



Independent Review of 10 Proposed Royal Bank of Scotland plc Branch Closures

Date of publication: 28 September 2018

Important Notice

Purpose of our report and restrictions on its use

This report is to The Royal Bank of Scotland plc presenting the findings of Johnston Carmichael LLP in the context of the specific scope of services set out in Appendix A. This report cannot be relied upon by any other party for any purpose, except as provided in the engagement contract between Johnston Carmichael LLP and The Royal Bank of Scotland plc. No information in this report should be published or passed to third parties without the express prior written permission of Johnston Carmichael LLP. Except as set out in our engagement contract or as expressly agreed by Johnston Carmichael LLP in writing, neither Johnston Carmichael LLP nor any of its members, employees or advisors accepts any liability, including for negligence, to any other party or for any other purpose in relation to this report.

Sources of information

The information in this report is sourced from information made available to Johnston Carmichael LLP by The Royal Bank of Scotland plc and from other publicly available information sources. The information from The Royal Bank of Scotland plc related to the usage of the 10 branches subject to this report and did not include any identifiable customer information.

Basis of our work

Our scope of work did not include an audit of information provided by The Royal Bank of Scotland plc, as such, Johnston Carmichael LLP has not independently verified or audited any of the information contained in this report and does not make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in this report. This report includes certain statements and estimates with respect to the anticipated future trading of the 10 branches subject to this report and the alternative ways to bank in the towns in which those branches are located. Such statements and estimates reflect various assumptions made concerning anticipated events which may not prove to be achievable, or occur. Accordingly, no representation is made by Johnston Carmichael LLP as to the accuracy of such statements or estimates.

Representations from The Royal Bank of Scotland plc

The Royal Bank of Scotland plc has confirmed that, to the best of its knowledge and belief, this report does not contain any material error of fact, there has been no material omission and it fairly sets out the historical usage of each of the 10 branches, the current financial and trading position of each of those branches, The Royal Bank of Scotland plc's existing plans for the future of each branch and the alternative ways to bank available to customers of each branch.

Contents

Executive Summary	Page 4	Appendices	
1 Introduction		A. Scope of our review	Page 79
Background	Page 9	B. Branch services and buildings	Page 80
Branch closure process	Page 10	C. Employees	Page 81
Our scope of work	Page 11	D. Alternative ways to bank: Introduction	Page 82
		ATMs	Page 83
2 Our approach		Mobile branch	Page 84
Communication and town visits	Page 13	Community Banker	Page 86
Feedback and representations	Page 14	Post Office	Page 87
Assessment of branch usage	Page 15	Digital banking	Page 89
Issues considered in a closure decision	Page 16	Telephone banking	Page 91
		Switching bank	Page 92
3 Findings and recommendations by branch		E. Data pack	Page 93
Beaully	Page 18	F. Summary of feedback submissions	Page 94
Biggar	Page 24	G. Stakeholders consulted	Page 95
Castlebay	Page 30	H. Glossary	Page 96
Comrie	Page 36		
Douglas	Page 42		
Gretna	Page 48		
Inveraray	Page 54		
Kyle of Lochalsh	Page 60		
Melrose	Page 66		
Tongue	Page 72		

Executive Summary

Overview

Customer numbers and transactions have declined in all of the 10 branches

The branches subject to our review

Johnston Carmichael LLP was appointed by The Royal Bank of Scotland plc (The Bank) to carry out an independent review into 10 branches earmarked for closure and recommend whether each branch should remain open or be closed.

The branches subject to our review were selected by the Bank largely because they are nearly all last banks in town and more than nine miles from the nearest alternative Royal Bank branch. They are Beauly, Biggar, Castlebay, Comrie, Douglas, Gretna, Inveraray, Kyle of Lochalsh, Melrose and Tongue (The 10 branches).

Independent scope and approach

This report and our scope of work is completely independent. We have performed a thorough review, carrying out a detailed analysis of the usage of each branch from 1 January 2014 to 31 August 2018 (the period of our review), as per our scope, as well as gathering and analysing a broad range of important supplementary information, beyond just how busy a branch is. We reviewed each branch on its own merits and took multiple factors into account in making any recommendation.

We advertised our review widely across a range of digital and print channels and have spoken to customers, local businesses, branch employees, elected representatives including MPs and MSPs, councillors, union representatives, charities, and groups representing the elderly, vulnerable and rural communities. We believe we have therefore gained a broad and balanced view of the importance of the 10 branches to their customers, employees and communities.

The Bank has publicly committed to implement our recommendations in full.

Banking is now conducted through multiple channels

We found that customers now use a range of ways to bank, not just at branches. The options open to customers to carry out their banking now includes the Post Office, mobile branches, online banking, mobile phone app, Community Bankers and telephone banking.

Most customers with accounts domiciled at one of the 10 branches do not visit that branch because they do most of their banking through alternative channels or have moved away from the local branch.

Those customers who have altered their way of banking by using some or all of the alternatives typically did not contact us with their views on the branches. However, customers who still use their local branch value it highly and gave us strong representations in support of keeping it open.

People we met and who submitted representations explained to us that, in the main, they do not use digital banking because they are not able to, do not want to, or they have concerns about online security. Many were also not fully aware of the alternatives to digital banking in their local community, beyond using the local branch. Those customers would therefore be most affected by a branch closure.

Branch usage has declined as a result of changing behaviours

The 10 branches have relatively low customer usage compared to the Bank's other Scottish branches, based on the information we received. In terms of customer numbers and number of transactions in 8M18, all of the 10 branches feature in the bottom 30 branches in Scotland, and nine are in the bottom 20.

We found that the number of customers using the 10 branches in FY17 had declined by 24% from FY14 and likewise, the number of transactions those customers conducted had declined by 14% in the same period. In contrast, digital banking by personal customers with accounts domiciled in those branches had increased by 18% over the same period.

In the year to 31 August 2018, customer numbers have continued to decline in five of the 10 branches (Beauly, Comrie, Inveraray, Kyle of Lochalsh and Tongue), increased marginally in three of the branches (Biggar, Douglas and Melrose) and increased more significantly in two branches (Castlebay and Gretna).

In FY17, across the 10 branches, 63% of non personal and 72% of personal customers used their branch fewer than five days in the year.

Branch transactions are mainly cash in or cash out

The transactions customers perform in the 10 branches are mainly cash withdrawals or cash deposits (54% of all transactions in FY17).

While many of those transactions cannot be performed using digital banking or telephone banking, they can be performed by using alternatives such as Post Offices, mobile branches, ATMs, PayPoints or using cashback over the counter in local shops. However, those customers who have been in the habit of only using their branch need locally accessible alternative facilities if their branch closes and a better awareness of those alternatives.

Findings and recommendations

We recommend two branches remain open and eight branches are closed

A. Branches to remain open

Due to a combination of all of the considered factors such as being the last bank in town, high local demand, adequacy of alternatives to meet the level of demand, geography and distance to the nearest alternative branch, we recommend that the Bank keeps open the following branches:

- Biggar
- Castlebay

B. Branches to be closed (but with enhancements to the alternative ways to bank)

Provided the Bank makes certain enhancements to the alternative banking facilities, we recommend that the Bank closes the following branches:

- Beauly
- Comrie
- Gretna
- Inveraray
- Melrose
- Tongue

The enhancements we recommend are different for each of the above branches, to take account of the specific circumstances unique to each one.

C. Branches to be closed

Because the alternative ways to bank are appropriate for the level of demand at each of these branches, we recommend that the Bank closes the following branches:

- Douglas
- Kyle of Lochalsh

The detailed findings of our review into each branch are set out in section three of our report.

Other comments

Awareness of alternative ways to bank is low

We found that despite the Bank having provided six months' notice of a branch closure, there was still a low awareness of the alternative ways to bank among many customers and communities. By giving such a long notice period, the Bank has well exceeded the minimum requirements of the Access to Banking Standard, which requires banks to provide a minimum of 12 weeks' notice.

Customers clearly explained to us when we met that they are not interested in learning about alternative ways to bank while their branch remains open. The threat of closure was a concern to many customers because they did not know how it might affect their normal banking routine. They were frustrated because they felt the change would ultimately lead to some level of inconvenience and, in some cases, have an adverse impact on their business or personal circumstances.

Whilst the Bank has already invested in greater access to alternatives such as mobile branches, Post Offices, Community Bankers, the mobile app, online banking, TechXperts and ATMs, some customers simply want to keep their local branch. We encourage the Bank to continue trying to improve customer awareness of alternative ways to bank.

Customers are concerned about privacy in Post Offices

Key themes from the feedback we received about Post Offices were around the length of queues, and concerns over confidentiality, security and lack of privacy.

We would encourage the Bank to continue its work with the Post Office to increase customer confidence in, and awareness of, Post Office services so that the existing service can not only be better utilised, but enhancements can be made where required.

Lack of awareness of alternative ways to bank increases customer concern about branch closures

Investment in the mobile branch fleet should continue

We found very good examples of best practice for mobile branch banking in Kyle of Lochalsh and suggest best practices from that route could be replicated across other mobile branch routes.

While we experienced instances where the mobile branch was not in service, we were advised by the Bank that the mobile branch fleet undergoes regular maintenance and road-worthiness checks to ensure the vehicles are safe. The Bank also has a number of back-up vehicles to cover timetabled routes when primary vehicles are off the road. We encourage the Bank to continue to prioritise maintenance checks for mobile branches.

In general, the service provided by the mobile branch would be improved if all of the fleet had 4G phone connectivity, in addition to satellite signal. We understand that investment in this technology has already started and we would encourage the roll out of 4G across the entire fleet.

We would also encourage the Bank to continue working with its coachbuilder to develop better access to mobile branches for the vulnerable and disabled customers who cannot access the mobile branch using steps.

The Bank has also invested in the MyHailo system (Appendix H, page 98) to assist users of a mobile branch who have mobility issues. We suggest that in addition to that investment the Bank continues to explore ways to improve the accessibility of mobile branches for all customers.

As with other alternative ways to bank, there is a general lack of awareness about what can and cannot be done in a mobile branch and the Bank should continue to engage with its customers to improve awareness.

Other comments

Community Bankers play a key role in helping vulnerable customers before and after a branch closure

Awareness of Community Bankers and TechXperts could be improved

Community Bankers and TechXperts have been introduced to provide banking support services in an effort by the Bank to provide face-to-face assistance to customers to help them with alternative ways to bank.

Whilst we agree with that objective and that Community Bankers and TechXperts are a valuable resource, we found that customers do not particularly want to learn about alternative ways to bank until they have certainty over whether or not their branch is to close. Even then, they may not be able to, or wish to, use alternative ways to bank.

We would encourage the Bank to ensure that its Community Bankers maintain a high profile in communities affected by branch closures including making themselves known to local clubs and societies so that those customers are aware of how the Community Banker can help them with certain services such as changes to signatories on accounts.

Community Bankers have an important role to play in assisting vulnerable customers

The 10 branches each had vulnerable customers, such as the elderly or disabled, or customers who required special assistance from branch staff.

We found these most vulnerable customers were least likely to use digital banking or to have tried any alternative ways to bank either because they were unable to, or because they had concerns about fraud and security. Vulnerable customers were therefore the most concerned about a branch closure and most likely to be significantly impacted by such a change.

It was therefore important for us to understand what provisions the Bank has in place to ensure its vulnerable customers are supported.

The Bank seeks to contact the most vulnerable customers at each branch to explain what might happen in the event of a branch closure by:

- writing to their customers to advise them of a branch closure;
- putting up posters in branch and ensuring factsheets are available to customers;
- having local branch teams visit the nearest Post Office to ensure they are ready to help customers and can personally introduce customers to Post Office staff; and
- keeping Community Bankers in a community after a branch closure to get to know vulnerable customers.

A number of vulnerable customers told us they find a regular routine important, within which banking plays a key role. The role of Community Bankers in helping vulnerable customers face-to-face, at a location that suits the customer, is therefore very important and the Bank should continue to invest in that role.

1. Introduction

Overview

The change in banking is not about what customers can do, but how and where they can do it

Background

On 1 December 2017, the Royal Bank announced that it was to close 62 of its Scottish branches by the end of June 2018.

The rationale behind those closures was that the Bank was responding to a reduction in branch usage due to a change in the way customers were carrying out their banking transactions with an increasing number of customers accessing services online or via mobile devices.

The Bank has not been the only high street bank to announce branch closures, and has indicated that the branch closures were not a cost cutting exercise, as any financial savings were being reinvested, not just in digital services, but in wider branch improvements.

These improvements, which include new automated options for coin and cheque deposits, have been made at a number of Royal Banks near to the 10 branches. The Bank anticipates this will reduce queuing times as customers learn to use those services and therefore help those branches serve more customers in the event of a nearby closure.

The Bank has consistently said that branch closures are its responsibility and the UK Government, which currently owns 62% of the Bank, set out its position to the Scottish Affairs Committee stating:

“each bank’s strategy, including whether to open or close individual branches, is for the management team of each bank to determine. The Government does not intervene in these commercial decisions.”

On 6 February 2018, the Bank announced that 10 branches would be kept open until 31 December 2018 pending the outcome of an independent review. Based on the information we received, each of those 10 branches has relatively low customer usage compared to other branches in the Bank’s Scottish branch network. All of the 10 branches are in the lowest 30 Scottish branches, based on customer numbers and transactions in 8M18.

On 19 June 2018, we were asked to undertake an independent review of the 10 branches that had been earmarked for closure and we were advised from the outset by the Bank that it would adhere to the outcome of our review. The Bank has since publicly said that it will implement our recommendations in full and we expect it to do so.

The way people bank is changing

When he appeared before the Scottish Affairs Committee on Tuesday 8 May 2018, Ross McEwan, Chief Executive of the Royal Bank said:

“change is absolutely difficult and we have been in these communities for a very, very long period of time. What we have endeavoured to do is to look at each one of these customer groupings and work out what services we should provide to them so they can do their daily banking in the way that they currently do today. But it will be in a different way. I do recognise that customers are very disappointed that their local branch is closing”.

We think this is a significant statement highlighting the Bank’s view that customers of the 10 branches can expect to continue to carry out their every day banking transactions in the event of a branch closure, albeit it will be done in a different way.

Within our scope of work, we felt it was therefore important to verify whether this change in the way people bank was evident in the 10 local communities and whether the appropriate provisions were in place to support this move away from more traditional banking methods.

Understanding branch banking services and usage

It was important for us to understand exactly what services were currently available in each of the 10 branches.

We also wanted to understand the historical usage of each of the branches in terms of the number of customers, what those customers use the branches for and whether they could access alternative ways to carry out these services elsewhere.

We therefore requested and obtained historical branch usage data from the Bank for the period of our review.

Overview

We wanted to understand how customers used branches and their thoughts on the alternative ways to bank in each town

Considering the alternative ways to bank

We wanted to understand which services currently offered in branches might be lost to customers and the community in the event of a branch closure.

We were therefore particularly keen to understand the quality of the alternative ways to bank in each of the 10 communities, taking into account factors specific to that community where a branch was earmarked for closure.

We looked at the different ways in which customers in each of the 10 communities could bank in the event of a closure and made our own assessment as to whether those alternatives were suitable for a community with the level of transactions that were currently being carried out in the branch.

Listening to customers and stakeholders

In carrying out this review we felt it necessary for us to understand what was important to the communities in which the 10 branches are located and therefore, in addition to visiting all locations, we engaged with customers, stakeholders, our own network and elected representatives.

Branch closure process

The change in how people were carrying out their banking and subsequent bank closures led in May 2015 to the Access to Banking Protocol being put together to manage the process for branch closures. The Access to Banking Protocol was reviewed in 2016 by Professor Russel Griggs and his recommendations have now been incorporated into a new Access to Banking Standard which applies to all branch closures announced after 1 May 2017.

The Protocol and Standard were put together by the banks, interested stakeholders, Trade Associations and the UK Government, and the current Access to Banking Standard is the framework which banks have agreed to follow in the event of branch closures.

The Access to Banking Standard recommends that, prior to any closure, banks publish and make public an impact assessment which, among other matters, details the considerations that were taken into account in assessing the impact of the branch closure, subject to the removal of commercially sensitive information.

In addition to assessing the impact of a branch closure, the Access to Banking Standard wants each bank to state what such a closure will mean to the customers and relevant stakeholders and how they can continue to bank following its closure. The standard does not recommend a consultation period or any opportunity to influence a bank's decision to close a branch and applies to the bank's actions after a decision to close has already been made.

Professor Griggs, in his 2016 review, in relation to a branch closure decision stated that: "Given that this is a commercial decision by the bank which takes into account all current and future aspects of that branch I am not sure what could be added to that in a consultation." He then went on to say "That does not mean that the bank cannot engage with the community in seeing what might be done to help those that need it but that is different (to consultation)."

Banks are not required to maintain branch profit and loss accounts

The Bank has confirmed that the closure of branches is not a cost-cutting exercise and that savings made are to be reinvested in the services available to customers.

Banks no longer maintain individual branch profit and loss accounts and as such it is not possible for us to review what income or costs are received or incurred by each individual branch.

Income is driven and calculated at a customer level, rather than at an individual branch level. This is because a customer will interact and generate income via many different touchpoints across the Bank: through one or more branches, via their telephone channel, through online banking or on the mobile app.

Overview

Our recommendations take into consideration a wide variety of factors

They will also use the ATM network, the Post Office, and will organise some of their banking activity using standing orders and direct debits. Business customers may also use products such as Bankline. A customer's contribution to the Bank's profits therefore, cannot be attributed to one particular branch or channel but rather is measured as total activity, across multiple channel interactions with the Bank.

There are many significant indirect costs incurred by a branch which are met centrally and which the Bank therefore does not allocate to specific branches. For example, the costs of a banking licence, IT infrastructure costs and regulatory costs.

In relation to costs that can be directly attributed to a branch, we have been advised that in respect of the 10 branches the total cost savings are £1.07m. These direct costs relate primarily to the only categories that can be attributed to individual branches:

	£m
Property costs	0.44
People costs	0.47
Direct Technology Services costs	0.06
Direct operational costs	<u>0.10</u>
	<u>1.07</u>

Our scope of work

Taking account of the points referred to above, we independently prepared our own scope of work.

The objective of the independent review was to provide an opinion as to whether the Bank's closure decision for each branch was appropriate.

In instances where we agreed with the Bank's closure decision, but saw a need for enhancements to the alternative ways of banking in respect of that branch, we wanted to be able to bring those matters to the attention of the Bank. We therefore added an ability to comment on such matters in our scope.

The Bank undertook to assist us by providing commercially sensitive, but anonymised, information about the customers using each branch, the type of transactions and advice they were seeking at branch counters and other information we requested. Our scope of work is set out at Appendix A.

Decision making process

The recommendations and judgements we have made in our report have been made after significant data analysis and the review of feedback from personal customers, business customers, charities and trusts, representatives of clubs and societies, employees of each branch, politicians and many other stakeholders.

We have carefully considered the alternative banking options available in each community and have done so on a case by case basis, taking into account the factors and circumstances unique to each location.

Analysing all the feedback and representations received, the insight we gained from our own visits and discussions with the various stakeholders, was a complex process and we would emphasise that there was no single factor which proved decisive in reaching our recommendations for each branch. Each branch had its own idiosyncrasies and circumstances to be considered.

Impact where there is a closure

We are acutely aware and sensitive to the fact that a decision to close a branch will have an impact on many customers and those affected will be disappointed with the decision. Many of the customers have been banking in their branch for many years and some will find the move to alternative banking channels difficult given their long-standing branch banking routine. By supporting these customers to utilise the alternatives available, the Bank should achieve acceptable solutions for those affected.

Assistance received

Throughout the review process, customers, branch employees, elected representatives, the Bank and many other parties have willingly answered our many and varied requests for data and shared their views with us. We would like to extend our thanks to all those who contributed to the review process.

2. Our approach

Communication and town visits

We communicated details of our review widely and visited each community in person

Timetable

We were appointed to conduct this independent review on 19 June 2018 and were asked by the Bank to report our findings to them by the end of September. We therefore set a closing date for submissions of Tuesday 14 August 2018 at 5pm.

Communicating with stakeholders

We felt it was important to consult with customers and stakeholders of each branch as widely and fully as possible within the time available for our review.

On 19 June 2018 a press release was published by the Bank and Johnston Carmichael LLP advising that we had been appointed and would be commencing work shortly.

Subsequently, we updated the home page of the Johnston Carmichael LLP website with details of our appointment and set up a dedicated web page to provide an initial overview of the work we would be conducting and details of how anyone who might be affected by one of the branches closing could submit feedback to us. A video of our Chief Executive explaining the methods of communication available to interested parties was shared widely on social media and with news outlets.

We established a postal address for written submissions and an email address for correspondence.

We made a further update to our website with details of dates on which we would hold face-to-face meetings at each branch with bank customers and anyone affected by a proposed closure. We placed adverts in 11 local newspaper titles across the 10 communities with branches earmarked for closure. Additionally, we placed posters and leaflets advertising the dates of our branch visits in each of the 10 branches at least two weeks in advance of our visits.

We also updated our website with a questionnaire to help us understand which services customers used a branch for and what they thought of the Bank's proposed alternatives if a branch was to close.

Stakeholders consulted

The communication channels that we used helped us receive feedback and take account of the views of:

- Customers of each branch including personal, business and other customers such as charities, clubs and societies;
- Employees of each branch and their unions;
- Parties who felt they might be directly or indirectly affected if a branch was to close, including small business owners, trustees of charities, Post Masters, Community Councillors and local Councillors;
- Organisations representing sections of the population who might be affected by a branch closure, details of whom can be found at Appendix G;
- Elected representatives for each branch's local area including MPs and MSPs, the names of whom can be found at Appendix G.

We have gathered feedback from the above parties either through face-to-face meetings, telephone calls, emails, or letter.

Town visits

Ahead of the formal visits scheduled during the month of August, during the period 29 June to 10 July 2018, two of our senior team members made an additional visit to each of the 10 communities (apart from Castlebay for logistical reasons) and went into shops, Post Offices and mobile branches to get a detailed understanding of the alternatives available in each town. The review team also personally carried out transactions in the Post Office and mobile branch.

They walked around each town and spoke with shopkeepers and members of the public to better understand the local area and how shopkeepers in particular used the branch. They also drove to alternative banks, Post Offices, ATMs and, where possible, mobile branches, to familiarise themselves with journey times, public transport and the local geography.

The same senior team members then visited each branch and town again on formally announced branch visit dates and met customers of each branch in person to discuss their banking needs and understand how they used the branch and local alternatives.

Feedback and representations

Certain communities made a significant effort to share their views with us

Gathering feedback

The response to our request for feedback was considerable with some communities making a significant effort to share with us their views on the planned closures.

We received over 1,000 submissions which were made to us through the following methods:

Online submissions	73%
Face-to-face meetings	14%
Written submissions	6%
Email submissions	5%
Written questionnaires	2%

In addition, we received from the Bank details of representations that had been made to them by MPs or MSPs in the form of themes arising and the numbers of instances where those themes recurred.

We also received two petitions relating to the Inveraray and Biggar branches, indicating their opposition to the relevant branch closure, although it was not clear from either petition whether those signing were actually customers of the Bank or, more specifically, a particular branch that was threatened by closure.

It is also correct to say that nearly every representation we received was from someone who wished their branch to stay open and it is important to balance those views with those of customers who may be satisfied with the way they banked and perhaps did not feel inclined to let us know their views regarding branch closures.

The feedback we received was extremely helpful not only in allowing us to assess the key themes and understand the depth of feeling with regard to the importance of having access to a local branch; but it also drew our attention to some of the key local events that attracted visitors to the community.

The key themes that emerged from the feedback we received:

- Distance to another Royal Bank branch was important
- Face-to-face contact was important especially to help with ad-hoc queries
- Negativity caused by the UK Government ownership of the Bank
- Those branch users who had tried using digital banking were generally satisfied with the service but saw it as supplementary to a physical branch, not an alternative
- 20% of those who we met face-to-face or who submitted feedback via the online questionnaire had not tried any alternative ways to bank
- The Post Office – issues centred around concerns for privacy, security and confidentiality with a lack of awareness about what could and could not be done in a Post Office
- The mobile branch – timetabling, location and length of time at certain stops, access for the vulnerable and disabled, and lack of awareness about what could and could not be done in a mobile branch. In Kyle of Lochalsh, representations of the service were largely extremely positive
- The Community Banker – general lack of awareness about what this service could do
- Telephone banking – almost universally disliked because of waiting times and security concerns
- Impact on tourism
- Customers acknowledged change was inevitable. However, they also felt let down at being unable to provide their views of how local banking services could be provided in the event of a branch closure
- Representatives of clubs and societies told us that they could not amend account signatories or make payments using digital banking, which meant they had to visit a branch

Assessment of branch usage

We have had access to confidential, anonymised customer data from the Bank to help us understand the usage of each branch

Overview

We requested and have received a significant volume of information from the Bank in relation to anonymised customer activity for the period 1 January 2014 to 31 August 2018*, to allow us to understand:

- how busy each branch is
- what customers do in each branch
- who are the people who would be directly affected if a branch was to close

The information we received was anonymised such that we were not able to identify any individual customer.

Scope of our review

We were asked to carry out an independent review of the decision by the Bank to close the 10 branches. This is a distinct exercise from auditing the underlying customer data of those branches.

We did, however, see the underlying dates and times of each transaction in each branch every day in the period of our review. No filters were applied to that data by the Bank in relation to regularity of customer usage and we have used actual customer numbers and the number of transactions performed by those customers in our analysis.

Commercially sensitive information

The Bank provided the above information to us on the understanding that it was commercially sensitive and had to be anonymised before it was provided to us. This was to protect both confidential customer information and the Bank from releasing commercially sensitive information. We have therefore respected the Bank's request not to publish commercially sensitive data, and have shown percentage changes in branch usage but not absolute numbers.

Customers

We reviewed the customer information from the Bank and looked at:

- number of customers per day, month and per annum to understand how many people would be affected if a branch was to close
- age banding of customers to understand which age group in a local community would be most affected by a branch closure
- postcodes of customers to understand where they travel from to use each branch
- what type of customer they are, being either personal, business or charitable/trust so that we understand the customer base to assess how many businesses and individuals would be affected if a branch was to close

Transactions

We reviewed the transaction information from the Bank and considered:

- the type of transactions people perform in each branch, so that we can understand if those banking needs can be met by an alternative to a branch and how practicable that might be
- the number of transactions being performed at each branch to again understand what customers are doing in the branch
- the number of cash deposits over £2,000 which would need pre-booked at a Post Office
- the number of cash deposits over £8,000 which would need pre-booked on the mobile branch

* For the month of January 2014, we received estimated branch usage figures from the Bank which were based on the average of February 2014 to December 2014 inclusive

Issues considered in closure decisions

Every decision we made took into account the unique and specific circumstances surrounding each particular branch

Digital banking

We reviewed customer information from the Bank and looked at:

- the number of logins per calendar quarter since Q1 FY14 to review whether online banking and mobile app usage by customers at each branch has changed

ATMs

We reviewed customer information from the Bank on the number of withdrawals per month.

Issues considered in a closure decision

It is important to note that every decision we made took into account the unique and specific circumstances surrounding each particular branch.

We understand that any closure will create a certain amount of inconvenience for customers who have been in the habit of using their branch.

While the ability to carry out many banking functions via the digital platform or the mobile app was considered, more focus was placed on how the banking needs of those who could not, or did not want to, bank in this manner could be met; and how those who required to pay in or take out cash could bank in the event of a closure.

