

Impact of Bank Closures

Scottish Rural Action

EXECUTIVE SUMMARY

- Scottish Rural Action conducted a survey of rural communities that will be affected by the Royal Bank of Scotland (RBS) branch closures scheduled to take place in May and June 2018
- Rural communities feel let down by RBS over the branch closures and reported a total lack of consultation with them and their community representatives ahead of the decision making; 95% of respondents who were to be affected by the closures felt they should not go ahead
- Rural communities are more likely to be affected by the branch closures and more likely to be losing their last bank than urban communities affected by the closures
- Alternative banking options suggested by RBS - online banking, Post Office banking, and mobile bank vans – were felt by the large majority of people to be unsuitable for meeting their needs
- The branch closures will have the severest impacts on the most vulnerable and isolated communities, businesses and individuals, who are less able to arrange access to alternative banking options, are more reliant upon cash and require a fuller range of banking services and advice
- The branch closures demonstrate a lack of care and compassion from RBS about rural communities and vulnerable people and the process by which these decisions were made was unethical
- We call on:
 - RBS to release each of the impact assessments conducted;
 - the Scottish Affairs Committee and the Lending Standards Board to conduct a full review on the conduct of RBS;
 - on the UK Government to halt these closures until that review has been completed;
 - and on the UK Government to consider a form of Universal Service Obligation for banking, whereby banks cannot close the last bank or ATM in town.

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About the Branch closures

The Royal Bank of Scotland (RBS) has announced its intentions to close 62 additional branches in Scotland during May and June 2018. Of these, 13 branches are the last bank in the community and 45 are rural. RBS first announced the closures in November 2017 and provided customers in the affected areas with factsheets outlining alternative options. RBS is still owned by the British taxpayer which has a 72% share in the bank.

This set of closures are part of a longer-term trend towards branch closures. The closure of a bank, with some exceptions, means also the closure of the ATM associated with the bank. Since 2013, RBS will have closed over 200 branches by the end of 2018, a 70% reduction in their number of branches over 5 years. This trend is reflected in the behaviour of other banks also, with an estimated 53% of branches closing between 1989 and 2014¹.

IMPACT OF RBS BRANCH CLOSURES

We surveyed those rural communities in Scotland that will be affected by the closures to ascertain the impact of the closures on them and the suitability of alternatives. We received over 1100 responses between 18th December 2018 and 10th January 2019 and 95% of people affected by the closures are in no doubt that they should not go ahead.

I think this is absolutely disgraceful that this can be allowed to happen without any consultation. I live in a small rural village and the bank is a lifeline to the community.

For a small thriving area like the East Neuk of Fife, closing the RB is taking the guts out of our local villages.

It's an idea made by an organisation that has lost its values and reason for being in business

There is a great deal of strong feeling in rural communities about the closures, and we believe that these closures demonstrate that RBS are not interested in the rural communities they serve or in meeting the needs of individuals. The impacts include, but are not limited to, the following:

- a. Withdrawals and deposits
- b. Businesses
- c. Population
- d. Vulnerable and disadvantaged customers
- e. Multiple branch closures
- f. Alternative perspective

Withdrawals and deposits

A key service offered by bank branches is the access to cash and ability to deposit cash and cheques. A number of respondents (64%) raised concerns about this, referring both to personal and business needs.

I am a teenager in the village who gets paid cash so I need to go into the bank to put my cash into my debit card. If the bank closes I don't know how I'm supposed to do this.

An estimated 2.7million people in the UK still rely on cash almost entirely and many people use cash to assist them in budgeting for the week or month. Cash is still the most common payment method in the UK². The closure of a bank branch often also means the closure of the ATM.

Charitable and voluntary groups, often at the heart of communities and providing valuable services, rely on cash too for weekly 'subs' and purchases and it is unrealistic to expect these volunteers to travel long distances to deposit and withdraw relatively small amounts of money.

The charity I work with regularly deposits cash and cheques. It will put extra time burdens on volunteers

Travel to an alternative branch or ATM in rural areas can be time-consuming, involve long travel distances and require multiple transport modes.

