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14 September 2018

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

Sent by email

Dear Convener

### **Bank closures inquiry**

Thank you for your letter of 30 August in which you outline a number of your Committee's findings and recommendations of its inquiry into the impact of bank closures on local businesses, consumers and the Scottish economy.

As I explained during my appearance at the Committee, it is always a difficult decision to close a branch and we have not taken any decisions lightly. When making decisions like this we will always look at how the branch is being used – both the numbers of customers using it and the transactions they are undertaking – how customers are already choosing to bank with us and most importantly, the alternative options available locally, before we decide on the best way forward.

Royal Bank of Scotland has tripled its physical points of service to over 2,000 in communities across Scotland since 2014, and we continue to invest in our branches, online services and our award-winning mobile app, as well as our mobile vans, telephony, Community Bankers, Business Growth Enablers, ATMs, and our partnership with the 1,400 Post Offices in Scotland. We know that customers value flexibility and the range of choice available to them and so today, we offer more ways to bank than ever before.

Having taken these decisions, we are confident that we now have the right shape of branch network to best serve our customers' needs and we have committed that this network will remain stable until at least 2020, giving certainty to our customers, colleagues and communities.

I wanted to respond to a number of points you have raised in your letter, which I have set out below.

### **Branch closures**

We launched our Customer Charter in 2010 at a time when many of the changes in banking could not have been predicted – either in technological advancement or customer appetite for these changes. Since then it is widely acknowledged that banking has changed radically, with sharp and sustained increases in the use of digital services. We have not hidden from the fact that these changes have meant that it is no longer possible to make that same commitment today. But these

changes also mean that we are investing in a diverse range of alternative banking services, as branch usage has declined and customer behaviour shows a preference for these other services. Indeed, in Scotland, branch usage has declined by 42% since 2014, with seven in ten customers enrolled on our mobile app or using online banking.

As we discussed at the hearing, having listened to and engaged with our customers and stakeholders, we committed to keeping ten branches open until the end of 2018. We have asked Johnston Carmichael to undertake an independent review of these specific branches, which are nearly all last banks in town and more than nine miles from the nearest Royal Bank of Scotland branch. Johnston Carmichael is well suited to undertake this independent review because of their history, knowledge and understanding of rural Scottish communities and businesses. We anticipate Johnston Carmichael will publish their recommendations for each of the ten branches by the end of September 2018. We have publicly committed to implement Johnston Carmichael's recommendations in full once received.

### **Ways to Bank**

Our mobile branches have been serving communities across Scotland for more than 70 years and in many cases, serve communities where there has never previously been a Royal Bank branch. The service provides local, face-to-face service for customers. We understand the importance of listening and acting on customer feedback. Our timetable is built around customer usage and we review them on a regular basis to ensure we can continue to serve as many customers as possible.

We have a number of mechanisms to proactively collect feedback from our customers and we regularly engage with external organisations and representative groups to understand where improvements or enhancements can be made. Using this feedback we have already made a number of improvements to our mobile branch service. For example, we have improved the way in which customers can interact with us without entering the vehicle by using accessible exterior bells, braille signage and by installing the MyHailo system onto the fleet. MyHailo is a system used widely by petrol stations and enables customers to alert us more easily that they have arrived, where a member of our team will leave the van to serve them.

Our mobile branches are also being enhanced with high visibility markings on steps and handrails, and we are currently gathering feedback from colleagues and customers on an awning system being trailed which provides shelter in inclement weather.

I want to assure you that we take our legal obligations under the Equality Act extremely seriously, and that we work hard to meet the needs of all of our customers. We take steps to ensure that reasonable adjustments are put in place so that disabled customers are able to access our banking services, and we strive to ensure that our banking services are accessible to all of our customers.

We have engaged with a number of organisations with expertise, experience or who represent those in vulnerable situations, including both disability and accessibility. We have ongoing relationships with organisations such as the Back Up Trust, the Business Disability Forum, the Office of the Public Guardian, as well as numerous charities and NGOs to improve all aspects of our disability and accessibility provision.

It is important to note that mobile branches are just one of the ways in which we help customers do their banking. We provide digital services via online and mobile app and we provide a broad range of local face-to-face services too. Customers can access local, personal services via our mobile vans, through our Community Bankers, in Post Offices (where customers can withdraw cash, deposit cash and cheques, view balances and business customers can get coinage) and via our Relationship Managers and Business Growth Enablers for small business customers. Customers can also access comprehensive and quality services through our telephone services. And customers can readily access cash through our network of branch ATMs and for free via the LINK network.

