

Lending Standards Board

The Access to Banking Standard

Summary Report

July 2021

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Introduction

The Access to Banking Standard (the Standard) is designed to ensure that customers are better informed about a branch closure and the reasons for it and 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 is designed to also ensure that specialist help and support is provided for those that need it, to access online or mobile banking services, or to explore other alternatives.

The Standard applies to all branch closures or where the opening hours are reduced by more than 30% over one year.

As an industry agreement, UK Finance remains the organisation responsible for the content and development of the Standard which came into effect in May 2017. The Lending Standards Board (LSB) has been responsible for monitoring the application of the Standard since July 2017, and our oversight of the eleven signatory banks and one building society (collectively referred to as 'firms') is carried out on a risk-based and proportionate basis in respect of any in-scope closure programmes.

This is now the third summary report completed by the LSB; with previous reports issued in September 2018 and February 2020.¹

Objectives and Scope

The objectives of the reviews in scope of this report were to ensure that each firm had in place adequate policies, processes, controls, and governance arrangements to ensure their respective closure programmes were operating in line with the overarching principle and outcomes of the Standard.

Whilst the activity was undertaken on a risk basis, our approach on each review was adapted, after taking into consideration any oversight that had been completed on previous closure programmes, with our work broadly encompassing and considering the following areas:

- The adequacy and effectiveness of internal governance arrangements, including the work of the second and/or third line oversight functions.
- The timescales followed for all key activities and communications ensuring these were consistent with the requirements of the Standard.

¹ <https://lendingstandardsboard.org.uk/wp-content/uploads/2018/09/A2B-Summary-Report-1.pdf>
<https://www.lendingstandardsboard.org.uk/access-to-banking-standard-summary-report-february-2020/>

- The process for identifying impacted customers, relevant stakeholders, other bodies, and organisations.
- The adequacy of all communications, notices and impact assessments across all channels, either issued directly or published via the firm’s external website.
- The design and effectiveness of the complaints process to deal with any complaints, queries or concerns raised both pre- and post-closure.
- The policy and process followed to identify and deal with impacted vulnerable customers.
- For reviews completed after March 2020, an overview of the level of support provided to customers during the Coronavirus (Covid-19) pandemic.
- The staff training programme and how this had been made available to impacted colleagues.
- An assessment of any outstanding actions raised in a firm’s previous LSB report, where applicable.

Out of Scope

Due to Covid-19, and taking into consideration government guidance around essential travel, no mystery shopping was conducted as part of any of the firm reviews.

Approach

Firm branch closure programmes, and reduction in hours of 30% or more over one year, which occurred between the period 1 August 2019 and 31 March 2021, were reviewed and the key trends and findings are included within this summary report.

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 a firm’s decision to close branches.

Firms were requested to submit a range of information for each review completed, with the content determined by the date of their previous review. Following a desk-based evaluation of the documentation received, we then held remote management meetings with each firm to discuss the responses and to also gain a detailed understanding of each closure programme.

This report summarises how the signatory firms reviewed have continued to operate against the requirements of the Standard, with a comparable focus to our most recent 2020 report also undertaken, where relevant, in order to assess the operational effectiveness of any previous recommendations to help enhance customer outcomes in this area.

For consistency with our previous approach, this 2021 report splits our findings and observations out into the following three categories:

Category	Action or response required
Non-adherence to the Standard	Firms are not adhering to an element, or elements, of the Standard and remedial action is required.
Areas for improvement	These are recommendations and opportunities for improvement; firms are encouraged to consider implementing them and to provide an appropriate rationale in future closure programme reviews 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.

Finally, when compiling this report, the Overarching Principle of the Standard has been taken into consideration throughout, which requires that:

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.

1. Executive Summary

Background

The activity reviewed for this summary report covers a total of ten closure programmes across nine different firms; with one firm review completed in 2019 covering 17 branch closures, and nine firm reviews undertaken during 2020 covering 357 branch closures.

