



*Says...*

**KEEP TRADE  
LOCAL**

FEDERATION OF SMALL BUSINESSES

## Postal Services

*Saving the Post Office Network*





Says...

**KEEP TRADE  
LOCAL**

## The Keep Trade Local Campaign

Small shops are struggling to survive because of local, regional and national government policies, together with the competition authority's failure to deal with the aggressive policies of supermarkets. These factors have been compounded by the recession and the closure of over 100 businesses every day.

Throughout these difficult times, the Post Office has remained the hub of the local community providing essential services to individuals and small businesses and also generating footfall for surrounding businesses. The Post Office network is essential for keeping the high street alive and for keeping trade local.

The loss of 2,500 Post Offices in the recent Network Change Programme, alongside the loss of many UK independent retailers, has far reaching socio-economic and environmental implications for the whole community.

The Keep Trade Local campaign was launched in March 2008 and has since been taken up by local communities across the UK.

This is one of a series of documents highlighting the policy areas where the FSB believes that local, national and regional government policies are undermining the competitiveness of the local high street.



# Postal Services

## Introduction

*Small businesses are heavily dependent on a well functioning Post Office network. In a recent survey carried out by the Federation of Small Businesses (FSB) 89 per cent of 5,500 responding small businesses said they use the Post Office to purchase stamps and send letters, and 77 per cent use the Post Office to send parcels.*

Too many town centres across the country bear the scars of recently withdrawn postal services through the Network Change Programme that saw 2,500 Post Office closures. In some places the local Post Office has been replaced by a so called out reach service. This is a van carrying out reduced postal services at limited hours and nowhere near the consistent service that a Post Office can provide.

At the same time small business banking has entered a crisis. In recent years over 40 per cent of local bank branches have closed, decision making has been centralised and small businesses are struggling to access finance. A Post Bank built on the Post Office network would serve to supplement the high street banks and help return to the ethos of local banking. A Post Bank could offer a full range of financial services as well as access to business banking. In many rural communities bank offices are long gone but the Post Office may still be there. If a full range financial services could be provided through the Post Office as many as two in five small businesses said they would bank there.

Post Offices in town centres should be seen as a fundamental service and an integral part of the high street; the hub of the community that is not only going to service postal customers but also small businesses. Small businesses have said that they would like to see essential services redirected through the Post Office to improve services to local businesses.

The Post Office is essential for the surrounding small shops and absolutely necessary if we are going to keep trade local.

### ***Key recommendations:***

- 1. There should be no more Post Office closures;*
- 2. A Post Bank built on the Post Office network should be established as soon as possible;*
- 3. Essential services should be redirected through the Post Office network to improve the level of service to small businesses.*



POST  
OFFICE

# 1

## There should be no more Post Office closures

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### Key facts:

- *89 per cent of small businesses use the Post Office to purchase stamps and send letters;*
- *77 per cent use the Post Office to send parcels;*
- *Only 2 per cent say they do not use the Post Office at all.*

Furthermore 88 per cent of small businesses use stamped mail and only 11 per cent use metered mail. Not many small businesses are using electronic alternatives to posting and feel they cannot assume that suppliers and clients do so either, so many use the Post Office to send information to those clients without e-mail facilities.

Only 2 per cent of respondents to the survey say they do not use the Post Office at all. Therefore the common view that all things postal have now gone electronic is not true for the small business sector. Small businesses still send invoices through the post and receive cheques as payment for their goods and services. The small business community is an essential customer base for any postal operator, particularly for the Post Office.

In terms of how small businesses pass their mail into the postal system the most popular method was through their local Post Office with 79 per cent saying this was their preferred option. 72 per cent said they used pillar boxes. Merely eight per cent used business collection.

Visiting the Post Office is something that is part of a small businesses regular activity. 47 per cent of respondents said that they visit the Post Office a couple of times per week and almost 1 in 5 (19 per cent) of small businesses visit the Post Office every day.

Small businesses also use the Post Office to buy items from the local shop such as groceries, snacks, stationery, newspapers and magazines and to do photocopying.

Another common reason to visit the Post Office is, interestingly, to catch up on the latest gossip, to obtain important village information and also to network with potential customers and other businesses.

### FSB Member's comment:

"It is vital that no more local Post Offices are closed down. Small businesses rely on them. Instead they should all be brought up to the 21st century in terms of facilities and services. Redelivery of parcels is one example. If you are unable to answer the door for delivery it takes at least 24 hours and a visit to the delivery office where it is not unusual to have to wait for at least 30 minutes to get your parcel. They should instead be deposited at the local Post Office for collection the same day."

