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## **Economy, Jobs and Fair Work Committee Comataidh Eaconomaidh, Dreuchdan is Obair Chothromach**

# **Bank closures: impact on local businesses, consumers and the Scottish economy**



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# Economy, Jobs and Fair Work Committee

To consider and report on matters falling within the responsibility of the Cabinet Secretary for Economy, Jobs and Fair Work.



<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/economy-committee.aspx>



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# Executive summary

1. Over the last decade, there has been a significant decrease in the number of bank branches in Scotland. This has caused concern amongst communities and individuals, particularly the vulnerable. Whilst there are a growing number of alternatives to face-to-face service delivery in a branch, there is clearly still a demand for bank branches and for the services they provide (including, importantly, cash depositing and withdrawing facilities).
2. There is also a concern about the impact that bank branch closures have had on High Streets and the wider communities in towns and villages across Scotland. In this report we reflect evidence we received about towns which have suffered from the loss of their last bank, some with the buildings still standing empty. We have heard that this has an impact on the whole community including reduced footfall for businesses and tourism. This in turn has an impact on local people who often have to travel to access their bank branch and are missing out on the social interaction a trip to the local bank branch can provide.
3. The Committee recognises that banking habits are changing. However, in this report, we illustrate that bank closures have had a negative impact on people and communities across Scotland, both personal and business customers. Alternatives highlighted by the banks do not suit everyone or work in every community; for some, bank branches are still the most suitable form of banking.

## Social impact

4. The Committee notes that it is the vulnerable in our communities who are most affected by bank branch closures. We note that the banks acknowledge the continued need for face-to-face contact and that this will continue in remaining branches and through other means. We question the adequacy of banking services being provided via alternative models and would emphasise that the banks must ensure that face-to-face contact is available to all, even those who are not able to travel to centralised branches.
5. The Committee notes the appointment of community bankers by the Royal Bank of Scotland (RBS). However, we believe that the services offered by community bankers are limited compared to bank branches. We also question whether there are enough community bankers to make an impact and address the issues set out in this report. Although they may be helpful in certain circumstances, community bankers should not be seen as a replacement for bank branches.

## Financial inclusion

6. With the changes in banking provision, it is vital that people continue to have access to financial services, to financial support and to cash. It is those who have limited access to bank accounts and cards who risk being excluded. The Committee recommends that the UK Government's Financial Inclusion Policy Forum considers how people will continue to access cash and services in the wake of the rapid closures of bank branches in Scotland, and reports back to the Committee on steps that should be taken to address this.

## Charities and community groups

7. The Committee notes the difficulties being experienced by community groups and charities in accessing banking services following the closure of branches and strongly recommends that the banks and the Post Office work with these customers to find a solution to this and to effectively communicate these arrangements to customers.

### **Impact on businesses**

8. The Committee notes the evidence of the declining use of cash in certain sectors. However, it is clear from evidence that cash is essential for some businesses and is still widely used. Bank branch closures have impacted on productivity, which will impact on Scotland's economy. The banks expressed a willingness to find solutions for businesses in the wake of branch closures; the Committee asks them to do this as a matter of urgency.
9. The preferred payment methods of consumers are evolving. The Committee notes the reported benefits to businesses in developing cashless payment options for their customers. The Committee encourages Scottish Enterprise and Highlands and Islands Enterprise, along with the banks, to work with businesses to help them adapt to these changes.

### **Access to Banking Standard**

10. The banks told us that decisions to close branches are driven by customer behaviour and demand. However, we believe that the banks are also driving this pace of change. We question how the banks can know what the customers want without consulting them. Speaking to branch staff and assessing transaction numbers does not tell the whole story of the need for a branch in a particular area.
11. In the Committee's view, the Access to Banking Standard is failing to ensure that impact assessments properly reflect and take account of all relevant impacts on the local economy. We believe that the Standard reflects the interests of the banks rather than the needs of customers and businesses. We also believe that the banks should be required to consult customers, businesses and the local community before deciding to close a branch.
12. We invite the UK Government to consider whether the Access to Banking Standard in its current format is the appropriate vehicle for ensuring that adequate and impartial impact assessments are carried out and that customers are consulted. We invite the UK Government to consider whether an independent impact assessment, including the impact on the local economy, should be carried out before a bank decides to close a branch.
13. Whatever is put in place in the future, the Access to Banking Standard is not succeeding in its current form and should be replaced with a statutory model which includes the requirement to consult before a decision is made to close a branch. We also ask that ATM provision be covered by similar provisions, as discussed below.

### **Bank buildings**

14. The Committee notes the evidence of the impact of empty bank buildings in Scotland's towns and villages. We ask the Scottish Government, local authorities and the banks to work together with local communities to find the best solution for the use of bank buildings when a bank branch closes. We urge the banks to engage

with local communities on finding a suitable use for the buildings and we ask them to report back to us in 12 months on progress with the buildings which remain empty.

## **RBS branch closures**

15. The Committee notes that RBS previously said that they would not shut the last branch in town; however, this was clearly a hollow promise. We are disappointed that RBS took so long to provide us with figures regarding the scale of their branch closures in Scotland, given that it is undertaking the most significant branch closure programme of all the banks.
16. The Committee welcomes the review of the closure of the ten RBS branches given a reprieve. We particularly welcome the proposed consultation with customers and representative groups. Ultimately, the Committee believes that these branch closures should be put on hold or cancelled, to allow a full and proper study to be done of the impact of the scale of closures across Scotland and proposals to be put in place to provide proper, workable alternatives (as set out below).

## **Maintaining banking provision**

17. The Committee notes that the banks are continually trying to come up with new ways of banking to provide their customers with the services that they need. However, we believe that there is a need for universal banking provision across Scotland, including face-to-face banking where desired or needed. The Committee is encouraged that the banks are willing to consider discussing access to banking issues together.
18. The banks were clear that banking provision is evolving every day and that further change is inevitable. Given the rate and scale of bank branch closures in Scotland, we believe that urgent action needs to be taken. We invite the Scottish Government to call a summit with the High Street banks in Scotland to discuss these issues and possible solutions, including shared banking hubs. We ask the Scottish Government to report back to the Committee on the outcomes of the summit.

## **Online and phone banking**

19. The Committee notes the increase in digital banking. However, the banks themselves agreed that, for the foreseeable future, there will be a need for alternatives to digital banking, including cash.
20. The Committee welcomes the work being done by banks to support customers in using digital banking but believes that more needs to be done. Evidence has illustrated that many people are not comfortable with digital banking and it is incumbent on the banks to address this. Online and phone banking are not suitable options for some people and banks must ensure that these people have a suitable alternative.

## **Mobile banking**

21. The Committee welcomes the mobile banks that have been made available to RBS and Bank of Scotland customers but regrets that these vehicles are not all accessible to people with reduced mobility. Our evidence shows that some RBS customers are not content with its current mobile branch provision.



22. The Committee asks RBS to review this as a matter of urgency and to report back to the Committee with its conclusions. The Committee also asks the banks which do not offer mobile banks to consult with their customers to establish whether there is a need in the communities where they have closed branches.

### **Post Office**

23. Provision of banking services through the Post Office is central to the banks' branch closure strategies. Although the Committee believes that there is great potential for using post offices to provide banking services, we have deep concerns about the details of this proposition, given the issues identified with security, privacy, staff capability and remuneration of postmasters. We also note that there has been a reduction in the number of post offices in the last nine years. The banks are relying on post offices to fill the gap left by bank closures. This is a heavy load to place on postmasters at such a rate and scale.
24. We note that the Post Office is looking to address remuneration for postmasters. The Committee asks the UK Government, the Post Office and the banks to come together to review the funding structure for local post offices to ensure that the banks are adequately remunerating postmasters for the banking services that they are now expected to provide in communities. It is vital that post offices are properly staffed, remunerated and resourced to carry out this vital role in our communities.
25. The Committee asks the Post Office what further investment it can make in its infrastructure to address privacy and security issues given the banking business it has taken on.
26. We found that people and businesses were often not aware that they could bank through their post office after the closure of their local branch, or if they did, they did not consider it to be an attractive option for the reasons set out above. The banks and the Post Office must renew their efforts to publicise this way of banking and raise awareness across Scotland.

### **ATMs**

27. Bank branch closures are causing difficulties for businesses across Scotland. This includes having to travel long distances to deposit takings in a bank. The Committee welcomes LINK's willingness to consider expanding services to allow businesses to deposit cash; we ask them to consider this further and to respond to the Committee on developments in this area.
28. The Committee welcomes that, in contrast to bank branch provision, a commitment has been made by LINK on seeking to ensure ATM provision within a kilometre of each other through its payment regime, along with limited subsidy for the areas where the need is greatest. However, we do have concerns about this provision being sustained in the longer-term.
29. Following the bank branch closures in Scotland, ATMs have become a lifeline in many communities. We recommend that their provision should have independent oversight and should be included in any revised statutory arrangements put in place following revision of the Access to Banking Standard.

### **Credit Unions**

30. The Committee recognises the valuable role that credit unions play in the financial services landscape, not least for vulnerable members of the community.
31. The Committee believes that if we want to see credit unions spreading across communities in future and going where banks do not go, we need to strengthen the financial and legal framework that they operate under. The Committee asks the UK Government to consider amending the Credit Unions Act to allow credit unions to offer a wider range of services and to address the limitations it places on them.
32. The Committee asks the Scottish and UK Governments to consider how credit unions can be supported financially to expand their range of services, including improving their digital infrastructure.
33. The Committee welcomes the Scottish Government's commitment to launching a Credit Union awareness campaign and believes that now is the time to promote their services, given the scale of the loss of bank branches in our communities.
34. The Committee notes that there is a variance in the charging regimes banks offer credit unions for using their services. In the wake of the large-scale loss of bank branches in Scotland, the Committee asks the banks to consider limiting charges on credit unions for using their services. The Committee believes that this would demonstrate corporate social responsibility on the part of the banks and would help to develop alternative options for their customers.
35. We note that one credit union expressed an interest in occupying an empty bank building. We invite the banks to work with credit unions to encourage them to take up empty bank buildings on our high streets to fill the gap left when branches close.

### **The need for research**

36. The Committee has received a wide range of evidence during this inquiry which demonstrates that many people have experienced a negative impact from bank closures in their community. There is no doubt that the rate and scale of bank closures in Scotland has affected people and businesses in a number of ways.
37. However, we were not in a position to build any comprehensive picture of the overall impact across Scotland. From the evidence we heard, it is clear that there is an urgent need for a systematic study of not just the impact of bank closures on people and businesses in Scotland, but across the UK.

Such a study would be able to identify what current provision of banking and financial services (including the provision of ATMs) exists, and what further provision is required to ensure a universal banking provision (including face-to-face banking where necessary or desired; availability of continuing use of cash for transactions; and suitable services for the vulnerable).

Although the specific remit and concern of the Committee is of course Scotland, the Committee recognises that the area of banking and financial services falls within the remit of the UK Government. Accordingly, the Committee asks the UK Government to urgently carry out this study, and report back to the Committee with its findings and recommendations, including what specific statutory and regulatory changes are needed with a view to implementation of those changes.

# Introduction

38. In March 2018, the Economy, Jobs and Fair Work Committee launched an inquiry with the following remit:

To examine the impact of bank branch closures in Scotland on local businesses, consumers and the Scottish economy and to explore what steps can be taken to address any issues identified by the Committee.

39. The number of bank branches across Scotland reduced by a third between 2010 and 2017.<sup>1</sup> To illustrate the scale of closures, Barry McCulloch of FSB Scotland told us that in 2013, more than 1,100 bank branches were operating in Scotland; according to FSB Scotland's research, that figure is set to drop to fewer than 800 by the end of this year.<sup>2</sup> Which? reports that in Scotland, 368 branches were shut since 2015, or are scheduled to close by the end of 2018. At the same time, there have been significant developments in online and mobile technology available, allowing banks to launch and promote digital banking platforms, in addition to other alternatives to bank branches.<sup>3</sup>
40. Over the last decade, this significant decrease in the number of bank branches in Scotland has caused concern amongst communities and individuals, particularly the vulnerable, including but not limited to the elderly and disabled. Whilst there are a growing number of alternatives to face-to-face service delivery in a branch, there is clearly still a demand for bank branches and for the services they provide (including, importantly, cash depositing and withdrawing facilities).
41. There is also a concern about the impact that bank branch closures have had on High Streets and the wider communities in towns and villages across Scotland. In this report we reflect evidence we received about towns which have suffered from the loss of their last bank, some with the buildings still standing empty. We have heard that this has an impact on the whole community including reduced footfall for businesses and tourism. This in turn has an impact on local people who often have to travel to access their bank branch and are missing out on the social interaction a trip to the local bank branch can provide.
42. Table 1 sets out the number of branches in Scotland in 2010 and now, for the banks that the Committee heard evidence from:

**Table 1: Bank branches, 2010 to current**

	2010	Current	Change	% change
Bank of Scotland	293	206	-87	-30%
RBS	334	99	-235	-70%
Clydesdale Bank	150	71	-79	-53%
TSB	189	155	-34	-18%
Santander	104	60	-44	-42%

43. When asked whether there would be further bank branch closures, the banks would not rule this out and said that this would be led by customer behaviour and demand. Robin Bulloch of Bank of Scotland said, 'society is changing, customers are

changing and we will continue to review our proposition to customers.' <sup>4</sup> This view was echoed by the other banks, although RBS has committed not to review any branches before 2020 <sup>5</sup> and TSB has no plans to shut any branches in 2018. <sup>6</sup>

44. A number of towns and rural areas in Scotland now have no bank or ATM left in town. Which? said that there are 130 'cash deserts' in Scotland (places where there is no access to either a branch or an ATM within a reasonable distance). <sup>7</sup> Pete Cheema of the Scottish Grocers Federation pointed out the unique circumstances in Scotland:

” We need to go back and talk to the banks. It is very clear that the decisions are being made in London. Up and down the UK, 600 branches have closed, but part of Wales, the whole of Scotland and bits of the south-west of England have suffered the most. We need to take that in context; I wonder sometimes whether the banks understand Scotland's landscape. <sup>8</sup>

45. Policy relating to financial services, including investment business, banking and deposit-taking, collective investment schemes and insurance, is reserved to the UK Government. The legislation governing the regulation of banking and financial services in the UK is the Financial Services and Markets Act 2000 (FSMA). The current UK regulatory framework also implements various European laws which set minimum requirements for the regulation of banks and banking services.
46. Given that our remit covers the Scottish economy, the Committee decided to carry out this inquiry to establish the impact of bank branch closures on consumers and businesses in Scotland and on the wider economy. We wanted to establish what the impact had been for businesses and consumers and what steps could be taken by the banks and others to address them.
47. The Committee issued a call for written views and received 46 submissions. We also did an online survey which was completed by over 730 people, many of whom were businesspeople. The Committee took evidence from a range of people and organisations including businesses, bank customers and those offering alternative services to traditional banks. We also held three focus groups in Mintlaw, Dalmellington and Leven. We are very grateful to those who gave up their time to speak to us and to write in with their views.

## Bank closures

48. The vast majority of people and organisations who engaged with the Committee believed that bank branches should not be closed. Pete Cheema of the Scottish Grocers Federation questioned the rationale for closing branches:

” Lloyds Bank, which is the owner of Bank of Scotland, had pre-tax profits of £4.2 billion in 2016; in 2017, they were £5.3 billion. That begs the question why it is actually closing branches. It is making huge amounts of profit and forcing commercial businesses to have an extra burden of costs—and it is giving them no choice. <sup>9</sup>

49. Allister Mackillop of Currie Community Council made a similar point in relation to RBS and the need for corporate social responsibility:

- ” The RBS especially, which we still partly own, and which is making substantial profits of more than £1 billion, really should look at itself and decide who it serves. I understand that it is a company looking for profit but it also has to look at serving the communities that it has been serving for many years.<sup>10</sup>
50. This was echoed by Lyn Turner of Unite:
- ” RBS has said that keeping the 62 branches open would cost £9.5 million, which is 0.01 per cent of the profit that it announced in February or March. This closure programme did not have to happen. It is driven purely by profit and by RBS turning its back on local communities.<sup>11</sup>
51. However, Martin Kearsley of the Post Office explained that the banks are undergoing a 'huge change':
- ” probably a once-in-a-generation change—and that reflects the way in which all of us consume banking services these days, which is the same as the way in which we consume any other service: we research online, look at reviews and make choices.<sup>12</sup>
52. The Committee took evidence from Bank of Scotland, Clydesdale Bank, RBS, Santander and TSB. They told us that whilst closing a branch is not an easy decision, a decline in the use of branches and increased use of alternatives, such as debit cards and digital banking, has reduced the need for branches. RBS said that in the past five years, use of branches has roughly halved, but the physical ways to bank with RBS have tripled, with the addition of the Post Office and growth in use of mobile banks. They said that online and mobile banking is now the primary way to do banking.<sup>13</sup> However, the Committee questions the assertion that the ways to bank have tripled; many people we spoke to told us that they are struggling to access the banking services they require due to the scale and rate of bank closures in Scotland.
53. Whilst Which? does not object to the principle of bank branch closures, 'it has to be a commercial decision,' Thomas Docherty highlighted the scale of closures and the impact on older and more vulnerable customers; he questioned how the needs of those who are not using online services are being met.<sup>14</sup> Pete Cheema of the Scottish Grocers Federation and many others told us that the best solution to the issues highlighted in this report would be not to close bank branches, especially the last one in town.<sup>15</sup>

The Committee recognises that banking habits are changing. However, in this report, we will illustrate that bank closures have had a negative impact on people and communities across Scotland, both personal and business customers. Alternatives highlighted by the banks do not suit everyone or work in every community; for some, bank branches are still the most suitable form of banking.