During 2020 there was the inevitable impact on firms due to the Coronavirus pandemic. This resulted in a number of closure programmes either being paused or cancelled with a view to reinstating once restrictions were lifted. The impact of the pandemic did result in a number of firms having to temporarily close branches due to lockdown, staff illness or isolation. To assist firms in understanding the expectations of the Standard, balanced against Government restrictions, we produced specific guidance covering the key impacts.

1.1 2020 summary report industry level recommendations

Included within the 2020 summary report were three recommendations to be taken forward at an industry level with the aim of applying consistency during closure programmes. All three have now been implemented:

- **Definition of impacted customer:** Following work led by UK Finance, a specific definition of impacted customer was agreed and is now being used as a minimum by all firms.
- **Standardised definition of terms used in Impact Assessments:** The LSB produced guidance for firms during 2020 which included defining a number of key metrics for inclusion in Impact Assessments (IAs). These metrics are now being used by firms.
- **LINK:** Signatory firms are notifying LINK² of any decisions to close a branch where this involves the removal of an external ATM, with notification being provided a minimum of 12 weeks prior to removal.

Other areas identified for improvement in our 2020 summary report included: availability of Impact Assessments; communication of detailed stakeholder feedback; and identification and proactive contact of vulnerable customers. The later sections of this report make reference to any recurring themes or findings where further improvement is required, or alternatively acknowledge where adherence to the requirements of the Standard have since improved.

² LINK is the UK's largest cash machine network. Effectively every cash machine in the UK is connected to LINK, and LINK is the only way banks and building societies can offer their customers access to cash across the whole of the UK. All the UK's main debit and ATM card issuers are LINK Members.

1.2 Key Findings – 2021 Summary Report

Following our review of all ten closure programmes within the timescales mentioned, we have not identified any high-risk or firm-wide systemic failings, and there are no areas of non-adherence to the Standard. We have, however, identified areas for improvement, some of which are recurring themes when compared to our 2020 report.

Key areas for improvement identified during the period August 2019 to March 2021 include the following:

- **Governance, controls and oversight**

Whilst the Standard does not contain a specific section on governance and oversight, we have previously raised a recommendation, as good business practice, for firms to have robust internal oversight programmes in place, to provide assurance that the requirements of the Standard are being met. This has again been found to be an area of inconsistency within some of the firms reviewed, with a lack of controls for notifying the LSB of closure programmes; inadequate oversight of closure programmes; and governance frameworks lacking formal documentation.

- **Initial announcement of closure - customers**

Recommendations in some reviews have once again been raised with regards to the accessibility of IAs both online and in branches. In addition, in a small number of instances, some key information had been omitted from IAs, therefore limiting customers' ability to understand the firm's procedures and reasons for the branch closure.

- **Initial announcement of closure - stakeholders**

We noted inconsistencies in the content of communications aimed at stakeholders; information was not always tailored to the actual closing branch but was provided at a generic firm-wide level; a lack of detailed feedback for the post announcement, pre closure updates; and a lack of reasoning for the closures when communicating with stakeholders.

- **Vulnerable customers**

Although a number of improvements have been seen, particularly within firms reviewed more than once over the last two review periods, identification of and support for vulnerable customers continues to be an area of inconsistency and one that requires further work due to the associated impact on key customer outcomes. Our findings include: weaknesses within the oversight and assurance of vulnerable customer strategies; and a lack of structure, control and oversight in the identification and management of vulnerable customers.

Further detail of our themes, findings, and observations across all areas of the Standard are contained within the detailed report section. Where areas for improvement have been

identified, these have been raised as part of firms' individual action plans and will be tracked accordingly through to completion.

