

Lending Standards Board

**The Access to Banking Standard Review
Consultation**

June 2021

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1. Introduction

1.1 Background

[The Access to Banking Standard](#) (the Standard) is an industry agreement which aims to help minimise the impact of bank branch closures on customers and local communities. The Standard applies once the decision to close a branch has been taken. It is designed to ensure that customers affected by branch closures receive sufficient communication and clarity on the reasons for the closure, and adequate support in accessing alternative banking services.

This industry-wide agreement, which has the support of Government, the FCA, and the main high street banks, came into effect in May 2017. The current Standard was developed in line with the recommendations proposed by Professor Russel Griggs, following his independent review of the Access to Banking Protocol which the main high street banks had been following since March 2015.

There are currently 12 firms signed up to the Standard:

- Barclays Bank
- Bank of Ireland
- The Co-operative Bank
- Virgin Money UK
- Danske Bank
- AIB (NI)
- HSBC UK
- Lloyds Banking Group
- Nationwide Building Society
- NatWest
- Santander UK
- TSB

As an industry agreement, UK Finance remains the organisation responsible for the content and development of the Standard. The Lending Standards Board (LSB) is responsible for monitoring the application of the Standard by firms.

1.2 The role of the LSB

The LSB is the primary self-regulatory body for the banking and lending industry, driving fair customer outcomes within financial services through independent oversight. Our [registered firms](#) comprise the major UK banks and lenders, credit card providers, debt collection agencies and debt purchase firms. Adherence to our Standards of Lending Practice and the other codes of practice which sit within our remit is a clear indication that a registered firm is committed to best practice in the treatment of its personal and business customers.

The LSB is responsible for the independent oversight of the Access to Banking Standard. In this role, the LSB carries out reviews of the branch closure programmes undertaken by those

firms which are signed up to the Standard. As the Standard applies once the decision to close a branch has been taken, the role of the LSB does not extend to approving or commenting on the banks' decision to close branches.

These firm-level reviews provide the LSB with the opportunity to ensure firms are adhering to the requirements set out in the Standard and to make recommendations to firms where improvements can be made. The LSB, based on insight from our oversight activity, has also developed guidance to support firms in the implementation and application of the Standard.

The LSB publishes summaries of the key findings from the reviews of branch closure programmes undertaken. The most recent summary report was issued in February 2020 and can be found on our website.¹

As an independent oversight body, the LSB periodically conducts full reviews of the Standards and Codes it oversees, to ensure that they remain fit for purpose. The Access to Banking Standard has now been in place for four years, and it is therefore appropriate that the LSB conducts such a review to understand the effectiveness of the Standard, to take account of developments across the wider regulatory landscape, and to determine whether changes to the Standard are required.

1.3 About this review

The Access to Banking Standard Review is being undertaken by the LSB as an independent organisation responsible for overseeing firms' adherence to the Standard. The objective of the Review is to determine whether the Standard remains an effective means of achieving fair outcomes for customers impacted by a branch closure or reduction in access to key banking services. The review will consider whether changes are needed to the Standard, or its governance and oversight, to help ensure fair outcomes for customers.

Given the breadth of activity relating to access to banking – including changes in the way customers are accessing banking services, a range of activity across the regulatory and legislative landscape, and efforts by consumer and small business organisations to protect access to cash and retail banking services - the LSB is initiating this Review with a public consultation. Through this consultation the LSB is seeking views and evidence on how to take account of the following:

- **Implementation** – We would welcome views on whether the Standard, as has been implemented, seeks the right outcomes for customers and whether it is effective in achieving fair outcomes for consumers and SMEs impacted by branch closures, or a reduction in the availability of key banking services. This includes whether the Standard, and the LSB's independent oversight of it, continues to provide stakeholders with assurance that firms will effectively support customers when a decision to close a branch, or to reduce branch hours significantly, is made.

¹ [The Access to Banking Standard summary report](#), Lending Standards Board, February 2020

- **Changes in the provision and use of banking services** – We would welcome views on whether, as a result of changes since 2017, any amendments to the Standard, the scope and objectives, or the governance and oversight of it, could help improve outcomes for customers impacted by branch closures or a reduction in the availability of key banking services. This includes consideration of the potential for further changes in the provision and use of banking services over the next few years – such as a further move to digital-based banking or the development of banking ‘hubs’.
- **Changes to the regulatory environment** – Given recent developments, such as the publication of the FCA guidance on branch closures (FG20/3) and vulnerability (FG21/1), and the potential for further regulatory developments, such as through the planned legislation on access to cash, we would welcome views on the impact that the regulatory changes have had or may have in the future. In particular, we would welcome views on whether the Standard could be adapted to better support industry commitments on access to banking and whether, in light of recent developments and the potential for duplication of oversight, there is still a benefit to having an industry agreement on access to banking.

Throughout the review process, the LSB will also draw on insight gained through our oversight activity and the range of available evidence regarding changes in the way customers use banking services in the UK.

