

Access to Banking Standard Summary Report

February 2020

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Introduction

The Access to Banking Standard came into effect on the 1st May 2017 following an independent review commissioned by the industry. The Standard replaced the 'Access to Banking Protocol' which the main high street banks have been following since March 2015. The Standard sets out requirements to inform customers and stakeholders about a branch closure and the reasons behind the decision to close, advising of the options they have to continue to access banking services, however they prefer to do that and providing specialist help to those that need it.

The LSB is a self-regulatory body operating in the financial services industry, which provides independent oversight of adherence to Standards by which participating firms have agreed to be bound. The LSB has overseen the application of the Access to Banking Standard since July 2017 and has adopted a risk-based and proportionate approach to the oversight of the closure and reduced hours programmes. The first summary report, published in September 2018, reflected the fact that the industry had approached the new Access to Banking Standard in a positive manner and overall compliance was good. We identified one area requiring further work with a number of recommendations being made and good practice highlighted.

Objectives and scope

The objectives of the reviews were to ensure that firms' have in place adequate policies, processes, controls and governance arrangements in respect of closure programmes to ensure these are operating in line with the overarching principle and outcomes of the Access to Banking Standard.

For those organisations involved in previous assessments it was an opportunity to ensure previous recommendations and improvements have been implemented fully.

This included an assessment of:

- The governance arrangements in place over the branch closure programme.
- The timescales followed for all key activities and communications ensuring these are consistent with the requirements of the Standard.
- The process for identifying impacted customers, relevant stakeholders, other bodies and organisations.
- The adequacy of all communications, notices and impact assessments either issued directly or published by the firm.
- The design and effectiveness of the complaints process to deal with any complaints, queries or concerns raised both pre- and post-closure.
- The policy and process followed to identify and deal with vulnerable customers.
- The staff training programme and how this has been made available to impacted colleagues.

Approach

Branch closure programmes and reduction in hours of 30% or more over a year, which occurred between April 2018 to July 2019 were reviewed and summary results are included within this report. Individual firm reviews were risk based and took into consideration any activity that had previously been completed. The Standard applies once the decision to close a branch has been taken and therefore the role of the LSB does not extend to approving or commenting on the banks' decision to close branches, as this is ultimately a commercial and strategic decision. We did take the opportunity to consider processes and parameters which informed these decisions and how they were reflected within customer documentation.

Mystery shopping was also undertaken by the LSB team at a sample of branches, to assess the ease with which the Impact Assessment document could be accessed. This was supplemented with a view of the information available online and again, ease of access through this channel.

Initial meetings were held with firms to gain a high-level understanding of the closure programme, which was followed up with a detailed information request, enabling a desk-based review of key documentation to be undertaken, prior to an onsite meeting with key staff members.

Mystery shop feedback was provided as soon as the visits had been completed, which allowed firms the opportunity to review and implement any recommended actions in a timely manner. As previously, the LSB will continue to monitor individual firms' progress against any actions and will maintain oversight whilst firms continue to make further closures or reduce branch hours.

This report summarises how the industry has continued to operate against the requirements of the Access to Banking Standard, with a similar focus to our previous report. However, on this occasion we have also included commentary on progress made in respect of our recommendations from 2018 and some wider considerations to enhance customer outcomes in this area.

The report splits our findings and observations into three categories as follows:

Category	Action or response required
Non-adherence to Standard	Firms are not adhering to an element or elements of the Access to Banking Standard and remedial action is required.
Recommendation	These are opportunities for improvement; firms are encouraged to consider implementing them and to provide an appropriate rationale if they choose not to adopt.
Good practice	These are areas where good practice has been observed and are presented for firms to consider; no further action is required if firms decide not to adopt.

1. Executive summary

1.1 Background

Two cycles of reviews have been completed since our initial summary report, capturing seven firms in total between April 2018 and July 2019, with 480 impacted branches in 2018 and 513 during 2019. A total of 54 mystery shops were completed in the same period covering a wide geographical range. The reviews and mystery shops were undertaken alongside the closure programmes. Mystery shop sample sizes were based on the total number of impacted branches by firm, whether the firm had previously been subject to a mystery shop and the closure timescales. This alignment with the closure timeframe enabled the LSB to feedback on areas of improvement prior to the closures taking place, allowing actions to be taken promptly thus minimising the impact on customers.

1.2 Opinion

Since the launch of the Access to Banking Standard in May 2017, we have seen improvements in the way that firms have supported customers and engaged with the wider community. This appears to be both as a result of individual review actions and in line with recommendations following our initial summary report¹, such as the use of post implementation reviews to help capitalise on learnings and reflected in subsequent closure programmes. Two other recommendations, as detailed below, have been taken forward at an industry level with the aim of applying consistency during closure programmes.

