

Economy, Jobs and Fair Work Committee

Bank closures inquiry

Focus group in Mintlaw

23 April 2018

Background

The Economy, Jobs and Fair Work Committee held a focus group in Mintlaw on bank closures. The focus group was attended by six local people and was facilitated by Committee member Gillian Martin MSP. Attendees included local people, including businesspeople, a farmer and local Councillors.

Impact of the closure of the last bank in Mintlaw

Participants raised a number of issues relating to the impact of the closure of the last bank in Mintlaw, which was a branch of the Clydesdale Bank. Also highlighted was the closure of RBS in nearby Turriff and others in the area. The bank in Mintlaw served several surrounding communities; participants feel that its loss has caused difficulties for local people.

We were told that there are whole communities in the area without access to a bank branch. Many people do not have access to a car and are dependent on public transport to get to a bank branch.

Participants felt that those most affected are people on low incomes or not equipped with the skills to access alternatives, such as online banking.

Consultation

The Community Council was involved in trying to retain the local bank branch but felt that it was a 'fait accompli'.

Someone said that the banks used figures to justify the closure of the local branch that could be called into question; they made a calculation of footfall on a daily basis but not across the piece. They would like to find out how the bank did their calculations. Some felt that this was done to suit the bank's agenda to close branches.

Participants said that they received a letter from their bank informing them of the closure of the local branch with no prior warning of the plans. There was no offer of continued support. Farmers were allocated to different branches, but were not consulted on this. It was felt that the banks should engage with the local community before deciding to close a branch.

Impact on businesses

One local businessperson had been a customer with the local bank for 30 years; they received a standard letter and no assistance with the change to their banking arrangements after the closure of the local branch. Their business manager is now located in Inverurie.

The biggest problem for local businesses is cash handling and depositing. The local Costcutter has made its own arrangements for a private operator to collect its takings but this adds to the costs of doing business. One local businessperson explained that she receives payment by cheque every few weeks and that other payments were made by 50/50 cash/card.

There are also issues for farmers, who mostly deal in cheques (e.g. for the sale of livestock at market). The Aberdeen and Northern Mart (Thainstone), where around 500 cheques are issued on a Friday, is a major agricultural hub. There used to be a Clydesdale Bank there to allow farmers to bank the money straight away but this is now closed. Selling livestock involves large sums of money and farmers have traditionally used the Clydesdale Bank.

Impact on farmers

The North East Corner of Scotland is seen as 'an ancient hub of agriculture' which brings in 'massive amounts of money' into the economy. The farming economy is ever evolving, with generation after generation trading on the equity of the land. It was explained that farmers support the local economy through their use of local suppliers.

It was highlighted that it is important to have a local bank manager who understands the way that an agricultural business works. Participants said that, as a result of closures of local branches, banking teams have lost all local knowledge, and understanding about farming businesses and other local businesses.

A local farmer explained that three generations of farmers in his family had used the same local bank; they had built up a relationship with the local manager and that was lost when the local branch shut. He said that face to face relationships are important.

Footfall

People spoke of the impact of the bank closure in Mintlaw on footfall; previously people came to the town to do their shopping and their banking. The pattern of trading has changed with the loss of the bank branch. Going to the bank used to bring people into the town.

Travel

Participants explained that they have to drive 12 or 13 miles to reach their nearest bank branch. It was highlighted that when the local community holds fundraising events, the money has to be banked in Fraserburgh (15 miles away). A local farmer attending the group used to have a bank manager in nearby Strichen but this function was moved to Fraserburgh following the closure of the local branch.

Travel to an alternative branch in Peterhead can be difficult as the bus service is not good. When people are working and do not have a car, it is difficult to get to a bank during working hours.

Alternatives

For one local businessperson, valuable time was taken up assessing the alternatives to using a local bank branch.

One person said that RBS has publicised the availability of peripatetic advisers who will meet people in the community and help to educate them about alternatives. They were waiting to receive the name of this person.

Some people felt that the Scottish Government should help develop flexible banking models to suit communities. There is a need to look at banking regulations to allow this to happen. Someone suggested that banks could diversify and offer 'banking plus' to make their business viable.

Another idea was that there could be a virtual banking hub where people could communicate with a banking adviser/teller online, with the facilities for doing this provided in a space where there is privacy.

Internet banking

People said that internet connectivity is not good in Mintlaw and the extent to which people use it varies.

The Community Council representative does not use internet banking. One local businessperson now pays everything online but they still need to use a bank branch or Post Office for dealing with cash.

Not everyone has a computer; older people are reluctant to change. People felt that internet banking was being pushed and some people do not want it.

A local farmer explained that farmers have to show their accountants their books and some feel that this is difficult to do when banking is done via the internet. Farmers are either 'cash rich' or 'cash poor' with no regular income. Some farmers are suspicious of the putting their financial data online which can be seen as 'easy prey' for criminals.

One participant said that people would be more likely to adapt if they had confidence in banks' online systems but as things stand, people can be suspicious of giving their bank details to companies for online banking.

Post Office

The local Post Office in Mintlaw offers limited banking facilities. It was felt that the people who work in the Post Office are not sufficiently trained in banking services. People felt that the Post Office could improve its services so that it operates more like a bank.

Participants also said that there is a lack of privacy for people doing their banking in the Post Office (as it is located in a shop/garage). There is a restriction on coinage at the Post Office. When people have a large amount of money to bank, they have to pay it in a little at a time and this can affect cash flow for businesses. People felt that a bank night safe located at the Post Office would be helpful. In Turriff it takes three days for a cheque to clear through the Post Office.

Mobile banking

The RBS mobile bank comes to Mintlaw once a week but people are only allowed to enter the vehicle one at a time. People were 'fed up' with the mobile banking service that was offered in Strichen as it was not turning up on time and there were access issues with the steps up into the van. It was not seen as a reliable option.

Banking hub

Some people suggested that the banks should work together to provide local people with a 'banking hub'. They want the Scottish Government to get the banks together to arrange to have a banking centre in a strategic place in the area. It would involve multiple banks operating in the same building. They felt that there needs to be a mechanism to maintain a banking presence in communities.

Community bank

One attendee mentioned German "sparkasse" (community banks) which are effective in providing banking services to local communities. He felt that a similar

model could be considered for Scotland. However, it was felt that there are barriers (e.g. legal barriers) to community banks filling the gap left by commercial banks.

It was suggested that a community bank should be set up; run by people for people.

Empty bank building

A local business has moved into the empty bank premises in Mintlaw but it was felt that footfall had reduced in the town as a result of the bank closure.

In some local towns, the bank building remains empty and this impacts on the look of the High Street. The bank premises are still vacant in nearby Strichen; participants felt that this “looks awful”.