

The impact of Bank closures in the High Peak



Executive summary

Across the country we are seeing bank branches closing. Between 2015 and 2017, 1,046 bank branches have been closed across Britain and within High Peak alone there have been 6 closures. Although 6 does not seem a high figure, the geography of the High Peak means that, for some consumers who are unable to travel they no longer can receive a face to face banking service.

Our most vulnerable members of the community have been left dependent on family and friends taking their independence away.

Out of 25 hamlets, market towns and villages there are only 4 places where banks remain. Community banks are unable to bridge the gap of service and Post offices vary in what they can offer.

Natwest has the biggest closures in High Peak yet there are not plans to offer a mobile banking service. Although Community Bankers are on hand to help support digital technology some consumers feel they do not want change and are unhappy they are being forced to seek alternative banking. Some consumers due to disabilities, lack of transport, or lack of digital ability are not able to seek alternative banking.

Banks may argue lack of footfall within branches justify a branch closure our survey shows 70% are still going into the branch to withdraw money and whilst visiting banks it was very clear footfall most certainly isn't in decline.

Post Offices seem to be the banks preferred partner to help the community with banking but not all Post Offices within the High Peak offers a banking service. With Post Offices closing down not all areas within High Peak even have a Post Office.

We feel the government should be taking an active role to make sure rural communities and the most vulnerable consumers are not being overlooked and transparent and comprehensive Impact reports are completed and made available.

Our three recommendations are as follows:

Impact reports should be made available to the public before banks close and they should clearly show a mapping of banking service available after the bank has closed. Although the banking standard makes it clear this is a protocol in practice this does not happen.

Banks should consider working with Community Banks, Credit Unions and not just Post offices to look at all banking options.

The Government should take an independent review of bank closure and the impact on all communities especially rural communities where bank closures have the biggest impact.

Contents...

Executive Summary	Pg 3
Context and research objectives.....	Pg 4
Research Methods.....	Pg 6
Access to banking.....	Pg 7
Impact of bank branch closing.....	Pg 8
Post Office banking.....	Pg 11
Conclusion.....	Pg 13
Appendix 1.....	Pg14
Appendix 2	Pg15

1. Context and research objectives

In 1989 Consumers enjoyed access to 17,831 bank branches across the country [1] and by the end of 2015 the number has fallen to 9,500 a reduction of 53% [2]. Estimation shows that local branch banks close 939 branches between January 2015 and January 2017. With even more plans to close local bank branches campaigners are concerned that branch closures in rural areas will make communities more vulnerable and have a negative impact on economic development.

Banks are stating that lack of footfall into bank branches and the increase use of internet and mobile banking are the main reasons for local branches closing but observing local banks, footfall is still high.

In 2015 the main high street banks signed up to an industry-wide agreement to work with customers and communities to minimise the impact of branch closures. The operation of the Protocol was subsequently independently reviewed in 2016 by Professor Russel Griggs to assess the success of its operation, and the recommendations made by Professor Griggs have now been integrated into a new Access to Banking Standard. The Standard will apply to all closures announced after 1 May 2017, and to any previously announced closures taking place after 1 August 2017. The Standard will ensure that customers are better informed about a branch closure and the reasons for it, and made aware of the options they have locally to continue to access banking services, whether as via alternative branches, a local Post Office, or other channels. It will also ensure that specialist help is provided for those that need it, to access online or mobile banking services, or to explore other alternatives. (3)

Concerned about how bank closures would affect our community Citizens Advice Derbyshire District completed a research project to look at the impact bank closure had on our most vulnerable consumers within our area and see what other options for out there for banking.

Over the last two years we have seen six bank closures across High Peak and although the figure isn't particularly high because of the geography of the High Peak our research wanted to investigate what the real effect on bank closures had on consumers.

We were also interested in the implications of bank branch closures for the post office network. The post office is rapidly becoming the main alternative access point for banking service in some communities, which will have ramifications for the consumer of those services, use of either post office service and post office itself. At the same time, it is also currently undergoing a period of large-scale change. This research we hope will help us understand how access to banking services fits in with that change and what alternative banking is available.