2. Detailed report

2.1 Governance, controls and oversight

Test Area: It is expected that firms have appropriate governance, controls, and oversight in place to ensure adherence to the Standard. This should include-

- *The governance structure and processes necessary to provide appropriate levels of oversight of adherence to the Standard.*
- *An adequate risk management framework to provide assurance in respect of adherence to relevant aspects of the Standard and related breach management framework.*

Firms continue to share their internal governance committee packs with the LSB. These packs evidence the decision-making process and the parameters of the rationale for closures, with evidence of executive committee senior management sign-off/approval often also provided within this information. However, it is reiterated that the role of the LSB does not extend to approving nor commenting on a firm's decision to close branches.

Whilst internal governance understandably differs across firms, taking into account proportionality and the size and scale of each organisation, closure programmes were typically captured within an internal Project Management workstream or Working Group.

Whilst not currently a formal section of the Standard, the governance, controls and oversight firms have in place continues to be an area of inconsistency. We identified various issues across firms, including two firms failing to advise the LSB of their closure programmes prior to 2020 in accordance with the industry agreement. Both firms have since included additional controls within their governance frameworks for ensuring we are made aware of any future closure programmes prior to their commencement, so that oversight can be conducted as appropriate.

Areas for improvement:

- In a small number of reviews, the closure governance framework lacked formal documentation setting the purpose, parameters, and structure of the programme with specific reference to the Standard. Firms should ensure that the closure programme has formal documentation which will provide focus on the need to comply with the Standard and mitigate against any key person dependency risk.
- Should a decision be made to pause a closure programme, at the point of resumption firms need to ensure there are adequate controls in place for assessment of timelines to ensure that the required 12 weeks' notice is still provided.

- Firms need to ensure that there is an adequate level of independent oversight across any three lines of defence model in place, which can help identify any areas requiring improvement whilst ensuring all requirements of the Standard continue to be met.

Example of good practice:

- Taking into consideration the impact of Covid-19 on customer footfall since March 2020 and the associated government guidance around essential travel, from an impacted customer perspective, a number of firms reduced the minimum number of monetary transactions made in the required period, and some also extended the required timeframe so this was longer than the minimum period.

2.2 Initial announcement of closure – customers

Test area: 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.

- *They 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.*

From the reviews completed, it is reassuring to note that in the main, we were able to evidence adherence to the Standard and confirm that communications to customers contained the necessary information, with issue of such documentation undertaken in accordance with the required 12 weeks’ timeline. Many firms have gone through various iterations of their IAs and updated these over the last 12 to 18 months, with the LSB guidance document also providing examples of good practice for firms to consider when looking to enhance existing templates.

Communications are typically tailored to customer type (i.e. personal and business), issued to impacted customers by either letter or email, and also available externally both on a firm’s website and in the closing branch.

A small number of inconsistencies were identified following our review of individual communications and IAs, with the below areas raised as findings and recommendations within some of the firm reviews.

Areas for improvement:

- Branch closure information was not always accessible or obvious on firms' websites. Matters to consider included the number of clicks through to the relevant page, the visibility of information and clear signposting to the IAs.
- Key information had been omitted from a small number of IAs, therefore limiting the customers' ability to understand the firm's procedures and reasons for the closure. This included: the reason and decision for closure, linking clearly to the statistics if these have played a part; the definition of some key terms within the glossary; alternative means of contacting the firm, such as telephone numbers; greater clarity in terms of local transport links; the date of the branch closure; and the alternative banking options which were available.

Examples of good practice:

- Due to changes in footfall because of the pandemic, changes to impacted customer parameters were made with these being extended beyond the minimum timings and transactions. This allowed a wider cohort of customers to be advised of the closure who may not have visited the branch as much as usual due to self-isolation. This approach is also helpful for those customers who only visit sporadically due to the nature of their banking relationship, i.e. savings account customers.
- The use of infographics can help enhance the information being provided. A large amount of text is often included to ensure all pertinent messages and requirements of the Standard are included, however breaking this up with graphics can help to make it more easily readable which helps increase the effectiveness and understanding of the information being provided.