In arriving at our decision we considered:

- the ability for customers to carry out their banking using an alternative facility within the town (including Post Offices, other banks or building societies, mobile branches and ATMs)
- the number of customers affected and their activity levels
- the proximity to other banks, or branches of the Royal Bank (or NatWest). All distances and times were sourced from Google Maps
- geographical factors
- the impact on the local community

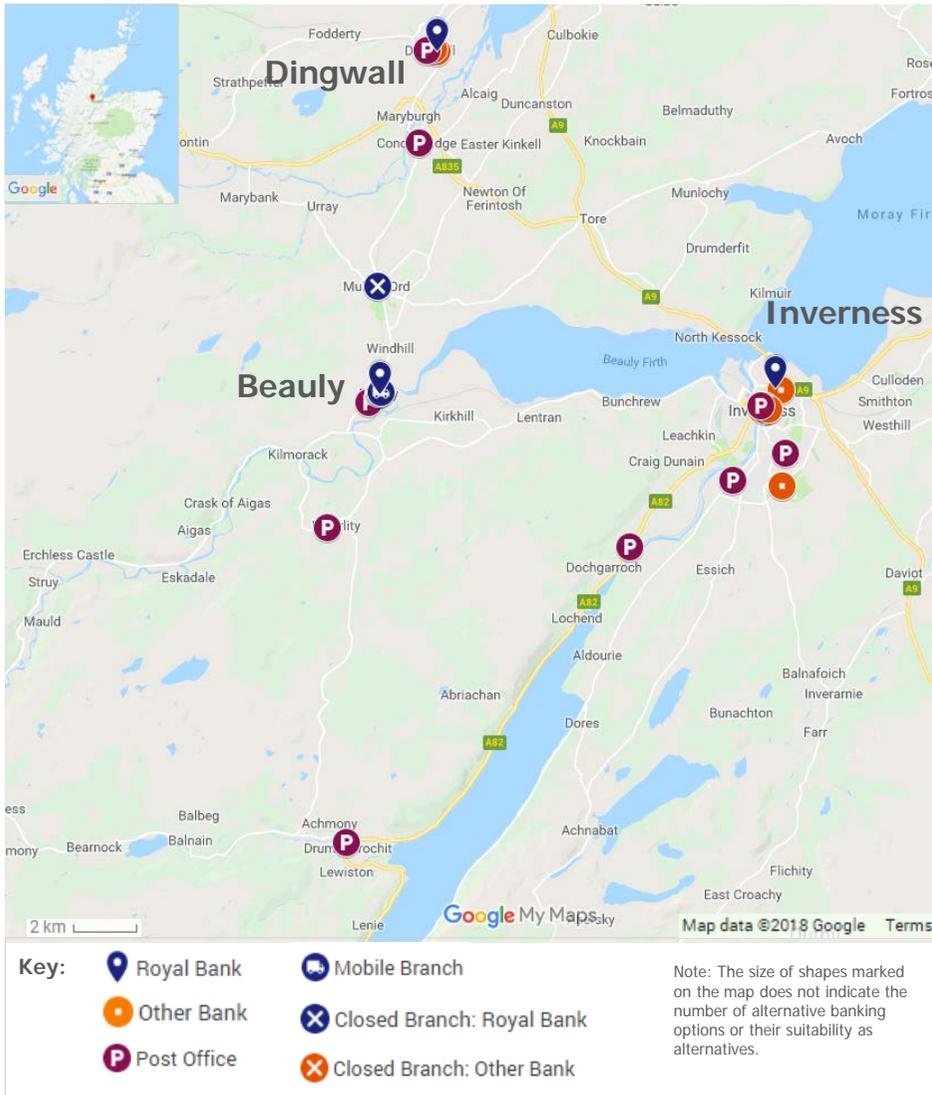
We then made our own assessment and made a judgement based on the information we had gathered during our fieldwork and included:

- customer feedback
- our own observations
- discussions with employees at each Royal Bank branch
- discussions with Post Office staff
- representations from MSPs and MPs
- representations from other stakeholders

3. Findings and recommendations by branch

Beauly: Overview

Beauly is the last bank in town. The nearest Royal Bank branches are in Dingwall and Inverness



Population of Beauly: 1,470 people with 26% aged over 65*.

* 'Mid-2016 Population Estimates for Settlements and Localities in Scotland', available on the National Records of Scotland (NRS) website.

Overview

Beauly is the last bank in town and more than nine miles from the nearest alternative Royal Bank branch. The branch is open five days a week, from 9.15am to 4pm Monday to Friday, except on Wednesdays, when it is open from 10am to 4pm.

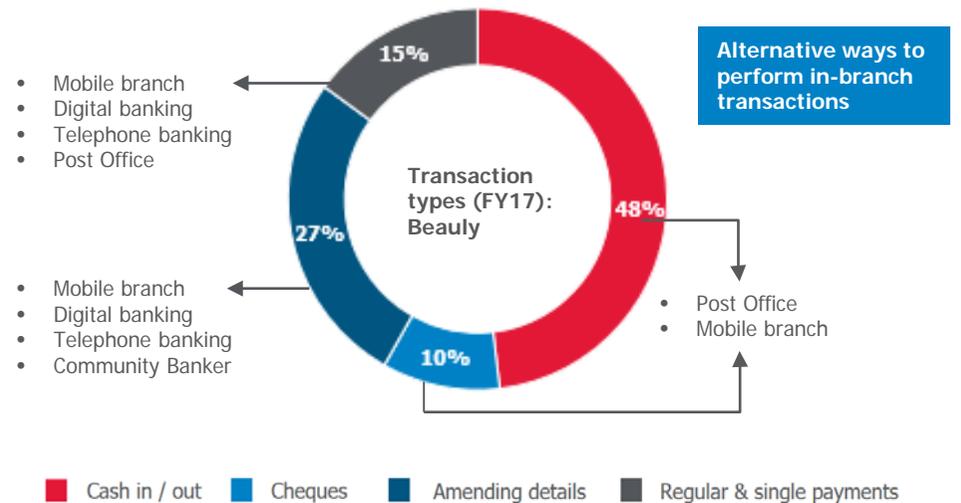
Customers

Customers using the Beauly branch are mainly personal account holders (89% in FY17) across a broad spectrum of ages.

Type of transactions

As shown in the chart below, transactions in the Beauly branch are primarily cash in or cash out (48% in FY17) and cheque deposits (10% in FY17). The chart also shows the alternative ways in which those transactions could be performed.

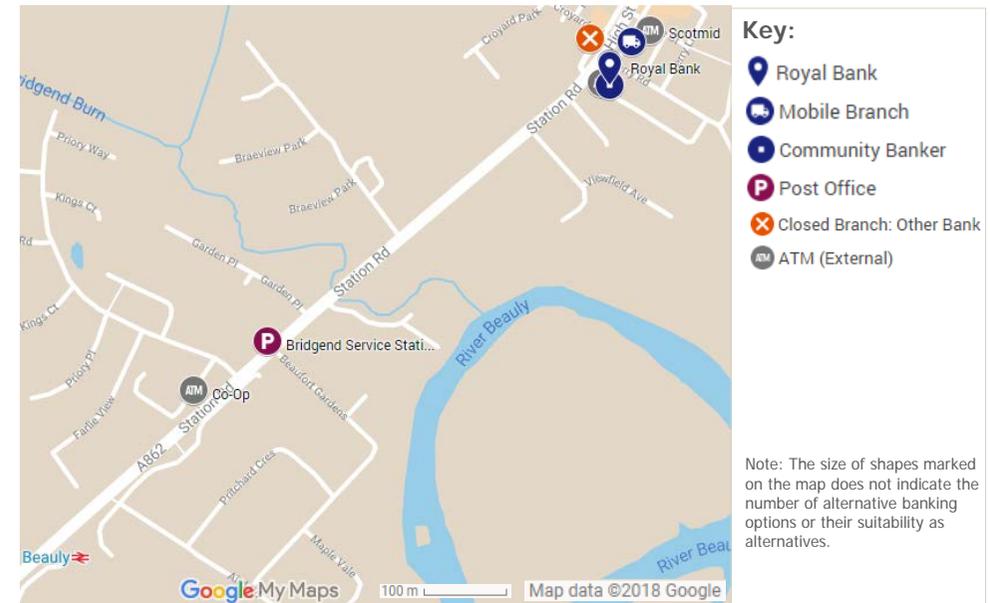
There were an average of five cash deposits per day over £2,000 in FY17, which would need to be pre-booked at a Post Office counter but could be deposited without pre-booking at a mobile branch.



Beauly: Alternatives

Alternative ways to bank from the branch: Beauly		
In town	Royal Bank branches outside town	Other banks outside town
Post Office	Dingwall (9.1 miles & 15 minutes)	Dingwall: Clydesdale, Bank of Scotland, TSB
Mobile branch		
Community Banker		
Digital banking	Inverness Chief Office (13.8 miles & 20 minutes)	Inverness: Barclays, HSBC, Handelsbanken, Bank of Scotland, TSB, Clydesdale, Santander, Nationwide, Scottish Building Society, Yorkshire Building Society
Telephone banking	Inverness Eastgate (15.9 miles & 25 minutes)	
PayPoints		
ATMs (Co-op & Scotmid)		

The Post Office in Beauly is open longer hours than the branch and the mobile branch visits twice weekly



Royal Bank branches outside town

The nearest Royal Bank branch to Beauly is in Dingwall which can be reached by bus, train or car (15 minutes by car). It has disabled access and customers can park nearby.

There are also two Royal Bank branches in Inverness at the Eastgate Shopping Centre and the Chief Office on Harbour Road. There are bus and train services from Beauly to Inverness.

Other banks outside town

There are three other banks in Dingwall in addition to the Royal Bank branch. In Inverness, there are seven banks and three building societies in addition to the Royal Banks there.

Post Office

The Post Office in Beauly is a sub-Post Office at the Bridgend Service Station - a petrol station and convenience store. It is well laid out with a separate queuing area for Post Office customers and two well-spaced Post Office counters.

It is open seven days a week from 7am to 10pm (10am to 9pm on Sundays), far longer than the branch which is more convenient for business customers who need to deposit takings.

Mobile branch

The Royal Bank mobile branch stops in The Square in Beauly twice a week:

- Tues 9.45am to 10.45am
- Fri 2.55pm to 3.55pm

We were not able to see the mobile branch on Friday 10 August 2018, the day of our formal visit to Beauly. It was not in service because of a mechanical breakdown.

Community Banker

There is a Community Banker who visits Beauly on Tuesdays and is usually located at the mobile branch in the Square. This role also covers Aviemore, Grantown on Spey and Inverness.

We understand that if the Beauly branch was to close, the Community Banker would increase the time allocated to Beauly to assist customers with the transition to other banking alternatives. The duration of that increased presence in Beauly would be dependent on demand.

Beauly: Alternatives

TechXpert

There is not currently a dedicated TechXpert based in the Beauly branch. This role is covered by the Community Banker. The Bank has advised that if the branch was to close, a dedicated TechXpert would be appointed to support customers who wish to learn to use digital banking.

Business Growth Enabler

Small businesses in Beauly have access to a Business Growth Enabler. This service was not mentioned to us by any of the branch staff or customers we spoke to.

Telephone banking

Telephone banking is available to all customers in Beauly, accessible either by landline or mobile phone.

Digital banking

Broadband speeds are generally good but not in all postcode areas in which Beauly customers live. Likewise, mobile phone signal is generally reasonable but can be patchy, depending upon service provider.

ATMs

The Beauly branch has an external ATM, which although showing seasonal peaks in usage during summer months, is at the lower end of usage among the 10 branches. There are also external ATMs at the Co-op on Station Road and the Scotmid at The Square.

PayPoints

Paying bills such as electricity, gas, telephone or TV licence fees or topping up mobile phones can be done at one of the PayPoints in the Co-op or Scotmid.

There are two external ATMs in Beauly in addition to the branch ATM

Key concerns highlighted from submissions received:

Post Office

- Queuing/waiting times
- Privacy
- Service quality

Mobile branch

- Queuing in inclement weather conditions
- Privacy and security
- Timetable limited and inconvenient

Community Banker

- Low awareness of what this was and how it could be of assistance

Telephone banking

- Largely unpopular, with security and waiting times among key concerns

Digital banking

- Did not own smartphone or computer
- Security concerns
- Good functionality but doesn't deal with cash in/out

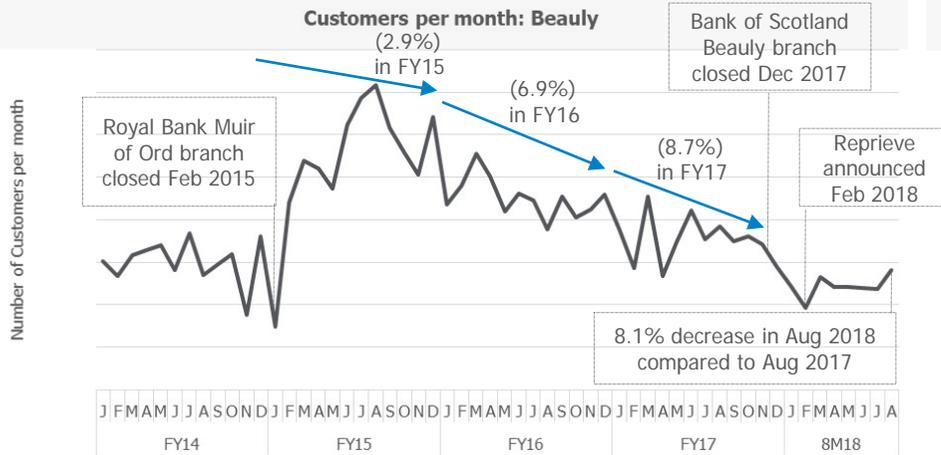
General

- Distance to nearest alternative Royal Bank was too far
- Branch closure would cause difficulties for vulnerable customers
- With threat of closure in Beauly, the relocation of the Inverness High Street branch to Eastgate, was negatively regarded

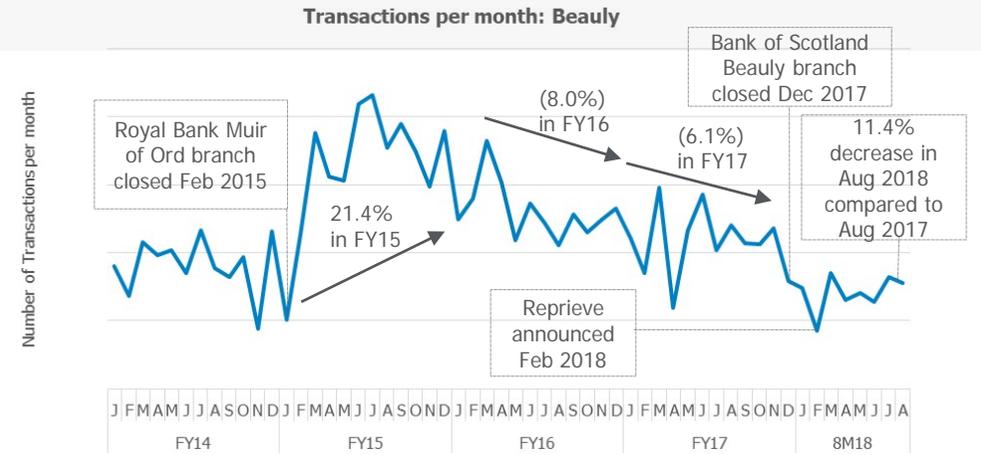
Beaully: Branch usage

Customer numbers have steadily declined and ATM usage is low for the customer base

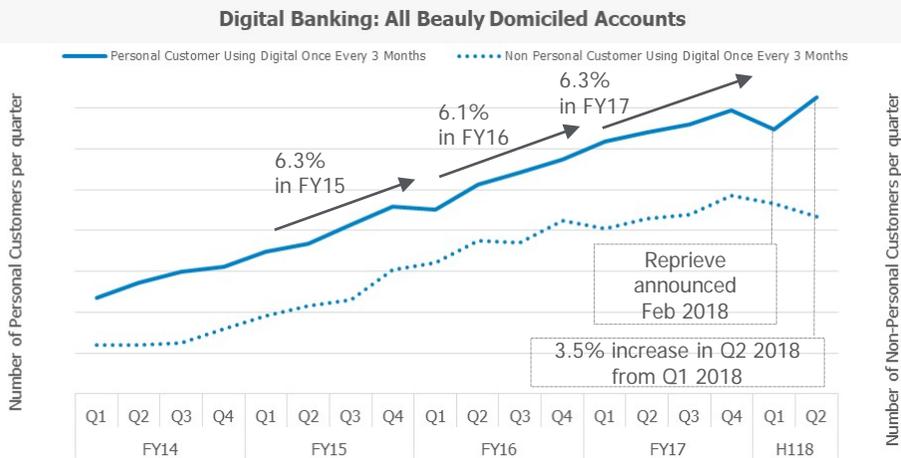
Customer numbers declining



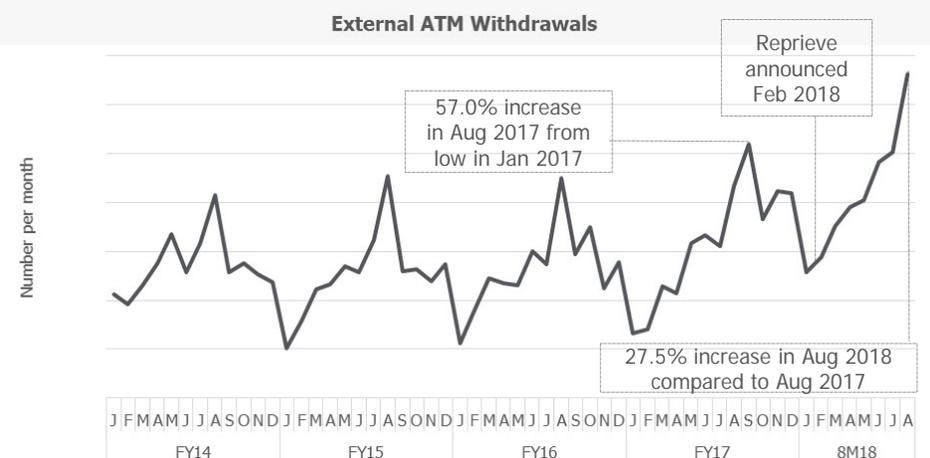
Transactions declining



Digital banking increasing



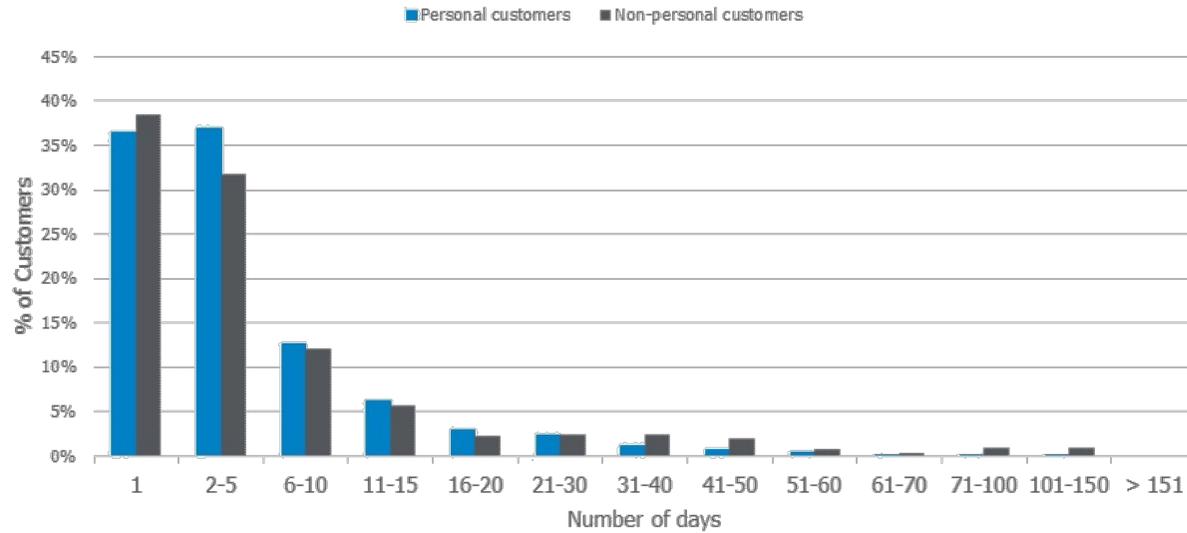
Low & seasonal ATM usage



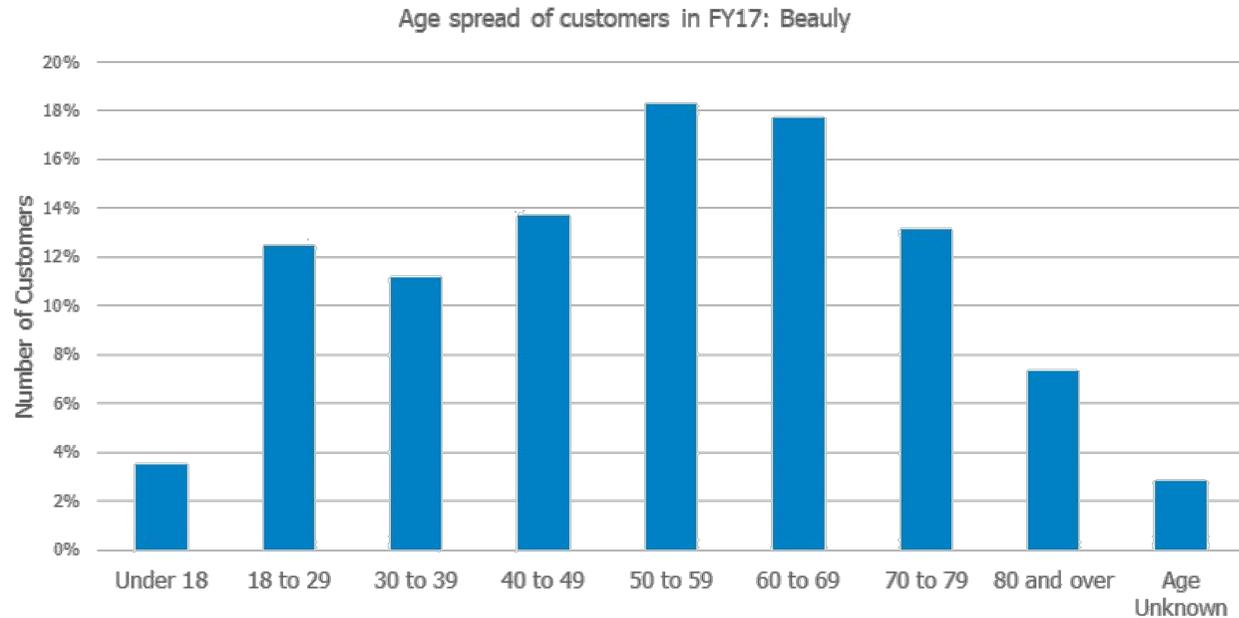
Beauly: Branch usage

In FY17, 70% of non personal customers and 73% of personal customers used the branch for five or fewer days in the year

Number of days customers visited the branch in FY17: Beauly



Beauly branch customers cover a broad spectrum of ages



Beauly: Findings

We recommend that the Beauly branch is closed but enhancements are made to the alternative ways to bank

Close Branch	Dingwall & Inverness nearby	Mobile branch & Post Office suitable for volumes
<p>Recommendations</p> <p>The Bank should proceed with the closure of the Beauly branch but with enhancements made to the alternatives</p> <p>Comments</p> <ul style="list-style-type: none"> The Bank should consider consulting with the community council with regard to the mobile branch route, to ensure most appropriate location is selected The Bank should ensure the timetable accommodates the peak in demand over the summer months 		

Mobile branch and Post Office could meet demand

There are good alternative banking options available in Beauly and within a reasonable travelling distance.

Transactions in the branch are mainly cash deposits or cash withdrawals over the counter (48% in FY17). Those transactions can be performed at the mobile branch or Post Office in Beauly and the Post Office has longer opening hours than the branch.

This is dependent on the mobile branch schedule being operated as planned with downtime kept to a minimum. This will involve the vans being maintained on a regular basis.

Dingwall and Inverness are nearby

A number of customers using the Beauly branch explained they regularly travel to Dingwall or Inverness for shopping or work, and could bank in those towns if they had to, but it would be less convenient for them.

If customers wished to switch bank, there are three other banks in Dingwall and seven banks and three building societies in Inverness.

Customers adapted after Muir of Ord closure

After the Bank closed its Muir of Ord branch in February 2015 there was an initial increase in the number of customers using the Beauly branch but since September 2015, there has been a steady decline in usage. Monthly customer numbers are now trending back towards levels prior to the closure of the Muir of Ord closure.

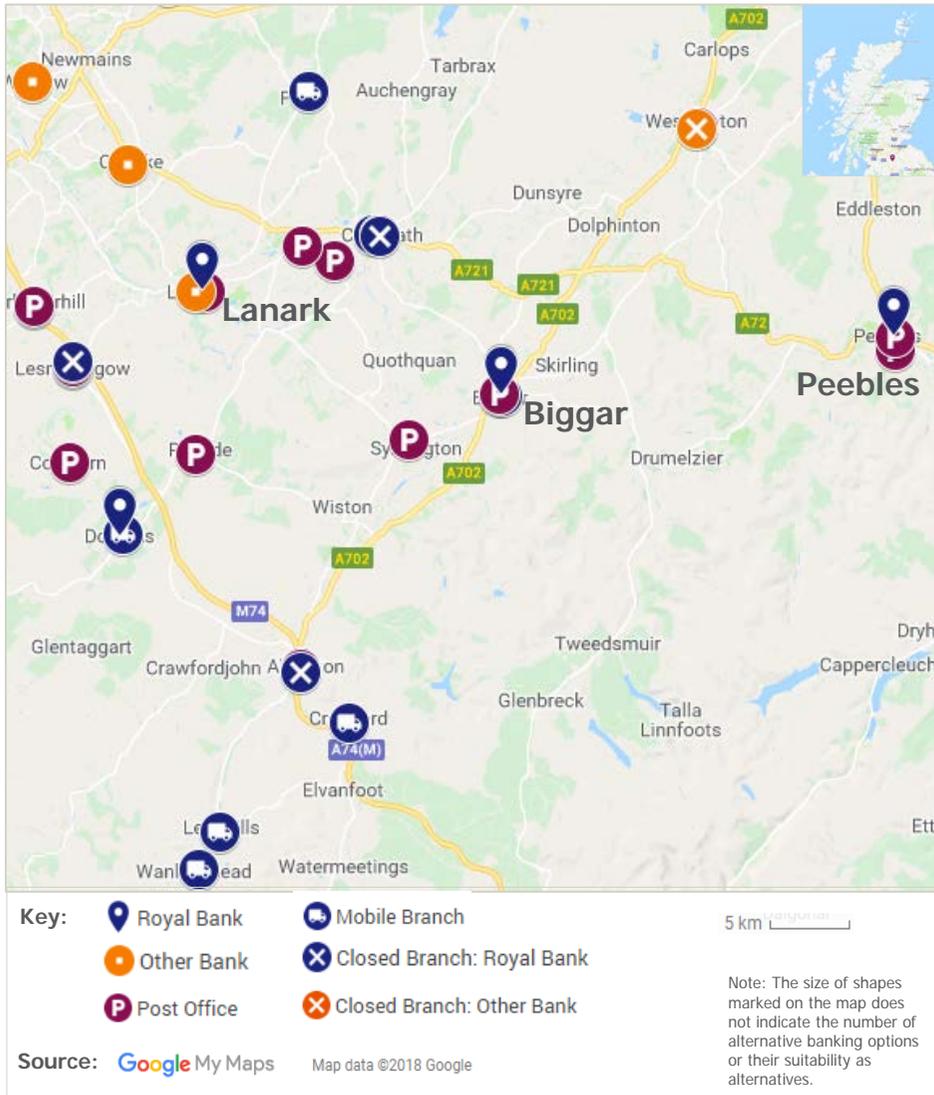
Many people advised us that they use the branch primarily for cash transactions and do not use digital banking. Several people therefore told us they would prefer to travel to Dingwall or Inverness rather than use alternative ways to bank in Beauly.

Branch usage

The declining trend in branch usage has continued since the reprieve was announced, with customer numbers having fallen by 8.1% in August 2018 compared to August 2017. Although usage of the external ATM increased by 27.5% in August 2018 compared to August 2017, we do not consider that to be a sustainable increase in branch usage.

Biggar: Overview

The Biggar branch is the last bank in town. The nearest Royal Bank branches are in Lanark and Peebles



Population of Biggar: 2,420 people, of whom 27% are aged 65 years old and over*

* 'Mid-2016 Population Estimates for Settlements and Localities in Scotland', available on the National Records of Scotland (NRS) website.

Overview

Biggar is a busy market town with a large number of shops on the High Street.

The branch is the last bank in town and 13 miles from the nearest Royal Bank branch. It is open five days a week, 9.15am to 5pm Monday to Friday except on Wednesdays when it opens at 10am.

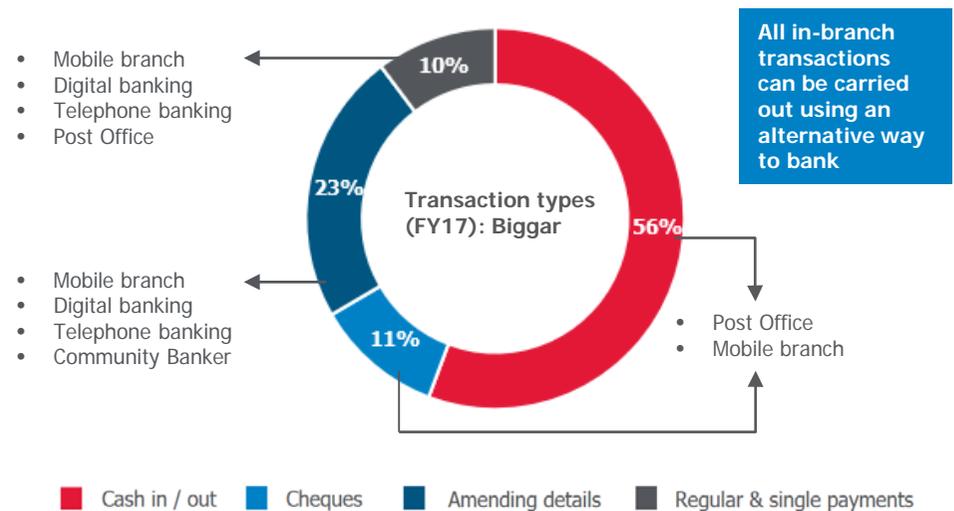
Customers

Customers using the Biggar branch are mainly personal account holders (88% in FY17) across a broad spectrum of ages.