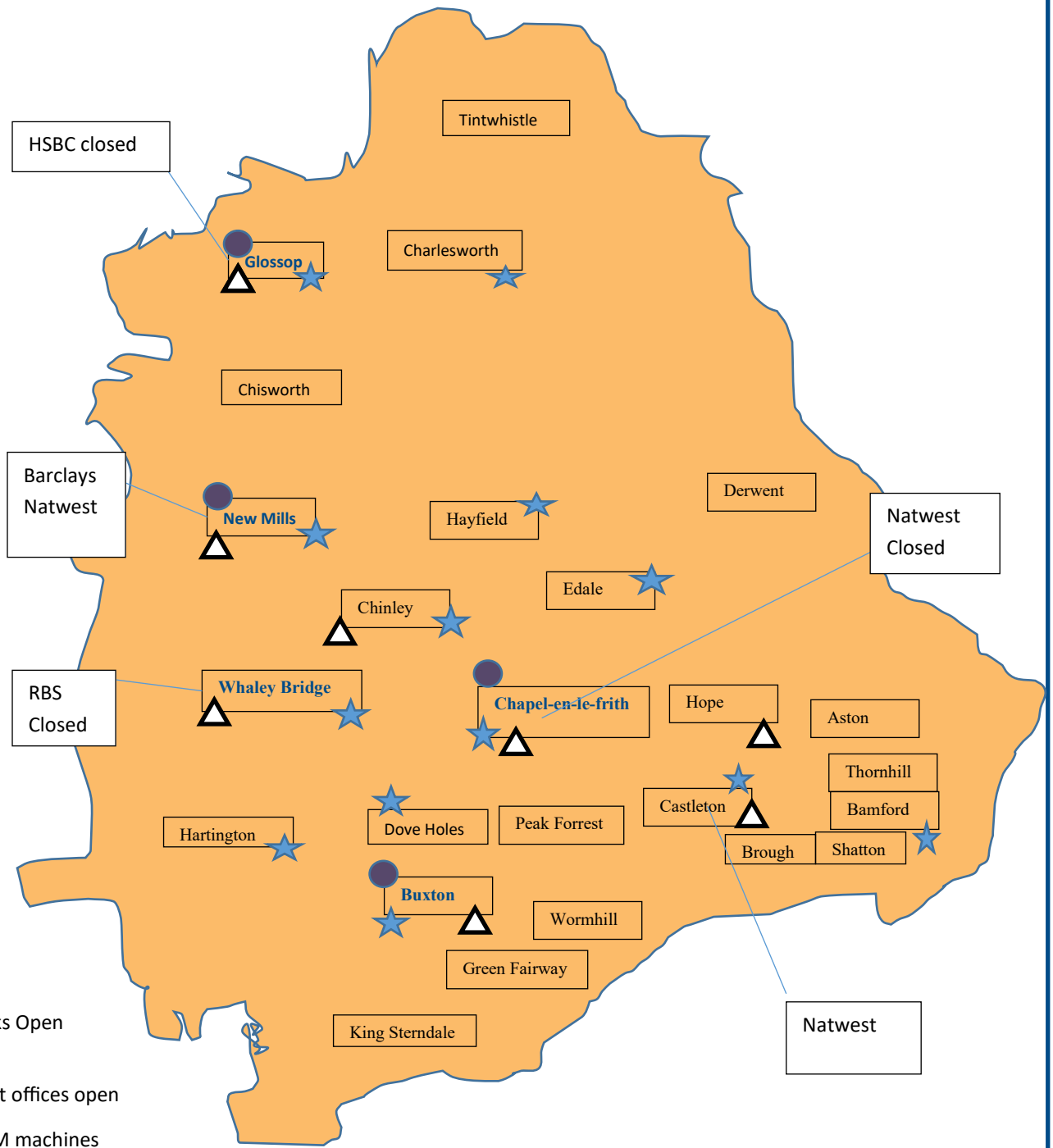
The research objectives were :

1. To look at the impact of bank closures had on consumers.
2. Look at how people access the Post office for banking services.
3. What alternative service are available. This report particularly wanted to look at the concerns for the impacts of closures on banking access for older and disabled people, and those people in areas that have poor access to the internet or who have low IT skills.



