 job losses. Two part-time people would just be counted as one.

As I said, this is the fifth round of branch closures that I have taken on as the officer for RBS. If the bank continues to reduce the branch network, people will go to the next RBS branch and then the next one. People are now actually queueing out the door at RBS branches at lunch times. Also, the bank has not increased the staff in the branches that remain open, so staff are not getting their lunch or the branches are sometimes only two or three-handed. RBS is sending out a bit of a mixed message there.

John Mason: The bank closed our branch in Shettleston, which I used. My experience was that it was well used and that you always had to queue, but it was still closed.

I am intrigued by the word "footfall" and by what RBS means by it compared to what most of us would mean by it. Does the bank actually measure how many people cross the door every week, or is that not even being measured?

Lyn Turner: No—it counts people who enter the bank on a weekly basis to put money in and take money out.

John Mason: So, theoretically, a city centre branch could have no actual customers although it could still be very busy with loads of people who work in the city centre and who have their branch elsewhere, but RBS could end up saying that the footfall is nil. Is that right?

Lyn Turner: Potentially, yes, because those people are not regular customers at that particular branch. The issue was highlighted by Ian Blackford in an adjournment debate. Mallaig is not the only example. I think that the branch at Kyle of Lochalsh was used by 3,000 people.

John Mason: Many of us use other branches. I live in Glasgow, but I am in Edinburgh most of the week so I use banks in Edinburgh.

Lyn Turner: However, those are not your branch.

John Mason: I am amazed or intrigued that that is how they measure footfall.

The third point was about costs or savings. Can you say anything about those?

Lyn Turner: RBS has said that keeping the 62 branches open would cost £9.5 million, which is 0.01 per cent of the profit that it announced in February or March. This closure programme did not have to happen. It is driven purely by profit and by RBS turning its back on local communities.

John Mason: Do you think that there will be a loss to RBS? You have suggested that people will go to the next RBS branch, but if I lived in Mallaig and there was another bank there, I might consider switching my bank.

Lyn Turner: RBS has openly said that it will get a branch colleague to take people to the post office to show them how to use it. I laugh, but it is not funny. RBS is 70 per cent owned by the British taxpayer, yet the UK minister who is responsible for RBS in his brief has said, "Well, customers can vote with their feet".

John Mason: Some of my colleagues will follow up with questions about the use of post offices, as that is also an area that we are interested in.

Paul Alexander was going to say something.

Paul Alexander: We find that, where RBS branches close, the Scottish Building Society picks up new savings members who move savings to us. We have seen that in rural communities such as Dunoon.

John Mason: Can you clarify for me that your building society does not operate like a bank? I was intrigued that a building society needs either a bank or a post office nearby to operate.

Paul Alexander: It is correct that we do not offer day-to-day transactional banking. We are in place throughout Scotland solely for savings or mortgage advice.

John Mason: However, could somebody come in every day and take £10 out of their savings account, or put in £20?

Paul Alexander: Our savings members could do that; most of them do not do that, but occasionally somebody could.

Allister Mackillop: I will give members an idea of the situation. We had three banks in Balerno, Currie and Juniper Green—a Bank of Scotland branch and two RBS branches. When the RBS branch in Balerno closed, all the customers trotted to Juniper Green. When the Bank of Scotland branch in Currie closed, all the customers trotted to Juniper Green, which was absolutely full to bursting. Then RBS decided to close the branch in Juniper Green. There was no logic about footfall, because three banks had rolled up into one. Cliff Beevers fought hard to retain the branch in Juniper Green, but the bank did not care. It just wanted to close the branches—end of story. The justification about low footfall does not stand up when we look at the statistics. Those branches joined together, and six months later we were suddenly told that the branch that everyone had joined would close as well.

John Mason: If it has nothing to do with footfall—

Allister Mackillop: I do not think that it has anything to do with that.

John Mason: Is the idea therefore to force people to stop using local branches and to use the online option or something else instead?

Allister Mackillop: I am very glad that you have used the word “force”, because you are absolutely correct. People are being forced to go online, irrespective of whether their needs will be served. As Cliff Beevers and I said earlier, there is no way in the world that people who live with dementia will remember passwords, so they will be wide open to fraud and other nasty experiences. The banks are not interested in that.

When Gordon MacDonald and I met representatives of the Bank of Scotland, they basically said the same thing: “Let your feet do the walking. If you do not like what we are doing in the Bank of Scotland, go to another branch or go online.” It is not as simple as that, but the banks are allowed to get away with it by saying that it is as simple as that, because there is low footfall. There is no real evidence of that. It is a cost-cutting exercise for cost-cutting’s sake.

John Mason: I think that Mr Beevers wants in next.

Cliff Beevers: Cliff, please.

John Mason: Sometimes we use formal names here.

Cliff Beevers: Okay. I want to say that we cannot all be wrong. I know that this is all anecdotal, but we all go into branches where the

queues are out of the door. The queues were out of the door in Juniper Green when they closed it using the argument of footfall.

Secondly, where, geographically speaking, are the people who are making these decisions? RBS is headquartered in Edinburgh, but RBS did not seem to know that there would no longer be a bank along the A70—that area covers 20,000 people. It seems strange that the banks did not talk to one another and say, “Let us leave one bank in that area and another in that area”. There are six banks in Corstorphine, but there is none on the A70.

John Mason: Are the different banks allowed to talk to one another and arrange that between themselves?

10:00

Cliff Beevers: I am sure that they would hide behind the excuse of commercial confidentiality, but it would have been a sensible thing to do for the community and for the country. It could have been arranged and worked through. The banks can get together in a room to work out the London interbank offered rate—LIBOR—so I am sure that they could go into a room and sort out the branches.