Definition of impacted customer: UK Finance has led on work to define an ‘impacted customer’ and has now agreed minimum requirements to be applied by firms. The definition will encompass any customer who undertakes three monetary transactions within the branch on three separate occasions in the previous six months. This cohort of customers will receive appropriate notification and information if a decision is taken to close or reduce the hours² of their branch. Most firms already meet this minimum definition and our expectation is that all firms will be compliant from February 2020.

Standardised definition of terms used in Impact Assessments: Progress towards the adoption of a defined set of terms that are commonly used within Impact Assessments (IA) has proved a challenge for the industry. There is a level of complexity in providing consistency whilst ensuring the firm’s own style of communication is also reflected, there are concerns that this may ultimately confuse customers further. However, to assist customers in understanding the impact of their branch closure it has been agreed that the LSB will define a number of key metrics which firms will use consistently within their IA. The metrics will be shared and agreed with firms alongside the development of the guidance, with first proposals due in Spring 2020.

¹ Access to Banking Standard Summary report September 2018 <https://www.lendingstandardsboard.org.uk/wp-content/uploads/2018/09/A2B-Summary-Report-1.pdf>

² Excluding temporary closures and those forced by significant unplanned external or emergency events and includes branches where the opening hours are reduced by more than 30% over 1 year

In addition to the above, we have also agreed with signatory firms, that they will notify LINK³ of any decisions to close a branch, where this involves the removal of an external ATM, at the same time as notifications are issued to customers and other stakeholders. This will enable LINK to consider the impact of those changes during their reviews of the national ATM networks and help ensure that access to cash, particularly within rural areas, is protected. Due to the minimal impact to the firm's own processes we anticipate the change to be implemented as soon as possible, but no later than February 2020.

Other areas where we have seen improvements include:

- Closure notice communications are more reflective of information pertaining to the branch that is being closed.
- Continued engagement with the Post Office (PO), strengthening of relationships both locally and at a national level. We found evidence of branch staff engaging with the local Post Offices early in the process to bring them up to date with the planned changes and supporting customers in understanding what services are available, including accompanying them to the local PO branch if appropriate.
- Firms capture the PO within their wider programme governance and oversight, which allows any concerns over accessibility or service availability to be escalated to management for resolution. UK Finance has also led on the development of a 5-point plan to raise awareness of banking services available through the Post Office.
- Insight gained from previously impacted staff and other internal stakeholders has been used to enhance the quality of ongoing internal communications and training, so staff are better equipped with the skills and knowledge required to provide good customer outcomes. However, as mentioned later in this report, our mystery shop exercise evidenced the need to ensure that this training is embedded, and customers are provided with information about the closure decision and guidance on alternative banking options when they visit the branch.
- There is improved clarity regarding the concerns and feedback received from stakeholders within further information that is published by firms. Firms have also taken the opportunity to capture customer feedback and complaints, again providing a greater level of transparency around concerns that have been raised.

This programme of reviews included an assessment of the processes and parameters that informed the closure decisions. We found that firms take a forensic view of their branch network which considers a wide range of factors, including understanding the profile of customers, how they choose to engage with the branch and the demographic of the local community and how that might be affected by a closure.

³ LINK is the UK's largest cash machine network. Effectively every cash machine in the UK is connected to LINK, and LINK is the only way banks and building societies can offer their customers access to cash across the whole of the UK. All the UK's main debit and ATM card issuers are LINK Members.

1.3 Findings

Individual reports and letters have been issued to firms captured within this period of reviews outlining our findings and making recommendations where it was felt that improvements were necessary. The level of engagement has been positive with detailed action plans being put in place to address any findings. The LSB will continue to monitor activity in this area, working with firms and carrying out further independent assurance to ensure all actions are completed to a satisfactory level.

Application of the Access to Banking Standard

Overall compliance with the Standard is good but we would highlight the following areas as requiring immediate focus by some firms as we identified a number of instances of **Non-adherence**:

- Firms are required to publish the IA at the time of the announcement and make all customers aware of its availability. Our review found that customers were not always being made aware of the availability of the IA and could not always easily access a copy of the document. The notification letters sent to all impacted customers provides a good opportunity to advise customers of the availability of the IA and how it can be accessed. Online IA's should be published in an area of the website that it can be easily and intuitively located, and firms should ensure that there is robust oversight and governance in place to provide assurance that customers can easily access copies of the IA in impacted branches.
- Whilst we have identified improvements in the level of information that is subsequently published post announcement but pre-closure, particularly with regards to stakeholder feedback, there were instances of a lack of detail in respect of some of the other 'further information' requirements; such as where and from whom customers can obtain assistance on any specific issues or concerns, how and where they can raise questions which they feel have not been addressed and how the banks can provide help and assistance after closure. Elements of these requirements may have been captured separately, such as within initial communications, however the Standard requires that this information should be clearly included within updated information documents and communications.
- Firms should have a proactive strategy for engaging with all actual and potentially vulnerable customers who are impacted by the decision to close or reduce branch hours by more than 30% in a year, offering tailored support aligned to their specific circumstances. Whilst we found that change programmes had considered vulnerable customers, this was an area which lacked fully developed strategies that considered all impacted vulnerable customers and robust processes for proactive contact.