Citizens Advice Derbyshire Districts comprises High Peak, Derbyshire Dales, Amber Valley and Erewash. For this research we focused on High Peak. It is a rural borough and largely comprises the Dark Peak area of the Peak District National Park. High Peak has just under 39,000 households with a total population of 91,364. Nearly 20% of the population is over 65 years old. Population density is relatively low and car ownership high, particularly in rural areas such as Chapel-en-le-frith and the Hope Valley.

There are five market towns in High Peak: Glossop, New Mills, Whaley Bridge, Chapel-en-le-Frith and Buxton and 20 hamlet and villages. Rail networks mainly radiate outwards from Manchester and there is no direct line between Glossop and the other towns in High Peak although a rail line connects Manchester, New Mills, Whaley Bridge and Chapel with an hourly rail-service during week-day working hours. Bus services also connect these towns with Manchester and Stockport.

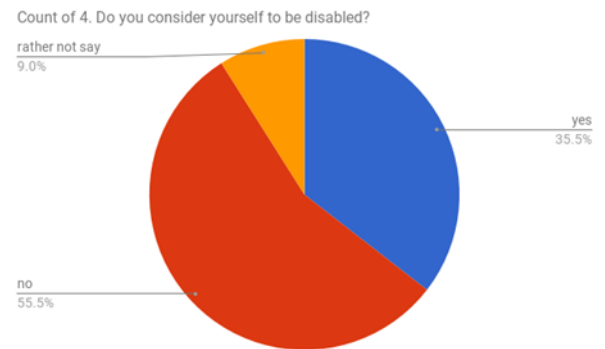
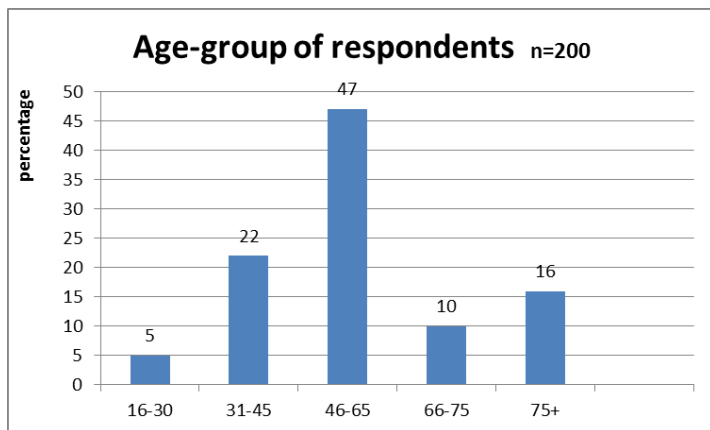


2. Research Methods

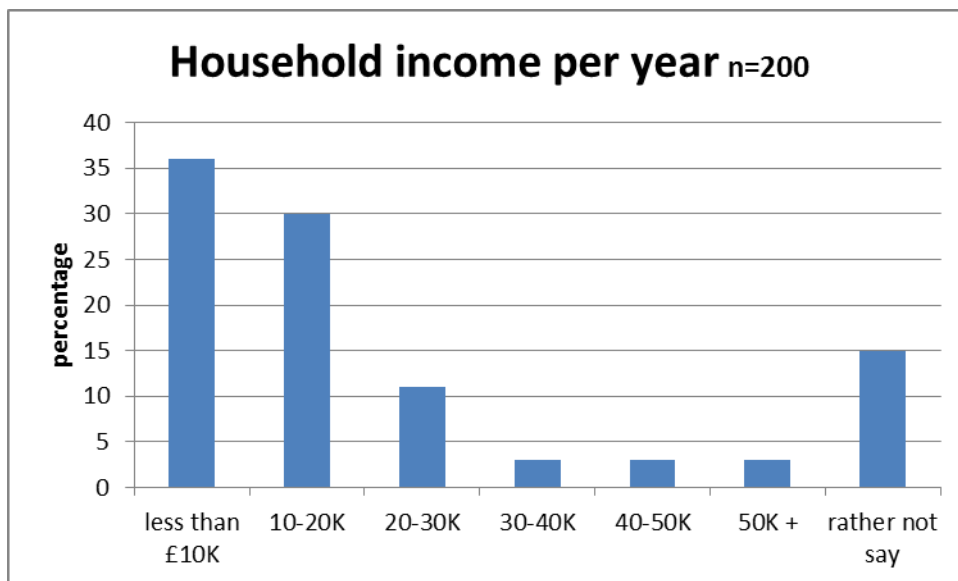
The research was conducted in the High Peak local authority. All bank branches that are currently open and branches that have closed since January 2015 and post offices in the High Peak have been recorded. A mapping exercise of banks, post offices and ATM machines was also undertaken.

