

# Access to Banking Protocol

*One Year on Review*

*Professor Russel Griggs OBE - November 2016*



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November 2016

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# Executive summary

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That we as a society and individuals are managing our financial lives very differently to the way we did even 10 years ago is clear and it is us as consumers that have been driving that change and the pace at which that is going. We are now demanding that those who we do our banking with offer us a multitude of different ways to access and manage our finances and the banks have responded to that by becoming multi-channel organisations who deal with us now more through the internet and mobile devices than they do through traditional channels like branches.

We should not be surprised therefore that our traditional banks are changing and realigning how they do things which has led to the closure of branches as well as huge investment in the new online and mobile channels as well as in branches which are being converted to be more in line with what we as consumers want from them.

Also new entrants into the banking market have chosen to ignore some of the more traditional channels so we have banks that will only deal with customers through the internet or mobile devices and have no face to face contact with their customers. The way we use cash is also being radically affected by all these changes as well and while I do not believe we will ever be a cashless society in the short or medium term as other developed countries are striving to do I do believe that the use of cash will diminish greatly over the coming years as we use other methods to transact the financial exchanges we all have to do. That we are driving the way we manage our finances in only one direction is therefore very clear.

That not everyone is happy with this should also not surprise us as real change in any sector where it is the consumer that is driving the change does not take everyone along at the same desire or pace. Also the financial sector is doing all this change at a time when they are recovering from the calamities of 2008 so are still not as trusted as they once were so there is still some scepticism and lack of belief around anything they say or do.

The above is the background against which I have conducted my 'One Year On' review of the new Access to Banking Protocol in place for Bank Branch Closures and it is that market change and realignment which has

driven the closure of the majority of branches I have looked at and not 'cost cutting' that sometimes seems to be the headline.

In conducting my review, it was important that I looked and examined what the banks have done but also surveyed and spoke with those who have been affected by the closures which I have done and am happy that the evidence base I have is sufficient for me to make recommendations from. I have met a vast variety of people and organisations and thank them all for their honest input which, as always, demonstrates to me the ability of human beings to look at the same thing in many different ways and reach many different conclusions.

The Access to Banking Protocol was put in place in May 2015 so my review covers branches closed since then. It is not though in any way meant to examine the commercial decision the bank made as prior to the introduction of the Access to Banking Protocol it was agreed that the commercial decision was a matter for the bank and it alone.

However, I have tried as much as I can to look behind as many decisions as possible and can say that my belief is that the banks have made their decisions properly within the parameters they individually set out to make them on and have done so with the correct amount of robustness and rigour that should be applied to such processes.

The Access to Banking Protocol was put together to manage the way the closures are done and was put together by the banks, interested stakeholders, Trade Associations and the UK Government. Nothing like this had ever been put in place before so in honesty the chances of it being absolutely correct were unlikely and that is the case.

The banks though in their first year of working with it have tried hard to do it correctly so have not viewed it just as a 'tick box' exercise but have approached it with the right culture, resource and emotion to do it properly.

That they have not got it totally right is also true and they could significantly improve a number of areas including the way it is communicated, their engagement with customers and stakeholders, and their explanation of the reasons for closures, and I expand on each within the review, and it is encouraging to know that they accept the comments and suggestions I have made and are approaching adapting what they do to them positively for the future. I also think that there are other issues that need to be addressed by others to make the closure process work better for us all and help us all achieve good outcomes from it.

I have made recommendations specifically as I have gone through each part of the Access to Banking Protocol and on specific customer groups I have highlighted. While some of the recommendations are similar I have left them as separate so as to emphasise which part of the Access to Banking Protocol or elsewhere they refer to as the context and rational may be different. I have also, in making these recommendations tried to balance what I feel needs done by all banks and others against the need to allow competition amongst banks to flourish and for each to strive to answer and implement them in their own way. I think too often we push for everyone doing the same which from my experience does not always give the best result and does not allow innovation, which I think there is lots of room for here to flourish and should be encouraged as well.

I recommend that

#### Access to Banking Protocol Part 1

- The Impact Assessment be split into at least two parts in terms of publication with the 'Why we made the decision' being available at announcement and the other part or parts being available when complete.
- The banks make customers aware that the Impact Assessment is available in all their communications with them and positively try to get them to access it.
- The inference of consultation be removed from any aspect of or to do with the Access to Banking Protocol as it misleads and confuses.
- The individual banks make it clearer on how the decision making process operates within each of them.
- If the bank publish data that it clearly defines the geographic area it covers and how if at all it relates to the overall closure decision.
- Impact Assessments are made more specific and personal to the area they cover to demonstrate that the bank does understand what the area it is affecting is.
- What a customer is in terms of the bank's branch closure decision making is set out in the Impact Assessment in a way that a normal consumer would understand.
- How a bank calculates branch usage for the basis of that branch's closure decision needs to be clearly defined in the Impact Assessment.
- Banks consider engaging with customers and stakeholders as soon as they are operationally prepared to close a branch having all the resources etc. in place to do so, rather than wait for the 12 week deadline which should be the minimum requirement.

#### Access to Banking Protocol Part 3

- Specially trained staff must be available at the branch in the period from announcement to closure who can deal with that engagement with customers in the best way possible and know how to encourage and help people with the alternatives on offer.
- Banks consider augmenting their closure teams with specialist people to lead and implement the individual closures and work proactively with branch staff, stakeholders and customers to provide the type of proper engagement and help that these type of often stressful and emotional situations need.
- Banks
  - i. strive harder through branch and other channels to encourage their customers to move to the most effective way of doing what the customer needs to do and help them in doing that in all branches whether they are for closure or not. That does not mean everyone going to the internet or mobile Apps but understanding what the



alternatives are and how to use them effectively.

- ii. Consider whether the 12 weeks' closure period is actually a hindrance rather than a help and starting from the time they know they are going to close the branch would help more to use alternatives.
- iii. Look at what special help they could put in place post closure to help those and do so on a proactive rather than a reactive manner.

- In terms of the Post Office

- i. All banks ensure that their customers are aware of what they can do at the Post Office in terms of their banking transactions
- ii. Where individual banks see the Post Office as a key element of their offer to local customers they work with the Post Office to try and overcome some of the issues that have been identified during this review that customers are currently experiencing.

- No more than one year after the closure of a branch that the bank conduct post closure research that allows them to assess both the initial reasoning they had for closure as well as where and how customers are now carrying out their banking transactions to see if any more can be done to help that process positively.

#### Older Customers

- Banks do work more proactively with their older customers to fully understand what their requirements are and while accepting that they will never be able to satisfy every issue or person work more proactively as an industry as well as separately to put in place the kind of rounded 'infrastructure' that helps address those issues.

#### Business Customers

- Banks consider coming together and offering a generic cash pick up services for businesses across the UK that offers a range of options for businesses to use. If they cannot do that collectively then I recommend that each works with its small business customers to put in place a more effective method of cash collection or depositing for them.
- Banks and Trade Association do more to make their business customers and members aware of the different ways in which they can take payment from customers.

#### Charities and Clubs

- Banks look at how they could make the area of Charities and Clubs and other entities where dual signatures etc. are required simpler and merge better with the new ways of banking we are all now working with.

#### Other Issues

- Banks based in Northern Ireland formally sign up to the Access to Banking Protocol and are judged on it like any other bank with a retail operation elsewhere in the UK.



In terms of the Access to Banking Protocol itself I think the current version is too long and detailed and has bits in it that really add little. My recommendation is that it is turned into a much simpler document that put in place short principles and outcomes and then leave each bank to deliver those and be judged on them. Outcomes for example could be

*‘That the bank provides a clear reason for the closure of that branch and what information was used to make that decision’*

*‘That the bank has engaged with all its customers affected by a closure and worked with them proactively to see what alternatives would be the best for them to use and ensure that those that require it have adequate support in doing so.’*

Outcomes also allow each of the banks to work out the best way and indeed innovate in how they might achieve that without trying to be too prescriptive on how they achieve the outcome.

Finally returning to opening paragraph of this Executive Summary in terms of where we are all heading in terms of the way we manage our finances we should not be waiting for branches to close to address the issues that some have with these changes so all relevant bodies including banks, the public sector, charities and other bodies should be working proactively now with all those who need help be they a customer of a branch that is closing or not to help them look how they can engage with those changes and the alternatives they offer or what other alternatives might be offered to help all of us feel that we are part of this journey and not excluded from it.

Professor Russel Griggs OBE  
November 2016

# Introduction

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Banks have been closing branches for decades now so the closure of a branch is nothing new. However, in recent years, as the way we, as a society and individuals, access and manage our personal and business finances have changed, so the rate of closures has increased and become a subject of media and other concern. To address this issue the banking community alongside other stakeholders agreed that as from May 2015 banks would follow an Access to Banking Protocol, set out in Annexe 1, in terms of how they conducted the closure of a branch. The banks based in Northern Ireland did not sign up to the Access to Banking Protocol and I will comment on that later in my report.

The commercial decision that the bank was making to close any branch would not be part of that Access to Banking Protocol or indeed questioned as banks, like any other business, should be left to make such commercial decisions themselves within the regulatory environment that already governs them. Part of the Access to Banking Protocol was that after a year, given that no industry had ever developed a closure protocol of this type before, there would be an independent review of the Access to Banking Protocol to see how it was working and if any changes were needed to it. This report is the result of that one year on review.

When I, as reviewer, was asked to carry out this 'one year on' review of the Access to Banking Protocol I knew it would be one of the most interesting and challenging reviews I have done, and having now completed it it has not failed on any of my initial thoughts. My purpose, as set out in my Terms of Reference in Annexe 2, is and has remained to review how the Access to Banking Protocol has been operated by the banks who signed up to it in May 2015, and whether what was in it was correct in terms of giving the outcomes they desired and in the ways that all parties wished. However, the wider and in many senses much bigger issues that surround bank branch closures are both complex and complicated from many viewpoints and touch many parts of the society we live in and where we want it to go. To not comment on them as part of my review would in my opinion misunderstand the changes that we are all experiencing. What the Access to Banking Protocol seeks to do has to be understood within those wider issues we as a society and individuals are facing so I will explore, comment, and even recommend some things within that wider context as well.

