



**Access to Banking Standard
Summary Report**

September 2018

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Introduction

The Access to Banking Standard came into effect on the 1st May 2017 following an independent review commissioned by the industry. The Standard replaced the 'Access to Banking Protocol' which the main high street banks have been following since March 2015. The new Standard is designed to ensure that customers are better informed about a branch closure and the reasons behind the decision to close, whilst being made aware of the options they have locally to continue to access banking services, whether via alternative branches, a local Post Office, or other channels. It also requires firms to provide specialist help for those that need it, to access online or mobile banking services, or to explore alternatives.

The Lending Standards Board (LSB) was selected as the appropriate body to oversee the application of the Access to Banking Standard in July 2017, which applies to all closures announced after 1 May 2017 together with those announced prior to this date but not taking place until after 1 August 2017. The LSB is a self-regulatory body, which provides independent oversight of adherence to voluntary standards.

The LSB has adopted a risk-based and proportionate approach to the oversight of the in-scope closure programmes, taking into account the adequacy and effectiveness of the firm's own internal governance arrangements, including the work of its second line oversight function.

Objectives and scope

The objectives of this review were to ensure that Firms' policies, processes, controls and governance arrangements are adequate in respect of the closure programmes and are operating in line with the requirements of the Access to Banking Standard.

This included an assessment of:

- The governance arrangements in place in respect of the branch closure programme.
- The staff training programme, in respect of providing them with the skills and knowledge to be able to handle enquiries and support customers during the closure programme.
- The timescales followed for all key activities and communications ensuring they were consistent with the requirements of the Standard.
- The process for identifying impacted customers, relevant stakeholders, other bodies and organisations.
- The adequacy of all communications, notices and Impact Assessments either issued directly or published by the firm.
- The policy and process followed to identify, and support impacted vulnerable customers.
- The design and effectiveness of the complaints process to deal with any complaints, queries or concerns, raised both pre- and post-closure.

The review covered all branch closures occurring after 1st August 2017, even if announced prior to 1st May 2017, and which had closed by the end of March 2018. Where actions took place prior to 1st May 2017 there was no retrospective application of the Standard. Branches closing after March 2018 are not part of this tranche of work and will be reported on separately.

This report provides a summary of the themes identified from our work, identifying areas where improvements need to be made in the application of the Standard as well as areas of good practice which could be considered for adoption more widely.

Approach

Six firms have been included in this first round of reviews, due to the timing of the individual closure programmes against the launch of the Standard. Our review was conducted as a retrospective review as the closure programmes had, in all cases, commenced under the protocol. This meant that a number of actions may have already taken place prior the launch of the Standard and our review process took this into account when assessing firms.

The volume of closures impacted by the review totalled 339 branches. The specific numbers per firm ranged between 3 and 161 branches. All reviews were conducted between November 2017 to March 2018.

Initial meetings were held with each firm to gain a high-level understanding of the closure programme, progress to date and details of any internal oversight activities. This was followed up with a detailed information request, which enabled a desk-based review of key documentation to be undertaken, prior to an onsite meeting with key staff members.

This report summarises how the industry has approached and implemented the requirements of the Access to Banking Standard, focusing on ensuring that customers are communicated with openly and treated fairly, and that firms operate in line with the overarching principle and commitments of the Standard. The Standard applies once the decision to close a branch has been taken and therefore the role of the LSB does not extend to approving or commenting on the banks' decision to close branches. Where we have identified any findings and made recommendations to individual firms these have been included within firm specific reports. These ungraded reports were issued to firms following the onsite visits, and any reported actions will be followed through to resolution. In addition, these actions will be used to inform the basis of any ongoing review activity where firms are making further closures during 2018.

The report splits our findings and observations into three categories as follows:

Category	Action or response required
Non-adherence to Standard	Firms are not adhering to an element or elements of the Access to Banking Standard and remedial action is required.
Recommendation	These are opportunities for improvement; firms are encouraged to consider implementing them and to provide an appropriate rationale if they choose not to adopt.
Good practice	These are areas where good practice has been observed and are presented for firms to consider; no further action is required if firms decide not to adopt.