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# 2

## A Post Bank built on the Post Office network should be established as soon as possible

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### Key facts:

- *38 per cent of the FSB's members say that they think the idea of a Post Bank is great and that they would bank there;*
- *25 per cent of small businesses already use the Post Office to pay in cash, collect change and for other banking services.*

Small businesses have said that they would like to see the Post Office developing full retail banking facilities and to be more like a bank. They would like them to be able to accept credit cards and to be fully linked with the Big Four Banks with the addition of business banking accounts.

Many small businesses use the Post Office for depositing their takings at the end of the day as well as a variety of other banking services such as getting the change for their till. Many small businesses also receive payments from customers through the Post Office.

Small businesses have asked for a quicker method of paying in cash/cheques at the Post Office as opposed to having to queue up at the counter. They draw the parallel that most banks have quick drop facilities, but this does not yet exist at the Post Office. It is also difficult to pay in large amounts of change at the Post Office as bags of coins cannot be weighed but have to be counted at the till.

The Post Bank should be no less than a fully fledged retail bank offering a full range of financial services including cost-free cash machine withdrawals.

### FSB members' comments:

*"I would like the Post Office to be able to link to more banks / building societies so that I could access my account locally instead of having to make a special trip into the nearest city."*

*"The Post Office is my bank! Otherwise I'd have to travel 30 miles to deposit income such as cash and cheques from my business."*

*"A Post Bank would be very desirable and should offer a full range of banking services including current accounts, deposit accounts, foreign currency accounts, letters of credit, overdrafts and loans."*

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POST  
OFFICE

Euros & Dollars

POST  
OFFICE

POST OFFICE

PAY  
BILLS  
HERE



## Why is a Post Bank needed?

Since commercial banks have been bailed out by the government, surveys indicate consumer confidence in the private banking sector is low. This is a strong indication that a different approach to banking is necessary.

A Post Bank would meet the demand for secure and trusted banking while also addressing the needs of people who suffer from financial exclusion by creating a range of useful tailored products and services. Small businesses would benefit from the local nature of Post Bank services.

## How would a Post Bank affect the Post Office?

A Post Bank is a natural progression of current services provided by the Post Office. It is not an extension of commercial arrangements with the Bank of Ireland or any other existing bank.

This modernisation, at a time when there is demand for it, should prevent further Post Office closures. It would safeguard existing jobs and create new jobs in the network, both at the counter and in support roles.

## Who would finance the Post Bank?

The government should initially finance the Post Bank as a social enterprise project until such a time that it becomes self-funding. Any profits would be reinvested into operations and into local communities and help underpin products directed at those who suffer from financial exclusion and products directed at small business customers.

A small and transparent fee could be charged for the administration of accounts and other products which would safeguard customers from high bank charges, for example for going overdrawn. The establishment of a new banking system would not incur bad debt for the government and would give consumers more choice in banking.

## Do EU State Aid Rules allow for a Post Bank?

Many European countries already have Post Banks, while some of these are historical France established one only last year. £1.7bn of UK government money has already been approved through EU State Aid rules to support the Post Office network with £150 million as the annual social network payment. Part of the reason State Aid rules were approved depended on the Post Office providing banking capabilities, currently through the Post Office Card Account. As the bank became more profitable, EU state aid subsidies would be reduced.

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## Would Post Office staff require further training if a Post Bank were established?

The Post Office already provides financial services which staff are trained to sell and administer, including ISAs, insurance and bonds from both NS&I and Bank of Ireland. Post Office Ltd currently has 428 Financial Services Specialists with the aim of having 640 by the end of this year and is seeking to recruit ex Northern Rock staff.

Sub Postmasters are all small business owners who have financial skills and would require some additional training. If and when demand dictates, additional FSA qualified staff could be employed.

## How would the establishment of a Post Bank impact on queue times?

This is linked to staffing and training as illustrated in the question above.

Post Offices already provide financial services and manage queues with this current workload. A dedicated Post Bank should bring in additional revenues which will help to fund additional staff where demand dictates.

## How would a Post Bank impact on Credit Unions and Community Development Finance Institutions?

Post Bank products should complement, not compete with, credit unions and CDFIs.

