

Economy, Jobs and Fair Work Committee

Bank closures inquiry

Note on focus group in Dalmellington

30 April 2018

Gordon MacDonald MSP and Andy Wightman MSP attended and facilitated a focus group on bank closures in Dalmellington, where local RBS branch, which was the last branch in town, shut in 2016, and the nearest RBS branch is 17 miles away in Ayr. It was attended by 17 people, a range of people from the local community, local business owners, Councillors and community council members.

Impact on the local economy

People told members that the closure of the bank in Dalmellington has had a significant impact on footfall in the town. Before the bank closed, people, including tourists (Dalmellington is the gateway to the Galloway Forest) would come into town to do their banking business or take cash out, and then visit the local shops. One person said the negative impact would only really become visible in 15-20 years.

Local business owners said that they now have issues managing cashflow. Some reported they now have to travel all the way to Ayr or Kilmarnock to deposit and withdraw cash as well as get change. One local hospitality business explained they have nowhere to go when they run out of change (although local businesses do try to help each other out). In New Cumnock, people said they get change from the Church.

People said remaining bank branches in the area are now extremely busy, with queues in the Clydesdale Bank and RBS in Ayr at least 20 minutes long. One person reported having to wait 45 minutes at RBS in Ayr. Travelling to a different location is costly however (the bus to Ayr costs around £5).

For those travelling by car, there is the additional cost of petrol (particularly high in rural areas). One person described a business owner who uses a rental car and the extra driving distance had significantly increased his rental costs. In winter, it can in take days for the roads to be cleared between towns. Travelling to Ayr to do business banking can mean losing half a day's work for a business. Small business owners reported that they had to shut whilst they travelled elsewhere to do their banking.

There are three cash points in Dalmellington, but one person said: "we live in fear that they will remove the ATM". One is only open until 10pm (which can be an issue for pubs for instance that run out of cash late at night), and they all regularly run out of cash for days. One person explained the cash point in New Cumnock was empty for four days over Christmas. Another pointed out that the local garage had seen a business opportunity when the branch shut and had taken on the cash machine in their town.

A lot of people said they had moved from RBS to Santander, Clydesdale Bank or TSB. One person said that they switched to Santander after 50 years with RBS when the closure was announced. Others however said they did not want the hassle of changing banks, putting into question the concept that customers can put

competitive pressure on banks in this way. Business owners also said it is complicated for a company to switch banks.

A number of people explained that not all of bank staff were offered another job when the RBS branch in Dalmellington shut. Some were offered posts in towns that were too far away for them to travel and they had to decline.

Social impact

People felt that RBS had “abandoned their communities” and that the closure had led to more isolation for the town and its community. For instance, a trip to the bank used to provide older people with a reason to get out of the house and meet people. They also used to have a connection with the branch. One person said that the closure of RBS “took the heart out of the village”.

Information about the closure of RBS in Dalmellington

People were in agreement that there had been no public RBS consultation on the Dalmellington branch closure. The process was described as a “shambles” and a “whitewash”. The local community was only given three months’ notice and the news of the closure came as a great shock to people. One local person described communications from the bank regarding the closure as “shocking”. A number of people reported they had been a RBS customer for decades, and felt disappointment that they were not made aware of the upcoming changes and alternative solutions more clearly.

When asked about the statistics produced by RBS that 54 people used the branch per week, people said that this was not correct. One person pointed out that if it is the case that footfall has decreased over time, it is only because there has been a gradual erosion of the services offered by the branch before it closed.

One person wrote a 2-page letter to the Chief Executive of RBS about this but did not receive a reply just a generic email. They would not talk to local councillors. One businessperson emailed their business manager at the bank and the email bounced back. They had been on a fixed tariff with the local bank but when the local branch shut, they were told that they had to go onto a variable rate.

Transaction charges

People felt that proposals to charge people to withdraw money were “shocking” and “disgraceful”. If people are charged £1.50 per withdrawal, this represents a high proportion of their income. People would take more money out at a time to avoid repeated charges; this was seen as risky (e.g. theft, etc). People may also find it harder to budget if they withdraw large amounts of money at one time.

Alternatives

Post Office

There is the option of banking at the local Keystore (Post Office and convenience store) but issues raised include long timescales for transactions to go through e.g. it can be seven days before money paid in there shows up in the bank account (though with some banks such as Santander this only takes a couple of hours). Local farmers are paid for livestock in cheques. It can be two weeks before they get their money due to the lack of a local bank branch. Two people described depositing cash at the Post Office only to be contacted 10 days later and told that the count was

wrong given the teller had no time to count it then and there. "How can you dispute that?" he asked.