This activity should be an extension of the firms existing vulnerability approach, helping to drive consistency and embedding of a holistic vulnerable customer strategy. Guidance around the specific nuances applicable at branch closure or reduction in hours should be captured within training plans to assist staff in providing tailored support aligned to the specific needs of the customer.

We do acknowledge that work in this area may also be influenced by the requirements of the FCA Guidance for firms on the fair treatment of vulnerable customers, which is expected to be published soon.

Closer oversight of this activity is necessary at a programme level to enable firms to track progress within the notice period, assess the effectiveness of support that has been provided and help inform future activity and strategies.

Recommendations and good practice

Throughout the report we have made a number of recommendations and provided examples of good practice to help drive improvements. These are summarised below:

Recommendations:

- Firms should ensure they have robust internal oversight programmes to provide assurance that the requirements of the Access to Banking Standard are being met.
- Firms should ensure branch staff are supported with appropriate and timely training, which enables them to provide customers with information about the closure decision, as detailed within the IA, and guidance on alternative banking options.
- The details of the IA and how customers and stakeholders can access a copy of it should be included within closure notice letters and other communications.
- There is merit in having a consistent minimum approach in respect of providing impacted customers with information about where to access help and support post closure of branch, such as making IA available online for a set period.

Good Practice:

- Taking a broader view of the impact of a proposed change and considering local conditions, such as broadband speeds, gives the firm a more detailed and customer focused perspective on pertinent matters. This in turn will provide the firm with greater opportunities to ensure all relevant and local issues have been given due consideration during the decision-making process and beyond.
- Customers and stakeholders may not be aware that further information will be published during the notice period, so highlighting this, and where possible the timescales for its publication, within the initial communications helps to raise awareness of its availability. Reminders of the closure or reduction in branch hours during the notice period, particularly where the activity is supported with analysis around particular areas of risk, such as low take up of digital services or where the initial notice period extends beyond 12 weeks, will help ensure impacted customers and stakeholders have sufficient opportunity to engage with the bank and access information and guidance prior to the change taking effect.
- Some firms have maintained a presence in the community after the closure of a branch. This enables customers and the wider community to continue to access information and guidance on a range of bank related matters. The level and period of support is reflective of the needs within the community.
- The use of materials, such as in branch posters, to highlight the changes helps customers and stakeholders keep up to date with what is happening. Some firms have gone a step further and placed posters in local community buildings, which not only support customers and stakeholders in being kept informed but also include details of further support that can be accessed, such as digital banking workshops.

1.4 Next steps

As the independent monitoring body, the LSB continues to provide robust risk based independent oversight of closure and reduced hours programmes, working with firms to deliver improved outcomes. Our oversight of the Standard enables us to add value through the sharing of good practice and by highlighting areas where we feel there is opportunity to make improvements.

To assist with the sharing of good practice the LSB has committed to developing industry guidance which will aim to support the delivery of good outcomes, through the provision of enhanced levels of information to customers and stakeholders, whilst helping drive further improvements in compliance with the Access to Banking Standard. The guidance will be developed over the coming months with publication in Spring 2020.

2 Detailed Report

2.1 The Decision-Making Process

Discussions with firms included an explanation of their decision-making processes, which as expected, includes analysis of key data such as branch usage, the number of transactions completed at the counter and the number of customers regularly using the branch facilities.

The local high street is also considered by some firms, not only in terms of alternative options for accessing cash or banking services, but also the impact of a closure on the local community and any seasonal variations in demands upon the branch facilities, such as a local market or event where traders might rely on access to cash. Local knowledge gathered from branch staff and visits to the area, helps to ensure all pertinent matters have been considered. The facilities, accessibility, the location and travel options for the alternative branch are also considered, as well as the ability to support the potential increase in demand. Some firms also took into consideration the local broadband speeds.

Good Practice

Taking a broader view of the impact of a proposed change through consideration of local conditions such as broadband speeds, gives the firm a more detailed and customer focused perspective on pertinent matters. This in turn will provide the firm with a greater opportunity to ensure all relevant issues have been given due consideration during the decision-making process and beyond.

Each firm has a number of internal parameters which are used as part of the decisioning process. These parameters are a measure to highlight matters that may result in the decision to close or reduce hours be adjusted or changed all together. Such considerations may include the percentage of customers who may be vulnerable and therefore dependent on a branch or local conditions such as a major employer closing. This enabled a more detailed analysis of the information to be undertaken along with any mitigating factors prior to the final recommendation being made.