An arrangement could be made for credit unions and CDFIs to have access to the Post Office network to administer some of their own business.

## Are there logistical issues with getting the Post Bank up and running?

Not really. The Post Office has the single biggest linked computer system in Western Europe, which Crown and Sub Post Offices across the country access daily to input their takings, outgoings and other key financial information.

All Post Offices have money safes and most Crown offices have secure rooms. The Post Office has its own cash in transit fleet of trained drivers and money collectors with security vans which link up Post Offices with secure cash storage depots across the country. There are also trained staff manning call centres to assist customers with transactions. Whilst expansion and refurbishment is needed in some Post Offices and sub Post Offices, all the key pieces of the network are in place for a successful bank with universal access.

## How would a Post Bank be different to other banks?

This bank will provide a real alternative to the highly concentrated commercial banks, four of which currently hold 76 per cent of all current accounts. The Post Bank will focus on relationship banking, providing trusted banking products and innovative services that are really needed. It will have a positive strategy of linking with organisations which have social aims like credit unions, CDFIs and debt advisory bodies.

The Post Bank would provide all core banking products, including current accounts, debit facilities and access to credit. There will be no hidden or exorbitant charges, but instead a small transparent fee could be applied to banking services which meet the demands of the customer.

There would be no big bonuses, large executive pay packages or shareholders to swallow profits. Profit would be invested back into the bank and the communities where the Post Bank is located<sup>2</sup>.

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<sup>2</sup>This Q&A sheet was put together by the Post Bank Coalition, of which the FSB is a member.

# 3

## Essential services should be redirected through the Post Office network to improve the level of service to small businesses

### Key facts:

- *Since the last closure programme, 19 per cent of FSB members say post handling takes longer because queues are longer in the remaining post offices;*
- *13 per cent of small businesses say they use the Post Office for other than traditional postal services;*
- *17 per cent say they have to travel further to the next nearest Post Office.*

Generally, FSB members feel that withdrawing government services such as those from the DVLA from the Post Office was a mistake. Many FSB members feel that the government should reinstate all of the lost services.

The Post Office should be a complete government portal and the centre of the local economy at all levels. Every Post Office should be in the same building/complex as other community services such as GP surgeries, drop in centres, etc. with easy access to parking and transport networks. It should also offer internet access for people without their own computer.

A local Small Business Hub should be established in each Post Office. It could include a Mobile Business Link service that would not have to be staffed every day but maybe once a month to give advice to small businesses.

There should also be a facility for free advertising for local businesses to tell customers and other businesses about what small local businesses can offer. Small businesses often go to the Post Office to network with other local businesses and to meet potential customers.

A business desk should be established at each Post Office so that business customers could be served separately by specially trained staff. Small businesses would also like to see shorter queues and faster, better and more diverse services along with longer opening hours at the Post Office.

### FSB members' comments:

*"Reinstating government services at the Post Office would help stop the demise of the Post Office and put a national service back into the community where it is needed."*

*"I think there is a market to assist small businesses by accepting unwrapped goods and packaging them for delivery. Many small businesses and homes do not have facilities for wrapping goods and this applies more and more to people wanting to sell on e-Bay."*

*"Post Offices are vital for businesses in many other ways than over the counter – they often keep local shops going but are also a place to get verbal and written information about local services. As such they also provide a free or low cost marketing tool for small local businesses. Post Offices are the life blood of communities."*

## How can you help Keep Trade Local?

This campaign can only succeed if people like **YOU** get involved.

The Keep Trade Local campaign was inspired by FSB members, adopted by members at annual conference in March 2008, and is now being delivered by members in local communities throughout the country.

The campaign seeks to unite communities, businesses and residents associations that find themselves under threat from the range of problems currently driving small independent retailers out of our high streets.



Says...

# KEEP TRADE LOCAL

### *Things you can do to make a difference:*

- Write to your local MP ensuring that they understand the problems small businesses are facing;
- Write to your local newspaper;
- Join your FSB's Keep Trade Local network;
- Ensure that FSB posters and campaign materials are in the windows of small shops on your local high street;
- Run a local campaign in your branch/region.

### *And last but not least,*

- Shop local and use your local businesses – if we don't use our local shops and tradespeople we will lose them

Keep Trade Local has already been endorsed by leading political figures from across the political spectrum. It has achieved celebrity endorsement and has struck a chord with people up and down the UK.

We now need your support to carry the campaign forward. Our local communities deserve nothing less.

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