Keith Dryburgh: A couple of times it was mentioned that consumers could vote with their feet to show displeasure or to ensure that they still have face-to-face contact with their bank. In general, Scotland’s consumers are more loyal—we tend to stick to the brands that we know and trust and with which we have had long-term relationships. One might describe us as sticky consumers, who are less likely to trust. We need to break that and encourage people to vote with their feet if they want to have a local bank branch. Unfortunately, it is not always an option because, often, the branch that is closing is the last bank in town.

It would be great if people voted with their feet, but we have the problem of overly loyal consumers and the fact that some people just do not have the option to vote with their feet.

John Mason: Talking of feet, is your understanding of the measurement of footfall the same as Mr Turner’s?

Keith Dryburgh: We do not have statistics on that. When we asked our bureaux, they were concerned that those were busy branches that were being used and they did not see the reasoning for RBS’s conclusions. We do not have figures on that, but our anecdotal evidence backs that up.

Fulton MacGregor: My question is probably for Lyn Turner, but others might want to come in. Do

you think that RBS is exploiting the fact that it is members of a particular demographic who are likely to use the branches that are being closed, given the way in which those people are likely to protest? For example, the RBS branch in Stepps, in my constituency, is due for closure and we sent out an online petition, which flopped—it did not matter how much we pushed it. I was concerned about the fact that that did not reflect the level of concern that I was picking up on in the streets and in my surgeries. However, when we sent around a paper petition and put it in the local shops, the number of signatures went through the roof.

Is RBS exploiting the fact that a particular demographic will not protest in the way that most people do now, which is through the online petitions that we see all the time?

Lyn Turner: Can I pick up a point on shared banking while it is in my head? There needs to be a change in legislation in relation to the shared banking opportunity.

To go back to your question, yes, RBS is stretching the truth somewhat. When it is the last bank in town that is closing, communities are angry, but RBS ploughs on regardless.

Keith Dryburgh: I have a comment on the point about the different take-up of online and paper surveys. Our statistics and those of Ofcom suggest that a stubborn fifth of the population are still not online and so you are missing them entirely. Those are the people who will be most affected. We tend to use paper surveys to capture the hard-to-reach and easy-to-ignore consumers. It is important that they are not brushed under the carpet and that people reach out to them to find out what their experiences are.

The Convener: I have a quick question for Lyn Turner. You mentioned regulations on shared banking. We have just had a report from the Scottish Affairs Committee at Westminster. Do you have any comment on its recommendations and whether they go far enough on that point in particular?

Lyn Turner: There needs to be statutory legislation on access to banking, given what happened back in 2008 with banks self-regulating. That provision needs to have some teeth.

The report says that RBS did not really need to shut those branches, and there are issues over the 10 closure-threatened branches that are to remain open. This is political posturing by RBS and politicians, since no criteria have been set in relation to whether the branches remain open. An organisation might have been appointed to do the review but I will not be surprised to find out, towards the end of the year, that those 10 branches are to close.

It was news to me last Sunday morning when an MP hit the airwaves to say that he has saved 10 branches. I was straight on the phone to RBS, because it is meant to consult with Unite, not politicians. The issue is ultimately about jobs.

The Convener: Coming back to the question of the structure and how things move forward, are there other things that you would like to have seen proposed on regulation from the Westminster Scottish Affairs Committee report? Are you satisfied with the conclusions that it drew and the recommendations that it made?

Lyn Turner: I am content with what came out of the report but I think that it does not go far enough with regard to access to banking and consulting on impact assessments, as you have heard today. Although banks in general hide behind commercial sensitivity, there is an opportunity to learn lessons from what has happened. Banks should consult before they make decisions.

When RBS comes to me to say that it is going to shut so many branches, it should not do that the night before. There is a six-to-nine-month lead up. That is an opportunity for RBS to say what it is going to do and consult in a proper manner. It does not do that, because it hides behind commercial sensitivity.

Colin Beattie: One of the main arguments for branches closing is that, from the bank's perspective, they are no longer economically viable, and this is a classic case of market failure. Can the private sector deal with that market failure? In other words, if there is demand, will supply move in—in the form of other banks, credit unions, the Post Office or a mix of other bodies? How realistic is that?

Cliff Beevers: It is not realistic in the short term. It could work, but it would require a bit of work behind the scenes.

The Post Office can provide some services, but not enough and not sufficiently extensively, I am told. Credit unions are small and have difficulties in expanding in a way that would fill the gap. There have been too many closures for them to be covered by the community banks, as I prefer to call them—the trouble with the term “credit union” in areas such as Juniper Green, Balerno and Currie is that it does not have the right feel to it.

We have been working with Castle Community Bank, which has performed well in the east of Edinburgh. The committee will meet the bank's general manager next week and will find out more about its plans. It has promised to provide a mobile van service for the villages of the upper Water of Leith, to fill the gap. However, it will be only part of a solution. More help is needed, including from people such as those on the committee.

Colin Beattie: Does anyone else have a comment to make?

Keith Dryburgh: On whether the private sector could deal with the market failure, perhaps it is the bank itself that has failed to provide the service in the way that the community needs it. Instead of reducing its hours, it should be looking at when people need banking services, so that people can come and access those services. It needs to adjust rather than close.

Post offices are a viable alternative for some services, as every bank in the UK has an agreement with the Post Office to provide banking services through it, but it depends on whether communities can access a post office. There are thousands fewer post offices than there were in 2010—post offices are not as available as they used to be—therefore, some people cannot access banks or post offices.