Before any decision is finalised, the recommended closure or reductions in hours is subject to several layers of review, challenge and ratification before being approved at a senior executive level. Firms advised that, subsequent to the decision being made, there are mechanisms in place to monitor for material events, which would trigger a further review of the decision. These mechanisms varied across the industry but included a mix of reactive and proactive triggers. For example, firms continuously monitor the local landscape for changes such as competitor closure announcements, major incidents which may impact the local community or stakeholder and customer feedback highlighting an issue which was previously unknown. Adjustments have been made to support particular needs that have subsequently come to light, such as the retention of a cash machine where a change in local provision meant that there would be no 24-hour access to cash post branch closure.

2.2 Governance, Controls and Oversight

We found that the landscape in respect of the governance, oversight and controls has matured, particularly where firms have previously completed closure programmes and used the opportunity to review their approach and identify areas for improvement. Branch and Area Managers are primarily responsible for ensuring impacted branches are supported throughout the notice period and staff have the skills and knowledge to assist customers as needed. Closure programme teams maintain oversight of the progress against key milestones via regular engagement with the branches and outputs of any first line assurance. Monitoring results and other management information is shared amongst key stakeholders and reported to senior management via governance forums, which ensures that there is good visibility of the programme at all levels.

A risk-based approach to second line oversight and assurance has meant that the focus of activity in this area is mainly via advice and guidance, sometimes on a reactive basis. There were examples of independent assurance in respect of elements of the closure and reduced hours programmes. However, based on the organisations visited during this round of reviews, we found that there were limited improvements in the robustness of independent oversight and assurance since our last summary report.

Recommendation

Firms should ensure they have sufficiently robust oversight processes in place to provide assurance that the requirements of the Access to Banking Standards are being met. This is particularly important in areas which have the greatest customer impact such as the quality and provision of customer facing documentation, customer engagement and, identification and proactive assistance provided to vulnerable customers.

2.3 Training

Banks will take action and support customers to:

- *know that the personnel they are speaking to at the bank have the skills and competences to deal effectively with the issues and concerns they raise.*

Firms have considered the effectiveness of training for both directly impacted branch staff and the wider staff population, particularly those who may handle customer enquiries and complaints. Initial training primarily takes the form of cascaded information via branch management with the use of guidance notes and 'frequently asked questions.' However, we also noted there have been developments in this area to ensure training provision remained contemporary and reflective of staff needs. Feedback provided by impacted staff from previous closure programmes has enabled learnings to be utilised to enhance current training approaches. Knowledge checks and monitoring provide assurance that staff competence remains at the required level, with additional support provided as required and during critical periods such as the start and end of the notice periods. One firm provided training using webinar facilities, which enables distance learning to include live demonstrations of alternative banking options due to the interactive nature of the platform.

There were some instances of reliance being placed on existing training that had already been completed in respect of alternative banking options. We believe there is merit in revisiting some business as usual training, not only to ensure staff knowledge is up to date but also to emphasise the importance of engaging with customers during the notice period. This will help ensure customers are aware of the options available to them for alternative ways to bank and how they can be accessed.

We conducted mystery shopping to test the extent to which customers were being made aware of the availability of the Impact Assessment (IA) when they visited the branch. We found that it was not always possible to access a copy of the IA during branch visits and online, which indicates that more work is required in meeting this core requirement of the Standard.

Recommendation

Firms should ensure branch staff are supported with appropriate and timely training, which captures the need for customers to be provided with information about the closure decision, as detailed within the IA, and guidance on alternative banking options. This will help ensure staff know what is expected from them during the notice period and assist customers in understanding the rationale for the decision and making an informed choice about how they may wish to continue to bank.

2.4 Initial Announcement of Closure

Banks will

- *Inform its customers and stakeholders of the decision to close a branch as soon as the bank is operationally ready to do so. This will be at a minimum 12 weeks before the closure.*

As mentioned earlier in this report, following recommendations in our last summary report, the industry has agreed a definition of an 'impacted customer' as being any customer who undertakes three monetary transactions within the branch on three separate occasions in the previous six months.

Impacted customers are provided with at least 12 weeks' notice of the intention to close or reduce the hours of a branch. Letters, to varying degrees, also capture information about the reasons for the decision and how to get in touch with the bank. As recommended by us previously, some firms also mention that further information (the Impact Assessment) regarding the closure is available and provide details of its location, including the web address.

Recommendation

The details of the IA and how customers and stakeholders can access a copy of it should be included within closure notice letters and other communications. This will help to increase awareness of the document and signpost its location.

Stakeholder engagements are initiated at the earliest opportunity which can be immediately prior to notifications being issued to impacted customers. This allows any political stakeholders to be informed of the decision before they may start receiving contact from their constituents and are therefore better placed to respond to them. Stakeholders are also invited to discuss the changes with firms in more detail, which in turn has led to wider conversations and better understanding of

any specific issues that may be impacting the community. The stakeholder population typically includes Members of Parliament, Members of the Scottish Parliament, council leaders, local councillors, the Chamber of Commerce or Trade, Federation of Small Businesses, local libraries and at a national level, the Welsh Assembly. Firms also engaged with charities linked to vulnerable customers, such as Age UK, Alzheimer's Society, local Citizen's Advice, Community Money Advice and the Royal National Institute of Blind People.