# Loss of services

## Impact on people

54. The Committee has heard that bank branch closures impact people across the community, including older people, vulnerable consumers, charities, businesses and community groups. Professor Beevers of Juniper Green and Baberton Mains Community Council said, 'the elderly and disabled in our communities are the most affected.'<sup>16</sup>

## Social impact

55. A number of people, both business and personal customers, highlighted the impact that bank closures are having on communities. This point was raised by local shopkeeper and postmaster, Tim McCormack:

” ...what has been lost in all the discussions to date on bank closures and the future of the High Street is the social value of the amenity to the elderly. Waking up in the morning with a sense of purpose, something to do, a place to go is really important for many elderly and lonely citizens.<sup>17</sup>

56. Age Scotland echoed this point, arguing that for many older people, going to the bank 'gets them out of the house' and that this is an important component in addressing the effects of loneliness and social isolation in Scottish communities.<sup>18</sup> For Blackford Community Council and Scottish Rural Action, the loss of service provision will particularly impact and threaten livelihoods in rural areas.<sup>19</sup> Unite agreed, 'by allowing closures to go ahead in some of the locations we are denying vulnerable communities their social rights to independent living.'<sup>20</sup>

57. The impact of bank closures on face-to-face contact was a concern expressed by many in evidence. Dr Clive Preston noted that it is not possible to have discussions about loans or mortgages online or over the phone.<sup>21</sup> This view was echoed in the focus groups carried out by the Committee. People felt that banking advice should be given face-to-face. Lyn Turner of Unite highlighted that people need to speak to their bank when 'they do the big things in life or when, for example, someone in the family passes away.'<sup>22</sup> Such conversations have to take place in a private location, not in alternative venues such as mobile vans. Professor Griggs, who reviewed the Access to Banking Protocol (discussed below), thinks that the bank branches of the future will 'be more of an advice centre than anything else.'<sup>23</sup>

58. The banks acknowledged the need for face-to-face contact for advice. Susan Allen of Santander explained that larger branches will remain with specialist advice services available to customers there:

” We have slightly fewer branches, but more larger branches that bring together all the specialists who can support customers, whether they want to talk about life insurance, investments or their mortgages.<sup>24</sup>

59. Cathy Greig explained that the Vale of Leven Credit Union does work in schools teaching children about the importance of saving, but that they could no longer say that savings are deposited in the bank because many places have no banks left.<sup>25</sup> This echoes a point made by Professor Beevers, who said that parents used to like to show their children the importance of saving by physically taking them to the bank and depositing cash.<sup>26</sup>
60. Bank branch closures can mean that people have to travel some distance to their nearest bank. A study by Citizens Advice Bureau found that people living in rural areas typically had to make a 40 minute round trip to their bank using buses. Keith Dryburgh of Citizens Advice Scotland said, 'I think that travel time will increase significantly as the branch closures continue.'<sup>27</sup> That impact is being felt by people we spoke to in Mintlaw, Dalmellington and Leven. People there have to travel significant distances to access their banks and the travel costs can be high. Cathy Greig of the Vale of Leven Credit Union said:
- ” We have people coming into credit unions to draw out £5 to travel to their bank when they have trouble with their account, because they cannot manage the computer and they want to speak to a human being. We have people coming in and lifting a small amount out of the credit union to help with the travel to get to the bank.<sup>28</sup>
61. Some people told the Committee that they are spending more time waiting in long queues to be served in these alternative branches or in the Post Office. Shop owner Ferhan Ashiq had to travel to another branch following the closure of his branch in Prestonpans, 'waiting in the bank in a queue that was horrendously long because everybody now has to go to the bank in Musselburgh.'<sup>29</sup> Others had been moved to alternative branches which were not the closest or most convenient for them.
62. Professor Griggs said that communities were adapting to the change:
- ” They find other ways to do things, so although there was a heavy impact at the time the communities and businesses have found other ways of doing what they were going to do. In fact, when I went to see one community I was told, 'It's pointless even having the discussion, because we've all moved on now and we don't want to go back to where we were.'
63. However, Professor Griggs did concede that there is probably an impression among people that what they say makes no difference to whether the banks close branches and therefore why would they raise the subject.<sup>30</sup>
64. RBS described the role of their community bankers, and told us that they work in partnership with local communities to find where a community banker can best be housed. That individual may be based in a library or sometimes in sheltered housing to serve different customer groups. When asked if community bankers should be put in place before the branch closure happens, Simon Watson of RBS said:
- ” In some cases, although not all, the community bankers were in place before closures. Sometimes that was just because we were finding the right person to perform that role. I accept that earlier is definitely better.



The Committee notes that it is the vulnerable in our communities who are most affected by bank branch closures. We note that the banks acknowledge the continued need for face-to-face contact and that this will continue in remaining branches and through other means. We question the adequacy of banking services being provided via alternative models and would emphasise that the banks must ensure that face-to-face contact is available to all, even those who are not able to travel to centralised branches.

The Committee notes the appointment of community bankers by RBS. However, we believe that the services offered by community bankers are limited compared to bank branches. We also question whether there are enough community bankers to make an impact and address the issues set out in this report. Although they may be helpful in certain circumstances, community bankers should not be seen as a replacement for bank branches.

## Financial inclusion

65. The Committee heard that financial inclusion is at the heart of the debate on access to cash.<sup>31</sup> Financial Inclusion was defined in 2017 by the UK Government as meaning:

“ ... that individuals, regardless of their background or income, have access to useful and affordable financial products and services. This definition is in line with the World Bank’s definition of financial inclusion and contrasts with ‘financial exclusion’ where financial services and products are not available or affordable. This definition is supply-focused and captures banking, insurance, pensions and savings products, credit, transactions and payment systems, and the use of financial technology.”<sup>32</sup>

66. The UK Government set up a new Financial Inclusion Policy Forum which aims to enable ministers to take strategic, cross-government approach on action to improve financial inclusion; it met for the first time in March 2018.<sup>33</sup>

67. Under the EU Payment Accounts Regulations 2015, UK residents who meet the criteria have a right to open and use a basic account. This requires member states to ensure that basic bank accounts are available from a sufficient number of institutions to guarantee access for all customers. Since 2016, all the main participating banks have offered basic bank accounts.

68. The Financial Conduct Authority (FCA)’s competition objective states that, in considering the effectiveness of competition, it may have regard to ‘the ease with which consumers who may wish to use [financial] services, including consumers in areas affected by social or economic deprivation, can access them.’<sup>34</sup>

69. Gordon Buchanan of Castle Community Bank spoke of the Department of Work and Pensions drive to encourage people to change from a Post Office Current Account to a bank account and highlighted that these accounts do not include a debit card; they are often given a basic bank account with a cash card rather than a debit card,



so the only way that they can use their funds is by using cash.<sup>35</sup> Ferhan Ashiq reinforced that point:

- ” Not everyone has the ability to use a card to pay. You must remember that people who live in socioeconomically deprived neighbourhoods get the poorest accounts to begin with, they do not have the access to cards that you and I take for granted, and they cannot make contactless payments because they have only the most basic accounts.<sup>36</sup>

With the changes in banking provision, it is vital that people continue to have access to financial services, to financial support and to cash. It is those who have limited access to bank accounts and cards who risk being excluded. The Committee recommends that the UK Government's Financial Inclusion Policy Forum considers how people will continue to access cash and services in the wake of the rapid closures of bank branches in Scotland, and reports back to the Committee on steps that should be taken to address this.

## Charities and community groups

70. According to the Office of the Scottish Charity Regulator (OSCR) and others, depositing of cheques or cash and withdrawing cash is particularly a problem for charities and trusts which rely heavily on cash donations and payments.<sup>37</sup> Community groups often run events and fundraising activities which requires access to cash and banking services (for cash, subscriptions, etc). The Committee was told that such groups have felt the impact of the loss of local bank branches, including the security risk of taking the money some distance away to alternative branches, 'adding a lot of pressure to volunteers.'<sup>38</sup>
71. Connect (formerly the Scottish Parent Teacher Council) and others noted that organisations such as charities which hold cash would likely wait longer to deposit it if their local branch shut, and that may have an impact on their safety and insurance costs.<sup>39</sup>
72. The Committee heard that account servicing and form handling is an issue, particularly for those services that require proof of address such as opening an account or changing signatories. This was felt most heavily by charities and community councils who tend to have multiple signatories on the same account, change them on a regular basis, and for whom online banking is not easily available.

The Committee notes the difficulties being experienced by community groups and charities in accessing banking services following the closure of branches and strongly recommends that the banks and the Post Office work with these customers to find a solution to this and to effectively communicate these arrangements to customers.

## Impact on businesses

73. The Committee heard from many businesses and business organisations that bank branch closures are causing difficulties and impacting on productivity. Of the 734 responses received to our online survey, 174 were from businesses. More than 90% of these respondents claimed that bank closures have had, or will have, some sort of impact on their business.
74. Pete Cheema of the Scottish Grocers Federation highlighted the need to travel to alternative bank branches, security and insurance issues and extra employee time needed to cover for the travel, which comes at a time of what he described as cumulative cost pressures for businesses. He said that banks were not considering the needs of businesses in closing bank branches:

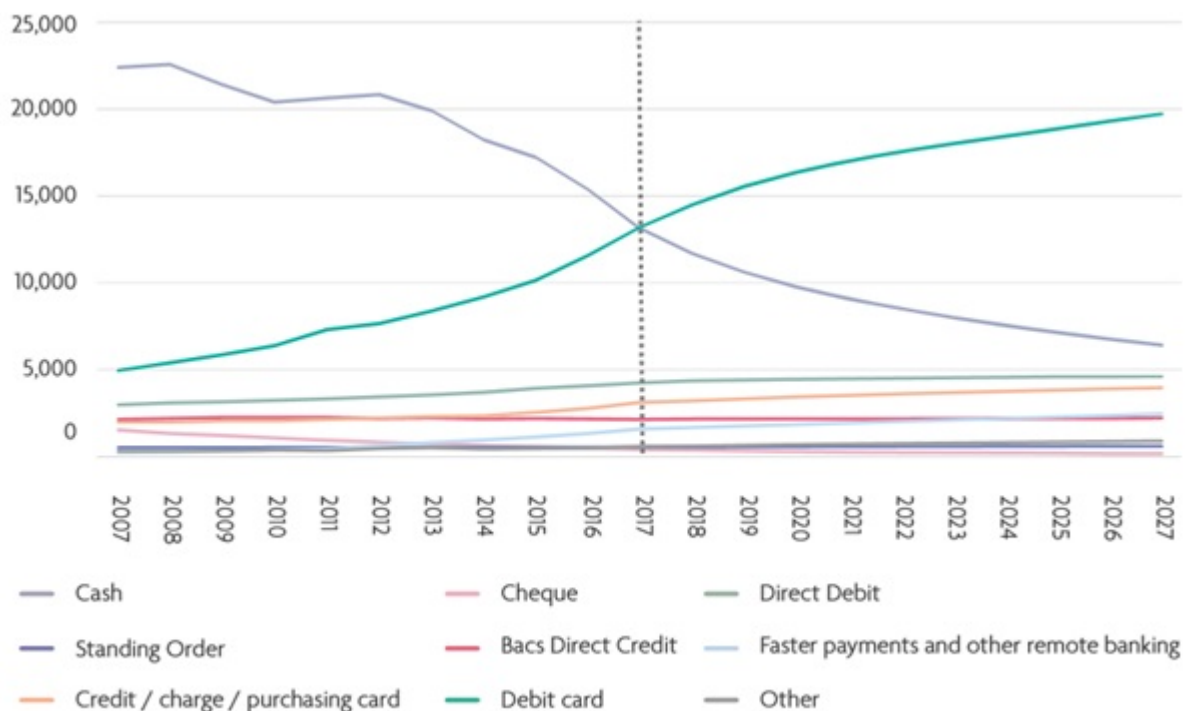
” banks have not looked at the commercial banking aspect, but only at the overall position, in which personal banking is definitely on a decline. However, commercial banking is still going on at the same rate. Banks have not done full analyses, which is where they have failed. <sup>40</sup>

## The need for cash

75. UK Finance reports that debit card payments overtook cash as the most popular method of payment in the UK for the first time in 2017 (Figure 1). It expects cash transactions to fall to 16% of all transactions in the UK by 2027, while Martin Kearsley of the Post Office said:

” .. we are not yet a cashless economy and we should not become a cashless economy. Cash will be king for a number of years to come. Even in eight or nine years' time, 30 per cent of the transactions in the country will still be cash based. <sup>41</sup>

**Figure 1: Payment volumes (millions) 2007 to 2027**<https://www.ukfinance.org.uk/wp-content/uploads/2018/06/Summary-UK-Payment-Markets-2018.pdf>



Source: <https://www.ukfinance.org.uk/wp-content/uploads/2018/06/Summary-UK-Payment-Markets-2018.pdf>

76. Cash however remains the second most frequently used payment method, accounting for 34% of all payments in 2017, with businesses reporting that they are still heavily dependent on cash transactions and need a facility to be able to deposit cash and get change. FSB Scotland told us that cash is still the most popular payment method for consumers.<sup>43</sup> Professor Beevers and Allister Mackillop said businesses reported that cash is still used for 70% of transactions in their communities.<sup>44</sup>
77. The banks agreed that there will be a need for cash for the foreseeable future. Robin Bulloch of Bank of Scotland said, 'for as long as anybody in this room is going to be concerned about it, cash will be a part of society.'<sup>45</sup>
78. Pete Cheema of the Scottish Grocers Federation also highlighted the importance of cash for businesses in Scotland, and that there are regional variations across the UK:
- ” Our survey shows that 76 per cent of transactions in retail stores are in cash. In London, the figure is down at 55 per cent, but we are talking about Scotland. In some rural locations, more than 80 per cent of transactions are in cash.<sup>46</sup>
79. The Association of Scotland's Self-Caterers explained that small businesses are most affected due to their location in rural and remote areas, their reliance on traditional methods of payment, and the fact they can be cash-based businesses operating largely cash-dependent local economies.<sup>47</sup>
80. Witnesses explained that bank closures had caused cash flow issues and as a result, many businesses, including credit unions, often now keep more cash on their

premises pending deposit in a bank account, which has increased insurance for these organisations. Pete Cheema of the Scottish Grocers Federation spoke of the added cost of cash pick up services for which a business will pay, on average, around £7,500 per annum. This is an additional cost on top of other bank charges.