Businesses

Small-Medium Enterprise (SME) owners responded to the survey (121 respondents) with concerns about having access to cash withdrawals and deposits which are essential to the running of their businesses. For some SMEs, being able to deposit cash regularly enables them to manage their cashflow, especially for smaller and newer businesses.

For SMEs there are particular concerns about the safety and security of transporting and holding onto cash for longer periods of time, as well as the cost to the business of having to take, in some cases, a day to travel to and from the next nearest bank or branch.

Are we not opening up to businesses carrying more money than is safe for them to banks which are further afield or does the small businessman not count for anything these days???

I am responsible for works banking

which currently means I am off site for 40mins to bank at Inveraray; should the Inveraray branch close works banking will take me at least 3 hours at least twice a week.

Many rural communities rely on tourism as a major source of income. There are concerns that tourists will not visit or spend money in areas without access to cash.

It will be very negative for tourism - which is a major income earner locally - if people are not able to access a bank or ATM.

Even without consideration to the needs of tourists, it is estimated that for every ATM withdrawal, £16 is spent in nearby stores, and overall, more than a third of spend on our high streets is dependent on the provision of local ATMs³.

The closure will impact our already struggling High Street, people will go elsewhere, or visit our shops less frequently if they bank elsewhere.

Population

Some rural communities have suffered significant population decline in recent years and are ageing quicker than in urban areas⁴. There was concern from 22% of respondents that the RBS closures will contribute to further population decline. Banking services are considered essential, and removing these from communities already battling to retain services and population, may deter people from living, starting a business or moving to these rural communities.

Professional jobs and services will be lost and the community will decline

As it is the only bank we have it could prevent people from wanting to live on the area.

It is important in Huntly that we have access to services in our community - the town will die if we keep removing services

Vulnerable and disadvantaged customers

The RBS closures are likely to have a disproportionately negative effect on vulnerable and already disadvantaged customers.

My father in law uses this bank and has done all his life he has dementia and can't remember pin numbers to use the machine he is in his late 80s and struggles with change.

Vulnerable and disadvantaged customers are less able to access alternatives such as other branches, online banking, Post Office banking or mobile bank vans. This may be due to mobility restrictions, disability, cost or poor transport

I have autoimmune disease so when my local branch closes, my nearest branch will be too far for me to travel to deposit business funds as I can't drive.

It will be more difficult for some people to undergo the process of moving banks if there is an alternative within their locations, or to drive or use public transport to access a different RBS branch.

My son has Down syndrome and I make a point of taking him with me for banking so he gets used to it in our own community. Having to travel 20miles to the nearest bank may not be possible for him and will take away his independence.

I am 70 y ears old will not be able to do on line banking .my nearest branch will be 25 miles away a distance I am unable to travel because of mobility issues

Thirdly, almost 60% of respondents were concerned about people becoming more isolated as a consequence of the closures, with some respondents commenting that the face-to-face contact they or relatives get at their branch is an important social contact as well as a defense against fraud and crime against vulnerable people.

Multiple branch closures

A number of respondents (38%) told us they had been affected by multiple branch closures over the last few years, and in some cases several surrounding RBS branches were scheduled for closure. Customers had already moved to using a different, less convenient bank, or changed banks (sometimes both if the bank they were using was the last in their town), and now they will need to do so again.

They shut our Bonnybridge branch. Then we used Denny and now it's shut. Now use Bannockburn and they're going to shut this.

I actually used to use a branch (Banchory) that recently closed in September 2017. The inconvenience of this closure has been huge - the Post Office is not geared up for the transactions that are required from members of the community.

We are ten miles from our nearest branch at Dunblane. We could cope with its closure, but the next closest is Bridge of Allan- and it is closing too!

Alternative perspective

A small number of respondents, just 3%, felt there were some positives about the closures, although the majority of those who commented emphasised that the positives would be for the bank. Some felt that taxpayers may see some benefit, or could appreciate the stated reason for the branch closures.

Hardly ever actually go in..... once in past year to lodge a cheque. Guess I can bank any cheque via Post Office in future. Transaction levels do not justify costs/staffing of a branch. Solution would be a travelling branch 2/3 times a week for business customers.

Others felt that the closure would free up valuable space on their high street for other businesses to use.