Finally, and for the first time in any of the reviews I have written over the years I think I need to describe myself as an individual as I hope that might help some who will read this and see some of my recommendations as challenging and not what they would want to accept. I do understand from a personal standpoint where many will come from in their view but my role is to balance that with what I feel is best for us all as we move

forward. Therefore, personally I am 68 years old, and live in a small 'dual' community in a rural part of the UK where we are down to our last bank which now only opens 4 days a week (the other closed about 2 years ago and is now serviced by a weekly mobile bank) in my part of the two small communities and where the other community has had none for some considerable time.

The report below sets out first how I have gone about the task, then examines some background and context which I believe is critical to examining the Access to Banking Protocol properly. It then looks at individual sections of the Access to Banking Protocol before highlighting specific constituent groups that have extra or special issues and finally setting out what I think needs to be done for the future. Throughout I have highlighted in bold where I am making a recommendation.

# Methodology

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In doing any review like this you can only do so if you have examined evidence which forms the basis of any conclusion that you might form. I am a great believer in that so in tackling this it was imperative that I looked at as much evidence as I could in the timescale I had to conduct the review.

Since the Access to Banking Protocol was introduced in May 2015 about 600 branches have been closed by the banks that signed up to apply it.

I have looked in detail at all the things that a bank should have done to fulfil their end of the Access to Banking Protocol in about 120 specific branch closure cases which I randomly selected and have visited or spoken to customers and stakeholders from about 25 specific cases again which I randomly selected. I have looked not only at the data and publications that the bank sent to their customers but also internal data and briefing that each used to make the initial decision and provide briefing and other information to their staff. While I picked the 120 at random I did make sure that they covered as wide a geography as possible, both urban and rural, and also recognised that some for example like Glastonbury had been higher profile so I needed to understand why. However I ensured that any specially selected branches I added did not skew any data I would collect. Therefore, I have looked at branches from the north of Scotland to the south west and east of England and from the west to the east as well. Interestingly some of the communities I wished to speak to would not engage with me which puzzled me. However, having pursued the reason why I found that in each case the reason was that unless I was coming to offer them the possibility of the branch reopening then they did not want to engage further as they had said what they wished to at the time and life had moved on since then. That response in itself is insightful and adds to the body of evidence that I now have.

I also asked the banks to conduct specific postal and telephone research amongst a sample of customers in those affected branches and they have provided me with that data on almost 3000 customers in total. Each bank carried out the surveys through their own tried and tested survey processes and I aggregated the data from them. In terms of the postal and telephone survey results I will only comment on those results in the review report where I think they are relevant.

From both the survey and also the individual conversations that I had with individual and groups of customers there is very little difference in the responses you get from place to place and the messages were consistent across all parts of Great Britain.

I have also spoken to key stakeholders both nationally and locally and also with the devolved administrations who while not specifically involved in the preparation of the initial Access to Banking Protocol do have views.

I believe having done all the above now and examined all the data that it is a sound enough evidence base on which to draw conclusions and make recommendations on.

# Background and context

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That consumers drive markets and the way they operate is a fact and while the way new and existing business can influence or help that change and can expedite those changes to happen faster it is us as consumers that instigate and lead that change. The fact that we live in a period of time where many markets are rapidly changing is also a fact driven in many cases by the development of new channels to consumers that the innovations like the internet and social media initially helped to provide which has now been augmented by the speed and sophistication of mobile technology, smart phones etc.

If we as consumers had not grasped these new ways of doing things so positively initially and demanded more and more of the same, history tells us that they would not have happened. Those who created them as business would have failed as they on their own cannot drive consumers to do things they do not want to. That businesses can exploit and expand that desire is also true but that desire has to be there from us as consumers to make it happen in the first place.

That all consumers do not like all this change is also a fact but again history tells us that majority demand will prevail and those who are not comfortable with the change will in time move to it or find other ways of doing what they need to do. That may sound harsh but is just a statement of reality if change over time is examined in all that we do. That no business has ever satisfied every one of its customers all the time is also a fact and businesses perpetually seek to maintain the balance of satisfying the majority of their customers while trying, not always successfully, to address the challenges that some of their customers have with the way they operate and the change that brings.

Banks, like all the others who are part of the above changes, are businesses that sell products and services and will only be successful if we the consumer want them and in the way and form they present that to us. The only difference with banking is that the commodity they sell, namely the service that allows us to collect and manage our finances, covers everything that we do and while in the past it may have been possible for us as individuals and businesses to collect and manage our cash ourselves that is no longer possible in the vast majority of things we do today. That is especially true of businesses where without a bank account it is almost impossible to do anything.

Since the late 20th century and into the new century how banks interact with us has changed fundamentally firstly because of the growth in electronics and computers that allowed us all to do things quicker and

more efficiently. This has increased much more since the creation and expansion of the size and speed of the internet through fibre and now through sophisticated mobile phone networks that can work at almost the same speeds which allow us to connect simply and quickly and transact for goods and services through that.

Smartphones have been a key part in that acceleration. Two-thirds of households now have at least one smartphone, and these are now the most important device for connecting to internet banking. Banking Apps have now been downloaded 22.9 million times, and the number of mobile banking log ins each day exceeds the number of online banking log ins. More than half of consumers with 4G access bank on their smartphones, compared to a third of 3G users. The pace of this growth is highlighted by the fact that at the time of the London Olympics at least one of the major banks had no mobile users and now has millions. Also as I have met and talked to customers across the UK in communities where a branch has closed and have asked how often people use their phone banking it is clear that some use it many times a day, and most people who bank through a mobile App use it at least once a week and a third every day. By contrast the average bank consumer uses a branch once every 2-3 months.

Therefore, over 70% of UK adults now manage their money online by whatever method they chose to check their balance and statement. When those who say they do not check their balance this rises to more than three quarters. A similar number manage transactions in the same online way.

The advent of 'contactless' cards in recent years has also driven other changes with fewer people paying for small items with cash and the use of these cards has increased greatly as well and is making a section of consumers move away from cash as the use of these cards they find easier and less hassle. One bank told me that they have seen this change starkly in the use of their ATMs in shopping centres and malls which dropped quickly and significantly since contactless was introduced as the withdrawal amount from these ATMs on average was quite small which is now being covered by increased contactless card usage.

Changing the way we manage our money though is not a new phenomenon as this has been changing for over 50 years. It began with the introduction of ATMs in the late 1960's and strengthened through the decline in cash payments and the reduction in businesses and other that will take cheques as payment. While the UK unlike countries like Denmark and Sweden has not set itself a target of being cashless within X years the proportion of consumer payments made in cash is expected to fall to a third of all transactions within the next decade and card payments already account for more than half by value of all transactions made today.

Banks have therefore moved from businesses that dealt with us primarily through a retail branch network to being a multi-channel business operating across many distribution platforms and it is us who have largely driven that change demanding faster and quicker ways of doing business and managing our finances.

We have seen this same change in the retail market generally as well since the internet allows for different ways of selling and distributing

products again which we as consumers have responded positively to and driven in some people's eyes not always positive changes on the High Street generally.

Banks I know are seen as different but I am not sure I agree with that as the drivers that have changed them are exactly the same that have changed many other businesses as well. The difference is that we all need banks whereas we can choose perhaps not to purchase other products so how the banks deal with the changes their new multi-channel business brings to us all is important to us all.

It is clear therefore that our society in general is only moving in one direction and that is forward to a new financial way of doing things and the only question is how fast and how much control do we really have over it given that we are all part of an international community moving in the same direction where even the developing world sees mobile and internet driven finance as the way forward, and we readily accept new banking entities that only offer banking to us through the internet, and I suspect soon through mobile phones only.

Therefore, that banks are closing branches should not be a surprise to any of us given the changing nature of their business and the only certainty I think is that closures will continue as the status of each part of this new multi-channel way of us doing our banking develops and over time settles down to a more stable norm. This change and the impact that it is having was brought home to me recently most clearly at a conference I was speaking at on another subject. The audience of just over 100 were of mixed ages between early 30's and late 50's. As the topic I was talking about was related I asked how many of them would protest if their local bank branch was closed and no one put their hands up. I then asked how many would protest if their mobile banking apps were taken away and about 18 quite exercised people put their hands up which to me illustrated the real change we are seeing in how consumers perceive how they bank now.

Branches though will not disappear as banks do still see them as a critical part of how they do business and indeed have invested over £1 billion between them in recent years to upgrade and change branches. Branches also currently do not necessarily all do the same things and with the expansion and tightening of the regulatory environment around how banks do many things since 2008 some things which we might in the past have taken as normal business now take specialist input to fulfil. Therefore, for example for things like mortgages, opening an account, etc. it might be that you have now to make an appointment for someone to come and speak to you about it or go to another branch as some banks have focussed that expertise only in certain branches.

Some of the banks have also started to open in the larger cities what they see the 'branch of the future' looking like and they are very different to what we might see today in many aspects. Branches will become places we go to have conversations rather than undertake transactions and any transactions will be through more sophisticated ATMs where you will be able to deposit cash and cheques as well as take cash out.

As well as all the above changes we are also as consumers putting



pressure on the banks to reduce how much we pay for the products and services they offer us and also provide us with more and more data to help us make better decisions and decide which product or indeed which bank we wish to be with. The latter will mean that banks will have to invest considerable financial and people resource in providing that data to us and the latest report by the Competitions and Markets Authority will drive even more change in that area. The internet will be the key provider of that. Therefore, as one of the leaders of one of the biggest consumer organisations stated to me as part of my review that there is a perverseness in us as consumers asking banks to charge us less for things while at the same time challenging their commercial decisions around things like branch closures that could in the end help those reductions we seek.

As well as this change in the way we do things in many parts of our lives including banking it is also true that our communities are changing as well and what defines them as communities is changing as well. I have visited a lot of small communities while carrying out my review and what is clear is

- i. The geographic delineation between communities that once may have existed may no longer be there due to increased house building, better car and road links, placement of schools etc. While many may still have their own names and exist as a community, in truth commercially they are now part of or linked with a wider geographic area in which they now are part and are seen to be part of from a commercial point of view. That is why I said I was part of a 'dual' community in my introduction as I have seen many places where two close communities are now seen as one by those commercially operating in that area and look on them as a single entity whereas the two parts will still consider themselves apart and all usually have pre-existing tensions between the two communities in terms of 'who gets what etc'. It is not just commercial reality or movement that has redefined communities but many other things including national and local election boundaries, school catchment areas etc. but the challenge is that different ones are used for different issues. In terms of branch closures it tends to be financial districts using demographic and other data supplied by large international firms who specialise in defining areas.
- ii. Communities that have managed to attract larger retail entities tend to do better than others. Where people go to shop for their basic food and other stuffs now determines where they may do other things including banking. The communities with the larger retail outlets tend to have greater usage of other things including banking.
- iii. The majority of us now who use a bank branch tend to do it now at our place of work rather than where we live as it is more practical to do so for the things we want to use a branch for.

