



11 June 2018

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

36 St Andrew Square
Edinburgh EH2 2YB
Telephone: 0131 523 0000
www.rbs.com

Sent by email only

Dear Convener

Bank closures inquiry

Thank you for the opportunity for The Royal Bank of Scotland to appear before your Committee in relation to your inquiry into the impact of bank closures on local businesses, consumers and the Scottish economy on 19 June.

I want to say from the outset that closing a branch is not an easy decision; we know that it impacts our customers, our colleagues and our communities, many of who have grown up with the bank. We do not make any decisions lightly and think carefully about each branch; looking closely at customer behaviour and the alternative options that we can offer locally before coming to our decision. It is not true that we are selective in our figures – we count every customer who uses any branch.

Our decisions are based on a wide range of information, over an extended period of time – no one measure is a deciding or determinate factor. Instead we consider a range of information about customer behaviour, the services we can offer locally and the wider provision of branches available to customers.

When we look at our customer behaviour, the evidence is stark; branch usage has fallen dramatically and continues to do so. This is because the great majority of our customers want to bank when and where it suits them. They are not using the branch as their first point of call and today, only 1% of our customers are using a branch on a regular, weekly basis.

You asked how we establish customer usage of our branches when considering closures. To be clear: all customers who undertake a transaction or access a measurable service in a branch are captured and counted. This means that if a customer is domiciled in one branch (A) but chooses to use another branch (B), then they will also be counted in the customer data for branch B. If they visit branch C once, they will also be captured there – as with branches D, E and F and so on. So all measurable customer activity, no matter how frequent or infrequent is captured and considered when we consider the closure of a branch.

Our branch figures include both recorded customer transactions and services – and include both counter and automated machine transactions. Examples of a transaction include: cash withdrawals

and deposits; statement requests; funds transfers; paying a bill; mixed lodgement; and a change of address. We are however, unable to include a general enquiry or a customer picking up a product leaflet, where such interactions are not easily recorded. Customer visit numbers include both customers and non-customers.

When we close a branch, one of the things we look at is the number of customers who use the branch on a regular weekly basis. This is calculated as those using the branch in 23 of 26 consecutive weeks. The reason that we do this is to identify the high-use customers, who visit the branch regularly and will need prioritised, proactive support in considering alternative banking options. We believe a customer's use of other branches is also relevant as it further helps us to understand the frequency of their overall branch visits, as opposed to just those in one branch. It also indicates that a customer has access to other branches and is choosing to use these for convenience too. We will look closely at how customers are banking – for example, how many only use the branch to bank, how many are using digital banking services or telephony services, how many use the Post Office, for example. We consider each branch's customers by demographic and type of customer too – appreciating that the needs of a business customer may be different to a personal customer.

As you would expect, much of the information we consider is commercially sensitive – especially when looked at in detail. Because of this, we do not publish the full range of customer data we take into consideration but instead provide regular customer information to show the number of customers who we believe will need prioritised, proactive support with alternative banking options. We do not however limit our support to these customers and will aim to support all customers who need assistance or advice about ways they can bank.

We have ensured that each of the branches scheduled for closure is staying open for six months, rather than the 12 week industry standard, to help customers prepare for the changes.

We have to respond to changing trends, and as a result we are investing in a full range of services to give our customers what they want and what they expect. Customers now have more ways to bank than ever before. We are investing in our branches, online services and our award-winning mobile app. In our mobile vans, telephony, Video Bankers, Community Bankers, Business Growth Enablers, ATMs, and our partnership with 1,400 Post Offices. We have more than 2,000 physical service points in communities across Scotland, in addition to our range of digital and telephone services.

I hope in my answers to your questions, I have been able to demonstrate the range of information we consider when deciding to close a branch. It is not an easy decision to make but changes in customer behaviour and the way our customers are banking with us means that we must respond.

Best wishes



Hollie Voyce
Head of Public Affairs, Personal and Business Banking
Royal Bank of Scotland