

## **NEW REPORT SAYS UP TO 2,400 BANK AND BUILDING SOCIETY BRANCHES COULD CLOSE PUTTING UP TO 12,000 JOBS AT RISK**

- **Major review of branch strategies is needed as 90% of people believe they have a future if their proposition can be reinvigorated <sup>(1)</sup>**

**Nottingham, UK**, 22 June 2018 - A new report from David Black, a banking and financial services insight analyst, predicts that despite some 879 bank branches closing last year <sup>(1)</sup>, a further 2,400 could still be closed <sup>(2)</sup>. This represents over 25% of the remaining network of bank and building society branches in the UK. <sup>(2)</sup>

It also estimates that up to 12,000 branch-based jobs could be at risk from this <sup>(3)</sup>.

The report, entitled: “The Future of Bank and Building Society Branches in the UK”, was commissioned by The Nottingham Building Society (‘The Nottingham’), which has doubled its branch network to 67 over the past five years. Both Mr Black and The Nottingham are calling on banks and building societies to review their branch strategies to ensure that they are relevant to the needs of people today.

David Black, of DJB Research said: “It has been estimated that 600 branches could deliver effective nationwide customer coverage for banks <sup>(4)</sup>. Looking at the number of branches the top five banks/building societies have today, I estimate that if this strategy was adopted some 2,400 branches could still be closed.

“New research from Which? reveals that 670 branches have already closed this year or been announced to close, and 2018 could eclipse last year for closures.”

“Additional research <sup>(2)</sup> from The Nottingham for my report reveals 29% of people expect the rate of branch closures to increase ‘dramatically’ over the next three years, and 49% think there will be a slight increase.

“Those banks and building societies with branches need to urgently review their strategies to see if they can make them more relevant to the needs of customers and therefore more financially viable.”

New research <sup>(2)</sup> from The Nottingham’s reveals 90% of people feel there is still a key role for branches to play, but their role needs to be ‘reinvented’. Only 5% of people interviewed feel branches have no future.

One in four people (25%) believe if their local bank or building society branch closed, they would suffer from ‘financial exclusion’ as they would have less access to advice and financial products and services. Of those people who currently claim to suffer from this, 40% believe that their local bank or building society branch closing contributed to this.

When it comes to what type of products and services people would be happy to use from branches, The Nottingham’s research <sup>(2)</sup> reveals 53% would use branch- based savings accounts, followed by 32% who would use independent financial advice. Just over one in five (22%) said that they would be happy to use a branch-based whole of market mortgage advice service and 9% would use a local estate agency service based in bank and building society branches.

David Marlow, Chief Executive Officer of The Nottingham Building Society said: “This report echoes what we are seeing on the high street, branches that are solely focused on transactional offerings have a limited future. We have reinvented our branch proposition to offer a far wider range of services. This includes financial advice, whole of market mortgage comparison, savings accounts and estate agency services at selected branches.

“Since doing this, our footfall has increased by around 10%, and our membership has grown, along with mortgage applications and savings balances. Our membership approval rating is currently at 79%, which places us amongst the best organisations in the world from a customer satisfaction point of view.”

David Black's report expects to see some existing branches made smaller, with cashiers removed and coffee shops fitted in them to encourage footfall. These stripped-down branches will no longer have traditional counters where customers pay in cheques and manage your savings account. This will be replaced by smaller 'convenience supermarket style' branches, where customers serve themselves using machines.

David Black said: "There is little doubt that more bank and building society branches will close – this is inevitable as the way people manage their money is changing. However, the extent to which they are closing could be radically reduced if branches took on new services and approaches."

**-Ends-**

### **Notes to editors**

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- (1) Which?
- (2) David Black analysis of CACI research and branch numbers for leading UK banks and building societies 2017
- (3) David Black analysis of analysis of figures from the European Banking Federation (EBF) and figures from UK based banks when announcing branch closures
- (4) Consultancy firm CACI

1,078 people were interviewed online in March 2018 by the research company Consumer Intelligence. They represented the demographic profile of the UK