That individuals and communities who are in areas that commercially in truth are now seen as part of a larger geographic community feel they are being left behind by these changes is true and I do understand the challenges and anxieties that brings.

All the above I felt was important to state as part of my review as to me it has raised two fundamental questions

- a. If we all believe that the way we do banking will move more towards the multi-channel picture we are seeing now with mobile and internet channels predominating for basic transactions and branches becoming places where we do more specialised financial interactions do we not now need to accept and indeed perhaps accelerate that and focus on how we get those who have challenges around that model better prepared or equipped to become part of it rather than wondering what they can do. To do that I believe that two things would need to happen.
  - i. The financial sector need to be more exact in painting the picture of what future personal and business banking will look like and what the likely shape of their business will be. While I accept that it would be difficult for any bank to be precise today on how many branches they might have in 5 or 10 years' time they could say that it will be less than they have today. I do feel that this constant announcement of small numbers of closures by each bank to try to lessen the impact has the opposite effect and erodes further the trust that consumers have in them. I think an honest picture of what the future will look like would be much more positively accepted by consumers as a move towards how we will do our banking in the future rather than what could be seen as a number of short term cost cutting measures which is not really the case and banks do themselves and the industry a disservice by announcing branch closures as such.
  - ii. All relevant bodies from the financial sector, public sector, charities, the third sector and others put in place measures now to assist those who currently feel outside of these changes that are taking place to know how they can bridge the divide that they currently see. A lot of it will be to do with education on how to do banking in different ways through other entities like the Post Office, the use of the internet etc. but will also highlight how important things like driving internet connectivity in small and rural communities at a level that allows these changes to be accommodated more easily is key. I think, as some have said that banks should not close in areas of poor broadband connectivity until it is improved is unfair on the banks who cannot influence how and when that happens.
  
- b. That we as a society have a grown up and adult discussion about what a community is and the difference that could exist between a geographic, a commercial, and indeed a public service community. Bank branch closures are only the symptom of what is a much wider and important discussion for us as society to have.

Finally, I think answering and implementing both the above would be easier to do if we had not had the Financial crash of 2008 and all the implications that brought and importantly all the 'scandals' across

misselling, Libor etc that have resulted from it. This has made us as a society much less trustful of banks and what they say than we once were which means that we do not necessarily believe some of the communications that come from banks and I think the closure of branches falls into this category making some sceptical of the reasons that are being put forward for closure. However, we cannot ignore the fact that it is us as consumers that are driving all the change and the pace that it is happening in this sector so we need to look beyond the understandable mistrust that still exists in many people's eyes towards the banks to what is really happening in terms of change and understand why that change is happening and respond positively to it in terms of helping those who may get left behind if we do not.

# The Access to Banking Protocol

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Before coming to the detail of the review I would like to summarise what my overall view is on what the banks have done as I think that context is important.

Firstly, and key, this was the first time that an Access to Banking Protocol like this had ever been put together and while a lot of consultation was done initially it was primarily with national organisations who while giving a rounded view on what their members or constituents might think do not in my experience always understand the feelings of individual's members in particular situations. Therefore, like anything completely new it was unlikely that it would be perfect at the outset.

I do believe that the banks have not just treated this as a 'tick box' exercise and have put a lot of thought, effort and emotion into trying to do this in the best way they thought they could.

Having said that I think there is a lot that could be done better and it is that I will focus on in my review.

In simple terms I think the banks did what they thought their customers would want rather than asking them what they needed and did not engage with them as well as they could have. They also did not appear to understand that what they were communicating is very different to what they usually convey to customers.

I will also deal with the Access to Banking Protocol in parts and in the order I think it should be set out which is different to the way in currently is. I will bring in the results from the survey where appropriate in the different parts

## Preamble

*Banks are committed to supporting access to banking and financial inclusion in the community, aligning with HM Government's public policy objectives, by:*

- *offering an alternative way to bank that helps customers and small businesses to continue to bank locally; and*
- *rebuilding trust and confidence in the sector.*

*While ensuring that customers are treated fairly, decisions on branch closures are ultimately commercial decisions for banks to take.*

I have not seen anything that would make me suggest that the banks do not understand or where appropriate are not focussed or signed up

to the above but highlights I think the more general issue I raise in the Background and Context section of this report re us all accepting that we are all on a journey in terms of how we manage our finances that leads to only one destination and that if we do that we should all be helping each other to make sure we all get there as quickly and safely as possible.

Now some who will be reading this report I am sure will be saying 'not me' but in the end it is the majority that will drive this change. As I state in an earlier section above I doubt there is a business anywhere in the UK who has satisfied all their customers all of the time and for the banking sector it is a question of trying to retain a balance in what they do. Some though in the banking sector, both new and old, have decided they will only sit on one part of that balance already so there are now for example internet only banks and banks who will only deal with the small business customers by telephone. They chose and accept that by doing so they will preclude some customers from wanting to deal with them but they make the commercial decision to do that.

So there are already banks who have decided not to follow the essence of what is stated at the beginning of this sector and tend to get forgiven or ignored in the rhetoric and media hype that surrounds a lot of this. They do not get penalized or pursued to the same extent that some of the other banks do and we seem to accept that them excluding some customers is their choice and is OK. Also while the media still highlights the challenges of fraud, mistakes, and breakdowns on internet and mobile services and transactions it does not seem to reduce the pace of us all wanting to move there other than reinforcing some concerns that certain parts and age groups may have which I am not sure is useful and we should perhaps focus more on the positive aspects of doing so or as one recent survey pointed out that a lot of the issues or 'things that could go wrong' posted on social media are in fact myths and are never likely to happen or just are simply not possible.

To me this just once again proves that we have already accepted that the way we bank and manage our finances is changing but on the other hand want to try and cater for things that may not be sustainable for many reasons. I think that trying to sit on the middle of that fence is no longer useful and we need now to be looking at ways of getting us all, or as many as we can, onto the same side of the fence. As I again state above that will take effort from all relevant bodies from this sector, the public sector, stakeholder groups etc. but will get us to a positive conclusion quicker than the sometime negative path we appear to be on. That we could do more is clear and it is that on which we should all focus on.

## Part 1

### *Pre-closure assessment*

*Before the decision has been made to close a branch, a bank will undertake an internal analysis to understand:*

- *the potential impact on branch users; and*
- *the availability and suitability of alternative ways to bank for branch*

*users who live locally or travel to use the branch.*

*Publication of impact assessment*

- *Banks will publish the results of their engagement and impact assessment, and the considerations taken into account in assessing the impact of the branch closure, subject to the removal of commercially sensitive information. The results will be made public before the closure of the branch.*

I have combined the above two parts of the Access to Banking Protocol together as I believe they are part of the same thing.

While the current Access to Banking Protocol does not make it clear as it is not clearly written, which it should do, my own belief is, substantiated by much of the feedback from customers and stakeholders I have spoken to, is that the Banks should produce a publicly available Impact Assessment for each branch closure that in essence sets out two key things namely

- a. Why the bank decided to close this branch in the first place and how it made that decision.
- b. How that closure announcement was received by the customers and community and what the bank has done to respond to that.

Before getting into whether either part of this is done as well as it could be there are a number of fundamental issues that need to be addressed first.

1. Under the current way the Access to Banking Protocol is written the Impact Assessment is only published when it is all complete. Part b) above cannot really be done until all the engagement and feedback from customers and stakeholders is completed so at best is probably not published until 5-6 weeks after the announcement at best. This means if I want to know about how the bank made its decision to close that branch then I have to wait which I do not think is acceptable. **Therefore, I recommend that the Impact Assessment be split into at least two parts in terms of publication with the 'Why we made the decision' being available at announcement and the other part or parts being available when complete.**
2. All the banks have spent considerable thought and time both on what should be in the Impact Assessment and how it should be presented. That they have come to different conclusions is interesting and will comment on later. They print them and they are available on request and are on all their web sites. However, what they do not do is actually tell their customers and indeed stakeholders that they exist in the first place and you have to ask a question which lets you know they are there or accidentally come across it. It is not mentioned in any of the letters or other information made available to customers announcing the closure. **Therefore, I recommend that the banks make customers aware that the Impact Assessment is available in all their communications with them and positively try to get them to**

**access it.** As I have met with customers and stakeholders and made them aware of the existence of the Impact Assessment hardly any were aware of it and when they did many said it cleared up a lot of the questions they had and indeed may have stopped them from protesting as much as some did since they then would understand the 'why' which they did not.

3. When the banks make the announcement it is exactly that and not a consultation. There is a view especially by stakeholders that they and customers should be consulted first before any closure. Given that this is a commercial decision by the bank which takes into account all current and future aspects of that branch I am not sure what could be added to that in a consultation. I know that some communities believe that banks do not consider future planning applications etc. for housing and commercial premises in making the decision but I can assure you that they do. Also in truth I would have a greater concern if banks did consult pre their commercial decision process and then changed their mind as this would to me question the robustness of the bank's decision making process. **Therefore, I recommend that the inference of consultation be removed from any aspect of or to do with the Access to Banking Protocol as it misleads and confuses.** That does not mean that the bank cannot engage with the community in seeing what might be done to help those that need it but that is different.

In carrying out the recommendations in 1-3 above banks will need to look at when and specifically how they communicate the closure with their customers and stakeholders.

From the telephone/ mail survey that was carried out for me it was clear that most customers (80%) were aware of the branch closure before it actually closed. How they had found that information was varied as can be seen below.