2.3 Initial announcement of closure – stakeholders

Test area: The banks will identify which 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-

- *the clear reason for the closure of that branch and what information was used to make that decision.*
- *how the bank defines the terms it uses in its decision-making process.*
- *the date of the closure.*
- *how they can contact the bank to discuss the issues they have and meet with them if that is the most appropriate way to do so.*

Firms' processes typically identify both national and local stakeholders, bodies and organisations through a variety of methods.

The required initial announcement of closure contact will involve the provision of a relevant letter or email, supported by documentation and information that will enable stakeholders to understand the reasons for a branch closure, when the closure will be taking place, and how the firm can be contacted to arrange a meeting to discuss any aspect of a closure.

This part of the closure process also involves contacting political stakeholders, such as local MPs and councillors within the local constituency of the closing branches, with a covering letter or email typically sent, often signposting them to the relevant branch IA that is available on the firm's website.

Whilst the Post Office relationship is often managed at a national level, any local activity in this area can also involve impacted Branch Managers from closing branches visiting their local Post Office to advise them of their branch closure and to discuss potential plans to help customers transition across where appropriate.

Inconsistencies of approach to stakeholder contact were again seen across the firm reviews in scope of this report, with key trends falling into the following:

Area for improvement:

- Some stakeholder communications were not tailored to the relevant local branches but instead contained generic firm closure information. As a robust control, firms need to ensure that communications are put through a review and approval process, to ensure that they specifically meet the provisions of the Standard, plus also ensure that the content is consistent whilst being tailored to local circumstances where relevant.

Example of good practice:

- Some firms provided stakeholders with a copy of the IA (or a weblink to be able to access the required information online) within their letters, which helps stakeholders and MPs in their local constituency understand the reasons for a branch closure, plus obtain a view on what information has been provided to customers.

2.4 Provision of further information – Post announcement and pre-closure

Test area: 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.*

Information is provided to customers and stakeholders through a variety of channels to meet this requirement of the Standard. This ranged from issuing updated email communications, revised IA documents, through to specifically designed feedback and engagement documents. The timelines for publication ranged from two to six weeks prior to the closure date. The content of documents covered a variety of information but the majority reiterated the closure dates; provided details of stakeholders contacted and an element of their feedback; plus details of additional support available through both the impacted or receiving branch.

Firms also updated the in-branch posters as the closure date approached with details of additional support available. This mainly focussed on technical and digital support to assist customers in finding alternative ways to bank.

However, we did identify that the approach to the level of detail was inconsistent across firms and there remains more that can be achieved in this space.

Areas for improvement:

- Most firms confirmed which stakeholders had been contacted, with some also detailing the nature of the queries received. However, firms should look to improve the amount of information available to make clear what queries and/or complaints have been raised and how these have been dealt with, including any resolution provided. This information should be relevant to the impacted branch and not generic to the whole programme.
- Second stage updates contained very little information in relation to the level of complaints raised by customers and again any resulting actions. Firms should make sure there is adequate oversight of complaints received, including checks to ensure these are recorded correctly within closing branches. This additional information provides customers with a clear understanding of actions taken and any resolution firms have provided.

Examples of good practice:

- We found evidence of additional documentation being produced to provide useful information to customers outside of the detailed provisions of the Standard. This was designed to prompt contact from customers whilst also directing them to other support tools which would help in the transition to a different branch or alternative ways of banking.
- Where closure programmes are expected to continue for a number of years based on the firm's strategy, ongoing discussions with key stakeholders can help mitigate any concerns linked to the closures. This could include providing additional support

measures, such as access to particular charities or business cash collection and delivery.

2.5 Vulnerable customers

Test area: Banks should 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.

This is an area previously identified as a concern and improvements have been seen across a number of firms, including in how they have adapted their existing process and controls due to the ongoing pandemic. However, identification of and support for vulnerable customers continues to be an area of inconsistency and one that requires further improvement due to the associated impact on key customer outcomes.