Type of transactions

As shown in the chart below, transactions in the branch are primarily cash in or cash out (56% in FY17) and cheque deposits (11% in FY17). The chart also shows the alternative ways in which those transactions could be performed.

In FY17 there were an average of seven cash deposits per day over £2,000, which would need to be pre-booked to be deposited at a Post Office but could be deposited without pre-booking at a mobile branch.



Biggar: Alternatives

We have concerns about how the alternative facilities in Biggar could provide a sufficient alternative service if the branch closed

Alternative ways to bank from the branch: Biggar		
In town	Royal Bank branches outside town	Other banks outside town
Post Office	Lanark: 13.2 miles & 24 minutes	Lanark: TSB, Bank of Scotland, Santander, Nationwide
Mobile branch		
ATM (Sainsburys & Co-op)	Peebles: 17.7 miles & 26 minutes	Peebles: TSB, Bank of Scotland, Nationwide
Community Banker		
Digital banking		
Telephone banking		
PayPoints		

Royal Bank branches outside town

The nearest Royal Bank branch to Biggar is in Lanark. There is a bus service between the towns.

There is also a Royal Bank branch in Peebles and a bus service to that town.

Other banks outside town

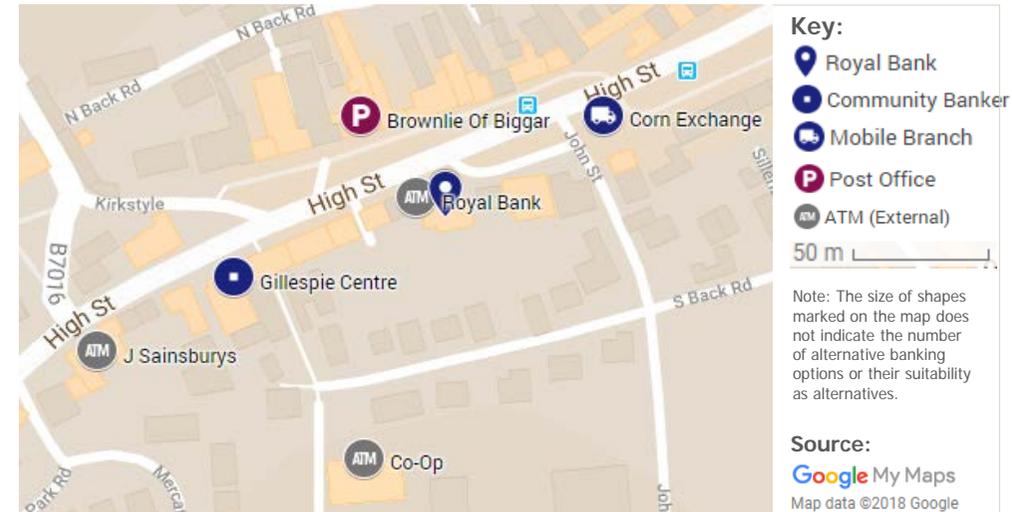
There are three alternative banks and one building society in Lanark in addition to the Royal Bank branch. In Peebles, there are two banks and one building society in addition to the Royal Bank branch.

Post Office

The Post Office in Biggar is a sub-Post Office in Brownlie of Biggar which is also a convenience store. The Post Office is well laid out, has a good queuing area for Post Office customers and two good-sized Post Office counters.

We spoke to the Post Mistress who was positive, flexible in approach and willing to adapt to any changes that might arise if the Biggar branch closed.

Based on customer feedback however, we have concerns about the Post Office's ability to service what could be a very significant increase in volume of banking transactions, if the branch was to close. Customers also advised that they would be more comfortable utilising the banking services at the Post Office if there was an opportunity for it to relocate to the Bank building should the branch close.



Mobile branch

The Royal Bank mobile branch stops near the Corn Exchange in Biggar once a week:

- Fri 10.15am to 10.45am

We understand that the mobile branch is not currently well used because the Biggar branch is open.

A significant number of customers are likely to use the mobile branch if the branch closed, given the nearest Royal Bank branches are in Lanark (13 miles, 24 minutes) or in Peebles (18 miles, 26 minutes).

Community Banker

There is a Community Banker who covers Forth, Carnwath, Douglas and Biggar. He visits Biggar on Mondays and Thursdays where he is based at the Gillespie Centre from 10am to 2pm.

TechXpert

There is not currently a dedicated TechXpert in the Biggar branch. The Bank has advised us that if the branch was to close a TechXpert would be appointed to support customers in the period prior to closure who wished to learn to use digital banking.

Biggar: Alternatives

Business Growth Enabler

The Bank has advised us that small businesses in Biggar have access to a Business Growth Enabler. This service was not mentioned to us by any of the branch staff or customers we spoke to.

Telephone banking

Telephone banking is available to all customers in Biggar, either accessible by landline or mobile phone.

Digital banking

There is generally good broadband availability and, although mobile phone signal is patchy, most customers could access digital banking if they were able to and wanted to use that service. However, the strong feedback we received from branch customers was that they saw digital banking as complementary to their banking needs rather than a replacement.

ATMs

The Biggar branch has an external ATM, which sees peaks in usage during summer months. There are also external ATMs at the Co-op on Old Station Road and the Sainsbury's on the High Street.

PayPoints

Paying bills can be done at one of the PayPoints in the Co-op, Sainsbury's or Spar.

Being able to deposit and withdraw cash was a key concern of both personal and business customers in Biggar

Key concerns highlighted from submissions received:

Post Office

- Queuing/waiting times
- Privacy/security
- Service quality

Mobile branch

- Timetable limited and inconvenient
- Not suitable for vulnerable groups such as elderly/disabled

Community Banker

- Low awareness of what this was and how it could be of assistance

Telephone banking

- Largely unpopular, with security and waiting times among key concerns
- Only a small number found it effective
- Others found issues raised were not resolved

Digital banking

- Security concerns
- Good functionality but doesn't deal with cash in/out
- Clubs and societies cannot amend account signatories or make payments online

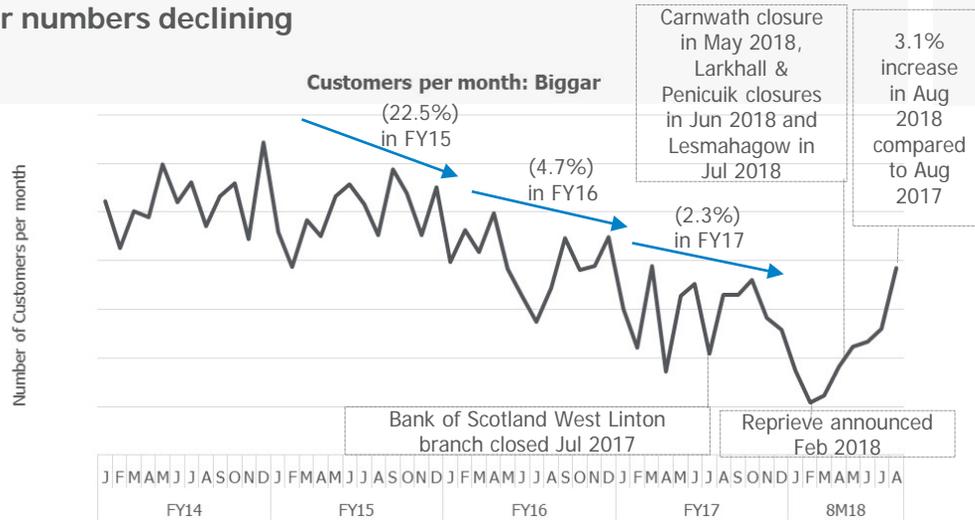
General

- It was felt that the nearest alternative Royal Bank was too far away
- Referenced the Bank's original statement that they wouldn't close the last branch in town
- Referenced that, as taxpayers, they had an interest in the branch and questioned why the Government couldn't intervene

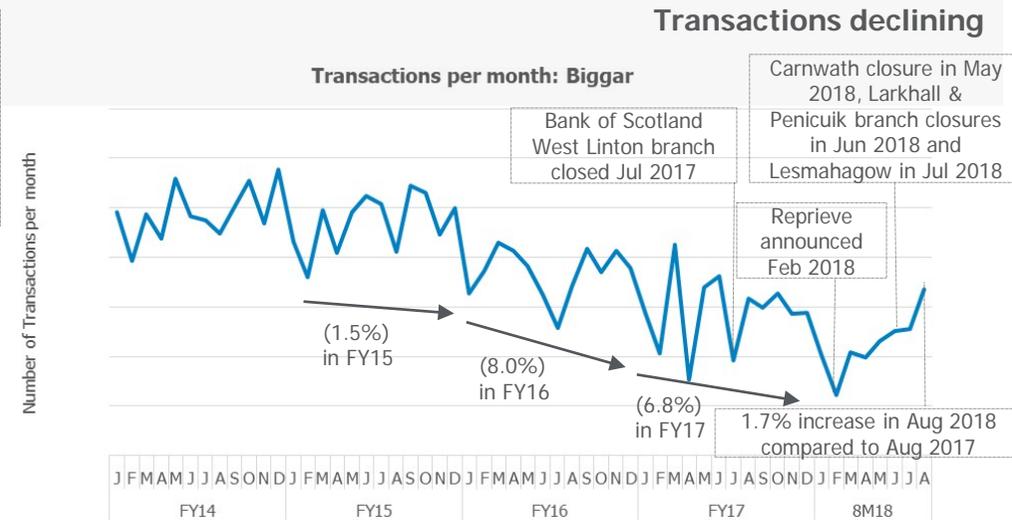
Biggar: Branch Usage

Biggar is the busiest branch we have reviewed and has the busiest ATM, but usage is declining

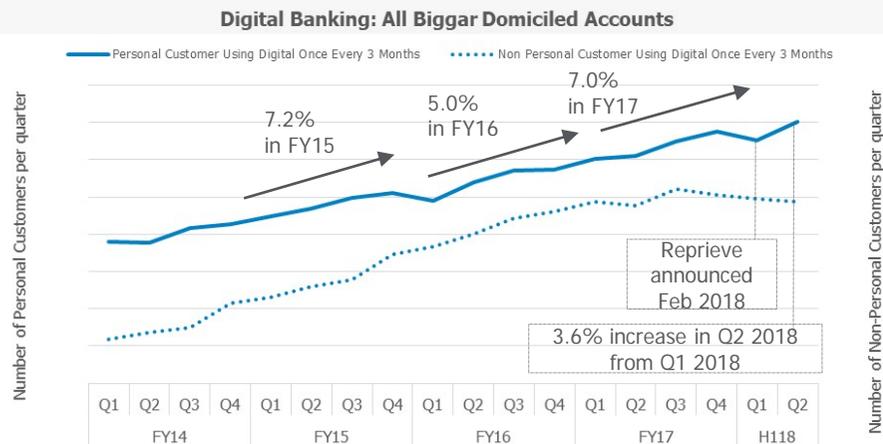
Customer numbers declining



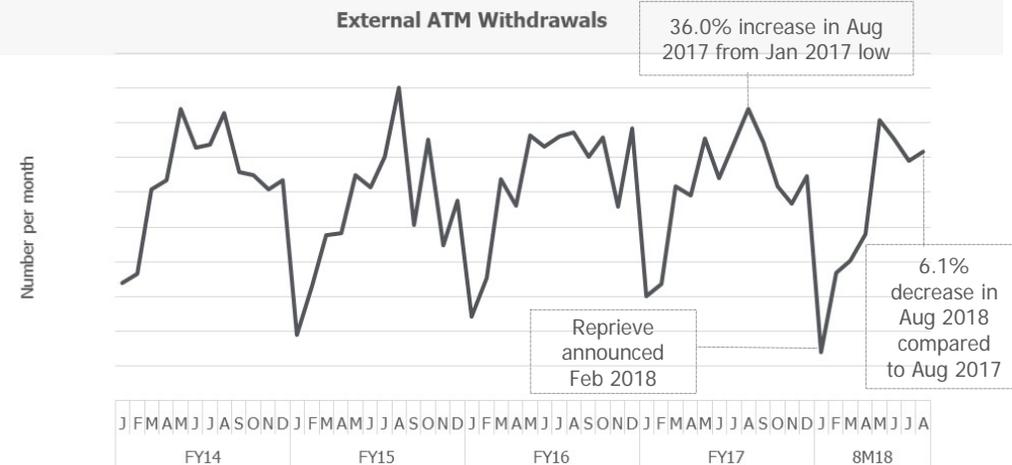
Transactions declining



Digital banking increasing



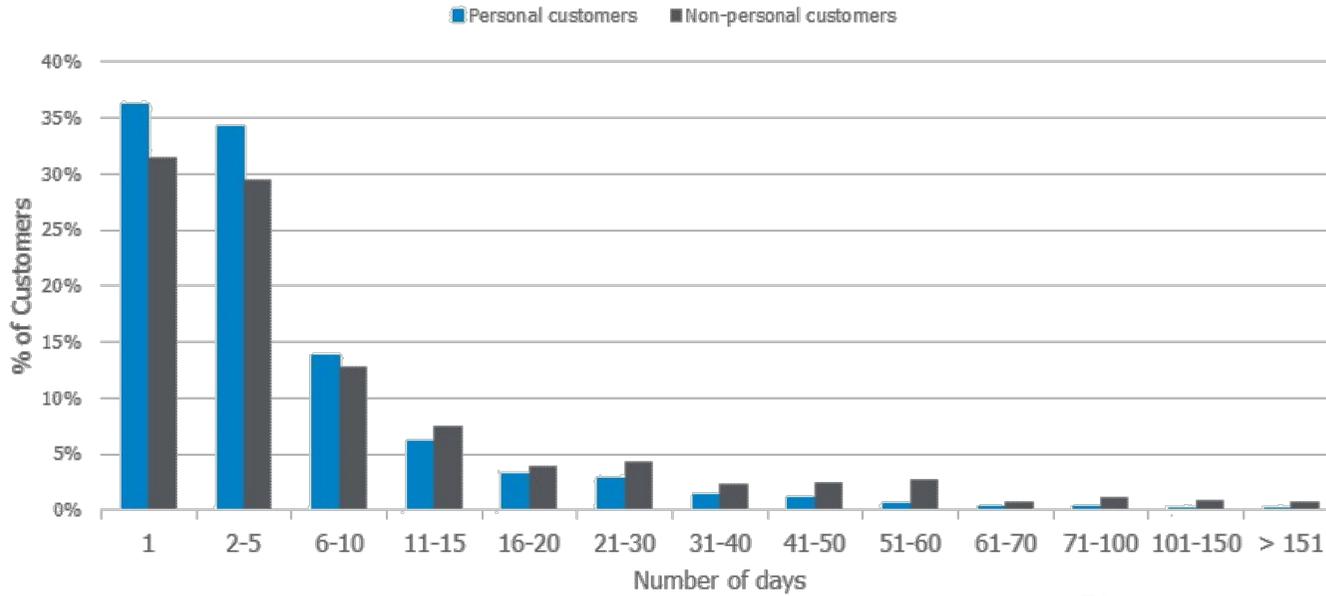
High ATM demand



Biggar: Branch usage

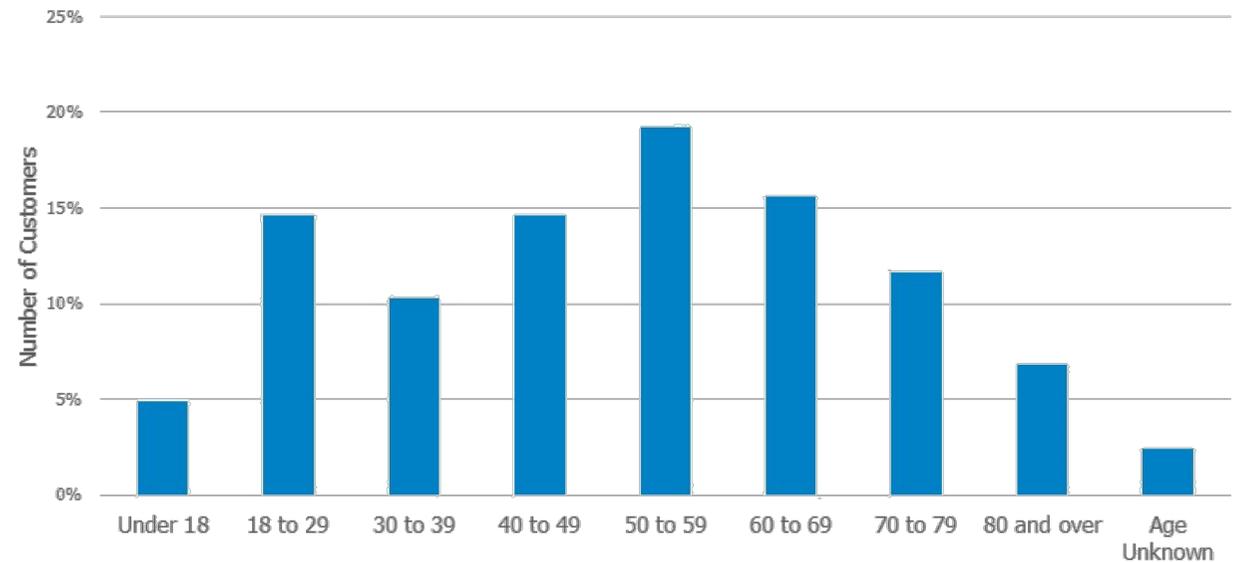
In FY17, 61% of non personal customers and 70% of personal customers used the branch for five or fewer days in the year

Number of days customers visited the branch in FY17: Biggar



Biggar branch customers cover a broad spectrum of ages

Age spread of customers in FY17: Biggar



Biggar: Findings

We recommend that the Bank keeps the Biggar branch open

Keep open	High local demand for branch services	Mobile branch & Post Office not suitable for demand
<p>Recommendations</p> <p>The Bank should keep the Biggar branch open</p> <p>Comments</p> <ul style="list-style-type: none"> • Mobile branch and Post Office are not suitable alternatives given the high local demand for the branch and journey of more than 13 miles - 24 minutes to the nearest Royal Bank branch in Lanark • Consider withdrawing the mobile branch and redeploying it where needed • Consider redeploying Community Banker resource to other communities where the resource is most needed 		

Post Office

The Post Office has good counter space and a good queuing area, but we have concerns about its capacity to cope with a significant increase in customer numbers and their cash requirements if the branch closed. Cash transactions were particularly high in Biggar, which had the highest percentage of cash deposits above £2,000 at the branch counter of the 10 branches we reviewed.

Community Banker

The current level of demand for Community Banker assistance was low and if the branch remains open as we have recommended, the focus of the Community Banker should be in other areas affected by branch closures where there may be greater willingness from customers to engage and seek out assistance.

Branch usage

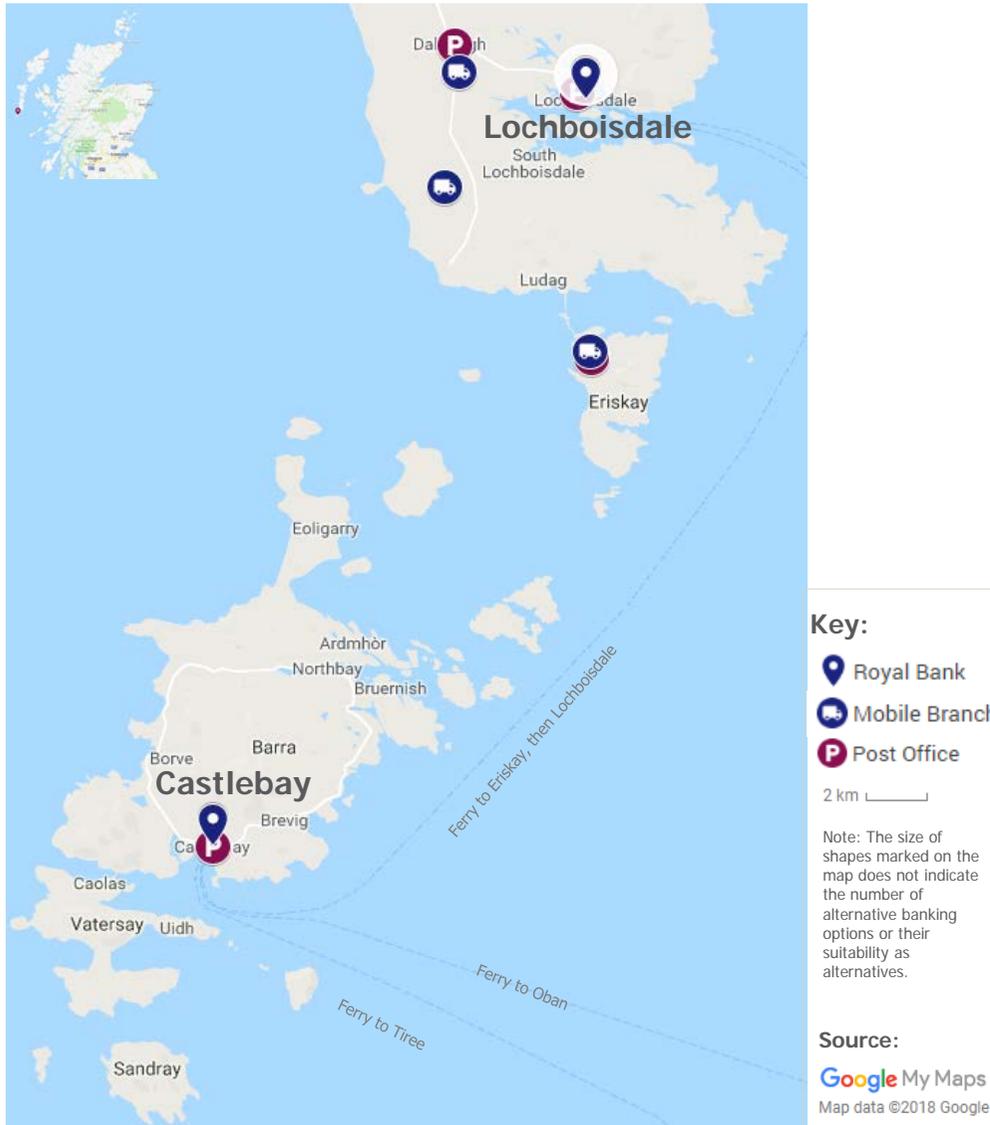
Customer numbers and transactions declined in FY15, FY16 and FY17. Since the reprieve was announced, there has been a marginal increase in both customer numbers and transactions (a 3.1% increase in customers in August 2018 compared to August 2017) which may be due to customers from other branches using the Biggar branch after Royal Bank branch closures in Carnwath in May 2018, Larkhall and Penicuik in June 2018 and Lesmahagow in July 2018.

Mobile branch

At present, there is low demand for the mobile branch service because the branch is open. If the branch remains open as we recommend, we suggest the Bank considers redeploying the mobile branch to other communities who need it and withdrawing the Biggar stop.

Castlebay: Overview

Castlebay branch is the only bank on the island of Barra. The nearest Royal Bank branch, or any bank, is over two hours away and requires a ferry crossing



Overview

Castlebay is the last bank in town and although 25 miles from the nearest alternative Royal Bank branch, this journey involves taking a ferry which takes in excess of two hours. The branch is open four days a week from 10am to 4pm. It is closed on Wednesdays.

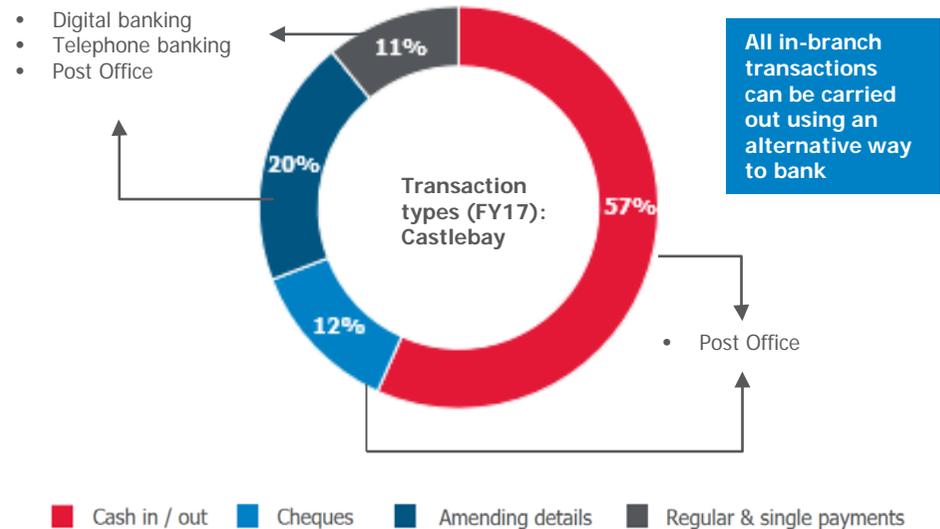
Customers

Customers using the Castlebay branch are mainly personal account holders (88% in FY17) and cover a wide spectrum of ages.

Type of transactions

As shown in the chart below, transactions in the Castlebay branch are primarily cash in or cash out (57% in FY17) and cheque deposits (12% in FY17). The chart also shows the alternative ways in which those transactions could be performed.

There were an average of two cash deposits per day over £2,000 in FY17, which would need to be pre-booked at a Post Office counter but could be banked without pre-booking at a mobile branch.



Population of Castlebay: 1,174*

* Scotland's Census 2011

Castlebay: Alternatives

The mobile branch travels to Barra on a ferry service periodically cancelled due to bad weather

Alternative ways to bank from the branch: Castlebay

In town	Royal Bank branches outside town	Other banks outside town
Post Office	Lochboisdale: (24.6 miles by road & ferry) (2 hours 5 minutes)	
Mobile branch		
Digital banking		
Telephone banking	Oban: (88.3 miles by road & ferry) (5 hours 50 minutes)	Oban: TSB, Bank of Scotland, Clydesdale, Nationwide
PayPoint (Co-op)		
ATM		

Royal Bank branches outside town

The nearest Royal Bank branch and the most likely alternative Royal Bank for Barra customers is in Lochboisdale on the island of South Uist. To get there requires a ferry journey from Castlebay to Lochboisdale which, weather permitting, takes 2 hours 5 minutes.

Other banks outside town

There are three alternative banks and one building society in Oban, in addition to the Royal Bank branch, but to get there requires a ferry journey of 4 hours 50 minutes plus check in time (shown as 5 hours 50 minutes above). There is a Bank of Scotland on Benbecula but that is north of Lochboisdale and requires a ferry trip to South Uist.

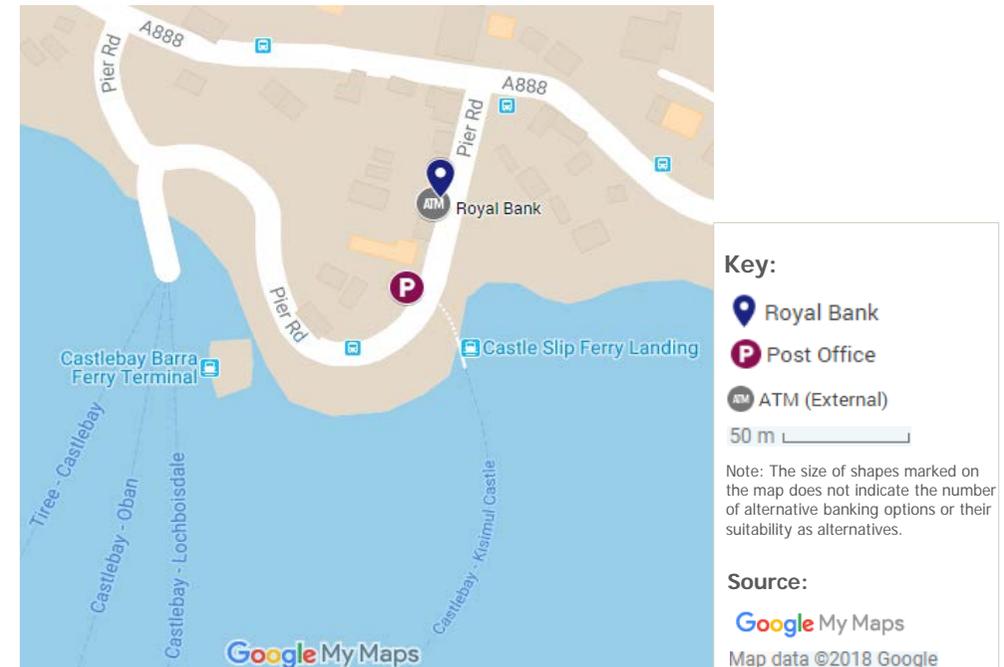
Post Office

The Post Office in Castlebay is a sub-Post Office which also operates Macroon's Tea Room. The Post Office relies on the Castlebay branch for coinage. There is another Post Office on Vatersay but that does not offer banking services.