#### How Did You find out that your branch was closing?

By letter	64%
Via Notices and information at the branch	36%
Via conversations with branch staff	27%
Via Email	3%
Via Internet banking message	2%
Via Telephone	1%
Other	2%
Don't Know	1%

It is an established fact from other research that customers do not read all, part, or read well the written communications they get from banks and other financial institutions and that conversations with staff etc. will only focus on specific things. Therefore, if we are to get the clear message out about the existence and content of Impact Assessments across to customers and stakeholders then banks will need to look carefully at how they do that.



Returning to the detail of the Impact Assessment I think the pre closure assessment part of the Access to Banking Protocol needs to be widened to show why the decision was made in the first place. That is not to in any way question the validity of the commercial decision but to show customers and stakeholders that the bank has taken into account all the things that they would have expected them to do so in a commercial decision.

In doing that we all have to accept that Banks are businesses and always have been.

While they are more highly regulated now they operate competitively within the regulations that govern them. Like any other business if they get any of those wrong then they are likely to suffer competitively.

Having looked at all the ways that banks make those decisions I am comfortable that they make them in a way that is appropriate to their own business at the time and takes into account all the factors that they should. Therefore, they are all in my opinion sound commercial decisions within the context that they have made them. I need to make clear that a commercial decision does not necessarily mean it is done to cut cost as many customers and stakeholders I have spoken to appear to think. Indeed, in the closures that have been made in the last year very few staff for example have been made redundant other than those who asked for it and the bank were content for that to happen. Most staff have been redeployed to other branches and continue to provide service to customers. Branches are closed for many reasons and many in fact cost the bank money to do so but in general are closed because they have low footfall and there is another branch or alternatives that can deal with them. Banks find it challenging at times to find staff to move to these low usage branches where the staff's focus is solely to do with people coming to the branch so it can become boring and uninteresting for the staff. Some closures will be to do with building issues ranging from the end of lease (most banks do not own the majority of their buildings now but lease them) to the building being in need of upgrading and that not being possible for a multitude of reasons. Banks need to be clearer in their Impact Assessments what the key reasons are for the specific branch closure in the Impact Assessment. Therefore, it annoys me and does no one any favours when the media and indeed some banks announce closures as cost cutting measures whereas in reality they are part of the reshaping the financial sector is going through which we as consumers are driving.

However, if I had to use their published Impact Assessment to do that and did not know anything of what had gone on behind that then I am not sure I would be so clear.

That the banks are not clearly getting the 'Why we closed' message across clearly can be seen from the answer to another question in the survey namely

#### How well did the bank explain the reason for closure?

Very well	17%
Fairly well	28%
Not very well	19%
Not at all	27%
Don't Know	8%

While it is close there are more in the negative than the positive which highlights how much better the banks have to be in getting the messages in the Impact Assessment to customers and indeed stakeholders as well. The answer to that question also gets worse on the negative side the older the customer gets which I would suggest are the customers who may want that clarifying information most. It is also much higher for small business with 59% being in the Not very well/ not at all categories which again as I will report later are more affected than many by closures.

I also think that banks need to be clearer about where the decision is made as there is a view from many who I spoke to that their belief is that the decision is made 'At Head Office' and away from the locality. That from my review I have to say is not true and all do take into account local staff input and indeed in some it is the local management that instigate the closure request in the first place. **Therefore, I recommend that the individual banks make it clearer on how the decision making process operates within each of them.** This knowledge becomes even more important when I review the engagement part later in this report as many customers and stakeholders feel that those local management they deal with are not the decision makers so cannot engage with them properly. Again this is not always the case but I can understand how that view is developed by some.

I think the key challenge is one of vocabulary in terms of what individual words mean and also that the Impact Assessment is written about the local customer and their branch and not just a generic one that looks like that in the way it is set out, which many do currently. In other things I do in this sector I have been saying for many years that one of the things that banks could do is have a joint vocabulary that we as consumers could understand and was consistent and this is a good example of where that would have taken away a lot of complaint and misunderstanding.

Before highlighting some specifics I think there is a more general issue that I need to highlight.

In terms of communication banks are very skilled and successful at making us aware of things they want to do and us to do for them but most are positive in terms of products etc. or are to do with administrative changes to the way we work with them. The communication on a branch closure is in my opinion very different as many of those receiving this information will disagree with it and be unhappy about it. I likened it to one group as a bereavement, which may seem harsh but in terms of the emotion it generates I think it is very similar.

How you deal with and communicate that type of message is very different to what a bank generally does and I am not sure having seen all the literature, letters etc. on this that they have the tone correct. That applies also, as I will discuss later, to who communicates on behalf of the bank and how they have to deal with customers and stakeholders on a one to one basis once the announcement is made.

Returning to the specifics in the current Impact Assessment there are a number of issue around vocabulary and what it means.

- i. The Geographic Area they are looking at in terms of what area the branch covers.

In defining the basic economic area that the branch covers it is not clear how those banks that insert data in their Impact Assessment defines that. It does not come across as something specific and personal to 'my branch' but fairly generic with some local data added to make it apply to 'branch' and what is happening. Where population data is used I have found it difficult at times to understand how that data relates to a specific area as each bank to bigger or lesser degree use financial districts as the basis of their area definition which I doubt many normal consumers would understand. To be honest I am not sure why highlighting that data without clarification – which not all do – adds anything to the Impact Assessment as it is clear to those reading it locally where the branch is and I am not clear either that the background economic data plays a huge part in the decision making process. **I recommend that if the bank publish data that it clearly define the geographic area it covers and how if at all it relates to the overall closure decision.**

The majority of the banks use the knowledge of their local senior staff as a key part of making the closure decision and I am sure they will input well but inevitably could have local baggage or views that drive them. One bank does what I think is a bit of good practice to overcome this in that it sends someone who does not know the branch or the geographic area along on a private visit for the day to get the 'feel' of the community plus watch who goes in and out of every branch. While that does not usually change the overall decision it does let them understand more what the community they are dealing with is like and adds value to their internal documents. Sadly, though they as well as the other banks to do not portray a real narrative that would make people feel they knew the area in the current Impact Assessment. **Therefore, I recommend that Impact Assessments are made more specific and personal to the area they cover to demonstrate that the bank does understand what the area it is effecting is.**

ii. What is a customer?

Banks will focus on customer usage and not how many customers are registered at the branch as a key part of their decision albeit in different ways. Today bank branch customers are not those who have their account registered at a branch and identified by the sort code on their statement but are those who use that branch frequently. They could therefore be registered at another branch but just use this branch more frequently which is my own situation and the bank I am registered with is 60 miles away from the one I use most frequently. Each bank then looks at how many customers are using that branch and then sets its own measure of how many it defines regular customers, in their terms. However, someone reading the Impact Assessment as it stands would not know what their definition of a customer was. That is not to say that I am advocating that there should be a common definition of what a customer is but there should be one the basis of what the word means to that

particular bank. **Therefore, I recommend that what a customer is in terms of the bank's branch closure decision making is set out in the Impact Assessment in a way that a normal consumer would understand.**

iii. What is footfall?

I have talked to many stakeholders and customers who say they do not believe the figures that the bank has shown as some have stood and counted people going in and out of branches to prove their point but again it is meaning of the word that is the issue and not the outcome. To be recorded as a 'foot' in a bank you have to leave an electronic footprint. Therefore, you have to have transacted something using a bank card or other method which creates an electronic transaction within the banks systems. Therefore, going in to get help or assistance, for a leaflet, or indeed sometimes for an exploratory meeting on something will not be recorded. Also a lot of single transactions at the bank as I have seen and been told about by communities where they have a lot of tourists will not help 'footfall' either as they will tend to be single one off transactions which will not be repeated again at that branch. Whether the ATM is to be left behind or not could also have a bearing on how footfall for that branch is calculated. **I recommend that how a bank calculates branch usage for the basis of that branch's closure decision needs to be clearly defined in the Impact Assessment.**

All that would make the 'Here is the reason we decided to close the branch' part of the Impact Assessment better and more personal.

I think in terms of identifying who their vulnerable and other customers are pre closure the banks do this well and do not see the need to do anything more in this part of the Access to Banking Protocol although I will cover how they deal with those customers later.

My final point in this section relates to when the announcement is made, currently all banks make the announcement 12 weeks before closure. I know that some in certain circumstances have made it earlier but that is the exception rather than the rule. The 12 weeks was decided as part of the Access to Banking Protocol and I am not sure if it has now become an unnecessary restraint.

As I will highlight later in this report, helping customers and stakeholders adapt to an alternative way of doing things takes time and I am not convinced that setting a 12 week limit helps. I think the 12 weeks should be a minimum but banks should when operationally ready announce a closure once they have done all they need to with unions and their staff to ensure it is done properly. Currently the 12 weeks also defines when the bank tells the branch staff involved who at best are only informed a few weeks before the customers are and in some cases only days before. This does not allow the bank to use those staff as proactively as I think they could in some circumstances accepting that individuals will be different but I have seen examples of staff who I think would have helped more had they had more time available. Some customers and stakeholders have

said it is adequate but many have said the more time they could have had the more likely they were to change as once the closure program is done for that branch it is mainly left to the new branch and the banks standard resources in general to pick up any issues which I am not sure works as well as it could. Banks are not designed again in general to be proactive at helping customers change in the way a closure asks them to do so the more time and focus that is given the better the outcome for all would I believe be the case. It may well be that the time differs branch by branch depending on what the challenges are but one set time for all just does not feel right and each branch is different. **I recommend that banks therefore consider engaging with customers and stakeholders as soon as they are operationally prepared to close a branch having all the resources etc. in place to do so, rather than wait for the 12 week deadline which should be the minimum requirement.**

## Part 2

### *Communication arrangements*

*Banks will notify branch users by direct communication at least 12 weeks before a branch is moved or closed. In addition to providing notice of closure, the notice will also explain how the bank intends to continue to provide banking services and how alternative ways to bank will be provided. This includes providing micro-enterprise customers with information on any inter-bank agency agreements that exist.*

*If, following completion of the community engagement and impact assessment, the bank decides to modify the alternative provision, those modifications will also be communicated to branch users.*

*In particular, banks will consider the most appropriate communication channel(s) to use when notifying vulnerable branch users.*

*In all cases, a prominent notice will be displayed in the relevant branch.*

*In addition to direct communication with customers and information in the branch to be closed banks will use other channels to notify branch users, which might include:*

- *Notice in the local media*
- *Notice on the bank's website; or*
- *Other electronic banking channels used by the branch user.*

*Banks will ensure that staff at contact points for customer enquiries (e.g. relevant branches and call centres) will be trained to enable them to answer customer enquiries.*

*Banks will also engage at an early stage with the Post Office to coordinate communications, operational planning and use of brand.*

I have already covered part of that in my comment on Part 1 so will not repeat them.