We conducted a survey that found that small businesses in rural areas are twice as likely as those in urban areas to use banking services in post offices. There is a demand, but post offices cannot cater for all businesses—it is not like for like. Post offices have limits on the deposits that can be made and the amounts of cash that can be taken out, which does not work for larger small businesses.

Post offices can work for some but not for all. They are not a like-for-like replacement, because not everybody can access them and they do not provide every service that consumers or businesses require.

Colin Beattie: Are post offices the only short-term viable alternative at present?

Lyn Turner: I would say so. There are clearly issues with the mobile vans and their accessibility to disabled people. People are doing transactions in the middle of a car park, and there are security issues around that. Saying that, if people who have large amounts of money on them are queuing out of the doors of post offices, there are security issues all round.

Allister Mackillop: Banks are being very short-sighted. As Keith Dryburgh said, they should be thinking outside the box. As it stands, the branch network is not perfect but, surely, the banks could have looked at it and offered smaller banks or reduced hours. As a community councillor, I would have loved to have been able to get funds to buy the Bank of Scotland branch and use it as a community hub with a bank in it. It could be used for many purposes, not just as a branch. That is the way to go. The branches should be like the post offices in rural areas.

To survive in small and rural areas, post offices have to be everything. You name it, they probably

sell it. If the banks looked at that model or a slightly different model and used a small area in another building, as they do in supermarkets and so on, the building could be multipurpose and the branch could tag on to that so that expenses would be shared. Such a building would be far more useful to the community, and the bank would get credit for doing that.

It is not rocket science. I was a banker for 35 years and finished as a senior manager in the Bank of Scotland. We had what were called sub-offices, which were incredibly popular. They were in all sorts of places where a branch would not be financially viable—large factories and schools, for example—and the model worked very well. The cost of those offices was very small but they engaged the communities that they served. The sub-branches became important assets for the communities that they served. I do not understand why the banks have stopped doing that.

The banks have become very rigid in what they think branches are, which is not what the customers expect branches to be. There is a huge disconnect there, and the banks' knee-jerk reaction to that is to close the branches. They do not want to think about how they could use them in other ways or how they could be an asset; they just want to close them and move on.

We talk about voting with our feet, but we can only do that when there is a branch to go to. When there are no branches to go to, how do you do that?

As a banker, I would say that post offices are totally impractical as an alternative. They are simply not set up to be banks, because they are not banks. A bank is a bank for a reason, and post offices are not set up to provide the services that banks were set up to provide. Post offices can be a short-term solution, but let us have a bit of imagination, think outside the box and make branches far more multipurpose.

Paul Alexander: I support what Allister Mackillop says. There is evidence from down south, where regional building societies have done some creative things. For example, a local library was due to close because of a lack of funding, but Newcastle Building Society took it over and paid for the library to keep running while it opened a branch in the building. There are ways around the problem with a bit of creative thinking.

10:15

Cliff Beavers: A slight problem in our area is that the banks have sold all the buildings that could have been used for the kinds of activity and community use that Allister Mackillop has talked about. In Juniper Green, we have very few public buildings and it would have been great to have

had the RBS building to use as a community hub for banking and other purposes. It is big enough to be used for all sorts of things.

The Post Office is not the solution, but it can be part of the solution. Credit unions are not the solution but can be part of the solution, although a lot of support is needed behind the scenes.

We probably have about 20 years to phase this through, so that all our older people can move on—we will talk about dying at some stage.

Colin Beattie: On that cheery note—[*Laughter.*] Let us leave aside the rights and wrongs of branch closures. We hear from retailers, individuals, community councils and all sorts of bodies that there is a huge demand for local bank branches. Why is someone such as one of the challenger banks not moving into that space? Why is someone not recognising the demand?

Allister Mackillop: A bank is not a supermarket or a shop; it is not as simple as that. Legalities and security are involved. A lot of the smaller banks are very much area based and would find it difficult to expand to other areas without having a guarantee of X number of customers. We are not comparing like with like. It takes a big company to step in, and small building societies and community banks are too young to do that. Maybe in 20 years—when we're a' deid—we will have that.

It sounds horrible, but the banks have just ignored older people and have said, "Well, they're going to die anyway, so we don't have to spend much time on them." I really think that they are taking that cynical view.

As I said, the smaller banks are not fit to step in at the moment. They are too young.

Cliff Beevers: Metro Bank looked as though it might help communities, but I think that it operates just around London and has not expanded further north. That bank looked as though it had the right attitude to dealing with the old as well as the young in today's world.

We should not forget the young in all this. In our public meetings, many people said to us, "We like to take our children to the bank to put money in, to show them how to save money." We have lost that in our communities, because there are no banks for people to take their children to. I know that the banks are going into schools, but to some extent that is disconnected from kids' lives—it is just an exercise at school. We must not forget the young, who are part of communities, too.

I mentioned dying because, when someone dies, their family have to deal with the bank in order to change things over. They have to go to the bank—at the bank's convenience, not theirs—at a very difficult time for them, when they have

lost someone. That can be an issue, and it brings us right back to the point about what is missing: face-to-face banking. That is what we are losing in our communities.

Lyn Turner: When someone goes to a branch, they are automatically met by someone who will try to guide them to a machine so that they do not need to speak to a teller. It is all automated. I stand in the queue on principle, because I do not want a machine to take my money.

Someone talked about banks bullying people into online banking, and there is a case for saying that. I think that the *Daily Record* exposed the issue of branch tellers being given targets for moving people into online banking.