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81. Clydesdale Bank said that if there are customer-specific issues that have not been resolved, they engage with them and have a discussion to address the cash-depositing shortages that they might be experiencing.<sup>49</sup> RBS said that they proactively call businesses to seek to make suitable arrangements following a branch closure.<sup>50</sup> Bank of Scotland mentioned courier services and using the Post Office to access cash.<sup>51</sup> However, as set out in this report, many of the businesses we spoke to did not report such arrangements being in place.
82. Martin Kearsley from the Post Office reported that it has seen about a 25 per cent increase in business cash deposits over the past year as a direct result of bank closures.<sup>52</sup> Professor Griggs claimed that cash is being used less and that small businesses need help to look at alternatives. He cited a report by Vaultex.<sup>53</sup> That report covers several scenarios and found that although cash use is declining, this does not 'reflect very real and obvious barometers of cash usage such as physical notes in circulation or the British public's use of ATMs.'<sup>54</sup>
83. LINK, the UK's main cash machine network, have initiated an 'access to cash' review to understand what it described as the 'declining use of cash.'<sup>55</sup> However, FSB Scotland highlighted the disparity between reports of moving towards a cashless society and the experiences of their members:

” On the one hand, the banks are saying that cash is dead and that we are living in a cashless economy, but on the other hand, the business community is saying that cash is absolutely central to operations... Three quarters of our members tell us that they regularly visit their branch for a range of banking services. We honestly find it difficult to digest the banks' perspective, because it directly contrasts with our view and the views of our members.
84. RBS claimed that adapting to contactless payments was beneficial for business in certain sectors:

” When businesses in certain sectors use less cash, their takings tend to go up. There is an uplift in their takings of between 7 and 10 per cent when they start to take contactless payments, so there is a benefit to business as well through our supporting them.
85. However, Pete Cheema of the Scottish Grocers Federation spoke of the challenges for the retail sector in moving towards the cashless business model:

” there is no question but that cash is still king, in retail. Also, convenience stores are predominantly low-margin, high-turnover stores, and companies often levy high charges on card transactions, which makes it difficult for retailers to move away from cash to non-cash transactions. Another issue is that, under the European Union payment services directive, which came into force in January, retailers cannot put any surcharges on card transactions.<sup>56</sup>

## Local business advice

86. The Committee's online survey found that 43% of business respondents had received some kind of business advice from their local bank at some point in the past. One respondent said 'I regularly use digital banking and rely on this but nothing beats getting actual advice from a person one-to-one and being able to discuss any issues.'
87. It was highlighted at the Mintlaw focus group 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. This view was echoed in the Leven focus group where participants spoke 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.'<sup>57</sup>
88. Pete Cheema of the Scottish Grocers Federation highlighted the importance to the local economy of the lending function offered by banks. He mentioned towns such as Dunblane and Bannockburn, where there is no bank left in town, 'where do all the retailers go for their lending if they really want it? They have lost that contact.' He linked lending to the growth of the Scottish economy and was concerned that a lack of accessibility to such local business advice would impact on Scotland's productivity.<sup>58</sup> However, Professor Griggs said that a business would normally have to book a meeting to arrange a loan.<sup>59</sup>
89. The banks spoke of a number of alternative ways to access advice including visits from advisers or relationship managers or over the phone and through video capabilities.

## Additional costs and travel time

90. It was noted in evidence that the impact of the time loss is particularly felt for sole traders and small businesses, many of whom have to close their business in order to travel for their banking services.
91. Travel to an alternative bank branch following the closure of a local branch incurs not only a time loss but also an extra cost in terms of petrol or public transport costs. For example, one business owner in North Ayrshire wrote in our online survey, 'RBS and Barclays have both closed leaving me with a 64 mile round trip to Ayr (plus parking charges) to pay in cheques and cash.' Barry McCulloch of FSB Scotland spoke of members in the Highlands who have to cover twelve hours per month to travel to bank branches. One FSB member has to travel from Durness to Ullapool to access a bank branch; with an estimated cost of that £1,000 in staff costs per year.<sup>60</sup>
92. Clydesdale Bank spoke of the services of G4S for picking up cash and its desire to find a solution for its customers.<sup>61</sup> Others spoke of the role of the Post Office in dealing with cash deposits.

## Impact on customers and footfall

93. The Committee has received evidence that the closure of bank branches impacts on local footfall and on the takings of local businesses. Professor Beevers cited research that 'when a bank leaves an area, 63 per cent of investment in that community is lost.'<sup>62</sup> One respondent to our online survey said that their footfall is down 15% since their local bank closed. Another business, based in the Borders, said the bank closure has 'taken away the heart of our community and reduced footfall in our town.'
94. Burnmouth Community Council and others explained that the local branch had previously attracted tourists seeking to take cash out who no longer had a reason to come to their area.<sup>63</sup> Thomas Docherty of Which? agreed:
- ” It is clear that, if tourists cannot get money, it will be more difficult for them to spend money and support the Scottish economy. That particularly affects rural Scotland.<sup>64</sup>
95. Phil Prentice of Scotland's Towns Partnership said that by and large, they are not against branch closures and questioned the impact on footfall, 'looking at how society is moving on and how we transact, the bank is no longer seen as an attractive footfall generator in the heart of town centres.' However, he acknowledged the need for some form of 'last branch in town' (discussed further below).<sup>65</sup>

The Committee notes the evidence of the declining use of cash in certain sectors. However, it is clear from evidence that cash is essential for some businesses and is still widely used. Bank branch closures have impacted on productivity, which will impact on Scotland's economy. The banks expressed a willingness to find solutions for businesses in the wake of branch closures; the Committee asks them to do this as a matter of urgency.

The preferred payment methods of consumers are evolving. The Committee notes the reported benefits to businesses in developing cashless payment options for their customers. The Committee encourages Scottish Enterprise and Highlands and Islands Enterprise, along with the banks, to work with businesses to help them adapt to these changes.

# Process for closing banks

## Access to Banking Standard

96. In 2015, the major retail banks agreed to the UK-wide Access to Banking Protocol. The operation of the Protocol was independently reviewed in 2016 by Professor Russel Griggs, updated in July 2017 and renamed the Access to Banking Standard. This requires a bank to:
- Inform its customers and stakeholders of the decision to close a branch as soon as the bank is operationally ready to do so - a minimum of 12 weeks before the closure;
  - Publish at the time of the announcement an Impact Assessment justifying the reasons behind the closure and make customers aware of its availability;
  - Make customers aware of alternative solutions;
  - Ensure that there remains help and assistance and skilled and competent personnel available to help customers who continue to require assistance.
97. Since July 2017, the Access to Banking Standard has been supervised by the Lending Standards Board, a self-regulatory body which provides independent oversight of adherence to voluntary standards by registered firms in the financial sector. It is tasked with ensuring that the 12 banks and building societies which have signed up to the Standard fulfil their requirements and that the intended outcomes for customers are reached.<sup>66</sup>
98. Some people we heard from do appear to have received notification from the bank that a branch will be closing and in some cases, though not all, a list of alternative methods and locations to bank. Some people seem to have been made aware by the banks of alternatives methods of banking only after the branch has closed. However, many customers told us that they received limited communication from their bank in relation to support and signposting alternative ways of banking.
99. For many people the Committee has heard from, it is apparent that the way the bank communicates bank closures has a large impact on their perception of the closures themselves. Many witnesses, particularly long-term customers, reported feeling let down, disrespected, and abandoned by their bank because of a failure on the latter's part to communicate appropriately with them over the closure. One participant in a focus group called the banks' communications strategy a 'shambles.'<sup>67</sup> In addition, most people did not seem to know exactly what services the alternatives to bank branches offer (such as post office, mobile banking vans), indicating perhaps a lack of adequate communication from banks in this regard.
100. Participants in the Mintlaw focus group 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. A local farmer was allocated to a different branch, but was not consulted on this.<sup>68</sup>



101. The Committee has consistently heard from witnesses that people are not consulted when banks close in their community. Professor Griggs said that the protocol was never intended to cover consultation, rather that the bank makes the decision to close a branch and then should work with the people in the community to try to lessen the impact of the closure. When the protocol was put in place, he says, all parties accepted that bank closures are commercial decisions for banks to make. He said that such consultations would be difficult to do and would not help to improve the impression that the banks are not listening if the banks simply carried on closing branches anyway.<sup>69</sup> RBS concurred with this. Robin Bulloch of Bank of Scotland highlighted a concern about pre-consultation:

” Some of the things that I am most concerned about involve providing certainty to customers and colleagues. I would be concerned about the possibility that a pre-consultation could create a high degree of uncertainty for customers and colleagues about the possible outcome.<sup>70</sup>

102. FSB Scotland described the Standard as 'a paper tiger':

” When we speak to business owners who have experienced branch closures—for our membership, that is about one in every two—they say that they do not know that the protocol has been in existence, they have not been consulted and there has not been open publication of information. Therefore we have big questions about the future viability and effectiveness of the protocol.<sup>71</sup>

103. Keith Dryburgh of Citizens Advice Scotland said that 'it is a matter of making an impact assessment without really asking what the impact will be on people.' He described this as a business-led assessment.<sup>72</sup> Barry McCulloch of FSB Scotland highlighted that banks often say that they cannot consult before closure for commercial reasons, due to the fact that staff will be made redundant or redeployed. There is a feeling amongst FSB Scotland members that 'there is little ability to input into the consultation because the decision has already been made.'<sup>73</sup>

104. According to the FSB, there is low awareness and confidence in the Access to Banking Standard among small businesses:

” small businesses affected by branch closures receive limited communication from their bank with regard to support and signposting towards alternative banking services. Awareness of consultation or engagement exercises on behalf of banks is effectively zero.<sup>74</sup>

105. Witnesses criticised the impact assessments carried out by banks on branch closures. Professor Beevers said the Access to Banking Standard simply allowed banks 'to pretend that they are consulting with communities'<sup>75</sup> and Allister Mackillop called them 'a charade', describing RBS's assessments as 'tick-box exercises.'<sup>76</sup>

106. Professor Griggs agreed that the banks could improve communications notifying customers of changes to their branch:



” All the banks do impact assessments, so they have the data. I have been pressing them harder and harder to give everything that they have to the consumer, because the consumer is an intelligent human being who reads the information. The banks could do more to say not just that people can use the post office, but how they can do that.<sup>77</sup>

107. TSB told the Committee that branch provision is 'led by customer behaviour and demand.'<sup>78</sup> This was echoed by other banks. However, they make clear that they do not consult with customers before deciding to close a branch. Bank of Scotland referred to one case where a decision had been made to delay closure for six months, but no other closure plan had been changed due to customer feedback.<sup>79</sup> Gavin Opperman of Clydesdale Bank said that they 'might take a sample of customers,' but not in all cases, but later clarified that they do not consult over specific closures.<sup>80</sup> Some spoke of seeking input from local staff in the branches earmarked for closure.

108. In giving evidence to the Committee, none of the banks could provide examples of any branches where, following notification of intention to close, they received representations from customers and subsequently decided not to proceed with the closure.

109. RBS pointed out that it has ensured that the branches scheduled for closure are staying open for six months, rather than the 12 week industry standard, 'to help customers prepare for the changes.'<sup>81</sup> Burnmouth Community Council suggested extending the notification period for bank closures to one year.<sup>82</sup>

110. Lyn Turner of Unite and others said that there should be a statutory requirement to consult on bank closures.<sup>83</sup> Gordon Buchanan of Castle Community Bank also suggested that the banks could be required to consult the local community before closing a bank branch.<sup>84</sup>

111. When asked how the Standard is policed, Santander explained that the Lending Standards Board reviews adherence to it:

” We are already policed by the Lending Standards Board. Certainly, it has reviewed our adherence to the access to banking standard this year. We take that seriously. We are always looking for opportunities to improve. We have had feedback to the effect that some of the language that is used in our impact assessments could be clearer, and we will take that on board.<sup>85</sup>

112. It was explained that the banks themselves would deal with any complaints regarding adherence to the Standard. Robin Bulloch of Bank of Scotland said, 'any customer can complain to us or make representation to us, and we will always consider that representation.'<sup>86</sup>

113. When the Committee reflected some of the feedback it had received regarding adherence to the Standard, Gavin Opperman of Clydesdale Bank said 'we take the Lending Standards Board incredibly seriously, and we hold ourselves accountable.' He went on to say, 'if we fall short we want to see how we can bridge that gap.'<sup>87</sup> Susan Allen of Santander said:

” We see the access to banking standard as the baseline to which we would want to adhere. We welcome feedback, such as the feedback that we have received today, to help to us to review and consider what we do. We also welcome feedback from the Lending Standards Board. I am sure that over the next few years, we will continue to refine and improve, based on the feedback from our customers and other stakeholders.<sup>88</sup>

## Statistics on footfall

114. Barclays explained that 'we undertake branch closures to reflect decreasing footfall.'

<sup>89</sup> However this rationale was questioned by Una Kerr and Margaret G Rae who explained that in North Berwick and Whitburn respectively that the bank branches that have been or are expected to be shut were or still are very busy.<sup>90</sup> Unite also states, 'RBS has mislead the public on a number of counts including measurement of footfall to justify closures.'<sup>91</sup> Citizens Advice Scotland agreed that their bureaux felt that the RBS branches being closed were busy branches that were being used by consumers.<sup>92</sup> This feeling was echoed by the participants of all three focus groups. In response to this, RBS said:

” It might appear that certain branches are busy at certain points but, on aggregate, we cannot ignore the overall trend that is now very obvious, as branch use continues to fall at a rate that has outstripped even our largest expectations of what was going to happen over the past five years.<sup>93</sup>

115. Lyn Turner of Unite said that RBS only considered the footfall of customers who regularly use banks, not overall footfall.<sup>94</sup> Some witnesses also questioned whether the figures were in fact accurate in some instances. However, when the Committee wrote to the banks to ask them how they calculate footfall, we established that this is mainly based on the number of transactions in a branch. Table 2 summarises the factors banks report taking into account when deciding to shut a branch:

**Table 2: Factors that banks take into account when shutting a branch**

**Factors**

<b>Lloyds Bank &amp; Bank of Scotland</b>	<ul style="list-style-type: none"> <li>• Total financial transaction volumes</li> <li>• Transaction trends over time</li> <li>• Total number of customers (at that branch and in other branches) transacting in the branch including frequency of use</li> <li>• Customer demographics including age and vulnerability</li> <li>• Other banking and cash withdrawal facilities in the community</li> <li>• Public transport links to other Bank of Scotland branches.</li> </ul>
<b>RBS</b>	<ul style="list-style-type: none"> <li>• Recorded transactions (by customers and non-customers) and services (counter and ATMs)</li> <li>• Number of “customers who use the branch on a regular weekly basis” – calculated as those using the branch in 23 of 26 consecutive weeks</li> <li>• Customer demographics and banking practices (e.g. use of Post Office)</li> </ul>
<b>Clydesdale Bank</b>	<ul style="list-style-type: none"> <li>• Total number of customers/customers with a current account <i>and</i> customers with a basic current account who used the branch at least in previous 3 months</li> <li>• Total number of customers/customers with a current account who used the branch at least once in previous month</li> <li>• Number of customers who hold a current account who used the branch at least once in previous 6 months</li> </ul>
<b>TSB</b>	<ul style="list-style-type: none"> <li>• Number of customers who exclusively use that branch to do their banking over a twelve-month period</li> <li>• Proportion of customers who completed transactions at another local branch</li> <li>• Community factors such as travel distances to nearest TSB branch or Post Office to carry out a transaction</li> <li>• Availability of ATMs on the local high street, etc.</li> <li>• Factors such as whether a branch is the last in town, and number of vulnerable customers using the branch</li> </ul>
<b>Santander</b>	<ul style="list-style-type: none"> <li>• Total number of customers transacting - this does not just include “regular usage”</li> <li>• Overall transaction volumes (at the counter and via ATMs – this does not just include “regular usage”)</li> <li>• Usage of other channels (including other Santander branches, online, mobile and telephone banking, Post Office and card usage)</li> <li>• Needs of vulnerable customers in the area</li> </ul>

The banks told us that decisions to close branches are driven by customer behaviour and demand. However, we believe that the banks are also driving this pace of change. We question how the banks can know what the customers want without consulting them. Speaking to branch staff and assessing transaction numbers does not tell the whole story of the need for a branch in a particular area.

In the Committee’s view, the Access to Banking Standard is failing to ensure that impact assessments properly reflect and take account of all relevant impacts on the local economy. We believe that the Standard reflects the interests of the banks rather than the needs of customers and businesses. We also believe that the banks should be

required to consult customers, businesses and the local community before deciding to close a branch.

We invite the UK Government to consider whether the Access to Banking Standard in its current format is the appropriate vehicle for ensuring that adequate and impartial impact assessments are carried out and that customers are consulted. We invite the UK Government to consider whether an independent impact assessment, including the impact on the local economy, should be carried out before a bank decides to close a branch.

Whatever is put in place in the future, the Access to Banking Standard is not succeeding in its current form and should be replaced with a statutory model which includes the requirement to consult before a decision is made to close a branch. We also ask that ATM provision be covered by similar provisions, as discussed below.