I believe that the banks have done what they were asked to do in terms of communicating with customers and by what means. Whether that can

be improved initially again I cover under Part 1 so will not repeat it. Whether it is appropriate to have this section of the Access to Banking Protocol set out in such detail I am not convinced and not sure that a simpler statement as set out below would not suffice.

'Banks will contact all customers and stakeholders affected by the branch in the most effective way to ensure that the information that they need to have to engage in a conversation with the bank on that issue is given to them at the correct time. The bank will also contact whichever other parties it needs to who may be involved in assisting customers and stakeholders going forward.'

In terms of the Impact Assessment post engagement I will cover that in Part 3 below and also the Post Office.

## Part 3

### *Community engagement and impact assessment*

*After a bank has decided to close a branch and having first advised impacted branch staff, the bank will engage with other key local stakeholders (these may include the local authority, local business associations and local advice agencies). The purpose of the engagement will be to develop a further understanding of:*

- *the potential impact of the closure on the community*
- *the potential impact on branch users; and*
- *the availability of alternative ways to bank for branch users.*

*Issues considered during this engagement will include:*

- *the number of personal and small business branch users affected*
- *the age profile of branch users (i.e. both older and younger users)*
- *the number of vulnerable and other branch users who are more dependent on their branch than others (e.g. because they are disabled, older, digitally excluded and/ or lower income customers); and*
- *an analysis of potential future service users.*

### *Ensuring continued provision of alternative ways to bank*

*Where banks determine there is a continuing need for services, suitable alternative ways to bank will be put in place before the branch is closed. The nature of this alternative provision will be informed by the bank's impact assessment and the community engagement described above. Consideration will be given in particular to ensuring the continuity of small business relationship management (e.g. telephony, internet), and enabling branch users to check balances, make cash withdrawals, and make cash and cheque deposits.*

*In the consideration of alternative ways to bank, account will be had in particular to the proximity to:*

- *Alternative branch(es)*
- *Free to use ATMs*

- *Post Office branch(es), including their local capability and capacity*
- *Nearer alternative bank's branch(es)*
- *Alternative outlets (such as cash back / Pay Point retail outlets)*
- *Credit union and community finance providers; and*
- *The availability of additional banking channels, such as:*
- *Partnership arrangements with the Post Office*
- *Telephone banking*
- *Mobile banking*
- *On-line banking; and*

*Banks will also take into account the local availability of broadband and access to alternative ways to bank for vulnerable customers.*

*The existence of an alternative bank's branch alone will not be considered an appropriate suitable alternative.*

The above to me include the most critical part of the whole closure process namely what happens after the bank announces the closure and how can the bank minimise the impact on its customers. Any business will want to minimise the impact on its customer after a change of this type and banks are not alone in having to deal with these issues. What they face though on top of all the usual challenges that other businesses face is a feeling by many that they are different, are much more of a public service than others, and owe a responsibility to their customers that other businesses do not have to observe. Whether that is right or wrong is irrelevant but is what a lot of bank customers will feel especially those who do not want the closure. Also, as I state in the Background and Context sentence of this report as still suffering from the affects that the 2008 financial crisis has had on their relationships with their customers and the media more generally which makes any communication a greater challenge now.

What all the banks do to differing degrees is set out where the alternatives are and how to get to them although some are a lot better and more precise than others. Throughout this review I have been reluctant to recommend that every bank does everything the same way as I think this is an issue where competition should play a part and should one bank wish to set these things out better than others and thus make its customers happier than others may do then that is their prerogative and we should encourage that competition.

In terms of what the customers felt the issues were around the closure and did the issues cause them concern is highlighted by the telephone/ mail survey in terms of concerns customer have when the announcement is made.



### Do you have concerns about the closure?

Yes	73%
No	26%
Don't Know	1%

Again the yes percentage gets bigger as the customer gets older.

### In terms of what those concerns are

Travelling Issues to other branches	37%
General Inconvenience	24%
Community Issues	11%
Can other branch cope	6%
Where can I make deposits	5%
Where can I get cash from	4%
Concern for staff	2%
Other/ Don't Know	12%

It is interesting to note that the answers to the above question, where the largest percentage relate to the new alternative branch, appear to be at odds with the last sentence of the bit of the Access to Banking Protocol highlighted above namely *'The existence of an alternative bank's branch alone will not be considered an appropriate suitable alternative.'* I think that highlights the fact that it is customers who will choose their outcome and not have it chosen for them by others.

Also while depositing cash is only a small percentage from the survey it was mentioned much more in the individual and group sessions I had with customers.

What is not highlighted with the above as the survey was with customers at branches that had closed only is that stakeholders also want to know what a bank will leave behind if anything to mitigate the closure. This could be anything from an ATM to a mobile bank visit to ongoing help for customers to use some of the alternative on line and mobile methods of banking.

Each of the banks have changed things post announcement in some cases in terms of what they were intending to leave behind which shows that they do listen and this has ranged from postponing the closing date for a specific reason, leaving behind an ATM, workshops to help people learn about the alternative ways of doing things, or looking at alternate uses for the building. Therefore, they are prepared to look at leave behinds but it was clear that in all cases the stakeholders did not believe the banks had engaged properly on that issue.

Many stakeholders accepted that the bank was going to close the branch so it was not that engagement that they felt was inappropriate. However, they felt that there appeared to be, in their view, a lack of engagement on what else the bank could do to help once the branch had closed. Indeed, some stakeholders believe that the way the Access to Banking Protocol is written currently states that unless the bank satisfies

the community that it has done all it can do in this area it should not close the branch. Therefore, some communities believe genuinely that some banks have breached the Access to Banking Protocol which then leads into a discussion around what the penalties are for breach, should the Access to Banking Protocol have teeth, etc. which I am not sure is useful as this whole engagement and discussion should be about accepting the closure decision and seeing what the best way forward is for all. I do not agree with that assertion in terms of this part of the Access to Banking Protocol being a consultation but can understand how others might and also I think highlights how engagement has not worked well in certain closures and circumstances.

I think both though highlight the concern I have around this area of the closure process in that the bank is not engaging properly with those it needs to for a variety of reasons including

1. Better use of the current branch staff

As I state above staff are not informed until nearly the point that the customer is told which gives them very little time to come to terms with the situation themselves. While they are provided with briefing, lines to follow, and Q&As to help them this is difficult for many of the staff in small low use branches where the customer with most concerns will be the ones they see most generally and will have a personal relationship with in many cases so will find it challenging to deal with them. Also the individual staff in the branch will only know what they have been told and will have little knowledge of what else is going on with discussions with stakeholders etc. in many cases or what the full range of options are for customers to use alternatives other than pointing them elsewhere. While I understand totally why banks are reluctant to inform branch staff of closures earlier than they do it does preclude them from being used as well as they could be. Even in the cases where I have seen branch staff do some amazing stuff to help customers post closures I felt it could have been more had they had more time and knowledge. However, I was also told by some branch staff that even if they had known earlier they were not sure they were knowledgeable enough about all the alternatives that the bank were offering to be the person that should deal with those. If the banks do not feel that they can extend the period that they can inform their staff then, and indeed even if they can **I recommend specially trained staff must be available in the branch from the period of announcement to closure who can deal with that engagement with customers in the best way possible and know how to encourage and help people with the alternatives on offer.**

2. Are Local Management the right people to lead the engagement?

Local management of an area should know a lot about that area and indeed the branch involved. However, as I have stated elsewhere in this report a closure is not just like dealing with a customer complaint or engaging with a local stakeholder on a particular issue and the feedback I have heard from stakeholders, especially in the areas

where there has been the most local challenge is that they either feel the bank staff do not respond well, only do the meetings they want, or do not have the power to negotiate anything and always have to go and ask someone else. All the banks have put in place dedicated and specialist teams to make the closure decisions in the first place. I have met with them all and they are skilled at what they do and understand the issues they have to deal with and predominantly do nothing else. While I understand why local managers will want to get involved in closures in their area I do find it odd that individual banks have not put specialist people into those teams specifically to deal with the closures who know how to deal with customers and stakeholders in this type of situation and who have the power to negotiate with stakeholders as well as proactively seek and help customers with alternatives. Interestingly from the feedback I have had from customers and stakeholders they tend also to see the local staff as 'not being the people who made the decision' and need to speak to someone from 'Head Office' if they are to get real traction on issues. One community felt they were only really speaking to a 'proper person with clout' when they spoke to someone from the 'Closures Team' at Head Office even though they were actually quite junior to those members of the local staff they had been dealing with. I know a lot of bank staff reading this will say they did it well but that is not the view I have heard from especially stakeholders and some customers. I also think that a lot of the banks are mainly reactive with customers only helping those who ask and while I know others do try to seek out those who might need help I think a more proactive ongoing approach with customers on alternatives would be useful. **I recommend therefore that banks consider augmenting their closure teams with specialist people to lead and implement the individual closures and work proactively with branch staff, stakeholders and customers to provide the type of proper engagement and help that these type of often stressful and emotional situations need.**

### 3. Should we wait for closures before doing all this?

What should be clear to everyone is whether a branch closes or not the way branches operate and what they do will change over time. Also many customers currently perform tasks through branches that they could more effectively in other ways. I have spoken to staff of branches that have closed who admit that perhaps they have not done as much as they could have done to get customers to move to alternative ways of doing things which would minimise their need to use a branch because they were concerned that might increase the chances of their branch being closed. I can understand that but it is not as it should be. Banks have sophisticated tracking systems of what their customers do and in many cases should be able to identify transactions that are done in a way that could be done better and more simply for them in another way. Branch staff as much as customers need to accept that the way we do banking is moving in a certain direction and that they can help us all get there quicker – especially the customers that need more help – by helping them each time they do something that they could do better

in another way. Not all customers will want to change but a gentle and continual push to get a customer to change might work better than a quick 12 week push surrounding a branch closure with all the emotion that surrounds it. Also from the direct conversations I have had with many older customers it is clear that while there are those who will take a lot of persuasion to try an alternative there are those that understand what this change is all about so are open to look at alternatives but need help in doing that. Help to those type of customers tends to revert to normal banking channels once the 12 weeks is up whereas if they had been approached in the right way before or had special help post closure might well make the move. Change teams therefore should not just be for the 12 weeks but for the period that can provide the best help to customers. **I recommend therefore that banks**

- i. **strive harder through branch and other channels to encourage their customers to move to the most effective way of doing what the customer needs to do and help them in doing that in all branches whether they are for closure or not. That does not mean everyone going to the internet or mobile Apps but understanding what the alternatives are and how to use them effectively.**
- ii. **Consider whether the 12 weeks' closure period is actually a hindrance rather than a help and starting from the time they know they are going to close the branch would help more to use alternatives.**
- iii. **Look at what special help they could put in place post closure to help those and do so on a proactive rather than a reactive manner.**

From the survey while most customers stated that they were offered alternatives and the bank did explain them reasonably well the table below I think illustrates that the way that is communicated is still not focused and still relies too heavily on mail which from those that I have seen generally only points the customer at where they can go to find information which again leaves the initiation of the change to them.