Paul Alexander: It is difficult for someone to step into that space. It all comes down to the cost versus the scale of the business. Our financial institution is 170 years old but we are very small scale. The cost of stepping in would be prohibitive for us—we would not be able to give our members value through our products were we to do that—whereas RBS and Lloyds are massive organisations and the cost impact on them would be minimal compared to the impact on a smaller organisation.

Gordon MacDonald: We have touched on the alternatives—be they ineffective or effective—including post offices, credit unions and mobile banking units. In my constituency, mobile banking units have been introduced in Balerno, Currie and Juniper Green. How effective is having a 30-minute slot in an area?

Allister Mackillop: That is an interesting point. Last week, I spoke to two elderly ladies. One of them, who is not good at walking, said, "It took me 30 minutes to get on the bloody bus." She did not like the mobile unit at all. Lyn Turner has raised the issue of security. The unit comes to the library, but the lady felt very vulnerable using it, and it was not there long enough. She was happy that it was there, but it was not fit for purpose for her or her sister because it is difficult for them to get up the steps. Also, when they were in the mobile unit, they considered that they had no privacy. It was not a pleasant experience, so they will probably not use it again.

The younger and more mobile are certainly happy with the mobile unit. However, a 30-minute slot is ridiculous; it is not enough time.

Cliff Beevers: It is not enough time, but it is 30 minutes that we did not have previously. We have worked hard to get something back into our communities. I have mentioned that we are losing shopping and we are low on income, so to get back something is worth while.

My experience in Juniper Green is that businesses are able to use the van instead of having to send a couple of guys into town with the takings. Another business was able to put in cheques when the owner would otherwise have had to drive into town—the use of transport is another knock-on impact of the bank closures.

The school uses the van regularly, and it has saved two hours through not having to go into town to do its banking. I do not know what the school has to do in that regard, but the van saves it time.

At least 10 or 15 older people use the van regularly. I managed to get up and down the steps okay, but I understand that that can be an issue. It does not cater for people in wheelchairs either. The bank claims that that is because the wheelchair folk did not use the lift when one was provided. I understand that Lloyds has a wheelchair lift.

We have contacted a lady at the Royal College of Art in London who is pursuing a research project for Age UK on the future of banking for the elderly and disabled people. She is looking at Dartmouth, Liverpool, London and Edinburgh. We are running a workshop on 19 June for volunteers, who can come and tell their story. We will try to get the ladies who had trouble getting into the van in Currie to come along so that they can tell their story. The researcher is a designer, so we might be able to look at things that are a little bit more flexible. For example, recreational vehicles in the States have sides that can be expanded so that there is better space, security and so on. We hope to look at those issues from that perspective.

Thirty minutes is not enough time. I have been promised that, when the community bank comes, it will spend a morning in each of our communities, which is something to look forward to. From what I have heard, a lot of people will embrace that, as they are still asking me when it is coming. Any way to accelerate the limited services would be appreciated.

Gordon MacDonald: Cliff, do you think that Castle Community Bank coming in is the reason for RBS sending in its mobile banking units? Originally, it refused to do so.

Cliff Beevers: I asked that question, and the answer was yes.

Gordon MacDonald: In September 2016, RBS's managing director of personal banking in Scotland said that, where a service was consistently used by fewer than 10 customers, it would review the sustainability of that branch stop. Do you think that the mobile service has been set up to fail, with the stops being set at only 30 minutes?

Cliff Beevers: The cynics in our community tell me that. They also say that, if we do not use the service, it will go, which is why we are encouraging people to use it. As committee members will know, we have advertised it in *C&B News* and on posters. As a community council, we have turned up to the van each time to make sure that things have gone smoothly, and we are talking to someone from RBS in order to iron out any issues. As I tend to be a bit of an optimist in such matters, I would like to think that RBS is in listening mode.

Keith Dryburgh: I will come in on the precarious nature of the mobile bank system. A bank branch is much more fixed to a consumer than something that comes in once a week and for which the routes are changed, as happened last month. Some people are not on the route any more, so they suddenly have no bank again. A mobile service can certainly help and, as Cliff Beevers mentioned, 30 minutes is better than nothing. However, such a service must be built around the community and not around the bank's needs. It must be there at the right time and for the right amount of time to meet the community's needs, which must be assessed separately, and not because it happens to be the right stop on the route for the bank.

Gordon MacDonald: My last question relates to ATMs. We are in a position in which we have lost bank branches, the post offices cannot cope, and mobile banking units are there for only 30 minutes. What about access to ATMs? What has happened in communities over the piece?

Cliff Beevers: We lost one when RBS left, so Juniper Green, which is a community of 5,000 inhabitants, does not have an ATM or a post office. Two others in the area have left. When the Bank of Scotland went, it took away its ATM in Currie and the one in the post office there also went. Apart from the one at the university, all the ones in our area are outside, which, again, some elderly people find a little daunting as far as security is concerned.

We want the community bank service to come in but—the committee alluded to this when, I think, John Mason asked why other groups are not coming in—there is a perception that places such as Balerno, Currie, Juniper Green and Colinton are affluent and therefore that the banks will not make money there. Although young people are coming in all the time, most people there have got their mortgages. However, cheek by jowl with those communities are others that are not so well off. If we could get Castle Community Bank to have a permanent presence in one of those areas—a little bit like what the committee heard about at its last session, in relation to Capital Credit Union opening an office in Prestonpans,

which works for it—perhaps that would work. Castle Community Bank provides a face-to-face service for what are perceived to be the affluent areas, but maybe it could have a permanent presence in our less affluent areas, which might help us to get rid of some of the exorbitant hire purchase shops in nearby communities. I think that the committee is in a position to help with that.