Overall, we felt that the processes for stakeholder engagement are robust. Firms appeared to respond to any concerns raised and where necessary link back to the initial decisions if new information comes to light that is considered material enough to impact customers. Firms advised that, where needed, additional actions have also been implemented such as making arrangements for 'leave behinds' after the closure of the branch to ensure there was sufficient access to cash.

2.5 Impact Assessments

Banks will

- *publish at the time of the announcement an Impact Assessment and make all customers aware of its availability together with any other documentation and information that will allow the customer to understand:*
 - *The bank's procedure for deciding to close a branch*
 - *the main reason for the closure of that branch and, while maintaining commercial confidentiality where appropriate, what information was used to make that decision*
 - *how the bank defines the terms it uses in its Impact Assessment.*
 - *The banks assessment of the impact of the closure on customers.*
 - *the date of the closure*
 - *what the alternatives are, how they can be accessed, and what the bank will do to help or assist with all or each of those*

The quality of the information provided within Impact Assessments (IA) has improved since the last summary report, with almost all firms capturing the minimum requirements in their documentation and any gaps that were identified have been promptly addressed.

We have seen improved levels of clarity for customers due to wider and more comprehensive use of definitions for the terms used within the IAs. All firms now provide definitions to assist customers in gaining a clearer understanding of various terms including:

- how distances to alternative branches were calculated
- the purpose of the Access to Banking Standard
- details of the Stakeholders that have been engaged
- details about the Lending Standards Board and our oversight
- the FCA's definition of who might be considered to be a vulnerable customer

As recommended by the LSB, the industry has commenced further work in this area to assess the feasibility of including a standardised list of terms and definitions which could be adopted to provide consistency and improve clarity, especially for customers with multi bank relationships. However due to a number of complexities around ensuring firms maintain the terms customers are familiar with in the branches it has been agreed instead that a number of key metrics will be used in all IA's across the industry. The LSB will work with firms to implement these metrics alongside the development of

guidance being produced to support the Access to Banking Standard and expect to see the initial proposals from Spring 2020.

Our review of customer facing documentation and mystery shopping identified deficiencies in the way that firms made customers aware of the Impact Assessment and provided access to a copy of it. Not all firms mentioned the existence of the IA within their initial notification letters. When we reviewed firms' websites, we found it difficult or impossible to access a copy of the online IA for more than half the firms. Our branch mystery shops found that a copy of the IA was not readily available at 39 of the 54 branches visited, and shoppers failed to access a copy the IA, even after probing, at 20 branches. In all instances feedback regarding our findings was promptly provided and enabled firms to take immediate actions to remediate the issues found.

Non-adherence to Standard

Firms are required to publish the IA at the time of the announcement and make all customers aware of its availability.

Given that all firms will write to impacted customers, it is an ideal opportunity to also advise them of the availability of the IA and how it can be located.

Firms should also ensure that their online IA is published in a relevant area of the website so that it can be easily and intuitively located, without need for extensive searches and additional support.

Finally, as mentioned previously, firms should ensure that there is robust oversight and governance in place so that they can be confident that customers can easily access copies of the IA in impacted branches.

In terms of supporting customers with alternative ways to bank, the range of initiatives have varied from firm to firm. Some place a reliance on branch staff to cover this as part of their regular duties whilst others hold dedicated workshops to proactively engage with customers and encourage the use of alternative ways to bank. Several firms have initiatives geared towards impacted customers wishing to explore digital banking with a focus on building confidence through reassurance and practical assistance. Customers are encouraged to bring their own devices into the branch, so staff can help with registering them for digital banking and demonstrate how to navigate through the application. Dedicated digitally trained expertise in both impacted and receiving branches enable this support to be more easily accessed, even during peak periods when counter staff might be engaged in other activities.

We were provided with examples of staff responding to specific needs of the local community too. This ranged from engaging with the local care home to speak with residents about the impacts of the decision to close their local branch and options to continue to bank, through to accompanying customers to the alternative branch, PO or even a competitor to help smooth their transition. These examples reflect the level of responsibility staff feel towards their customers and that they are empowered to step outside of formal processes to deliver improved customer outcomes.

2.6 Post Announcement and Pre-Closure

Banks will provide further information that will:

Communicate clearly and simply with all customers and stakeholders when appropriate so they understand:

- *where and from whom they can obtain assistance on any specific issues or concerns they may have.*
- *what were the issues that stakeholders raised and what has been the outcome of each?*
- *how and where they can raise questions which they feel have not been addressed.*
- *how the banks can provide help and assistance after closure.*

Most firms highlight the availability of further information and the timescales for its publication within their initial communications so customers and stakeholders are aware that there will be a summary of concerns and feedback, along with actions taken, available towards the latter part of the closure notice period.