How did the bank provide information to you on alternatives?

By mail	52%
Via conversations with staff in the branch	39%
Via notices and posters in the branch	20%
Via email	6%
Via internet banking message	4%
Via telephone	3%
Don't Know	5%

Also customers do not feel that they were engaged with well as is highlighted by the table below

### Are you satisfied with the way the bank handled the closure?

Very Satisfied	14%
Fairly Satisfied	32%
Not very satisfied	23%
Not at all satisfied	26%
Don't Know	5%

The level of dissatisfaction increases the older the customer gets which are the customers that have been highlighted many times as the ones that the banks have to engage most with in this process. Also Business Customers are also more dissatisfied with 35% of them being 'Not at all Satisfied' with the way the closure was handled.

However, on the other side when asked what the banks could have done better the answers were not as clear so while dissatisfied I think many could not see what more could be done which should not deter us from trying to help as I am not sure customers, especially those used to the more traditional form of banking, would come up with other ways readily anyway.

### What more could the bank have done?

Could not have done any more	43%
Offered more alternatives	24%
Kept the branch open	19%
Given us more time	8%
Communicated better	7%
Given us more advice	5%
Better explanation as to why it was closed	1%
Don't know	17%

Finally, from the survey in relation to the above is what is what customers have done since the closure

### What actions have you taken post closure?

Carried out more at a different branch	38%
Carried out more via apps or online	20%
Switched account to another bank	12%
Carried out more via the Post Office	11%
Contacted the bank for more info	6%
Carried out more via the telephone	5%
Other	8%

The percentage doing more at an alternative branch rises the older customers get and the use of Apps etc falls.

In terms of the numbers switching accounts I am not surprised at it being as low as it is. The reason for that was illustrated by one of the focus groups I heard where for an hour or so 14 customers (of all age groups and

one with disability) of that particular bank had told me how disappointed they were with their local closure and how the bank could have done it much better than they had. I then asked with all this negative comments about their banks how many had switched to another bank and none had or were intending to and the replies were around 'The branch was not why we joined this bank'; 'Their interest rates are better than the others'; 'Their accounts are much better than the other banks'. These comments echoed many of the other comments I heard as I spoke to unhappy customers who were customers of a bank for other and to them more important reasons than the branch had closed. Also it was clear that some who said they has switched in fact had not and what in reality they had done, especially in places where another bank still had a branch open locally, was open another account where they could pay cash into etc. but then transfer that cash into their other account with the original bank. This was also a vehicle that some small businesses had used.

In terms of alternative or increased usage of the Post Office the comments in the paragraphs below should be caveated in that they are based on discussions and feedback I have had are only from customers and stakeholders from branches that have closed and I know certain banks have long standing relationships with the Post Office where customers from areas where the branch has not closed or where there never was a branch may have a different view but I have no evidence one way or the other on that.

Given that caveat I still have concerns that only 11% of customers whose branch had closed carry out more transactions now with the Post Office. While I am aware that individual banks are looking at what other alternatives there could be to assist them locally the reason for the concern is that some hoped that the Post Office could take over a lot of what the bank did and could become the bank in the community for many.

I think there are two issues preventing that being achieved for those promoting it

- a. I do not think either the banks or indeed the Post Office itself has done a good enough job in making people aware of what they can do in terms of banking at the Post Office. At some of the local groups I ran it was clear that the customers I talked to were not aware that they could pay in or take out cash at a Post Office in most cases. While the banks are finalising a new contract with the Post Office that will offer a standard service for all the banks – albeit that there may be some differences in the way each operationally operate it with their customers - unless the customer is informed that it is there then they will not get the uptake that is possible. I am also aware that there are issues regarding the size of cash deposits and withdrawals that can be made at different Post Offices but that should not stand in the way of the public at large having a better idea of what they can do in terms of banking at their local Post Office should they wish to. My understanding is that once this new framework and contract is implemented between the banks and the Post Office in the coming months it will bring a lot more coherence

and consistency to the offer and it will be marketed to consumers and small businesses positively. It will be interesting to see therefore once this in place how that increases the awareness that consumers currently have of the cash and counter banking services that the Post Office can deliver and also whether it starts to address some of the other issues expanded in b) below.

- b. Where customers were aware in many cases of what could be done at the Post Office there was a reluctance by a majority to do so due to a variety of issues but in the main centred round security, trust, time, increased workload and competence. As we are all aware the vast majority of Post Offices are now franchise operations run by an independent sub postmaster who contracts to deliver services for the Post Office. Many therefore are not seen as Post Office employees and also now with more and more being embedded into other convenience stores of various types there is concern about can these staff be trusted to give me as the customer the service that I want. Many fed back that they did not feel that all the staff were trained to the degree they needed to be and since many now are small Post Offices in small communities there were personality and other issues which hindered usage as well. Small businesses were especially critical and in their case it centred on the time it took for the Post Office to count and accept deposits and also whether they were really private. Also small businesses felt that a lot of the time it was them that caused queues in the Post Office if they did their dealings there and found that embarrassing. Queues, generally, were cited as a reason for non-usage for banking transactions. Having said that there is one bank whose business customers have always had to make their cash and other pay ins at the Post Office and not at their branch so it appears it can work for some.

Therefore, in the light of both a) and b) above I recommend that

- a. All banks ensure that their customers are aware of what they can do at the Post Office in terms of their banking transactions
- b. Where individual banks see the Post Office as a key element of their offer to local customers they work with the Post Office to try and overcome some of the issues that have been identified during this review that customers are currently experiencing.

I am aware, as I state above, that some banks are looking for other alternatives to help customers as well so encourage them to pursue those to fulfilment or not as soon as possible.

Finally, in looking at issues post closure while banks do monitor transactions of those customers affected for a period after closure none do what I would deem to be post closure research on customers. Therefore, I recommend that no more than one year after the closure of a branch that the bank conduct post closure research that allows them to assess both the initial reasoning they had for closure as well as where and how customers are now carrying out their banking transactions to see if any more can be done to help that process positively.



## Older Customers

In all that I have written in this report to date on how the banks have handled these closures and what could be done to make them better I could understand why some may think I am ignoring the challenges that closures bring to vulnerable people of all types.

I have already highlighted from the survey information in the report that older customers were much more upset and challenged by closures and also interesting is that if you examine the views of young customers they have concerns about how this group is helped while also understanding the reasons for closure.

I also understand the issues but do not feel that keeping branches open that should be closed for sensible reasons is the correct way in tackling what are wider issues that perhaps we all need to be address.

Part of the challenge is that people over 60 have not grasped the technological changes as quickly as younger age groups but even that is changing. In 2011, adults aged 75 years and over have consistently shown the lowest rates of internet use. In 2011, the percentage of recent internet users aged 75 and over was 19.9%. However, in 2016, this has nearly doubled to 38.7%, up from 33.0% in 2015. Since 2015, there has been an increase of 7.5% in the same age group so more are now using the internet but way below the average usage of the population.

The above change was further highlighted in the recent Scottish Household Survey which stated that the number of people 75 and over using the internet in 2015 had increased by 25% from the previous year and now stood at 30%. The survey also showed a growth in those aged 60-74 being active on line up from 66% in in 2014 to 69% in 2015. The rise of 6 percentage points for those over 75 and 3 percentage points for those between 60 and 74 is a positive indication that older people are becoming more able to access the networks. Also while I can find no statistics it would also be interesting to look at the use of things like Skype and Facetime by older people as many I know use these now frequently to communicate with family and especially grandchildren. The introduction of iPads and other tablets also impacted on that type of communication and again it would be interesting to see how many older people have those as opposed to PCs or laptops as many I know have embraced technology through the iPad or tablet first. So many are now embracing new technology but many more still need to and need to want to take that step.

As I have met and discussed closures with many customers in this review in terms of the older customers there are some who just do not want to go online for many reasons but there are also a group who are prepared to look at it but need help to do so. That help needs to be very focussed and done in their time and not perhaps truncated into 12 weeks around closure. Again I think this needs specialist help from the banks and a more proactive way of gently helping people to do this. As I state in the Background and Context section of this report if we as a society accept that there are those who could embrace this new financial world but just need help to do so then we should be actively seeking them out and

helping them even if their local bank branch never closes and I am not sure we are doing that as well as we could.

However, what was also clear from those conversations that the older one gets the greater the challenge that exists.

Hilary Cooper and the Finance Foundation published in September 2016 a report based on survey work they had done entitled.

*'When I'm 84": Locking the Door on the Older Old: the Challenge Facing Britain's Banks'* <http://www.thefinancefoundation.org.uk/images/the-finance-foundation-when-im-84.pdf>

This looks at specifically those aged over 80 and looks at what their specific issues are which sets out a clear picture of what needs to be tackled or addressed by us all. Below are some of the finding taken directly from the report.

