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

7th September 2018

Dear Mr Lindhurst,

Bank closures: impact on local businesses, consumers and the Scottish economy

Thank you for your letter following-up on the session with the Committee, I hope my contribution to this was helpful. I am pleased to take this opportunity to address some of the issues raised in the Committee's report and your letter.

Charities and community groups – as I mentioned in my evidence, Post Office is working with the banking industry, through UK Finance, in response to a written request from the Economic Secretary to the Treasury to raise awareness of the Everyday Banking services available at the Post Office nationwide. One strand of this work is focused on engaging with community groups to ensure these organisations, or their customers, can access our services, and we now have coordinated plans between Post Office and the banks regarding contacting these groups to ensure their banking needs are met.

Post Office security – I am concerned that the Committee has chosen to highlight subjective security concerns in such a public way in your report, we do not recognise these concerns and no statistical evidence has been presented to back up these claims. Making this claim publically is an open invitation to the criminal world and threatens the safety of our staff and customers – I do not see how publically questioning the security of our branches could do anything otherwise. I am very keen to work with you to ensure the Post Office continues to deliver a first-class service but it is important that we do not risk compromising the security and safety of our staff and customers.

We take the security of our customers, staff and branches extremely seriously, and to that end, Post Offices implement stringent policies to ensure safety in delivering everyday banking services on behalf of the major high street banks. We have been providing banking services for nearly 20 years and have been handling large volumes of cash for decades – we now move more cash around the country than any other organisation. In prior years, we have handled – securely – significantly higher sums of cash in our network than we do now, supporting pension, Post Office Card Account (POCA), car tax and TV License payments.

Generally, security within our network has improved in recent years. Thankfully, there have been fewer instances of theft, crime or violence in the past two or three years within our branches. This coincides with the modernisation of our network as we have

moved to a more open-plan model, statistically shown to reduce crime levels, a fact being borne out in our everyday operations.

Despite this trend, the Post Office is not complacent about its responsibilities in relation to the security of our network. We are well aware of the potential risks our branches face, as other locations in the High St where cash would have been available close, and we constantly review and adapt our processes to ensure that we are equipped to deal with both current risks and importantly innovate to prepare for any future potential threats.

Our Post Office Security team are committed to the safety and security of our network. The team provides bespoke physical and procedural advice and solutions for various risks and types of criminality. As well as providing a range of end to end secure cash handling equipment appropriate to our different branch formats, we also provide a multitude of security equipment within our network of 11,500 branches including cutting edge technology designed to protect people, assets and to identify offenders. In terms of fraud, we participate in the Banking Protocol which means counter staff can alert the police immediately if they think a customer is being defrauded and police aim to arrive within 10 minutes to deal with the situation. This is in addition to the unrivalled relationship our Postmasters have with their customers which enables them to spot unusual activity.

A number of banks have surveyed their customers and found that they actually prefer to conduct their banking business in a Post Office. This is a strong vindication of the principle of Everyday Banking (the vital cash in and out services that keep our communities thriving) at the Post Office but also shows that it is working well in practice.

Remuneration – Our largest single product supported across every Post Office is cash withdrawals. Accounting for over 70% of our transaction volume, these are already well remunerated, easy to transact (for both customers and Postmasters), and we have no complaints from Postmasters about these. Our next largest volume product is Business Cash Deposits - currently accounting for only 20% of our volume - but we fully recognise the extra time these take to process, and are very aware of the challenges raised by some of our Postmasters whereby their local circumstances mean a much larger business deposit bias. To this end, we have raised remuneration twice this year already, and continually review this to improve further still, whilst working hard to reduce the time it takes each postmaster to handle the transactions themselves. We are currently revising the terms of our banking agreement service with the industry and one of our top priorities is to secure even better remuneration for Postmasters for this important – and growing – proportion of their business. Banking is a core part of the Post Office's future but we must ensure that it is sustainable for Postmasters and are working hard to be able to increase their remuneration for these important services.

Awareness – As highlighted above, we are working with UK Finance to undertake an awareness raising programme about the Post Office Everyday Banking service. This work begins on 1st October with a nationwide branch campaign, augmented by external advertising trial phases in two locations – the north west of England and Dumfries and Galloway in Scotland. Our understanding is that current awareness is around 40% of the population (who are aware of bank access via Post Offices) and our plan would be to raise this by a further 10% per annum in the coming few years, so the service is very widely known about in due course.

My final point would be to formally state that the overwhelming evidence we have from the banks, their customers, our customers and many Postmasters is that Bank account access at the Post Office – and the vital everyday banking service we offer - is

convenient, secure, friendly and (in a world of challenging High St activity) very welcome. We continually seek to further support and develop each aspect of our service to the communities that depend on us. I hope this response is helpful and should you need any further information, do let me know. We were surprised not to receive an embargoed copy of the report before it was published and I very much hope we can work more closely together on these matters in the future.

Yours sincerely,

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