As the Standard is an industry agreement, with UK Finance responsible for the content of the Standard, the Review will conclude by making recommendations to UK Finance, firms signed up to the Standard, and, if appropriate, to the LSB. The final report may also make recommendations to other relevant stakeholders to help ensure sufficient protection for customers who may be negatively impacted by branch closures or a reduction in the availability of key banking services.

1.4 Who should respond

Firms signed up to the Access to Banking Standard, other retail banking service providers, consumer and business representatives, and stakeholders involved in the provision of retail banking services more generally, will have an interest in the LSB’s review of the Access to Banking Standard and may wish to respond to this consultation.

While we have set out a range of questions in this consultation, further comment, discussion, and representations from respondents are welcome in respect of any of the elements of the Standard.

We would welcome responses to the questions raised in this consultation and any related feedback by **5pm on 4 August 2021**.

The details of how to respond to this consultation are set out in section 5 on next steps.

2. Implementation

2.1 The Standard

The Access to Banking Standard came into effect on 1 May 2017 with 12 UK high street banks currently signed up to it.²

Through the Standard, signatory firms are committed to providing access to banking across all the channels they deal with their customers through. Firms can and will realign those channels in line with customer demand from time to time. The Standard recognises that the decision to close a branch is a commercial decision for the bank alone.

In making those decisions firms are committed to ensuring that their customers are communicated with openly and treated fairly. The Standard focuses on the desired outcome for customers and stakeholders.

The overarching principle of the Standard is the following:

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.

To achieve this the Standard contains a series of outcomes that firms are committed to achieving in relation to the initial announcement of the closure, communication and support post-announcement and pre-closure, and expectations post-closure.

The Standard applies to all branch closures (other than temporary closures, and those forced by significant unplanned external or emergency events). The Standard also applies where branches' opening hours are reduced by more than 30% over one year. This also applies to branch agencies and firms should ensure any such agency is contractually bound to comply with them.

A further customer overview [document](#) sets out firms' mutual commitments to their customers.

2.2 LSB reviews and guidance

The LSB has overseen the application of the Access to Banking Standard since July 2017 and has adopted a risk-based and proportionate approach to the oversight of the closure and reduced hours programmes.

The LSB's firm-level reviews of branch closure programmes ensure that firms are adhering to the commitments set out in the Standard. These reviews, supported by our ongoing engagement with firms, allow the LSB to make recommendations to firms where

² See section 1.1 for further details.

improvements can be made to ensure the Standard is adhered to, as firms closure programmes are implemented.

The LSB publishes summary reports which provide an overview of the work that has been undertaken by the LSB and a summary of the findings from the firm-level reviews. In addition, the LSB has also developed guidance to accompany the Standard to support firms in the application of it.

Summary report findings

Our first summary [report](#), published in September 2018, reflected the fact that the industry had approached the new Access to Banking Standard in a positive manner and overall compliance was good. The firm-level reviews that fed into this report were conducted retrospectively as the closure programmes in scope had commenced under the protocol. The volume of closures impacted by the review totalled 339 branches. The specific numbers per firm ranged between three and 161 branches. All reviews were conducted between November 2017 and March 2018.

A further two cycles of firm-level reviews have been completed since then. These firm-level reviews captured seven firms in total between April 2018 and July 2019, with 480 impacted branches in 2018 and 513 during 2019. A total of 54 mystery shops were also completed in the same period covering a wide geographical range. The reviews and mystery shops were undertaken alongside the closure programmes.

The summary [report](#) issued following these review cycles found that, both as a result of individual review actions and in line with recommendations following our initial summary report, there had been improvements in the way that firms had supported customers and engaged with the wider community.

Noticeable developments included enhanced communications about branch closures, the use of insights from previous closure programmes, and continued engagement with the Post Office. UK Finance had also supported this through a five-point plan to raise awareness of banking services available through the Post Office.

The report also noted two important industry-wide improvements. The first was the jointly agreed definition of what constitutes an impacted customer:

Any customer who undertakes three monetary transactions within the impacted branch on three separate occasions in the preceding six months are in scope of the Standard and therefore should receive 12 weeks' notice of the change.

UK Finance led the work to develop the definition and firms are expected to use the definition, as a minimum, when applying the Standard to ensure that firms communicate with the customers most impacted by a closure or reduction in branch opening hours.

The second improvement was an agreement that the LSB would define a small number of common key metrics to be used in Impact Assessments. Key metrics have now been set out in industry guidance produced by the LSB.

The areas identified as requiring improvement included the need for a more proactive strategy for engaging with potentially vulnerable customers, as well as enhancing the level of information available post-announcement and post-closure to continually assist customers.

We found that there had continued to be a positive level of engagement from all firms and action had been taken to address recommendations made in the initial reports to firms.

The next summary report is due to be published by the LSB in the summer of 2021.

Guidance

Following the review, the LSB committed to developing guidance to support the delivery of good outcomes. The decision to develop guidance for the Standard was taken, in part, to provide further clarity on how the Standard, as drafted, should be implemented by firms. The [industry guidance](#), published in October 2020, provides non-exhaustive examples of the approach to Access to Banking that registered firms may wish to take into consideration when seeking to adhere to the Standard. The guidance includes good practice examples, in relation to the application of the Standard, which focus on the desired outcome for customers and stakeholders.