We spoke to the Castlebay Post Master who had explored the impact the branch closing might have on his business. He felt his Post Office did not have the capacity to provide the coins and notes the island needed if the branch closed, even if there was a mobile branch.

Mobile branch

The mobile branch service is currently suspended until our review has been completed.



The mobile branch is based in Lochboisdale on South Uist and the Bank had intended that it would visit Barra three times per week, making four stops across the island.

When operating, the mobile branch travels to Barra via the Lochboisdale to Eriskay ferry, which is periodically disrupted due to bad weather (8.5% of ferries were cancelled in the year ended 31 May 2018 and 20% were cancelled in March 2018)*. Customers on Barra explained to us that this meant there are sometimes periods of several consecutive days where the ferry cannot run.

The Bank explained to us that it had intended to improve banking services on the island by introducing the mobile branch. It had hoped that by travelling to meet customers at four stops throughout Barra three times a week, they would make banking easier for customers and had not anticipated a negative reaction to the mobile branch.

* Source: Caledonian MacBrayne Ferry Sailing Performance information

Castlebay: Alternatives

Community Banker and TechXpert

There is no dedicated Community Banker or TechXpert at Castlebay branch. In the event of a branch closure, a member of staff would be trained to undertake these roles.

Business Growth Enabler

Small businesses in Castlebay have access to a Business Growth Enabler. This service was not mentioned to us by any of the branch staff or customers we spoke to.

Telephone banking

Telephone banking is available to all customers on Barra, accessible either by landline or mobile phone.

Digital banking

Broadband coverage and mobile phone signal is patchy on Barra but digital banking is available to most people if they are able to and want to use it.

ATMs

There is no external ATM on the island apart from the ATM at the Castlebay branch, which the Bank has committed to retain in the event of a branch closure.

The Castlebay Post Office service includes free, over the counter withdrawals up to daily card limits, but relies on the bank for its coins and notes. The Co-op also provides a cashback service for cash up to £50.

PayPoints

The Co-op offers PayPoint for bill payments.

The only ATM on Barra is at the branch

Key concerns highlighted from submissions received:

Post Office

- Queuing/waiting times
- Privacy/confidentiality
- Service quality

Mobile branch

- Overwhelmingly negative response
- Timetable unreliable due to weather and ferry timetable
- Takes up space on the ferry

Community Banker

- Low awareness of what this was and how it could be of assistance

Telephone banking

- Largely unpopular, with security and waiting times among key concerns

Digital banking

- Good functionality but doesn't deal with cash in/out

General

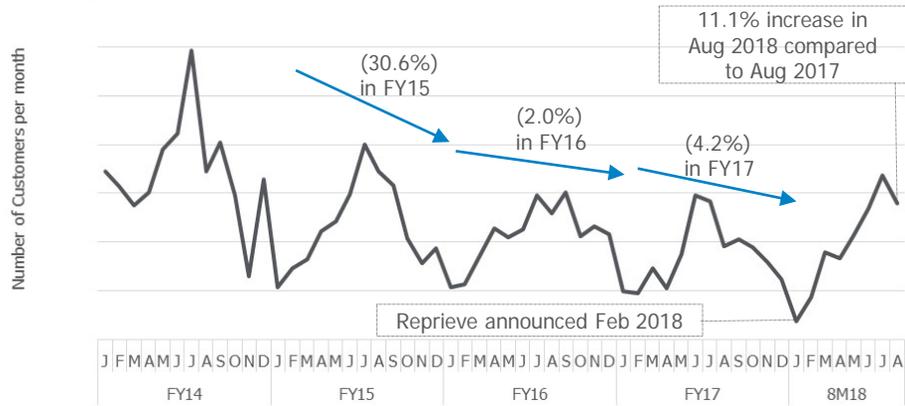
- Only bank on the island
- Travel to alternative bank hugely time consuming
- Branch closure would have a negative impact on the community

Castlebay: Branch usage

Castlebay had the second lowest usage of the branches we reviewed and was highly seasonal

Customer numbers declining

Customers per month: Castlebay



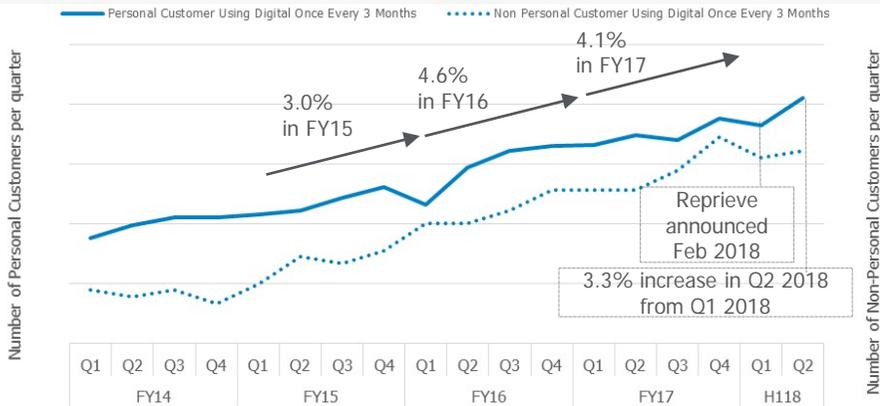
Transactions declining

Transactions per month: Castlebay



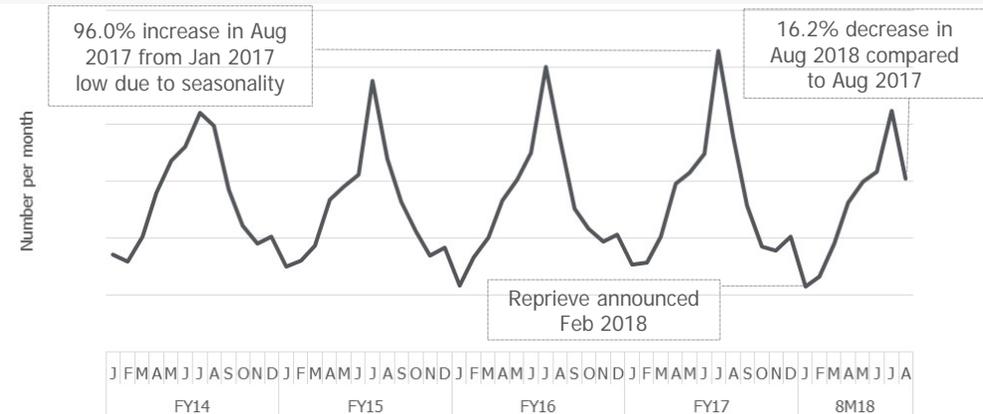
Digital banking increasing

Digital Banking: All Castlebay Domiciled Accounts



Low but seasonal ATM usage

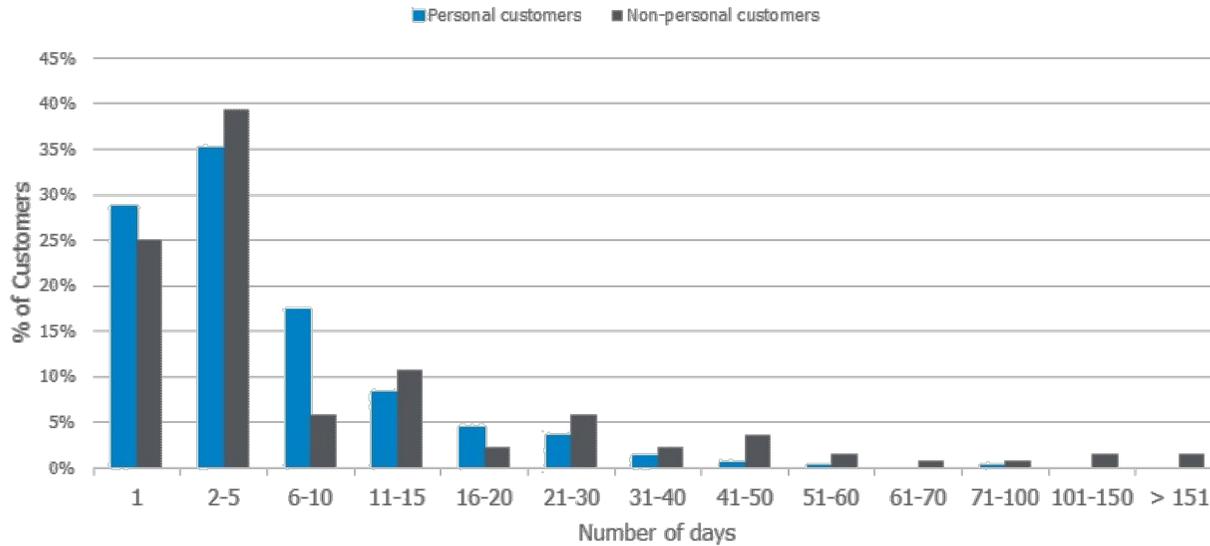
External ATM Withdrawals



Castlebay: Branch usage

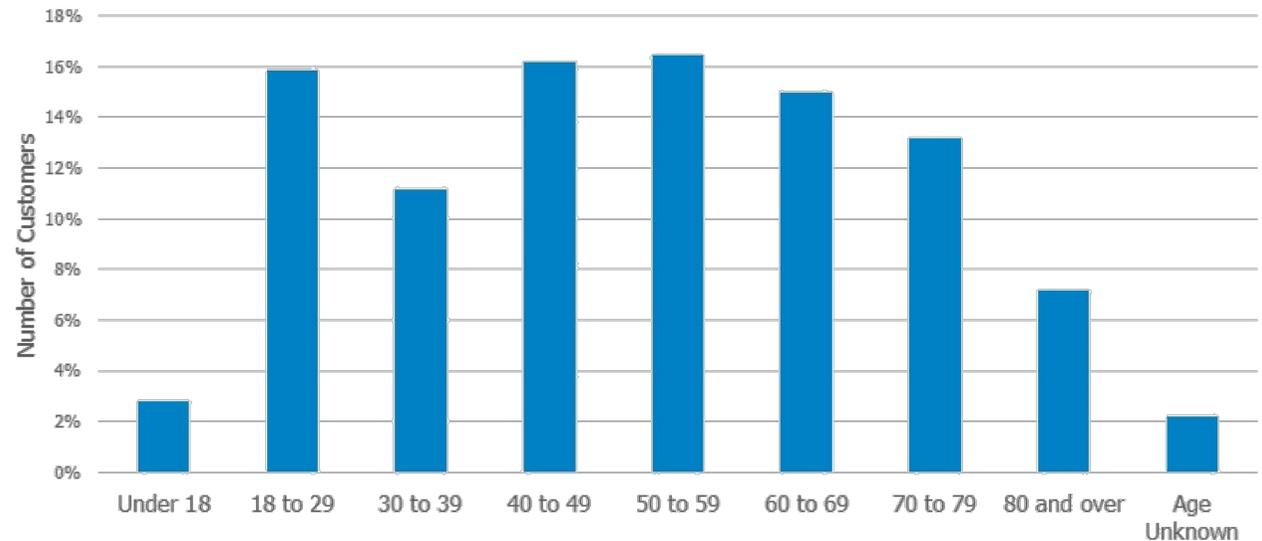
In FY17, 64% of non personal customers and 64% of personal customers used the branch for five or fewer days in the year

Number of days customers visited the branch in FY17: Castlebay



Castlebay branch customers cover a broad spectrum of ages

Age spread of customers in FY17: Castlebay



Castlebay: Findings

We recommend that the Bank keeps the Castlebay branch open

Keep open	Car and ferry crossing to nearest Royal Bank branch	Alternatives not suitable
<p>Recommendations</p> <p>The Bank should keep its Castlebay branch open</p> <p>Comments</p> <ul style="list-style-type: none"> • Mobile branch service is likely to be unreliable because it involves a ferry crossing that is periodically cancelled due to weather • Mobile branch reduces space on the ferry service at peak times • Post Office unlikely to service an increase in demand for cash if the branch closed • The Bank should consider withdrawing the mobile branch service and redeploying elsewhere where the need is greater 		

Enhancements required to enable Post Office to meet increased demand

The Post Master at Castlebay had clearly attempted to explore ways to provide more banking services at the Post Office if the branch closed. However, enhancements would be required to enable the Post Office to meet the increased demand.

Branch usage

Customer numbers and transactions declined in FY15, FY16 and FY17. Branch usage has increased slightly in 8M18 with customer numbers having increased by 11.1% in August 2018 compared to August 2017 but the number of transactions those customers performed only increased by 2.1%, suggesting more people used the branch, but conducted fewer transactions when they visited.

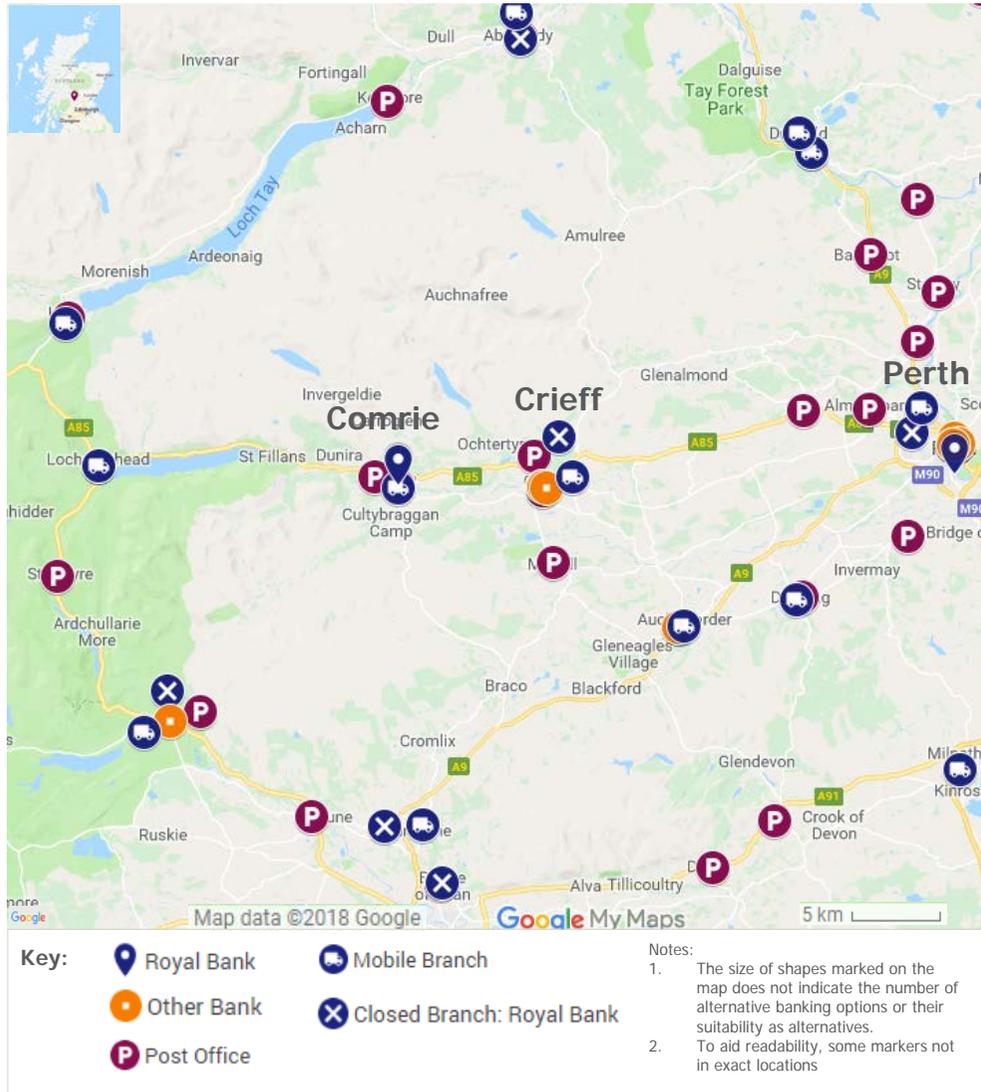
Mobile branch reliability

The mobile branch service, travelling by ferry from South Uist, could not be relied upon to meet its timetabled stops given the periodic cancellation of ferries from South Uist.

As a significant proportion of Barra residents and businesses use the branch, replacing the Castlebay branch with a mobile branch that is not based on Barra would not, in our view, be a suitable alternative way to bank.

We suggest that the mobile branch service, which is currently suspended, is withdrawn if the branch remains open.

Comrie Overview



Population of Comrie: 1,920 people of whom 37% are aged over 65*.

* 'Mid-2016 Population Estimates for Settlements and Localities in Scotland', available on the National Records of Scotland (NRS) website.

Comrie is the last bank in town. The nearest Royal Bank branch is in Perth

Overview

Comrie is the last bank in town and 23 miles from the nearest alternative Royal Bank branch. The branch is open five days a week from 10am to 4pm.

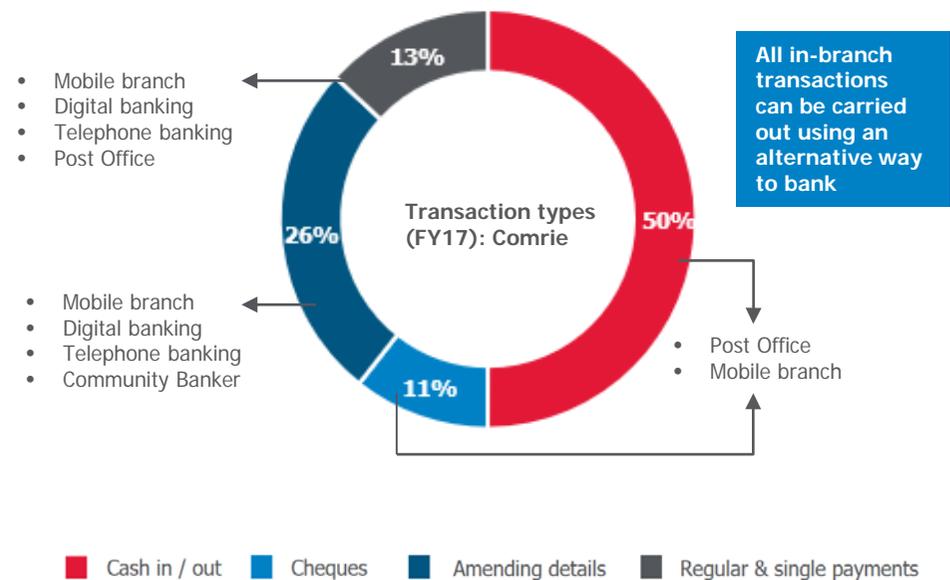
Customers

Customers using the Comrie branch are mainly personal account holders (86% in FY17) across a broad spectrum of ages.

Type of transactions

Transactions in the Comrie branch are primarily cash in or cash out (50% in FY17) and cheque deposits (11% in FY17).

There were an average of three cash deposits per day over £2,000 in FY17, which would need to be pre-booked at a Post Office counter but could be banked without pre-booking at a mobile branch.



Comrie: Alternatives

There is a Post Office and mobile branch service in Comrie. There are also three other banks in Crieff

Alternative ways to bank from the branch: Comrie		
In town	Royal Bank branches outside town	Other banks outside town
Post Office	Perth: (23.2 miles & 38 minutes)	Perth: HSBC, TSB, Handelsbanken, Clydesdale, Barclays, Bank of Scotland, Santander, Nationwide, Skipton Building Society
Mobile branch		
Community Banker		
Digital banking		
Telephone banking		
PayPoints		Crieff: (6.3 miles & 10 minutes) Bank of Scotland, TSB, Clydesdale
ATM		

Royal Bank branches outside town

The nearest Royal Bank branch to Comrie is 23 miles away, Perth Chief Office, which is open six days a week and can be reached by bus service.

Other banks outside town

There are three alternative banks in Crieff (six miles away) and seven alternative banks and two building societies in Perth (23 miles away). Customers preferring to bank in Crieff rather than travel to Perth could switch banks as a reasonable alternative and many customers indicated to us that this would be the choice they would make.

Post Office

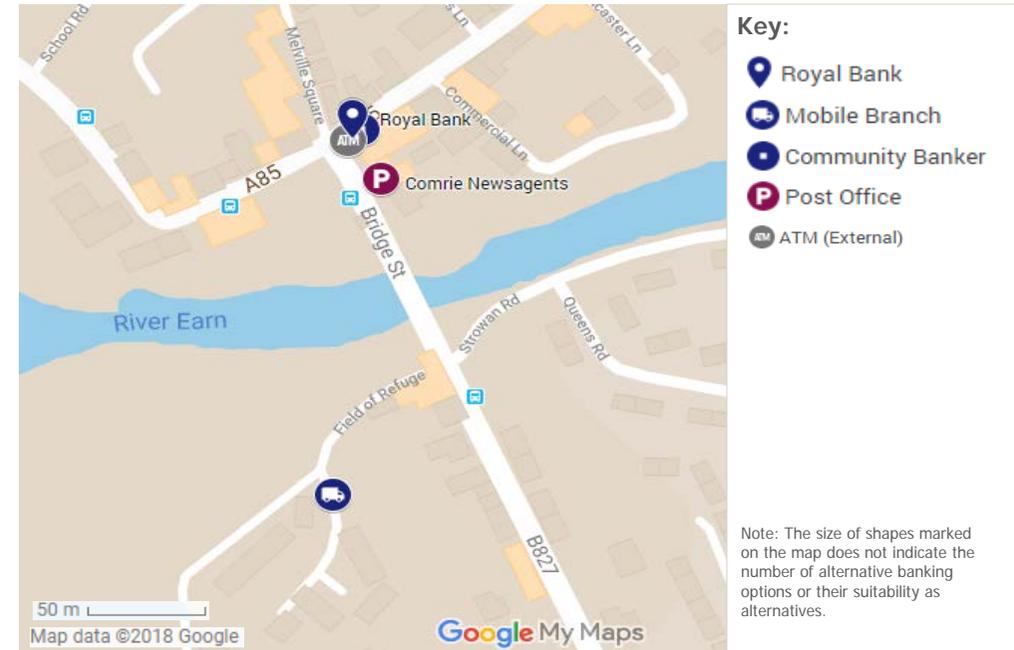
The Post Office is a sub-Post Office in the Comrie Newsagents & Post Office on Bridge Street. It is open seven days a week (Monday to Friday from 6am to 5pm, Saturdays 6am to 4pm and Sundays 7am to 12pm). It has two Post Office counters and a good queuing area.

The Post Master did however express his concern about being able to service any significant increase in customer volumes if the Comrie branch closed.

Mobile branch

The Royal Bank mobile branch stops in Comrie at the Field of Refuge once a week:

- Wed 12.35pm to 1.20pm



The mobile branch also stops in Crieff on Wednesdays. We understand that the mobile branch stop in Comrie is not currently well used because the branch is open. In the event the branch closed we would suggest the Bank considers enhancing the mobile branch service providing more and potentially longer stops to cope with a likely increase in demand.

Community Banker and TechXpert

There is a Community Banker that covers Aberfeldy, Pitlochry, Perth South Street and Comrie. We did not find the service to be particularly well used, primarily because the branch remains open. There is not currently a dedicated TechXpert based in the Comrie branch.

Business Growth Enabler

Small businesses in Comrie have access to a Business Growth Enabler. This service was not mentioned to us by any of the branch staff or customers we spoke to.

Comrie: Alternatives

Telephone banking

Telephone banking is available to all customers in Comrie, either accessible by landline or mobile phone.

Digital banking

Broadband speeds are generally good but not in all postcode areas for Comrie customers. Mobile phone signal is patchy but varies with provider.

ATMs

The only external ATM in Comrie is at the Bank's branch, which sees significant seasonal peaks in usage during summer months. The Bank has told us it has taken on board local customer feedback and committed to retaining an ATM in Comrie in the event the branch closes.

PayPoints

Paying bills can be done at one of the PayPoints in the Nisa or Premier Convenience Store, both on Drummond Street.

Customers were concerned about privacy and confidentiality in the Post Office and queuing outside the mobile branch

Key concerns highlighted from submissions received:

Post Office

- Queuing/waiting times
- Privacy
- Service quality and limitations
- Concern as to future of Post Office

Mobile branch

- Queuing in inclement weather conditions
- Timetable limited and inconvenient

Community Banker

- Low awareness of what this was and how it could be of assistance

Telephone banking

- Largely unpopular, with security and waiting times among key concerns

Digital banking

- Good functionality but doesn't deal with cash in/out
- Clubs and societies cannot amend account signatories or make payments online

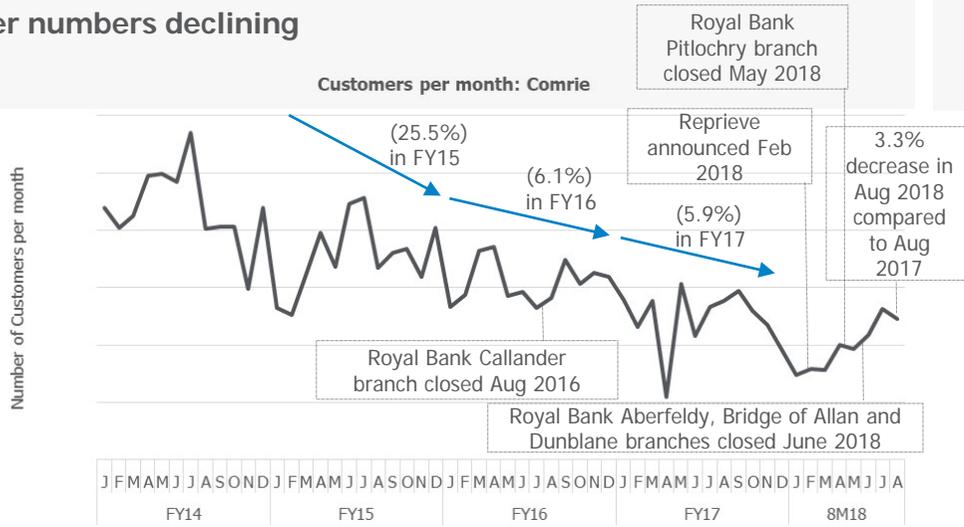
General

- Distance to nearest alternative Royal Bank was too far
- Preference for face-to-face
- Have already experienced closures in neighbouring area

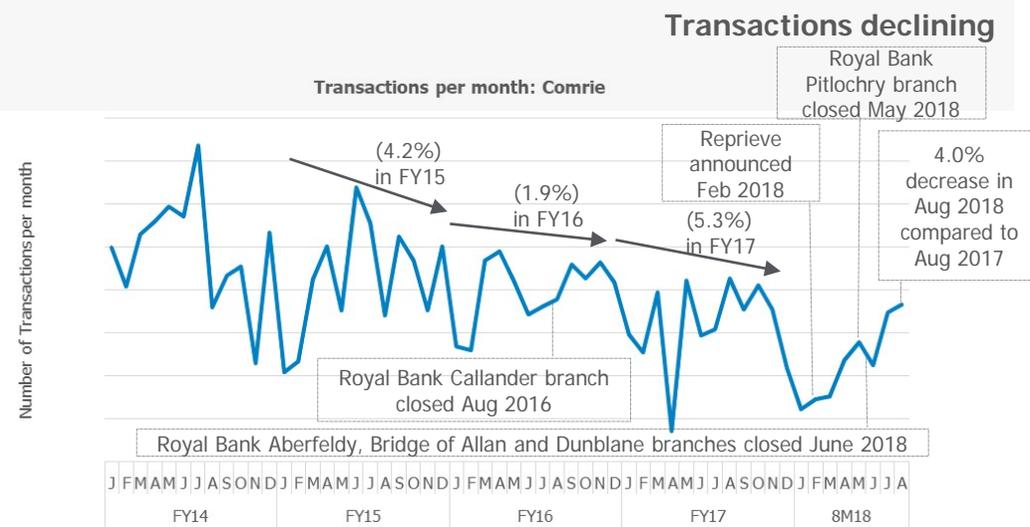
Comrie: Branch usage

The number of customers using the Comrie branch declined by 6% in FY16 and 6% in FY17