We know mobile banking is the most convenient way of banking for the majority of our customers, but we also understand very well that not all of our customers are comfortable or familiar with using online or mobile banking. This is why we created a new specialist taskforce of Royal Bank of Scotland TechXperts who are dedicated to providing our customers with training and support with digital skills. Our Community Bankers are also fully trained to support customers and community groups with digital skills. Royal Bank is a proud signatory of Scotland's Digital Participation Charter too.

We are the only bank to have introduced Community Bankers to Scotland. We have 21 Community Bankers across Scotland supporting more than 60 communities where we provide customers and community groups with face-to-face advice and support with their everyday banking. Our Community Bankers maintain a high profile in their communities, engaging with customers through a number of channels including social media, supporting charity events, meeting social groups and other community activities. They run regular, "drop in" clinics to meet with customers within community locations such as libraries and town halls, as well as delivering events on fraud, scams and online security, as part of the Friends Against Scams initiative – all these events are open to customers and non-customers alike. Our Community Bankers can also provide home visits and personalised support to more vulnerable customers, where required.

I have noted the Committee's findings in relation to the concerns of some community groups and have asked our Community Banker network to engage with local groups in order to understand their individual banking needs and to find the right solution for each one.

We have invested in our contract with the Post Office and as a result 99.7% of all of our customers live within 15 minutes of a branch, a mobile branch or a Post Office location. The Post Office has 1,400 branches across Scotland and our customers benefit from longer opening hours with many branches open on Sundays. Customers can check their balance, deposit cash and cheques, withdraw cash and business customers can obtain coinage.

We work closely with the Post Office and are currently working with Citizens Advice, UK Finance and the Post Office on a cross-industry initiative to increase awareness of banking services available at the Post Office. Furthermore, we have worked with the Post Office to provide banking equipment and furniture from our closing branches with their network.

### **Business customers**

We know there are businesses that continue to deal with large amounts of cash and we work closely with them to find the right solution for them. For some customers, the answer may be to use local Post Offices, which in many cases, offer longer opening hours to our branches, as well as Saturday and Sunday services. For others, our mobile branches provide a local service, where customers can deposit cash and obtain coinage; we also offer cash carrier services for customers with larger volumes of cash. And for other customers, it has proved commercially advantageous to provide cashless solutions for their own customers. We are supporting our business customers with digital services too – from our mobile app and online banking facilities, to free services such as FreeAgent, a cloud-based accounting software for small businesses, to help our customers keep track of their finances and report their taxes digitally, all of which frees up time for our customers to focus on their businesses.

We have a network of business banking support across Scotland for customers including our Relationship Managers, telephony advice centres and local Business Growth Enablers who proactively provide support to business customers.

Our team of Business Growth Enablers support local business customers by providing specialist advice, events and training to support their business needs. They put businesses in touch with local experts across the bank and through their networks in their town or city to help businesses where and when they need it most.

I note the recommendation about charges for credit unions. We work with each customer on an individual basis and as such they would be assessed on individual merit.

I also note the recommendation that we work with organisations in order to help businesses to adapt to changes. We already work with a number of business organisations in order to support our customers and their members, in addition to the work our Relationship Managers and Business Growth Enablers do with customers on an individual basis.

### **Access to Banking Standard**

We closely follow the Access to Banking Standard and, for example, exceed the requirements by extending our notice period up to six months, rather than the 12 week industry standard. We have used the six month notice period in Scotland to proactively engage with and listen to our customers and local communities.

### **Branch buildings**

It is always a priority to ensure that former branch buildings are sold or made use of in some other way as soon as possible after a branch closes. We have committed therefore, that where we own the building and where there is no other demand; we will work with development trusts and local communities to transfer ownership of a building to a community for free if there is a viable and deliverable three-year business case. As part of our proposal if the community venture fails within those three years, then the ownership of the building will remain with the Royal Bank of Scotland, meaning the building does not then become a liability for the community. We believe that this offer, demonstrates a lasting commitment to our customers and communities in Scotland. We would encourage anyone interested in our buildings, including credit unions, to speak to our property team.

We are committed to serving all our customers and communities well. As I said to the Committee, closing a branch is not an easy decision to make but considerable changes in our everyday use of technology has had an equally large impact on the way our customers are banking and the services they expect from us. Like any business we must respond, but we always aim to do so in a way that takes full account and care of those who might choose or require different services.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Watson', written over a light grey circular watermark.

Simon Watson  
Managing Director Personal Banking  
Royal Bank of Scotland & Ulster Bank Northern Ireland