2.3 Recent developments

Throughout the course of the Covid-19 pandemic, the LSB has continued its oversight activity on firms' adherence to the Standard. Firms signed up to the Standard reported 303 branch closures in 2020, with a further 605 branch closures or planned closures confirmed so far in 2021. A further 162 branches have been subject to review due to permanent reductions in hours or a change to the way services will be accessed within the branch. For all these closure programmes, which cover 11 firms, the LSB has continued to undertake firm-level reviews though, due to current safety measures, these reviews have not included branch visits. Throughout this period there have also been some firms which have announced plans to change the services available in branch, for instance removing counter services, where this has been the case the LSB has engaged with firms to understand the impact upon customers and how this will be mitigated.

In addition to the closure programmes and reductions in opening hours within the scope of the Standard, the measures put in place throughout the pandemic means that most branches have experienced temporary closures or reductions in opening hours.

While the Standard does not apply to temporary closures, and those forced by significant unplanned external or emergency events, the pandemic has meant that in some cases firms have been undertaking permanent closure programmes or introducing permanent reductions in branch opening hours which are within the scope of the Standard, but which are occurring in an environment not previously anticipated. To support firms, the LSB published specific coronavirus guidance in July 2020 and has continued to engage with firms on how to ensure the Standard can be applied in a manner that is fair for customers despite highly unusual circumstances.

In addition to this, the LSB has worked closely with the FCA which has been monitoring how firms have responded to the pandemic. The LSB also engaged closely with the FCA on the development of its guidance on branch and ATM closures or conversions (FG20/3).³

2.4 Questions

We would welcome views on whether the Standard, as has been implemented, seeks the right outcomes for customers and whether it is effective in achieving fair outcomes consumers and SMEs impacted by branch closures, or a reduction in the availability of key banking services. This includes whether the Standard, and the LSB’s independent oversight of it, continues to provide stakeholders with assurance that firms will effectively support customers when a decision to close a branch, or to reduce branch hours significantly, is made.

Question 1: Is the overarching principle of the Access to Banking Standard clear and do the commitments in the Standard continue to represent the most effective way of ensuring customers are treated fairly once a decision to close a branch or significantly reduce hours has been made?

Question 2: Are consumers impacted by branch closures or a reduction in services aware of the commitments from banks, as set out in the consumer overview documents? If not, how could they be made aware?

Question 3: Has the Access to Banking Standard, as implemented, been effective in helping to minimise the impact of reduced access to branch services on consumers, businesses and local communities?

Question 4: Is the industry agreed definition of an ‘impacted customer’ appropriate and does it capture the customers most likely to benefit from the commitments in the Standard? Should a definition of impacted customers be included within the Standard?

Question 5: Does the LSB industry guidance help to provide further clarity regarding the application of the Standard? Should any elements of the guidance be incorporated into the Standard?

Question 6: Does the independent oversight of the industry Standard, provided by the LSB, provide confidence to stakeholders that firms are providing appropriate support to customers once a decision has been made to close a branch or to significantly reduce opening hours?

³ Further details are set out in section 4.1.

3. Changes in the provision and use of banking services

3.1 Provision of banking services

The Standard, as with the Access to Banking Protocol which preceded it, was introduced to help manage the way branch closures are undertaken. Banks and building societies' decisions to close branches or to change the availability of services remain a commercial decision for the individual firm.

While this will remain the case, it is important to recognise the context in which this review is being undertaken. The number of bank and building society branches in the UK has declined from 11,675 in 2017 to 9,560 in 2020. This means the UK has experienced a loss of around one in five branches since the Standard came into effect in 2017.⁴

This reduction is reflected in the experience of consumers over that time period. The FCA found that, in the 12 months to February 2020, 16% of UK adults with a day-to-day account have had a branch they previously used regularly close, with those aged over 55 (20%) or in rural locations (19%) more likely to have experienced this. Similarly, a fifth (22%) of people using branches describe the location of their main branch as inconvenient, an increase from 13% in 2017. This is felt most acutely among women (25%) and those aged 75 and over (32%).⁵

While the volume of branches in the UK has decreased, since 2017 most retail banks in the UK have committed to supporting access to key transactional banking services through the Post Office Banking Framework Agreement. The Post Office has over 11,000 branches and is required to comply with the Government's minimum network access criteria which means, among other criteria, 99% of the UK population should be within three miles of a Post Office outlet.⁶

The existing Post Office Banking Framework Agreement, which runs for three years from 1 January 2020, allows 99% of personal and 95% of business customers to pay in cash and cheques, withdraw cash and check their balance at all Post Office branches in the UK. Some banks also allow small businesses access to change giving services at Post Office branches.⁷

Customers can also withdraw cash and check their balances at ATMs. While the number of free-to-use ATMs in the UK is declining, with a 25% drop in free-to-use ATM numbers between January 2018 and March 2021, LINK, the main ATM network provider in the UK, has committed via a number of initiatives to maintaining the broad geographical coverage of free-to-use ATMs.⁸

⁴ For further details on UK bank branch closures see: [Bank branch and ATM statistics](#), House of Commons Library, April 2021