A total of 200 survey responses from communities within the High Peak were obtained using a paper questionnaire. The surveys were conducted during April – June 2017. The responses from these surveys cannot be taken as representative of any wider group. Four people were recruited for in-depth interviews – two CA staff (EW and RB) and two who were clients with Citizens Advice in the High Peak (PS and OW).

The majority of questionnaires were completed from residents in Buxton, New Mills and Glossop—all towns where there have been recent bank closures.



Nearly half of respondents were aged between 46-65 years and over 35% considered that they were disabled.



The majority of people completing the questionnaires had annual incomes of less than £20k.

3. Access to banking

There have been six recent bank closures in the High Peak. These are:

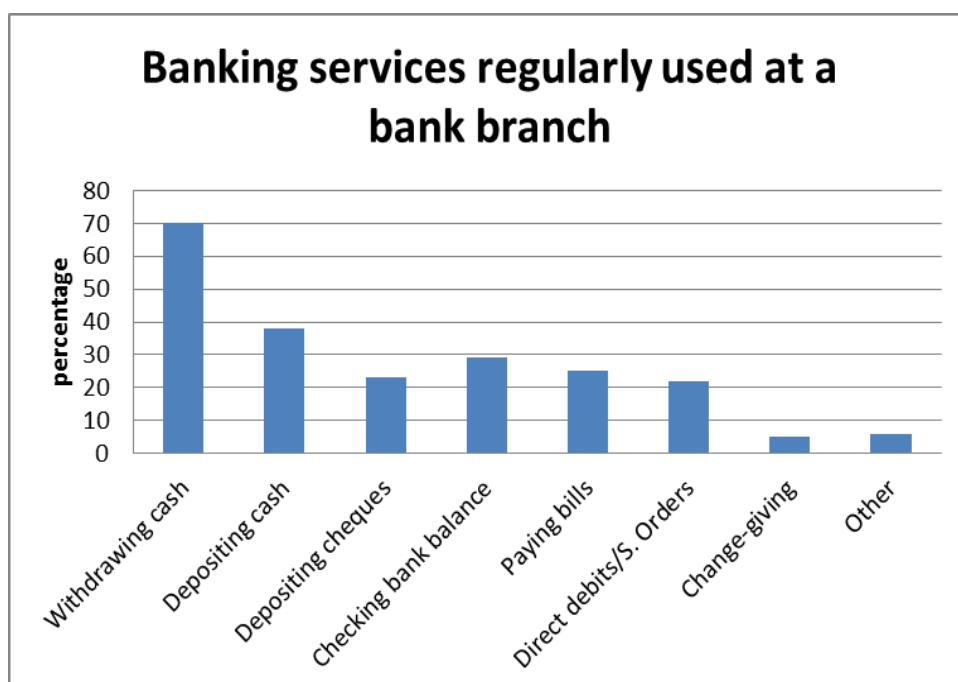
Whaley Bridge - Royal Bank Scotland
Castleton - NatWest
Chapel-en-le-frith - NatWest
Glossop - HSBC
New Mills - Barclays and NatWest

None of the five main towns have a branch of HSBC. In each case the nearest branch is more than 6 miles away. Lloyds Banks have branches only in Glossop and New Mills while NatWest and Barclays have branches only in Glossop and Buxton. RBS have branches only in Chapel and Buxton.

The town with the most banks and building societies is Buxton —one the biggest tourist areas in the High Peak. Whaley Bridge lost its last bank—Royal Bank of Scotland - in 2015.

