

Impact of Bank Closures

The Post Office

The UK Government announced £370m investment in the Post Office over 2.5 years to improve services. Can you say how much of this investment has been spent or is expected to be spent on banking services?

Of the total £370m from Government, £160m is ring fenced purely for the network subsidy, helping to support those post offices that are economically unviable. Over £4m of the Government funding has so far been invested into the provision and improvement of the banking framework services. Plans are being progressed to enhance customer journeys in our branches, enhance security and cash handling abilities, and invest in our supply chain to ensure efficiencies in how cash is moved from site to.

You talked about the significant increase in revenue from the banks through the banking framework. Can you provide further information on that?

In terms of the commercials re: the Banking Framework, whilst we can't provide detailed figures due to commercial confidentiality, we can confirm that the original Banking Framework was loss-making. BF2 therefore sought to address that, together with providing revenue to pay for the security, cash delivery and remuneration improvements required to make the service sustainable.

Improvements to the Banking Framework as a result of increased investment

- A more dynamic and responsive supply chain to pick up and deliver large volumes of cash more rapidly – improving safety. That means more vans, more routes, more collections and more IT.
- Increased security in our branches – fogging devices, safes, alarms, locks and methods to enhance staff and customer safety while offering a modern and open environment to customers.
- Training – both in customer service as well as anti-money laundering, and fraud detection and cash processing and signs of laundering
- Increased automation – to count the money and lock it away once verified, as well as automate the processing of it in branch
- System enhancements in Horizon to speed up customer service times at the counter
- Continued investment in back-end processes to ensure processing and reconciliation happen in an increasingly regulated market with no interruption or errors, leading to enhanced customer satisfaction and confidence in the services we offer.
- An increase in withdrawal rates for banking transactions of around 25%, increasing Mains from 20p to 25p and Locals from 17.5p to 24p. This will equate to around a £5m per annum increase on current predicted volumes in 2020/21 – obviously growing if sales of this product increase.

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- A further increase in deposit rates for banking transactions of around 20%. This will equate to around a £5m per annum increase on current predicted volumes in 2020/21 – again growing if sales of this product increase. This will bring the total increases to deposit rates of between 300% to 500% over the last 2 years, depending upon the Post Office branch type – a significant increase in a growing part of our business.

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