⁵ [Financial Lives survey](#), FCA, February 2021

⁶ For further details see: [Post Office Network reports](#)

⁷ For further details see: [Everyday Banking](#), Post Office

⁸ For further details see: [LINK Monthly ATM Footprint Report](#)

3.2 Use of banking services

The way consumers use banking services is also changing. Most notably, there has been a sustained shift from customers using branches to customers banking online or through apps. Across the UK the proportion of adults using branches regularly had fallen from 40% in April 2017 to 27% by February 2020. While this reduction was seen across all groups, adults most likely to regularly use a branch include the digitally excluded (52%), those aged over 75 (45%), those in poor health (38%) and the self-employed (37%).⁹

Over the same period the proportion of adults with a day-to-day account who have been into a branch to undertake banking activities face to face in the previous 12 months dropped significantly from 63% to 50%. This contrast with online banking (75% to 74%), telephone banking (20% to 19%), ATM use (unchanged at 84%), and mobile app banking which jumped from 41% in 2017 to 58% in 2020.¹⁰

This use of different channels varies widely by age group, with those over 75 years old most likely to use a branch (70%) and least likely to be banking online (54%) or via apps (14%). The youngest group, those aged 18 to 24, were most likely to bank via app (88%), were less likely than all age groups other than the over 75s to use online banking (60%) and were least likely to bank in branch (24%).¹¹

Further research from Citizens' Advice has found that the proportion of consumers who have used Post Office Banking in the last 12 months rose from 12% in 2017 to 25% in 2020. In addition, 20% of small business had used the Post Office for banking in 2020. The same research found that 67% of those running Post Office branches where a local bank had shut down say it led to a significant increase in the use of banking services at their post office.¹²

Branches, ATMs and Post Offices are also important for the circulation, the depositing and withdrawing, of cash. The use of cash in the UK continues to decline, with debit cards overtaking cash as the main form of payment in 2017. Cash remains the second most used payment method, accounting for 23% of payments but this is down from 58% ten years earlier.¹³

3.3 Covid-19

The provision of banking services in the UK has changed throughout the pandemic, with most firms reducing hours or temporarily closing branches as a result of government restrictions put in place and the changing demand in services that resulted from this. While much of the change throughout the pandemic has been temporary, and many firms are still gradually reversing those changes, the trend of branch closures has continued. So far in 2021, the LSB

⁹ [Financial Lives survey](#)

¹⁰ [Financial Lives survey](#)

¹¹ [Financial Lives survey](#)

¹² For further details see: [Banking on it: How well are post offices delivering cash and banking services?](#), Citizens Advice, July 2020

¹³ [UK Payment Markets Report 2020 Summary](#), UK Finance, June 2020

has had firms give notice of some 605 branch closures, which have either occurred or are planned, and 13 branches with new permanently reduced hours.

As the provision of services throughout the Covid-19 pandemic has changed, there has also been a shift in consumer behaviour that has reflected the various government restrictions and measures put in place to try and limit the spread of the virus.

The FCA has found that most adults have coped well with reduced access to branches and ATMs. In particular, in October 2020, the FCA found that people had reacted to Covid-19 restrictions by increasing their use of digital banking, with 28% saying they used online or mobile banking more regularly, and decreasing use of branches, with 46% saying they visited branches less frequently compared with the end of February 2020.

While this is the case, some customers have struggled. For instance, 15% of those who are heavily reliant on cash have said they have not coped with reduced branch and ATM access during the pandemic, despite branches being able to remain open, albeit with limited hours and restrictions in place.

It is not yet clear what the impact of the pandemic will be on consumer or SMEs' behaviour following the pandemic. It seems likely that the trends seen before the pandemic will continue, with the restrictions both potentially accelerating a trend towards alternatives to branch and highlighting that there remain some, particularly digitally excluded, customers for whom face-to-face banking services remain vitally important.

3.4 The future of access to banking services

The continuing shift toward digital and away from face-to-face banking means the UK will likely see further closures of branches and changes to the way consumers and small businesses use their retail banking services.

There are currently a number of initiatives being trialled to provide customers with both access to cash and to key retail banking services (e.g cash depositing). This includes trials of a new 'Bank Hub' solution supported by the Post Office and a number of large UK banks. This work is being undertaken as part of the Community Access to Cash Pilots.¹⁴

In addition to this, seven of the 12 firms signed up to the Standard have made five commitments to continue to preserve access to cash for consumers and businesses over the long term. Committing to:

- ensuring that cash will be available for those who need it, particularly SMEs, the elderly and vulnerable, when they need it;
- supporting the Community Access to Cash Pilots;
- working together to consider possible models for future access to cash which address changing access requirements and meet the needs of customers and communities;
- protecting current critical infrastructure until a viable alternative is available; and

¹⁴ For more details see: [Community Access to Cash Pilots](#)

- establishing and maintaining a framework to enable early identification of potential cash ‘cold spots’.