Those over 80

i. *Value the immediacy, familiarity and tangibility of cash*

- Older people are highly dependent on cash for daily purposes and for paying people who do work/shopping for them
- Cash is also used as the main way of budgeting and keeping track of money. Nearly two thirds saw no need to use credit cards or were positively opposed to them.

ii. *Are fearful of technology and worried about privacy, security and fraud, as well as finding it daunting and difficult to use*

- 87% of the over 80s never use the internet for financial transactions, and those who do use it are generally shopping - only 9% are banking online. Reasons for non-use include not having the internet (75%) and a range of hypothetical worries over fraud, making mistakes and an overriding preference for interacting with people.
- More than a third have either never used an ATM or avoid them as much as possible. The majority of those using ATMs only do so inside banks, with only one in five prepared to use them in the street. Older people have a wide variety of concerns about ATMs, from worries about privacy, fraud or theft, to physical capacity issues (poor sight, stiff fingers) and anxiety about making a mistake or being pressurised to be too quick.

iii. *Older people are concerned about branch closures, about privacy when getting out money and about staff attitudes to older people*

- When asked what banks could do to make things easier for them, older people expressed an over-riding preference for being able to do things face-to-face and not use machines (46%), concern about bank branch closures (38%), a strong requirement for greater privacy and less open-plan space in banks so that they can count out money or discuss matters without being seen or overheard (34%) and a desire for more age-appropriate ATMs with bigger buttons/bigger screens (29%).

I think the above shows that just keeping a branch open would not answer many of the concerns highlighted and why this will take much

wider action to resolve.

The Finance Foundation also highlight that for those in their 80s and 90s adopting new technology may also not always be the solution. Clearly many older people will benefit from the ability to use new technology and it can be expected that technology will increasingly adapt to their needs. However, in some cases, even people who were comfortable using the internet when they were younger may find that the sensory, cognitive, and other health challenges that come with age prove too much.

All the above matters greatly as the over 80s are the fastest growing section of our population and by 2030 there will be 5 million in that age group.

In the press release that went out with the report Andrew Freeman the Director of the Finance Foundations states

*'What we need now is some real discussion about how the industry should respond to this challenge, and what role the public and voluntary sectors should play. Everyone has a stake in ensuring that older people can continue to live independently with full access to the services they need.'*

They also recommend

*'The industry should commit to long-term funding of a nationwide banking infrastructure to replace the loss of bank branches – either through the current arrangement with the Post Office or a similarly inclusive arrangement. For those older people who have more challenging mobility problems the industry should find ways to provide services at home – including cash delivery – and look at whether pop up banking services could be provided in existing day facilities used by older people.'*

What it does highlight that stopping bank closures will not address all the issues that they have found and that there are wider issues that need to be addressed.

What is also interesting are two sentences in what they say namely  
*a range of hypothetical worries over fraud, making mistakes  
an overriding preference for interacting with people*

Interesting as two studies I have seen recently in the media may shine a light on what those mean.

In terms of worries and concerns with the internet and electronic transactions generally there was a study recently that highlighted the fact that many of the ways that you could be defrauded posted on social media were in fact hypothetical and in some cases just could not happen. While we should all be wary and vigilant it does not do any of us any service by exaggerating concerns that may be there. It would be good to see some good media showing how many successes there are in this area as well as mistakes.

With regard to interaction the piece on the media was the reaction of a mature member of the public who had for the first time used the new voice recognition technology being used by some banks now to clear people through security on telephone banking. The person's comments were interesting in that she said this new way of doing things was the nearest she had come to old fashioned banking in that she was recognised as herself and it made her feel that she was speaking to someone who knew

her. What that says to me is that good interaction with people can be done in many ways so we should not be blinkered in what we think the ways to do that should be.

**Therefore, my recommendation is that banks do work more proactively with their older customers to fully understand what their requirements are and while accepting that they will never be able to satisfy every issue or person work more proactively as an industry as well as separately to put in place the kind of rounded 'infrastructure' that helps address those issues.**

## Business Customers

While the numbers from the telephone/ mail survey were relatively small it is clear from those and the many businesses I spoke to on my visits that they were more concerned with branch closures than the majority of personal customers.

There are two sets of issues that were raised by small businesses namely

- i. The difficulty of paying in cash at a branch farther away than the one they normally use not just in terms of time but also security.
- ii. The effect the closing of a branch in a small community has on the business activity in the close area.

I do have sympathy with the first issue for those businesses that still have a lot of their business done in cash or cheques. It is even more challenging for those who are real sole traders who will have to shut their business to go and pay in cash to a branch. In other work I do overseeing small firm lending appeals with the banks I have seen over the last years a few instances of small businesses applying for an increase in their overdraft to compensate for the increased difficulty they have had in paying cash in due to a branch closures. Interestingly the banks do not appear to take that change as a reason for more flexibility but it is an issue. While the Post Office could provide that service there are issues regarding, for example security, privacy, businesses of the Post Office, and the extra time for the money to clear into the businesses account that still concerns many small businesses. While some banks do have cash collection services they tend to be for those handling larger amounts of cash and do not really service those running small retail or other businesses where cash flow is an issue and therefore getting timely payments into the businesses' account can be critical. It is the extra time it takes that is the greatest concern with many stating that it is now hours when it was minutes before.

If the cash issue was resolved, then I believe the majority of businesses would be satisfied.

**Therefore, I recommend that the banks consider coming together and offering a generic cash pick up services for businesses across the UK that offers a range of options for businesses to use. If they cannot**

do that collectively then I recommend that each works with its small business customers to put in place a more effective method of cash collection or depositing for them. The banks have come together to handle and manage other administrative issues like cheque processing and to me this is in the same area being non-competitive and a general service that would help businesses as well as the banks themselves.

In terms of the issue ii) highlighted above I had a mixed picture and feedback from small businesses in communities where branches had closed so the evidence is not clear as while in general there does appear to be some fall of in sales in communities that lose all of their branches it is not clear if that continues as some stated that while business had dropped for a while it had come back again once the community 'got over' the closure.

Having highlighted those two points I do think that there is a bigger issue that applies to business customers and to a different extent to personal customers as well and that is education and training.

It still surprises me the lack of knowledge that small businesses have on the ways that they can get paid and how they can affect that. Some have grasped the nettle and now almost insist that you pay by BACs payment or have a terminal for you to pay with a card when they have finished the work at your home or premises. Many though still live with the challenges of cheque payments and cash. I have been told by many that they will lose customers if they move to the other ways of payment but again my experience tells me that is not the case and you only have to look to sectors like agriculture which were always cheque or cash driven to see how suppliers have changed the way many now deal with them. I understand that cashless or even chequeless is still some way off but I think both the banks and indeed the business trade associations could do more to educate their customers and members of the advantage of moving to the many forms of electronic payments can bring to them. **Therefore, I recommend that both banks and Trade Association do more to make their business customers and members aware of the different ways in which they can take payment from customers.**

## Charities and Clubs

Those that run Charities, clubs and other entities that require dual signatures for cash transactions are probably the group that is hit worst by a closure in that there is no real alternative other than go to another branch to make those transactions.

There are many of these of organisation either private or run by a Council and it is not just cash transactions that cause an issue but when one of the signatories' changes which requires the agreement of all others signatories or Directors of the entity.

To be fair this is an issue that goes beyond branch closures but is specifically highlighted by them and I am, for example, the chair of a large charity big enough to be part of the corporate side of a bank and

we have the same issues there in that internet banking does not work for dual signatory entities as well so both the banks and the entities use workarounds to resolve what current methods and technology cannot.

I raise it here only because branch closures highlight it and I came across a lot in my visits and conversations. It is though a more general issue that banks need to resolve with these type of entities in how dual signatories and mandates can be accommodated more simply into the new ways of banking which is as much to do with the entities changing their own rules to the banks finding ways to make the implementation of them more simple.

**Therefore, I recommend that banks look at how they could make this area simpler and merge better with the new ways of banking we are all now working with.**

## Exceptions

### *Necessary exceptions*

*This Protocol relates to permanent closure, not temporary closures (e.g., due to branch refits).*

*This does not apply where branches merge and are close together or where a branch is relocated to a within walking distance, providing customers do not experience the following service reductions:*

- *all counter services in a branch are replaced with automated provision;*
- *branch opening hours are reduced by 30% or more (measured by reference to the branch's opening hours over the previous year); or*
- *access to a branch becomes restricted to a particular group or groups of customer(s).*

*This protocol also applies to branch agencies and firms should ensure that they are contractually bound to comply with them.*

*In exceptional circumstances, such as where there have been life-threatening raids, aspects of this protocol may be reduced or waived by the firm, although notification should still be given to customers.*

I have put this section in purely to highlight the fact that from examining the closures that have taken place and looking at particularly at the distance between branches in some cases there could have been a case from excluding some of the closures where the bank has followed the full Access to Banking Protocol from it at all. The banks though I believe have been more inclusive than they could have been which shows how seriously they take these events and the Access to Banking Protocol itself, and decided to include everything rather than look for ways to not.

# Other Issues

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The Access to Banking Protocol was put together by the UK Government's Business Department in Westminster and the British Bankers' Association so while I understand the devolved administrations were asked for input I think it would be incorrect to say that they fully participated in its creation although none to be fair did not want to see something like this.

In speaking to them all it is clear that they do want to be more involved so leave that to those who make such things happen but would comment on two specific issues.

First the banks based in Northern Ireland did not sign up to the Access to Banking Protocol for reasons I am not clear on. Since that time at least one of them has closed some branches. Also if, as I gather is the case, that some if not all do what is in the Access to Banking Protocol anyway, I do not see why signing up to what is a voluntary Access to Banking Protocol that does not form part of the main regulatory framework that banks operate under anyway can do any harm they think complying to it would be. **Therefore, I recommend that those banks based in Northern Ireland formally sign up to the Access to Banking Protocol and are judged on it like any other bank with a retail operation elsewhere in the UK.** I am pleased to say that my understanding is that the majority of banks based in Northern Ireland are preparing to do so.

The second is to do with broadband and mobile coverage and how in all the three devolved administrations the spread of high speed broadband and 3 and 4G mobile systems can be slow. This makes it challenging in certain areas for some of the alternatives that banks will offer customers on closure to apply. While I understand that issue well I am not sure that banks should be asked to hold up a closure until the local broadband or mobile installation has caught up with them as realistically they have little or no control over that so could be seen as an unfair restriction on how they operate the business.

In terms of the wider political view I know a lot of it focusses on those communities where the last bank has or will close. I have discussed what could be done with many but am not sure that any form of legislation that I can envisage that prohibited the closure of the last bank in the community would do anything other than drive a race by banks to be out before 'we were last'. Also, we would all first have to deal with the real question around what a community is today which in many cases goes beyond local government ward boundaries etc. so is a much wider debate.