We will maintain regular dialogue with firms as closure programmes continue throughout 2018 to ensure the Standard continues to be applied.

1. Executive summary

Background

This review programme was completed over a four month period and any findings are in relation to branches which had already closed. We did not assess any actions taken prior to the Standard being introduced and any good practice or recommendations are not expected to be applied retrospectively.

Opinion

The industry has approached the new Access to Banking Standard in a positive manner and overall compliance is good, although there is one area where more work is needed to achieve full adherence to the Standard. We have also raised a number of recommendations in this report, as well as highlighting good practice, which, if adopted, would enhance the application of the Access to Banking Standard. The Standard has been designed to be straightforward to implement but there are differences in application across firms. The recommended improvements will help achieve consistency of approach and enhance current practices to help ensure good customer outcomes.

Findings

Application of the Access to Banking Standard

Overall compliance with the Standard is good but we would highlight one issue to be addressed:

- **Impact assessments:** while these contain some of the key requirements of the Standard, including, on occasion, the use of infographics to assist with messaging, there are improvements required across the industry to ensure the assessments are fully aligned to the Standard. Firms have approached the requirement to provide further information through an updated version of the impact assessment, and, again, this did not always meet the Standard.

Recommendations, good practice enhancements and observations

- **Decision process:** all firms have implemented a structured framework to manage the closure of branches and apply the requirements of the Standard. Firms consider a wide range of data and information to assist them in deciding which branches will be closed, and the likely impact on customers and the local area. This is approved by senior executives before being managed through to completion (*observation*).
- **Identification of vulnerable customers:** All firms involved within this review take into consideration vulnerable customer populations at those branches that may be closing. A variety of tools are used to identify and subsequently support this population, but we feel this area could be improved through the implementation of more robust oversight of actions, evidence of solutions and support for staff (*recommendation*).

- **Training:** the training provided to staff to ensure they have the skills and competences to deal effectively with customers varies between firms; some firms place a reliance on their standard training programmes whereas other firms implement specific closure training programmes which help support staff throughout the notice period as well as providing training on the requirements of the Standard and how they would be met. Whilst the training for staff in impacted branches appears fit for purpose we recommend that this is extended to include staff in the nearest retained branch to assist them with dealing with customers once the closure has occurred (*recommendation*).
- **Closure process:** once the decision to close is agreed firms set up a project team and follow a project management methodology to deliver key tasks, with milestones, whilst following the requirements of the Standard. This approach provides a level of assurance to management on the activities being undertaken (*observation*).
- **Closure process:** there is evidence of a number of support activities undertaken across firms to assist customers in understanding and using alternative banking options. These include 'digital experts' being placed in impacted branches to demonstrate how mobile and online banking works, assisting those customers, who wish to use this functionality, with setting it up on their account, as well as introductions to PO and retained branches (*good practice*).
- **Communication:** the initial letters issued to customers are generally informative but could be enhanced by raising awareness of the availability of the 'Impact Assessment' document as well as ensuring all information is relevant to the actual branch closing (*recommendation*).
- **Complaint handling:** all firms have embedded complaint handling procedures, which are used to register any complaints received from customers, while some firms have also introduced additional categories for customer concerns and queries related solely to the branch closure programme. Enhancements to both the recording and visibility of these additional categories would be helpful in updating customers with further information following the initial announcement (*recommendation*).
- **Post-closure:** one element of the Standard is to ensure customers understand how they can continue to bank after their branch has closed. For this to be effective some of these alternative avenues will include the use of local post offices. Firms appear to have engaged effectively with the Post Office (PO) to help support customers' needs. This engagement has included the development of relationships with local PO branches, assisting customers with the transition to the PO by conducting joint visits, and, on occasion, has entailed firms working with the PO to help mitigate the impact of a rise in footfall. As the PO becomes more integral to the banking landscape, firms should continue to work with the PO to ensure good customer outcomes are achieved (*recommendation*).
- **Oversight and quality assurance:** examples noted of oversight and assurance undertaken by firms include the requirement for formal reporting to project teams at key points and specific second line reviews. There are opportunities to strengthen the oversight and assurance at some firms, particularly where closure programmes are continuing (*recommendation*).