10:30

The Convener: Many others would like to comment.

Lyn Turner: There is uncertainty about the ATM network. I have here a report with the headline “Industry body warns of ‘cash deserts’ if ATM funding row not resolved”, which says that a total of some 8,000 machines could be removed. Branches are being shut, post offices are struggling to cope and we face potential reductions in the number of ATMs. We are not a cashless society—68 per cent of the money in circulation is still cash—so we need ATMs.

With the mobile vans, from Unite’s point of view, security is an issue, as are the reduction in time slots, the lack of disabled access, adverse weather and the lack of privacy. People want to speak to their bank when they do the big things in life or when, for example, someone in the family has passed away. They will have to discuss what to do about the deceased person’s estate with a teller in a van in front of everyone, which is totally wrong.

Bank of America has 4,500 branches across America. According to the bank’s chief executive, 30 per cent of its business is carried out online, but 70 per cent is done face to face. People want to speak to someone when they do the big things in life. Those figures speak for themselves. That is the opposite of what RBS says—it says that only 30 per cent of its business is face to face, with 70 per cent being online.

Allister Mackillop: I would like to respond to Gordon MacDonald’s question. The other ATM that we have is beside a doctor’s surgery and it is totally inaccessible to disabled people. No consideration is given to those who live in isolation or who are disabled.

Keith Dryburgh: The bank closures are a double whammy for consumers because, as well as losing local support and advice, they are losing their ATM, which, for some people, is just as bad. There are many examples of towns and villages that have lost their bank and where the ATM might be in a shop, which means that the shop’s opening times are an issue. If the shop closes, people lose access to cash completely. As has been mentioned, there are also security issues with accessing cash in a shop.

The problems with Link and the potential closure of privately run ATMs, particularly in rural areas, have been referred to, so, in a year or two’s time, we might be talking just about ATMs. Bank closures are part of that. When we talk about banks, we have to think about banks, ATMs and post offices together, because they provide people’s access to cash and financial services. All of them are under threat. ATMs are extremely important for consumers and, if things do not pan out as we hope, it is a disaster waiting to happen.

Fulton MacGregor: Earlier, I mentioned the Stepps bank in my constituency, which is referred to as the last bank in town. I have a gripe with that, because it is the last bank for five or six towns. Instead of closing down the Stepps branch, the bank should have expanded to other areas.

I picked up on what Cliff Beevers said about areas that are seen as affluent. Stepps in my constituency could probably be seen as quite affluent, but Moodiesburn, for example, certainly is not.

I had intended to ask about community councils taking ownership of banks, but we have covered that, so I will not labour the point. If a bank is seen as the last bank in town—with the caveat that I mentioned, whereby it could be the last bank for quite a few towns—should there be a provision in place that would mean that the building or premises would first be offered to any viable community alternative?

Allister Mackillop: We contacted the Bank of Scotland immediately after we knew that the branch was closing and we got a flat no. The bank said that it is a commercial enterprise and there is an open market; if we could raise the money, it would sell it to us, but there was no consideration of offering it to us. The sad thing is that we had legislation and agreements with banks that the last branch in town would be saved. Since that went, there has been an open door for banks to close. It is commercial—the banks want to squeeze as much money out as possible.

If the Bank of Scotland had offered its building to us or found some way for us to have it, we would have grabbed it with both hands and made it work—as I am sure Cliff Beevers would have with the Royal Bank of Scotland in Juniper Green—because it is our community and we would engage with it. There was so much that we could have done—or could do—with the bank in Currie; if it was a community hub, we could use it for almost everything. Like Cliff Beevers, we have very few facilities that we can use for the community, so I would love to see something like that. It would also be great publicity for the bank, but that is another story.

Cliff Beevers: Unfortunately, I feel that the horse has bolted in our communities, but somebody made an interesting suggestion, which I will put to this group to see what people think. Why do we not put a punitive tax of somewhere in the region of 50 per cent of the sale price on the banks when they sell their buildings, which could be used to help the specific community or put in a pot that communities could bid for? Perhaps that power already exists.

Keith Dryburgh: I am just looking at the February press release from RBS that suggests that the bank will work with local communities to hand over buildings to development trusts. The important bit is where it says that it will do that where there is no demand for a building. I do not know how the bank measures that. We should take the bank up on that and say that it should be doing that anyway, regardless of demand. At least one of our bureaux is working with RBS to take up that offer, in order to develop an advice hub in a remote area where advice and services are not easily provided currently. We should be pressing RBS; if it is going to close a branch, it should be talking to community groups. It is a shame that that has not happened. Giving the building to the community should be the bank's first step, rather than trying to sell it.

Cliff Beevers: It would have been simple for banks to rent the buildings to communities, because then at least they would be used. The Bank of Scotland building in Currie and the RBS building in Juniper Green have not been used, but communities would find a use for them. They are just derelict at the moment and an eyesore to the communities.

Lyn Turner: Costa Coffee seems to be the winner at the moment, with X branches—I do not know whether it has done some sort of deal.

Keith Dryburgh: I think that there is a role for local—and, potentially, national—government to support community groups and make it viable for them to take over buildings. The local authority is involved in the example that I know of, and that is helping the process a lot.

Fulton MacGregor: Picking up on that point, do you think that local government should be doing that as standard when a branch is nominated for closure?