As part of the work, a new Access to Cash Action Group is being set up which will develop industry proposals for how access to cash could be protected in the long term.¹⁵

3.5 Questions

We would welcome views on whether, as a result of the changes seen since 2017, any amendments to the Standard, the scope and objectives, or the governance and oversight of it, could help improve outcomes for customers impacted by branch closures or a reduction in the availability of key banking services. This includes consideration of the potential for further changes in the provision and use of banking services over the next few years – such as a further move to digital-based banking or the development of banking ‘hubs’.

Question 7: In addition to those summarised in this consultation paper, are there changes to the way banking services are offered to and used by customers that should be considered when looking at how firms can support customers impacted by a reduction in access to branch services?

Question 8: Given the changing way in which retail banking services are provided and accessed by customers, both consumers and SMEs, should there be changes to the scope of the Access to Banking Standard to take account of this? For instance, should the Standard more explicitly include considerations on banking alternatives, such as joint banking hubs and ATMs?

Question 9: Could changes to the commitments in the Access to Banking Standard, or any supporting guidance, further help improve outcomes for customers in relation to access to banking? If yes, what might these entail?

¹⁵ For more details see: [Banking industry commits to supporting customers who depend on cash](#), UK Finance, May 2021

4. Changes in the regulatory environment

4.1 FCA guidance on branch and ATM closures or conversions

In September 2020, following consultation, the FCA published guidance on branch and ATM closures or conversions ([FG20/3](#)). The FCA introduced the guidance - which builds on the FCA's Principles for Business 6, 7 and 11 - to protect consumers by setting out that firms should assess customer needs and consider the availability and provision of alternatives where closures or conversions are planned. The FCA guidance applies to all relevant regulated firms, not just those who are signatories to the Standard.

The FCA recognised, in drafting the guidance, the role of the Access to Banking Standard. For instance, stating that it will 'consider that following the LSB's Access to Banking Standard's communication provisions [...] will help a firm to comply with Principle 7'.¹⁶

The LSB engaged with the regulator to ensure there were not inconsistencies between the Standard and the FCA guidance and it remains the view of the LSB that the Standard and guidance can be applied consistently by signatories to the Standard.

There are, however, areas of overlap and difference between the FCA guidance and the Access to Banking Standard which may have an impact on firms and consumers. This includes, for instance, that the FCA guidance covers the closure or conversion of free-to-use ATMs whereas the Standard does not. Similarly, the Standard covers significant reductions in branch hours, whereas the FCA guidance does not. A brief gap analysis comparing key areas of the Standard and guidance is set out in Appendix II.

Oversight and supervision

In addition to overlap between the guidance and Standard, there is a potential impact for firms who are signatories to the Standard relating the oversight of the Standard and the FCA supervisory approach to the guidance. As set out in section 2.2, the LSB undertakes firm-level reviews of all closure programmes or planned reductions in branch opening hours that fall within the scope of the Standard. These reviews are initiated at the point at which firms confirm their plans, with the LSB taking a risk-based approach to assessing firms' adherence to the Standard and reporting back to individual firms following the review. The LSB also publishes summary reports setting out the key issues and recommendations identified as part of the review.

The FCA, as set out in [FG20/3](#), expects firms, through their usual supervisory contact with the FCA, to share details of plans and decisions throughout the process of closures or conversions being considered and implemented. This should include informing the FCA at the earliest opportunity of any key decisions, the impact of any proposals, changes to plans, and any mitigations or alternative access arrangements.

¹⁶ See [FG20/3](#), paragraph 2.37. The FCA's Principle 7 sets out that 'a firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading'.

The FCA sets out that, where firms are signatories to the Standard, they expect to be informed no later than the LSB of a firm's plans.

To support the implementation of guidance and an approach consistent with the Standard, the LSB has agreed, in line with the LSB and FCA Memorandum of Understanding, to share information with the FCA about planned closure programmes, such as timings, scale, and locations, provided to it by its registered firms.

Over the course of the pandemic, the LSB and FCA have engaged regularly on the issue of branch closures to ensure the implementation of the Standard and guidance is being applied consistently in a challenging and rapidly changing environment.

During this period, the FCA published a statement calling on firms to pause closure programmes where firms would not be able to meet the expectations of the FCA guidance owing to lockdown measures.¹⁷

In May 2021, in a joint FCA and PSR statement on access to cash, the FCA also set out the following:

We expect individual firms to protect the ability of their customers to access cash and other services that meet their needs when they close branches. We welcome the industry's proposal to work together to protect access and develop long term solutions, while ensuring they comply with competition law.

*We support the government's commitment to protect access to cash through legislation and we will have a role in supervising that legislation.*¹⁸

As set out in FG20/3, the FCA is planning to review the guidance on branch and ATM closures and conversion within 12 months of publication, in the light of market developments and/or the timing of forthcoming legislation.

