

Community Cash Advisory Panel

2nd Opinion

October 2023

Commentary

Since the June opinion, the Panel have worked on two issues; whether the current definition of the 'last bank' is appropriate, as it underpins the application of the Criteria by LINK and whether the Criteria as applied are meeting customer and business need in Northern Ireland.

In regard to the last bank definition, visits/discussion with a sample four locations with varying demographic and socio-economic profiles had taken place, following concerns about the impact of the current definition expressed by a Town Council, an MP and two members of the public. These focused on a lack of in-person banking services (specifically depositing and accessing cash) for small businesses and community/charity groups and also concern that the minimum 16 hours opening to meet the 'last bank' definition can lead to communities having a 'last bank' that is open only three days a week, with no service for business customers at all. All four locations considered their position to be detrimental to local businesses, with real economic impact. The Panel discussed that the sustainability of banking hub solutions is an issue, that future developments of deposit solutions may open new options and that understanding of the true needs of vulnerable groups is imperfectly understood. However, the current definition of the 'last bank', in as much as it is the 'gatekeeper' to application of all the other assessment criteria, was considered by the Panel to be unacceptable. Future Panel work can focus on the results application of those criteria achieve, and future service developments may offer other solutions. For now, the Panel discussed that a definition change would materially benefit business and community/charity groups and that for personal customers in some more deprived communities, there was a real benefit in accelerating progress to a banking hub where face to face services are available. Application of this recommended criteria change would indicate around another 40 banking hubs based on assessments across the UK to date.

In regard to Northern Ireland, a panel subgroup had visited; after discussion of Northern Ireland's distinctly higher levels of cash use, many more independent traders, preference for trading within a tighter geography, and 130+ Credit Union branches providing mainly savings and loans services to personal customers, the Panel agreed that the cash landscape in Northern Ireland is different to that in the rest of the UK. They felt unable yet though to say whether the Criteria are delivering sustainable and proportionate results when applied, for either the banks working there or the communities serviced. The Panel agreed additional research was necessary, with both personal and business bank customers, to understand qualitatively the impact that closures have had and to inform any Panel opinion. After discussion, the Panel agreed that other rural and less populous areas such as the Welsh Valleys and Scottish Highlands may well experience similar issues, and that similar research may later be carried out there.

The Panel received an update from the COO of Cash Access UK (which will be a standing item on each Panel meeting agenda) and also discussed future issues for Panel consideration – those with greatest support included the role of the Post Office, digital inclusion and digital reliability, and the need for a more detailed understanding of the real needs of groups of more vulnerable customers who make up much of the minority of bank customers who have not yet switched to digital banking.

Opinions

1. In regard to the application of the Criteria

The Panel is satisfied from the assurances it has received that LINK has applied the Criteria correctly.

2. In regard to whether the Criteria are meeting the Criteria Objective (*To ensure consumer and SME access to cash needs following withdrawal of the 'last bank in town' are met in a way that is sustainable and proportionate*)

The Panel recommends that the definition of the 'last bank' should be changed to describe branches providing basic banking and cash services to **both** personal and business customers. With regard to hours of trading, it was recognised that there are a range of ways to meet customer need, but broadly total opening of less than 25 hours and fewer than five days was considered to be insufficient.

The Panel will carry out research in Northern Ireland to establish how personal and business customers have accommodated recent branch closures and the impacts on them. The Panel aim to conclude this research in Northern Ireland for business customers by January 2024, with potentially a longer timeframe for the research for personal customers.

3. In regard to whether LINK's instructions for hub or deposit solutions have been followed

The Panel received an update from CAUK and noted the range of actions taken to address slower than planned hub openings.

Joanna Wallace
Community Cash Advisory Panel Chair
11th October 2023