Keith Dryburgh: I am not sure whether it should be done as standard, but local government should certainly be involved in looking at what can be done—there is definitely a role for local authorities. I understand that their budgets are under pressure, but it could tick a lot of boxes for them. We would certainly encourage them to be involved in the process.

Allister Mackillop: The banks should be forced to engage with the communities that they have served for many years and with their loyal customers of over 30 years—the sticky customers. Banks have made massive profits throughout the decades because, through thick and thin, customers have stayed with the bank that they know. We have to stop the ridiculous charade of the banks saying that they have engaged with their communities when it is patently obvious that they have not, and we need your help to make them do that properly.

Fulton MacGregor: So, for example, if a bank branch is due for closure, that should spark a chain of events where the local authority would call a meeting and the bank would have to attend.

Allister Mackillop: It should spark debate—absolutely.

Fulton MacGregor: Should members of community councils and other stakeholders also be brought together at the start of the process?

Allister Mackillop: Exactly—involving people at the start is the key.

Lyn Turner: The start was six or nine months ago. I was presented with RBS's business case on shutting 62 branches in Scotland—in fact, it was cutting 168 branches throughout the UK. There is very little that I could do as a trade union officer to mitigate what is in that business case because the work had already been done. If consulting a trade union is difficult for a bank, what will it do to consult Joe Public? That is the issue.

The Convener: Are you saying that there should be a duty on the banks to consult before they take a decision to close a branch?

Lyn Turner: That would be consultation—

The Convener: I am thinking that the current access to banking protocol would have to be changed to require banks to consult—

Lyn Turner: Yes, and as I said earlier, there needs to be a statutory requirement to consult on bank branch closures.

Cliff Beevers: I repeat that the access to banking protocol is not worth the paper that it is written on.

Keith Dryburgh: Over the summer, there will be an independent review of the 10 RBS branches that have had a stay of execution. That marks a small window of opportunity to do things much better. At the moment, how the independent review will be carried out is very opaque and unclear, but if RBS wants to do it properly—if it wants to consult consumers and work with community groups—the review represents an opportunity. It takes Governments and committees such as this committee to give the banks that

message and to make sure that it actually happens. There is the potential to do things better for those 10 branches.

The Convener: Perhaps it is an opportunity to demonstrate how the process could operate.

Keith Dryburgh: Yes.

Jackie Baillie (Dumbarton) (Lab): I am perhaps more cynical than Keith Dryburgh. We had the access to banking protocol in 2015 and then the access to banking standard in 2017, yet we are still closing bank branches.

Let me turn this on its head. I am an absolute fan of credit unions but we are talking about mitigating something when perhaps we should be looking further upstream. Lyn Turner made the point that we need to get involved in the details before decisions are made.

Let me explore that. Unite's submission challenged the committee, asking why we are talking about the mitigation of closures when surely we should be resisting them. In relation to designing a system that resisted closure, what top two or three recommendations would you like to see from the committee?

Lyn Turner: I would like you to recommend early consultation, openness and transparency, and honesty.

Jackie Baillie: I could not agree more: those are all valuable sentiments. Would you like legislation to require the banks to take all that into consideration so that it would not be a cosy little "We all agree" situation?

Lyn Turner: Absolutely. Clearly, the bank has not consulted communities; it has consulted Unite, but the word "meaningful" is missing from that consultation process.

As I said, when the bank presents a business case to us, there is very little that I can do in mitigation. All the stats are done. I am given this huge pile of information—timetables of closure processes, maps, the footfall numbers and so on—but I cannot do anything with it.

Jackie Baillie: Do we need to make sure that there is an agreed framework setting out what the banks measure? I am surprised at your description of what counts as customer footfall. My own account is with the branch where I lived 20 years ago, not the branch that I use just now. That means that I do not count.

Lyn Turner: You do not.

Jackie Baillie: That is extraordinary. Are you looking for a legislative framework that specifies what is to be measured and what the criteria are?

Lyn Turner: Yes.

Allister Mackillop: It should also specify community engagement. The impact on communities is not just about the branch. There is a huge impact on communities from not having any bank branch within a 10 or 15-mile radius, and the banks totally ignore that at the moment.

10:45

Jackie Baillie: We previously heard some discussion about the impact on businesses and communities. Would you also go so far as to place a requirement on the banks collectively to leave at least one branch in town?

Allister Mackillop: Yes. That would take us back to what the situation used to be and it worked well. The banks did not like it because they tended to feel that they were piggy in the middle and that such branches were stuck in places where they did not want them to be. However, the communities respected that approach and used those branches as much as they could.

As I said, engagement has to take place from day 1. It cannot happen six, seven, eight or nine months down the line. True engagement means that the bank is engaged from the beginning with the communities and the union, but that simply does not happen at the moment so we need legislation to force the banks into doing it.

Lyn Turner: The viability of the local post office is also an issue. I forget what area this happened in, but RBS pointed people to the post office although it was up for sale. RBS was not being exactly truthful with regard to the post office.

Jackie Baillie: Sure. I have direct experience of that locally, not with the post office but with the promise of a mobile unit that, a year later, had still not transpired.

Could I be cheeky enough to ask one final question? I think that the RBS annual general meeting is today.

Lyn Turner: It is tomorrow.

Jackie Baillie: I am a day in advance. I just checked and confirmed that the Government owns 71 per cent of ordinary shares, and UK institutions make up 55 per cent of the institutional ownership. If you were the Government, what message would you convey to RBS? That is an open goal for you.