Branch dependant and vulnerable customers were typically identified through a multitude of processes, the scope of which has been expanded in the majority of firms as a result of the pandemic. Proactive outbound dialling campaigns increased during 2020 in light of the need to support an even wider cohort of customers. Due to the success of such proactive contact strategies, many will remain in place post the pandemic and lifting of restrictions, as they have been seen as an additional means in which to support branch dependant customers and those deemed to be most vulnerable.

Oversight of these processes mainly consisted of feedback to closure project teams or recording at a branch level the number of customers contacted. This sometimes, but not always, included the nature of the additional support which had been provided. This oversight was often focussed purely on the level of successful contacts, rather than being used as a tool to ascertain that the correct support and assistance had been provided, together with any learnings which may be taken forward to future programmes.

Whilst this has been a positive additional control put in place, inconsistencies were also seen in relation to the level of independent oversight of such contact strategies to determine the success and any learnings that can be taken forward into future programmes.

In support of the above strategies, there has also been a focus on delivering improved vulnerability training to staff in both impacted and receiving branches.

Areas for improvement:

- Firms should engage with dedicated vulnerability specialists within their organisation at early stages of the closure programmes. This would ensure a clear structured and controlled approach to contacting customers who may be vulnerable, or just require additional support due to the impact of the closure. Any customer contact

programmes should include clear oversight/assurance of actions taken and recording of support given, with the customer's consent, so as to enhance customer outcomes for future closure programmes.

- Firms should undertake contact with vulnerable customers in a proactive manner rather than waiting for customers to attend branches. This is particularly important given the changing guidance on travel due to the pandemic and the variations across different parts of the UK.
- Firms should consider the level of oversight in place so that contact strategies can be robustly observed to help ensure that appropriate additional support, where required, has been provided. The output of any oversight should be used as an opportunity to enhance current processes and related actions.

Examples of good practice:

- As part of a closure programme, all branch outbound dialling activity was stopped to allow focus on proactively contacting vulnerable customers. Progress of this exercise was tracked at a local level, with any issues in relation to resource constraints being raised to allow staff from neighbouring branches to assist.
- As part of the vulnerable customer strategy, customers received a further letter four weeks prior to closure. The letter acted as a further reminder that the branch would be closing, whilst also containing information about nearby branches and relevant contact details for further support.

2.6 Supporting customers

Test area: Post Announcement and Pre-Closure – Banks will take action and support customers to-

- *be aware of and understand each of the alternatives offered by the bank and others who offer a service to the bank.*
- *understand what those alternatives provide in terms of service and functionality.*
- *know how and where they can obtain further information, help and assistance in deciding how they might use or access them.*
- *know how and where they can discuss concerns and issues they have with the closure and what it means for them.*
- *know that the personnel they are speaking to at the bank have the skills and competencies to deal effectively with the issues and concerns they raise.*

Firms provide customers with details of alternative ways to bank as a standard part of IAs and other customer communications. This is supported by the staff in branches who undertake various campaigns to assist customers in accessing online and digital banking prior to branch closure.

Staff within closing branches and designated receiving branches undergo detailed training to help them support customers throughout the closure programme. By including staff in both closing and receiving branches, this allows for continued support of customers post closure. This area of the Standard was broadly adhered to across all firm reviews in scope, with a very limited number of areas for improvement raised within individual reviews but nothing of a systemic nature.

2.7 Stakeholder updates

Test area: Post Announcement and Pre-Closure – Banks will ensure that Stakeholders where appropriate-

- *understand clearly what it is that the bank will do to provide any mitigation in relation to the closure and how that could be put in place.*
- *clearly understand what they need to do and with whom to discuss and implement any form of mitigation offered.*
- *know that the personnel they are speaking to at the bank have the authority and competencies to deal with the mitigation issues that they wish to address.*

Within our 2020 summary report, we identified that a number of firms were not adhering to this element of the Standard, resulting in a need for improvements to the level of detail provided on resolution to any stakeholder feedback received. Whilst enhancements were evidenced in some reviews, the inconsistencies seen in the content of information have been raised earlier in this report (refer to section 2.3). As such, this area requires further improvement in a small number of firms.

