

Access to High Street Banking in Wales

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Introduction

The National Federation of SubPostmasters (NFSP) is a membership organisation, representing approximately 7,500 owners and operators of post offices throughout the UK. The NFSP advocates and works on behalf of its membership with Post Office Limited, Government departments, MPs and external bodies.

The UK is divided into ten geographical regions, of which, Wales is one. This submission is on behalf of the Wales/Cymru branch of the NFSP.

Which regions or communities are most affected by the loss of high street bank branches and access to cash?

The closure of high street banks affects most people in some way, however rural areas are most impacted as transport links and service provision will be less than in the more populated areas.

Post offices offer postal and banking services and can be viewed as an alternative to high street banks, however rural post offices face the same threats as high street banks – low footfall and low remuneration.

Which social groups are most affected by high street bank branch closures?

The NFSP believes the social groups most affected by the closure of high street banks are older people, the digitally-excluded and those on low incomes.

What is the impact on customers and small businesses of losing access to high street banks?

Losing access to high street banks makes taking cash more difficult for small businesses, as there are security risks around transporting the cash or storing it overnight. This may lead some businesses to go 'cashless', however cash has always served as a natural competition to digital options, helping to keep transaction fees low.

Cashless businesses have an impact on the customer as they will be required to have a bank account to make a purchase digitally. For those on very low incomes, cash helps

with budgeting as there are many who need to see physical cash to help with their budgeting demands.

Additionally, in rural areas, digital connection cannot always be relied upon, therefore the business may want to keep cash as an option, which leads back to the security concerns.

Are the issues arising from bank branch closures more acute in Wales than in other parts of the UK?

Wales is probably one of the most impacted parts of the UK, alongside NI and rural Scotland as broadband coverage is not as widespread in more rural areas, therefore online provision may not be an option.

Distance to the nearest alternative banking facility will be greater in Wales due to its rural nature.

With some bus services either being reduced or withdrawn completely due to the removal of the Welsh Government subsidy, this will leave certain areas of Wales with no transport facilities unless they are a car owner. The elderly and less well off would find difficulty in travelling to their nearest bank due to these restrictions

Does the existing regulatory environment ensure that physical banking infrastructure is accessible to customers in Wales?

Regulatory requirements concerning post offices throughout the UK, are covered by the access criteria via which, Post Office Limited are obligated to ensure:

- 99% of the UK population to be within three miles of their nearest post office outlet;
- 90% of the UK population to be within one mile of their nearest post office outlet;
- 99% of the total population in deprived urban areas across the UK to be within one mile of their nearest post office outlet;
- 95% of the total urban population across the UK to be within one mile of their nearest post office outlet;
- 95% of the total rural population across the UK to be within three miles of their nearest post office outlet.
- 95% of the population of every postcode district to be within six miles of their nearest post office outlet.

However, within this access criteria, there is no requirement to state opening hours, banking service provision, or the model type of the office (different model types offer different services).

The NFSP believes that post offices offer a ready-made solution for bank branch closures, therefore government need to adapt the access criteria to include opening hours, model type and banking services.

Are the current replacements for high street banks (including banking hubs, banking vans and community banks) adequate and do they provide communities with sufficient access to cash?

Banking vans have been shown to be unprofitable, therefore many banks may use this method as a form of transitioning from ‘bricks and mortar’ branches, to online. Therefore, this option may be temporary.

The NFSP believes that banking hubs are a good idea for the local community, however from a Postmaster perspective, they are a new idea, cannot be represented by a union, and have the possibility of taking business away from the nearest post office. The NFSP would prefer Cash Access UK to instead use the funding for banking hubs to promote the banking services available from existing post offices. This would include advocating for post offices to receive better remuneration rates from banks via Banking Framework 4, mandating the inclusion of all banks into BF4, and ensuring banks fund security measures in some post offices. Not only would this help the local Postmaster, but it would also financially secure the future of the Post Office Network.

Conclusion

The NFSP believes that high street bank closures impact many people throughout the UK. However, a natural and ready-made solution is available via the post office network.