

CASHING OUT: BANK BRANCH AND ATM CLOSURES

Recommendations (England only)

- With aggressive bank branch closure programmes under way, the Post Office network of c.11,500 branches should be protected. Every single Post Office branch should provide a reliable, efficient standardised core of business services, with additional services and innovations tailored to the local community. All services need better awareness and promotion as bank branch numbers dwindle.
- With free-to-use cash machine provision under threat, the Government and the Payment Systems Regulator should conduct a full market review of access to cash and digital payment methods. Local communities and high street businesses rely on their local ATM, and if it is wanted and used by the local community, a cash machine should not be closed due to LINK's decision to make it unviable. Consumers deserve competition and choice in their payment methods.

How we spend is changing just as much as the high street itself. Debit card payments overtook cash use for the first time in 2017 according to UK Finance,¹ helped by the uptake of contactless transactions, yet the two are still closely balanced.

A poll of FSB members found that 59 per cent of retail businesses felt a cash machine was important to their business. In addition, half of businesses say their nearest free to access cash point is already over 1 kilometre away from their business.²

The loss of local bank branches and ATMs on the high street has a negative impact on both consumers and businesses. Footfall is weakened when bank branches disappear from high streets as fewer consumers visit shops, with businesses suffering from both the drop in footfall and an inability to carry out their own banking needs.

Older people, those on low incomes and those living in rural areas still tend to rely heavily on cash. It is still more expensive for small businesses to process their card payments than it is to handle cash. With the ban on card surcharging introduced at the start of the year small businesses are left shouldering the whole burden of the move toward digital payments.

Card and mobile phone transactions are both dependent on their central networks, as evidenced by the chaos experienced by shoppers using Visa cards in June 2018. Poor broadband connectivity in parts of the UK also continues to have a negative impact on the ability of all businesses to use online banking services reliably.

LINK, the UK's largest cash machine network, previously announced plans to cut its interchange fee by 20 per cent over the next five years, which would have meant many free-to-use cash machines would no longer be financially viable. There would have been as many as 10,000 fewer ATMs on our high streets.

FSB joined forces with Which? to campaign against the potential damage this could do to small businesses. In July 2018, LINK rowed back, cancelling one of its planned ATM interchange fee cuts and postponing another, meaning thousands of free-to-use machines were saved. LINK has also launched the access to cash review, which must explore support for consumers and business that remain reliant on cash.

Case Study: FSB member, Warwickshire

“When the bank closed just a few doors down, footfall dropped dramatically. People used to pop-in quite a lot, but about 100 fewer people are coming in through the door each week now. During the first year of the bank closing business was difficult, we ended up losing almost £30,000 that year compared to the previous, and still haven't fully recovered.”

¹ UK finance, UK Payment Markets Summary 2018, available at: <https://www.ukfinance.org.uk/wp-content/uploads/2018/06/Summary-UK-Payment-Markets-2018.pdf>

² FSB Snap Poll 2018, available at: <https://www.fsb.org.uk/media-centre/press-releases/small-firms-urge-link-to-protect-free-to-use-cash-machines>