## Bank buildings and local impact of bank closures

116. The Committee heard from many people about the impact of empty bank buildings in Scotland's towns and villages. FSB Scotland highlighted that between 2016 and 2018, there were 258 more empty units than there were before. Barry McCulloch said that empty units in the High Street 'blight towns' and that 'such closures will thwart attempts to regenerate towns and high streets and will undeniably impact confidence and have a devastating impact on the local economy.'<sup>95</sup> This view was echoed in the Leven focus group where one business owner described the impact of the bank branch closures on the High Street as 'opening a zip,' saying that when one business goes, this precipitates the closure of other neighbouring businesses.<sup>96</sup>

117. The banks provided us with figures relating to their properties following branch closures:<sup>97</sup>

Bank	Empty buildings	<u>Leased</u>	Owned
Clydesdale	29	23	6
Bank of Scotland	13	-	13
RBS	38	-	38
Santander	2	-	2
TSB	9	7	2

118. Asked about businesses closing following the closure of banks, Carol Anderson of TSB said, 'a bank will not close unless there is something wider going on in that high street. The bank does not tend to cause those things, but is part of what is happening.'<sup>98</sup> RBS said, 'what we are seeing on the high street is a symptom of a bigger shift in how we all do things every day, and that plays through into how the economy is shaping up.'<sup>99</sup>

119. RBS said that they try to get the buildings to new owners to make a positive economic contribution but that this is often very difficult as the buildings are designed as branches. Susan Allen of Santander said that generally its buildings are not empty for more than twelve months.<sup>100</sup>
120. Phil Prentice of Scotland's Towns Partnership argued that we should be concerned with the future of the high street and what can be done to 'repurpose and reinvent these properties.'<sup>101</sup> He summed up the strength of feeling about bank buildings:
- ” Banks traditionally have a big footprint on the high street; RBS, in particular, is usually in the most characterful and dominant building in the heart of a town. Whenever they decant, that quickly leaves a sense of decline and despair, because very often no use for the building is promoted. The issue is more about the toxic legacy of bank branches when, after three or four years, people come into a high street and see a big RBS sign on a dominant building that is now vandalised and for which someone is paying empty rates. There has to be thinking about the last branch in town and what to do with the banking estate. There are many opportunities for things such as community enterprises, start-ups, restaurants and childcare provision. The banks should have to be more proactive: they should not be able to just walk away.<sup>102</sup>
121. Burnmouth Community Council questioned whether banks should have obligations regarding the maintenance and appearance of buildings that are no longer in use.<sup>103</sup> At the Dalmellington focus group we were told that local people would like to take on the building for community activities. Many people agreed that RBS should be required to offer the building to the local community. There was no evidence here of the bank proactively engaging the community in the use of the empty building. They queried what powers the Scottish Government or local authorities had to compel banks to action in relation to the buildings that are left empty. They wondered whether the banks could be forced to maintain or donate the premise, or sell it at a lower price.<sup>104</sup>
122. Phil Prentice from Scotland's Towns Partnership stated that the future of high streets depends on being able to reconvert empty bank branch buildings and there should be an obligation on banks to engage with local community planning partners and the local community.<sup>105</sup>
123. As an example of how bank buildings could be repurposed, Cathy Greig told us that the Vale of Leven Credit Union needs to move to larger premises in Alexandria and would have been interested in moving into the vacated RBS building. She called for the banks and councils to work together:
- ” I do not think that the bank should just be allowed to strip the building bare and leave it like an ugly parasite in the town centre. It looks awful and it will be like that for long enough, because the rent and rates on it will be prohibitive for anyone else who is thinking of taking it over. The council is not getting an income out of it. It is lying empty. We would have moved into it if the bank had left it in a half-reasonable state. It is a council-owned building and somebody should have been watching to see what was happening when the bank moved out.<sup>106</sup>
124. Phil Prentice explained that whilst bank branch buildings are likely to be sold off in a commercial deal very quickly in 'vibrant cities', it is different for 'out on the peripheral, secondary towns,' where there is a sub-prime property market:

” That is where the banks need to show some sort of social conscience, step up to the plate and be honest enough to say that they have probably written their capital value down as part of the financial crash, so that money from the branch is just a windfall. In that case, the banks can do their societal duty and do something to meet the needs of the local population, such as providing somewhere to bring older and younger generations together, co-working environments, business centres, incubators or hatcheries for start-ups. There is whole range of uses to which a bank could lend itself and then we would see the footfall coming back to the town centre. <sup>107</sup>

125. Barry McCulloch of FSB Scotland highlighted the context of the closure of bank buildings, which is happening alongside many other closures, both public and private, 'we are seeing a range of public and private bodies disinvesting in town centres, and that is making it much more difficult to breathe new life into places that have seen better days.' <sup>108</sup> Phil Prentice highlighted that there are some good examples of work to repopulate town centres by putting services back into town centres:

” some local authorities have done very well by investing and using the town centre first principle to put a range of public services in the heart of towns, which has then generated confidence from the commercial sector to come in on the back of that. Where we see collaboration, such as with public-private partnerships, we see a lot of success. <sup>109</sup>

126. In relation to the empty bank buildings, Phil Prentice said, given the changes that are coming in around compulsory sale orders, 'local authorities will be able to come in and agitate for improvement.' Banks cannot be compelled to sell at less-than-market value (as assessed by an independent valuer), however Community Right to Buy (CRtB) is potentially an option. CRtB allows communities in Scotland to apply to register an interest in a property and the opportunity to buy it when it comes up for sale. The property will still be sold at market value as determined by an independent valuer.

127. CRtB is most often applied in the context of rural land, but in 2006 the Neilston Development Trust became the first urban group to acquire a commercial building, the former Clydesdale Bank building in the main street of Neilston, under CRtB. Robin Bulloch of Bank of Scotland said that it was aware the CRtB scheme was being used in Wigtown and that it was happy to support this. It also noted that in Gorebridge, Bank of Scotland has temporarily made the bank building available to the local community. <sup>110</sup> Simon Watson of RBS said that it is open to discussions on the future of its buildings with local groups, and try 'to ensure that we make it clear that if anyone is interested and would like a discussion, we are very happy to have it.' <sup>111</sup>

128. Citizens Advice Scotland spoke of one of its bureaux working with RBS with a view to taking it up on an offer to work with local communities to hand over buildings to development trusts where there is no demand for the building. They are looking to develop an advice hub in a remote area. They said that the local authority is involved in that process, which is helping to progress it. <sup>112</sup>



The Committee notes the evidence of the impact of empty bank buildings in Scotland's towns and villages. We ask the Scottish Government, local authorities and the banks to work together with local communities to find the best solution for the use of bank buildings when a bank branch closes. We urge the banks to engage with local communities on finding a suitable use for the buildings and we ask them to report back to us in 12 months on progress with the buildings which remain empty.

## RBS branch closures

129. Although the Committee is not focusing on branch closures by one specific bank, some evidence highlighted RBS branch closures as these have seen the greatest number and rate of decline since 2010 (see Table 1). In December 2017, RBS announced its intention was to close 62 branches across Scotland, a third of all its branches. RBS said in its submission to the Committee:

” ... closing a branch is not an easy decision; we know that it impacts our customers, our colleagues and our communities, many of who have grown up with the bank. We do not make any decisions lightly and think carefully about each branch; looking closely at customer behaviour and the alternative options that we can offer locally before coming to our decision. <sup>113</sup>

130. The point was made in evidence and during our focus groups that the UK Government holds a large stake in RBS and should influence it to halt the branch closures. In its response to a recent report by the Scottish Affairs Committee in the House of Commons the UK Government said:

” [...] each bank's branch strategy, including whether to open or close individual branches, is for the management team of each bank to determine. The Government does not intervene in these commercial decisions. As you will be aware, RBS Group retains its own board, which is responsible for strategic and management decisions. They have decided to announce the closures, in line with their strategy. [...] However, the Government will continue to take positive action to maintain access to vital banking services and ensure banks support communities across the UK when their local branches close. <sup>114</sup>

131. In February this year, RBS announced that 10 of the threatened branches would remain open until at least the end of 2018 whilst independent research was conducted assessing the longer-term sustainability of keeping the branches open.

132. Unite argues that these closures are not inevitable, 'there remain huge questions about the validity of the RBS plans.' <sup>115</sup> RBS reflected that the changes to the way its customers banked are 'a big adjustment for people to get to grips with, because banking already feels very different' and that it now wanted to give certainty about where branches are and for the alternative banking provisions to bed in. RBS has made a commitment not to review any further branches in Scotland before 2020.

<sup>116</sup>

133. Citizens Advice Scotland said that the stay of execution granted to the remaining ten RBS branches is an opportunity to involve the community in the decision:

” That marks a small window of opportunity to do things much better. At the moment, how the independent review will be carried out is very opaque and unclear, but if RBS wants to do it properly—if it wants to consult consumers and work with community groups—the review represents an opportunity. <sup>117</sup>

134. Lyn Turner of Unite concurred that this represents an opportunity:

” I hope that the 10 branches get a fair wind, criteria are set, there is openness and transparency about footfall and the branches are given a reprieve. That would be a good gesture on the part of RBS. <sup>118</sup>

135. RBS has now announced the scope of the review of the ten branches in question, which will include examining the suitability of alternative banking options, take into account RBS data used to inform the decision to close the branches, examine changes in branch use and local circumstances since the announcement of the closures and feedback from local customers, local representatives, employees and stakeholders. <sup>119</sup>

The Committee notes that RBS previously said that they would not shut the last branch in town; however, this was clearly a hollow promise. We are disappointed that RBS took so long to provide us with figures regarding the scale of their branch closures in Scotland, given that it is undertaking the most significant branch closure programme of all the banks.

The Committee welcomes the review of the closure of the ten RBS branches given a reprieve. We particularly welcome the proposed consultation with customers and representative groups. Ultimately, the Committee believes that these branch closures should be put on hold or cancelled, to allow a full and proper study to be done of the impact of the scale of closures across Scotland and proposals to be put in place to provide proper, workable alternatives (as set out below).



# Alternatives

136. The banks are keen to stress the wide range of alternatives to using a local branch which are available to their customers. Some witnesses agreed that the alternatives to banking are to varying degrees suitable for most standard banking activities. However, many also pointed to the limitations of these alternatives. These include the Post Office, ATMs, telephone banking, video banking, mobile banking and digital (including mobile app banking and webchat).

137. RBS explained that alternatives are being invested in to reflect changing customer behaviour:

” We have to respond to changing trends, and as a result we are investing in a full range of services to give our customers what they want and what they expect. Customers now have more ways to bank than ever before. We are investing in our branches, online services and our award-winning mobile app. In our mobile vans, telephony, Video Bankers, Community Bankers, Business Growth Enablers, ATMs, and our partnership with 1,400 Post Offices. We have more than 2,000 physical service points in communities across Scotland, in addition to our range of digital and telephone services.<sup>120</sup>

138. However, FSB Scotland said that the replacements such as online banking, mobile banking units or post office access:

” ... are poor substitutes; they are no substitute for a functioning and fully capable bank branch. Our members frequently report problems with the substitutes that have been put in place.<sup>121</sup>

139. Asked whether market forces would lead to the emergence of alternative solutions to traditional banking, Keith Dryburgh of Citizens Advice Scotland pointed out that customers, particularly in Scotland, are 'sticky' – they tend stick to the same bank:

” It would be great if people voted with their feet, but we have the problem of overly loyal consumers and the fact that some people just do not have the option to vote with their feet.<sup>122</sup>

140. Professor Beevers stated that in the short-term, market forces will not work to meet the demand for banking services, while in the long-run, alternatives, such as post offices and credit unions, do not offer all the services that banks do.<sup>123</sup> There is however potential for alternatives, such as the Post Office, which, according to Keith Dryburgh of Citizens Advice Scotland, small businesses in rural areas were twice as likely to use for banking services than in urban areas.<sup>124</sup>

## Maintaining banking provision

141. Before looking in more detail at alternatives to bank branches, this section of the report explores the option of maintaining a physical banking presence. Some consider that banks have a public duty to provide services to the community. Highlands and Islands Enterprise stated that 'within affected communities there is

strong feeling that banking should be viewed as a basic part of the local infrastructure and thus should be available as standard provision.' <sup>125</sup>

142. When asked about this, Clydesdale Bank acknowledged that it has a 'wider responsibility' which is 'not only for the geography but for our remit across Scotland;' <sup>126</sup> RBS said 'the health of banks is dependent on and linked to the health of the communities in the economy that they serve;' <sup>127</sup> Bank of Scotland highlighted its 'stated commitment to help Britain prosper' and explained that 'we look at our obligation to society in the broadest possible way.' <sup>128</sup>

143. Many people believe that there should be a mechanism to maintain a banking presence in communities. Phil Prentice said:

” if there were an imperative to get the banks to work together, we could end up with a last-branch-in-town solution, which would be an interim measure that would help the business community. That is what we should aspire to. We should get the banks round the table. <sup>129</sup>

144. Scottish Rural Action called for the UK Government to consider a form of Universal Service Obligation for banking, whereby banks cannot close the last bank or ATM in town. <sup>130</sup> Citizens Advice Scotland would have sympathy with this approach, stating that consumers should be at the heart of the decision to close a branch. <sup>131</sup>

145. The possibility was discussed during evidence of introducing regulation to force the banks to ensure that there is banking provision for every geographical area in the country, whether on a shared or individual basis. However, some witnesses warned that this could result in a race to avoid being the last bank in town. Gordon Buchanan of Castle Community Bank said:

” That could lead to a rush to get out of the town, so that you are not the last bank in town. We would not want to make the responsibilities of the last bank in town too draconian because, otherwise, there would be a rush to not be the last one. <sup>132</sup>

146. However, Professor Beevers felt that the banks should talk to one another and consider banking provision and what is needed on a geographical basis. <sup>133</sup> When asked whether they co-ordinated their work on bank branches to ensure that there is adequate provision in a community, the banks confirmed that they did not. Santander referred to them as 'commercial decisions that the banks take separately and independently.' <sup>134</sup> Similarly, Robin Bulloch of Bank of Scotland said that there are no discussions with competitors about provision of services in an area. <sup>135</sup>

147. 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 could involve multiple banks operating in the same building.

148. In response to the suggestion of a community banking hub, Martin Kearsley said:

- ” absolutely there could be something that says that a bank must do something for the local community, especially on high streets that are under pressure. In terms of financial services, I suggest that that community hub is best served by a post office. We are there. Within 100 yards of 45 of the closing RBS branches, there is a post office.<sup>136</sup>
149. When asked about the 'cash deserts' in Scotland and whether there was any scope for industry coordination, Bank of Scotland said that it was mindful of competition, but happy to consider proposals and that competition law should not be a barrier to this.<sup>137</sup> Similarly, Clydesdale Bank was open to having dialogue:
- ” From a regulatory perspective, there are some areas in which we can have conversations. We have different competitive edges and markets that we play within, but there is room for dialogue and we use the forums that are in place. There are areas where we could develop that further and we would be keen to hear about those.<sup>138</sup>
150. Santander said that, whilst mindful of competition constraints, they seek to work together where that is appropriate, 'based on the discussions that we have had today, there are specific topics on which it would be helpful for us to work collaboratively.'<sup>139</sup> Simon Watson of RBS said:
- ” We have signed up to the digital charter. I think that all the banks are participating in that. There are specific areas of co-operation, such as that one, where we can meet on a common agenda and in a neutral context, and put competitive and commercial considerations behind us. That work is planned, and we are keen to do more such things.<sup>140</sup>
151. Alternative formats and opening hours were also discussed. Allister Mackillop highlighted that one alternative to complete closure is reduced opening hours:
- ” rather than looking for other avenues, such as smaller or part-time branches, or using branches in conjunction with something else, they have decided just to close them and to leave the communities that they served with very few amenities.<sup>141</sup>
152. Bank of Scotland confirmed that its branches have different formats, including varied opening hours. It also operates micro-branches which are largely automated with advisers on hand, 'we flex our proposition according to demand.'<sup>142</sup> Carol Anderson of TSB highlighted its branches in Alford and Aboyne, which are open for half a week each, to provide a service to those communities.<sup>143</sup>
153. Some people felt that flexible banking models should be developed to suit communities. It was suggested that banks could diversify and offer 'banking plus' to make their business viable. Allister Mackillop said, 'let's have a bit of imagination and think out of the box and make branches far more multipurpose.'<sup>144</sup> Paul Alexander of the Scottish Building Society pointed out that some regional building societies in England had offered creative alternatives. He cited the case of a local library that was due to close through lack of funding before Newcastle Building Society took it over and paid for the library to keep running and opened a branch in there.<sup>145</sup>

154. Another idea was that there could be a virtual banking hub where people could communicate with a banking adviser or teller online, with the facilities for doing this provided in a space where there is privacy.<sup>146</sup> Some advocated that banks should be subsidised to maintain uneconomical rural branches or that a public retail bank could be established. Phil Prentice of Scotland's Towns Partnerships suggested that perhaps something could be done with the Scottish Investment Bank to support the SME sector more widely.<sup>147</sup> One focus group participant 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.<sup>148</sup>

The Committee notes that the banks are continually trying to come up with new ways of banking to provide their customers with the services that they need. However, we believe that there is a need for universal banking provision across Scotland, including face-to-face banking where desired or needed. The Committee is encouraged that the banks are willing to consider discussing access to banking issues together.

