



## APPG on the Future of Financial Services

### Draft Call for Evidence – Access to Banking

This All-Party Parliamentary Group on the Future of Financial Services inquiry follows on from the work of our predecessor group the APPG for Challenger Banks and Building Societies undertook into *Access to Banking Services* in 2019.

Five years on, the APPG is seeking to look again at the key areas of this issue to see what has changed and what more needs to happen to improve consumer access to banking.

#### **Introduction**

The overarching issues that the APPG is seeking to understand are as follows:

- What is the current state of bank access for both consumers and SMEs?
- How has the landscape evolved over the last 5 years in terms of branch closures
- How has the changing landscape affected SME's access to banking products and services?
- Are the branch closures taking place in communities across the country restricting access to financial services?
- What is the impact on rural constituents who are being impacted hard by the withdrawal of bank services?
- Are new classes of disadvantaged consumers or SMEs being created?
- Are the FSCS deposit limits adequate for consumers and SMES?
- Could the UK learn lessons from the US Community Reinvestment Act 1977?
- Who uses cash and what does the future of cash look like?
- Where can people access cash now and in the future?
- Are FCA rules on cash deposits in conflict with the need to deposit cash in new outlets or locations?
- Have Challenger institutions in the form of building societies, banks and alternative lenders filled the void and if not, what is stopping them?
- With the Post Office being left as the only financial institution in many communities, are they able to fill the void?
- How effective have banking hubs been at filling the void left by closing branches?
- Is FinTech able to solve the Access crisis in facing UK Financial Services? And,
- Is current regulation a help or a hinderance to the branch network

The APPG encourages all stakeholders to submit evidence in the following areas, as it is relevant to their organisation:

#### **Branch networks**

The APPG is interested in how institutions are reshaping their networks. We are seeking to understand:

- Where are we now with branch closures? What does the future look like?
- Do institutions or consumers need a branch network in the 21<sup>st</sup> century?
- Are branch closures restricting access to financial services? Who is most affected?
- What criteria do banks use to determine decisions on closing branches? Does this stand up to scrutiny?



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- Are reduced opening hours and other service restrictions impacting on branch network usage?
- Why are some institutions seemingly bucking the trend?
- How do branch closures relate to access to cash?
- What wider impact are branch closures having on high streets and communities?
- What wider impact are branch closures having on vulnerable customers, particularly elderly and disabled customer?
- Are any economic demographics disproportionately impacted by branch closures?
- What effect changes to branch networks might have on SMEs access to capital.
- What role do regulators have in branch closures? What can Parliament do about this issue?

### **SME Access to banking**

- How has the changing landscaped affected SME's access to banking products?
- How important is cash access to SMEs?
- Are the FSCS limits adequate for SMEs should be lifted to £250,000 in line with the US limit of \$250,000?
- Are SME's finding it more difficult to access a wide range of banking products?
- Are there examples of best practice in terms of SME access to banking
- What is the international experience on SME banking and how does this compare to the UK.

### **Alternative institutions and providers**

Where branches have already closed, the APPG is seeking evidence in relation to:

- How effectively are challenger institutions filling the void left by the big six banks?
- How effectively are building societies filling the void left by the big six banks?
- How effectively are credit unions is filling the void left by the big six banks?
- How effectively are banking hubs filling the void left by the big six banks?
- How effectively are fintech is filling the void left by the big six banks?
- Which services are these alternative providers offering and which are they not?
- How are consumers utilising these alternative providers?
- What impact are these alternative providers having to competition in the consumer banking sector?
- Why is the rate of banking hub roll-out so slow? What can be done to speed this up?

### **Technology and its role in allowing access to services**

- How can technology fill the gap left by branch closures at the moment?
- Are there any future innovations in the pipeline that will play a role?
- How robust are the new FinTech innovators? Can FinTech provide a robust replacement for a branch network?
- Will technology providers use branch closures as a spring board to challenge the dominance of the existing players and to drive greater competition.



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### Timelines

The APPG aims to publish a full report on Access to Banking in Spring 2025 along the following timeline:

- Monday 28<sup>th</sup> October Publication of Terms of Reference. Written correspondence to key stakeholders inviting written evidence.
- Friday 22<sup>nd</sup> November Deadline for Written Submissions
- Early January 2025 Access to Banking Roundtable
- W/C 10<sup>th</sup> February Publication of Report and Launch Event

### Format of submissions

The APPG will welcome written submissions in word format and less than 2MB in size. Otherwise, they should be in accordance with the guidelines issued by select committees which can be viewed here: <https://www.parliament.uk/get-involved/have-your-say/take-part-in-committee-inquiries/commons-witness-guide/>

**APPG Secretariat**  
**17<sup>th</sup> October 2024**