

Impact of Bank Closures

**James Kelly MSP
(Glasgow Region)**

“To examine the impact of bank branch closures in Scotland on local businesses, consumers and the Scottish economy and to explore what steps can be taken to address any issues identified by the Committee.”

It is a pleasure to submit my view as a Glasgow Regional MSP on this very important issue to the Committee. I have been contacted by numerous constituents over the years, distressed at decisions to close local bank branches, which they rely on. Many of those who contact me are older people who have been used to walk in bank services for most of their lives and appreciate the face to face contact it provides. Many of them are not adept at internet or phone banking, and rely on a nearby bank to collect pensions and pay cheques. This indisposition to new mobile banking is not exclusive to older people, and also affects the most disadvantaged who are not always likely to have internet access in their homes, with almost 20% of people in Scotland in such a position. Many other concerned constituents are those involved with local small businesses who depend on a banking service that is nearby and convenient. All of those who have contacted me regarding bank branch closures in their areas are concerned about the effect an empty shopfront does to their high street and to the economic wellbeing of their community.

The town of Cambuslang, which sits within my Glasgow region, has been particularly affected by the ongoing spate of bank branch closures. There are now no branches to serve the town centre, with residents advised to go elsewhere for banking services. The Royal Bank of Scotland, The Bank of Scotland and Lloyds TSB all closed recently and left the busy town without a local walk in bank. Left in the place of the empty banks was a lack of ATMs to serve the town centre. A pertinent point, made by Cambuslang's MP, Ged Killen, was that, for a time, there were more cash machines in a corridor in the House of Commons than there was in Cambuslang Main street.

What I find concerning is the behaviour of some banks, and their apparent lack of local customer engagement. As an example RBS, who recently announced a rise in profits for the first time in a decade, did not appear to be redirecting this resource into local banking services. RBS has led the way in the sheer number of bank closures, compared to other big banks, both in Scotland and the UK as a whole. Over the past three years, across the UK, it has closed or is closing 259 branches, and in 13 cases in Scotland, RBS is closing the last bank in town.

I am aware of the undergoing shift in customer behaviour taking place within the banking sector, that more and more people use internet banking, and that since 2015, all the UK's leading banks have been pruning their branch networks. There has to be an understanding from the banks that many people are not comfortable with the changes and require a more traditional banking experience.

I am open to any proposals to help alleviate the stresses on customers. One such proposal could be to limit any closures for a set period of time, to allow customers to get used to the changing environment. It is also important for any branches closed to leave behind facilities like cash machines to serve the local area.

I would also encourage the uptake in Credit Unions, who have no shareholders to compensate and can be more locally focused. I also welcome the addition of mobile bank branches which allow customers the familiarity of visiting a bank but do not have the same overheads as a static branch. This initiative would need to provide a regular service to customers that suits the needs of all locals.

What is clear is that there needs to be proper consultation with residents so that appropriate banking services are available to those who need them.

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