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Access to Banking Standard Review
Lending Standards Board
5th Floor
Abbey House
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4 August 2021

By email: accesstobanking@lstdb.org.uk

Dear Sir / Madam,

Financial Services Consumer Panel response to the Access to Banking Standard Review 2021 Consultation Paper.

The Financial Services Consumer Panel (FSCP) is an independent statutory body. We represent the interests of individual and small business consumers in the development of policy and regulation of financial services in the UK.

The Panel welcomes the opportunity to respond to the LSB's consultation on the access to banking standard review.

Guidance for firms is needed now more than ever. The closure of bank and building society branches and ATMs has accelerated during the Pandemic.¹ Many bank and building society branches have been operating under reduced hours. Consistent and clear guidance to firms is essential, in terms of what to consider when making decisions and what actions to take to minimise the negative impact on consumers, particularly those in vulnerable circumstances.

The Panel understands that efforts have been made to align the two current sets of guidance (LSB Access to Banking Standard and FCA issued guidance FG20/3). However, we do have concerns that the existence of two guidance documents, with differences in scope and content, has the potential to create confusion for both firms and consumers. This could reduce effectiveness.

For example:

- The FCA guidance applies to all regulated firms whereas the LSB guidance only applies to the 12 signatory firms. The Panel believes that all firms should have to consider issues related to access of banking services and cash.
- The FCA guidance includes ATMs within scope, whereas the LSB guidance does not. The LSB standard covers reduction in operating hours whereas the FCA guidance does not. The Panel believes that firms should take a holistic view of all services used and these aspects are all important when considering overall access.
- The FCA guidance covers the decision-making process *before* branch or ATM closures take place. It says that "robust analysis" must be carried out by firms.

¹ <https://commonslibrary.parliament.uk/research-briefings/cbp-8570/>

The Panel believes that banks, building societies and ATM providers must do more to consider the implications on consumers, SMEs and communities *before* making decisions which will reduce access to banking services for consumers and SMEs. The inclusion of this impact assessment is therefore vital.

To deliver comprehensive good practice, firms would have to comply with both sets of guidance. To ensure a holistic approach, provide clarity to both consumers and firms, and make implementation, monitoring and reporting easier, the Panel proposes the production of a single set of guidance which would combine the scope, content and ambitions of both the FCA and LSB guidance. It should be overseen by the FCA and include banks, building societies and ATMs in scope.

Further, the LSB should consider imposing certain obligations on a wider group of payment providers. To ensure long-term and sustainable solutions to the provision of cash emerge, the wider payments ecosystem must be involved.

The Panel also believes that a mechanism should exist where consumers can challenge the closure of a branch or ATM or register their dissatisfaction with the process that firms go through. It is essential that the views of individual consumers are considered in decisions which reduce cash access.

In the event that there continues to be two sets of guidance, the Panel has the following comments on the questions raised in the Access to Banking Standard Review Consultation:

Overarching principle of the Standard

- SMEs should be referenced explicitly in the principle. SMEs are an essential component of the access to cash ecosystem. Branch closures affect SMEs ability to deposit cash, in turn affecting their decision to accept cash.
- Information provided to consumers should be relevant to their individual needs and circumstances and timely, in addition to being clear, understandable, and accessible.
- The standard specifies that consumers should be given information about what a closure 'will mean to them'. Information provided should highlight the impact of closures or reduced operating hours on consumers. These impacts should be brought out more explicitly in the principle.

Effectiveness of the Standard

To assess the effectiveness of the standard, it is essential that signatories collect and report data on the feedback and outcomes of customers affected by branch closures.

Improvements to the Standard

The Panel agrees with the recommendations in the LSB summary reports, and would like to see improvements to the Standard in the following areas:

- The LSB guidance should be updated to include further detail on how signatories can proactively identify, and engage with, vulnerable customers to understand needs, experiences, and the possible impact of closures. The guidance should make a clear reference to the FCA's Vulnerability Guidance².
- The LSB guidance should strengthen guidance for firms on how to engage with customers to ensure they receive the necessary support following a bank closure, including an understanding of alternative options. This includes for example considering the appropriate channel with which to communicate with customers.

² <https://www.fca.org.uk/publications/finalised-guidance/guidance-firms-fair-treatment-vulnerable-customers>

In addition to providing consumers with information 12 weeks prior to the closure, it is important that customers are provided with opportunities to obtain information and support thereafter. Such as during and after the closure.

It is important that the effectiveness of the Standard, and its alignment with the FCA Guidance FG20/2, is regularly monitored and reviewed.

Yours faithfully,

Wanda Goldwag

Chair, Financial Services Consumer Panel