SUITABILITY OF PROPOSED BANKING ACCESS ALTERNATIVES

RBS or other bank branches

For 13 communities, this closure is the last bank in their community. The nearest bank of any brand is quite some distance away, and may involve ferries and lengthy journeys.

We live remotely enough, having to cross, on a Ferry, from Inverie on Knoydart, to Mallaig, where our local branch is. If this Bank were to close, it would mean a further drive of approximately one hour to bank in Fort William. We have a car, but there are some local people, who do not own a car, or do not have a driving license, therefore they would have to take the train from Mallaig to Fort William, or take the bus. This closure is a serious issue for this area. Please reconsider this particular branch closure.

RBS has provided information about the nearest alternative RBS branch to communities, but this isn't always a realistic option. In the case of Campbeltown for example, Brodick is one of the suggested alternative branches. This requires a journey of over 100 miles return and a ferry trip, which in winter only runs once a day.

In other cases there is another bank close to the RBS branch which is closing and it may be possible for customers to transfer to another bank and access services in that way. RBS has not chosen to provide information about this option in the literature they have provided to customers. However, we have had reports of this taking several weeks and even months in some cases, and it is inevitable that some people will find the process arduous and challenging.

There are also understandable concerns, particularly in communities where the RBS branch is not the first branch to close, that although the RBS branch is not the last bank in their community at this time, it heralds the way for more bank branch closures.

Many people in rural areas don't have access to a car and rural communities already have high levels of fuel poverty; further travel to do regular banking will have a disproportionate impact on those without private transportation, with poor public transport routes and who are on lower incomes.

Mobile banks

Mobile bank vans provide a valued service in many rural communities, however there are also significant limitations to the services and access they provide and only 13% of our respondents felt that mobile van bank services were a viable alternative that met their needs.

Mobile bank vans offer a very time-limited services, and respondents indicated that this was often unsuitable for their use. They often require customers to stand outside, whatever the weather and regardless of their needs. Customers with mobility issues may not be able to

access the van and be required to conduct their business outside. There is less privacy offered than in a bank, and the vans offer a limited banking service to customers, not addressing the needs of those requiring larger cash deposits and withdrawals.

Online banking

Only 7% of respondents felt that online banking was a viable alternative that met their needs. Of the options provided - online, mobile bank van and Post Office - this was the least popular option.

Online banking, whilst it has understandably grown in popularity, does not meet all of the needs of customers; you cannot deposit or withdraw cash from an online bank and you cannot discuss your affairs face-to-face with a person.

High proportions of respondents did not trust online banking (21%) or did not feel confident in using online banking (20%). The UK Government's Digital Skills Inclusion Strategy indicates that 21% of people currently do not have the skills to utilise the internet fully, and that 10% of our population may never be able to do so due to literacy and disability issues.

Rural Scotland in particular has issues of access to the internet. Currently around 95% of premises in Scotland have access to fibre broadband, but 5% of premises – predominantly those in rural areas (for example, in the Highlands and Islands region, only 86% of premises are covered) – do not have access to superfast broadband. Mobile phone coverage of sufficient speeds to access the internet is very patchy.

In fact, around 83% of adults access the internet in any format, not all of which are suited to online banking (e.g. in a library, on a data limited mobile phone) and usage declines with age – only 1/3 of adults over 75 access the internet at all. This is due to the affordability of the services and necessary equipment, a lack of awareness of the provision available and digital skills gaps⁵.

Post Office banking

Less than 10% of respondents felt that the Post Office was a viable alternative. Some people were unsure about the services offered (29%), but many were confident that their Post Office could not meet their needs (42%).

I am a business that trades in multiple currency bank accounts. I have checked and my post office cannot offer this service on behalf of my bank.

The post office has advised that they can not deal with large cash transactions that our community group handle e.g. £1000+ in loose change at Christmas to be deposited. The post office will take a further 24 hours to clear cheques.

In part this was due to the cash withdrawal and deposit limitations of the Post Office, but also because they are often hosted in small shops, already busy, would have difficulty meeting an increased demand, offer limited other services (e.g. advice, transfers) and cannot offer privacy. It also takes longer for transactions such as cash deposits to show in the customers account, making cashflow more difficult to manage.