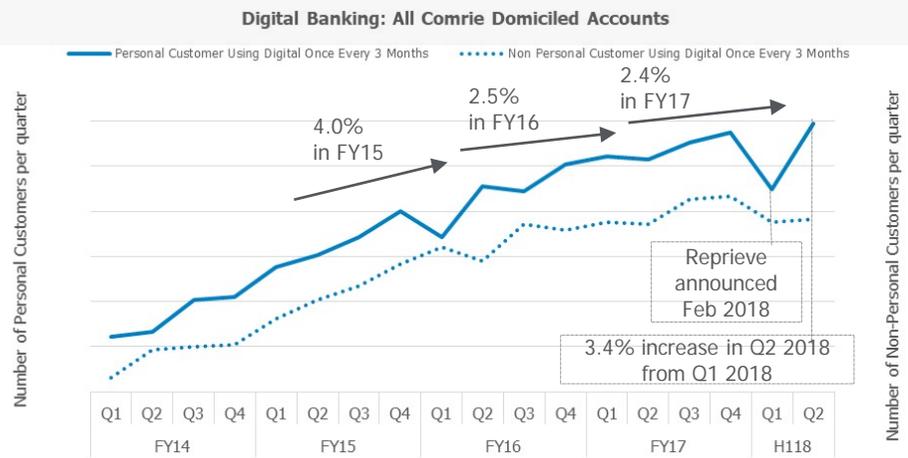
Customer numbers declining



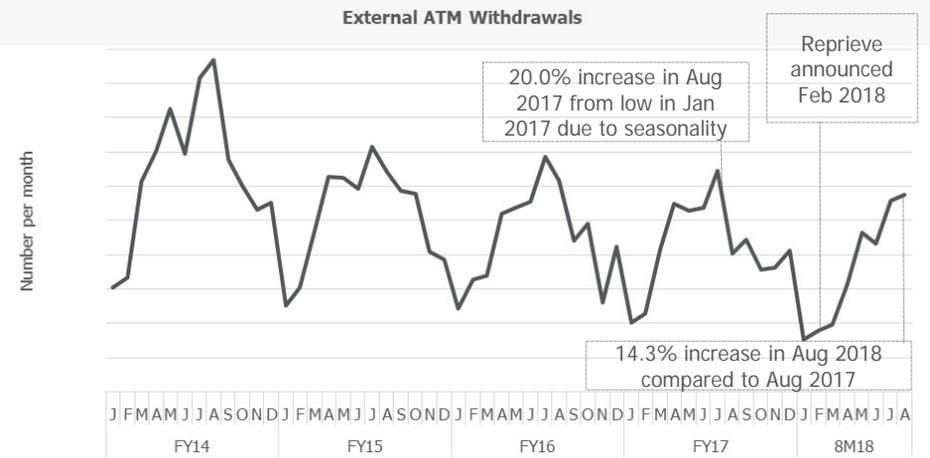
Transactions declining



Digital banking increasing



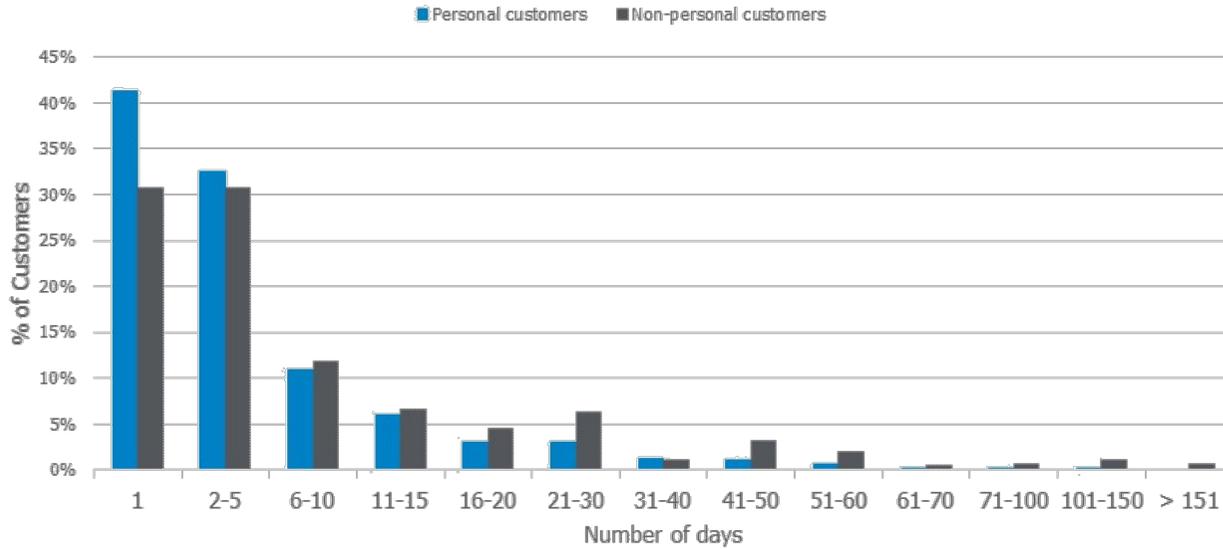
Seasonal ATM usage



Comrie: Branch usage

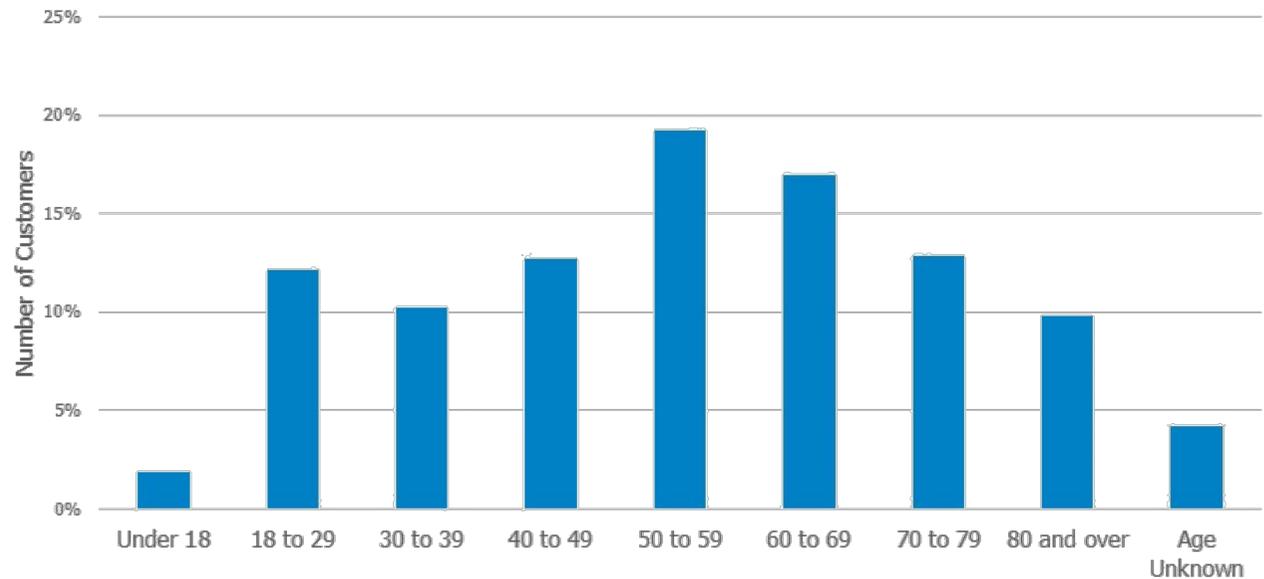
In FY17, 61% of non personal customers and 74% of personal customers used the branch for five or fewer days in the year

Number of days customers visited the branch in FY17: Comrie



Comrie branch customers cover a broad spectrum of ages

Age spread of customers in FY17: Comrie



Comrie: Findings

We recommend that the Bank closes the Comrie branch but that enhancements are made to the alternative ways to bank

Close Branch	Three other banks in Crieff	Mobile branch and Post Office suitable for volumes
<p>Recommendations</p> <p>The Bank should close its Comrie branch as planned</p> <p>Comments</p> <ul style="list-style-type: none"> • Consider increasing the mobile branch service, subject to demand • As previously committed to by the Bank, we recommend retaining an external, free-to-use, 24 hour ATM 		

Switching banks

There are three other banks in Crieff, which is six miles away. In our judgement some customers may switch to another bank in Crieff, rather than travel to the nearest Royal Bank in Perth.

Branch usage

The declining trend in branch usage has continued since the reprieve was announced, with customer numbers having fallen by 3.3% in August 2018 compared to August 2017, despite Royal Bank branch closures in Pitlochry in May 2018 and Aberfeldy, Bridge of Allan and Dunblane in June 2018. We note that usage of the external ATM increased by 14.3% in August 2018 compared to August 2017 but we do not consider that to be a sustainable increase in branch usage.

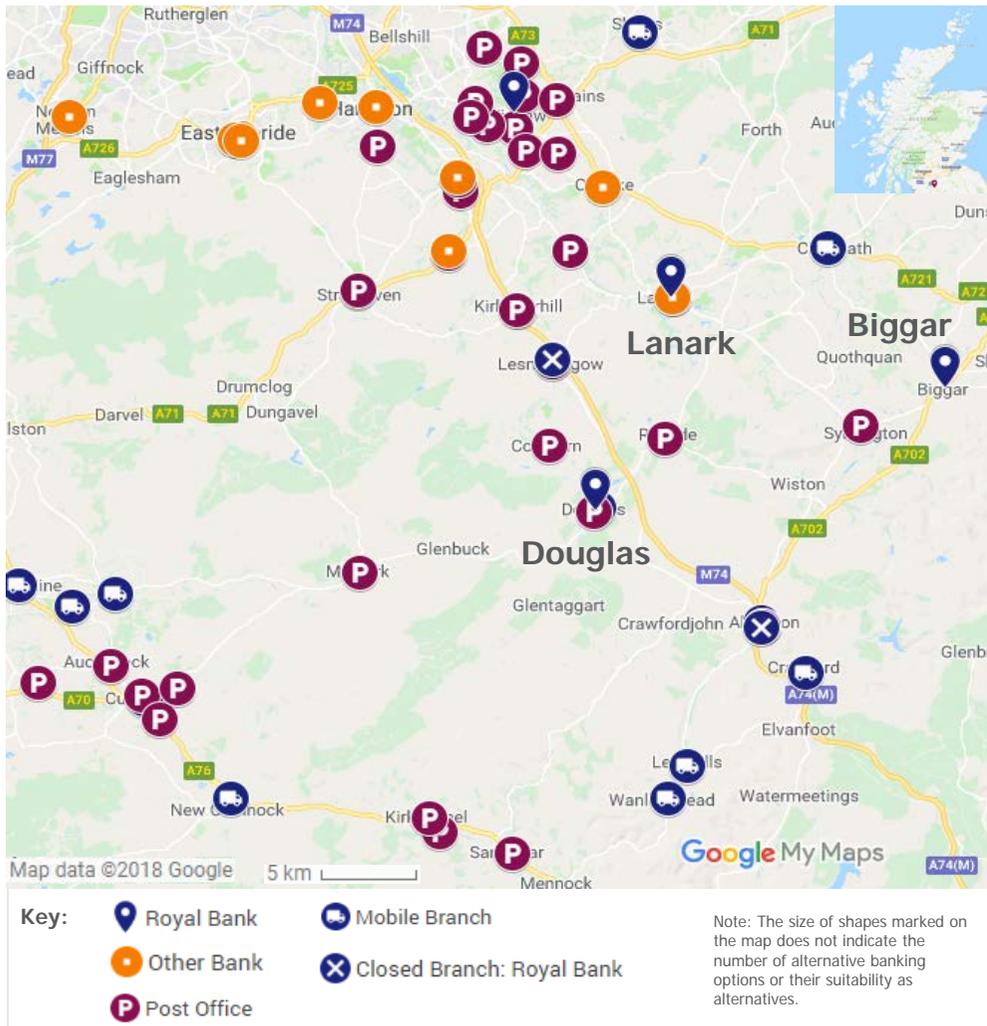
Mobile branch

Although the mobile branch is not currently busy, we anticipate that demand for its services would increase if the branch closed. We therefore suggest the Bank consider increasing the frequency and duration of stops in Comrie after a closure, but to be reviewed as customer behaviours change over time.

Post Office

We note the local Post Master had concerns about being able to service the additional demand if the branch closed. We suggest this can be partly mitigated by enhancing the mobile branch service in Comrie, but we also anticipate some customers will choose to bank elsewhere.

Douglas: Overview



Population of Douglas: 1,490 people of whom 22% are aged over 65*.

* 'Mid-2016 Population Estimates for Settlements and Localities in Scotland', available on the National Records of Scotland (NRS) website.

The Douglas branch is the last bank in town. There are Royal Bank branches in Lanark and Biggar

Overview

Douglas is the last bank in town and is almost 12 miles from the nearest alternative Royal Bank branch. The branch is open three days a week on Mondays, Tuesdays and Fridays from 9.15am to 2.30pm.

Customers

Customers using the Douglas branch are mainly personal account holders (88% in FY17) across a broad spectrum of ages.

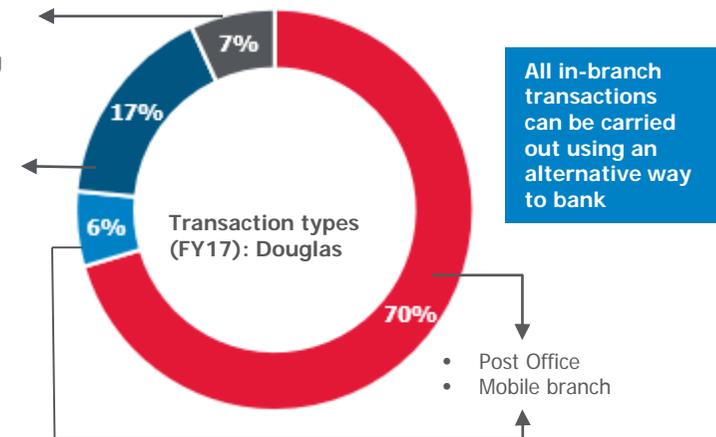
Type of transactions

As shown in the chart below, transactions in the Douglas branch are primarily cash in or cash out (70% in FY17) and cheque deposits (6% in FY17). The chart also shows the alternative ways in which those transactions could be performed.

There was an average of one cash deposit per day over £2,000 in FY17, which would need to be pre-booked at a Post Office counter but could be banked without pre-booking at a mobile branch.

- Mobile branch
- Digital banking
- Telephone banking
- Post Office

- Mobile branch
- Digital banking
- Telephone banking
- Community Banker



Douglas: Alternatives

The Post Office in Douglas is open six days a week and the mobile branch visits once a week

Alternative ways to bank from the branch: Douglas		
In town	Royal Bank branches outside town	Other banks outside town
Post Office	Lanark (11.5 miles & 20 minutes)	In Lanark: TSB, Bank of Scotland, Nationwide, Santander
Mobile branch	Biggar (18.6 miles & 26 minutes)	
Community Banker		
Digital banking		
Telephone banking		
PayPoints		

Royal Bank branches outside town

The nearest Royal Bank branch to Douglas is in Lanark, which is open five days a week and Saturday morning. There is a regular bus service to Lanark. The Lanark branch has disabled access and a dedicated customer car park with a small number of spaces reserved for staff.

Other banks outside town

There are three alternative banks and a building society in Lanark in addition to the Royal Bank branch.

Post Office

The Post Office in Douglas is a sub-Post Office in the Douglas Convenience Store on Ayr Road. It is open six days a week, Monday to Saturday from 8am to 6pm except Fridays when it is closed between 1pm and 3pm and Saturdays when it closes at 3pm. The opening hours are considerably longer than the bank branch.

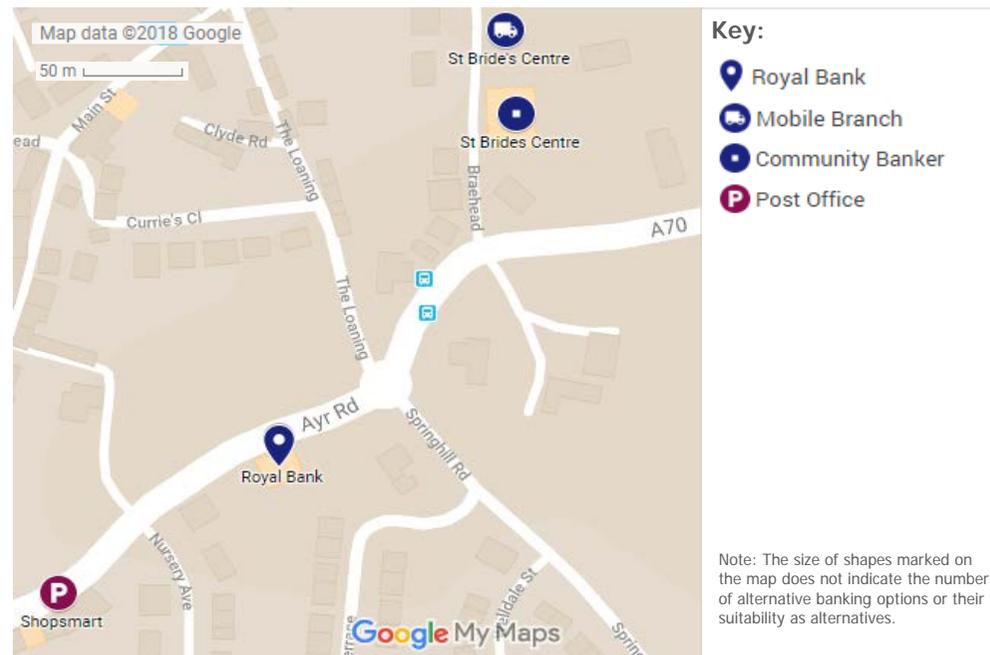
The Post Master told us that he had seen some increased usage of the Post Office for banking services since the proposed closure of the branch was initially announced.

Mobile branch

The Royal Bank mobile branch stops in Douglas at the St. Brides Centre once a week:

- Mon 2.40pm to 3.10pm

We understand that the mobile branch is not currently well used in Douglas because the Douglas branch is open.



Community Banker

There is a dedicated Community Banker for Douglas. The service is not being particularly well used because the branch remains open.

TechXpert

There is not currently a dedicated TechXpert in the Douglas branch. The Bank has advised us that if the branch was to close a TechXpert would be appointed to support customers in the period prior to closure who wished to learn to use digital banking.

Business Growth Enabler

Small businesses in Douglas have access to a Business Growth Enabler. This service was not mentioned to us by any of the branch staff or customers we spoke to.

Douglas: Alternatives

Telephone banking

Telephone banking is available to all customers in Douglas, either accessible by landline or mobile phone.

Digital banking

Broadband is available but not in all areas surrounding Douglas and mobile phone signal is generally reasonable but can be patchy in some areas depending on provider.

ATMs

There is no external ATM in Douglas but cash can be withdrawn free over the counter from the Post Office.

PayPoints

Paying bills can be done at one of the PayPoints in McColl's on Main Street, Douglas Metro on Ayr Road or Douglas Licensed Grocers on Brownhill Avenue.

Feedback reflected concerns that the mobile branch was less convenient and the Post Office has a limited service offering

Key concerns highlighted from submissions received:

Post Office

- Only really a suitable alternative for cash withdrawals
- Limited service available

Mobile branch

- Timetable limited and inconvenient

Community Banker

- Low awareness of what this was and how it could be of assistance

Telephone banking

- Largely unpopular, with security and waiting times among key concerns

Digital banking

- Good functionality but doesn't deal with cash in/out

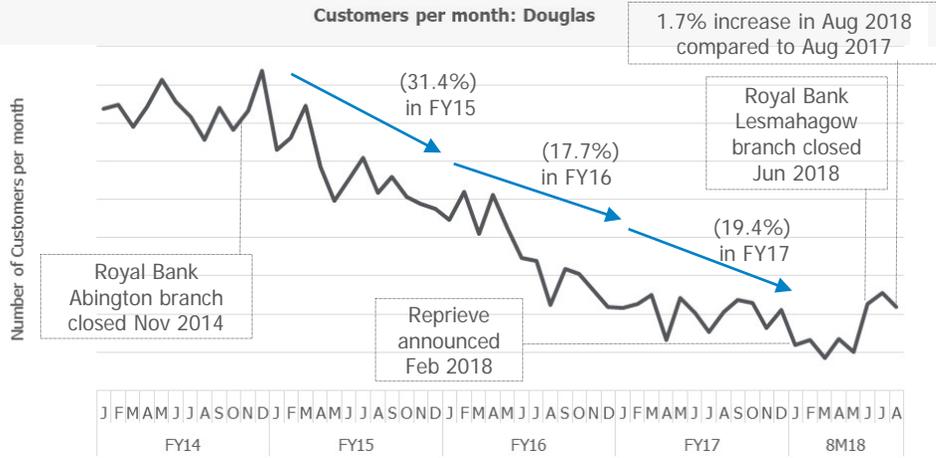
General

- Distance to nearest alternative Royal Bank was too far

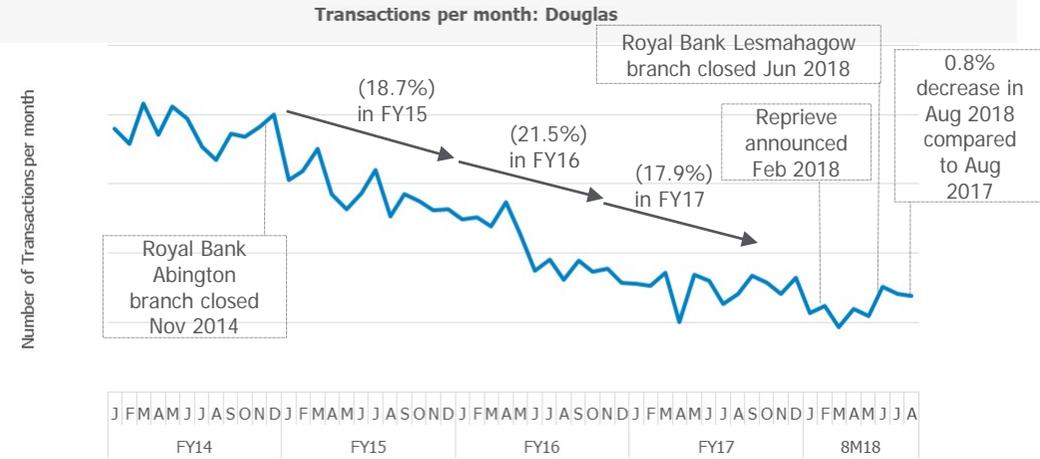
Douglas: Branch usage

Branch usage has declined significantly in Douglas, with number of customers and transactions falling

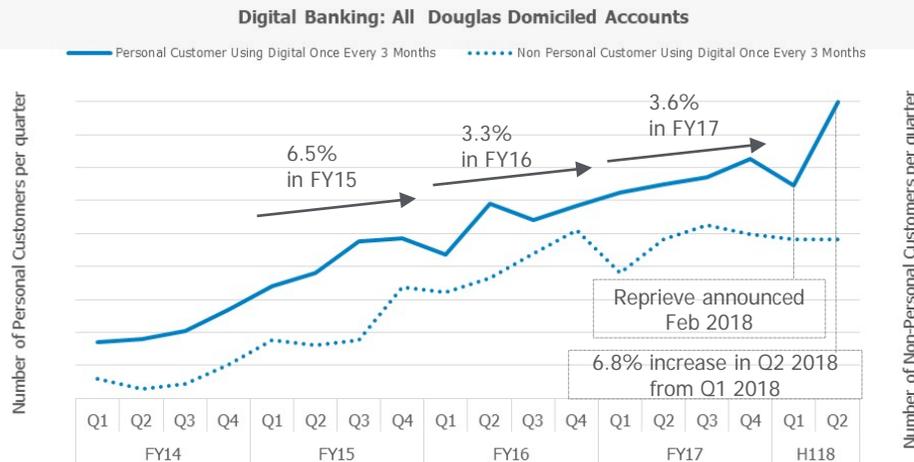
Customer numbers declining



Transactions declining



Digital banking increasing

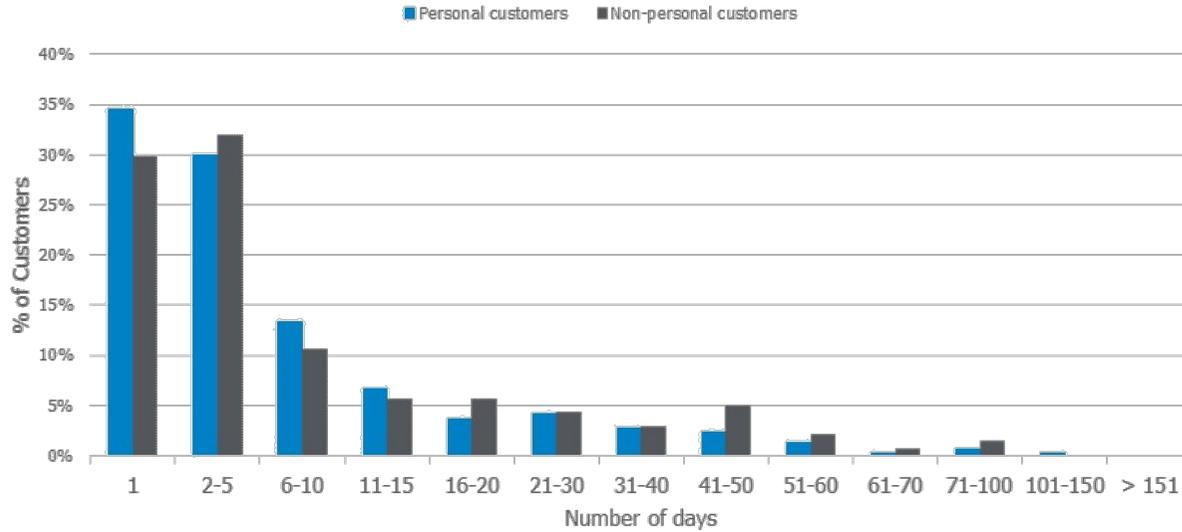


No External ATM in Douglas

Douglas: Branch usage

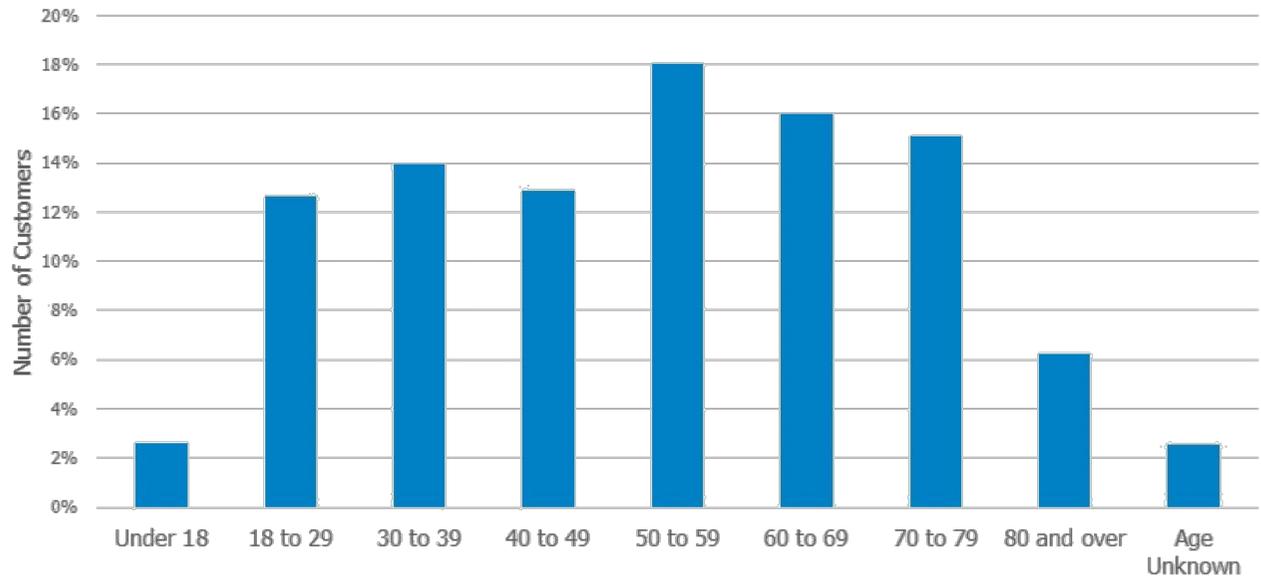
In FY17, 62% of non personal customers and 67% of personal customers used the branch for five or fewer days in the year

Number of days customers visited the branch in FY17: Douglas



Douglas branch customers cover a broad spectrum of ages

Age spread of customers in FY17: Douglas



Douglas: Findings

We recommend that the Bank closes the Douglas branch as planned

Close Branch	Proximity to an alternative branch in Lanark	Post Office and mobile branch suitable for volumes
<p>Recommendations</p> <p>The Bank should proceed with the closure of the Douglas branch as planned</p> <p>Comments</p> <ul style="list-style-type: none">Local alternatives are suitable given the usage of the branch		

Branch usage is declining

Douglas was the third quietest branch that we reviewed (based on the number of customers in FY17), but it had the largest decline in customer numbers in both FY16 and FY17.