Lyn Turner: The Government has done little so far. Unite will demonstrate outside tomorrow's AGM to send a message to ordinary shareholders that RBS has got it totally wrong. There is an arrogance about the matter because, while RBS was discussing the branch closures in Scotland with the Scottish Affairs Committee, lo and behold, it announced that a further 162 branches of Williams & Glyn would close in England and

Wales. Why put yourself through that pain? There is an arrogance about RBS: it is going to cut branches, and it does not listen.

Gillian Martin (Aberdeenshire East) (SNP): Jackie Baillie's line of questioning leads very nicely into mine, which is about what Governments can do. We have already covered quite a few of your legislative asks. I am looking on my phone at the access to banking standard. It does not even attempt to say that banks will consult before they decide to close a branch; it is all about what they will do after they have made the decision.

I have another nice open goal for you. Given that banking regulation is reserved to the UK Government, what could the UK Government do to stop towns and communities being left without a last bank? I ask that with particular reference to RBS, in which, as Ms Baillie said, the Government is a majority shareholder.

Cliff Beevers: It is almost too late for our communities, but, as I mentioned, there should be co-operation; at the least, there should be a chat about the fact that, because the Bank of Scotland has closed, RBS is now the only bank on the A70. Let us keep that one and perhaps shut the Corstorphine branch. I do not know why six banks can find a home on the A8 but there is none on the A70. Is geography not part of the curriculum anymore? That was tongue in cheek, convener.

The Convener: That is all right.

Gillian Martin: Would you like to see in regulations an acknowledgement of geography so that, whatever the parameters of areas, there would be statutory obligations in relation to the last bank in a community, as Fulton MacGregor suggested?

Cliff Beevers: Yes, I would. If there is only one bank left in a town, that is clear. In the cities, we have to look at transport routes—such as a bus route that covers Balerno, Currie, Juniper Green and Colinton—as it would make sense to keep a branch to serve 20,000 people. Effectively, that the same as a small town that has lost its banking opportunities.

We have spoken about those who would be affected by the loss of the face-to-face element, who are the elderly and the disabled. It would also affect the people who cannot or will not go online, and we have not talked about them. The TSB situation has not helped, and all the big banks will have to go through the same process that TSB is still going through. I am being told that we ain't seen nothing yet.

Allister Mackillop: At the moment, there is a spreadsheet somewhere with numbers on it. Rather than look at the impact on communities, the banks look at the top 100 branches that are

not making money and somebody says, "We will just close them." It is not apparent that they look at the impact on communities, which is why it is very important that the community impact should be to the fore when they decide to close branches. The banks happily ignore that at the moment, and we get ridiculous situations where there are six banks in one area and zero in another, as Cliff Beevers said. There is no logic to how they do it. We need to give them a little push and educate them in how to look at the community impact, and we need Government to help us with that.

Keith Dryburgh: The Scottish Rural Action submission suggested a universal service obligation on banking, much like the Royal Mail has,

"whereby banks cannot close the last bank or ATM in town."

That was agreed by the banks a number of years ago, but they seem to have reneged on it.

Gillian Martin: Is it correct that the Royal Bank of Scotland said in 2010 that it would never close the last bank in town?

Allister Mackillop: Yes, it is. I think that that lasted a year.

Keith Dryburgh: I would certainly have sympathy for something along those lines. I mentioned that customers have no stake in this matter whatsoever, apart from the fact that they get notice and some information that may or may not be right. That is about it. Customers should be central to this decision. The service is provided for them; without them, the service would not be there. How to do that I am not sure, but having consultation much earlier before a decision is taken would be a first step.

I am quite taken by what Allister Mackillop said about imagination. Banks are showing little imagination in how to do things differently. I am not sure how we can compel imagination, but a push is needed in the direction of being more imaginative about how to meet customers' needs rather than assuming that customers do not want the services because they are not coming. Banks are not asking how to serve customers and integrate into communities better, which would make business sense and also meet the needs of customers.

Lyn Turner: The UK Government has clearly stepped back by saying that this is a commercial decision. With RBS being 70 per cent owned by the British taxpayer, the Government has the opportunity to set the tone. Cliff Beevers touched on the matter of information technology failure and he is absolutely right. What happens if there is an outage—like the one that RBS had a few years ago or the one that TSB had recently—and people

cannot pay over the counter with a credit or debit card or take money out of an ATM? That is when people would need a branch and the results of branch closures would kick in. People who live in Castlebay have a seven-hour round trip on a ferry to get to the next RBS branch. The banks have not looked at that.

As Cliff Beevers said, there will be a failure somewhere in the information technology system whatever bank it is. If people can hack into the national health service, it will not be long before they can start hacking into banks.

Gillian Martin: A couple of years ago, changes were made to regulations to separate the commercial arm of the bank from the high street bank. Governments can make changes to regulations, so have we got to a watershed moment where the UK Government has to step in?

Lyn Turner: The ring fencing of retail banking from commercial banking is moving along this year. Discussions are being held about that and I have no doubt that the banks will make an announcement on that soon. We are waiting to see what comes out of that ring fencing.

Allister Mackillop: The Government had an opportunity in 2015 to pass the legislation of the type that we have been discussing, and it failed to do so. Why it failed is another question. I know that Vince Cable was very much for it. We have tried once and we should try again. We had the opportunity in 2015 or 2016 to bring this to fruition. With 71 per cent public ownership of the RBS, is the tail wagging the dog? It is beyond my comprehension that the Government has not done something about this already.

The Convener: On that point, is it correct that the Westminster Scottish Affairs Committee report does not recommend or set out any specific recommendations for legislation of the type that we have just been talking about?

Allister Mackillop: Yes.