The banks were clear that banking provision is evolving every day and that further change is inevitable. Given the rate and scale of bank branch closures in Scotland, we believe that urgent action needs to be taken. We invite the Scottish Government to call a summit with the High Street banks in Scotland to discuss these issues and possible solutions, including shared banking hubs. We ask the Scottish Government to report back to the Committee on the outcomes of the summit.

## Online and phone banking

155. One of the arguments made by the banks for closing branches is the increased use of online and digital banking. Scottish Financial Enterprise pointed to the large increase in the use of online banking facilities and electronic payments over time as well as the decline in use of cash and concurrent increase in the use of contactless cards. It notes however that, 'many customers have already moved to digital banking options, but we recognise not all are comfortable doing so' and explained that the banking sector was committed to maintaining service provision particularly for vulnerable communities.<sup>149</sup>
156. There are people for whom digital banking is not suitable; Professor Beevers told the Committee that 'a number of disabilities give people problems with going online.'<sup>150</sup> The Keith Dryburgh of Citizens Advice Scotland concurred:
- ” the most vulnerable to change are the ones who will be affected, those who are more likely to have problems accessing digital services, those who have poor broadband speeds and those in rural Scotland.<sup>151</sup>
157. Members heard of similar concerns at focus groups in Mintlaw and Dalmellington.<sup>152</sup> FSB Scotland said that many rural businesses do not have the data or broadband connections to fully use online services, 'the majority of the closures in

the north-east were in areas with lower than the average UK broadband speed, which presents a problem.' <sup>153</sup>

158. Which? noted, bad connectivity is a particular issue in Scotland, in areas such as the Orkney Islands, Shetland Island and Highlands. <sup>154</sup> Burnmouth Community Council echoed this view, adding that in Burnmouth, mobile phone coverage can be quite bad depending on the service provider. <sup>155</sup>

159. Citizens Advice Scotland explained that 'about 20 per cent of consumers are still not online, and we have concerns that a lot of people are being pushed towards online banking.' Which? told the Committee that people want to do face-to-face banking for convenience, connectivity and confidence:

” If you do not have broadband or access to a computer of your own, you cannot do online banking. Professor Griggs talked about apps and so on. They are great if you have a smart phone, but people who are most financially excluded, which includes many of your constituents, do not have smartphones, so they cannot do online banking or use apps.

Debacles such as that experienced by TSB over the past couple of weeks will have done nothing to let that bank get more of its customers to switch to online banking. <sup>156</sup>

160. Others also spoke of the pitfalls of relying on information technology to provide banking services. Lyn Turner of Unite said that if there were an outage, like the one that RBS had a few years ago or the one that TSB had recently, people would need access to a physical bank. <sup>157</sup> Professor Beevers said:

” The TSB situation has not helped, and all the big banks will have to go through the same process that TSB is still going through. I am being told that we ain't seen nothing yet. <sup>158</sup>

161. Carol Anderson of TSB said that it learned of the importance of multiple channels following its recent IT difficulties:

” We learned that at such times, people who have depended on the mobile service will revert back to using the branch, either of necessity or in order to seek comfort in that face-to-face situation. <sup>159</sup>

162. As stated earlier, the banks agreed that there continues to be a need for cash. Simon Watson of RBS said:

” seven out of 10 people regard the bank as something that they carry around in their pocket. That attitude is only going to increase but cash will always be an important back-stop, at least for the medium term. <sup>160</sup>

163. In the Minlaw focus group, 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. Some farmers are suspicious of putting their financial data online which can be seen as 'easy prey' for criminals. One focus group 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. <sup>161</sup>

164. Another obvious limitation on digital banking is that it is not possible to deposit cash, as highlighted by FSB Scotland.<sup>162</sup> Also, businesses are charged to use online banking, with RBS charging up to £40 for use of its Bankline facility, Pete Cheema told us. This is on top of charges for other digital transactions.<sup>163</sup>
165. A number of witnesses called for the digital facilities banks offer to be expanded, including being able to carry out transactions that require identification, such as changing signatories, especially for charities and community groups. Age Scotland called for banks to expand 'age-friendly' options such as telebanking in the format of an in-branch 'smart' ATM with live on-screen access to customer service staff situated in a private area.<sup>164</sup>
166. However, although telebanking is an alternative to digital services, Age Scotland explained that many elderly people found using phone stressful 'due to the quality of the sound, remembering complicated passwords and security answers, having to verbally articulate what their issue is and the fear of phone scams.' Other reasons for avoiding digital banking, according to Age Scotland, include a lack of trust in the technology, fear of internet scams, display being too small on mobile apps for those with vision impairments, and having to remember complicated passwords.<sup>165</sup>
167. The banks described the different measures they have in place to assist people with digital banking, including experts in branches and advice over the phone. Susan Allen of Santander said, 'there is a role for us in educating people and helping them to feel comfortable about how to use digital technology safely.'<sup>166</sup> Some people in the focus groups mentioned that they had found out banks had organised digital training sessions prior to a bank closure, but had not been aware of it at the time.<sup>167</sup>

The Committee notes the increase in digital banking. However, the banks themselves agreed that, for the foreseeable future, there will be a need for alternatives to digital banking, including cash.

The Committee welcomes the work being done by banks to support customers in using digital banking but believes that more needs to be done. Evidence has illustrated that many people are not comfortable with digital banking and it is incumbent on the banks to address this. Online and phone banking are not suitable options for some people and banks must ensure that these people have a suitable alternative.

## Mobile banking

168. RBS and Bank of Scotland both offer mobile banking to their customers. RBS has 21 mobile units which travel 8,000 miles per week with 440 stops.<sup>168</sup> When asked about the length of each stop, Simon Watson of RBS said:



- ” Although it is a 30-minute slot, the mobile bank will stay for as long as it is needed, to ensure that we serve the customers. We have some flexibility in the timetabling to allow for that. <sup>169</sup>
169. Bank of Scotland has 12 units which cover 108 communities. They visit each location for one to two hours, one to two times per week. <sup>170</sup> RBS said that it reviews its routes monthly and that they operate on a 'flexible' basis. In contrast, Bank of Scotland provides a 'stable offering', with a set timetable and routes. <sup>171</sup>
170. Santander has no vans and explained this was because closing branches had another Santander branch or a post office close by. TSB has no vans, stating that this was because 70% of their customers are within 2 miles of another branch. <sup>172</sup> Clydesdale also has no vans; Gavin Opperman said, 'if our customers' demanded them, we certainly would look at that.' <sup>173</sup>
171. Whilst it is welcomed that some banks offer mobile banking services in places where bank branches have closed, many highlighted issues such as inconvenient timings and accessibility. Responding to our online survey, a business owner in Sutherland said 'we are now reliant on a mobile bank arriving 2 times a week at inconvenient times.' FSB Scotland highlighted that the services offered by mobile units are limited compared to bank branches. <sup>174</sup>
172. Disability Equality Scotland reported that there was limited information about the introduction of mobile banking which had resulted in customer frustration and confusion. Some said that there are not enough mobile units relative to demand, and that they are not on site enough days a week, or open long enough in a given location. Disability Equality Scotland reported that this causes long waiting times, often in adverse weather conditions and in some cases, <sup>175</sup> as noted by Port William Community Council, means the mobile unit has to leave for the next location before it has served all its customers. <sup>176</sup> Citizens Advice Scotland said that the service must be built around the community and not around the bank's needs. <sup>177</sup> FSB Scotland said:
- ” Some of our members in rural areas will face the situation of literally having a couple of minutes a week in which to do their banking. In Kingussie, I think, the mobile bank's one visit a week will last 20 minutes. Every local business will be trying to deposit their cash and perhaps get some useful advice from their key contact during that time. <sup>178</sup>
173. A number of respondents highlighted that mobile branches are not adequate for disabled people with reduced mobility who cannot access the inside of the van. Disability Equality Scotland reported that 81% of the 79 members it surveyed stated that a mobile banking vehicle is not a suitable option to replace local branches, and that they felt embarrassment and humiliation if they required the bank teller to leave the vehicle. <sup>179</sup> Participants in the Dalmellington focus group spoke of a local woman in a wheelchair who could not access the mobile van and had to do her banking business in the car park in the rain. Disability Equality Scotland said that mobile banking can also be challenging for people with visual and hearing impairments. <sup>180</sup>

174. When asked about this, Robin Bulloch of Bank of Scotland said that its seven new vans were accessible, and that its five existing vans that were not would be replaced within three years and be accessible.<sup>181</sup> RBS said that it reviewed its mobile vans in 2015 and found that customers did not like the tailgate lifts the vans used to have, so they were removed. Simon Watson of RBS said:
- ” In 2015, we reviewed the mobile banks that we ran. They used to have tailgate lifts, but our customers told us that they did not like to use them, so in response to that feedback we tried to find different ways of serving customers. The tailgate lifts were removed and we now have the option of something called MyHailo, which is a key fob for customers that enables us to come to them and serve them, either in their car or in their home.<sup>182</sup>
175. Age Scotland, citing a 2016 report, noted that older people were positive about mobile branches, providing the service was regular and reliable, solutions were found for internet and mobile signal blackspots and 'vans or locations were designed for all weather.'<sup>183</sup> Professor Beevers said that the mobile van in his area was well used by businesses and schools, saving them travel time to another branch.<sup>184</sup>
176. A number of people pointed to the lack of security and privacy in mobile units, both when waiting outside and once inside. FSB Scotland highlighted the case of one of its members being robbed outside a mobile bank unit.<sup>185</sup>

The Committee welcomes the mobile banks that have been made available to RBS and Bank of Scotland customers but regrets that these vehicles are not all accessible to people with reduced mobility. Our evidence shows that some RBS customers are not content with its current mobile branch provision.

The Committee asks RBS to review this as a matter of urgency and to report back to the Committee with its conclusions. The Committee also asks the banks which do not offer mobile banks to consult with their customers to establish whether there is a need in the communities where they have closed branches.

## Post Office

177. In evidence to the Committee, the banks were keen to emphasise the role of the Post Office as an alternative to bank branches. Bank of Scotland said that local Post Office provision was one of the primary factors in establishing alternatives to a branch, if they choose to close it.<sup>186</sup> The other banks also spoke of the importance of post office services in providing an alternative.
178. The Committee examined the suitability of the Post Office as an alternative to local bank branches. We found that banks are encouraging their customers to use the Post Office to access banking services following the closure of a local branch. Martin Kearsley of the Post Office said:



- ” We have certainly seen significant growth in our business in supporting communities as bank branches close. We offer cash services to the local community; we do not set out to replace a bank. There are many services that the banks have to continue to offer through their products, such as mortgages, life insurance and pensions, for which people need proper independent financial advice. <sup>187</sup>
179. There is a Government mandate that 99.7 per cent of the population should live within 3 miles of a post office. In evidence, the Post Office confirmed that there are 1,377 post offices in Scotland (12% of the 11,500 in the UK), 21 of which are Directly Managed Branches, 1,356 are agency branches, run by independent businesses and 460 of these have the status of Community Branches, which means that they receive additional financial support from Post Office Limited. Martin Kearsley of the Post Office specified that in 2009, there were 1,440 post offices, which corresponds to a reduction of around 4% in the last nine years. <sup>188</sup>
180. Tim McCormack argued that since the Post Office receives an annual subsidy from the UK Government to ensure that it provides outlets within a reasonable range of majority of UK population, the relationship between customers, post office operators, the Post Office and banks should be investigated 'for it seems that the banks are taking advantage of Post Office Ltd and the Government subsidy it receives in order to provide a useful service to its customers.' <sup>189</sup> However, he did believe that, notwithstanding these issues, the Post Office can provide a solution as it can deliver banking requirements. <sup>190</sup>
181. Martin Kearsley said that the Post Office has seen about a 25 per cent increase in business cash deposits over the past year as a result of bank closures, 'it is becoming a very important part of our business.' He said that the Post Office was working towards providing more business and consumer friendly services:
- ” There are 4,000 branches open at the weekends, including Sundays. We open late into the evening, which helps businesses that would otherwise have to shut on, say, Thursday afternoon to drive to the nearest town to do their banking, which loses them 5 per cent of their week. <sup>191</sup>
- ” In the future, we will look to automate in the broadest part of the network. That might mean having a box with a sign saying “post office” rotating on the top of it that has some sort of automated device into which cash deposits can be made; it would not just be an ATM for cash withdrawals but would offer services 24/7 in secure locations. <sup>192</sup>

## Partner banking agreements

182. Several banks have partner banking agreements with the Post Office. Clydesdale Bank said that 80 to 90% of transactions currently done through branches can be done through a post office; they said that every branch that has closed within the last five years is within walking distance of a post office <sup>193</sup>. Other banks also highlighted their relationship with post offices as being key to providing services to people following branch closures.
183. The banks spoke of providing additional equipment, technology and training to support the post offices in offering banking services. However, Clydesdale Bank

acknowledges that there are certain capabilities which the Post Office will not provide.<sup>194</sup> TSB also admitted that there is 'still more that we can do with our customers and the post offices to help the relationship when branches pull out.'<sup>195</sup> Bank of Scotland said that it is happy to work with post offices on signposting and promoting that service more.<sup>196</sup> Robin Bulloch said it is very early stages of the proposition for business customers and that:

” we have a commercial arrangement with the Post Office, and there is an expectation that it will benefit from the arrangements that it has made with the banks and invest in its proposition.<sup>197</sup>

184. Clydesdale Bank spoke of the need for banks to work strategically to ensure that the Post Office is able to provide the services that the banks require:

” Eighty to 90 per cent of the transactions that we currently do through branches can be done through the Post Office, which has a greater reach. Rather than expand into a different network to provide that service, we would prefer to work as an industry, with UK Finance, to consider strategically where we can work more closely with the Post Office to close the gap even more.<sup>198</sup>

185. However, the Committee heard that there are limitations on the services which the Post Office can offer to businesses. The Post Office told the Committee that there is a £2,000 deposit limit for walk-in transactions. Businesses that wanted to make deposits greater than £2,000 have to arrange for cash to be deposited by the business at a pre-arranged time.

186. FSB Scotland called for an increase in cash deposit limit. It also called for a standardised service from post offices, as the service can be variable. They also suggested enhanced services for businesses, such as interaccount transfers.<sup>199</sup> Pete Cheema made a plea for faster payment systems to be introduced, saying that it takes two days for money banked into the post office to 'hit your bank account.'<sup>200</sup> In contrast, Tim McCormack found he could bank with the Post Office with the money going into his bank account within an hour.<sup>201</sup> This points to a variation in service through the Post Office depending on the bank.

187. In most cases when a bank branch is due to close, the Post Office is advised in advance and involved in preparing for that, but in some cases this has not happened, Martin Kearsley told the Committee. He acknowledged that more could be done, but said:

” Typically, we put our postmaster or mistress in touch with the closing bank branch manager. For some of the most vulnerable customers—for example physically disabled, mentally challenged or financially less aware customers—we literally walk them to the post office, introduce them to the staff and show them what services they can access. We make sure that they are very specifically handled in the migration.