A small number of firms have opted to send an additional reminder letter to impacted customers during the notice period. In one example, the reminder considers analysis on the level of take up of digital services by impacted customers. The letter, targeted towards customers who are yet to transact via a digital platform, reminds them of the digital services that are available and options for additional support if needed.

Good Practice

Customers and stakeholders may not be aware that further information will be published during the notice period, so highlighting this, and where possible the timescales for its publication, within the initial communications helps to raise awareness of its availability.

Reminders of the closure or reduction in branch hours during the notice period, particularly where the activity is supported with analysis around particular areas of risk, such as low take up of digital services or where the initial notice period extends beyond 12 weeks, will help ensure impacted customers and stakeholders have sufficient opportunity to engage with the bank and access information and guidance prior to the change taking effect

A comprehensive range of stakeholders are written to, and meetings are held where requested, during the initial period following announcement. Firms subsequently provide granular level of detail in respect of the stakeholders' engagement, the issues raised and actions taken to address those issues. In some instances, firms will also capture information in relation to customer feedback and complaints that have been received. However, when reviewing the various updated information documents, we identified that there was sometimes a lack of detail in respect of the other 'further information' requirements. Whilst elements of this information may have been captured separately, such as within initial communications, there are specific requirements within the Standard and therefore should be clearly included within updated information documents and communications.

Non-adherence to Standard

Firms should ensure that their updated information documents capture all the following requirements as a minimum:

- *where and from whom they can obtain assistance on any specific issues or concerns they may have.*
- *what were the issues that stakeholders raised and what has been the outcome of each?*
- *how and where they can raise questions which they feel have not been addressed.*
- *how the banks can provide help and assistance after closure.*

Capturing this information within a single document will help ensure customers are clear about the details, as they are presented clearly within the same document at an appropriate point during the notice period.

2.7 Vulnerable Customers

Banks will:

- *consider which individual may be vulnerable or require additional assistance and proactively contact them to find out if they require any further help or assistance.*

This was an area for development for most firms that were captured during this review period due to actions plans that were still being progressed or for firms that had not previously been captured by the Standard. Strategies were not fully developed and consequently did not consider all impacted vulnerable customers and processes for proactive contact were not fully developed.

The definition of vulnerability varied from firm to firm, with some looking only at age and accessibility needs and others taking a wider view which captured a range of vulnerabilities, including customers who may be in financial difficulties. However, the parameters were generally found to be narrower than those considered within the general firm wide vulnerability approach. We also identified gaps in some customer information which inhibited the ability to gain an accurate view of the branch level vulnerable customer profile. For example, the dates of birth for some customers were missing, which meant that where firms relied on this information as an indicator of potential vulnerability there was a risk some customers may not be included in any proactive contact strategies. As mentioned within our previous report a comprehensive approach to the identification of vulnerable customer should consider all sources of information, including local knowledge and accurate systems data. We do acknowledge that work in this area may also be influenced by the requirements of the 'FCA Guidance for firms on the fair treatment of vulnerable customers', which is due to be published soon.

Processes sometimes relied on the discretion of local staff to determine the contact approach. This approach enables branches to flex their activities in accordance with other priorities and available resource, however the lack of parameters meant that there was a risk that some vulnerable customers might not be contacted. A defined approach would help provide clarity and structure to the activity by clearly setting out the expectations at a granular level, such as the number of attempts to contact the customer that should be made. Tracking the activity will enable firms to assess the pace of activity and whether further resources are needed to complete it within a defined period. Firms should also ensure staff are aware of the support options available and the mechanisms for capturing the interaction to help ensure the customer continues to receive support as needed, after the branch has

closed or hours have been reduced. Support for staff in carrying out this activity was primarily in the form of existing vulnerable customer training, which may not always capture the nuances that are specific to a branch closure or reduced hours scenario.

Non-adherence to Standard

Firms should have a proactive strategy for engaging with all actual and potentially vulnerable customers who are impacted by the decision to close or reduce branch hours, offering tailored support aligned to their specific circumstances.

This activity should be an extension of the firms existing vulnerability approach, helping to drive consistency and embedding of a holistic vulnerable customer strategy. Guidance around the specific nuances applicable at branch closure or reduction in hours should be captured within training plans to assist staff in providing tailored support aligned to the specific needs of the customer.

Closer oversight of the activity at a programme level will enable firms to track the progress of the activity within the notice period, assess the effectiveness of support that has been provided and help inform future activity and strategies.