The Convener: So it is not just the UK Government; the select committee has not suggested it either.

Cliff Beevers: I presume that it is waiting for its 71 per cent to be sold off. That is why it does not wish to rock the boat.

The Convener: Are you referring to the cross-party committee, the Government or both?

Cliff Beevers: The Government, or rather the company that owns the 71 per cent of the shares. It is a hands-off arrangement, as I understand it.

The Convener: Lyn Turner is next, then we will come to final questions from Jamie Halcro Johnston.

Lyn Turner: The Scottish Affairs Committee report suggests that it is disappointing that no UK Government minister appeared to respond to the questions.

The Convener: I see that, but I was asking specifically what recommendations the committee had given about legislation, which is what we were talking about.

Lyn Turner: There is nothing in the report in that respect.

Jamie Halcro Johnston: I represent the Highlands and Islands region, where there have been a number of bank closures. I am aware of the impact that that has had on a lot of small and remote communities. I am asking my question almost as a devil's advocate, because I live on Orkney and we very much value our local banks and our ability to access them.

There is an argument that the older generation is not tech savvy, and has not been brought up with computers and going online, but in 10 or 20 years, that generation will be more tech savvy and have more experience. There will be new and easier ways of accessing banking online, such as voice recognition and fingerprint technology. If these closures happened in 10 or 15 years, would they have less impact than they might be having now?

Lyn Turner: I would agree that they would.

Cliff Beevers: Yes, certainly.

Allister Mackillop: You are missing something that is important—the face-to-face transactions that people like. Technology, voice recognition and so on are just part of the solution. As a banker of 30-odd years, I think that nothing is more important than sitting down with customers and actually speaking to them. Again, thinking outside the box, branches could use Skype to give mortgage advice, for example, so that staff could be cut.

As I say, do not underestimate the importance of face-to-face interactions. Irrespective of whether it is 20 years from now, I am sure that people will still like to speak to people.

11:00

Jamie Halcro Johnston: I recognise that from my personal banking preferences—that is the way that I bank—but I am talking hypothetically. There are fewer and fewer face-to-face interactions when we shop or access services.

I very much take the point about TSB. Trust in the online offering is important in an area that has slow broadband and a host of issues about online access.

Allister Mackillop: Those living with dementia will never be able to use online banking, so face-to-face interactions are very important for them.

There is not a one-size-fits-all solution and we have to think outside the box. We can have branches and online banking and there is no reason why those solutions cannot live side by side. Banks have got to get rid of their rigid, shortsighted mindset of wanting to close a branch when they see that it is not making a profit. We have to make the banks acknowledge the impact that branch closures can have on communities and work with them to make branches more user friendly.

A lot of people do not like using banks now, because when you go into a bank, the first thing that hits you is someone trying to sell you something. Then you go to the teller, if there is one, and they try to sell you something. That is not ideal. There could be improvements on both sides.

Jamie Halcro Johnston: My last question is fairly simple. We are seeing closures of bank branches and high street stores, and more and more businesses are going online. Have we seen the worst of that yet, or will it get worse over the next few years?

Lyn Turner: I was comforted when the chief executive of RBS said at the Scottish Affairs Committee that there would be no more branch closures in Scotland until 2020; 2020 starts on 1 January. I have no doubt that RBS will be looking for more branch closures in England and Wales. It has 753 branches, 89 of which are in Scotland. The rest are in England and Wales. RBS constantly tells us that it serves 600 communities, so you do not need to be a mathematician to work out the number of branches that RBS would probably want to get down to in order to be comfortable.

Jamie Halcro Johnston: How many branches in Scotland are under threat?

Lyn Turner: I hope that there are none, but who knows? I hope that the 10 branches get a fair wind, criteria are set, there is openness and transparency about footfall and the branches are given a reprieve. That would be a good gesture on the part of RBS.

Cliff Beevers: Some outside-the-box ideas have been considered. I think that Nationwide ran a Skype trial in Glastonbury so that the bank would not have to have all its experts in one place. That model could be used. I mentioned Metro Bank. That approach could be encouraged. I agree that we ought to push community banks a lot more for face-to-face interaction in areas where banks cannot make money and to help communities where loans can get rid of these HP pirates. There are solutions there.

I talked about a tax on buildings, which might make the banks think twice about selling and consider renting. After all, by getting rid of all these branches, many of which are iconic buildings on our high streets, they are getting rid of the family silver.

There will be things that I have been unable to remember today. I hope that I can send something to the clerk afterwards. Is that all right, convener?

The Convener: Yes, certainly. Any of our witnesses are welcome to submit further evidence in writing. The last word goes to Keith Dryburgh.

Keith Dryburgh: Sure—no pressure. It goes back to the question about the changing generations and whether this will be less of an issue in 20 years' time. I think that that is probably is true, but the impact of branch closures is a short, sharp shock for a lot of people who are not prepared for it. People certainly still want face-to-face advice in citizens advice bureaux. We are demand led, and although 5 million people come to us via our website, something like 170,000 people still come to us for face-to-face advice, so we know that people still require that. If the bank branches are not there, there is a big demand that will not go away overnight.

It is not just the older generations that need branches. People who live in more deprived areas, who have cost and knowledge barriers to using the internet, will be badly affected. The people with whom digital access or broadband has not yet caught up will be impacted. Jamie Halcro Johnston is right: in 20 years' time this will not be such an issue, but today, over the summer and at Christmas it will be a huge issue.

The Convener: I thank all of our witnesses for coming in today.

11:05

Meeting continued in private until 13:00.

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