The Royal Bank closed its Abington branch in November 2014 which resulted in a temporary increase in customer numbers; but usage has since declined quite consistently and markedly.

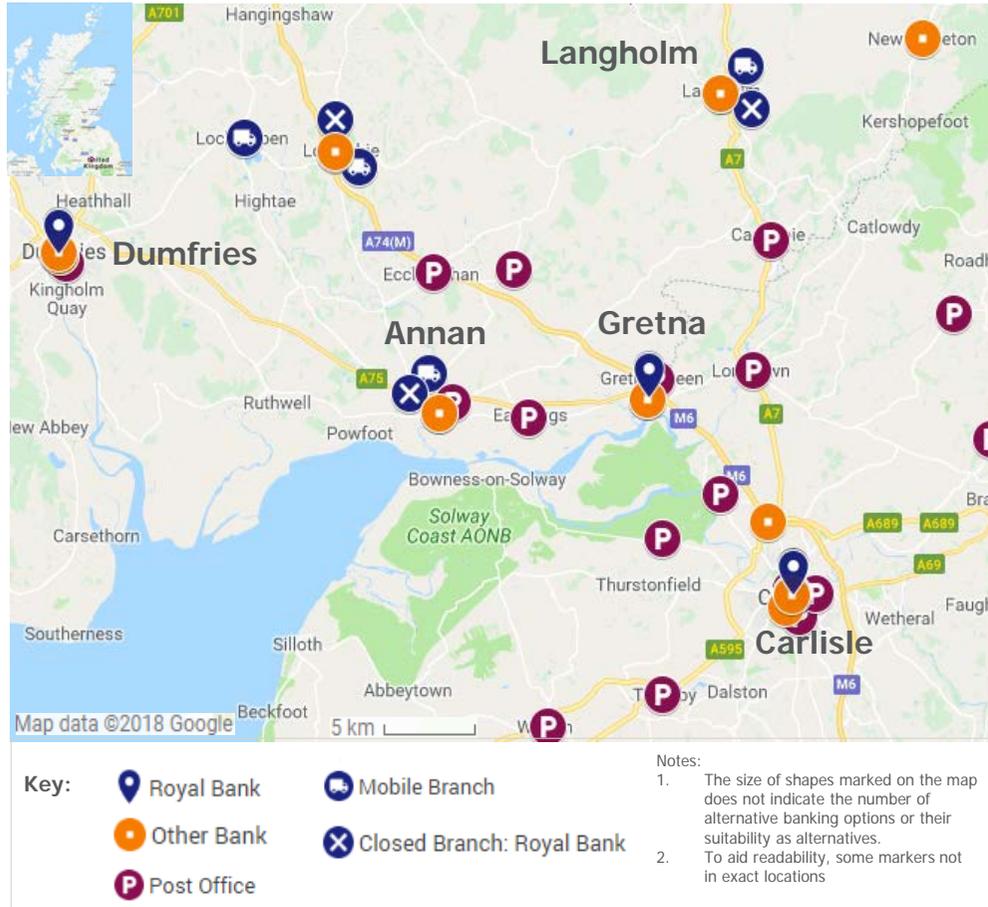
Customer numbers have increased marginally since the reprieve was announced (a 1.7% increase in customers in August 2018 compared to August 2017) which may be partly due to customers of the Lesmahagow branch (which closed in June 2018) travelling to Douglas.

Post Office and mobile branch suitable

We consider the Post Office in Douglas and the weekly mobile branch service to be suitable alternatives.

Gretna: Overview

The Gretna branch is the last bank in town.
The nearest branch for Royal Bank customers is in Carlisle



Population of Gretna: 3,040 people of whom 26% are aged over 65*.

* 'Mid-2016 Population Estimates for Settlements and Localities in Scotland', available on the National Records of Scotland (NRS) website.

Overview

Gretna is the last bank in town and 10 miles from the nearest branch that can be used by Royal Bank customers (which is NatWest). The branch is open four days a week from 9.15am to 5pm. It is closed on Wednesdays.

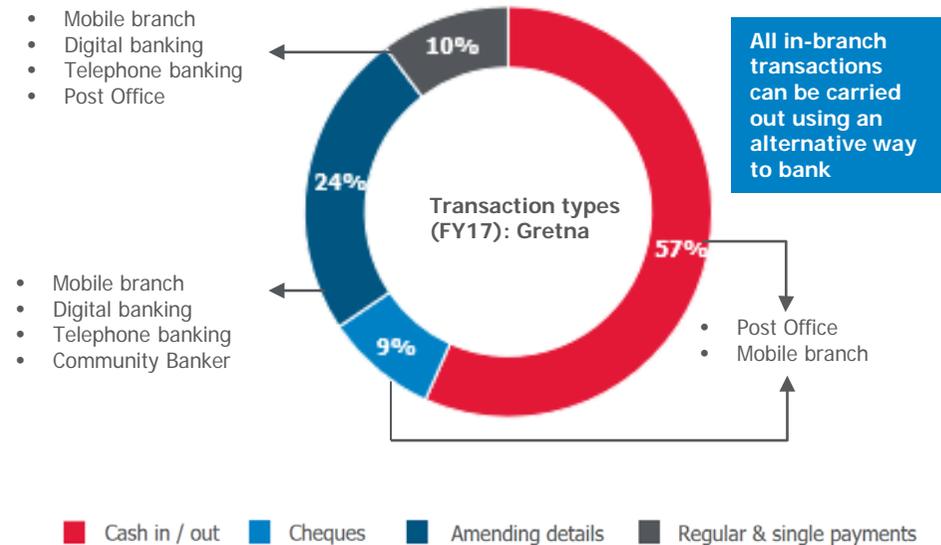
Customers

Customers using the Gretna branch are mainly personal account holders (90% in FY17) across a broad spectrum of ages.

Type of transactions

As shown in the chart below, transactions in the Gretna branch are primarily cash in or cash out (57% in FY17) and cheque deposits (9% in FY17). The chart also shows the alternative ways in which those transactions could be performed.

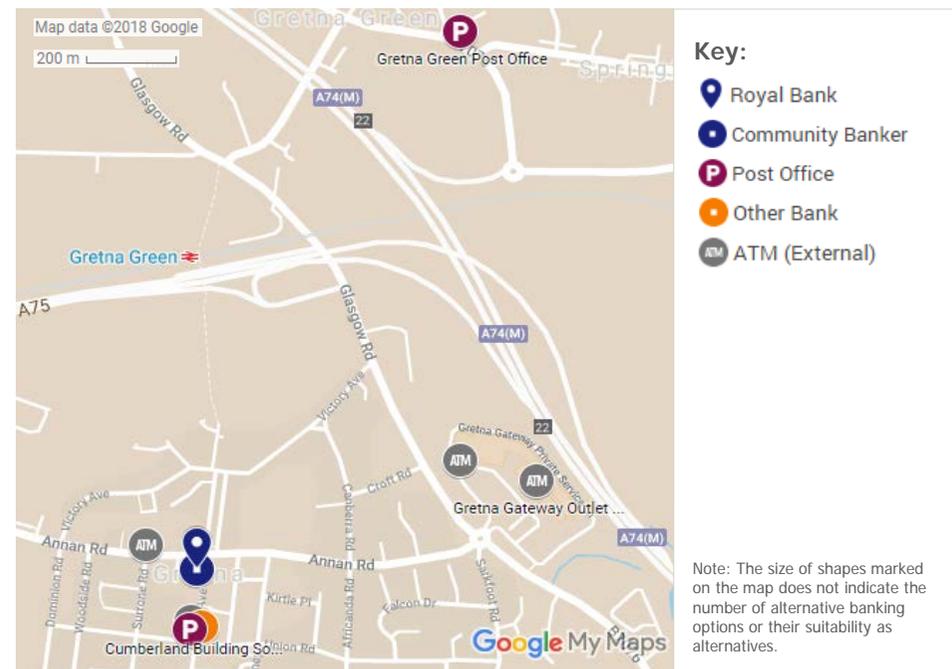
There were an average of four cash deposits per day over £2,000 in FY17, which would need to be pre-booked at a Post Office counter but could be banked without pre-booking at a mobile branch.



Gretna: Alternatives

The Post Office and a Building Society are within close proximity to the branch

Alternative ways to bank from the branch: Gretna		
In town	Branches outside town available to Royal Bank customers	Other banks outside town
Cumberland Building Society Post Office Community Banker Digital banking Telephone banking ATMs (Co-op, Cumberland Building Society and Gateway centre x2) PayPoints	Carlisle (10.1 miles & 17 minutes) NatWest Dumfries (24.5 miles & 32 minutes) NatWest	In Carlisle: Handelsbanken, Lloyds, NatWest, Clydesdale, Virgin Money, HSBC, Barclays, Halifax, Santander, Nationwide, Skipton Building Society, Cumberland Building Society, Newcastle Building Society In Dumfries: TSB, Barclays, Clydesdale, Bank of Scotland, HSBC, Santander, Cumberland Building Society, Nationwide In Annan (8.2 miles & 13 minutes): Bank of Scotland, Cumberland Building Society



There is a building society in Gretna within close proximity to the branch.

Royal Bank branches outside town

The nearest branch for Royal Bank customers is the NatWest in Carlisle. There is also a Royal Bank branch in Dumfries. Both the Carlisle NatWest branch and the Dumfries Royal Bank branch are open six days a week (only from 9am to 1pm on Saturdays).

Other banks outside town

There is one bank and one building society in Annan, nine banks and four building societies in Carlisle and six banks and two building societies in Dumfries.

Post Office

The Post Office in Gretna is a sub-Post Office in the Gretna Spar on Central Avenue. It has longer opening hours than the Royal Bank branch.

The Post Office has two Post Office counters and a good queuing area for customers.

Mobile branch

There is no mobile branch service in Gretna.

The nearest mobile branch stop is in Annan, which has a mobile branch stop twice a week on a Monday and Thursday. The mobile branch also stops in Langholm, Lochmaben and Lockerbie on a Thursday.

We visited the mobile branch in Annan on 2 August 2018, when it was raining. The van that day did not have a satellite service or computers because the usual vehicle was being repaired. A member of our team spoke to a number of customers who had used the service. In general, customers said the service had been sufficient for their needs if they were depositing or withdrawing cash.

Community Banker

The Community Banker covers the Gretna, Annan, Lockerbie and Dumfries areas.

Gretna: Alternatives

TechXpert

There is not currently a dedicated TechXpert in the Gretna branch. The Bank has advised that if the branch was to close a TechXpert would be appointed to support customers in the period prior to closure.

Business Growth Enabler

Small businesses in Gretna have access to a Business Growth Enabler. This service was not mentioned to us by any of the branch staff or customers we spoke to.

Telephone banking

Telephone banking is available to all customers in Gretna, either accessible by landline or mobile phone.

Digital banking

Broadband speeds are generally good but not in all postcode areas in which Gretna customers live. Mobile phone signal ranges in quality in the area and so is patchy, depending upon provider.

ATMs

There are external ATMs that are free-to-use at the Co-op and Cumberland Building Society, and two at the Gretna Gateway Centre.

PayPoints

There are a number of PayPoint locations in Gretna.

Gretna has a number of external, free-to-use ATMs and a number of PayPoints

Key concerns highlighted from submissions received:

Post Office

- Privacy and confidentiality
- Service quality, often attributed to a lack of staff training

Mobile branch

Although it was recognised as an option, concerns raised were:

- Queuing in inclement weather conditions
- Timetable limited and inconvenient

Community Banker

- Low awareness of what this was and how it could be of assistance

Telephone banking

- Largely unpopular, with security and waiting times among key concerns

Digital banking

- Good functionality but doesn't deal with cash in/out

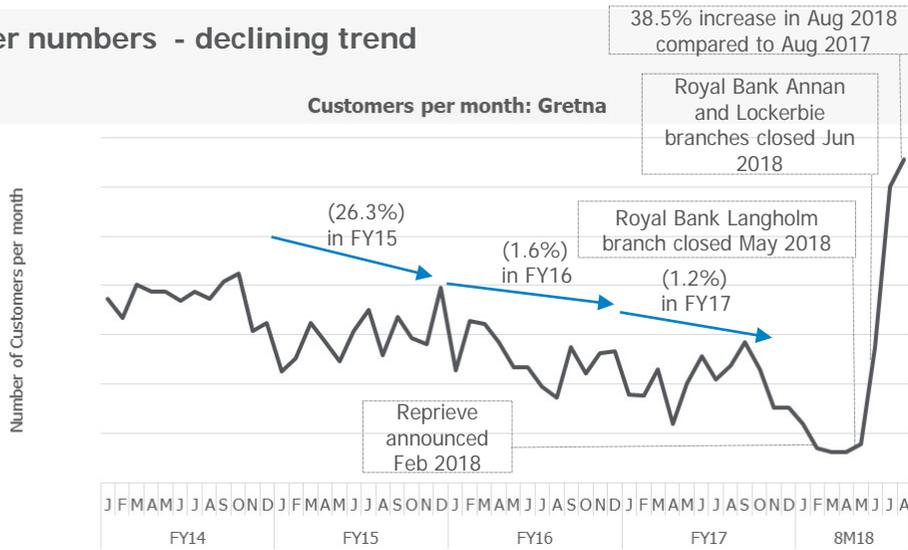
General

- Distance to nearest alternative Royal Bank branch was too far
- Have already been affected by other closures in the area
- Preference for face-to-face service

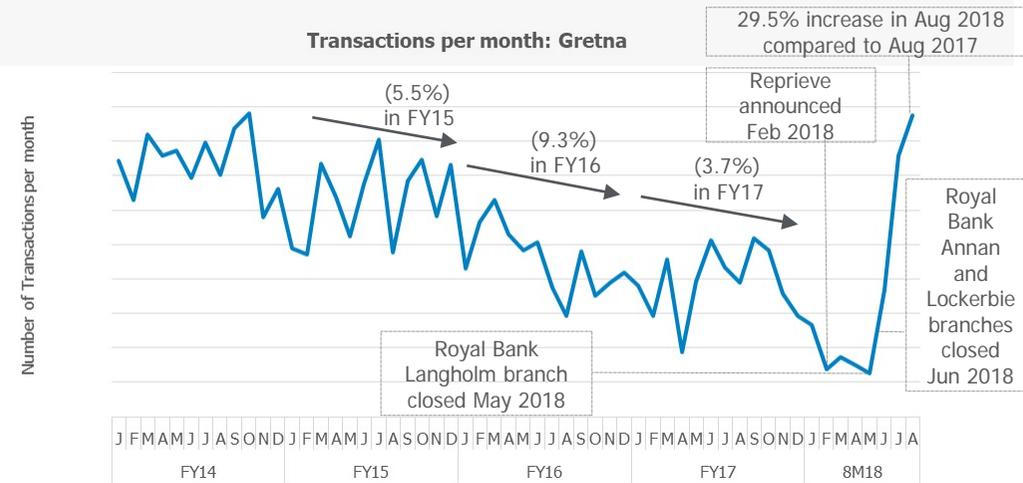
Gretna: Branch usage

The number of customers using the branch only declined marginally in FY16 and FY17 but digital banking use increased by 7% and 8% respectively

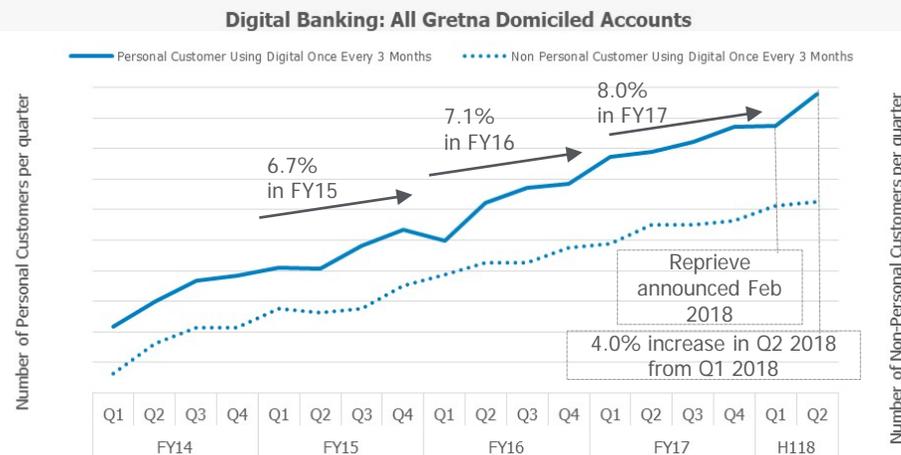
Customer numbers - declining trend



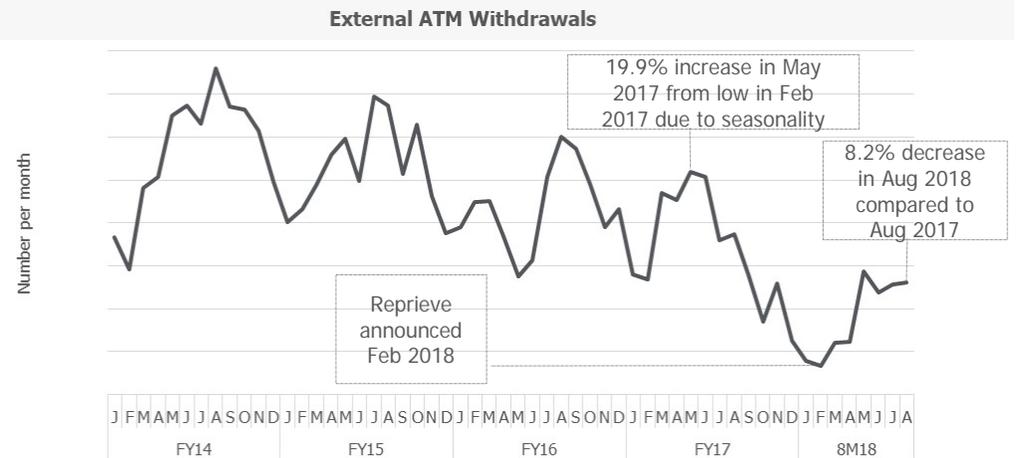
Transactions – declining trend



Digital banking increasing



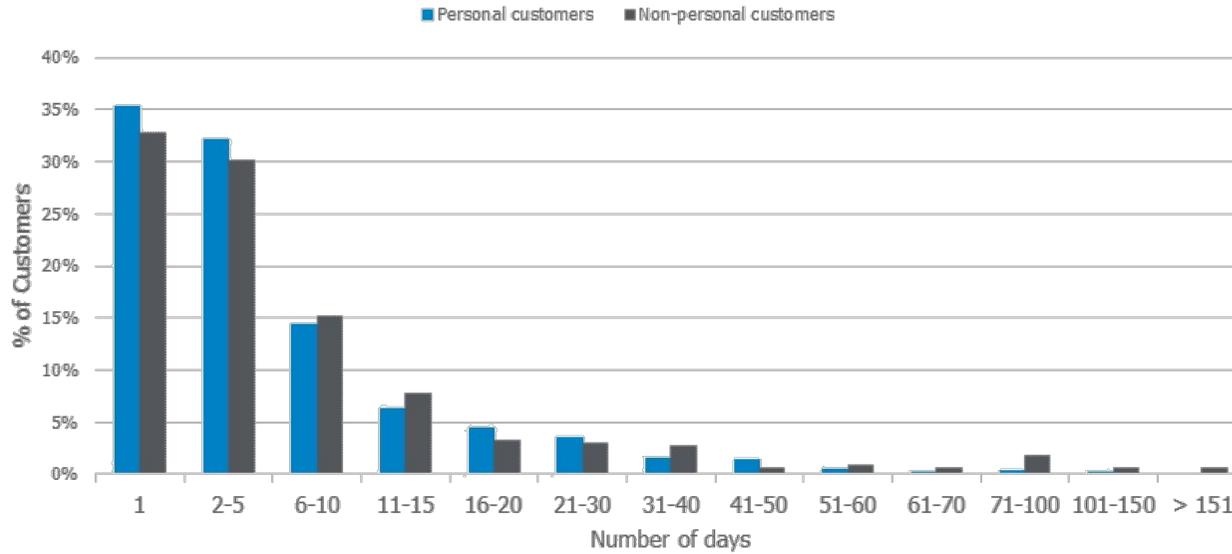
Low & seasonal ATM usage



Gretna: Branch usage

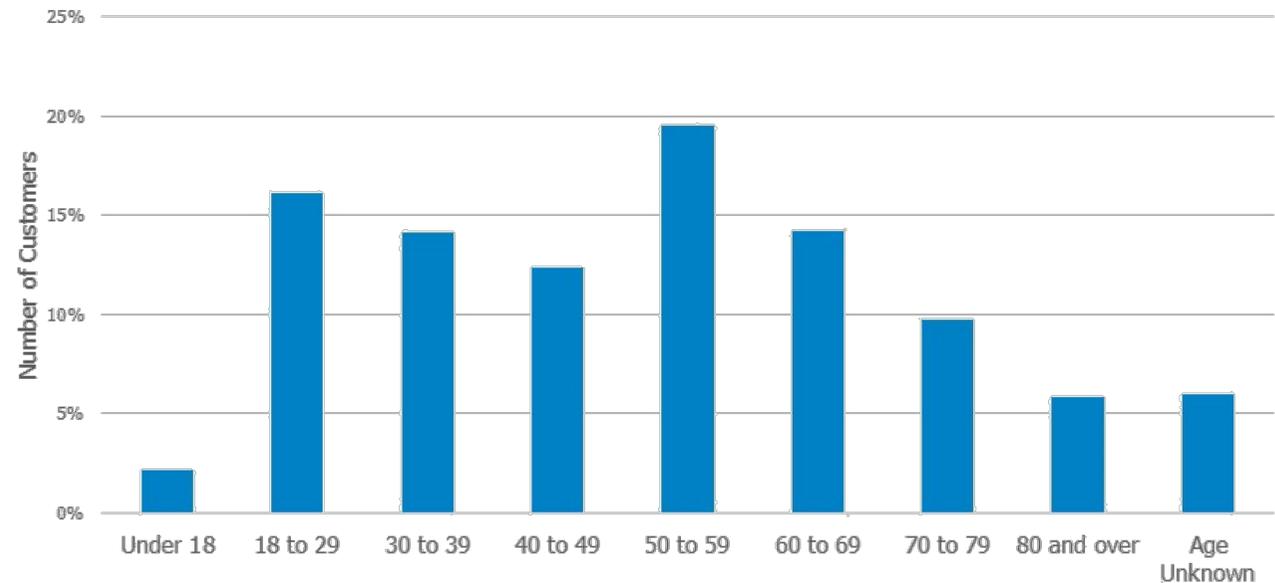
In FY17, 63% of non personal customers and 68% of personal customers used the branch for five or fewer days in the year

Number of days customers visited the branch in FY17: Gretna



Gretna branch customers cover a broad spectrum of ages

Age spread of customers in FY17: Gretna



Gretna: Findings

We recommend that the Bank closes the Gretna branch but that enhancements are made to the alternative ways to bank

Close Branch	Suitable alternatives
<p>Recommendations</p> <p>The Bank should proceed with the closure of its Gretna branch as planned</p> <p>Comments</p> <ul style="list-style-type: none"> • There are sufficient local alternative ways to bank • Mobile branch should be introduced 	

Branch usage

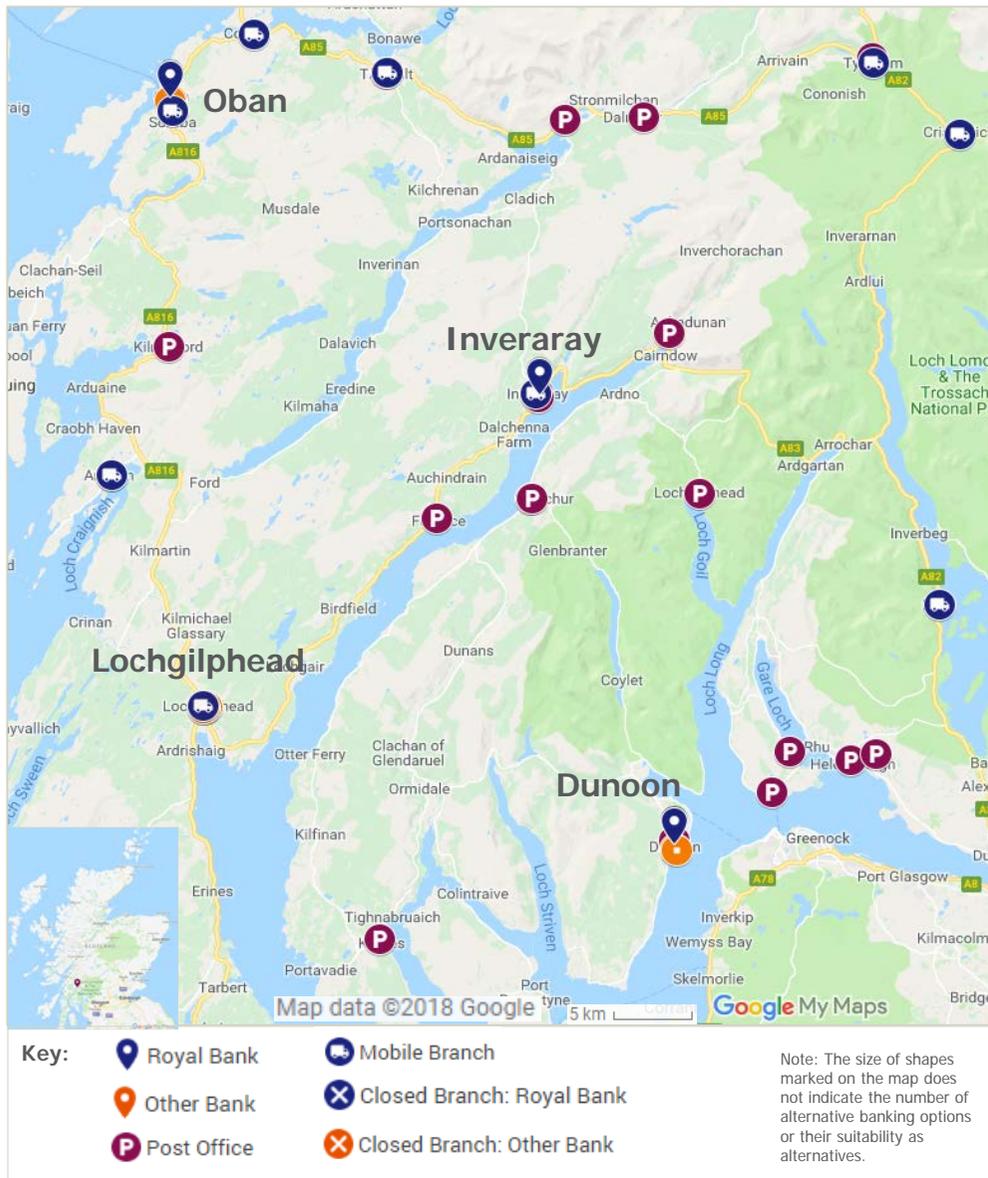
Customer numbers and transactions declined consistently in FY15, FY16 and FY17. Since the reprieve was announced, there has been a significant increase in both customer numbers and transactions (a 38.5% increase in customers and a 29.5% increase in transactions in August 2018 compared to August 2017) which may be due to new customers using the branch after Royal Bank branch closures in Langholm in May 2018 and Annan and Lockerbie in June 2018. However, usage of the external ATM at the branch has continued to decline since the reprieve was announced.

Mobile branch

Gretna's customer base is primarily personal customers (90% in FY17) who can access banking services through a number of alternative ways to bank either in Gretna or nearby. However, given the level of transactions, we would recommend that a mobile branch service is introduced to Gretna, visiting twice weekly and reviewed periodically to ensure demand is being met.

Inveraray: Overview

Inveraray is the last bank in town. The nearest Royal Bank branches are in Oban and Dunoon



Population of Inveraray: 560 people of whom 24% are aged over 65*.

* 'Mid-2016 Population Estimates for Settlements and Localities in Scotland', available on the National Records of Scotland (NRS) website.

Overview

Inveraray is the last bank in town and 37 miles from the nearest alternative Royal Bank branch. The branch is open five days a week from 10am to 4pm.

