

2 August 2021

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

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Dear Mr Stride,

Thank you for your letter dated 15 July regarding bank branch closures. I am very happy to set out our approach covering your questions below.

As of 21 July 2021, Barclays has 738 branches. Customer behaviours, including demand for traditional branch services, are rapidly evolving. Fifty years ago, almost 90% of all transactions took place inside a branch, but today that number is less than 10%. Profound technological changes, and the ease with which customers can access their accounts digitally means that our physical branch network is experiencing a sustained fall in demand. In fact, the majority of our customers (74%) now choose to interact with us via telephone, online, or mobile banking.

Tied to this, competition from FinTech and tech firms, coupled with new technologies, means customers' expectations of seamless and immediate digital solutions is increasing. This is welcome from both a competition and customer-outcome perspective. However, for traditional banks who serve both digitally savvy and more traditional customer cohorts, we must make considerable investments in digital to continue to ensure we are competitive for our customers, whilst also balancing high-fixed costs for maintaining physical infrastructure amidst reduced demand for in branch services. To illustrate with an example, there are on average just 80 exclusive users (customers who don't use any other channel) per branch for branches included for closure in 2021.

We fully recognise that we need to ensure we continue to meet the underlying needs of both sets of customers, but are conscious that we must do so sustainably and competitively. The exam question we must set ourselves is not 'how do we rationalise our branch network to reflect reduced customer usage', but instead 'how we can continue to ensure we provide our services in ways that are commensurate with customer and local community needs'. The answer will undoubtedly look different to today – fewer physical branches on every high-street – but, I hope, better; a menu of dynamic options tailored to local needs and demand.

We are already reimagining and transforming the ways we serve and support our customers and communities in different, but more effective, ways to the traditional branch. This includes a new range of alternative physical formats to enable colleagues to be present in local communities and provide banking services based on the local demographic. We plan to significantly scale up these physical touchpoints into the near future. For example:

- In communities with no Barclays presence, a Barclays colleague can provide interim access to banking by locating themselves in existing local spaces like libraries, businesses, or community centres.
- We can provide access to banking through a mobile service – a Barclays Van - focused on continued face-to-face support for complex transactions and financial conversations.
- We are developing new transportable physical spaces to provide access to colleagues for guided support in areas with reduced Barclays physical presence.
- A fixed physical presence for access to banking, cash, and engaging with the local and corporate community through experiential events and education. Our first ever Moneystore is now open in Boxpark Shoreditch.

Our focus on understanding and responding to local needs also applies to the challenge of ‘last in town’ branches. While the number of ‘last in town’ is constantly evolving, Barclays’ Your Bank initiative has piloted a new approach in those communities where we are the last bank standing. We have empowered and supported branch managers to go into the community and engage directly with customers and local businesses to explore how the branch could better serve their needs, for example through changed opening hours or new specialist presence in branch, and help them try to keep their banking local. The success of this pilot will critically depend on the community’s response. Innovation is also helping to bring on-stream new and improved access points for consumers, such as cashback without purchase. Cashback without purchase will soon be available in retailers across the UK, and will boost access in rural and remote communities with few physical alternatives.

Shared physical infrastructure will also play a critical role in ensuring access to cash and access to banking where individual firm banking provision is unable to meet remaining needs. The Economic Secretary to the Treasury said it well recently when he stated, “we will have to see more collaboration between banks – ensure resilience, but in different forms than a generation ago”. We are really enthused by the Community Access to Cash Pilots currently underway, testing how banks can share physical infrastructure to provide better local access. We think this collaboration can go further and faster. That’s why the newly established Cash Action Group, led by Natalie Ceeney CBE, of which Barclays is a leading part, is urgently looking at ways to develop and deliver game-changing shared infrastructure solutions, ranging from shared Smart ATMs and shared deposit services for SMEs, to potential banking hubs. We would urge the Committee, and Parliament more widely, to support industry’s impetus to identify forward-looking solutions to help resolve sustainable access to cash and banking into the future.

Notwithstanding this new and positive approach, in the event of a branch closure we remain extremely thoughtful regarding our customers who predominantly use our branches.

There are a number of factors we consider when closing a branch, ranging from how our customers are using branches, when (and what for) do our customers value face-to-face support, whether there are other physical alternatives to meet existing transactional needs (ATMs; Post Offices; nearby branches), and how our customers are interacting with the local high-street. We also apply a special lens to the behaviours and needs of our vulnerable customers.

At a very minimum we closely follow the Access to Banking Standard, informing customers at least 12 weeks prior to the closure and setting out how customers can continue to bank locally. This includes details of alternative free ways to access cash, nearest location of and services available through the local Post Office, and nearby Barclays branches. To date, on average for all our branch closures there has been a free-to-use ATM within approximately 100 metres from the closing branch, and a Post Office within approximately 300 metres. We also engage with local stakeholders, including the MP, Council, community and trade groups as part of the closure consultation process.

I am particularly proud of our 1:1 proactive contact programme to our regular branch users or vulnerable customers to offer tailored support on how they can continue to undertake their banking in ways that suits their individual needs. Often these conversations reveal that customers are already comfortable using an alternative, or more recently have started banking online during the pandemic, but there are also many instances where I know our local branch staff have gone out of their way to try to accommodate the real needs of customers affected by a closure. We also attempt to follow up with any vulnerable customers after the branch has closed to ensure they are sufficiently managing and are not at risk of harm from the closure.

<sup>1</sup> Details of our closures that have been announced from May 2015 to date can be found at <https://home.barclays/society/esg-resource-hub/reporting-and-disclosures/uk-branch-closures/>



I would also highlight the fantastic work of our Barclays Digital Eagles to assist customers with their digital skills and confidence. Our Digital Eagles can help customers get online and register for online banking, in addition to tutorials on how to use the internet safely and securely, such as fraud and scams awareness.

Finally, I would add that the evolution towards a digital society while maintaining inclusion for all cannot be solved by banks alone. While we are very clear on our critical role in ensuring no customers are left behind by broader digital shifts, we would urge the committee to consider how other players who are enabling and benefitting from the shift to digital, including those banks without a branch presence, and tech firms, should also be part of the solution. In the short term, all payment account firms should be responsible for contributing to the maintenance of the physical cash network to ensure its resiliency.

Please do not hesitate to ask should you have any questions, or would like to discuss any of these points in more detail.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Matt Hammerstein". The signature is stylized and cursive.

Matt Hammerstein  
Chief Executive, Barclays UK