



Gordon Lindhurst MSP
Convener
Economy, Jobs and Fair Work Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Lloyds Banking Group plc
The Mound
Edinburgh
EH1 1YZ

From
Community Banking
Robin Bulloch
Managing Director Lloyds Bank
and Bank of Scotland

Sent by email

12 June 2018

Dear Convener,

Bank branch closure inquiry

Thank you for your letter of 1 June, and for giving us an opportunity to respond to the questions that have arisen from your inquiry.

In your letter you ask how we establish 'footfall' in our branches when considering their closure.

We do not specifically measure 'footfall' as this does not accurately reflect usage. We measure usage using the total financial transaction volumes arising in the branch and we also track the total number of our customers using the branch for any financial transaction. This includes all customers and not just the customers whose accounts are held in the specific branch. In addition, we draw on our local knowledge of branch usage and colleague resource requirements. We also consider ATM usage at the branch.

You ask how 'regular usage' is calculated and how it is measured.

In line with the principles of the Access to Banking Standard we publish an impact assessment which includes the main reason for the closure and the assessment of the impact of the closure on customers. As part of this impact assessment we publish the number of regular monthly customers, defined as the number of customers transacting at the counter or IDM (Immediate Deposit Machine) in 11 out of 12 months. Regular weekly customers are defined as customers undertaking transactions in 48 out of 52 weeks.

This measure is not, in itself, the basis upon which we undertake the closure but is an assessment of those customers who may be most affected by the closure of a branch. These measures are published as part of the overall context of branch usage including a comparison of the overall use of the branch by personal and business customers as compared to a typical Bank of Scotland branch, customer demographics and overall transaction trends.

Finally, you also ask how the Group measures the overall use of the branch including whether it considers customers' use of other branches when making a closure decision.

We use a wide range of measures and data to inform our decision of whether or not to close a branch and this decision is not taken based on any single variable, be that transaction levels or regular usage. The measures we do consider include total financial transaction volumes, transaction trends over time, the total number of our customers transacting in the branch including frequency of use, and we also look at customer demographics including age and vulnerability. We also consider the other banking and cash withdrawal facilities in the community as well as public transport links to other Bank of Scotland branches. As part of this consideration we review and publicly report on the number of customers who already use our other branches, and our other banking channels including online and telephone. We do this because it informs our assessment of the impact on customers of using alternative options.

The analysis we undertake does not look at any branch closure in isolation. We assess the local market and consider the shape of our wider branch network in the area. This includes an analysis of competitor bank locations, our own locations and where we might invest in existing branches or introduce new formats, along with other banking options, including mobile branches.

In doing this we visit every locality where we are considering a branch closure. Our staff visit the branch proposed for closure, walk the streets around it, assess the public transport and look at the options for vulnerable customers, travel to the next nearest branch and visit the other banking options including local Post Offices. We also gather insight from colleagues with knowledge of the local area.

I would be happy to expand on the points raised above when I appear before the committee on 19 June.

Yours sincerely,



Robin Bulloch
Managing Director, Lloyds Bank and Bank of Scotland