

Our banks can stay open - and save £1bn

Branch sharing can avoid blighting communities, says **Derek French**

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➔ Right to reply

Paul Farrow's comment last week, headlined "Banks aren't charities, so don't complain when they shut their branches", was clearly intended to be provocative - and it succeeded.

On one level it was amusing to read of the City office of Coutts & Co, bankers to royalty and the exceedingly well-off, being transformed into a branch of Sainsbury's Local for the convenience of time-starved City workers.

There is, however, another level; a very damaging one at which the big banks are again closing their local branches in less well-off urban neighbourhoods and vulnerable rural communities at an escalating rate.

In my role I hear their stories daily and to dismiss their need for convenient counter service as that of a dwindling group is at best premature. A thousand rural and urban communities have lost all their banks and a similar number are down to the "last bank standing".

For those of our elderly population who have mobility problems or slower reaction times - a state to which many of our ageing population will come even in this technological age - the loss of a local bank branch often means premature loss of financial independence and a downward spiral.

Apart from the direct impact on these and others such as small businesses, when banks quit a community, shops and other services routinely go into decline as individuals and small business owners from the surrounding area are forced to go elsewhere for essential banking and take with them their "everyday spend" which keeps many small shops from going to the wall. When these close too, the whole community suffers.

The problem is substantial but a solution exists, and it is one that does not require the big banks to become charities; indeed

for the sort of communities currently being hit it is cost-neutral and the model to be used has the potential to save up to £1bn a year in operating costs when extended to some larger communities.

The solution is shared branches, sometimes called community banks or banking centres, which are outlets providing basic counter services for several banks.

Costs are shared and footfall in the bank, and in the community, increases substantially as customers of all banks can use it. Academically validated here and using existing technology, the same model is operated successfully throughout the United States.

Banks aren't charities, so don't complain when they shut their branches



PAUL FARROW

which closed 56 of its 1,200 branches last year. But can we blame the banks for hoarding so many branches that aren't profitable? Banks lost their personal touch when they merged into giant corporations and were transformed into faceless agencies to withdraw cash or arranged a face-to-face interview with their bank manager. ... don't go to the branch.

Last Sunday's comment; below, Thomas Coutts



When banks quit a community, shops routinely go into decline

The Independent Commission on Banking, which reports on September 12, has shown interest in imposing a public service obligation on banks with market dominance; there are many communities anxiously awaiting the commission's findings, which, it is hoped, will overcome bank resistance and the Government's present indifference.

➔ Derek French is the director of the Campaign for Community Banking Services (www.communitybanking.org.uk)