During this current round of reviews, we were provided with evidence of mitigation being put in place to help lessen the impact of some branch closures. These actions were normally taken following intervention by key stakeholders and dialogue between them and the firm.

Pertinent examples of mitigation put in place following such stakeholder feedback included: the retention of an ATM in a fairly rural location where access to cash was highlighted as an issue; arrangements agreed with a national cash solution company to assist business customers; and presence of bank staff maintained in local premises, such as libraries or community centres, to continue to support customers, albeit without a cash service.

Area for improvement:

- We believe that further enhancement work is required in this area for firms to revisit their processes in which they collate and report stakeholder feedback, and any complaints, to ensure the controls are robust and fit for purpose during the post announcement and pre-closure stage. In doing so, feedback, or the lack thereof,

should be closely monitored so that learnings can be taken forward into future closure programmes to help drive good customer outcomes.

2.8 Post Closure

Test area: 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.*

In line with the Standard, firms are required to ensure they provide appropriate help and assistance to impacted customers and stakeholders post a branch closure. In the majority of reviews completed it was encouraging to note that firms took a number of steps, which, whilst not an exhaustive list, included measures such as:

- hand-overs to receiving branches, and also the local Post Office, for customers identified as potentially vulnerable;
- ongoing support in helping customers migrate to online banking where required, plus assistance with digital fraud awareness and education;
- updated IAs remaining on firm websites for up to two months post closure; and
- retaining posters in branch premises for a period of time post closure, thus continuing to provide contact information.

Areas for improvement:

- When providing post closure support, firms should ensure they actively, and independently, measure the outcome of any proactive engagement with customers over the longer term to ensure the support provided continues to drive good customer outcomes.
- With regards to vulnerable customers, when undertaking receiving branch preparation and the transfer of potentially sensitive information, the consent of

customers needs to be considered and obtained, particularly if firms are handing over details of any additional support needs, or other pertinent information to assist the receiving branch when accepting the new customer base.

Examples of good practice:

- A dedicated resource provided via telephony channels for a six-month period post closure can help with managing any queries raised, or additional support requested by customers related to the closure programme.
- Additional support within communities immediately following closure of a branch can be helpful in ensuring all needs have been met. Examples seen included the deployment of remote ATMs, having colleagues attend community centres or 'pop-up' branches on an ongoing basis and supporting the community with a firm funded bus route to an alternative branch. Provision of this support should be subject to ongoing review to ensure it remains appropriate.

3. Further LSB and Industry Activity

3.1 Review of the Access to Banking Standard

On 8 June 2021, the LSB launched an independent review of the Standard with the publication of a consultation document.³ The review seeks 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 and will consider whether changes are needed to the Standard, or its governance and oversight, to help ensure fair outcomes for customers. The LSB are calling for responses to the consultation to ensure this review reflects the views of those impacted by these changes.

Firms signed up to the 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 and may wish to respond to this consultation. We continue to welcome responses to the questions raised with any related feedback requested by 5pm on 4 August 2021.

Following the consultation, the LSB will undertake further work to develop any 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; changes to the ownership, governance, and monitoring of the Standard; and changes to the existing approach, for instance, changing the scope of the Standard or supporting alternative access to banking protections for customers.