Moving on to the general population, the bank typically writes to every one of the customers in the local area and informs them of the closure. Again, it depends on the bank. The worst instances have been a piece of paper with a handwritten arrow on it saying, 'The post office is around the corner.' We try to do better than that.<sup>202</sup>

188. The Committee heard in evidence that there is a lack of awareness that it is possible to access banking services via the Post Office. Pete Cheema stated that neither banks nor post offices had promoted the Post Office as an alternative to banks.<sup>203</sup> Martin Kearsley acknowledged that there is a problem with awareness:
- ” We are back to the point about awareness. If a small business does not know how to operate its account through us, we are very happy to help but the banks and the Post Office and the Government need to raise awareness collectively.<sup>204</sup>
189. Santander pointed to an action plan launched in 2018 by the finance industry and the Post Office, to raise awareness of the services available at the post office.<sup>205</sup> However, many bank customers are not aware of the range of services available through the Post Office. Robin Bulloch of the Bank of Scotland said:
- ” We have been working with the other banks and the Treasury to promote the Post Office service more, so we are providing more literature and more education in branch.<sup>206</sup>
190. Asked whether the Post Office was a viable alternative to retail banking, Martin Kearsley explained that the Post Office’s main goal was not to compete with banks, but to ‘make sure that money in local economy stays in local economy’, and to allow customers to continue banking with their own bank in the post office. ‘Our role is very firmly to support communities in those daily transactions’, he said.<sup>207</sup> It is when the last bank closes in town that the Post Office sees an increase in activity, mainly in cash withdrawals, but also over-the-counter cash deposits by businesses.
191. Some written submissions highlighted that the range of financial services offered by post offices remains limited compared to banks. Moray Coast U3A explained that while cheques can be deposited in the Post Office, they take longer to clear than in a bank branch.<sup>208</sup> In relation to withdrawing cash, Burnmouth Community Council pointed out that this was only possible using a debit card and PIN, which is not an option for publicly funded bodies such as community councils.<sup>209</sup> Blackford Community Council also noted it was very difficult to contact anyone in Post Office Ltd. They said:
- ” ...the level of service provided by the Post Office is declining to such an extent that it is unlikely to be able to offer the access to banking services required for rural communities.<sup>210</sup>
192. Martin Kearsley of the Post Office admitted that they face a supply chain challenge in making sure that all communities have the same access to cash:
- ” we are constantly working with organisations such as the Federation of Small Businesses on new services that, in that transactional spirit, would be valuable to small businesses. For instance, in the Highlands and Islands it can take an extra day or two to get cheques physically into the system so that we can get them to the bank and processed.<sup>211</sup>
193. Professor Griggs claimed that the processes for banking through the Post Office are ‘overcomplicated’ and different depending on the bank, and that the banks could do a lot more to make the process at post offices simpler.<sup>212</sup> A practical example of

this is that customers need a personalised paying in slip to pay cash into the Post Office which they need to get from their bank branch.<sup>213</sup>

194. Shop owner Ferhan Ashiq highlighted that businesses have to use their designated post office to obtain change:

” In coming to this committee meeting, if I had needed change, I would have had to go to that post office branch to use my card to get change. Previously, I could have gone into any branch of RBS. That is a service that I have lost.<sup>214</sup>

195. There was also evidence that some staff in post offices are not sufficiently trained to deal with banking transactions. Martin Kearsley told the Committee that staff are trained in all of its processes,<sup>215</sup> but we heard in focus groups that this has not been people's experience in using post offices for banking services. Pete Cheema said that in order to make the model work, there would have to be 'fundamental training for staff.'<sup>216</sup> Santander acknowledged that they 'could do more with training and upskilling with the Post Office over the coming period.'<sup>217</sup>

## Postmasters

196. The Committee heard that processing banking transactions can be time consuming for postmasters. According to Tim McCormack, there is very little financial incentive for postmasters to offer banking services. He said:

” Whatever agreement Post Office Ltd reached with the banks...has not taken into account the amount of money that the banks stand to save as a result as well as the amount they will make in the future through retention of their retail customers because of the presence of a PO in their town.<sup>218</sup>

197. Pete Cheema also called for the cost structure and payment structure to sub-postmasters to be substantially improved. He said that they need a substantial increase in payment, 'at the moment, their hourly rate is probably about £2.50.'<sup>219</sup> Tim McCormack illustrated the challenges faced by postmasters:

” Nobody seems to understand how little sub-postmasters get paid for dealing with cash. No sane person would take it on. Nowadays, for a £1,000 deposit, a sub-postmaster gets paid 20p. For that, he has to count the money, make sure that it is not counterfeit, bag it, put it on the accounts system and all the rest of it. If he loses £20, he has taken the risk of that money—he kind of owns it from that time until it leaves in a security van. If he takes in one forgery of a £20 note, he has to count out £20,000 in cash.<sup>220</sup>

198. Martin Kearsley said that, in the wake of increased business transactions following on from bank branch closures, they are working to address remuneration for postmasters:

- ” Business deposits are a challenge. Because that area has been growing significantly, we recognise that we have to rebalance how we remunerate our postmasters.

Business cash deposits coming in require counting and preparation for remittance, and we also expect postmasters to at least be the first stop in detecting counterfeits and frauds. Therefore, there is a much heavier load on the postmasters in handling business deposits. That is the area that is growing fast and where we are looking to rebalance. We recognise that remuneration for business cash deposits coming in is currently out of balance and we are working to fix that. <sup>221</sup>

199. When asked about the challenges of bringing new postmasters on board to fulfil its mandate to serve communities across Scotland, Martin Kearsley said:

- ” To support that, we need postmasters to take up the challenge, and we need to make that viable for them... in some instances, it is difficult to make that work. <sup>222</sup>

## Security and privacy in Post Offices

200. The Scottish Building Society and others pointed out that post offices can often be part of retail shops and that this impacts on privacy and security:

- ” there are security concerns around somebody taking cash or a large number of cheques to pay into such post offices, where they are not protected in the same way from fraud and other threats. <sup>223</sup>

201. Martin Kearsley acknowledged the security issue and said that there are limitations with the physical infrastructure in which some post office counters are situated. <sup>224</sup>

Provision of banking services through the Post Office is central to the banks' branch closure strategies. Although the Committee believes that there is great potential for using post offices to provide banking services, we have deep concerns about the details of this proposition, given the issues identified with security, privacy, staff capability and remuneration of postmasters. We also note that there has been a reduction in the number of post offices in the last nine years. The banks are relying on post offices to fill the gap left by bank closures. This is a heavy load to place on postmasters at such a rate and scale.

We note that the Post Office is looking to address remuneration for postmasters. The Committee asks the UK Government, the Post Office and the banks to come together to review the funding structure for local post offices to ensure that the banks are adequately remunerating postmasters for the banking services that they are now expected to provide in communities. It is vital that post offices are properly staffed, remunerated and resourced to carry out this vital role in our communities.

The Committee asks the Post Office what further investment it can make in its infrastructure to address privacy and security issues given the banking business it has taken on.

We found that people and businesses were often not aware that they could bank through their post office after the closure of their local branch, or if they did, they did not consider it to be an attractive option for the reasons set out above. The banks and the Post Office must renew their efforts to publicise this way of banking and raise awareness across Scotland.

## ATMs

202. ATMs are seen by many as a vital service to communities across Scotland. The most common type of ATM is free at the point of use and funded through a system of interchange fees which are paid by the card issuer to the operator of the ATM. LINK is the UK's main cash machine network. Almost every cash machine in the UK is connected to LINK, and LINK is the way that almost all banks and building societies offer their customers access to cash across the whole of the UK. LINK will reduce the fee for transactions from 1 July 2018; there will be a four-year phased reduction in the fee which will begin with a 5% (around 1p) reduction from 1 July 2018. This will be reviewed annually. <sup>225</sup>
203. LINK told us that it is committed to maintaining free ATMs in rural and deprived areas. They set out the steps they are taking to create an incentive for ATM operators to maintain a free ATM in every community that currently has one by protecting the interchange rate for all existing free ATMs one kilometre or more from another free ATM. It is also increasing the existing Financial Inclusion Premium (FIP) from 10p up to 30p; this is a subsidy paid via an interchange premium available to specific deprived areas without ATM access. <sup>226</sup> However, Which? said that the FIP covers less than 3% of ATMs, which it considers is not enough. <sup>227</sup>
204. Witnesses voiced concern about the potential impact of LINK's reductions to ATM charges. Pete Cheema of the Scottish Grocers Federation spoke of the impact of LINK's interchange charges on its members:  
  

“ We have been contacted by several members who have had pressure put on them to make one of two choices: either the ATM goes or they have to charge for withdrawals and all the commission is taken away. That is what is happening now and it is because the LINK interchange charges are being reduced. That is an absolute fact. <sup>228</sup>
205. Which? explained that LINK estimates that as a result of this reduction in fee, it could close up to 11% of remote ATMs (although KPMG, which advises LINK, has said that up to 18% could be at risk). Thomas Docherty claimed that, based on these estimates, 700 ATMs could be closed in Scotland. He wanted to establish what criteria LINK would apply to ATMs at risk of closure. Which? believes that the



provisions in place to protect vulnerable customers and remote ATMs are insufficient.<sup>229</sup> When asked about this, Sir Mark Boleat of LINK agreed that up to 300 ATMs in Scotland could close.<sup>230</sup>

206. In its written submission, Which? called for a market review by the Payment Systems Regulator (PSR) to explore how to ensure consumers continue to have free and easy access to cash, including whether LINK is acting in ways compatible with PSR's regulatory objectives of promoting competition, innovation and the interests of payment users.<sup>231</sup>

**Payment Systems Regulator Limited (PSR)** The PSR is a body established and staffed by the Financial Conduct Authority. It is the economic regulator for the payment systems industry in the UK. It was established by the Financial Services (Banking Reform) Act 2013. The PSR has various regulatory and competition functions in relation to payment systems, including a competition objective, an innovation objective and a service-user objective. The latter is covered by section 52 of the Act which states: "The service-user objective is to ensure that payment systems are operated and developed in a way that takes account of, and promotes, the interests of those who use, or are likely to use, services provided by payment systems."

207. Professor Griggs highlighted a Scandinavian model, where the Government bought and now operates the ATM infrastructure. It charges the banks a fee for using the ATMs so that people are guaranteed free service and the Government can decide where the ATMs go. That was done with the co-operation of the banking community. The Government operates the network on a cost-neutral basis and the fees that come in from the banks allow it to pay for the infrastructure.<sup>232</sup>

208. LINK told the Committee that there has to be a suitable place to locate an ATM and that often they are located within a retail business; there is a problem in areas where there is nowhere to put an ATM. They highlighted their 'suggest a site' web-page that helps members of the public or businesses get in touch to make suggestions about ATMs in their area.<sup>233</sup>

209. At present, in some places, there are issues with ATMs which calls into question their suitability as an alternative to local bank branches. Some machines are not kept stocked with cash, causing problems for remote communities. Erica Johnson told us that the only ATM left in Dalbeattie often has no cash in it from Saturday lunchtime to Tuesday.<sup>234</sup> We were told at the focus group in Dalmellington about when the cashpoint in New Cumnock was empty for four days over Christmas.<sup>235</sup>

210. The Committee also heard that it is not possible to deposit cash in all ATMs; this service is only offered by banks to their customers in their own branches. Professor Griggs highlighted that ATMs are now critical to businesses; he felt that 'the quicker we move to the more sophisticated types of ATMs that can do inputs as well as outputs, the better.'<sup>236</sup> Which? said:

” Our other proposal is that more could be done through automated teller machines. LINK Scheme Holdings is not enthusiastic about that, but it could be mandated to provide more services at ATMs, for example the facility to deposit cash.<sup>237</sup>

211. Sir Mark Boleat explained that LINK is committed to providing cash for individuals but not businesses; he said that the problem with bank closures is that there are fewer options for businesses. Cash deposits can raise security and money laundering issues:



” There are security issues, which is precisely why the banks want control of deposits—and they can have that in their own branches. We accept that it does not alter the fact that it is a problem for retailers if a branch closes and they have to travel further to deposit their cash.<sup>238</sup>

212. Mary Buffee said that LINK would consider changes in this area:

” If our members wanted LINK to build a central infrastructure to support deposits reciprocally, we would be open to doing that.<sup>239</sup>

213. As with bank branches, the presence of an ATM in a place can have a positive impact. Barry McCulloch of FSB Scotland highlighted this, 'some statistics suggest that more than one third of high street spend is contingent on the availability of a cash machine. If they go, that will have a knock-on effect for the local economy.'<sup>240</sup>

As noted above, bank branch closures are causing difficulties for businesses across Scotland. This includes having to travel long distances to deposit takings in a bank. The Committee welcomes LINK's willingness to consider expanding services to allow businesses to deposit cash; we ask them to consider this further and to respond to the Committee on developments in this area.

The Committee welcomes that, in contrast to bank branch provision, a commitment has been made by LINK on seeking to ensure ATM provision within a kilometre of each other through its payment regime, along with limited subsidy for the areas where the need is greatest. However, we do have concerns about this provision being sustained in the longer-term.

Following the bank branch closures in Scotland, ATMs have become a lifeline in many communities. We recommend that their provision should have independent oversight and should be included in any revised statutory arrangements put in place following revision of the Access to Banking Standard.

## Credit Unions

214. The Committee took evidence from credit unions to establish whether they offer a viable alternative to traditional banks and what challenges they face. Credit unions are community savings and loan cooperatives.<sup>241</sup> They are not-for-profit organisations; members (who are the account holders) pool their savings to lend to one another and help to run the credit union.

215. Scotland has a developed credit union sector compared to other countries; there are 96 credit unions in Scotland, and 7% of people belong to one (compared to 2% in England and Wales). Currently credit unions offer limited services; ABCUL (the Association of British Credit Unions Ltd) told us that credit unions are taking steps to improve their services such as offering debit cards and the option for members to

be paid benefits and salaries into their accounts. Credit unions still struggle to compete with banks however, particularly in relation to transactional accounts (only a small number currently offer this service), online and mobile apps and ATMs.<sup>242</sup>

216. People who save or borrow through a credit union must have a common bond (e.g. live in the same area, work for the same employer or have the same profession, be members of the same church or trade union). People who want to borrow from a credit union first have to become a member. Credit unions can be large or small; some have thousands of members while others are much smaller. ABCUL states that 'everyone in Scotland has at least one credit union they can join.'<sup>243</sup>

217. The Committee heard that Credit Unions work to offer services to people who may not have access to a traditional bank account and also to offer alternatives to payday or doorstep lenders. Cathy Greig of the Vale of Leven Credit Union explained:

” Two years ago, my credit union launched the instant loan, whereby a member does not necessarily have to have a saving history to join and access funds from the credit union. That was because we had a leaflet drop in one of our poorer areas from not a payday lender but a doorstep lender. We went behind them and did our own leaflet drop.<sup>244</sup>

218. Credit Unions are 'there for everyone in the community,' the Committee was told. Gordon Buchanan of Castle Community Bank said:

” It is really important that people who have a choice about where they borrow from consider credit unions as a source of funding for their new car or their new kitchen. We offer interest rates that are competitive with those of the big banks, and that lending to people who have a choice allows us to do more lending to people who do not have a choice.<sup>245</sup>

219. ABCUL said that there are many examples of credit unions working to replace services when banks have withdrawn from communities. They explained that credit unions have seen a significant increase in inquiries in communities where the banking service has been withdrawn and where people are looking for alternatives. ABCUL said that 'the continued increase in credit union membership shows that there is a clear need for community-based financial services in Scotland' and 'not all communities are being well served by the move towards online banking'.<sup>246</sup> Similarly, Gordon Buchanan of Castle Community Bank told us:

” We are seeing a transfer of savings from the big banks to credit unions. I think that people are disillusioned with the bigger banks because of the bank closure programme and perhaps the way in which they are in general treated by the big banks. They are voting with their feet as far their savings are concerned. The maximum deposit that we can accept is £15,000 but, anecdotally, a number of people are walking in the door with cheques for £15,000 and saying that they are leaving RBS or Santander because of the way that they have been treated. We are picking up on that.<sup>247</sup>

220. ABCUL highlighted that whilst people expect banking services to be free, there is a need for financial institutions to be subsidised from elsewhere to be viable:

- ” The problem is that we all live in an economy where there is an expectation that banking services—things such as current accounts and cash services—are free. There is no expectation that those will be paid for. Therefore, they need to be subsidised from elsewhere, which a bank will typically do by providing other services. 248
221. Gordon Buchanan said that banks make no money out of running current accounts<sup>249</sup> and Karen Hurst of the Association of British Credit Unions (ABCUL) noted they are 'not cheap to provide.'<sup>250</sup>
222. Karen Hurst of ABCUL said that credit unions might see themselves as 'part of the solution' to retail banks, but are constrained by lack of funding (e.g. the cost of developing mobile apps is prohibitive for credit unions) and the legislation on credit unions.<sup>251</sup> Gordon Buchanan stated that if credit unions wanted to replace banks they would have to merge and become one large institution. In doing so, they would lose their community and ethical focus of providing affordable credit. Because of capital structures and liquidity required to set up a larger organisation, credit unions would need significant funding.<sup>252</sup>
223. Allister Mackillop argued that small building societies and community banks are too young to expand at the moment. This point was echoed by Paul Alexander of the Scottish Building Society who said that the investment decision for the companies was about 'cost versus scale,' and that, for a small financial institution like Scottish Building Society, the cost of stepping in and replacing banks would be prohibitive.<sup>253</sup> Many building societies have a geographic focus, and expanding beyond that would incur a risk without a guarantee of being able to attract customers and being able to compete with banks.
224. Karen Hurst of ABCUL explained that credit unions' capacity to fund free services through chargeable services is limited by the Credit Unions Act (for example, credit unions cannot offer credit cards or insurance). She said that in the UK credit unions mainly do customer loans, whilst in other countries they are able to offer a much broader range of services. She called for a review of the Credit Unions Act 1979, which ABCUL have described as 'archaic and out of date.'<sup>254</sup> However, there was some question as to whether the Act needed to be reformed, or whether the FCA would allow credit unions to offer more services within the context of the existing legislation. Karen Hurst said:
- ” There is a debate going on right now as to whether the act needs reform or whether it is within the FCA's ability to interpret the act in a way that we would like. I think that we would like it to be a bit looser in its interpretation but, ultimately, we feel that reform of the act will end up being required to decide that finally.<sup>255</sup>
225. ABCUL explained that credit unions work closely with banks as they are bank customers themselves. ABCUL told the Committee that the Lloyds Banking Group Credit Union Development Fund has invested £4 million in strengthening credit union balance sheets over the last four years, which has leveraged new lending by credit unions of 5:1 new lending to capital invested.
226. Cathy Greig stated that the Bank of Scotland 'is good with credit unions,' as they do not charge for depositing money, whereas others charge credit union customers

fees to put money in and take money out.<sup>256</sup> Overall ABCUL said that the cost of credit unions' core offering of affordable lending and saving 'is often increased by the cost to the sector of its banking arrangements.'<sup>257</sup>