People also felt that insufficient information had been provided on which banking services are available at the Keystore. Finally, some felt that Post Office staff had not been adequately trained to deal with banking services.

One person said RBS offered little incentive to Post Office Ltd. (POL) to offer banking services. People called for a review of the agreement between RBS and POL.

A number of people were worried that the post office would shut in future. One business owner said he had considered putting a post office in his business premises, but that Post Office Ltd. had made it difficult and he had abandoned the idea.

Mobile banks

The mobile bank visits Dalmellington for one and a half hours on a Friday and in Mauchline for one hour on a Saturday. It also has been removed in some places where it used to come for years, and in one village, drives through but does not stop.

People reported long waiting times outside the mobile bank, even in inclement weather. If there is a queue or it arrives late, the mobile unit may have to leave without serving everyone given fixed opening times. If someone is banking for instance one week's takings, people reported that can leave little time for other customers.

In one case, the bank changed the day that the mobile bank was coming and people stated that they were not informed.

Mobile banks do not offer the full range of banking services. For instance, it is not possible to change signatories on an account. One person said the staff did not even know which form to give him.

People with mobility issues are not able to enter the mobile banking van; in one case a person had to conduct her banking business outside in the rain with bank staff holding an umbrella above her head. People felt that RBS should install a tail lift in their vans, highlighting that mobile libraries run by the local council have accessible vehicles. One person explained that for those people who required a carer, they had to make sure the carer's work times coincided with the mobile banking opening times.

There is a lack of privacy and security when using mobile banking. For example, if a person wanted to ask for a loan, "everybody in the village would know your business". Also, transactions carried out through mobile banks are processed in Ayr. This means that changes to accounts do not show up immediately. One person highlighted that privacy is also an issue in the remaining banks, where people have to do their business standing at a podium, and that if they are told they need a private appointment, they have to book it and come back another day.

Reduced opening hours

In Douglas, also in the area, the bank opened for limited hours, 3 days per week. People felt that this should have been considered for Dalmellington and other local places that have lost their last bank.

Internet banking

When asked about using internet banking, people said that not everyone in Dalmellington has access to the internet and some people do not have access to a reliable network, or the financial means to pay for broadband. People said that the older generation prefer having a face-to-face service. One business owner who deals mainly in cash stated they make only limited use of internet banking to pay bills.

Members of community councils said they were concerned about making mistakes when doing community banking online. The member of another council said online banking was not available to them.

The bank did offer training for local people in internet banking but this was not well advertised and many people were not aware of it happening. The training took place in a local business premise but people felt it would have been better to hold it in the community centre.

Some people suggested that the availability of a public space to use a computer to do internet banking would be helpful (but this would have to be shielded from others to keep people's banking details private). People felt that it would be helpful if they could be offered more training.

People pointed out that whilst family members and friends can help with online banking, they were not always comfortable having to share their banking details with someone else. One person said that she now had to do banking for both her husband and mother, and this took time and put pressure on her. Another said that branch staff, or the postmaster in a previous Post Office used to be able to help elderly people with the PIN, and that this was 'safer' than sharing details with their family.

Bank operating in the local council building

The local Council has counter space which could be used to offer banking services; people believed that the Council has insurance to cover this. However, when approached with this idea, the banks concerned did not want to pursue that option. The space is beside the place where the mobile bank parks and local people felt that it would be preferable for people to be able to do their banking in the Council building rather than waiting outside beside the mobile bank.

A meeting was held between the local council and RBS bank officials about this. RBS officials cited health and safety as a reason not to proceed with this option. Another person said RBS had cited security concerns.

Credit unions and community bank

One participant spoke of a credit union set up in Arran and said that the model could be replicated in Dalmellington.

People also spoke of trying to set up a community bank to fill the gap but said that regulations meant that this was not possible. They felt that they were getting no assistance in overcoming the barriers to this. They were seeking to offer loans and savings services and cash over the counter and a free-to-use debit card for

payments and cash withdrawals. Such a community bank could be open for two days a week in Dalmellington.

Bank building

The bank building is currently empty and people were unaware of what the plans are for the premise, which still has the cash machine attached to it. They made a plea for information from the bank on whether it has been bought and if so, what the plans are for it. One person said there had been no note of interest. They are seeking a guarantee that the cash machine will not be removed.

Incentives and corporate social responsibility

People felt that given the UK Government has majority ownership of RBS, it should be able to do more to insist that RBS ensures that people have access to financial services.

Many people agreed that RBS should be required to offer the building to the local community. They called on the Committee to explore whether this was possible.

One person asked if Government could offer an incentive to banks to stay open such as an exemption from business rates for a number of years.