



Access to Banking

May 2024

Introduction

Established by the Commissioner for Older People (Wales) Act 2006 which sets out details of the Commissioner's role and statutory powers, the Older People's Commissioner for Wales is an independent voice and champion for older people throughout Wales. The role of the Commissioner is to promote awareness of the rights and interests of older people in Wales, challenge discrimination, encourage best practice and review the law affecting the interests of older people in Wales.

At present, the Commissioner is focused on four specific areas of work: promoting and protecting older people's rights, ending ageism and age discrimination, stopping the abuse of older people and enabling everyone to age well.

The Older People's Commissioner for Wales welcomes the opportunity to respond to the Welsh Affairs Committee's consultation Access to High Street Banking in Wales. The closure of bank branches across Wales is cause of concern to older people for a number of reasons and continues to be raised with the Commissioner.

The Commissioner would like to offer comments on the areas set out below.

Which social groups are most affected by high street bank branch closures?

Older people are a major social group impacted by the closure of high street bank branches. Digital exclusion is a key reason for this.

Digital exclusion

Older people are particularly affected by high street bank closures as the rates of digital exclusion among older people make the shift to online, rather than in-person, banking impossible for many. 31% of over 75s (95,069 people) do not have access to the internet

at home while 33% of over 75s (101,200 people) do not use the internet (including Smart TV and handheld devices).¹

Research by Age UK, published in May 2023, found that only 14% of the 85+ age group bank online, with 58% relying on face-to-face banking, while 75% of over 65s wish to carry out at least one transaction in a branch.²

Digital exclusion is not a binary issue with many older people (and others) feeling comfortable using the internet for some activities, such as keeping in touch with friends and family, but not with others, such as banking. The Commissioner's Access Denied report (January 2024) on older people's experiences of digital exclusion contains many examples related to banking and the impact of high street bank branch closures. Older people also raise this issue regularly with the Commissioner's Advice and Assistance service.

"I am terrified of doing online banking."

"Dyslexic, and terrified of doing online banking. Lloyds Bank has closed in Pwllheli, and everything has to be done over the phone."

"I struggle with the online forms they require me to fill out, and my nearest branch is over an hour away from me so I rely heavily on their telephone services, which are not great."

The closure of bank branches in communities throughout Wales, reflects the wider trend of other local services closing, being amalgamated or moving further away, which makes it much harder for some older people to undertake routine activities.

Many older people reported feeling uncomfortable banking online, or lack the devices required to do so and rely instead on telephone banking to avoid having to make long, difficult journeys – often more than 10 miles – to visit their nearest branch, something that is often mentally and physically draining.

"Recently my bank has introduced facial recognition as an extra layer of security, in addition to fingerprint security. Try as I might, and I have tried countless times I cannot get the facial recognition to acknowledge that it is me. As a result, I am excluded from making payments via bank transfer, often necessitating a trip to an ATM to withdraw cash to pay the bill. This is very inconvenient and involves a special trip of six miles or so. I acknowledge the bank's concern for security, but I believe that I am especially conscious of security without this inconvenience."

Telephone banking services are often suggested as an alternative to physical bank branches, but some older people reported that these were an inadequate replacement for in person services. In certain cases, older people highlighted that they were unable to hear

¹ Welsh Government (2023). National Survey for Wales April-June 2023. Available at: <https://gov.wales/national-survey-wales-results-viewer>

² Age UK (2023). "You can't bank on it anymore" The impact of the rise of online banking on older people. Available at: [the-impact-of-the-rise-of-online-banking-on-older-people-may-2023.pdf](https://www.ageuk.org.uk/wp-content/uploads/2023/05/the-impact-of-the-rise-of-online-banking-on-older-people-may-2023.pdf) ([ageuk.org.uk](https://www.ageuk.org.uk)), p.4.

the messages over the phone and needed the help of family and friends in order to bank successfully.

Which regions or communities are most affected by the loss of high street bank branches and access to cash?

Rural areas

The closure of high street banks in rural areas is a particular problem for many older people, especially where people do not drive or have access to a car, and where public transport provision can be difficult or even non-existent. The Commissioner was contacted by a charity supporting the health and wellbeing of older people about the closure of the last remaining bank in St Davids, a branch of Lloyds Bank. This meant that the nearest banks were subsequently around 15 miles away, with limited public transport, and as a result, the charity would now need to try to mitigate this loss by providing transport to Haverfordwest or Fishguard to access services.

There are estimated to be around 355,000 people over the age of 60 living in one of the nine broadly rural local authorities in Wales.³ The number of people aged 60+ in each of these local authorities is given below, with asterisks marking areas with additional planned bank branch closures due to take place in 2024.⁴ As more bank branches close in rural local authorities, an ever-greater number of older people will be affected.