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

³ Review of the Access to Banking Standard: <https://www.lendingstandardsboard.org.uk/review-of-the-access-to-banking-standard/>

3.2 The external landscape and other regulatory activity

Since publication of our 2020 summary report, there have been ongoing activities in the wider landscape, including the following regulatory publications and industry initiatives:

Financial Conduct Authority (FCA): Finalised guidance (FG) 20/3: Branch and ATM closures or conversions

On 14 September 2020, the FCA⁴ finalised its expectation for firms on maintaining access to cash for customers. This included the publication of finalised guidance setting out its expectations for the steps firms should take when considering closing branches or ATMs, or converting a free-to-use ATM to pay-to-use. The FCA made it clear that banks, building societies and credit unions are now expected to keep the FCA informed of any plans for closures or conversions in good time before any final decision is made. This will enable the FCA to monitor whether customers are being treated fairly. Before making a final decision, the FCA expects firms to provide a clear summary of their analysis of the needs of customers currently using the sites, the impact of the proposals on those customers, and alternatives that are, or could reasonably be, put in place if they implement the proposals.

The LSB and FCA have engaged regularly in relation to our individual areas of responsibility as there are areas of overlap, as well as areas of difference, between the FCA guidance and the Standard.

3.3 Community Access to Cash Pilots

As noted within section 3.1 of the *'Review of the Access to Banking Standard'* consultation, 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.

As a result, there are currently a number of initiatives being trialled to provide customers with both access to cash and to key retail banking services (for example, 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 Pilots⁵.

⁴ FCA finalises its expectation for firms on maintaining access to cash for customers: <https://www.fca.org.uk/news/press-releases/fca-finalises-its-expectation-firms-maintaining-access-cash-customers>

⁵ Community Access to Cash Pilots: <https://communityaccesstocashpilots.org/>

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.⁶ 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
- 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 has been set up which will develop industry proposals for how access to cash could be protected in the long term. It is also noted that the government is currently consulting on legislation on access to cash which will likely 'seek to capture the largest retail banking providers' which would put further requirements on firms signed up to the Standards to commit to minimum cash service provisions.

⁶ Banking industry commits to supporting customers who depend on cash: <https://www.ukfinance.org.uk/press/press-releases/banking-industry-commits-supporting-customers-who-depend-cash>

4. Conclusion and next steps

As part of the LSB's independent oversight programme, we continue to review and assess how firms are meeting the requirements of the Access to Banking Standard when undertaking branch closure programmes. Over the past 18 months, we have seen a number of closures occur with firms implementing programmes from a strategic point of view, but also due to impacts of the reduction in footfall. The latter occurring prior to the pandemic but exacerbated by this over recent months.

Our view is that, overall, whilst there have been no high-risk areas of concern identified in relation to poor customer outcomes or detriment, nor any firm-wide systemic failings, there continues to be room for improvement across a number of areas, as reported. Some of the areas noted are repeat findings, with signatory firms required to consider the contents of this report alongside their individual action plans, as appropriate.

All firms included within the review period will have received individual reports and corresponding recommendations and action plans. We continue to monitor progress against actions at an individual firm level. Should a closure programme have concluded, we request any improvements are carried forward to future programmes, which then forms part of our future review cycle.

As a result of this summary report and the key findings, we will revisit our industry guidance to ensure this remains up to date and aligns with the outcomes of our review of the Standard as well as wider industry initiatives.

It is suggested that internal closure programme teams, and any appropriate independent internal oversight function, revisit the LSB's industry guidance⁷, and associated good practice contained therein. This will help firms to re-assess their existing processes and controls to ensure they remain fit for purpose in order to help drive fair customer outcomes in accordance with the requirements of the Standard.

Finally, for any firm closure programmes that have been announced since 31 March 2021, the LSB continues to engage with the individual firms concerned and our compliance team are currently undertaking a number of reviews. The scope of the reviews will take account of any temporary to permanent closures, pilot programmes following changes to strategy as a result of the pandemic and the move to more digital based branches.

⁷Industry guidance on the Access to Banking Standard published by the LSB: <https://www.lendingstandardsboard.org.uk/wp-content/uploads/2020/10/Access-to-Banking-Industry-Guidance-October-2020.pdf>