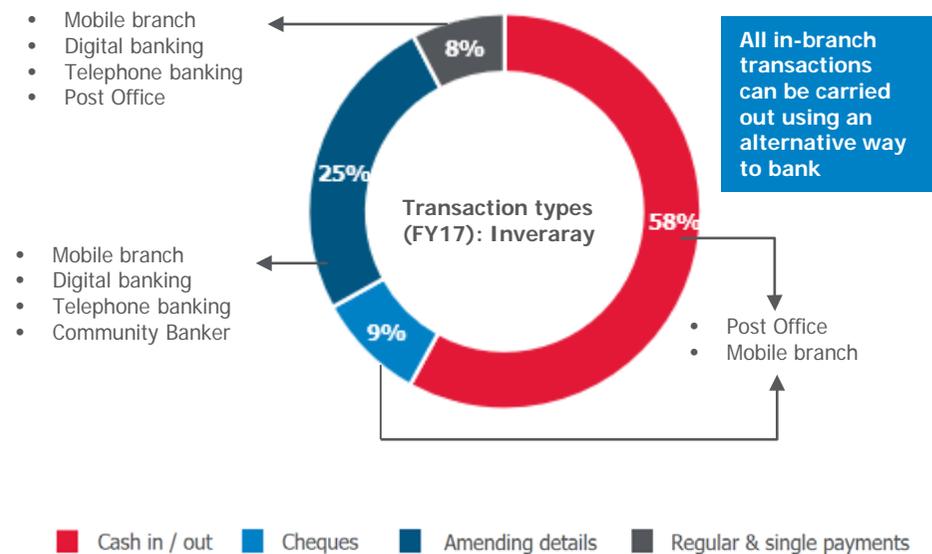
Customers

Customers using the Inveraray branch are mainly personal account holders (85% in FY17), across a broad spectrum of ages.

Type of transactions

As shown in the chart below, transactions in the Inveraray branch are primarily cash in or cash out (58% in FY17) and cheque deposits (9% in FY17). The chart also shows the alternative ways in which those transactions could be performed.

There were an average of five cash deposits per day over £2,000 in FY17, which would need to be pre-booked at a Post Office counter but could be banked without pre-booking at a mobile branch.



Inveraray: Alternatives

Alternative ways to bank from the branch: Inveraray		
In town	Royal Bank branches outside town	Other banks outside town
Post Office	Oban (37.3 miles & 56 minutes)	In Oban: TSB, Bank of Scotland, Clydesdale, Nationwide
Mobile branch		
Community Banker		
Digital banking	Dunoon (38.4 miles & 55 minutes)	In Dunoon: Bank of Scotland, TSB
Telephone banking		
ATMs (Co-op, Londis)		In Lochgilphead (24.3 miles & 34 minutes): Bank of Scotland, Clydesdale, TSB

Royal Bank branches outside town

The nearest Royal Bank branch to Inveraray is Oban which is just under one hour away by car. There is also a bus and train service to Oban from Inveraray.

There is also a Royal Bank at Dunoon, which is also just under one hour away.

Other banks outside town

The nearest banks to Inveraray are not Royal Banks and would require a customer to switch bank and travel to Lochgilphead (about 35 minutes away). There are three alternative banks in Lochgilphead.

Post Office

The Post Office in Inveraray is a small sub-Post Office in the Londis store and petrol station.

We spoke to the Post Master who felt the Post Office would be able to service increased activity in the event of a branch closure, as it had done after the closure of the only other bank in Inveraray in November 2016.

We note that there are a number of elderly customers who already carry out some of their banking transactions in the Post Office because it is a shorter walk for them than to the branch. There are also a number of business customers who use the Post Office.

The Post Office and mobile branch in Inveraray are suitable during off peak times but may become busy in summer months



Mobile branch

The mobile branch stops in the Londis car park twice weekly:

- Mon 11.15am to 12.15pm
- Thurs 1.20pm to 2.20pm

In peak summer months when there is a spike in activity with the tourist trade, it may be that the mobile branch should be in the town more often but at other times of the year the mobile branch combined with the Post Office should be suitable to meet demand, particularly for cash in or cash out transactions.

We understand some larger businesses have been in discussion with the Bank regarding pre-arranged cash collections from their premises, rather than the mobile branch or Post Office.

Inveraray: Alternatives

Community Banker

The Community Banker for Inveraray also covers Fort William, Kyle and Mallaig. When we visited the branch on 8 August 2018 we were advised that her schedule for Inveraray had not been fully drawn up because the branch is currently open. If the branch was to close, we suggest that the Community Banker becomes involved in the local community for the benefit of the Inveraray customers.

TechXpert

There is a dedicated TechXpert for the Inveraray branch who assists customers who wish to learn how to use digital banking.

Business Growth Enabler

Small businesses in Inveraray have access to a Business Growth Enabler. This service was not mentioned to us by any of the branch staff or customers we spoke to.

Telephone banking

Telephone banking is available to all customers in Inveraray, either accessible by landline or mobile phone.

Digital banking

Broadband speeds and mobile coverage are patchy.

ATMs

There are external, free-to-use ATMs at the Londis, Co-op and Bank branch. There are significant spikes in summer usage of the Bank's ATM in line with tourist activity.

PayPoints

Paying bills can be done at one of the PayPoints in either the Co-op, Londis or McColl's.

There are three external ATMs in Inveraray. The Bank's ATM sees a significant peak in usage during summer

Key concerns highlighted from submissions received:

Post Office

- Privacy and confidentiality
- Service quality which was attributed to an apparent lack of staff training

Mobile branch

- Only 2% of people who made face-to-face or online representations had used the mobile branch before
- Queuing in inclement weather
- Timetable limited and inconvenient
- Concerns over security and confidentiality
- Enjoyed face-to-face contact but unreliable

Community Banker

- Low awareness of what this was and how it could be of assistance

Telephone banking

- Heavily criticised, specifically around long waiting times

Digital banking

- Good functionality but doesn't deal with cash in/out

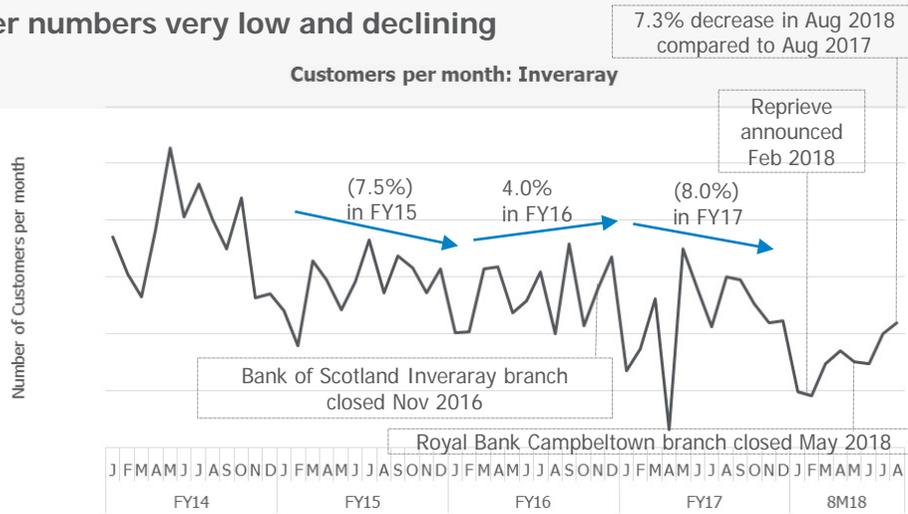
General

- Distance to nearest alternative Royal Bank branch in Oban was too far
- A tourist town requires a branch
- Businesses need to deposit cash

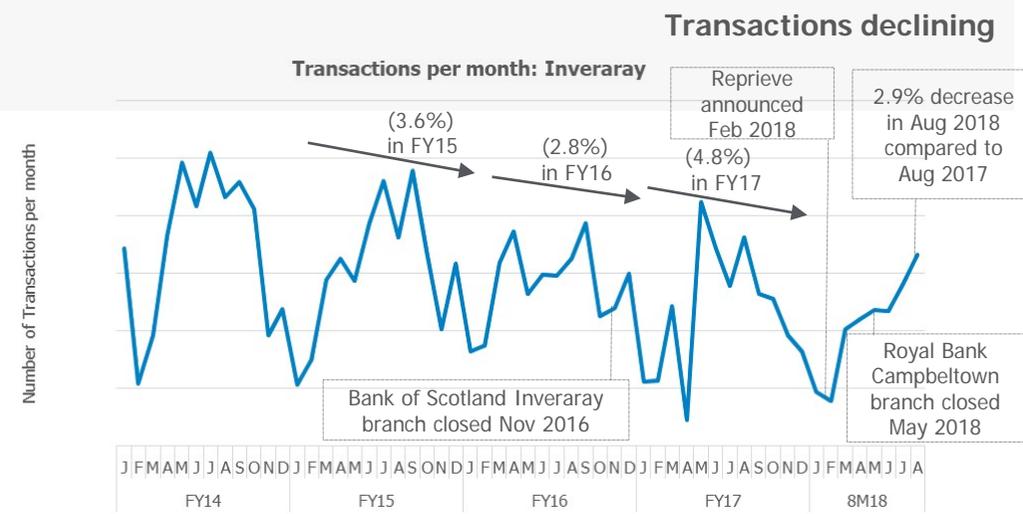
Inveraray: Branch usage

In FY16, when the only other bank in Inveraray closed, there was a 4% increase in customer numbers. In FY17 customer numbers fell 8%

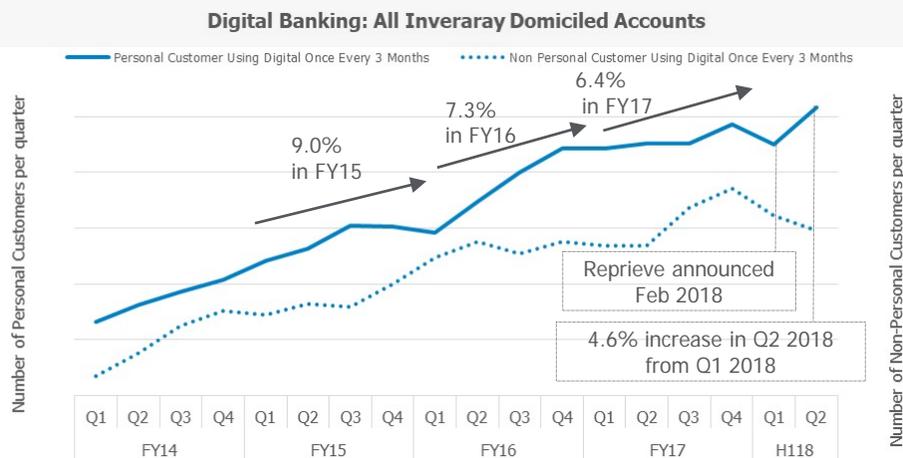
Customer numbers very low and declining



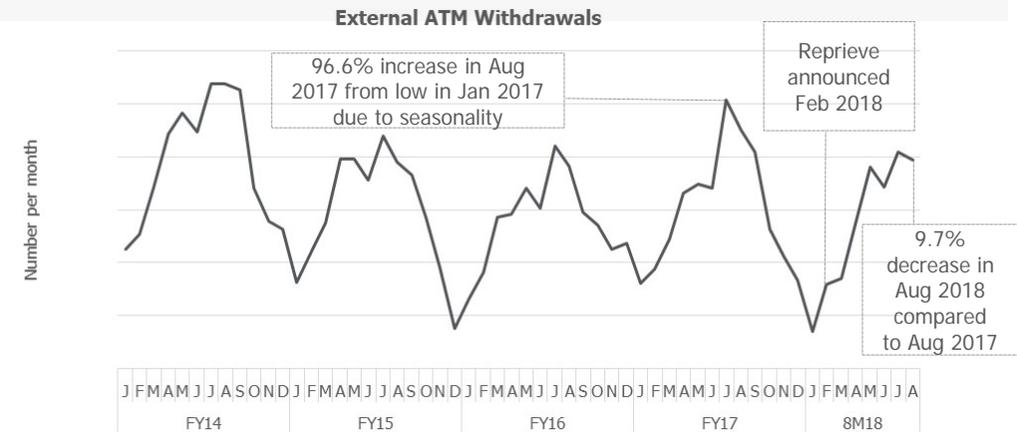
Transactions declining



Digital banking increasing



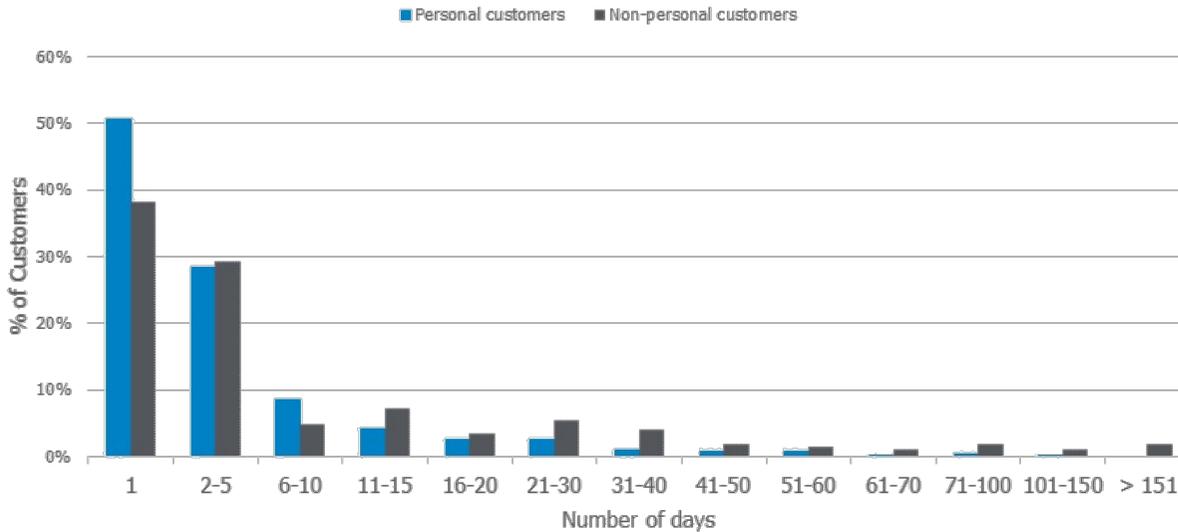
Seasonal high ATM usage



Inveraray: Branch usage

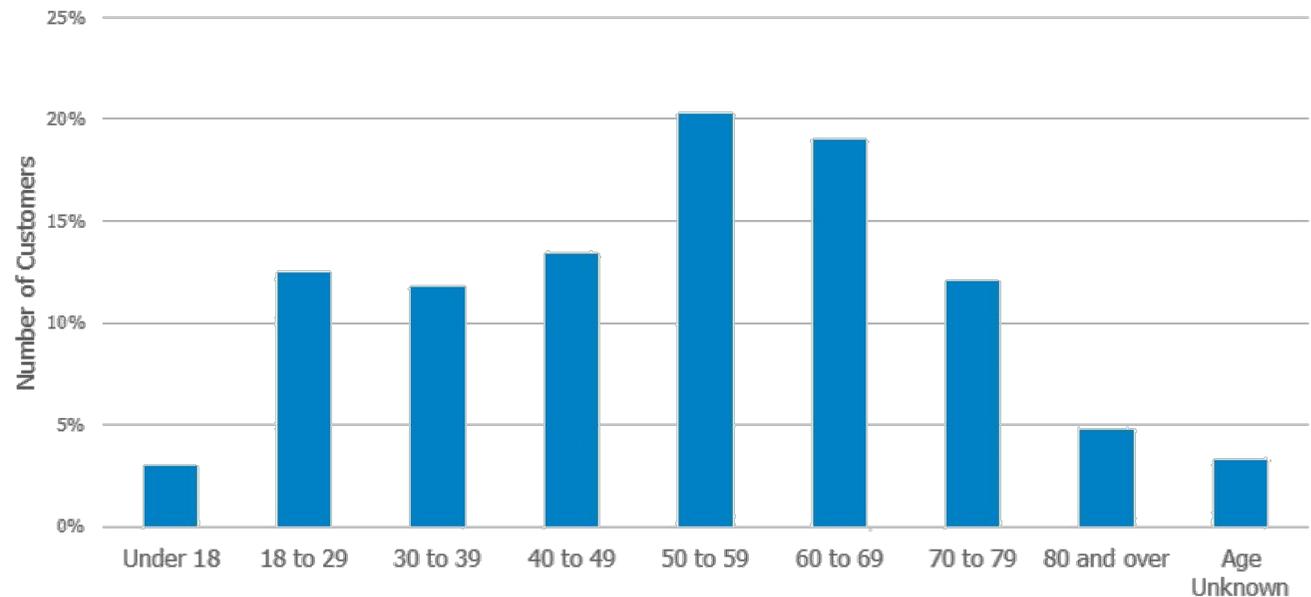
In FY17, 67% of non personal customers and 79% of personal customers used the branch for five or fewer days in the year

Number of days customers visited the branch in FY17: Inveraray



Inveraray branch customers cover a broad spectrum of ages

Age spread of customers in FY17: Inveraray



Inveraray: Findings

We recommend that the Bank closes the Inveraray branch as planned, but that enhancements are made to the alternative ways to bank

Close Branch	ATM to remain	Mobile branch & Post Office suitable for volumes
<p>Recommendations</p> <p>The Bank should proceed with the closure of the Inveraray branch</p> <p>Comments</p> <ul style="list-style-type: none"> Local alternatives are sufficient given the low usage of the branch Consider retaining an external, free-to-use, 24 hour ATM in town Consider increasing the mobile branch service during summer months Consider continuing discussions with larger businesses who may be best suited to using pre-arranged cash collections from their premises, rather than the mobile branch or Post Office 		

Alternatives are suitable

We understand that after the closure of the branch was announced in December 2017, many customers started to adapt their behaviours and use alternative ways to bank like the mobile branch and Post Office. Whilst the headline distances to the nearest banks are significant, we consider the alternative ways to bank in town to be suitable for the level of demand, albeit we suggest the Bank should consider increasing the frequency of the mobile branch service in summer months to support the increase in seasonal tourist business.

ATM

The ATM at the branch is prominently located in the town centre, which is helpful for tourists. It sees significant increases in summer usage and we therefore suggest the Bank retains it.

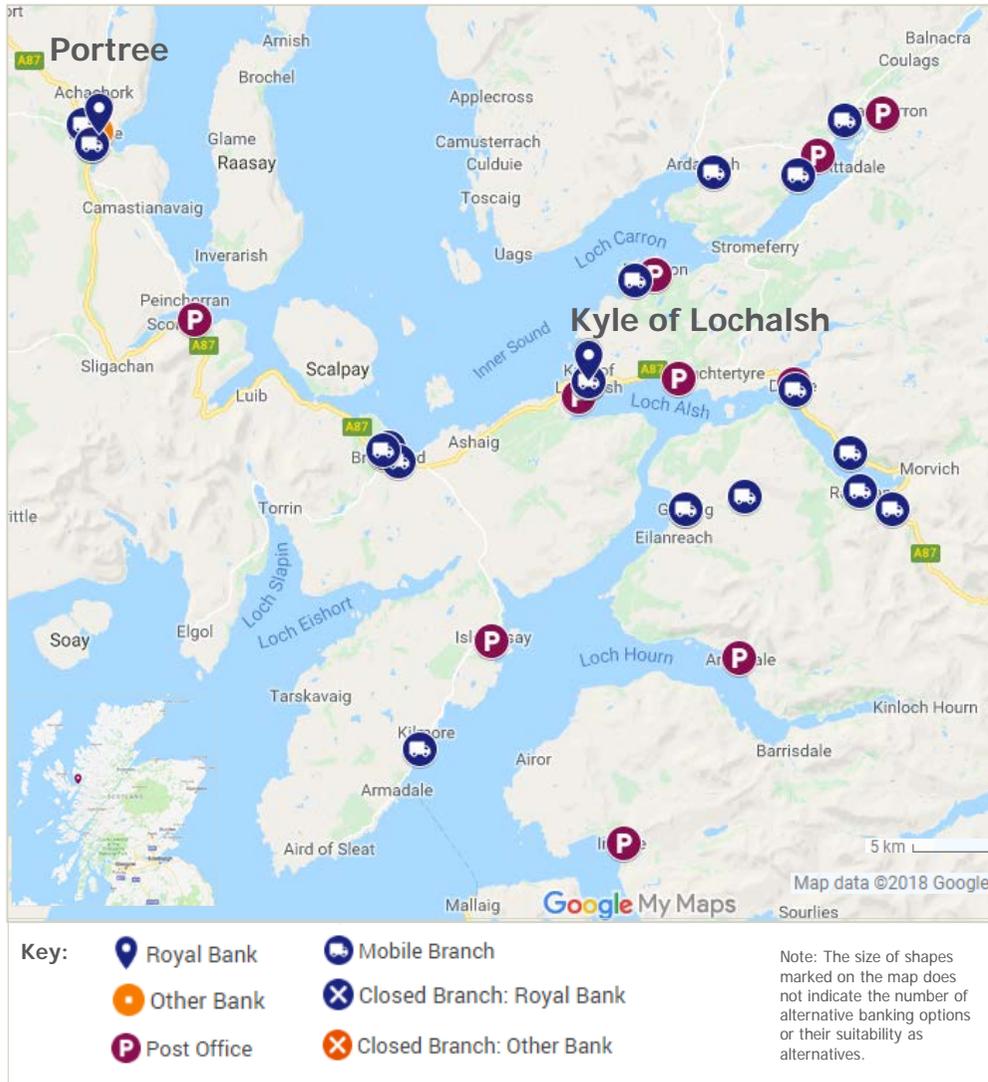
Branch usage is low and declining

Although we received strong representations against the closure of the branch, the number of customers using the branch is amongst the lowest of the branches we have reviewed and falling.

Customer numbers declined by 7.5% in FY15, rose by 4.0% in FY16 and declined again by 8.0% in FY17. Since the reprieve was announced there has been a continuing decline in both customer numbers and transactions (a 7.3% decrease in customers and a 2.9% decrease in transactions in August 2018 compared to August 2017). Usage of the external ATM has also continued to decrease since the reprieve was announced.

Kyle of Lochalsh: Overview

The Kyle of Lochalsh branch is not the last bank in town. The nearest alternative Royal Bank branch is in Portree



Overview

Kyle of Lochalsh is not the last bank in town but it is 35 miles from the nearest alternative Royal Bank branch. The branch is open five days a week from 9.15am to 5pm (10am to 5pm on Wednesdays).

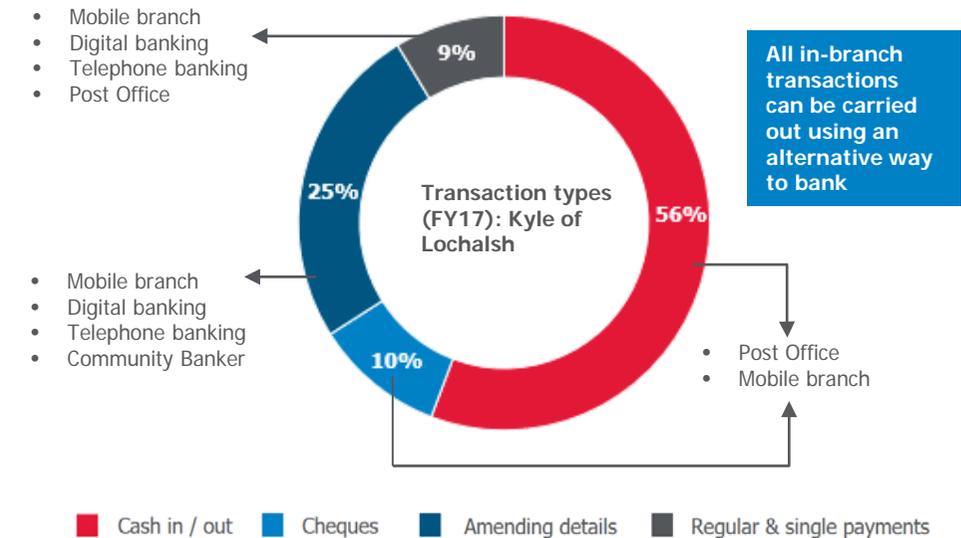
Customers

Customers using the Kyle of Lochalsh branch are mainly personal account holders (84% in FY17) across a broad spectrum of ages.

Type of transactions

As shown in the chart below, transactions in the Kyle of Lochalsh branch are primarily cash in or cash out (56% in FY17) and cheque deposits (10% in FY17). The chart also shows the alternative ways in which those transactions could be performed.

There were an average of seven cash deposits per day over £2,000 in FY17, which would need to be pre-booked at a Post Office counter but could be banked without pre-booking at a mobile branch.



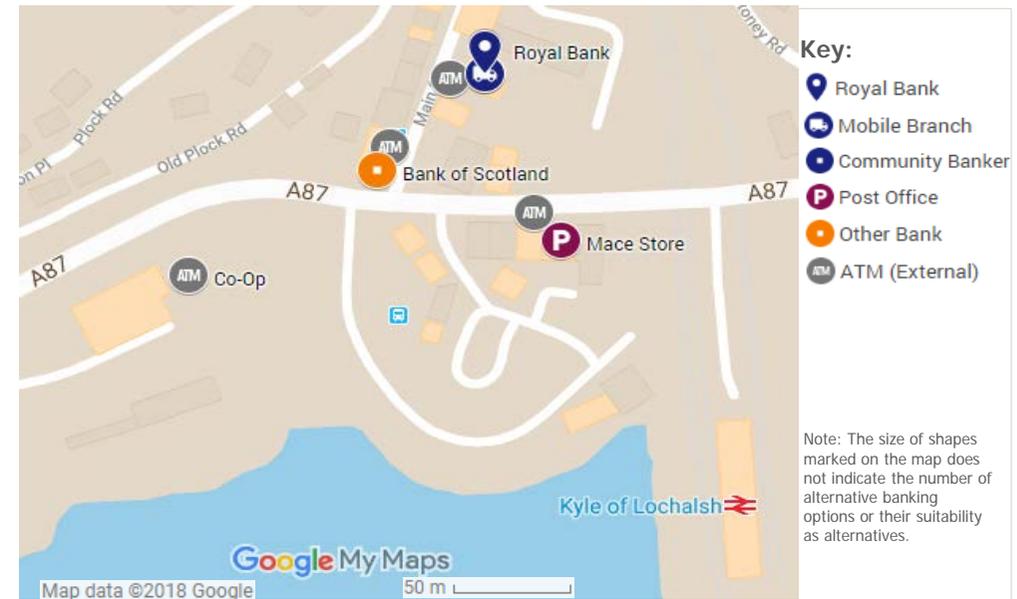
Population of Kyle of Lochalsh: 650 people of whom 18% are aged over 65 years*.

* 'Mid-2016 Population Estimates for Settlements and Localities in Scotland', available on the National Records of Scotland (NRS) website.

Kyle of Lochalsh: Alternatives

There is another bank in Kyle of Lochalsh as well as a highly regarded mobile branch service

Alternative ways to bank from the branch: Lochalsh		
In town	Royal Bank branches outside town	Other banks outside town
Bank of Scotland Post Office Mobile branch ATMs (Bank of Scotland, Post Office and Co-op)	Portree (34.7 miles & 51 minutes)	In Portree: Bank of Scotland, Clydesdale Bank



Royal Bank branches outside town

The nearest Royal Bank branch is Portree on the Isle of Skye, about 35 miles away.

Other banks in Kyle of Lochalsh

There is a Bank of Scotland branch almost directly opposite, which is open three days a week between 10am and 4pm.

Many customers told us they would likely switch to that bank out of principle if the branch closed. We note that the Bank of Scotland does not currently have disabled access but the Royal Bank branch does, which some customers told us would be an issue for them. Those customers requiring disabled access could use the MyHailo system on the mobile branch if they did not switch bank.

Other banks

There are two other banks, in addition to the Royal Bank, in Portree.

Post Office

The Post Office in Kyle of Lochalsh is a sub-Post Office in the Mace store, which has recently had its Post Office counter refurbished. It is open six days a week and has a good queuing area for Post Office customers at a single counter.

There are also nearby Post Offices in Balmacara, Kyleakin, Plockton and Glenelg.

Mobile Branch

The mobile branch stops in Kyle of Lochalsh at the branch car park four times a week:

- Tues 10am to 10.30am; 2.55pm to 3.25pm
- Thurs 10am to 10.30am; 3pm to 3.30pm

Although the duration of the stops are not more than 30 minutes, it was clear that the route was well planned and timed to serve customer demand at those stops. The manager who plans the route knew her customers well and periodically rescheduled both the normal timetabled stops but also informal stops if customers requested them.

The mobile branch is based in Portree and in addition to Kyle of Lochalsh it stops at Broadford, Plockton, Dornie, Eilean Donan Castle and Glenelg covering the main customer catchment areas.

We understand some larger businesses have been in discussion with the Bank regarding pre-arranged cash collections from their premises, rather than using the mobile branch or Post Office.