- Anglesey - 24,661
- Gwynedd - 37,975 *Caernarfon
- Conwy - 44,321
- Denbighshire - 32,115
- Powys - 49,919 *Newtown, *Builth Wells
- Ceredigion - 24,812
- Pembrokeshire - 45,507
- Carmarthenshire - 62,189 *Llanelli
- Monmouthshire - 33,555 *Abergavenny.

³ StatsWales (2021). Population projections by local authority and year. Available at: <https://statswales.gov.wales/Catalogue/Population-and-Migration/Population/Projections/Local-Authority/2018-based/populationprojections-by-localauthority-year>

⁴ Bank closures according to: Which? (2024). Bank branch closures: is your local bank closing? Available at: [Bank branch closures: is your local bank closing? - Which?](https://www.which.co.uk/news/2024/01/bank-branch-closures-is-your-local-bank-closing/)

Even in larger towns and more urban areas, the loss of high street banks is keenly felt by many older people and disrupts access to everyday services. Cuts to bus services in particular, make it hard to access the nearest remaining branch, even if the geographical distance that needs to be covered is not as far.

What is the impact on customers and small businesses of losing access to high street banks?

Older people report being unable to undertake everyday activities such as withdrawing cash which has consequences for other activities. Some older people noted that they felt nervous using an ATM or being directed to use supermarkets to obtain cash instead of banks. As highlighted above, other older people struggled with telephone banking and many were very concerned about trying to use online banking.

As part of the Commissioner's research on digital exclusion, some older people shared that online security is causing a great deal of anxiety, mistrusting the internet and the 'virtual world'. Older people said they had concerns that scams and phishing had increased, and that they felt safer not using the internet. The wider move to an ever more digital world means that losing access to high street banks contributes to feelings of being left behind, exclusion and facing stress and anxiety as a result of no longer being able to undertake everyday tasks and activities that were previously been straightforward.

Does the existing regulatory environment ensure that physical banking infrastructure is accessible to customers in Wales?

While the Financial Conduct Authority's (FCA) new powers to seek to ensure reasonable provision of cash access services are welcome, in practice, they are unlikely to be sufficient to prevent the closure of high street bank branches.

The new FCA powers are restricted to cash access and not the provision of banking services more generally. The new powers are not directed towards the maintenance of branch networks or stopping bank branch closures. Technically, the FCA could stop a branch closure if this was the only way to ensure reasonable access to cash services was maintained. However, in effect, this is unlikely to be proportionate as it would be possible to argue cash services can be reasonably provided through facilities which cost less to run than branches which offer a much wider range of services.

The FCA recently consulted on Access to Cash, proposing requirements such as the need to undertake cash access assessments when material changes are made to services (not just those of individual bank branches, but any facility, including Post Offices and other firms' branches). This would help to understand whether additional services are required to

meet local gaps.⁵ Banks would also need to respond to requests from local residents, community organisations and representatives to consider, assess and plug gaps in access to cash, and also ensure they do not close cash facilities, including bank branches, until any additional cash services identified are available.

Nevertheless, keeping a branch open would remain a commercial decision for firms. The FCA say that any decision to close a branch should continue to meet the expectations of their guidance on Branch and ATM Closures (FG22/6), and their Consumer Duty which requires firms to avoid causing foreseeable harm to their customers. The FCA's Branch and ATM Closures guidance says that firms must analyse the needs of customers using a branch proposed for closure (including relevant SMEs and customers in vulnerable circumstances), understand the impact of the closure, and consider the alternatives that could reasonably be put in place to continue to meet those customers' needs.

The ongoing and significant planned programme of bank branch closures suggests that the existing regulatory environment is not sufficient to ensure that physical banking infrastructure is accessible to customers in Wales. This will continue to cause problems for an increasing number of older people who are likely to see their local high street bank branch close over the coming years.

Are the current replacements for high street banks (including banking hubs, banking vans and community banks) adequate and do they provide communities with sufficient access to cash?

Current replacements for high street banks are inconsistent, with access varying across Wales. Banking Hubs (owned by Cash Access UK) offer a counter service operated by the Post Office, where customers of all major banks and building societies can carry out regular cash transactions, Monday to Friday. Banking Hubs can also provide a Community Banker service where customers can talk to their own bank about more complicated issues, but availability varies between Hubs. Research by Age UK published in May 2023 showed that Banking Hubs may well provide a solution for many older people, with 49% saying they would be comfortable managing their money from one (26% would not be).⁶ Banking Hubs are welcome but there are only nine sites listed across Wales and of these, only three are currently open for business.⁷ This leaves a significant number of older people across Wales under served.