I do not want to use the Post Office for my banking. It is a local shop with a lot of local's part time staff. I do not wish them to know my business.

Dunbar High street post office is always busy. Given that the RBS branch always has a queue of customers, the already too small and cramped post office will be impossible.

They don't have access to your accounts for any queries.

Some respondents were also concerned about the suitability of the Post Office opening hours (17%; which may be rectifiable in some areas) or simply stated that their nearest Post Office was too far away (8%). They also had concerns that Post Offices are under threat of closure too.

many rural areas have already lost, or are constantly under threat of losing, P.O. facilities

CLOSURE PROCESS

Skip to:

- a. Consultation with customers
- b. Information provided to customers
- c. Lack of trust

Consultation with customers

We have found no evidence that RBS consulted with customers or the wider community ahead of making the closure decisions.

First I knew it was in the National Press

This appears to be a clear breach of the Access to Banking Standards which requires banks to consult with communities and other stakeholders to understand the impact of the proposed decision. This seems to be particularly important when considering closing the last bank in a community, or where there are high levels of vulnerable and disadvantaged people.

Communities were shocked by the decision, and are only now able to consider alternatives for their community.

We as a community were told once decision was made – we were not asked our opinion

I have never known them to consult their customers before making a decision

If RBS had worked with them ahead of the announcements, it is possible that sensible alternatives could have been found, or compromises made. At the least, RBS could have provided customers with information which truly reflected their needs and recognised the devastating effect the closures will have in some areas.

Information provided to customers

Many respondents complained about the information provided by RBS about the closures, noting poorly detailed and inaccurate information, insensitivity to the realities of rural life and a lack of local knowledge.

A large proportion of respondents did not know what services the alternatives offered by RBS – the Post Office and mobile banking vans – could provide (28% and 25% of respondents respectively). RBS could have provided more information here, perhaps in conjunction with partners.

perhaps an explanation of how PO's can be used would've been helpful

Most of the fact sheets provided to communities make reference to the mobile banking van, and provide a link to the timetables. The timetables for the affected areas are not yet provided, and experience from previous closures suggests this may not be forthcoming:

RBS website still shows this branch (and Stonehaven) as being open and information on the mobile banking service is not included on their site for these areas.

There was no information provided by RBS on other banks within the local community, which may be more realistic alternatives to the RBS branch than travelling the distance required to remain a customer with RBS.

The information provided about travel to other branches is often misleading and does not take account of the poor public transport connections available in rural communities, which mean even short journeys can be arduous.

Lack of trust

There are already low levels of trust in the banking sector, with consumers viewing it as greedy and immoral⁶. Respondents felt that RBS did not care about their community or customers, and that by allowing the closures to go ahead, the UK Government was letting them down.

The Uk Government is equally culpable in not... ordering them to withdraw this outrageous porposal

My husband is a self employed builder and simply cannot take time off work to visit the proposed branch. He has said categorically he will move his business account to another bank, he feels very let down, pays thro the nose for the 'privilege' of banking with RBS, not consulted or considered.

[I]... have been a customer for 65 years, no thought of the elderly who have stayed by you, for what.

The poor consultation with communities conducted by RBS, allegations of RBS providing misleading information about the reasons for closures and the breaking of their promise to not close the last branch in town has exacerbated the feelings of anger over the closures.

CONCLUSIONS

- The consultation carried out by Scottish Rural Action indicates the significant impact that these and other bank branch closures will have on communities.
- We believe these impacts will disproportionately affect rural communities and disadvantaged and vulnerable members of those communities.
- Concerns about the conduct of RBS over this matter from communities are justifiable and deserve full answers.
- There have been no suitable suggestions for alternatives to a high street bank branch proposed by RBS and this merits further exploration.

- The UK Government and relevant bodies need to consider actions which can prevent the closure of the last bank in a community, or that will fully and properly mitigate the impacts.

Scottish Rural Action

REFERENCES

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- 3 "Bank Branch Closures Debate", House of Commons, June 2016
- 4 Rural Scotland Key Facts 2015, Scottish Government, 2015
- 5 Scottish Household Survey, Scottish Government, 2017
- 6 "Public Trust in Banking", YouGov, 2013