Next steps

We will continue to work with the industry to support them in implementing the actions and enhancements highlighted in this report and ensure that any of the areas in the current Standard that are not being met are addressed, as well as maintaining our oversight of future closure programmes. In addition, we intend to undertake themed review work in the future, on specific areas of the Standard, especially where we feel there is the potential for customer detriment.

The firms included within this review have each received individual reports outlining any findings specific to them and making recommendations where it is felt that improvements are needed. Each firm has responded positively to the findings and put in place a detailed action plan; the LSB will continue to work with these firms to ensure all actions are completed and reflected within future closure programmes.

This report contains enhanced information, areas of good practice and recommendations for the industry to consider and implement. Our expectation is that where we have identified areas of good practice, adoption across the industry will enhance current practices. The specific recommendations are intended to encourage firms to achieve higher standards, both in the letter and the spirit of the Access to Banking Standard.

2. Detailed Report

2.1 Governance, Controls and Oversight

The overarching principle of the Access to Banking Standard states:

Customers and relevant stakeholders of a bank branch that is closing will be provided with clear, understandable, accessible documentation and information about that specific closure as soon as the bank is able to do so, also what it will mean for them and how they can continue to bank following its closure.

For firms to meet this requirement there needs to be formal governance frameworks in place to ensure the whole process includes the various mechanisms required to initially identify branches to be closed, understand how this impacts the customer base and the key milestones and actions necessary to meet the requirements of the Standard.

The data used by firms to inform the decision to close is drawn from a number of areas including the level of activity within the branch, the profile of the customer base, usage of alternative ways to bank and nearest bank and PO branches. Some firms also consider the local landscape as part of the decision process by capturing the views and feedback from regional management, who are able to give a view drawn from an 'on the ground' understanding of the area. Where it is not considered appropriate to engage due to the personal impacts to management and their staff, some firms capture that community-based view via a physical visit to the location as part of the information gathering phase.

Good practice

A more qualitative understanding of the branches' role within the community, the surrounding area, and accessibility of the nearest alternative branch, can help firms gain a customer focused view of the potential impact at an early stage in the decisioning process.

The rollout and management of the closures is handled through specific closure teams but with the support of project management colleagues. This approach allows for day to day tasks to incorporate controls and checks in respect of compliance with the Standard. Most firms also have contingencies built into the framework which would enable decisions to be reconsidered should further material information come to light which impacts the wider community.

Some closure project teams also held a series of regular engagement sessions with the impacted branches, which gave staff the opportunity to have broader discussions and provide feedback regarding customer reactions. One firm extended this further by providing a two-way direct communication channel to enable support to be provided for any queries or issues that may arise. This approach proved effective in enabling the firm to quickly identify any issues or concerns, which could impact the wider programme.

Good practice

Alongside the controls in respect of specific closure activities, regular and widespread engagement with staff across the whole closure programme will help firms to gain an aggregated view of any issues and concerns that might be experienced by branch staff. This can be used to identify opportunities for improvements and enable early reaction to anything which may impact the wider programme.

The approach to monitoring and assurance varies between firms, with some including this in existing oversight programmes and others implementing assurance work that is focused specifically on the closures. These reviews are in most cases more focussed on the management of the actual closure rather than compliance with the requirements of the Standard. However, at all firms there is engagement with compliance functions as an internal stakeholder throughout the closure programme.

We would expect firms to continually review the need to provide independent assurance reviews, in line with the firm's risk appetite and external drivers. Firms may also wish to consider focusing on areas which may present greater risk to good customer outcomes, such as dealing with vulnerable customers or complaint handling.

Recommendation

Given the impact on customers, our expectation is that firms should ensure there is an adequate level of oversight of branch closures programmes during the rollout of the programme, to allow for timely action in relation to any issues or concerns which may occur, especially if this has an impact on customers. In addition, firms should conduct a review post closure to ensure all requirements of the Standard are met and to ensure any identified improvements or changes can be easily implemented into any future programmes of closure.