For older people who are more confident using, or trying to use, online banking, replacements such as those provided through One Banx could be helpful. These allow customers to use the One Banx kiosk to manage their money, with staff available to help. However, there is currently only one pilot in Wales (Cowbridge), hosted by the Principality

⁵ Financial Conduct Authority (2023). C23/29: Access to cash. Available at: [CP23/29: Access to cash | FCA](#).

⁶Age UK (2023). "You can't bank on it anymore" The impact of the rise of online banking on older people. Available at: [the-impact-of-the-rise-of-online-banking-on-older-people-may-2023.pdf \(ageuk.org.uk\)](#), p.4.

⁷ See: Cash Access UK. Banking Hubs. Available at: [Cash Access UK - Hubs](#).

Building Society. This approach is not suitable for older people who cannot or do not want to bank online.

Access to cash is a separate, although related, issue to access to banking services. The new FCA responsibilities could make a positive difference in terms of ensuring access to cash for communities but as noted above, will not address the issue of access to wider banking services valued by many older people.

The ability to access cash in itself does not solve the rise in the number of businesses becoming 'cashless' who exclude those older people who rely on using cash payments. This move to cashless businesses is in part the result of the loss of high street banks and difficulties in paying cash in. There is no legal requirement for businesses to accept cash. As consumer group, Which?, note, "Protecting access to cash is only useful if there remains somewhere to spend it". Which? launched their Cash Friendly Pledge in 2020, encouraging businesses to sign up to promise that they would accept cash as a payment method for consumers who want to keep using it.⁸

The UK Government has indicated that it does not plan to mandate cash acceptance. However, at the end of 2023, the British Retail Consortium reported cash usage had grown for the first time in a decade, rising to 19% of all transactions (from 15% in 2021). This was attributed both to the choice by many households to use cash to budget more carefully during the cost of living crisis, as well as a natural return to cash usage following the move to contactless payments during Covid.⁹ Maintaining the ability to use cash enables more older people and other groups who rely on cash services to undertake day to day activities.

Conclusion

The closure of high street bank branches continues to have a detrimental impact on many older people, especially older people who do not use the internet or are not confident in using online banking. Bank closures in rural areas are a particular problem where the nearest remaining bank may be many miles away with insufficient public transport.

In order to tackle the issues raised by older people, the areas below should be explored further.

- The Inquiry should consider how a more holistic approach can be taken to dealing with the loss of services (rather than just access to cash) when a bank branch announces plans to close and which organisations or authorities should have responsibility for this. This holistic approach should include mapping the available public transport options to access the nearest remaining in-person facility.

⁸ Which? (2021). Some of the biggest names in retail take Which?'s Cash Friendly pledge. Available at: [Some of the biggest names in retail take Which?'s Cash Friendly pledge - Which? News.](#)

⁹ British Retail Consortium (2023). Cost of living drives return to cash. Available at: <https://brc.org.uk/news/corporate-affairs/cost-of-living-drives-return-to-cash/>

- People living locally, including older people, should be directly consulted when their bank announces intentions to close to ensure involvement in designing appropriate replacement solutions.
- The FCA should strengthen its assessments of whether firms are genuinely meeting FCA Guidance FG21/120 Guidance for firms on the fair treatment of vulnerable customers in light of the experiences of older people and others who have faced significant problems as a result of the closure of higher street bank branches.
- Likewise, firms regulated by the FCA should clearly demonstrate how they are meeting FCA Guidance on the fair treatment of vulnerable customers as part of decisions on any further bank branch closures.
- The provision of Banking Hubs should be accelerated across Wales, taking account of feedback on the suitability of the hours and services available.
- Other models of replacement access to banking services, such as the One Banx kiosk, should be developed and tested with older people. This should include offline and online options.
- Telephone banking services must be appropriate for older people experiencing hearing loss and/or other impairments.
- Older people who would like to use online banking but who currently do not should be supported to do so, building on existing services which support digital inclusion.

The Older People's Commissioner for Wales

The Older People's Commissioner for Wales is an independent voice and champion for older people throughout Wales.

The Commissioner is taking action to protect older people's rights, end ageism and age discrimination, stop the abuse of older people and enable everyone to age well.

The Commissioner is working for a Wales where older people are valued, rights are upheld and no-one is left behind.

How to contact the Commissioner:

Older People's Commissioner for Wales
Cambrian Buildings
Mount Stuart Square
Cardiff
CF10 5FL

Phone: 03442 640 670

Email: ask@olderpeople.wales

Website: www.olderpeople.wales

Twitter: [@talkolderpeople](https://twitter.com/talkolderpeople)

