

This response has been prepared on behalf of the Church in Wales by the Bishops' Adviser for Church and Society. It is based on previous engagement with the banking sector, and on concerns raised by Rural Life Advisers across Wales.

The Church in Wales has a presence in every community in Wales, with more than 1400 churches and over 600 local clergy working at grass-roots level. In most places, the Church in Wales provides not only a centre for worship, but also a hub of community activity – ranging from parent/carer-and-toddler groups and older people's lunch clubs, to community cafes and advice centres, arts projects, and discussion groups in the local pub. 80% of our buildings are in rural areas, where they are frequently the only public building remaining in the community.

We are therefore keenly aware of what impacts most on the lives of people of Wales, including the importance of local services and facilities, transport and environmental issues, pressures on the local economy, and the personal circumstances of an ageing population, low incomes, and the disadvantage experienced by particular groups.

Church in Wales action

The church itself is a user of banks and financial services, and has an Ethical Investment Policy with an Advisory Group which keeps abreast of ethical and other concerns pertaining to use of the banking sector. In 2017 the Church in Wales' Ethical Investment Committee wrote to the 3 high street banks in which we have holdings, about their plans for bank closures in Wales; and drew our concerns to the attention of Ken Skates, then Cabinet Secretary for Economy and Infrastructure. The banks contacted were Barclays, Lloyds and HSBC.

Every bank's website indicated that they had a high regard for the social as well as economic aspects of their business, citing programmes to support young people in disadvantaged areas; digital inclusion and financial education; efforts to make services accessible to people with disabilities; charitable giving and staff volunteering; support for Credit Unions, house-building and low-carbon transition for businesses. Some (Barclays in particular) had sections containing significant local intelligence, with comprehensive and up-to-date information about different regions of the UK.

Despite these encouraging words, the response of the banks contacted was on the whole disappointing. It is clear that by the time they make public their plans to close a branch, the decision has been finalised. Not all banks publish on their websites detailed reports on scheduled closures, as recommended by the Protocol on Banking Closures. Whilst there may be some immediate efforts to mitigate the effects on individual customers – eg help with transition to digital banking, and information about the location of alternative services – this does not take account of the impact on the community as a whole, or on future residents, workers, or businesses.

Digital and financial exclusion

As information on some of the banks' own websites indicates, Wales has a below-average usage of digital services, and a higher rate of cash transactions and personal shop visits than the UK as a whole. This is not just a matter of personal preference and local culture: broadband access and mobile phone coverage in rural Wales is poor, and public services such as libraries are closing due to public spending cuts. Where incomes are low, sophisticated personal computer equipment is not likely to be a priority.

ATMs provided by shops and other commercial outlets usually make a flat-rate charge for cash withdrawals. With small amounts of money, this can represent a considerable percentage of cash withdrawn; and people on low fixed incomes, especially welfare benefits, do not have the option of withdrawing sufficient cash for several weeks at a time.

It is also the case that difficulties with online banking are by no means confined to socially and financially excluded communities. When bank closures were discussed by the Church in Wales' Ethical Investment Group (consisting of business and finance professionals, clergy and theological advisers), almost all had personal experience of being disadvantaged, and found alternative arrangements unsatisfactory.

Impact on communities

Branches have historically been most likely to close in small towns which are some considerable distance from alternative services. More recently, closures have occurred in towns of significant size – including Cardiff, Milford Haven, Holyhead, Fishguard, Abertillery, Ammanford, Monmouth, Llanidloes. Some have lost 2 different bank branches within a single year.

Banks usually asset that by the time the closure decision is made, usage of the branch is very low (eg around 100 'regular' users per branch). That is not negligible, especially in a small community. It is likely that the heaviest users of these branches will be people without access to private transport. Country towns and villages, in particular, have a higher than average population of older people, as do outlying residential areas. These areas are also home to mostly small and micro-businesses, including small local shops operating largely on cash transactions, and where taking time to travel to a bank in another town during business hours makes a disproportionate impact.

Wales faces particular transport and access issues, due to its physical and human geography. Rural towns and villages serve wide hinterlands with scattered populations. In rural areas, it is likely that customers have already travelled a considerable distance to reach their nearest bank: travelling from a farm or small settlement 10 miles from the nearest town is not unusual. Typically, the next nearest branches suggested are 7-10 miles further away, meaning that some customers could face a 40-mile round trip to the alternative. Even in 'the Valleys', communities which appear on the map to be close together are separated by considerable infrastructure challenges: residential streets on steep hills, main roads and bus routes running along the valley bottoms, not across the hills which divide them.

Post offices as an alternative are vulnerable to closure. Due to existing cuts, customers face long queues in their few remaining branches. Cashpoints and online services cannot replicate everything offered by a bank branch: paying-in facilities are particularly essential for small

businesses in the retail or hospitality sectors, on which many country towns, villages, and outlying residential areas depend.

The problem of isolation and loneliness in rural areas, and farming in particular, is recognised by the Church in Wales and the Welsh Government alike. It was the subject of a debate at the Church in Wales' Governing Body in April 2019. With no access to a human face in a local bank, stress on farmers in financial difficulties is exacerbated. Welsh Government's recent report on suicide (*Everybody's Business*, Dec 2018), to which Church in Wales rural advisers and support services contributed, identified farming as the largest occupational category affected. Removing essential local services from occupational groups who are by their nature working in isolation, is unhelpful to the point of risk.

Alternative banking arrangements may not be available in Welsh, which is the majority language in many rural and farming communities. Being unable to discuss financial problems in Welsh, or access in Welsh the many and complex banking and business services offered online, is another isolating and discriminatory factor. Commercial ATMs do not typically offer a Welsh language option.

A Community Bank for Wales

The report *Time for a Full Public Bank in Wales?* (Aug 2017) appeared at the time of the Church in Wales' previous action on bank closures. This presented a mixed picture of the value of such a service, and focussed particularly on its potential for investing in developing businesses. If the priority is to serve local customers, there are already Credit Unions across Wales, which could have potential for further development and to fill gaps in access. It might be better to examine what existing initiatives might be further supported, rather than to embark on an entirely new development. The aim of a community bank should be to arrest the decline in local banking services, preserve community infrastructure, and encourage local economic development.

Additional comments

Whilst there is a voluntary protocol for consultation when a branch is scheduled to close, there is no such requirement when opening hours are cut. By the time closure is inevitable, bank opening hours will have reduced to an extent that creates a vicious circle: reduced hours leading to reduced usage, leading to unviable business. If there was an obligation to consult the community before bank opening hours were reduced, the self-sustaining damage of declining usage might be halted, and closure would not become inevitable.

Access to services in Welsh should be required of any alternatives proposed.

The closure of banks represents another blow to community life in hard-pressed areas – whether in rural towns and villages, areas of industrial decline, or outlying parts of larger towns. If these are to retain or regain their vibrancy and attraction, they need to offer a full range of services which local people need to run their lives and businesses.