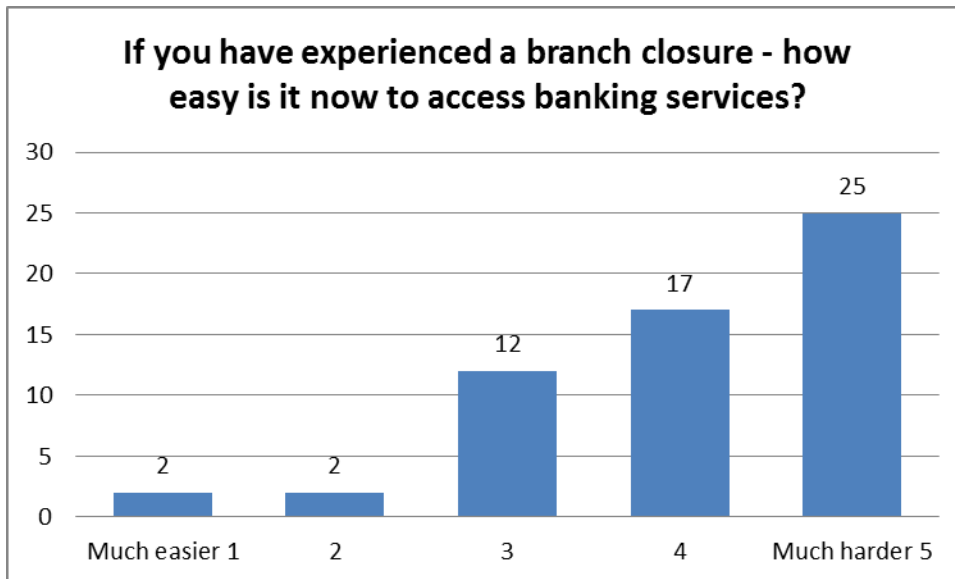
Our survey showed the importance of bank branch services for most respondents. Over 50% used banking services at a bank branch at least once a week, whilst only 9% never used them. 70% of respondents used their bank branch to withdraw money; 38% to deposit cash, and about a quarter for each of depositing cheques, checking bank balances and paying bills. Our 4 in-depth interviews also showed how some people depend heavily on face-to-face interaction in their bank branch.

Not all consumers are able to do online or mobile banking and although broadband speeds are good in the towns they drop to less than 10Mbps in the rural areas.



4. Impact on bank branch closing

Just over a third of survey respondents (69) had experienced a bank branch closure in the last two years. For the majority who used their bank for basic services such as withdrawing money and depositing cheques, closures have caused considerable problems. Most respondents (42) said it was now harder or much harder to access banking services and only 4 of the 69 respondents who had experienced a closure were not affected by it. Almost two-thirds had to travel to another bank branch but some respondents also used online services or post office services. Only 8 had switched to another bank. However, 5 respondents now had to rely on family and friends for banking services as they could no longer get to their bank.



New Mills, where 42 survey respondents lived, has experienced two recent bank branch closures: Barclays and NatWest. NatWest customers in New Mills have to travel to either Hazel Grove – 5 miles away - or Glossop – 5.7 miles. To get to Hazel Grove from New Mills by public transport requires two different buses and takes a minimum of 40 minutes. To get to Glossop takes 30 minutes using an hourly bus service. It is evident that the distances involved and the poor transport links, as well as the cost of transport, explains why many of the New Mills respondents reported that bank access is now much harder.



The survey did not ask respondents about their use of ATMs. However, some interviewees had strong views about ATMs – both in terms of personal safety and also the ability to get the denominations they wanted. Although crime figures from police.uk show theft from the person in the High Peak town centres (where cash points are mainly located) to be low (eg in 2016 Glossop town centre recorded 8 incidents and Buxton town centre 7) nonetheless some interview respondents were concerned about safety using ATMs outside banks. For example, EW, in her late 60s, was very worried about using an ATM outside Lloyds bank in Glossop and only felt safe inside the bank.



EW also wanted to be able to specify the denominations that she withdrew from the bank and for this reason she resisted any attempts by bank staff at getting her to use ATMs instead preferring over the counter service. OM, who depends on income from benefits, uses the NatWest in Glossop but uses the ATM inside the branch which gives him the option of withdrawing £5.