4.2 Vulnerability

In February 2021, the FCA published its finalised guidance for firms on the fair treatment of vulnerable customers ([FG21/1](#)). While the guidance covers vulnerability across all FCA regulated activities, there are a number of considerations in relation to access to banking services, including access to branches, that may impact on how firms are expected by the FCA to support customers. For example:

When a firm alters or withdraws a product or service, for example closing a channel such as telephone banking or stopping paper statements or correspondence, they should seek to understand if and how this will affect vulnerable groups of their customers. Firms should communicate any changes from withdrawing products or services in a timely, clear and sensitive manner. They should set out what it means for the consumer, communicating alternative solutions, and the consequences to any consumers of not acting. Firms should take

¹⁷ [FCA asks banks to reconsider branch closures during coronavirus lockdown](#), FCA, January 2021

¹⁸ [Access to cash FCA and PSR joint statement](#), FCA, May 2021

*additional care in how they proactively manage the change where a consumer is very vulnerable or the potential for harm is serious. For example, they may wish to consider supporting the customer to find an appropriate alternative.*¹⁹

In addition, the FCA's guidance on vulnerability references the guidance on branch and ATM closures or conversions, and states that 'firms should seek to assess the needs of customers currently using the sites and consider the availability and provision of alternatives, to ensure the way firms implement these decisions leads to fair outcomes for consumers, particularly those who rely on access to cash.'²⁰

It is worth noting that, in addition to expectations set out in both the guidance on branch and ATM closures and the guidance on the fair treatment of vulnerable customers, the FCA is now consulting on a consumer duty which could see the FCA set further expectations for firms' standards of care towards all consumers.²¹

4.3 Access to cash

The UK government has committed to protecting access to cash in the UK. HM Treasury published, in October 2020, a Call for Evidence which sought feedback on how the government could ensure the UK maintains an appropriate network of cash withdrawal and depositing facilities through legislation, the factors affecting cash acceptance in the UK, and whether the government should give a single regulator overall statutory responsibility for maintaining access to cash for consumers and businesses.²² Regarding cash withdrawal, the government has already introduced legislation to improve access to cash by making it easier for retailers to offer cashback without a purchase.²³

On 13 May 2021, John Glen MP, the Economic Secretary to the Treasury, delivered a speech confirming that HM Treasury will be consulting over the Summer 2021 on proposals for establishing requirements to ensure people and businesses can continue to get access to cash. The consultation will cover the role of regulatory oversight, with the government view being that the FCA is best placed to play the leading role in holding firms to account on access to cash.²⁴

While the issue of cash access is broader than the provision of branch services covered by the scope of the Standard, branches are one of the key ways through which cash is withdrawn and deposited in the UK. In addition, and as is reflected in the latest FCA and PSR statement mentioned above, access to cash and banking services remain vital for many consumers and businesses and the issue of cash access is therefore linked to the availability of retail banking services.

¹⁹ See [FG21/2](#), paragraph 4.22

²⁰ See [FG21/2](#), paragraph 4.23

²¹ See [CP21/13: A new Consumer Duty](#), FCA, May 2021

²² [Access to Cash: Call for Evidence](#), HM Treasury, October 2020

²³ [Milestone for UK financial services as Bill receives Royal Assent](#), HM Treasury, April 2021

²⁴ For further detail see: [John Glen addresses Which? Cash Summit](#), HM Treasury, May 2021

4.4 Questions

Given what has been outlined above, we would welcome views on the impact the regulatory changes have had or may have in the future. In particular, we would welcome views on whether the Standard could be adapted to better support industry commitments on access to banking and whether, in light of recent developments and the potential for duplication of oversight, there still a benefit to having an industry agreement on access to banking.

Question 10: The publication of guidance by the FCA has meant that firms that are signatories to the Standard have been subject to both LSB oversight and FCA supervision when making decisions to close branches.

- a. What is, or might be, the impact of this on customer outcomes?
- b. Are there benefits or challenges for firms in having both the LSB oversight and FCA supervisory activity?

Question 11: Given the potential for ongoing legislative and regulatory changes, when it comes to access to cash and banking services:

- a. Could the Standard, or the governance and oversight of it, be changed or adapted to better support the commitments made by firms on access to banking?
- b. Is there still a benefit to consumers and SMEs to having in place an industry agreement on access to banking? If no, how should the protections for customers currently provided by the Standard be maintained or improved? If yes, please explain further.

5. Next steps

Following the consultation, the LSB will undertake work to develop recommendations having taken into account the feedback received, engagement with stakeholders and any other appropriate information. The recommendations may, as appropriate, focus on:

- Enhancing and updating the Standard to ensure it is effective in supporting fair customer outcomes;
- Changes to the monitoring, governance, and ownership of the Standard;
- More significant changes to the existing approach, for instance, changing the scope of the Standard or supporting alternative access to banking protections for customers; and
- Further steps to maintain or improve access to banking protections for customers, particularly if recommendations are made that support an alternative approach to protecting customers.

The LSB will publish an independent report summarising the findings of the review and setting out these recommendations. The LSB, as an independent organisation, will then look to work with UK Finance and other stakeholders on the introduction of any changes following this review.

5.1 How to respond

Firms signed up to the Access to Banking Standard, other retail banking service providers, consumer and business representatives, and stakeholders involved in the provision of retail banking services more generally will have an interest in the LSB's review of the Access to Banking Standard and may want to respond to this consultation.

The full list of questions can be found in Appendix I of this document. We would encourage respondents to share any insight they can that supports their response to this consultation.

