



**Ian Stuart**

*Chief Executive, HSBC UK Bank plc*

Rt. Hon Mel Stride MP  
Treasury Committee  
House of Commons  
Committee Office  
London  
SW1A 0AA

2<sup>nd</sup> August 2021

Dear Mr Stride

Thank you for your letter of 15 July. Before turning to your questions, I have provided some wider context which I hope is helpful to the Committee.

We remain committed to maintaining a significant branch network in the UK, which continues to provide an important means of engaging with the customers and communities we serve. As customer habits change, so too must our service; a sustainable branch network is critical to that.

Customers' habits towards branches have been changing for many years, albeit Covid 19 has accelerated many of these trends. Over the past five years, the number of customers using our branches has fallen by almost 40%. In nine in ten cases, customer interaction with the bank is now completed via the telephone, internet or smartphone and 99% of cash withdrawals are made at an ATM. Indeed, many of these trends have paved the way for new digital-only entrants to market, none of which have a branch network. Clearly we must compete effectively in the market in which we operate. This also influences how we design and invest in our branches, to support interactions with customers on major 'life events' like mortgages and financial planning, as well as our investment in digital services in branches.

We know that older and more vulnerable customers can place particular importance on branch banking, which also guides our thinking, both in terms of the shape of our existing network, and in providing alternative means of banking when we take the difficult decision to close a branch.

**HSBC UK Bank plc**

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It is also important in this debate to draw a distinction between maintaining branches and access to cash. We are acutely aware of the need to maintain access to cash and the importance of alternative solutions like cash back without purchase, free to use ATMs and effective Open Banking. We are active participants in community access to cash pilots and remain fully committed to working with a wide range of stakeholders – which importantly goes beyond just incumbent banks - as part of the Access to Cash review.

### 1. Your Current Number of Branches

As of 02 August 2021 we have 548 branches in the UK. At the start of 2021 we announced that we had taken the difficult decision to close 82 branches, 37 are still yet to close, bringing our network to 511 by 1 October 2021. While the closures have been staggered throughout the year, we chose to announce them all in January to give clarity to our customers and colleagues.

### 2. Your number of branches that are the “last bank in town”

There are 10 HSBC UK branches that would be considered to be a “Last Bank in Town”, defined as having no other bank branch within a mile. Out of the 10 branches, nine have a Post Office within 1 mile, with one (Exeter Emperor Way) being 1.4 miles. While HSBC UK has never signed up to any pledges concerning last bank in town, any considerations to close such a branch would be done sensitively.

### 3. Your number of mobile branches

HSBC UK does not operate mobile branches as we do not believe they would offer our customers any additional services that cannot be accessed via alternatives means, including the Post Office, online and telephone banking and our pop up branches. For more detail on Pop Up branches please see question 7.

### 4. What plans you have to maintain these numbers for the next three years

We continue to monitor the usage and viability of our branch locations. At this stage, we have no plans for additional branch closures in 2021 outside of the ones we

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announced in January. We will work with regulators and other relevant bodies should this position change in the coming months and years.

#### 5. The factors you consider when deciding to close a branch

We undertake an extensive review of any location under consideration for closure. These reviews include: internal metrics such as lease details, branch financials, usage and customer base; and external factors such as community access to services, digital adoption rates and levels of customer vulnerability.

#### 6. The consultation process you go through when you close a branch

We refer to the current Lending Standards Board “Access to Banking Standard” and the latest FCA guidance to ensure we adhere to the expectations set out around branch closure consultation.

The decision to close a branch remains a commercial one. With new entrants being welcomed into the market, we have to continually assess our competitive position to ensure we remain relevant in our chosen markets. However, we always work with local communities to mitigate the impact and raise awareness of alternative channels.

#### 7. The support you provide to customers when you close a branch in a community

All affected customers are contacted by letter or email in line with the expectations of the LSB. Posters are displayed in the branch showing the date of the closure as soon as this is known, meaning in many cases communication starts well in advance of 12 weeks stipulated by the LSB. As a regulated business, we are also guided by our responsibilities to treat customers fairly and produce good outcomes for customers.

We also engage with local stakeholders such as MPs, local charities and business groups to ensure we are aware of the full effect that any closure will have on our customers. We produce a detailed Impact Analysis for each location outlining the alternatives for customers, which includes the location of the nearest Post Office,



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the nearest alternative HSBC UK branch and an estimation of how long it will take to get there. These documents are available on our website and paper copies can be provided on request.

HSBC customers have been able to access their personal accounts at Post Office counters free of charge since 2013. We have made significant investment in this agreement in recent years and the service has expanded. Now our personal customers can pay in cash or cheques, make withdrawals and check their balances at any of the 11,500 Post Office locations across the UK. Business customers with a Business Debit Card can also use any of the Post Office counters to pay in cash or cheques, withdraw money and check their balance. To make sure we reach as many customers as possible we issue national and local press releases of our closure announcements.

This year, to support customers who may not have been to the branch due to COVID restrictions, the local branch team have personally contacted customers we would consider branch reliant, or vulnerable, to talk them through the options available to them.

For those who would rather access their accounts from home we are running a series of tutorials over zoom called HSBC@Home which explain how to carry out various activities using internet and telephone banking, and are conducted by the closing branch team or staff from surrounding branches. We have also supplied over 1,000 tablets to our closing branches to give to customers free of charge to individuals that wish to carry on banking with us digitally but do not have the means to be able to do so. The tablets can also be used for other purposes like online shopping and accessing the news.

Later this year, we are launching a pilot of community "Pop Up Events". These events will be hosted in locations where we have closed branches in 2021. We will provide a minimum of two visits within six months of a branch closure. These events will provide additional support to customers in the months after a branch has closed, they will be able to answer any concerns as well as provide free education services for customers in the town around key topics like digital capabilities, budgeting skills and fraud prevention.



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I hope the information above is helpful to the Committee as it considers this important topic. Please let me know if I can provide any further information.

Yours sincerely

A handwritten signature in blue ink, appearing to be "I. Stuart", written in a cursive style.

Ian Stuart