Retaining control over their money was important to our interviewees and was reflected in their concerns about personal safety, their wish to decide for themselves the denominations in which they got their cash, and a preference for making payments in cash rather than by card. EW felt that the personal service in the bank gave her control over her money; she could specify the denominations of cash that she wanted and also felt safe there. OW also explained that he preferred using cash to his debit card as he feels more in control.

If the Glossop Lloyds bank were to close it would have a severe impact on EW because she has great loyalty to Lloyds and the nearest alternative branch would be New Mills – a 20 minute car journey away. Changing banks is not something that EW would contemplate and, as our survey showed, very few respondents who had experienced a closure had, in fact, changed banks. Another of our interviewees (RB) said when his branch in New Mills closed he had not changed banks because he felt that the same process of closure may happen with a different bank. However, RB's salary goes directly into his bank account and he is comfortable using ATMs and on-line services. For some of his friends who are paid in cash and need to deposit money, the bank closure has had a much greater impact. Our survey showed that 38% of all respondents used their bank branch to deposit cash.

Additional comments from the questionnaires

"I use online banking primarily. I use ATMs in shops primarily for cash withdrawals or cashback while shopping. I use post offices for cheques deposits, I never use a bank branch unless ATM."

"I use internet banking, cash machines, I never go into a bank."

"My daughter does all my financial work."

"I am find using the banking service at my bank at the moment."

"My bank is still open and using it is easy for me. I also do most of my banking online."

"Nearest bank branch is in Chesterfield so very inconvenient. Not happy doing banking online."

"I'm with Post office so can't use my card anywhere."

"I don't feel happy/confident about doing online banking for all my banking. Often I feel that is need to talk to someone face to face and at times confidentially. I find it an inconvenience having to travel out of my own town to do some of my banking, especially if an appointment has to be made."

"Not affecting me."

"My disability means I cannot drive to another branch and I cannot get my scooter on public transport so have to get family/friends to drive me. It is very inconvenient. I could change banks but as I have been with them for 50 years so don't want to."

"I have mobility issues and struggle to find a branch that I can drive to and then find parking space that is can walk to."

"I only want to do my face to face banking in my own branch where I know about the kind of account I use and how to get the best of my bank account. You cannot discus personal banking issues with someone in the post office they can and attend to do basic banking and cannot give advice."

"I am able to do my personal banking online but the main reason I use a branch is for the school PTA account. This account has two signatures so can't be done online."

"The closing of Barclays at New Mills means I have to travel miles to deposit cheques."

It's very difficult to get to my nearest branch. Have to wait for someone to take me."



5. Post office banking

Just over half of our survey respondents did not know that it was possible to use banking services at the Post Office. Of the 90 respondents (45%) who replied that they **did** know, the most frequent uses were withdrawing cash (38%) and paying bills (23%). These respondents were then asked why they chose to use banking services at their local Post Office. Over half gave answers relating to the convenience or ease of access; convenience of hours and friendly staff were also important—14% of respondents. However, the Post Office did not score highly as a trusted service provider (2%) or a place where respondents felt safe (0%).

Our in-depth interviews found contrasting views on banks versus post offices. PS strongly preferred to use the Post Office rather than the bank. In his 50s and caring for his terminally ill mother, PS has always used his Post Office Account but DWP are now insisting that benefit payments go into a bank account. Although he has a NatWest account in Glossop he does not like using it and is very angry that this has been forced on him by the DWP. He can get to the branch easily but feels that he cannot get the service he wants. However, similar to EM, he does not like being pushed to use an ATM, partly because he lacks confidence, for example in remembering his pin number. He feels very strongly that he wants face-to-face service. He is comfortable using the Glossop Post Office and finds staff very helpful – for example checking whether payments have gone through and what his balance is—and is comfortable withdrawing cash from the Post Office.

By contrast, EW was adamant that she did not want to use bank services at the Post Office. She feels that the local Post Office is too busy and that she would not get the privacy she wants. She also sees the PO as rather old-fashioned. RB, also, does not use the PO for banking; he does not have confidence in the banking knowledge of PO staff and is concerned about lack of confidentiality in interactions over the counter. Concerns about using the Post Office for banking also featured in the survey responses to Q.15 asking why people would not/did not use banking services at the Post Office. About a half of respondents said they preferred to use the bank branch and about a quarter said they did not feel safe/secure in the Post Office. There were also some concerns over whether the Post Office staff had the necessary knowledge to provide banking services - a point also made in our interview with RB.