2.2 Training

Banks will take action and support customers to:

- *know that the personnel they are speaking to at the bank have the skills and competences to deal effectively with the issues and concerns they raise.*

We identified different approaches taken towards training staff to enable them to both manage the closure of their branch and deal with the various queries and support customers will require. While existing training programmes are used to help staff engage in conversations with customers on topics such as digital and mobile banking, we feel that specific training related to the closure programme is very beneficial. This focussed training provides an opportunity to provide staff with the confidence, skills and knowledge necessary to handle what can, on occasion, be a difficult conversation. This more bespoke approach should include an element of vulnerability awareness which will assist staff in supporting this population of customers to ensure the best outcome is achieved for them to continue with their banking needs.

Some firms have also implemented management focussed training programmes to assist in supporting staff during the closure of the branch. These sessions are designed to provide the tools required to

manage staff through a difficult period of time. One firm had implemented a mechanism for feedback from staff which helped with engagement and consideration of wellbeing. This then enabled focused support and training to address any concerns identified. As well as supporting staff, this approach also benefits customers in their interactions with impacted branches.

The focus of support and training tended to be toward staff members located in the closing branches, with a degree of general communications issued to the wider bank population. As impacted customers can interact with the firm via a number of channels, there is added benefit in ensuring all customer facing staff have appropriate levels of information and training on how to deal with any enquiries they may receive.

Recommendation

A blended approach to communication and training which considers the staff members' own needs together with those of customers, will assist in identifying and managing any concerns and issues throughout the closure period, both from an internal and external impact.

Any training and communications strategies should ensure that all customer facing staff, both in the impacted branch and the remaining branch network, have the skills and competences necessary to deal effectively with customers.

2.3 Initial Announcement of Closure

Banks will

- *Inform its customers and stakeholders of the decision to close a branch as soon as the bank is operationally ready to do so. This will be at a minimum 12 weeks before the closure.*

Notification to customers was completed through targeted letter campaigns in most cases. However, some firms did opt for digital communications where this was felt to be more appropriate for specific customer segments. Where a digital channel is used, the expectation is that a firm would have mechanisms in place for tracking whether the communication has been accessed, with contingency to issue letters if necessary, within prescribed timescales.

We obtained example communications from all firms and, on the whole, they contained key information such as the date of closure, contact information and on occasion details of alternative banking options. However not all firms made customers aware of the availability of the Impact Assessment within the closure notice, which we would consider a minimum requirement given the usefulness of the document and its relevance.

Recommendation

Firms should ensure that all information contained within the closure notice communications are relevant to the branch which is closing. These documents should also include reference to the availability of the Impact Assessment document and details on how customers can obtain a copy.

Firms consider various factors when defining an 'impacted customer' prior to issuing the closure notice. These include the number of transactions carried out in the branch over a preceding period,

which ranged from 3 to 12 months; the proximity of the customers home address to the branch; the account sort code; and other local information about the customer base. Whilst the processes employed by firms are different, they do have fairly broad coverage and therefore are likely to have captured all impacted customers.

Recommendation

The Standard is silent with regards to how an 'impacted customer' is defined, which enables firms to use their own interpretation to select customers who should be notified of the closure. This approach has resulted in firms corresponding with different populations of customers that they consider to be impacted by the closure. A consistent definition would enable customers with multiple bank relationships to expect to be treated in the same way when it comes to branch closure notifications.

It is recommended that UK Finance considers the merits and viability of introducing a single approach to the identification of a branch customer for the purposes of the notification of a branch closure.

Stakeholder engagement is managed as a defined process. Letters or emails are generally the first method of notification with stakeholders identified as government bodies, consumer bodies and charities as well as the Federation of Small Business and Chamber of Commerce (where offices were situated within the same area as the branch). In most cases Impact Assessments are shared within the communications and offers to engage further resulted in several face to face meetings, to either discuss the closure more widely or understand if there are any specific 'leave behind' requirements for the community.

Good Practice

Posters are displayed in windows and prominent areas of impacted branches from the date of the announcement to highlight the closure to all branch visitors. Highlighting the closure in this way means that all visitors and passers-by are notified and have the opportunity to speak to staff in the branch if they so wish.