We would welcome responses to the questions raised in this consultation and any related feedback by **5pm on 4 August 2021**. Responses submitted after this date may not be considered in the Access to Banking Standard Review.

Please send responses and any supporting information to acesstobanking@lstdb.org.uk.

In the current environment we would encourage all responses to be submitted electronically, however should you prefer to respond via post responses can be sent to:

Access to Banking Standard Review
Lending Standards Board
5th Floor
Abbey House
74-76 St John Street
London
EC1M 4DZ

5.2 Confidentiality

From experience, we know that the responses submitted may include sensitive operational information and will be provided on a confidential basis. We are grateful for the openness of these responses and the nature of the information provided which allows us to fully explore the issues raised throughout this consultation. The LSB has, therefore, taken the decision not to publish responses we receive to this consultation. However, the LSB will look to include an overview of feedback in subsequent publications and may, in due course, publish a list of those organisations who have responded. Should an organisation wish not to be identified as having responded to the consultation, please indicate this clearly in the response. The LSB will not publish or share details of any individuals who submit a response or engage in the review.

This consultation document does not contain any legal advice to any person or firm and is no substitute for formal legal advice required by any person or firm. The LSB does not accept any legal responsibility or liability for the actions or omissions of any person or firm in relation to or in reliance on this consultation document.

Appendix I: Full list of consultation questions

Access to Banking Standard Review consultation questions:

Implementation

Question 1: Is the overarching principle of the Access to Banking Standard clear and do the commitments in the Standard continue to represent the most effective way of ensuring customers are treated fairly once a decision to close a branch or significantly reduce hours has been made?

Question 2: Are consumers impacted by branch closures or a reduction in services aware of the commitments from banks, as set out in the consumer overview documents? If not, how could they be made aware?

Question 3: Has the Access to Banking Standard, as implemented, been effective in helping to minimise the impact of reduced access to branch services on consumers, businesses and local communities?

Question 4: Is the industry agreed definition of an ‘impacted customer’ appropriate and does it capture the customers most likely to benefit from the commitments in the Standard? Should a definition of impacted customers be included within the Standard?

Question 5: Does the LSB industry guidance help to provide further clarity regarding the application of the Standard? Should any elements of the guidance be incorporated into the Standard?

Question 6: Does the independent oversight of the industry Standard, provided by the LSB, provide confidence to stakeholders that firms are providing appropriate support to customers once a decision has been made to close a branch or to significantly reduce opening hours?

Changes to the provision and use of banking services

Question 7: In addition to those summarised in this consultation paper, are there changes to the way banking services are offered to and used by customers that should be considered when looking at how firms can support customers impacted by a reduction in access to branch services?

Question 8: Given the changing way in which retail banking services are provided and accessed by customers, both consumers and SMEs, should there be changes to the scope of the Access to Banking Standard to take account of this? For instance, should the Standard more explicitly include considerations on banking alternatives, such as joint banking hubs and ATMs?

Question 9: Could changes to the commitments in the Access to Banking Standard, or any supporting guidance, further help improve outcomes for customers in relation to access to banking? If yes, what might these entail?

Changes to the regulatory environment

Question 10: The publication of guidance by the FCA has meant that firms that are signatories to the Standard have been subject to both LSB oversight and FCA supervision when making decisions to close branches.

- a. What is, or might be, the impact of this on customer outcomes?
- b. Are there benefits or challenges for firms in having both the LSB oversight and FCA supervisory activity?

Question 11: Given the potential for ongoing legislative and regulatory changes, when it comes to access to cash and banking services:

- a. Could the Standard, or the governance and oversight of it, be changed or adapted to better support the commitments made by firms on access to banking?
- b. Is there still a benefit to consumers and SMEs to having in place an industry agreement on access to banking? If no, how should the protections for customers currently provided by the Standard be maintained or improved? If yes, please explain further.

Appendix II: Summary gap analysis – The Access to Banking Standard and FG20/3

The following table provides a summary gap analysis highlighting areas of difference between the Access to Banking Standard and the FCA guidance on branch and ATM closures or conversions (FG20/3).

Area	Access to Banking Standard	FG20/3
Firms covered	The Standard applies to the firms signed up. See section 1.1.	The FCA guidance applies to regulated firms that operate (or have agents operate) branches, or ATMs (cash machine or cashpoint), and who are subject to Principles 6, 7, and 11 of the FCA Principles for Businesses.
Scope	<p>The Standard will apply to all branch closures (other than temporary closures, and those forced by significant unplanned external or emergency events), and branches where the opening hours are reduced by more than 30% over 1 year, and also applies to branch agencies and firms should ensure they are contractually bound to comply with them. Additionally, LSB guidance encourages firms to consider the impact of closures of non-branch facilities, such as mobile branches and counter services.</p> <p>Firms are not required to apply the Standard for mobile branches or ATMs.</p>	<p>In the FCA guidance a ‘site closure’ means the permanent closure of a branch or all ATMs operated by a firm at a particular location, or a mobile bank facility no longer operating. The FCA guidance applies when such a firm proposes or takes a decision to close such sites, or to convert a free-to-use ATM to pay-to-use, with some exceptions.</p> <p>The FCA guidance provides sets out similar exceptions to the application of the guidance but additionally covers ATMs, e.g., ‘the closure of internal ATMs where the same services are accessible across the branch counter and the closure of external ATMs where at least one ATM will remain.’</p> <p>The guidance does not cover reductions in hours.</p>
Impact assessment	The Standard applies after the decision to close a branch has been made. At the time of announcement firms are committed to publishing an Impact Assessment that includes the main reason for the closure of that branch and, while	The FCA guidance sets out that firms should have carried out a robust analysis of the impact of a proposed closure or conversion on their customers, particularly in terms of lost access and potential harms to vulnerable consumers and

