

Cynulliad Cenedlaethol Cymru  
Pwyllgor yr Economi, Seilwaith a  
Sgiliau  
Mynediad at Fancio  
EIS(5)AB08  
Ymateb gan Dragonsavers Credit  
Union

National Assembly for Wales  
Economy, Infrastructure and Skills  
Committee  
Access to Banking

Evidence from Dragonsavers Credit  
Union

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- **The current position regarding access to banking services in Wales, to include issues relating to financial inclusion and digital inclusion.**

Dragonsavers Credit Union is based in Rhondda Cynon Taff and has 3 branches (Treorchy, Tonyrefail and Pontyclun) over the years we have seen a significant decline in banking services within our communities. In the case of Tonyrefail, all of the banks (Lloyds and Barclays) and the post office have closed. The Credit Union is the only high street financial services provider in the town. In addition the nearest town, Porth has also seen all bank branches close and the post office move in to a local convenience shop. The credit union does not see itself as an alternative to other high street financial services, but as complementary in being able to offer individuals choice and freedom to access savings and loans. The credit union does not itself offer current account products, but works with a partner, Contis to provide these should they be required by members. These are not free products and Contis charge a monthly management fee to the accounts.

In addition to accounts for individuals, Dragonsavers also offers Community Accounts, groups and businesses. These have been particularly popular with local business who require to deposit cash and with small community groups in receipt of grant funding who require an account for this purpose.

In order to support the local community we have had free to use cash machines installed in our Tonyrefail and Treorchy branches, however these are now under threat as the standard interchange fee that banks pay ATM operators when they use their cardholders use ATM has been reduced. Cashzone who provide our cash machines have indicated that they will need to implement a charge to card holders in Tonyrefail due to the level of usage. Bank customers have had to find ways of obtaining bank facilities without using branches, but branches are important when they need to access them. If there is no local access, people will travel further to visit a branch, but this impacts on other services that they would have accessed locally and it is likely that they will conduct all of their business away from the locality and so other local shops and services will be effected.

Some in our community will be disproportionately effected by bank branch closures and this is likely to include the elderly, sole carers of small children, and those with disabilities. They may have to rely on others or public transport that increases the cost associated with accessing a branch as well as the convenience. Access to technology as an alternative way to access products and services relies on ability and understanding of that technology and available funds to have access to a devices to use for the purpose.

Many of the credit unions members access their accounts online and in order to meet member's needs and expectations the credit union continues to develop and implement new technologies so that products and services can be safely accessed online and through mobile devices. This is not meant to and will not replace face to face access and our branches remain an important part of our service to members. However there are external agencies and service providers that do seem to expect a level

of understanding and digital access that is not present in the community as a whole. We have seen an increase in applications to open accounts to have Universal Credit deposited and in order to allocate these to the correct accounts a unique reference is required. We work closely with the local Job Centres who will assist mutual services users to do this and have pc and tablets in branch where we can assist should the individual have their UC log on credentials.

- **The variety of ways in which branch closures and access to free ATMs can affect local communities (for instance the impacts from a business, tourism, social, demographic and regeneration perspective).**

Bank customers have had to find ways of obtaining bank facilities without using branches, but branches are important when they need to access them. If there is no local access, people will travel further to visit a branch, but this impacts on other services that they would have accessed locally and it is likely that they will conduct all of their business away from the locality and so other local shops and services will be effected. Much of this is covered in Briefing Paper Number 385, 19 October 2018 Bank branch closures:

<https://researchbriefings.files.parliament.uk/documents/SN00385/SN00385.pdf>

- **To understand the potential process, benefits and challenges involved with establishing a community bank with multiple branches in Wales.**

It is not clear what is meant by community bank and what products and services will be offered and what internal software capabilities will be required to provide these. It may be that there is potential for an existing network (like credit unions) to be supported to provide these products and services or provide shared branching or host a community bank within its network. There is no merit to communities or to Welsh Government in duplicating existing products and services and Dragonsavers would seek to work in partnership and work in a complementary way.

There would be a regulatory and authorisation requirement on a community bank and the senior individuals that were responsible that is different to that of a credit union. There may also be challenges in attracting enough customers to make a community bank viable, it is not clear how funds will be generated.