227. Gordon Buchanan suggested that the banks should be required to provide funding in the communities where they close branches to open up a community bank or a credit union.<sup>258</sup>

228. Cathy Greig explained that credit union funds are not protected in the bank, because they lost the potential for compensation:

” If the credit union went bust, the members would get their money back, but if the bank where the credit union holds its funds goes bust, the credit union would probably go because there is no compensation for the credit union's funds.<sup>259</sup>

229. The Committee also heard that, due to the limitations discussed above, credit unions are not able to offer business services. Ferhan Ashiq spoke of a local credit union set up in Prestonpans:

” That is great for consumers, but the only problem is from a business point of view in that the credit union does not offer business banking facilities, which is one of the things that I wanted it to offer. I have been pushing and pushing the credit union, and speaking to it in the background, but it is not able to offer such facilities.<sup>260</sup>

230. Martin Kearsley stated the Post Office was working with credit unions to help provide their customers access to services such as direct debits, pay social security benefits into accounts, etc. Whilst the Post Office cannot serve the smallest credit unions which are not working electronically, he explained that it has been working with credit union aggregators (companies who can take the different types of outputs from credit unions, mostly electronic) to be able to provide service in every post office across the country.<sup>261</sup> Karen Hurst of ABCUL explained the challenges in achieving this:

” The only barrier is that credit unions are not a chain. They all have different systems, their own priorities and their own resources. It would be a neat solution if you could access all credit union services at post office branches. It will be difficult to get to that point, but we welcome the direction of travel.<sup>262</sup>

231. Karen Hurst pointed out that ABCUL was working with the Department for Digital, Culture, Media and Sport to benefit from its new £55m financial inclusion fund to help the sector grow.<sup>263</sup>

232. Both in the context of credit unions and community banks, witnesses highlighted the need for a broader awareness campaign of the services offered. As Karen Hurst said, 'sometimes visibility is the biggest challenge.' ABCUL told the Committee that the Scottish Government announced last year in the programme for government that there would be a credit union awareness campaign, which will be launched later this year.<sup>264</sup>

233. Asked what Government could do, credit union representatives said that the Scottish Government had been very supportive so far, but that the sector still needed help in increasing its visibility, for instance by 'getting into workplaces to

offer services to customers.' They added there is a potential for public investment in the sector such as in digital technology (particularly given the prohibitive cost of developing specific apps for example).<sup>265</sup>

234. ABCUL is concerned that the newly-introduced upper capital requirement of 10% for larger and more sophisticated credit unions is likely to hamper sustainable growth of credit unions, and they would like the Bank of England to consider a simplified system of risk-weighting for capital. Karen Hurst said:

” There is a new requirement for the larger credit unions to hold 10 per cent of capital. For those that are on the cusp of that, or at the threshold, it is a difficult chicken-and-egg situation. They cannot get the capital without serving more people, but they are restricted in how many more people they can serve, because they do not have the capital.<sup>266</sup>

The Committee recognises the valuable role that credit unions play in the financial services landscape, not least for vulnerable members of the community.

The Committee believes that if we want to see credit unions spreading across communities in future and going where banks do not go, we need to strengthen the financial and legal framework that they operate under. The Committee asks the UK Government to consider amending the Credit Unions Act to allow credit unions to offer a wider range of services and to address the limitations it places on them.

The Committee asks the Scottish and UK Governments to consider how credit unions can be supported financially to expand their range of services, including improving their digital infrastructure.

The Committee welcomes the Scottish Government's commitment to launching a Credit Union awareness campaign and believes that now is the time to promote their services, given the scale of the loss of bank branches in our communities.

The Committee notes that there is a variance in the charging regimes banks offer credit unions for using their services. In the wake of the large-scale loss of bank branches in Scotland, the Committee asks the banks to consider limiting charges on credit unions for using their services. The Committee believes that this would demonstrate corporate social responsibility on the part of the banks and would help to develop alternative options for their customers.

We note that one credit union expressed an interest in occupying an empty bank building. We invite the banks to work with credit unions to encourage them to take up empty bank buildings on our high streets to fill the gap left when branches close.

## Next steps

### The need for research

235. The Committee has heard that further work needs to be done to find out the longer-term impacts of bank branch closures. Professor Griggs said that 'there is no long-term empirical evidence to show that there is any effect' of bank branch closures.

<sup>267</sup> Calling on the UK Government to conduct a thorough economic impact assessment, Barry McCulloch of FSB Scotland also acknowledged this:

” By our estimation, after the closure programme, there will be around 700 to 750 bank branches, serving a population of 5.5 million people and a business population of more than 300,000. Will that be enough? What replacements will need to be put in place? If we are realistic and accept that that closure programme will continue—unfortunately, I think that it will—we must ask what we need to do to offset the impacts that FSB members and other businesses will face. We also need to get going very quickly, because this is happening now and will continue to happen throughout the year. I do not think that the process has bottomed out yet—more closures will probably be announced soon. We need to ask what the bottom floor is, as well as the minimum level of banking service provision that should exist for the Scottish economy. <sup>268</sup>

236. Which? also highlighted the lack of a proper study of the longer-term impact would be of the rate of bank branch closures:

” By the end of this year, more than 250 branches will have closed in Scotland in the four years from 2015. From memory, I think that 43 branches closed in 2015, 44 closed in 2016, 83 closed last year and 84 are scheduled to close by the end of this year.

When we start to get that scale of closures, somebody should be stepping up and carrying out the proper investigation that Professor Griggs has talked about. Of course, the people who are most likely to be affected are older customers and customers who are more vulnerable. Online banking is growing but, according to UK Finance only 56 per cent of customers currently use online banking, so what is happening with the other 44 per cent? How are their needs being serviced? <sup>269</sup>

237. Thomas Docherty of Which? argued that bank closures and ATM provision must be seen together as a round. He highlighted the split regulation of banks and ATM provision, which are regulated by the FCA and PSR respectively. Which? suggested that a review of bank and ATM availability should be carried out by both these bodies, with support from the Treasury. He believes that they need to do robust work on the impact of closures of banks and ATMs, not just in rural but also in financially challenged areas. He argued that, after the initial ATMs charging regime change takes place:

” the PSR needs to say to LINK that it cannot proceed with the second phase of changes to the charging regime until a proper evaluation of the impact has been done. If necessary, the PSR should then intervene and do the job that it is paid to do to protect consumers. <sup>270</sup>



The Committee has received a wide range of evidence during this inquiry which demonstrates that many people have experienced a negative impact from bank closures in their community. There is no doubt that the rate and scale of bank closures in Scotland has affected people and businesses in a number of ways.

However, we were not in a position to build any comprehensive picture of the overall impact across Scotland. From the evidence we heard, it is clear that there is an urgent need for a systematic study of not just the impact of bank closures on people and businesses in Scotland, but across the UK.

Such a study would be able to identify what current provision of banking and financial services (including the provision of ATMs) exists, and what further provision is required to ensure a universal banking provision (including face-to-face banking where necessary or desired; availability of continuing use of cash for transactions; and suitable services for the vulnerable).

Although the specific remit and concern of the Committee is of course Scotland, the Committee recognises that the area of banking and financial services falls within the remit of the UK Government. Accordingly, the Committee asks the UK Government to urgently carry out this study, and report back to the Committee with its findings and recommendations, including what specific statutory and regulatory changes are needed with a view to implementation of those changes.



# Annexes

## Annex A - Minutes of Meetings

Extracts from the minutes of the Economy, Jobs and Fair Work Committee

### 14th Meeting, Tuesday 24 April 2018

**2. Impact of Bank Closures:** The Committee took evidence from—

- Pete Cheema, Chief Executive, Scottish Grocers Federation;
- Tim McCormack;
- Ferhan Ashiq;
- Barry McCulloch, Senior Policy Advisor, FSB Scotland;
- Phil Prentice, Chief Officer, Scotland's Towns Partnership.

Gordon Lindhurst declared that he, Gordon MacDonald and John Mason are members of the Independent Convenience Stores Cross Party Group. Gillian Martin declared that she is member of the Towns and Town Centres Cross Party Group.

**3. Impact of Bank Closures (in private):** The Committee considered the evidence heard at today's meeting

### 19th Meeting, Tuesday 29 May 2018

**2. Impact of Bank Closures:** The Committee took evidence from—

- Keith Dryburgh, Policy Manager, Citizens Advice Scotland;
- Paul Alexander, Head of Business Development and Sales Strategy, Scottish Building Society;
- Professor Cliff Beevers, Councillor, Juniper Green and Baberton Mains Community Council;
- Allister Mackillop, Chair, Currie Community Council;
- Lyn Turner, Regional Officer, Unite Scotland.

**3. Impact of Bank Closures (in private):** The Committee considered the evidence heard at today's meeting.

### 20th Meeting, Tuesday 5 June 2018

**2. Impact of Bank Closures:** The Committee took evidence from—

- Karen Hurst, Policy Officer, ABCUL Scotland;
- Gordon Buchanan, General Manager, Castle Community Bank;

- Cathy Greig, Chair, UKCreditUnions;
- Martin Kearsley, Director of Banking, Post Office.

Kezia Dugdale declared that she is a member of Capital Credit Union and Castle Community Bank. John Mason declared that he is a member of Parkhead Credit Union.

**3. Impact of Bank Closures (in private):** The Committee agreed to defer consideration of the evidence heard at agenda item 2 to a future meeting.

### **21st Meeting, Tuesday 12 June 2018**

**3. Impact of Bank Closures:** The Committee took evidence from—

- Thomas Docherty, Public Affairs Manager, Which?;
- Professor Russel Griggs OBE;
- Sir Mark Boleat, Chairman, and Mary Buffee, Head of Consumer Affairs, LINK Scheme.

**5. Impact of Bank Closures (in private):** The Committee considered the evidence heard at today's meeting.

### **22nd Meeting, Tuesday 19 June 2018**

**3. Impact of Bank Closures:** The Committee took evidence from—

- Carol Anderson, Scotland Branch & Business Banking Distribution Director, TSB Bank;
- Susan Allen, Head of Customer Interactions, Santander UK;
- Robin Bulloch, Managing Director, Lloyds Bank and Bank of Scotland, Retail, Lloyds Banking Group;
- Gavin Opperman, Group Director Customer Banking, Clydesdale Bank;
- Simon Watson, Managing Director - Personal Banking, Royal Bank of Scotland & Ulster Bank NI.

**4. Impact of Bank Closures (in private):** The Committee considered the evidence heard at today's meeting and an issues paper.

### **23rd Meeting, Tuesday 26 June 2018**

**3. Impact of Bank Closures (in private):** The Committee agreed the report, subject to revisions to be signed off by the Convener and the Deputy Convener, and the arrangements for its publication.

## **Annex B - Written Evidence**

Written Submissions to the [Call for Views](#)

- [Una Kerr](#)
- [Wendy Graham](#)
- [Tim McCormack](#)
- [Margaret G Rae](#)
- [Dr Clive Preston](#)
- [WHICH?](#)
- [Scottish Charity Regulator](#)
- [Sunil Patel](#)
- [Robert McGoldrick](#)
- [Erica Johnson](#)
- [Port William CC](#)
- [James Kelly MSP](#)
- [Leonora Gibson](#)
- [Helensburgh Community Council and Helensburgh Heritage Trust](#)
- [Lynn Smith](#)
- [Connect \(trading name of Scottish Parent Teacher Council\)](#)
- [Colinton Community Council](#)
- [Burnmouth Community Council](#)
- [Association of Scotland's Self-Caterers](#)
- [Blackford Community Council, Perth and Kinross](#)
- [Moray Coast U3A](#)
- [LINK Scheme](#)
- [Age Scotland](#)
- [Business for Scotland](#)
- [Scottish Financial Enterprise](#)
- [Federation of Small Businesses](#)
- [The Scottish Licensed Trade Association](#)
- [Post Office](#)
- [Highlands and Islands Enterprise](#)

- [Unite](#)
- [Association of British Credit Unions](#)
- [Scottish Rural Action](#)
- [Disability Equality Scotland](#)
- [David Finlayson](#)
- [Anonymous Submission](#)

### **Supplementary Evidence**

- [Juniper Green and Baberton Mains Community Council](#)
- [Post Office](#)
- [Royal Bank of Scotland](#)

### **Late Submissions**

- [Jeremy Briggs](#)

### **Online Survey**

The Committee launched an online survey. A summary of the responses can be found here:

[Summary of survey responses](#)

### **Correspondence**

On 8 March 2018, the Committee also wrote to the banks asking about any closures or planned closures and how these were dealt with, including any alternative services offered to customers, such as mobile banking. How customers can resolve issues arising out of bank branch closures and what solutions you are proposing to ensure the continuation of necessary solutions. They were also asked about any alternatives to bank branches which will be available to customers both as business and personal banking customers, including the provision of face to face support and advice. The Committee received responses from Barclays and UK Finance (the trade association for the UK banking and financial services sector)

- [Letter to Banks](#)
- [Barclays Bank](#)
- [UK Finance](#)

### **Decision-Making Process**

Ahead of the evidence session on 19 June the Convener wrote to the banks that were invited to give evidence to provide background information on the decision-making processes around bank closures.

- [Example of letter sent to banks](#)

- [Clydesdale Bank](#)
- [Lloyds Bank and Bank of Scotland](#)
- [Royal Bank of Scotland](#)
- [Santander UK](#)
- [TSB Bank](#)

### Branch Buildings Currently Empty

After the evidence session the Committee wrote to the banks number of your branch buildings that are currently empty, have been sold and still leased pending return to the building owner.