An important element of the research has been the accessibility of banking services. In rural areas such as the High Peak it is now much easier for many people to access a Post Office than a bank branch. Whereas banks are clustered together in the larger towns, there are 17 Post Office branches spread across the High Peak. Post Offices are found in shops, cafes, and pubs located in villages across the High Peak. Although some, such as Dove Holes, are open very limited hours (two mornings a week) and Edale only one morning a week, others are located in village stores or shops and open very long hours – for example the Hayfield Post Office is open from 8am-9pm Monday to Saturday and from 8am-8pm on Sunday. In Bamford the post office runs in a local pub that is open six days a week and does offer banking services.



While our survey showed that accessibility was important to those who used banking services at the post office, 50% of survey respondents said they would not consider using the Post Office for banking. It is important to try to understand this reluctance. One clue may lie in the survey responses which indicated people did not feel safe/secure banking at the Post Office. Even amongst those who DID bank at the Post Office none indicated that they did so because of a feeling of safety or security and only two said that they used the PO because it was a trustworthy service provider.



There is a very marked contrast in the buildings used by banks and post offices and, of course, also in the position they occupy in the financial sector. Banks may be seen as having a long history of financial knowledge and expertise and are usually located in rather old and grand buildings. By contrast post offices have traditionally been concerned with letters and parcels and none in the High Peak are located in buildings that match the local banks in terms of space and comfort. Respondents complained about long waiting queues and one consumer said he is charged for



Post Office Edale

Post Office Glossop

6. Conclusion

There is no doubt that losing bank branches has a negative impact on consumers in the High Peak. The most concerning comments were that it makes consumers reliant on friends and families to do their banking. Although some are content to use online and mobile banking not all transactions can be done online or even in a post office. Most survey respondents went to their bank to take out cash and it was clear from spending some time in a local NatWest bank that many people are still not able to use ATM machines.

Not all areas within High Peak have access to ATM machines and some areas like Hope and Castleton have ATMs but all make a charge and several are in pubs.

Some consumers said losing a bank is like losing part of its community. There are, currently, no plans for providing a mobile banking service in the High Peak although this would be of great benefit to many customers in the rural areas.

Whilst post offices within High Peak can provide an alternative to banks, they vary greatly in vary in service and delivery not all provide a full banking service. Depositing money with your bank can cause problems if the post office cannot supply the necessary envelopes for the bank. Some of the post offices are very small and do not offer access to disabled consumers. Although post offices provide a convenient location for many customers, others complain about long queues, lack of privacy and staff that are unable to deal with advice and enquires. In New Mills one interviewee says "there is only ever one person on and the queues are too long and the staff doesn't look happy or approachable."

However, consumers are barred from using Post Office Accounts by DWP who insist that benefits are paid into a bank account. With the reduction of local bank branches claimants in rural areas may have to travel considerable distances to get to a bank branch.

Our survey showed that Post Offices need to do more to promote themselves as having financial expertise ; customers often feel they can get better service in a bank. Banks also give customers a greater sense of security than post offices. Customers using banks often count their money, write their cheques, or sort out various bits of paperwork before or after being served at the counter. This safe space is not available in the same way in a Post Office where you are likely to be standing next to shoppers.

There is a continuing demand for face-to-face banking services, particularly from older people. For some this is because of uncertainty over using ATM and a preference to use cash rather than debit or credit cards. Others are reluctant to use on-line banking, sometimes because of technology but also because of fear of scams. Natwest have introduced Community Bankers to support people with digital services like online and telephone banking and as a relatively new role the three areas Natwest Branches have closed consumers never benefited from this support.

Closures of bank branches are making it increasingly difficult for customers to get the face-to-face services they want and, while Post Offices are able to provide many of these services, bank customers are reluctant to make the switch.

Community Banks within High Peak do offer current accounts at the moment but say they are struggling to meet demand and deal with transactions that go with current accounts so are looking at just offering a saving and lending service.