	<p>maintaining commercial confidentiality where appropriate, what information was used to make that decision, the firms' assessment of the impact of the closure on customers, and details of banking alternatives, how they can be accessed, and what the firm will do to help or assist with all or each of those.</p>	<p>vulnerable SMEs or micro-enterprises. They should also have analysed the services that the firm's customers can access at alternative sites, and how those compare to the services currently used at the site proposed for closure, as well as an analysis of new alternative access arrangements that the firm could reasonably put in place.</p>
<p>Communication</p>	<p>The Standard sets out that, at the initial announcement of the 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.</p> <p>Post-announcement and pre-closure, banks will provide further information that will</p> <ul style="list-style-type: none"> • 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 • 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. 	<p>The FCA guidance contains a similar expectation with further detail on how firms should communicate with customers, particularly hard to reach or vulnerable customers. See FG20/3 2.35:</p> <p><i>The firm should provide this information as soon as possible after its decision, and no less than 12 weeks before any closure or conversion would be implemented. The information should also be kept up to date, and take into account the information needs of customers. It should be made available at the sites affected by the proposals, as well as through wider communication channels such as the firm's website. Firms may also wish to consider how to communicate with harder-to-reach groups by using local networks such as councils, charities, advice providers, and housing associations, which may be particularly important in reaching vulnerable groups. Firms should consider whether individual communications may be appropriate for customers who are known to be vulnerable.</i></p> <p>The FCA guidance also covers communication expectations regarding the closure of ATMs or the conversion of an ATM from free-to-use to pay-to-use.</p>

<p>Alternative banking provision</p>	<p>The Standard includes a commitment from firms to make customers aware of what the alternative banking options are/will be post-closure, how they can be accessed, and what the firm will do to help or assist with all or each of those.</p>	<p>The FCA guidance sets out similar expectations but also provides an additional focus on the provision of alternative banking and cash services. For instance, see FG20/3 2.26 to 2.28:</p> <p><i>The analysis of alternative provision that could reasonably be made available to address any loss of service caused by the closure or conversion could include, but is not limited to the following. The firm could consider:</i></p> <ul style="list-style-type: none"> • <i>sharing services with other providers</i> • <i>providing mobile banking hubs or cash delivery services</i> • <i>commissioning a free-to-use ATM, or</i> • <i>supporting customers to use digital channels where they are able.</i> <p><i>The firm should assess the suitability of the alternative(s), including for vulnerable customers. This should include consideration of the relevant characteristics of customers and of the area, such as the quality of internet or mobile signal. Where proposed alternatives are not already available, the firm should provide an estimate of when they will be available. It should also consider any likely additional risks or costs to consumers of these alternatives.</i></p> <p><i>The firm could also engage with any future industry initiatives, such as pilot programmes, to address any areas with a lack of access that its planned closures or conversions may create.</i></p>
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<p>Vulnerability</p>	<p>The Standard includes a commitment that, post announcement and pre-closure, 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.</p>	<p>The FCA guidance contains a section on vulnerability which makes reference to the FCA Principles for Business which require all firms to treat their customers fairly, with the expectation that firms exercise particular care with customers in vulnerable circumstances.</p>
<p>Post-closure</p>	<p>The Standard includes a commitment from firms to ‘ensure there remains help and assistance and skilled and competent personnel available to help customers’ after the branch has closed. This also includes commitments to informing customers and stakeholders of how they can continue to engage with the firm post-closure.</p>	<p>The FCA guidance sets out an expectation that, having assessed the impact of the closure and potential banking alternatives for customers, should provide information to ensure the customer understands how they can continue to access banking services and cash and other relevant branch services after the closure or conversion (including through physical and telephone or digital channels), and what those alternatives offer in terms of service and functionality, and how they can access help from the firm during and after the closure or conversion, e.g. any training on using online banking. See FG20/3 2.34.</p>
<p>Engagement with other stakeholders</p>	<p>The LSB guidance covers engagement with other bodies, and organisations, that may be affected by the closure of the branch and provide them with documentation and information that will allow them to understand. This includes LINK, elected officials, Post Offices and other community, consumer, or business groups.</p>	<p>FCA guidance covers engagement with other stakeholders, but in the context of firms considering ‘how to communicate with harder-to-reach groups by using local networks such as councils, charities, advice providers, and housing associations, which may be particularly important in reaching vulnerable groups.’</p>