- [Bank of Scotland, Lloyds Banking Group](#)
- [Clydesdale Bank](#)
- [Royal Bank of Scotland](#)
- [Santander UK](#)
- [TSB Bank](#)
- [UK Finance/Post Office](#)

## Annex C - Visits and Events

### Focus Groups

The Committee has held focus groups in Mintlaw, Dalmellington and Leven, the notes for these focus groups can be found here:

- [Mintlaw](#)
- [Dalmellington](#)
- [Leven](#)

As part of the Dalmellington focus group, Jeane Freeman provided supporting correspondence:

- [Supporting Correspondence](#)
- [Timeline of RBS branch closures](#)

- 1 <https://www.nomisweb.co.uk/> - the Business Register and Employment Survey: open access (2009 to 2015) and (2015 to 2016).
- 2 EJFW Committee, Official Report, 24 April 2018, col 4
- 3 <https://press.which.co.uk/whichpressreleases/%E2%80%8Bbank-branches-closing-at-an-alarming-rate-with-60-shutting-a-month-warns-which/>
- 4 EJFW Committee, Official Report, 19 June 2018, col 35
- 5 EJFW Committee, Official Report, 19 June 2018, col 5
- 6 EJFW Committee, Official Report, 19 June 2018, col 17
- 7 EJFW Committee, Official Report, 12 June 2018, col 11
- 8 EJFW Committee, Official Report, 24 April 2018, col 29
- 9 EJFW Committee, Official Report, 24 April 2018, col 31
- 10 EJFW Committee, Official Report, 29 May 2018, col 3
- 11 EJFW Committee, Official Report, 29 May 2018, col 10
- 12 EJFW Committee, Official Report, 5 June 2018, col 5
- 13 EJFW Committee, Official Report, 19 June 2018, col 4
- 14 EJFW Committee, Official Report, 12 June 2018, col 4
- 15 EJFW Committee, Official Report, 24 April 2018, col 29
- 16 EJFW Committee, Official Report, 29 May 2018, col 3
- 17 Tim McCormack, written evidence
- 18 Age Scotland, written evidence
- 19 Blackford Community Council and Scottish Rural Action, written evidence
- 20 Unite, written evidence
- 21 Dr Clive Preston, written evidence
- 22 EJFW Committee, Official Report, 29 May 2018, col 21
- 23 EJFW Committee, Official Report, 12 June 2018, col 10
- 24 EJFW Committee, Official Report, 19 June 2018, col 5
- 25 EJFW Committee, Official Report, 5 June 2018, col 4
- 26 EJFW Committee, Official Report, 29 May 2018, col 17
- 27 EJFW Committee, Official Report, 29 May 2018, col 5
- 28 EJFW Committee, Official Report, 5 June 2018, col 4

- 29 EJFW Committee, Official Report, 24 April 2018, col 3
- 30 EJFW Committee, Official Report, 12 June 2018, col 5
- 31 Thomas Docherty, Which?, EJFW Committee, Official Report, 12 June 2018, col 14
- 32 <http://researchbriefings.files.parliament.uk/documents/SN03197/SN03197.pdf>
- 33 <https://www.gov.uk/government/news/first-meeting-of-the-financial-inclusion-policy-forum>
- 34 <https://www.parliament.uk/documents/lords-committees/financial-exclusion/Government-Response-to-Financial-Exclusion-Committee.pdf>
- 35 EJFW Committee, Official Report, 5 June 2018, col 8
- 36 EJFW Committee, Official Report, 24 April 2018, col 19
- 37 Scottish Charity Regulator, written evidence
- 38 EJFW Committee, Official Report, 29 May 2018, col 5
- 39 Connect, written evidence
- 40 EJFW Committee, Official Report, 24 April 2018, col 4
- 41 EJFW Committee, Official Report, 5 June 2018, col 27
- 42 <https://www.ukfinance.org.uk/wp-content/uploads/2018/06/Summary-UK-Payment-Markets-2018.pdf>
- 43 EJFW Committee, Official Report, 24 April, col 5
- 44 EJFW Committee, Official Report, 29 May 2018, col 8
- 45 EJFW Committee, Official Report, 19 June 2018, col 43
- 46 EJFW Committee, Official Report, 24 April 2018, col 4
- 47 The Association of Scotland's Self-Caterers, written evidence
- 48 EJFW Committee, Official Report, 24 April, col 16
- 49 EJFW Committee, Official Report, 19 June 2018, col 11
- 50 EJFW Committee, Official Report, 19 June 2018, col 11
- 51 EJFW Committee, Official Report, 19 June 2018, cols 11-12
- 52 EJFW Committee, Official Report, 5 June 2018, col 3
- 53 EJFW Committee, Official Report, 12 June 2018, col 11
- 54 'Cash use in the UK', Vaultex.com
- 55 EJFW Committee, Official Report, 12 June 2018, col 29



- 56 EJFW Committee, Official Report, 24 April 2018, col 16
- 57 Mintlaw and Leven focus group notes
- 58 EJFW Committee, Official Report, 24 April 2018, col 11
- 59 EJFW Committee, Official Report, 12 June 2018, col 6
- 60 EJFW Committee, Official Report, 24 April 2018, col 5
- 61 EJFW Committee, Official Report, 19 June 2018, col 10
- 62 EJFW Committee, Official Report, 29 May 2018, col 4
- 63 Burnmouth Community Council, written evidence
- 64 EJFW Committee, Official Report, 12 June 2018, col 15
- 65 EJFW Committee, Official Report, 24 April 2018, col 5
- 66 <https://www.bba.org.uk/policy/retail/financial-inclusion/access-to-banking/access-to-banking-standard/>
- 67 Dalmellington focus group note
- 68 Mintlaw focus group note
- 69 EJFW Committee, Official Report, 12 June 2018, col 14
- 70 EJFW Committee, Official Report, 19 June 2018, col 30
- 71 EJFW Committee, Official Report, 24 April 2018, col 30
- 72 EJFW Committee, Official Report, 29 May 2018, col 6
- 73 EJFW Committee, Official Report, 29 May 2018, col 21
- 74 Locked Out: the impact of bank closures on small businesses, FSB:  
[https://www.fsb.org.uk/docs/default-source/.../fsb-bank-branch-closures-\(final\).pdf?...Cached](https://www.fsb.org.uk/docs/default-source/.../fsb-bank-branch-closures-(final).pdf?...Cached)
- 75 EJFW Committee, Official Report, 29 May 2018, col 7
- 76 EJFW Committee, Official Report, 29 May 2018, col 24
- 77 EJFW Committee, Official Report, 12 June 2018, cols 21-22
- 78 EJFW Committee, Official Report, 19 June 2018, col 9
- 79 EJFW Committee, Official Report, 19 June 2018, col 22
- 80 EJFW Committee, Official Report, 19 June 2018, col 30 and supplementary written evidence
- 81 RBS, written evidence

- 82 Burnmouth Community Council, written evidence
- 83 EJFW Committee, Official Report, 29 May 2018, col 24
- 84 EJFW Committee, Official Report, 5 June 2018, col 30
- 85 EJFW Committee, Official Report, 19 June 2018, col 31
- 86 EJFW Committee, Official Report, 19 June 2018, col 33
- 87 EJFW Committee, Official Report, 19 June 2018, col 33
- 88 EJFW Committee, Official Report, 19 June 2018, col 33
- 89 Barclays, written evidence
- 90 Una Kerr and Margaret G Rae, written evidence
- 91 Unite, written evidence
- 92 EJFW Committee, Official Report, 29 May 2018, col 12
- 93 EJFW Committee, Official Report, 19 June 2018, col 4
- 94 EJFW Committee, Official Report, 29 May 2018, col 9
- 95 EJFW Committee, Official Report, 24 April 2018, col 11
- 96 Leven focus group note
- 97 Supplementary written evidence
- 98 EJFW Committee, Official Report, 19 June 2018, col 7
- 99 EJFW Committee, Official Report, 19 June 2018, col 7
- 100 EJFW Committee, Official Report, 19 June 2018, col 23
- 101 EJFW Committee, Official Report, 24 April 2018, col 7
- 102 EJFW Committee, Official Report, 24 April 2018, col 6
- 103 Burnmouth Community Council, written evidence
- 104 Dalmellington focus group note
- 105 EJFW Committee, Official Report, 24 April 2018, col 9
- 106 EJFW Committee, Official Report, 5 June 2018, col 30
- 107 EJFW Committee, Official Report, 24 April 2018, col 10
- 108 EJFW Committee, Official Report, 24 April 2018, col 14
- 109 EJFW Committee, Official Report, 24 April 2018, col 13
- 110 EJFW Committee, Official Report, 19 June 2018, col 23

- 111 EJFW Committee, Official Report, 19 June 2018, col 25
- 112 EJFW Committee, Official Report, 29 May 2018, col 23
- 113 RBS, written evidence
- 114 <https://publications.parliament.uk/pa/cm201719/cmselect/cmscotaf/682/682.pdf>
- 115 Unite, written evidence
- 116 EJFW Committee, Official Report, 19 June 2018, col 34
- 117 EJFW Committee, Official Report, 29 May 2018, col 24
- 118 EJFW Committee, Official Report, 29 May 2018, col 31
- 119 RBS, supplementary evidence
- 120 RBS, written evidence
- 121 EJFW Committee, Official Report, 24 April 2018, col 5
- 122 EJFW Committee, Official Report, 29 May 2018, col 12
- 123 EJFW Committee, Official Report, 29 May 2018, col 14
- 124 EJFW Committee, Official Report, 29 May 2018, col 15
- 125 Highlands and Islands Enterprise, written evidence
- 126 EJFW Committee, Official Report, 19 June 2018, col 16
- 127 EJFW Committee, Official Report, 19 June 2018, col 17
- 128 EJFW Committee, Official Report, 19 June 2018, col 17
- 129 EJFW Committee, Official Report, 24 April 2018, col 27
- 130 Scottish Rural Action, written evidence
- 131 EJFW Committee, Official Report, 29 May 2018, col 28
- 132 EJFW Committee, Official Report, 5 June 2018, col 32
- 133 EJFW Committee, Official Report, 29 May 2018, col 12
- 134 EJFW Committee, Official Report, 19 June, col 3
- 135 EJFW Committee, Official Report, 19 June 2018, col 4
- 136 EJFW Committee, Official Report, 5 June 2018, col 33
- 137 EJFW Committee, Official Report, 19 June 2018, col 41
- 138 EJFW Committee, Official Report, 19 June 2018, col 42
- 139 EJFW Committee, Official Report, 19 June 2018, col 41

- 140 EJFW Committee, Official Report, 19 June 2018, col 41
- 141 EJFW Committee, Official Report, 29 May, col 3
- 142 EJFW Committee, Official Report, 19 June 2018, col 8
- 143 EJFW Committee, Official Report, 19 June 2018, col 9
- 144 EJFW Committee, Official Report, 29 May 2018, col 16
- 145 EJFW Committee, Official Report, 29 May 2018, col 16
- 146 Mintlaw focus group note
- 147 EJFW Committee, Official Report, 24 April 2018, col 31
- 148 Mintlaw focus group note
- 149 Scottish Financial Enterprise, written evidence
- 150 EJFW Committee, Official Report, 29 May 2018, col 3
- 151 EJFW Committee, Official Report, 29 May 2018, cols 4-5
- 152 Dalmellington and Mintlaw focus group notes
- 153 EJFW Committee, Official Report, 24 April 2018, col 22
- 154 Which?, written evidence
- 155 Burnmouth Community Council, written evidence
- 156 EJFW Committee, Official Report, 12 June 2018, col 10
- 157 EJFW Committee, Official Report, 29 May 2018, cols 28-29
- 158 EJFW Committee, Official Report, 29 May 2018, col 27
- 159 EJFW Committee, Official Report, 19 June 2018, cols 42 and 43
- 160 EJFW Committee, Official Report, 19 June 2018, col 44
- 161 Mintlaw focus group note
- 162 EJFW Committee, Official Report, 24 April 2018, col 22
- 163 EJFW Committee, Official Report, 24 April 2018, col 24
- 164 Age Scotland, written evidence
- 165 Age Scotland, written evidence
- 166 EJFW Committee, Official Report, 19 June 2018, col 37
- 167 Dalmellington focus group note
- 168 EJFW Committee, Official Report, 19 June 2018, col 25

- 169 EJFW Committee, Official Report, 19 June 2018, col 27
- 170 EJFW Committee, Official Report, 19 June 2018, col 25
- 171 EJFW Committee, Official Report, 19 June 2018, col 26
- 172 EJFW Committee, Official Report, 19 June 2018, col 26
- 173 EJFW Committee, Official Report, 19 June 2018, col 26
- 174 EJFW Committee, Official Report, 24 April 2018, col 22
- 175 Disability Equality Scotland, written evidence
- 176 Port William Community Council, written evidence
- 177 EJFW Committee, Official Report, 29 May 2018, col 20
- 178 EJFW Committee, Official Report, 24 April 2018, col 23
- 179 Disability Equality Scotland, written evidence
- 180 Disability Equality Scotland, written evidence
- 181 EJFW Committee, Official Report, 19 June 2018, cols 28-29
- 182 EJFW Committee, Official Report, 19 June 2018, col 28
- 183 Age Scotland, written evidence
- 184 EJFW Committee, Official Report, 29 May 2018, col 9
- 185 EJFW Committee, Official Report, 24 April, col 23
- 186 EJFW Committee, Official Report, 19 June 2018, col 3
- 187 EJFW Committee, Official Report, 5 June 2018, col 3
- 188 EJFW Committee, Official Report, 5 June 2018, col 3 and supplementary written evidence from the Post Office
- 189 Tim McCormack, written evidence
- 190 EJFW Committee, Official Report, 24 April 2018, col 31
- 191 EJFW Committee, Official Report, 5 June 2018, col 27
- 192 EJFW Committee, Official Report, 5 June 2018, col 6
- 193 EJFW Committee, Official Report, 19 June 2018, col 13
- 194 EJFW Committee, Official Report, 19 June 2018, col 42
- 195 EJFW Committee, Official Report, 19 June 2018, col 43
- 196 EJFW Committee, Official Report, 19 June 2018, col 14

- 197 EJFW Committee, Official Report, 19 June 2018, cols 11-12
- 198 EJFW Committee, Official Report, 19 June 2018, col 13
- 199 EJFW Committee, Official Report, 24 April 2018, col 24
- 200 EJFW Committee, Official Report, 24 April 2018, col 24
- 201 EJFW Committee, Official Report, 24 April 2018, col 22
- 202 EJFW Committee, Official Report, 5 June 2018, col 20
- 203 EJFW Committee, Official Report, 24 April 2018, col 22
- 204 EJFW Committee, Official Report, 5 June 2018, col 10
- 205 EJFW Committee, Official Report, 19 June 2018, cols 41-42
- 206 EJFW Committee, Official Report, 19 June 2018, col 40
- 207 EJFW Committee, Official Report, 5 June 2018, col 18
- 208 Moray Coast U3A, written evidence (the local branch of the University of the Third Age(U3A) for retired/semi-retired people living in the coastal area between Banff and Elgin)
- 209 Burnmouth Community Council, written evidence
- 210 Blackford Community Council, written evidence
- 211 EJFW Committee, Official Report, 5 June 2018, col 26
- 212 EJFW Committee, Official Report, 12 June 2018, col 5
- 213 Which, oral evidence
- 214 EJFW Committee, Official Report, 24 April 2018, col 3
- 215 EJFW Committee, Official Report, 5 June 2018, col 20
- 216 EJFW Committee, Official Report, 24 April 2018, col 24
- 217 EJFW Committee, Official Report, 19 June 2018, col 40
- 218 Tim McCormack, written evidence
- 219 EJFW Committee, Official Report, 24 April 2018, col 25
- 220 EJFW Committee, Official Report, 24 April 2018, col 23
- 221 EJFW Committee, Official Report, 5 June 2018, col 4
- 222 EJFW Committee, Official Report, 5 June 2018, col 21
- 223 EJFW Committee, Official Report, 29 May 2018, col 4
- 224 EJFW Committee, Official Report, 5 June 2018, col 21

- 225 EJFW Committee, Official Report, 12 June 2018, col 32
- 226 LINK Ltd, written evidence
- 227 EJFW Committee, Official Report, 12 June 2018, col 13
- 228 EJFW Committee, Official Report, 24 April 2018, col 20
- 229 Which?, written evidence and EJFW Committee, Official Report, 12 June 2018, cols 9 and 15
- 230 EJFW Committee, Official Report, 12 June 2018, col 33
- 231 Which?, written submission
- 232 EJFW Committee, Official Report, 12 June 2018, col 7
- 233 EJFW Committee, Official Report, 12 June 2018, col 28
- 234 Erica Johnson, written evidence
- 235 Dalmellington focus group note
- 236 EJFW Committee, Official Report, 12 June 2018, col 7
- 237 EJFW Committee, Official Report, 12 June 2018, col 6
- 238 EJFW Committee, Official Report, 12 June 2018, col 27
- 239 EJFW Committee, Official Report, 12 June 2018, col 27
- 240 EJFW Committee, Official Report, 24 April 2018, col 18
- 241 A cooperative is an organisation which is owned by and run for the benefit of the members who use its services.
- 242 ABCUL, written evidence
- 243 ABCUL, writtten evidence
- 244 EJFW Committee, Official Report, 5 June 2018, col 14
- 245 EJFW Committee, Official Report, 5 June 2018, col 13
- 246 ABCUL, written evidence
- 247 EJFW Committee, Official Report, 5 June 2018, col 6
- 248 EJFW Committee, Official Report, 5 June 2018, cols 5-6
- 249 EJFW Committee, Official Report, 5 June 2018, col 6
- 250 EJFW Committee, Official Report, 5 June 2018, col 5
- 251 EJFW Committee, Official Report, 29 May 2018, col 18
- 252 EJFW Committee, Official Report, 29 May 2018, col 18



- 253 EJFW Committee, 29 May 2018, col 18
- 254 EJFW Committee, Official Report, 5 June 2018, col 31 and ABCUL, written evidence
- 255 EJFW Committee, Official Report, 5 June 2018, col 32
- 256 EJFW Committee, Official Report, 5 June 2018, col 17
- 257 ABCUL, written evidence
- 258 EJFW Committee, Official Report, 5 June 2018, col 31
- 259 EJFW Committee, Official Report, 5 June 2018, col 17
- 260 EJFW Committee, Official Report, 24 April 2018, col 29
- 261 EJFW Committee, Official Report, 5 June 2018, col 25
- 262 EJFW Committee, Official Report, 5 June 2018, col 26
- 263 EJFW Committee, Official Report, 5 June 2018, col 16
- 264 EJFW Committee, Official Report, 5 June 2018, col 16
- 265 EJFW Committee, Official Report, 5 June 2018, col 31
- 266 EJFW Committee, Official Report, 5 June 2018, col 16
- 267 EJFW Committee, Official Report, 12 June 2018, col 3
- 268 EJFW Committee, Official Report, 24 April 2018, col 32
- 269 EJFW Committee, Official Report, 12 June 2018, col 4
- 270 EJFW Committee, Official Report, 12 June 2018, col 18