2.4 Impact Assessments

Banks will

- *publish at the time of the announcement an Impact Assessment and make all customers aware of its availability together with any other documentation and information that will allow the customer to understand:*
 - *The bank's procedure for deciding to close a branch*
 - *the main reason for the closure of that branch and, while maintaining commercial confidentiality where appropriate, what information was used to make that decision*
 - *how the bank defines the terms it uses in its Impact Assessment.*
 - *The banks assessment of the impact of the closure on customers.*
 - *the date of the closure*
 - *what the alternatives are, how they can be accessed, and what the bank will do to help or assist with all or each of those*

There are a variety of styles of Impact Assessments (IA) produced by firms. Some include the use of infographics to assist with explanations of the data used. Most documents have been designed to provide a clear view of the decision, reason for closure and impact on customers. The use of plain English is also a feature of these leaflets and brochures.

However, there is an opportunity to improve the level of detail provided to customers to assist them in understanding the reason for closure and what the alternatives are for their future banking needs. For example, this could include details of local bus routes, local broadband speeds, and other 'leave behinds' which help customers continue to bank.

Overall, we consider that only two firms have fully met this element of the Standard. While we found that the documents contained the majority of information required, some elements were missing with the most consistently omitted piece of information being the 'definition of terms'.

Recommendation

It is recommended that UK Finance considers introducing standardised definitions of terms, relevant to the closure of a branch, which can be used within Impact Assessment documents.

This would assist customers in understanding the terms used across the industry especially if they have multi bank relationships impacted by closure programmes.

Firms advised that the IA was primarily available in a pre-printed format within the branch, with one firm opting to have soft copies only, which would be printed upon request. We would suggest that the IA should be readily accessible to customers, regardless of whether they choose to engage with staff or not. In our view the best way of achieving this is to have them placed in public areas of the branch in a pre-printed format and easily accessible via the firm's website.

The ease with which the IA could be located online also varies between firms with some online IAs being clearly highlighted within the branch locator, whilst others require more effort to find and therefore there is a risk that customers are unable to access this information if they choose not to visit their branch for additional information.

Good Practice

All firms have a branch locator section on their website. Clear signposting and accessibility are key, and therefore firms could look to include within this area of the website a notification of when a branch is closing and either the relevant Impact Assessment or a link to where this can be found.

Support for customers on alternative ways to bank is normally available in-branch with one firm opting to set up a dedicated telephony team and others having dedicated staff or specific evenings/drop-in sessions to assist customers with the move to digital or mobile banking. A number of other activities have taken place across firms and across different branches within the same firm. These include:

- Providing training and support to business customers to enable them to take cashless payments, which in turn mitigate their need for coinage related services and support the local community in accessing cashless products and services.

- Taking customers to the receiving branch so they could meet the staff and see the surrounding area, which would, for example, help them determine the most appropriate travel arrangements.
- Examples of firms supporting customers in moving to another bank where it was felt that this was the most appropriate option.

The primary location for alternative banking external to firms is the Post Office (PO). At a local level, most firms encourage their staff to engage with the PO branch staff, to make them aware of the closure and the potential impact on the PO counter going forward. Some firms also request staff to personally undertake transactions at the PO, so they are better informed about the process when speaking to customers. Staff would also accompany customers to the local PO to assist them with understanding what services are available.

There are obvious advantages for having a formal structure to support the transition of customers to PO branches if necessary. The joint UK Finance and Post Office initiative, supported by HM Treasury, which was announced recently will help raise awareness of the banking services available. It is therefore important that firms' relationships with the PO include opportunities to review the service to ensure it is achieving the desired customer outcomes.

2.5 Post Announcement and Pre-Closure

Banks will provide further information that will:

Communicate clearly and simply with all customers and stakeholders when appropriate so they understand:

- *where and from whom they can obtain assistance on any specific issues or concerns they may have.*
- *what were the issues that stakeholders raised and what has been the outcome of each?*
- *how and where they can raise questions which they feel have not been addressed.*
- *how the banks can provide help and assistance after closure.*

All six firms chose to provide this information via an update to the initial IA, but again we found various gaps in the extent to which the requirements are being met.

