



Revolutionise the Post Office

FSB One Page Briefing January 2010

FSB research shows that almost one in five small businesses visit the Post Office every day and almost half say they visit a couple of times a week.

Small businesses provide a loyal customer base for the Post Office, yet they are not getting the service they need and the Post Office network is in serious need of investment.

The FSB proposes that the Post Office network be remodeled to provide small-business hubs, better serving key customers and providing a sustainable future for the Post Office.

Transforming the Post Office network into a small business hub

The FSB vision is for a sustainable Post Office network with a viable future, structurally as well as financially. We propose a model that would potentially enable the Post Office to be financially independent and not to need the £150 million state subsidy that it relies on to support loss-making Post Office branches, and which is only agreed until 2011.

The Post Office network is also a community hub and it is the only national network that encourages intergenerational contacts and communications to flourish whilst generating footfall for surrounding small businesses.

The FSB is calling for:

- A business desk at each Post Office branch with specially trained staff, able to advise businesses on banking, government services, insurance and sending and receiving parcels;
- Dedicated advertising facilities within the Post Office to help small businesses reach other local businesses and potential customers;
- A full range of financial services, including business banking; and
- Meeting room facilities for start-ups and micro businesses in as many Post Offices as possible

Post Bank

The FSB is campaigning for a new publicly owned bank to be set up, based on the Post Office network, to provide banking to communities and small businesses across the country, restore trust to the banking sector, secure the future sustainability of the Post Office and re-establish a local bank in areas affected by bank closures. 38 per cent of FSB members have said that they are in favour of a Post Bank and would bank with it.

The Post Office has outgrown and outlived the usefulness of its joint venture with Bank of Ireland, especially now the bank's credit rating has been downgraded and it has been bailed out by the Irish Government. The Post Office has two million customers using its financial products - 25 per cent of small businesses already bank with Post Office Financial Services - and is looking to expand now to capitalise on its advantage in the market. However, the current agreement with Bank of Ireland is stifling innovation in financial products and is not as profitable as it could be with 50 per cent of the profit generated from the joint venture going to the Bank of Ireland. Without intervention, this model will remain in place until 2020. The Government's proposals for an expanded financial services role for the Post Office announced in December will do little to keep the Post Office alive and meet the demands of 21st Century small businesses as they do not consider the necessary

Key statistics

- **One in five small businesses visit the Post Office every day**
- **The FSB proposes a model that would enable the Post Office to be financially independent and not to need the £150 million state subsidy that it relies on and which is only agreed until 2011**
- **The Post Office has two million customers with financial products**
- **25 per cent of small businesses already bank with Post Office Financial Services**
- **38 per cent of FSB members are in favour of a Post Bank and would bank with it**
- **Under the current agreement with Bank of Ireland 50 per cent of the profit generated from the joint venture goes to the Bank of Ireland**

For further information

Marie-Claude Hemming
Marie-Claude.Hemming@fsb.org.uk
Federation of Small Businesses
2 Catherine Place
London
SW1E 6HF