Appendix

- (1) Campaign for Community Banking Services—Branch Reduction Report March 2016
- (2) Fionn Travers-Smith, Abandoned Communities: The crisis of UK Bank Branch Closures and their impact on Local Economies Pg3
- (3) Timothy Edmonds, Bank Branch Closures House of Commons Briefing Paper number 385, 7 July 2016 Pg13

Appendix 2

Analysis of survey responses

Almost all respondents (188 out of 200) lived in High Peak. The remaining 2 lived in areas just outside the High Peak. Almost half of respondents were aged 46-56, with about a quarter younger and a quarter older. Two-thirds (66%) had household incomes of less than £20K, although 15% preferred not to say. About one-third of respondents considered they were disabled.

Q.2 Age range		Percentage
16-30	10	5
31-45	44	22
46-65	93	47
66-75	21	10
75+	32	16
Total	200	100%

Q.3 Household income per year	numbers	Percentage
Less than £10K	72	36
10-20K	59	30
20-30K	22	11
30-40K	6	3
40-50K	5	3
50K+	5	3
Rather not say	31	15
	200	100%

Q.6 How often have you used banking services at a bank branch in the last 12 months?	Numbers	Percentage
More than once a week	42	21
Once a week	65	33
Once or twice a month	37	19
Once or twice every few months	29	15
Never	18	9
Don't know	8	4
No answer	1	
	200	100%

Q.8 Have you experienced a bank branch closure	Number of re- sponses	Percentage
Yes	69	34.5
No	100	50.0
Don't know/unsure	15	7.5
No reply	16	8.0
total	200	100.0

Q.9 How easy is it now for you to access banking services? - if you have experi- enced a branch closure.			
Much easier 1	2		
2	2		
3	12		
4	17		
Much harder 5	25		
Total	58		

Total number of respondents - 69 - but multi-response question so totals more than 69

Q.10 How has the closure of your bank branch affected you?		
I have to travel to another bank branch		44
I now rely on family and friends		5
I now access banking services online		16
I now access banking services at a post office		12
I have switched to another bank		8
It has not affected me		4
Other		1
No reply		3
Q. 11 Did you know you should be able to use banking services at the post office?		
	number	Percentage
yes	90	45.0
No	102	51.0
No reply	8	4.0
total	200	100.0

Q.13 Why do you choose to use banking services at your local post office (n=90) ; check all that apply.	Number	% of 90
The PO is in a convenient location	37	41
The staff are friendly/helpful	11	12
The staff are knowledgeable about the services I use	7	8
The PO has convenient opening hours	13	14
The PO is easy for me to get to	13	14
The PO has good access for disabled and older people	3	3
There is no other place nearby where I can use banking services	10	11
The PO is a trustworthy service provider	2	2
I feel safe/secure doing my banking at the PO	0	0
Other	5	6

Q. 14. Now that you do know, would you consider using the banking services at the PO - answered by all				
	All respondents	Percentage	Those who replied no at Q.11	
Yes	83	41.5	34	33 %
No	100	50.0		
No reply	17	8.5		
	200	100	102	100%

15. Why would you/do you not use banking services at your local PO? Tick all that apply

	Those 66 who replied 'no' at Q. 14	The 64 who replied 'yes' At Q.14
I prefer to use a bank branch	33	30
I prefer to bank on line	12	16
My local PO is in an inconvenient location	5	3
The staff are unfriendly/unhelpful	5	4
The staff lack the necessary knowledge	4	3
The PO has inconvenient hours	3	4
The PO is not easy to get to	2	0
My local branch does not have good access for disabled and older people	2	0
I am unable to access the banking services I need at my local post office	1	5
My local PO has close or relocated	1	0
I don't feel safe/secure banking at the PO	15	16
Other	8	9
Queues too long (added by respondents)	6	3
Did not answer	33	34



Written by Dawn Mackenzie and Angela Dale
Derbyshire District Citizens Advice

Citizens Advice
3rd Floor North
200 Aldersgate
London EC1A 4HD
Tel: 03000 231 231

Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux
Registered charity number 279057
Published March 2017