

Impact of Bank Closures

Association of Scotland's Self-Caterers (ASSC)

Background to the ASSC

Founded in 1978, the ASSC is the leading source of knowledge on short-term letting and holiday homes in Scotland. The ASSC is the only trade body representing the interests of the traditional self-catering sector. It has more than 650 members, operating in excess of 7,000 self-catering properties throughout Scotland, and has close links with other European countries, as founding members of the European Holiday Homes Association. The ASSC commits its members to maintaining the principles of “quality, integrity, cleanliness, comfort, courtesy and efficiency” and to offering visitors to Scotland consistently high standards within their self-catering properties. The ASSC’s vision is to place our members at the forefront of a professional, vibrant and prosperous Scottish self-catering sector.

Introduction

The ASSC welcomes the opportunity to provide written evidence to the Scottish Parliament’s Economy, Jobs and Fair Work Committee inquiry into the impact of bank branch closures in Scotland. As tourism was mentioned in one of the themes for the inquiry, the ASSC have submitted some general comments, as well as specific points on tourism, for consideration by the Committee.

Scotland has witnessed a large decline in its bank branch network – with branches closing more quickly than other parts of the UK – and businesses in rural areas and cash-dependent businesses have been particularly affected by this trend. The Committee’s inquiry is therefore extremely pertinent and follows a similar exercise undertaken by the Scottish Affairs Committee at the UK Parliament on RBS bank closures earlier this year.

Members of the Committee will be well aware that tourism is one of Scotland’s most important industries, with its benefit reaching into many different sectors within the wider visitor economy. In terms of our own sector, self-catering is a vital component of the tourism industry and currently supports approximately 15,000 jobs, attracts £723m in consumer spending, £470m of which is spent by visitors to Scotland.¹ The provision of quality self-catering accommodation not only benefits existing local businesses through economic footfall but additional entrepreneurial opportunities are also incentivised by additional tourist numbers, with rural self-catering users normally staying for a week and wanting multiple authentic experiences (e.g. food, outdoor,

¹ Frontline Consultants., *Economic Impact Assessment of Short-Term Lettings on the Scottish Economy* (2017). Url: <https://www.assc.co.uk/about-us/assc-economic-impact-assessment-short-term-lettings-scottish-economy/>. This paper also provides a useful area by area breakdown of the jobs supported by self-catering and the expenditure generated.

and heritage experiences). Local communities can therefore generate income on the back of increased tourism.

Tourism plays a vital role in sustaining remote, rural and island communities. Indeed, a study carried out by VisitScotland revealed that in some communities of Scotland, tourism employment accounts for nearly double the national average of 9%.² Many of those very same communities are those who have experienced a sharp decline in bank closures and it is important that current or future growth is not damaged by bank branch closures.

The Impact of Bank Closures on Tourism

The ASSC believe that the provision of bank services in remote communities offers the following benefits for residents, businesses and visitors alike:

- Local residents have access to cash withdrawal and personal cash deposit facilities. This is especially important for older residents, those with no personal transport and those serviced by limited public transport.
- Local businesses receive essential banking facilities without the loss of productivity through having to travel significant distances to branches elsewhere (it should not be forgotten that businesses located in rural areas are often plagued by poor mobile and broadband connections).
- Many tourists and visitors, especially those from urban areas, readily assume that card facilities will be available. However, this is not always the case, thereby limiting potential spend.
- Some older-age visitors prefer to use cash rather than make payments through using cards. With no bank facilities, the potential for cash withdrawal and subsequent spend from such visitors is reduced.

The closure of local bank branches affects small business operators disproportionately due to their location in rural or remote areas, their reliance on traditional methods of payment, and the fact that they can be cash-based businesses operating in largely cash-dependent local economies. The latter point was recognised by the Scottish Government's Minister for Business, Innovation and Energy, Paul Wheelhouse MSP, during a debate on bank branch closures in December 2017:

“...businesses in particular have concerns about cash deposits. A current barrier is that most post offices can accept only up to £2,000 in cash being deposited at any one time. That is a real barrier for tourism businesses

² Visit Scotland., 'What did we do on holiday? Sustained Scotland's local communities', 14/08/17. Url: <http://mediacentre.visitscotland.org/pressreleases/what-we-did-on-our-holiday-sustained-scotlands-rural-communities-2106957>

located in rural areas...they will face real challenges as the majority of their trade is conducted in cash.”³

As the Federation of Small Businesses have recently argued, bank branch closures may make it difficult to run a business in some parts of Scotland, including in tourism hotspots:

“While many small businesses use online banking, that doesn't mean they don't handle cash, and therefore need to visit a branch. Further, many of the branches under threat are in parts of the country with particularly poor mobile and broadband coverage.”⁴

In addition, regional business leaders have warned that the closure of bank branches in Scotland in the Highlands could damage the popularity of successful tourist offerings such as the North Coast 500 Route as individuals are left with no access to ATMs. David Richardson, FSB Development Manager for the Highlands and Islands, stated:

“The closures are having a big impact on small businesses in fragile communities. While the NC 500 has been a huge boost, what matters is not the number of tourists you can attract but how much they spend when they come through the door. We do not live in a cashless economy and if people can't get money out they can't spend it.”⁵

The tourist economy is a crucial underpinning for the whole economy of rural and remote areas in Scotland – and this includes the impact of self-catering and holiday let properties. The closure of local branches has negatively affected rural towns and it would be yet another blow if other communities could not derive economic benefits from tourist initiatives like the NC 500 due to bank closures.⁶

Overall, by facilitating tourists to spend more money in rural and remote areas, bank services assist in the economic growth of rural communities. Key tourism hotspots in rural and remote areas require cash machines to encourage local spending, especially in cash-dependent economies. Bank facilities in rural communities can help to attract residents, businesses and tourists to the area, stay in the area, or make return visits.

³ The Minister for Business, Innovation and Energy, Paul Wheelhouse MSP in Scottish Parliament, *Official Report*, 14/12/17. Url:

http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11263&mode=html#iob_102604

⁴ FSB Scotland., 'Bank closures will make it more difficult to run a business in Scotland', 01/12/17.

Url: <https://www.fsb.org.uk/media-centre/press-releases/fsb-bank-closures-will-make-it-more-difficult-to-run-a-business-in-scotland>

⁵ Quoted in S. Ross., 'Bank closures leaving Scotland's Route 66 visitors without cash', *The Scotsman*, 11/08/17. Url: <https://www.scotsman.com/lifestyle/travel/north-coast-500-route-could-suffer-due-to-atm-shortage-1-4528431>

⁶ The North Coast 500 Route attracted an extra 29,000 visitors to the Highlands, with the area experiencing a 26% annual rise in visitors compared to a 6% increase across the rest of the region.

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