I think with a good Access to Banking Protocol backed by good engagement and a more general 'push' to help us all to get to how we will manage our finances in the future there is no need to add what would by experience be legislation that may in the end not add but detract from what it is we all want to do.



# A New Access to Banking Protocol

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As can be seen from the above that assuming my recommendations are agreed then the current Access to Banking Protocol will have to change but I am not sure that is the right way of tackling it.

I think even had I not made any recommendations then I would have been recommending a change in form.

I think currently it looks like what it is which is a document that was put together by a group of people and organisations at a time to try and cover all bases and issues around closures and in doing so I think is not doing what it should be doing namely providing an outcome that we are all trying to reach.

In my opinion the current Access to Banking Protocol is too long and detailed and tries to set out solutions rather than set outcomes and allow the bank with its customers and stakeholders find how to meet those which could be different on a bank by bank basis given that they all operate differently and have different relationships with their customers.

I think a short list of outcomes both in terms of letting customers understand how and why the bank made the decision in the first place and then how they will try and help all customers to find the solutions to the challenges they have would better fit the bill.

It needs also to assume two things namely

- i. The decision to close is exactly that and will not change so the focus should be on mitigation
- ii. Not everyone will be satisfied with the outcome as is the case in all change that happens and to try and seek complete satisfaction for all is not achievable as it is not in all other change that I have witnessed over my many years of being associated with issues that caused change. The challenge is to offer solutions to as many as possible and even in doing that accepting that some of those solutions will not be what the customer would really prefer but are acceptable to both parties in terms of the change.

The dilemma that I have had is whether I should write those outcomes and the new Access to Banking Protocol or work with all parties to gain acceptance of the principle and outcome based approach and then put in place a new Protocol.

My preference is for the latter as the Access to Banking Protocol must



be 'owned' by everyone so they need to be involved in its creation.

Also, Protocols are what they are which is a way of doing something and I have been asked should they have teeth but in a strange way I think it already does have them in that if a bank does not satisfy its customer in terms of what they have done it is likely that the customer will move. The ability of customers to move accounts will also become easier in the coming years as the remedies from the CMA report are put into place so banks will have to focus more on customer satisfaction in this area of closures as well or lose them to others.

# Annexe 1

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## Access to Banking Protocol

### Access to banking

Banks are committed to supporting access to banking and financial inclusion in the community, aligning with HM Government's public policy objectives, by:

- offering an alternative way to bank that helps customers and small businesses to continue to bank locally; and
- rebuilding trust and confidence in the sector.

While ensuring that customers are treated fairly, decisions on branch closures are ultimately commercial decisions for banks to take.

### Pre-closure assessment

Before the decision has been made to close a branch, a bank will undertake an internal analysis to understand:

- the potential impact on branch users; and
- the availability and suitability of alternative ways to bank for branch users who live locally or travel to use the branch.

### Community engagement and impact assessment

After a bank has decided to close a branch and having first advised impacted branch staff, the bank will engage with other key local stakeholders (these may include the local authority, local business associations and local advice agencies). The purpose of the engagement will be to develop a further understanding of:

- the potential impact of the closure on the community
- the potential impact on branch users; and
- the availability of alternative ways to bank for branch users.

Issues considered during this engagement will include:

- the number of personal and small business branch users affected
- the age profile of branch users (i.e. both older and younger users)
- the number of vulnerable and other branch users who are more dependent on their branch than others (e.g. because they are disabled, older, digitally excluded and/ or lower income customers); and
- an analysis of potential future service users.

### Publication of impact assessment

Banks will publish the results of their engagement and impact assessment, and the considerations taken into account in assessing the impact of the branch closure, subject to the removal of commercially sensitive information. The results will be made public before the closure of the branch.

### Ensuring continued provision of alternative ways to bank

Where banks determine there is a continuing need for services, suitable alternative ways to bank will be put in place before the branch is closed. The nature of this alternative provision will be informed by the bank's impact assessment and the community engagement described above. Consideration will be given in particular to ensuring the continuity of small business relationship management (e.g. telephony, internet), and enabling branch users to check balances, make cash withdrawals, and make cash and cheque deposits.

In the consideration of alternative ways to bank, account will be had in particular to:

- Proximity to:
- Alternative branch(es)
- Free to use ATMs
- Post Office branch(es), including their local capability and capacity
- Nearer alternative bank's branch(es)
- Alternative outlets (such as cash back / Pay Point retail outlets)
- Credit union and community finance providers; and
- The availability of additional banking channels, such as:
- Partnership arrangements with the Post Office
- Telephone banking
- Mobile banking
- On-line banking; and

Banks will also take into account the local availability of broadband and access to alternative ways to bank for vulnerable customers.

The existence of an alternative bank's branch alone will not be considered an appropriate suitable alternative.

### Communication arrangements

Banks will notify branch users by direct communication at least 12 weeks before a branch is moved or closed. In addition to providing notice of closure, the notice will also explain how the bank intends to continue to provide banking services and how alternative ways to bank will be provided. This includes providing micro-enterprise customers with information on any inter-bank agency agreements that exist.

If, following completion of the community engagement and impact assessment, the bank decides to modify the alternative provision, those modifications will also be communicated to branch users.

In particular, banks will consider the most appropriate communication channel(s) to use when notifying vulnerable branch users.

In all cases, a prominent notice will be displayed in the relevant branch.

In addition to direct communication with customers and information in the branch to be closed banks will use other channels to notify branch users, which might include:

- Notice in the local media
- Notice on the bank's website; or
- Other electronic banking channels used by the branch user.

Banks will ensure that staff at contact points for customer enquiries (e.g. relevant branches and call centres) will be trained to enable them to answer customer enquiries.

Banks will also engage at an early stage with the Post Office to coordinate communications, operational planning and use of brand.

#### Necessary exceptions

This Protocol relates to permanent closure, not temporary closures (e.g., due to branch refits).

This does not apply where branches merge and are close together or where a branch is relocated to a within walking distance, providing customers do not experience the following service reductions:

- all counter services in a branch are replaced with automated provision;
- branch opening hours are reduced by 30% or more (measured by reference to the branch's opening hours over the previous year); or
- access to a branch becomes restricted to a particular group or groups of customer(s).

This protocol also applies to branch agencies and firms should ensure that they are contractually bound to comply with them.

In exceptional circumstances, such as where there have been life-threatening raids, aspects of this protocol may be reduced or waived by the firm, although notification should still be given to customers.

#### Effective date

This protocol will apply to all bank branch closures announced after 1 May 2015. However, any existing plans for branch closures will be reviewed in the spirit of this protocol.

By 1 May 2015, the BBA will ask the Financial Conduct Authority to consider confirming this protocol as Approved Industry Guidance.

#### Post implementation review

BBA will engage with BIS, HMT and FCA when appointing an independent reviewer to carry out a "one year on" review of the operation of the protocol.

The review will consider the way banks have applied the protocol in

practice, and the extent to which pre-closure assessment, community engagement and local impact assessments have informed the identification of suitable alternative ways to bank. The review will also seek to identify instances of best practice in the way in which the protocol has been implemented and may, if appropriate, make recommendations for the amendment of the protocol to ensure it continues to meet its objectives.

The review will include engagement with key stakeholders such as consumer and small business groups, and the banking sector, and will be published.

BBA may also undertake a review of this protocol as appropriate, in light of regulatory or legislative developments, such as following the results of the Competition Markets Authority retail banking market investigation, or if the Financial Conduct Authority confirms this protocol as Approved Industry Guidance. Such a review will also include engagement with key stakeholders such as consumer and small business groups, and the banking sector.

# Annexe 2

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## Access to Banking Protocol

### One-Year-On Review: Draft Terms of Reference

#### Review scope and aim:

The review will consider the way banks have applied the protocol in practice, and the extent to which pre-closure assessment, community engagement and local impact assessments have informed the identification of suitable alternative ways to bank. The review will also seek to identify instances of best practice in the way in which the protocol has been implemented and may, if appropriate, make recommendations for the amendment of the protocol to ensure it continues to meet its objectives.

The review will include engagement with key stakeholders such as consumer and small business groups, and the banking sector, and will be published.

- The review will not include an assessment of branch closure decisions, which remain individual commercial decisions made by the banks, informed by a range of factors.

#### Independent Reviewer:

- The BBA and those banks signed up to the protocol agreed to commission Professor Russel Griggs to undertake the review. Professor Griggs' biographical information is included in Appendix 1
- The cost of the review will be agreed between the banks and Professor Griggs, and will be funded equally between the banks signed up to the Protocol.

#### Data gathering:

- Data will be sought from each bank, concerning:
  - The number and location of branch closures announced, and those subsequently closed, since 1 May 2015
  - An overview of the process carried out by each bank, and who is involved
- Subsequently meetings will take place with bank staff to assess processes in line with the protocol
- To undertake an analysis of a representative sample per bank (a sample of up to 35-40 branch closures would be sufficient to be representative of the larger closure programmes – however some banks have closed fewer than this number in total, and this will be reflected in the sample size) selected by the Reviewer following discussions with the bank, both

in terms of the spirit and method required by the protocol.

- To undertake a further more detailed analysis of a representative sub-sample (expected to be up to 6 or 7, based on the size of the programme) of the larger sample identified above, per bank. This will aim to understand the process that was carried out, and its efficacy, both from the point of view of the bank but also from the customer and stakeholder perspective, via direct consultation with these groups.

#### Consultation:

- Consultation will take place at a national level with stakeholder groups such as the banks, the Post Office, business and consumer groups, political stakeholders (including the devolved administrations), and will be an open and inclusive process.
- At a local/branch level, there will be an initial overview of a representative sample of banks identified by the reviewer, following discussions with the banks.
  - From this wider sample, a broadly representative sub-sample of branches will then be selected for more rigorous, local consultation. This deeper analysis will seek to identify and receive feedback from amongst those personal and business banking customers engaged by the bank, and particularly amongst those identified as being vulnerable or worst affected.
  - Local community, business and consumer group representatives will also be engaged, alongside other relevant individuals or groups, such as the local Post Masters, reflecting the local context which is likely to differ by location.





