

Dear Chair,

Access to Banking

Thank you for the opportunity to respond to your consultation regarding access to banking services in Wales. Your consultation also invites views on the effect that branch closures and loss of access to free ATMs is having on local communities and what might the benefits and challenges be in establishing a community bank.

The closure of banks in many areas across Wales is causing real concern.¹ The four main high street banks (HSBC, Natwest, Barclays and Lloyds) have closed nearly half of their branches in Wales over the last 10 years, down from 518 branches to just 272.²

Older people place huge value on having access to local banking facilities, and it is crucial that action is taken to ensure they are supported to be able to access financial and banking services into the future.

The loss of access to banking services is being felt within many communities throughout Wales and the impact on older people is further compounded when the alternative options to local banking services are explored. As banks close, they often refer to the diminishing numbers of customers utilising their counter services and point to evidence of increased usage of telephone banking and online access, which older people are the least likely to use.³

During many bank closures, the Post Office is often mentioned as an alternative location for financial transactions. However, increasingly there is concern about the long-term future of many local post offices in communities throughout Wales.

Citizen's Advice have raised some concern that often the post office can be co-located in a supermarket, a newsagent or with another commercial trader, which may not be an appropriate place to conduct confidential financial services.⁴

The recent House of Commons Treasury Committee report on 'Consumers' Access to financial services'⁵ concluded that the Post Office, as it is currently constituted, faces limitations in what it has to offer the banking customer and should not be seen as a replacement for a local branch network.

The closure of local banks often leads to the loss of free to use ATMs and a decrease in footfall on the high street, with customers being informed that they will be required to travel to the nearest open branch for over the counter services or to the nearest larger supermarkets to access an ATM.

For many older people, travelling to another town or supermarket presents its own challenges. Many older people may not be able to drive nor have access to private transport, so they become increasingly reliant on bus services, which are reducing in number and frequency, especially in rural areas of Wales.

Having to visit another town to access the nearest bank branch or the retail park supermarket to access free to use ATMs also has an impact on local economies as people will often combine their journey with shopping. This is money that would otherwise have been spent in the local shops, which further affects the high street and the local community.

Digital Inclusion and Online banking

The continuing rise of digital technologies means that the world is rapidly changing, and it is often taken for granted that everyone is comfortable with using the internet for a range of activities including shopping, banking or keeping in touch with friends and relatives. With an increasing number of services only being delivered digitally, it is crucial that older people are supported to become digitally literate to be able to use digital technologies to help with their daily lives.

According to the MAS Financial Capability Survey, older people are generally sound at managing finances day-to-day (particularly the 55-74 age group), however they can be affected by difficulties accessing products and services. The survey also identifies that older people in retirement are the least likely to say they are happy to bank online.⁶

Older people who do not use digital technology are increasingly missing out on benefits and financial savings. Research suggests that older people are paying a high price for not participating in digital services as offline low-income households miss out on savings of up to £490 a year from shopping and paying bills online.⁷

There can be several barriers to digital inclusion including lack of digital skills and lack of access (including affordability and broadband connectivity). There may also be some basic literacy skills where using a keyboard could seem difficult, however, as both skills and accessibility improve, lack of interest, motivation and trust are increasingly seen as the reasons for not going online⁸.

I welcome the work of Digital Communities Wales (DCW) - a Welsh Government project that provides support and training for Digital Volunteers either as individuals or within organisations, such as Housing Associations and Age Connects Wales, who then work with other older individuals who are looking for help to get online. This project has provided training and support for schools and pupils to engage with older people living in Care Homes through their Digital Heroes programme to break down digital and generational barriers.

They have also recently launched a new scheme called 'Digital Companions' which seeks to harness the good will and skills of people who are happy using the internet to buddy up with someone who isn't. The scheme seeks to identify interests/hobbies that can be visited online as a way of encouraging involvement rather than highlighting the need to become digitally active.

Community Banking

I welcome the principles behind establishing a 'Community Bank of Wales', it would be a positive way of beginning to replace services that have been lost in many communities across Wales.

The basis of 'in the community' and 'for the community' is very much aligned to the fundamentals of an Age-friendly community, which is a key theme of the 'Enabling Older People to Age Well' priority of my Strategy.⁹

Clearly there is much work to be done to establish such an initiative across Wales, but some of the foundation work has already been undertaken through the work of the 18 Credit Unions which the bank would be working alongside. I welcome the stated aim of being mutually owned and run and the commitment to working alongside like-minded community groups and organisations.

The creation of community banks or similar could ensure that older people are not further disenfranchised by the closure of their local branch. Travelling to the nearest town is not always an option and digital exclusion can often mean that some older people will find that they are paying more for goods and services than other people who are better served by the banks, are more mobile or are able to go online, an additional cost that is called the 'poverty premium'.¹⁰

Conclusion

The difficulties faced by older people in accessing local banking services is clearly very concerning and any steps taken to counter their financial isolation is to be

welcomed. The move towards digitalisation of banking and other services is in danger of further isolating older people, physically, digitally and financially.

Whilst I welcome the steps that are being taken to reach out and engage with older people around digital inclusion, more needs to be done to ensure that older people are not excluded from accessing services and that those older people who have not yet engaged digitally must be catered for and be able to access services by more traditional means.

Yours sincerely,



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Older People's Commissioner for Wales

¹ North, N. (2017). *The 'ghost town' with no banks*. BBC News. Available at: <https://www.bbc.co.uk/news/uk-wales-mid-wales-42228384> [Accessed 2 May 2019]

² ITV News (2018). *Nearly half of all high street banks in Wales closed in the past 10 years*. Available at: <http://bit.ly/2LutZRR> [Accessed 2 May 2019]

³ The Money Advice Service (2015) *Financial Capability in Wales 2015*. Available at: <http://bit.ly/2ZXPFsJ> [Accessed 3 May 2019]

⁴ Citizens Advice (2019). *Post Office News*. [online] Available at: <https://bit.ly/2PW10pX> [Accessed 10 May 2019].

⁵ HOC (2019). *Treasury Committee*. [online] Available at: <https://bit.ly/2JD0ivo> [Accessed 13 May 2019].

⁶ The Money Advice Service (2015) *Financial Capability in Wales 2015*. Available at: <http://bit.ly/2ZXPFsJ> [Accessed 3 May 2019]

⁷ Evans, L. (2018). *What is the poverty premium?*. Available at: <https://bit.ly/2VsKqv2> [Accessed 10 May 2019]

⁸ Bank, L. (2018). *Lloyds Bank – UK Consumer Digital Index 2018*. Available at: <https://bit.ly/2rxqjJ4> [Accessed 10 May 2019]

⁹ Older People's Commissioner for Wales (2019) *Making Wales the best place in the world to grow older: Strategy 2019-22*. Available at: <http://bit.ly/2VscshM> [Accessed 7 May 2019]

¹⁰ Drakeford, M. (2018) *21st Century Socialism: 2018 Labour Leadership Manifesto*. Available at: <http://bit.ly/2DRtXgE> [Accessed 7 May 2019]