2.8 Post Closure

Banks will:

- *ensure that there remains help and assistance and skilled and competent personnel available to help customers who continue to require assistance*

Banks will ensure that customers:

- *are aware that the bank is willing to help them to continue to bank*
- *are aware of and understand how and where they obtain continuance of the help and assistance they received post closure should they still require it, and how they access help or assistance on any issues or concerns that arise post closure.*

Banks will ensure that Stakeholders where appropriate

- *are aware that the bank is willing to continue to engage with them*
- *are aware of how and who they continue to progress any mitigation issues that are still to be resolved, and how and who they should contact should any other issues or concerns arise post closure.*

During the notice period firms provide impacted customers with information and support to assist them in understanding the options to continue to bank, which includes signposting alternative branches, helping customers access services via other channels and through the Post Office. This support appears to continue after the changes have taken effect, often provided by staff who have been introduced to customers during the notice period to help smooth the transition to the new branch. Where possible closure posters, displayed prominently in the branch windows, reference the next nearest branch, highlighting transport links and contact details for customer queries. Online

branch locators and additional information is also updated with IAs generally retained on websites for a period after the change has taken effect.

Recommendation

As recommended within our previous summary report, we believe there is merit in having a consistent minimum approach in respect of the provision of information about where to access help and support post closure of branch, such as making IA available on-line for a set period.

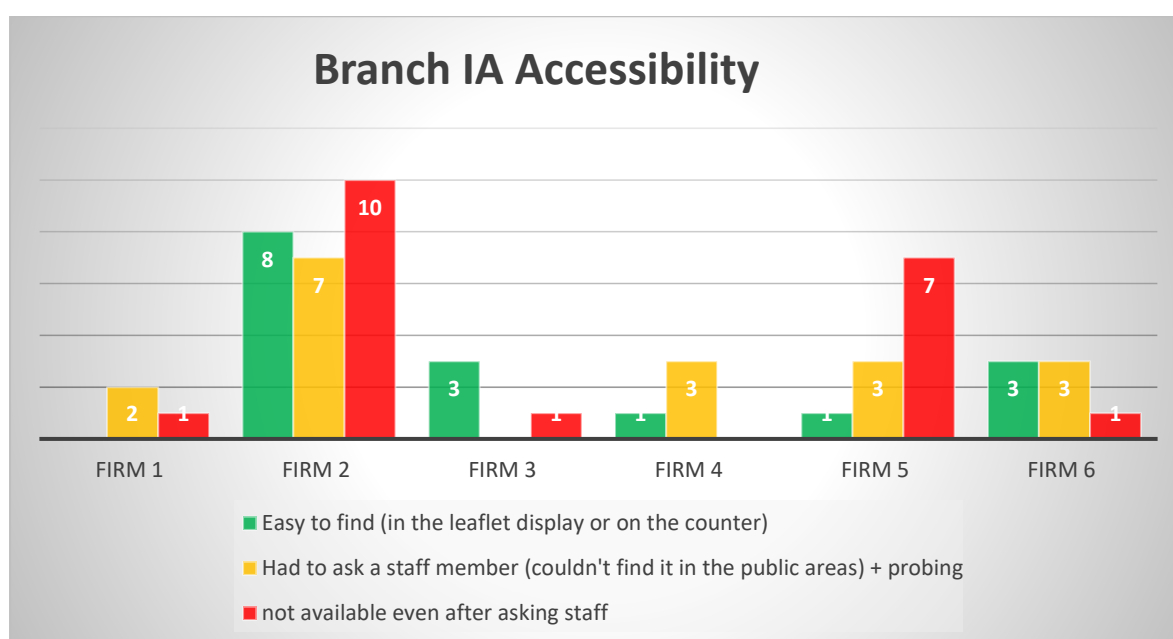
Post closure reviews are undertaken to assess the impact on customers through the analysis of complaints, feedback and customer behaviours, including attrition rates. This insight is being used to help inform future programmes and wider considerations of how firms can continue to support customers and the community.

Good practice

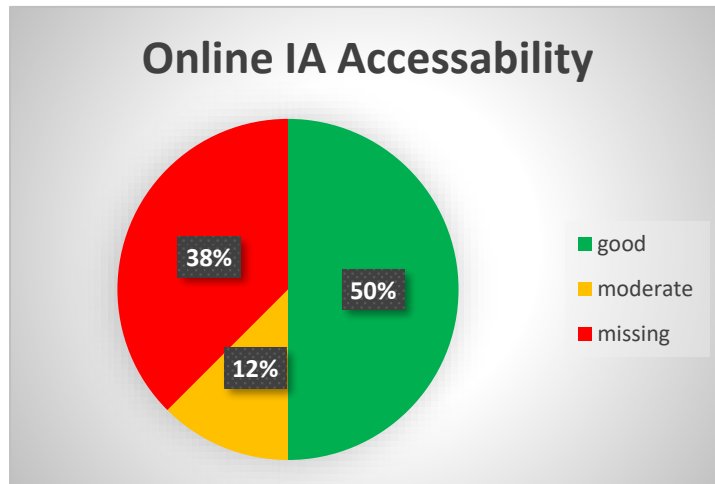
Some firms have maintained a presence in the community after the closure of a branch. This enables customers and the wider community to continue to access information and guidance on a range of bank related matters. The level and period of support is reflective of the needs within the community but do not include provision of banking facilities.