The area found to be most lacking is the provision of details of how and where customers can raise questions should they feel these have not been addressed. Whilst the branch is still open this is a fairly simple route; however, once the branch has closed customers need to know where they can turn for assistance.

Good practice

Firms could monitor the take up of digital and mobile banking service post announcement. This would then enable either further information to be sent to remaining customers or trigger tailored conversations to be held by staff. This approach could also be applied to the alternative ways to bank in ensuring customers are fully aware of all the services available and how they can be accessed, including external bodies such as the PO.

2.6 Managing concerns and issues

A number of firms use existing frameworks and procedures to deal with, and record, any concerns or issues raised by both customers and other stakeholders. This information is collated and included within the updated IA documents produced by firms. However, at some firms different methods are used for recording concerns and issues, which in turn can affect the level of MI available and accuracy of oversight, meaning there may be limited visibility of any trends arising or actions required.

Although firms did include within training and communications the need to record accurately details of concerns and issues, the weaknesses in oversight risks firms being unable to react to any wider issues that may affect the closure programme or identify any poor customer outcomes.

Recommendation

As concerns and issues are raised by customers or stakeholders, firms should have robust mechanisms in place to ensure these are dealt with appropriately and recorded accurately. Whilst this facilitates a good customer outcome it also provides an opportunity for firms to review their approach and to apply any learnings to deliver improvements.

2.7 Vulnerable Customers

Banks will:

- *consider which individual may be vulnerable or require additional assistance and proactively contact them to find out if they require any further help or assistance.*

Firms use existing information to identify customers who may be vulnerable and or require additional assistance, either via the branches' local knowledge of their customers, information captured on internal systems or a combination of the two. A comprehensive approach, which considers both local knowledge and systems information, is more effective in identifying these customers. For example, the branch may not be aware of information held by a central function and conversely sole reliance on systems information may exclude customers whom branch staff regularly see and support with their day to day banking needs.

Good practice

Firms should consider recording both contact attempts and successful contact, with any agreed actions or adjustments captured on systems, subject to explicit consent. This information could be made available to staff in the branch which the customer will be using in future, where this is known.

We note that this could be challenging and complex to achieve.

The methods of engagement range from speaking to the customer when they visit the branch, to providing a centrally compiled list of customers who may require additional assistance, that the branch would proactively contact over the initial period following issuance of the closure notice. Our expectation is that, having identified all such customers, the firm should make proactive contact either when the customer visits the branch or through targeted contact processes.

We also noted that there is limited oversight of this activity as it is often included as part of the closure process. This risks firms not being made aware of any potential issues or having visibility of how contact is progressing.

Recommendation

Firms should consider strengthening the procedures for dealing with vulnerable customers. This should include the use of system data and local knowledge to proactively contact all customers.

Firms should ensure oversight of closure programmes includes specific reference to vulnerable customers, completion of proactive contact and appropriate treatment and support provided.

2.8 Post Closure

Banks will:

- *ensure that there remains help and assistance and skilled and competent personnel available to help customers who continue to require assistance*

Banks will ensure that customers:

- *are aware that the bank is willing to help them to continue to bank*
- *are aware of and understand how and where they obtain continuance of the help and assistance they received post closure should they still require it, and how they access help or assistance on any issues or concerns that arise post closure.*

Banks will ensure that Stakeholders where appropriate

- *are aware that the bank is willing to continue to engage with them*
- *are aware of how and who they continue to progress any mitigation issues that are still to be resolved, and how and who they should contact should any other issues or concerns arise post closure.*

Where branch premises are retained by firms there is still the ability for posters to remain on display signposting the nearest alternative branch or post office. These notices sometimes contained other useful information such as bus routes.

Some firms have also committed to maintaining display of the IA documents on their websites for a minimum of six months post closure. Both of these approaches allow customers and stakeholders to access information on whom they can contact should they have any outstanding concerns or issues.

Recommendation

UK Finance may wish to consider the merits of a consistent approach to providing impacted customers with information about where to access help and support post closure of the branch, such as making IA's available online for a set period.