

Economy, Jobs and Fair Work Committee

Bank closures inquiry

Focus group in Leven

11 June 2018

Background

The Economy, Jobs and Fair Work Committee held a focus group in Leven on bank closures. The focus group was attended by six local people and was facilitated by Committee members John Mason MSP and Colin Beattie MSP. Attendees included local people, some of whom were businesspeople and a community council member.

Leven still has a number of banks, including TSB and Bank of Scotland, credit unions and building societies, including Nationwide. However, the Clydesdale and RBS branches shut in 2017.

General points

One businessperson said that people had “lost trust that banks will stick to what they say” given past promises from banks that they would not shut the last branch in town.

A number of people discussed the long travel distances to alternative branches and the inconvenience and cost of having to travel to neighbouring towns (£5.90 one way to Kirkcaldy, and £6.20 one way to Glenrothes, the two alternatives).

Asked about the impact on the community, people agreed it was causing a decrease in footfall in the High Street, though one person pointed out there were hardly any shops left anyway. One person described the impact on the High Street as “opening a zip”, saying that when one business goes, this precipitates the closure of other neighbouring businesses. One person added that it made her very sad to see the community “degenerating” in front of her eyes. Another added that one of Scotland’s comparative advantages is the sense of community in towns, and that this was disappearing with the closure of businesses on the High Street, including banks, and the disappearance of public transport links. People agreed that the repercussions of banks closures would be felt for years to come.

Two people mentioned a café in another town that had had to go cashless because of cash management and associated security issues of keeping more cash on the premise for longer periods of time (plus the time it takes him to go and deposit cash) that the local bank branch has shut. They both feared this would have an impact on their business, particularly in relation to tourists who may only have cash on them when on holiday.

One person said that the branch closure issue is one of the most serious problems that has affected the business community, and that politicians should be doing more.

Footfall

Participants all felt that the branches that shut were busy when they were open. They said that if footfall is going down in branches, it is because customers are increasingly encouraged to use online services rather than a service over-the-counter. They felt it was disingenuous of banks to cite a decrease in footfall as a reason to close, because they were the ones turning clients away.

Participants also discussed how they now have to wait over half an hour in branches in neighbouring towns because of lengthy queues.

Security concerns

Witnesses voiced concerns about what they perceived as the lack of security of online services, with one person saying she refused to use these services altogether. One businessperson discussed the importance of having a face-to-face interaction with the bank, and a paper trail for all transactions. Without an initial, human point of contact, he explained that it would be much harder to contest a potential dispute with the bank, and that system-generated receipts (e.g. a receipt issued online after an online transaction) could potentially be the result of a hack. "There's no way of chasing things back to the point at which they went wrong", he said, adding that hackers were often far ahead of banks and other businesses in this regard.

Face-to-face contact

Building on the above security concerns, one witness explained that in the 20 years that he had been using banking services, he had never seen the types of security issues that occur regularly today. "Banks used to *know* their customers", he said, adding that he had recently been asked by a bank employee: "what does your business do?" even though his business has been with that bank for decades. Witnesses talked about how each branch used to have a bank manager who would always be present on the floor talking to clients, and who could resolve issues. "You didn't come out without an answer" said a local businessman.

One person voiced his frustration at the "Press Option 1, Option 2, Option 3"-type service offered over the phone, adding that the main cause for customer complaint is the lack of interaction with people, and that banks should do more to provide more person-to-person contact as there was clearly a high demand for this.

One person explained that the reason people were willing to travel long distances to alternative branches came down to their desire for a face-to-face contact.

Bank communication

One person wrote to her bank and never received a response, while another wrote and received a response which is how she found out about "community bankers", but she was still unclear on what services they offered or how to contact them. She added that had she not written to the bank to complain about the latter directing her to the wrong branch (longer travel distance from Leven by public transport and no parking compared to the other alternative), she would not have found out about community bankers at all.

Customers all said that while they had been notified about the closures, none had been consulted, and some felt they had not been made aware by their bank of available alternatives to branches.

Post Office

Asked whether the Post Office was an alternative to banking, one person said “Post Office? We’ve had three close around here.” Another said “it’s OK to deposit £20, but you wouldn’t get a loan there.” He added that it was almost impossible to get anyone from the Post Office over the phone. One bank customer said that her bank had not explained to her what services were available at the Post Office.

People explained that there is limited parking space in the one they use, that Post Offices are often located in busy convenience stores, and there is no privacy for people to conduct their banking business. One businessperson pointed out that the Post Office is not physically designed to be suitable for banking services, and questioned why the Post Office should have to invest in its infrastructure to make it more private and secure, when banks were the ones pushing their customers to use the Post Office as an alternative to their branches.

Another person pointed out the main source of revenue for a Post Office is generally the convenience store it is in, and that the staff focus on that and have little time to help bank customers. One businessperson said the staff at the Post Office were “terrible, terrible, terrible”, that there are not enough people behind the till and that queues to use the banking services are often out the door.

One person pointed out that if banks had seen what the Post Office is like, they would not be pushing their customers to use it as an alternative to branches, but that they knew about the security and privacy concerns at the Post Office before they shut their branches. He added that banks had not properly considered the implications of moving their customers to the Post Office.

One participant said that the money postmasters get for running banking services is negligible.

Switching?

Asked whether they had considered switching banks, two participants emphatically said no. One explained that this was because she had a long relationship with the bank, that all of her financial products were purchased through them and it would be very inconvenient to reorganise so many financial arrangements (including pensions, etc). One businessperson stated that banks had spent a long time trying to make their clients loyal to them, and that the results were showing now as most customers in the UK would not consider switching.

One businessperson said that switching a business account to a new bank is difficult because it requires that the new bank get to know and trust the business all over again.

One businessperson said he had switched to the Co-op which does not have a branch in Leven, but has more supportive staff online and over the phone, and that

this was better than the remaining branches in Leven whose staff could often not help over-the-counter.

Mobile units

Participants said that there were not enough mobile units and that they do not stay in one location for long enough. They all noted the lack of disability access, and having to wait in sometimes adverse weather conditions. One person also pointed out that the mobile van hours had already been cut back in her area. Another added that they had had to wait 20 minutes, though a third added that that was not a common occurrence.

Bank buildings

Participants said that the RBS had just been sold at what they considered to be a low price, but that the Clydesdale Branch is still not sold. One participant said that business rates made the cost of purchasing and using a bank branch to do business prohibitive. One person said the empty branches should be converted into “pop-up” units for young entrepreneurs to try their business ideas out, and that this should attract rates relief.

Solutions

Participants called for there to be more staff in the branches that remain open, and for there to be someone present who, like bank managers in the past, had some decision-making power. One person however admitted that bank managers were likely a thing of the past and would never be reinstated. People discussed account managers, which they said were available both for private and business banking. One person said these managers come and see you in person, and that they are quite good even though there can offer only limited services.

One person stated that banks should be required to provide a minimum of financial service delivery. He suggested that there be a financial hub where different banks could offer their services. This hub would be staffed by trained tellers who could assist people in doing banking through online services or help them get on the phone to the correct member of staff. This would provide both a face-to-face interaction and use of services that are becoming more and more prevalent.

Another participant complained that her bank had not considered downsizing or opening on alternate days, but had simply decided to shut the branch.