2.9 Mystery shopping

Mystery shopping was conducted by the LSB at a sample of branches for most firms during this review period, to test the ease with which the Impact Assessment document could be accessed in the branch and subsequently online. We ensured the timing of this activity enabled any areas for improvement to be addressed in a timely manner, especially where this had an impact upon customers. The sample of branches selected was based on a percentage of the overall total number of impacted branches per firm. Branch visits were geographically spread across the UK which helped provide a representative view across each firm. In total 54 shops were completed across six firms; the results are shown below.



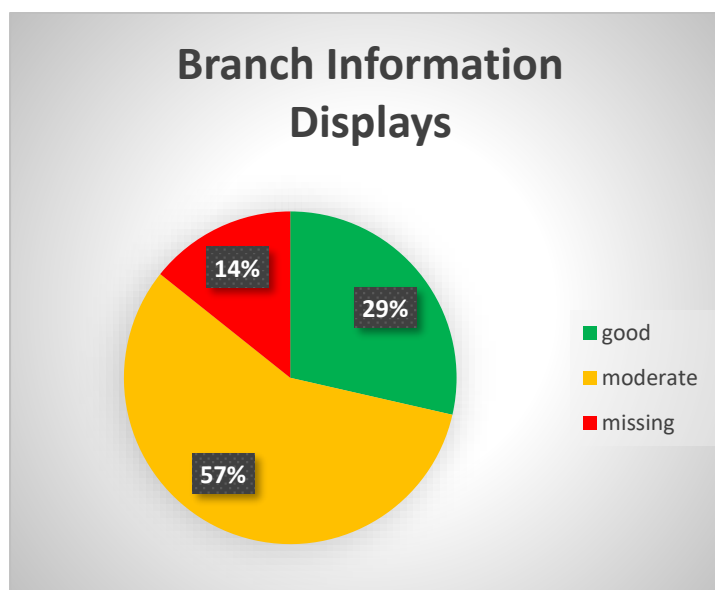
Our feedback to individual firms in respect of the mystery shop findings was positively received and has led to further strengthening of controls where necessary and immediate action to remediate any issues that were highlighted. This included recommunication to branch staff of the expectations around the prominence of literature displayed in branches and additional independent assurance being implemented.



As well as visiting the selected branches, we also assessed the ease with which the online IAs could be located. This was felt to be an important point as customers were often referred to the firms' websites to access this information. Whilst our results show this was easy to find for three of the firms reviewed, for the others this proved more challenging and ultimately required the aid of the specific web address or additional

guidance. Following immediate feedback, firms responded promptly to implement actions to ensure all online IAs are now more easily located.

As part of each firms communication strategy they had made provision for materials such as posters and other literature to be displayed in public areas of the branch or outward facing windows. We found during our visits that these resources were utilised to varying degrees from branch to branch, with a small number providing no information at all in the public facing areas. The use of posters, both internal and external, enable key information to be displayed clearly for passers-by and branch visitors and are therefore an effective means of highlighting the change and prompting further enquiries and actions.



'Moderate' in the chart opposite represents mixed results, where some of the firms' branches had more internal and external posters than other branches of the same firm that were visited.

Good Practice

The use of materials such as posters facilitated the process of ensuring customers and stakeholders are informed and reminded of changes that are due to take place at an appropriate time. Some firms have gone a step further and placed posters in local community buildings, which not only support activities to ensure customers and stakeholders are aware of the decision, but the posters have also included details of information and further support that can be accessed, such as online banking workshops and drop in sessions at the closing branch.

2.10 Enhancing consumer protections

As part of our oversight process we continue to discuss with firms areas they may consider when looking at branch closures which are not explicitly captured within the Standard. Our 'helicopter' view of the industry provides us with a unique vantage point from where we can draw on intelligence to help inform our thinking and support firms in achieving good customer outcomes. Firms are constantly reviewing their networks and responding to external impacts, such as lease issues, which can result in branches being relocated to within a mile of the original location. Firms may also look to make changes such as introducing mobile, counter-less or fully automated branches and flagship stores. There are a number of areas where we feel it would be beneficial to provide guidance to firms not only on how to comply with the Standard but also to share the good practice we have encountered across organisations. To achieve this we have committed to developing guidance, which will capture various examples from across both the branch network and at community level to complement the Standard.

In addition to this we feel there is merit in bringing consistency to the metrics that are captured within the Impact Assessment document and updated information. At a firm level we have provided feedback on areas where we felt improvements were needed in order to be fully compliant with the Standard, however there is a wide degree of variance in the way in which firms meet those requirements. To help provide greater consistency in this area, we will be drafting guidance on key metrics that we wish to see included within the IAs.

Work on developing the guidance will commence this year with a view to publication by during Spring 2020.