



Rt Hon Mel Stride MP  
Chair of the Treasury Committee  
House of Commons  
London, SW1A 0AA

Sent by email

4 August 2021

Dear Mel,

Thank you for your letter of 15 July regarding Santander UK's branch network. I have provided answers to your questions below, along with some broader context on the rationale for Santander UK's announcement in March that we would be closing 111 branches and how we are supporting industry efforts to ensure continued access to cash and banking services across the UK.

I would like to first emphasise my commitment to maintaining access to banking services across the UK. I am firmly of the belief that a mix of physical and digital channels are necessary to ensure that everyone in the UK has access to banking. That is why Santander UK is committed to maintaining a national branch network, and continuing our partnership with the Post Office, alongside investing in our increasingly popular digital and telephony channels.

As you will know, over the past decade we have seen a substantial change in the way in which people access banking services. Where previously bank branches were the main way of accessing banking services, the development of digital technologies has for many people made online banking the easiest and most popular way. Telephone banking continues to play an important role as well, with innovations such as voice ID making it easier and safer to support customers than before. The popularity of online banking has led to a significant, continued reduction in footfall across our branch estate and we have had to respond to this change in demand by reducing the number of branches in order to invest in growing channels.

In March this year we announced that the closure of 111 branches would be taking place in 2021, having seen a 33% reduction in counter transactions across our network between 2017 and 2019. In order to reduce the impact on customers we chose to close only those branches that were within 5 miles of any alternative Santander branch, ensuring that customers could travel to a Santander branch in those circumstances in which they needed to. We also explained to customers the range of ways in which they could continue to bank with Santander rather than travelling to an alternative branch, through a local Post Office or ATM for cash and cheques, or via digital or telephone channels for most other services.



I would like to emphasise that whilst we have seen a reduction in branches over a number of years, this has been matched by a similar increase in the variety of channels through which people can now carry out their banking. In particular, the Post Office Banking Framework provides Santander customers with the opportunity to carry out cash and cheque based banking through the Post Office's network of nearly 10,500 branches, providing them with a far greater access to physical services than any one bank can provide by themselves, with Santander having a network of 450 branches by the end of this year.

I have provided answers to your specific questions below.

1) Your current number of branches.

In March 2021 we announced that we would be closing 111 branches between June - August this year. Following these closures, we will have 450 branches across the UK.

2) Your number of branches that are the "last branch in town".

Santander uses an external classification of bank locations (from CACI and used widely by many UK banks). Bank branches are grouped into Financial Centres and these act as an independent view when assessing locations. These centres range in size from the City centres, Towns of varying sizes through to small Suburbs within urban conurbations.

Following the closures taking place this year, we will have six branches that are classed as being the only bank in a Financial Centre, although of these, only Holywell would be a "last branch in town", with two others in shopping centres and one at the opposite end of Edgware Road to where other banks are located. The final two are staff focused branches in our offices in Milton Keynes and Triton Square, London.

Of the branch closures taking place this year, five branches are the last branch in their local area, although all are located in suburbs or Outer London boroughs with the nearest alternative Santander branch located between 1.5 and 3 miles away.

3) Your number of mobile branches.

Santander does not operate a mobile branch service.

4) What plans you have to maintain those branch numbers for the next three years



The branch closures taking place this year are intended to give Santander a suitably sized and geographically spread national network. We continue to believe that branches have an important role to play and expect the size of our network to remain stable for the foreseeable future.

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

The starting point when considering a branch closure programme is to assess the ways in which customers are accessing Santander's services. The continued decline in footfall in our branches in favour of digital and telephony channels has led us to have to reduce the size of our branch estate to ensure that we are able to invest in those channels that are growing in usage.

Using our 2021 closure branches as an example, we considered a number of factors to identify which branches to close. We take our responsibility to our vulnerable and elderly customers very seriously and believe in maintaining a national branch network. Our start point was therefore to look at the proximity of our branches to each other, following which we made a decision to focus only on branches that were less than 5 miles from the next nearest Santander branch, with the majority of closing branches being within 3 miles of an alternative Santander branch. This approach meant that we have maintained branches in more remote/rural areas even though many of them have very low and significantly reduced footfall.

Having used proximity as the primary driver, the team then manually reviewed a range of factors including the travel options to the next nearest branch, the alternative cash provision nearby such as a Post Office or free to use ATM, the size and nature of the customer base using the branch and footfall trends within the local area (our Impact Assessment statistics were for pre-pandemic usage), as well as commercial factors such as the cost of the premises and any upcoming lease breaks etc.

Taking this approach has helped us to ensure that the branches we will be closing this year were chosen in a way which minimises impacts on our customers, but also allows the bank to respond to the significant market challenges we continue to face as people change the way in which they bank.

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

Whilst the decision to close the branch is a commercial decision for the bank to assess, we have supported the Access to Banking Standard from its introduction and accordingly engage with the Lending Standards Board on all branch closure programmes. Additionally, we have most recently engaged directly with the FCA in advance of closures, sharing full details of the proposed closures and supporting documentation.

Following the communication of our decision to close a branch, customers are advised how to contact Santander with regard to concerns over a branch closure and we record these contacts, publishing the number and details of customer feedback in our second Impact Assessment for each branch. At the same time, we reach out to stakeholders and representatives in the community including MPs, local councils and organisations to ensure they are aware and can raise any concerns on behalf of the community directly with us.

7) The support you provide to customers when you close a branch within a community.

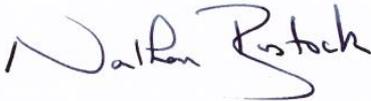
When closing a branch, we write to all potentially vulnerable customers using the branch and all customers who have transacted 3 times or more in the branch over the preceding 6-12 months. This letter outlines why we are closing the branch, alternative ways in which customers can continue to bank with us, including details of online and telephone banking, the nearest Post Office, ATM and alternative Santander branch. We also provide customers with a link to the Impact Assessment for the branch, which has further detail on how they can continue to bank with us including what channels can support each type of transaction/service. It also outlines how our branch teams can support a customer during the closure process, including arranging to meet the team at a neighbouring branch, how the customer can switch accounts to another bank that has a branch nearby and how they can access 'Supported Banking' options such as a Carer's Card Account, Third Party Access and Power of Attorney.

Alongside mailing all customers with these details, we identify a list of 'potentially vulnerable' customers for each closing branch. This includes older customers aged 75 or older, customers who transact most frequently at the branch (more than 6 times in a 6-month period), customers with Power of Attorney or a disability registered with us and customers with Supported Banking in place. All of these customers are then pro-actively telephoned by colleagues from the branch to enquire whether the customer needs further support to continue to bank following the closure.

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Thank you for taking the time to write to me on this issue. If the Committee requires any further information, please do not hesitate to get in touch.

Yours sincerely,



Nathan Bostock