Kyle of Lochalsh: Alternatives

Community Banker and TechXpert

The Community Banker for Kyle of Lochalsh also covers Fort William and Mallaig. There is not currently a dedicated TechXpert based in the Kyle of Lochalsh branch but the role is covered by the Community Banker. The Bank has advised that if the branch was to close, a TechXpert would be appointed to support customers who wished to learn to use digital banking.

Business Growth Enabler

Small businesses in Kyle of Lochalsh have access to a Business Growth Enabler. This service was not mentioned to us by any of the branch staff or customers we spoke to.

Telephone banking

Telephone banking is available to all customers in Kyle of Lochalsh, either accessible by landline or mobile phone.

Digital banking

Both broadband connectivity and mobile phone signal are patchy around Kyle of Lochalsh.

ATMs

The Kyle branch has an external ATM but there are also free-to-use external ATMs at the Bank of Scotland, Post Office and Co-op.

Although seasonal with peak usage in summer months, the ATM in Kyle of Lochalsh has the lowest usage of any of the 10 branches.

PayPoints

There is a PayPoint in the Co-op.

There are three external ATMs in Kyle of Lochalsh, in addition to the external ATM at the branch

Key concerns highlighted from submissions received:

Post Office

- Privacy/confidentiality
- Limited opening hours
- Services are limited
- Longer clearing times for cheques

Mobile branch

- While the mobile branch was well liked and described as “essential”, timetable changes were a concern

Community Banker

- Low awareness of what this was and how it could be of assistance

Telephone Banking

- Largely unpopular, with security and waiting times among key concerns, with queries often left unresolved
- Good functionality but doesn't deal in cash or cheques

Digital banking

- Popular amongst users but seen as only part of the banking solution
- Limitations on cash and cheque usage
- Poor mobile coverage/broadband connection

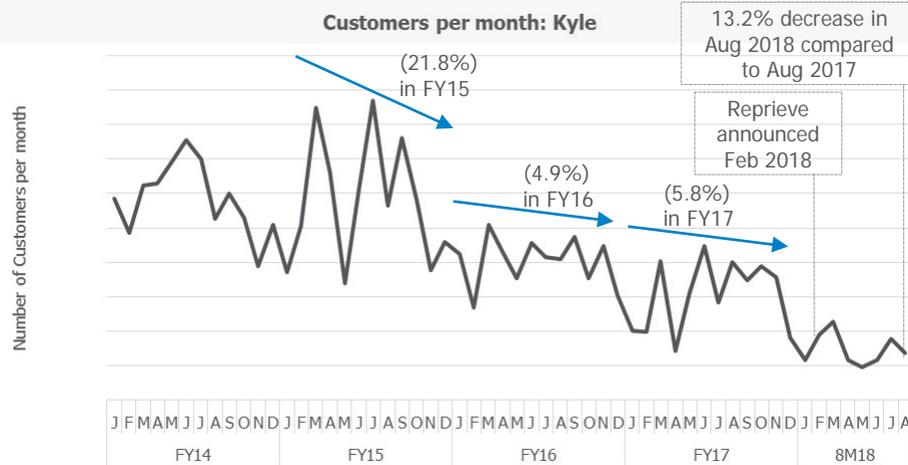
General

- Distance to any alternative bank was too far
- A tourist town needs a branch

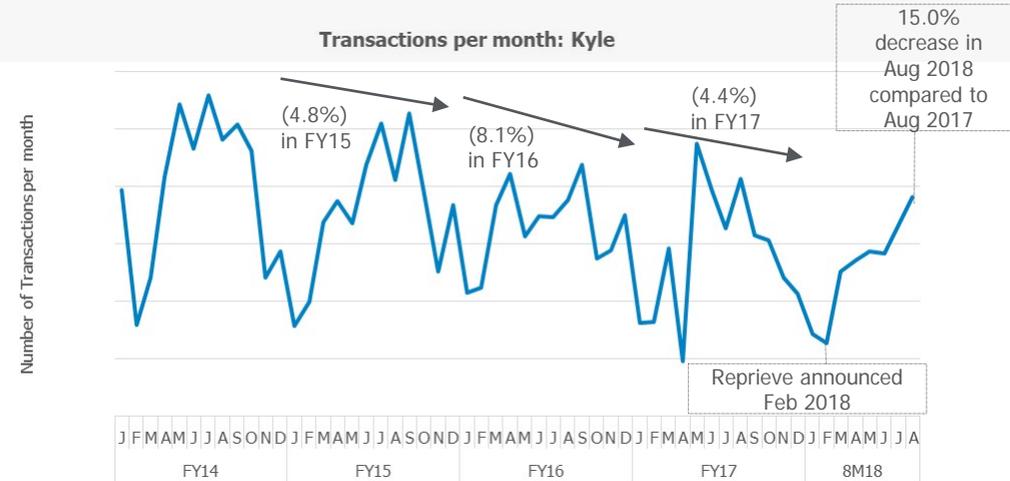
Kyle of Lochalsh: Branch usage

The number of customers using the branch declined by 5% in FY16 and 6% in FY17

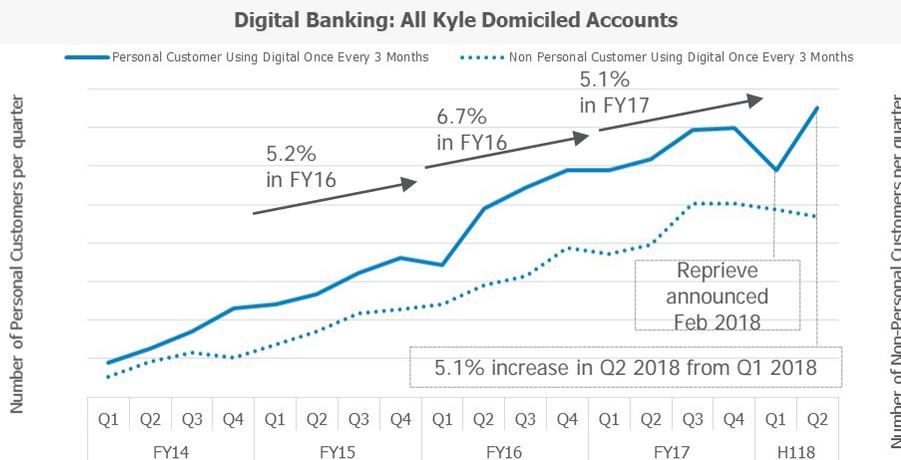
Customer numbers declining



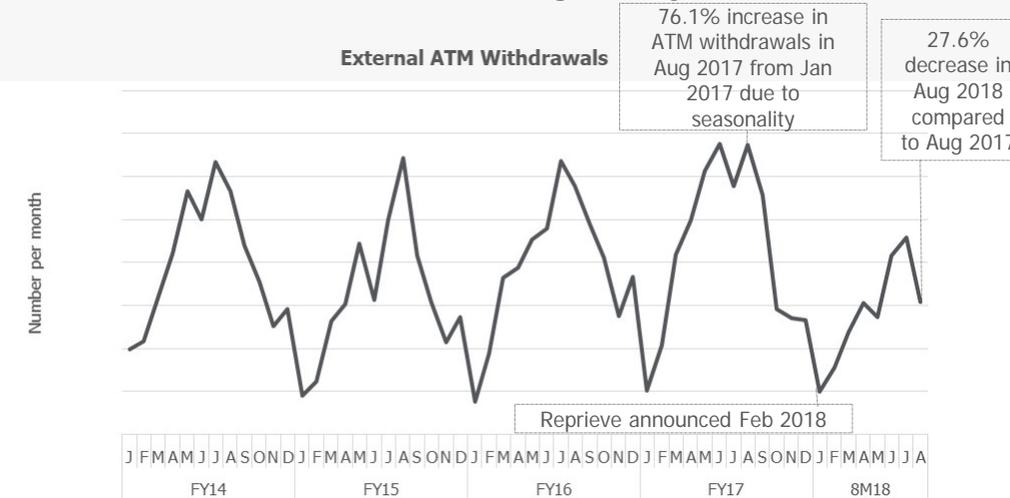
Transactions declining



Digital banking increasing



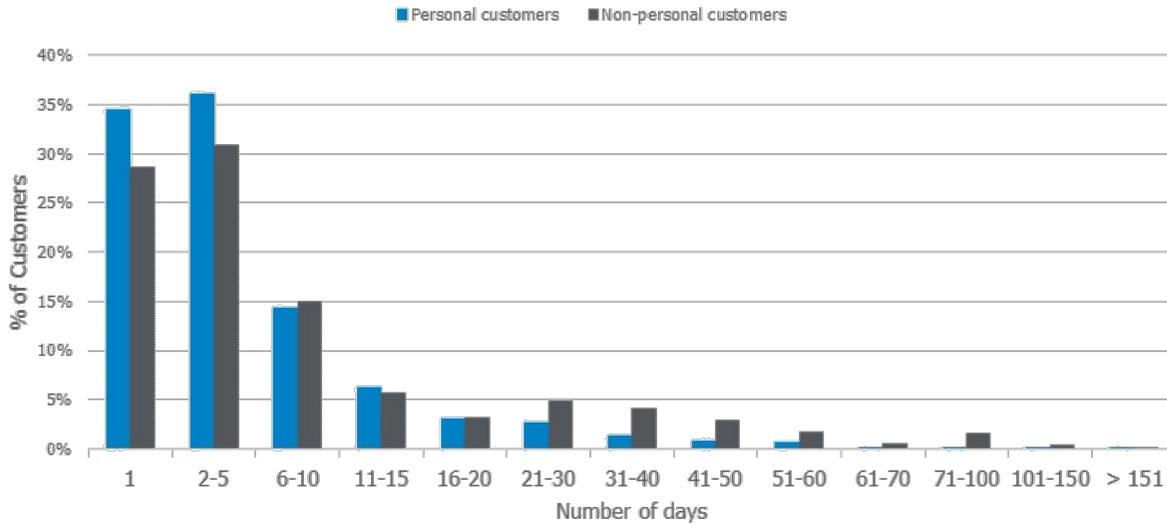
Lowest ATM usage of any branch we reviewed



Kyle of Lochalsh: Branch usage

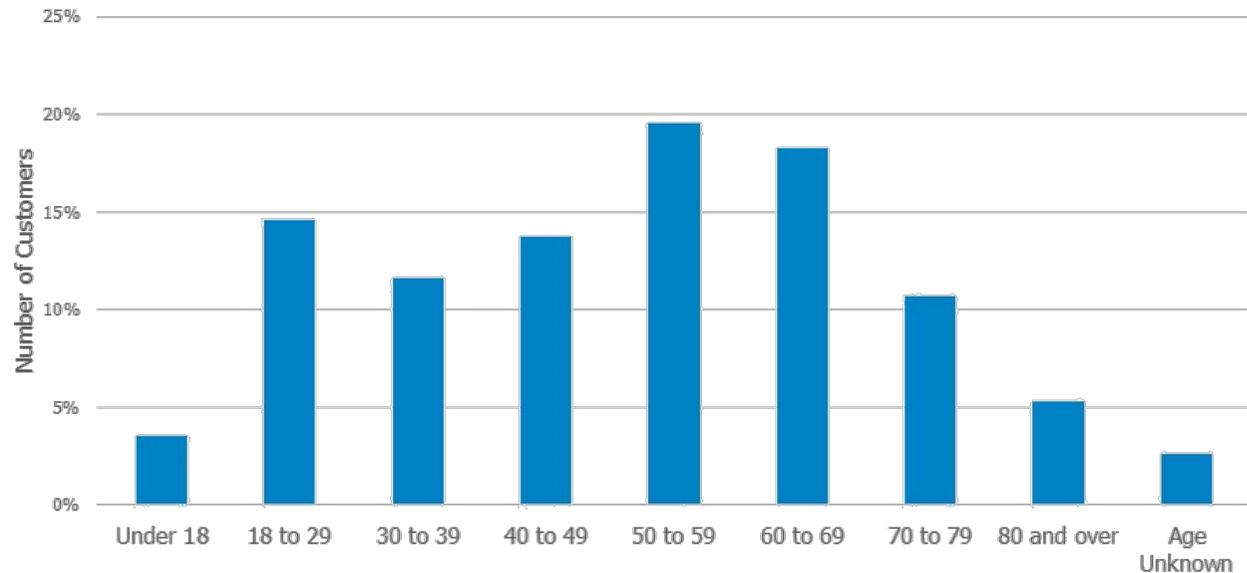
In FY17, 59% of non personal customers and 71% of personal customers used the branch for five or fewer days in the year

Number of days customers visited the branch in FY17: Kyle



Kyle of Localsh branch customers cover a broad spectrum of ages

Age spread of customers in FY17: Kyle



Kyle of Lochalsh: Findings

Close Branch	Low branch usage	Mobile branch & Post Office Suitable for volumes
<p>Recommendations</p> <p>The Bank should proceed with the closure of its Kyle of Lochalsh branch</p> <p>Comments</p> <ul style="list-style-type: none"> Local alternatives are sufficient given the low usage of the branch Not the last bank in town The mobile branch is an example of best practice and praised by customers for its flexibility and customer-focused service If the branch closes, we suggest the Bank continues its discussions with some larger businesses who may be best suited to using pre-arranged cash collections from their premises, rather than the mobile branch or Post Office 		

Branch usage is low and declining

The number of customers using the Kyle of Lochalsh branch is one of the lowest of the 10 branches, and declining.

Customer numbers and transactions declined in FY15, FY16 and FY17. Since the reprieve was announced, there has been a continuing decline in both customer numbers and transactions (a 13.2% decrease in customers and a 15.0% decrease in transactions in August 2018 compared to August 2017). Usage of the external ATM has also continued to decrease since the reprieve was announced.

The usage is not sufficient to justify keeping the branch open, particularly when many customers are or can be served by the mobile branch.

Not the last bank in town

Many customers who submitted feedback to us were very loyal to the Bank and wished to continue banking with them. However, the branch is not the last bank in town and customers can switch bank if they are not content with the Bank's mobile branch service, do not wish to travel to Portree to use a Royal Bank branch, or would prefer not to use a Post Office.

We recommend that the Bank closes the Kyle of Lochalsh branch

Mobile branch an example of best practice

Customers praised the mobile branch service in and around Kyle of Lochalsh. It serves many customers in the branch's catchment area and offers a flexible, customer-focused timetable which also tries to accommodate customer requests, for example by bringing printed statements from the branch for customers or by making stops at local schools or charities after fundraising events.

Post Office suitable

The Post Office in Kyle of Lochalsh is open for longer than the branch, has disabled access and an external ATM. In our judgement, it is suitable for everyday banking, supplemented by the mobile branch for adhoc queries or issues that the Post Office service cannot provide.

Melrose: Overview

The Melrose branch is the last bank in town. The nearest alternative Royal Bank branch is in Galashiels



Population of Melrose: 2,510 people of whom 24% aged over 65 years old*.

* 'Mid-2016 Population Estimates for Settlements and Localities in Scotland', available on the National Records of Scotland (NRS) website.

Overview

Melrose is the last bank in town, four miles from the nearest Royal Bank branch in Galashiels. There have been significant bank closures in the surrounding area. The branch is open five days a week from 9.15am to 5pm (10am to 5pm on Wednesdays).

The Melrose Sevens are held in April each year and the Borders Book Festival is held in June. Both events bring tourists but also business activity to the branch.

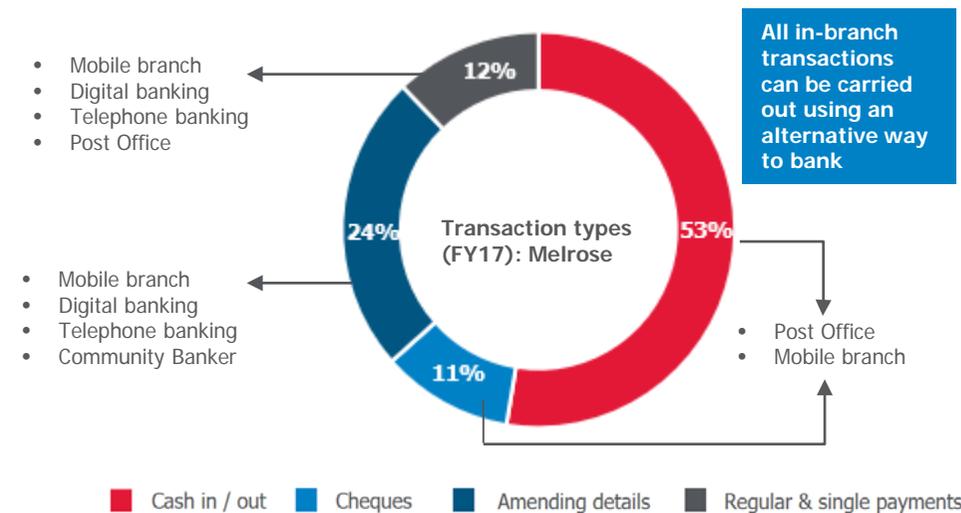
Customers

Customers using the Melrose branch are mainly personal account holders (88% in FY17) across a broad spectrum of ages.

Types of transactions

As shown in the chart below, transactions in the Melrose branch are primarily cash in or cash out (53% in FY17) and cheque deposits (11% in FY17). The chart also shows the alternative ways in which those transactions could be performed.

There were an average of five cash deposits per day over £2,000 in FY17, which would need to be pre-booked at a Post Office counter but could be banked without pre-booking at a mobile branch.



Melrose: Alternatives

There are seven banks and a building society in Galashiels and a Post Office in Melrose

Alternative ways to bank from the branch: Melrose		
In town	Royal Bank branches outside town	Other banks outside town
Post Office	Galashiels (4.0 miles & 10 minutes)	In Galashiels: TSB, Bank of Scotland, Santander, Clydesdale, Scottish Building Society, Nationwide
Mobile branch		
Community Banker		
Digital banking		
Telephone banking		
PayPoints		
ATM (Co-op)		

Royal Bank branches outside town

The nearest Royal Bank is in Galashiels which is four miles away. The Galashiels branch is generally a busy branch but the Bank expects waiting times to become more efficient as customers adapt to using automated in-branch services for coins and cheques that have only recently been installed.

We spoke to the manager of the Galashiels branch who felt that, in the event of a closure, any additional footfall to his branch could be catered for adequately.

The Galashiels branch has parking on the street and a customer car park at the rear of the building. It also has an external ATM and a night safe.

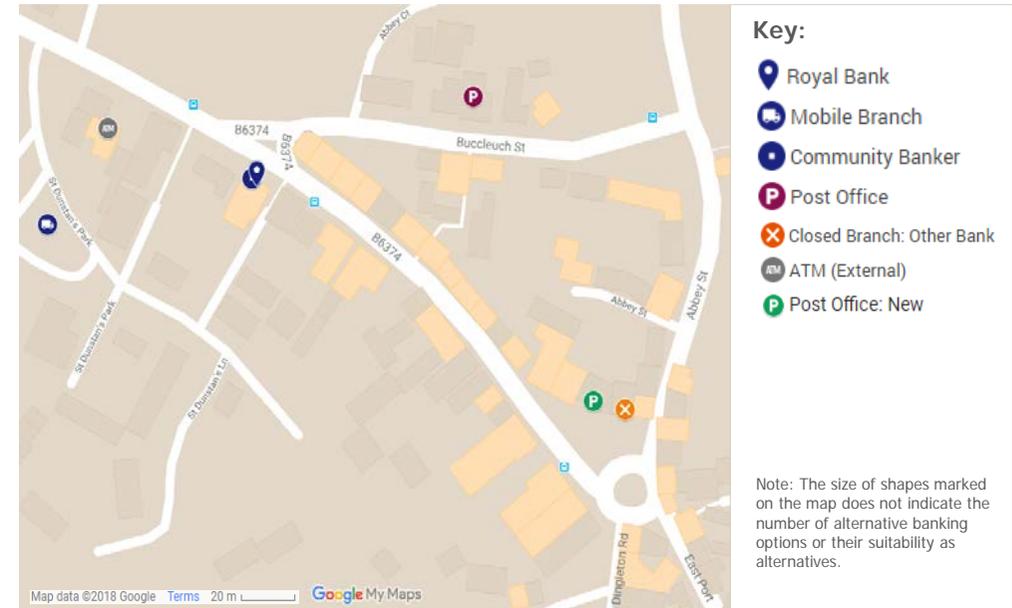
Other banks outside town

There are four alternative banks and two building societies in Galashiels, in addition to the Royal Bank branch.

Post Office

The Post Office is currently in a dedicated Post Office building in Melrose but we are aware it will be changing to become a sub-Post Office in Masons of Melrose in Market Square in October 2018.

We have spoken to the new Post Mistress who was positive and looking forward to providing a good service to the community. She confirmed the Post Office will have one counter in the centre of the book store. It will be open six days a week from 9am to 5pm with no lunchtime closure and will be open on bank holidays. She is in the process of training her staff ahead of the Post Office opening in October 2018.



Mobile branch

The Royal Bank mobile branch stops at the Health Centre car park in Melrose once a week:

- Mon 10.30am to 11.00am

The service is not currently well used because the branch is open. We also received feedback that the Health Centre car park is small and may therefore not be the most appropriate location for the mobile branch to stop and take up spaces.

Community Banker and TechXpert

There is a Community Banker for Melrose who also covers Jedburgh, Hawick, Selkirk, Kelso, Peebles and Galashiels. There is not currently a dedicated TechXpert in the branch but the Bank has advised that if the branch was to close, a TechXpert would be appointed to support customers who wished to learn to use digital banking.

Melrose: Alternatives

Business Growth Enabler

Small businesses in Melrose have access to a Business Growth Enabler. This service was not mentioned to us by any of the branch staff or customers we spoke to.

Telephone banking

Telephone banking is available to all customers in Melrose, either accessible by landline or mobile phone.

Digital banking

Use of online banking and the mobile app has increased steadily in Melrose in the period of our review, with local broadband speeds and mobile phone signal generally good in Melrose.

ATMs

In addition to the branch ATM, there is an external, free-to-use ATM at the Co-op, in close proximity to the branch.

PayPoints

There are three PayPoint facilities located at the Co-op, Spar and the Premier Express store in Melrose.

Feedback focused on the potential inconvenience to customers of the Melrose branch

Key concerns highlighted from submissions received:

Post Office

- Privacy/confidentiality
- Limited services and opening hours
- Longer clearing times for cheques

Mobile branch

- Queuing, particularly in inclement weather conditions
- Privacy and security
- Timetable limited and inconvenient
- Lack of clarity on services available
- Not easy to access by vulnerable or disabled customers

Community Banker

- Low awareness of what this was and how it could be of assistance

Telephone banking

- Largely unpopular, with security and waiting times among key concerns

Digital banking

- Popular amongst users but seen as only part of the banking solutions
- Poor broadband or mobile coverage

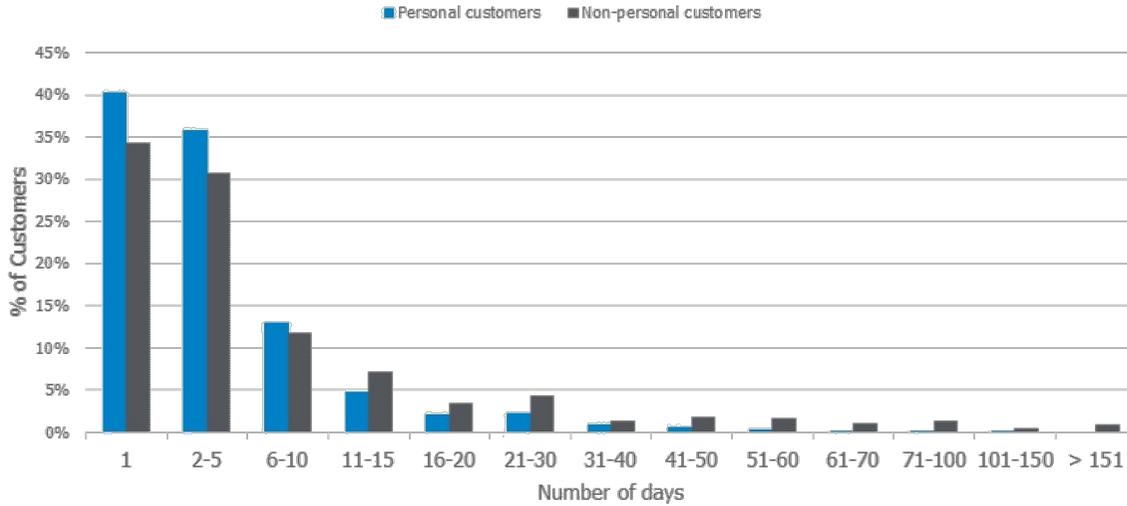
General

- Distance to nearest branch
- Already impacted by other bank closures in area
- Impact on local community

Melrose: Branch usage

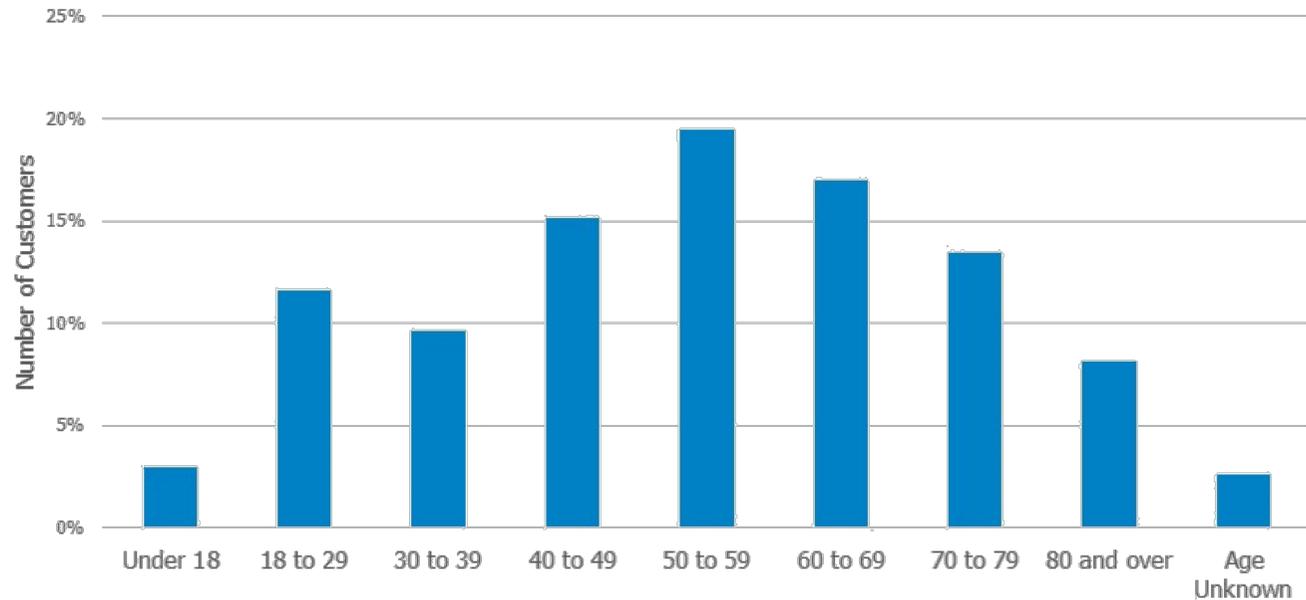
In FY17 65% of non personal customers and 76% of personal customers used the branch for five or fewer days in the year

Number of days customers visited the branch in FY17: Melrose



Melrose branch customers cover a broad spectrum of ages

Age spread of customers in FY17: Melrose



Melrose: Findings

Close Branch

Alternative Royal Bank branch in Galashiels (four miles away)

Mobile branch & Post Office suitable for those not travelling to Galashiels

Recommendations

The Bank should proceed with the closure of the Melrose branch

Comments

- There are four alternative banks and two building societies four miles away in Galashiels
- The Bank should consider increasing the mobile branch service during summer months
- The Bank should consider making a mobile branch available to attend the Melrose Sevens and Borders Book Festival
- The Bank should consider changing the location of the mobile branch
- The Bank should consider retaining an ATM in town
- Engage with the local community on mobile branch stops and timetable

Branch usage

Customer numbers increased by 16.9% in FY15 and by 4.8% in FY16, with the only other bank in town having closed during late FY16. In FY17, customer numbers declined by 8.2%. There has been a small increase in customer numbers in the period since the reprieve was announced (a 2.0% increase in customers and a 0.6% increase in transactions in August 2018 compared to August 2017), which may partly be a result of customers from other branches travelling to bank in Melrose following Royal Bank closures in Duns, Hawick and Jedburgh in June 2018.

A range of alternatives nearby

Within Melrose there is a Post Office and a mobile branch service.

Whilst the mobile branch service is currently only one day per week, if demand increased after the branch closed, we understand that the Bank would increase that service.

We recommend that the Bank close the Melrose branch but that enhancements are made to the alternative ways to bank

Mobile branch

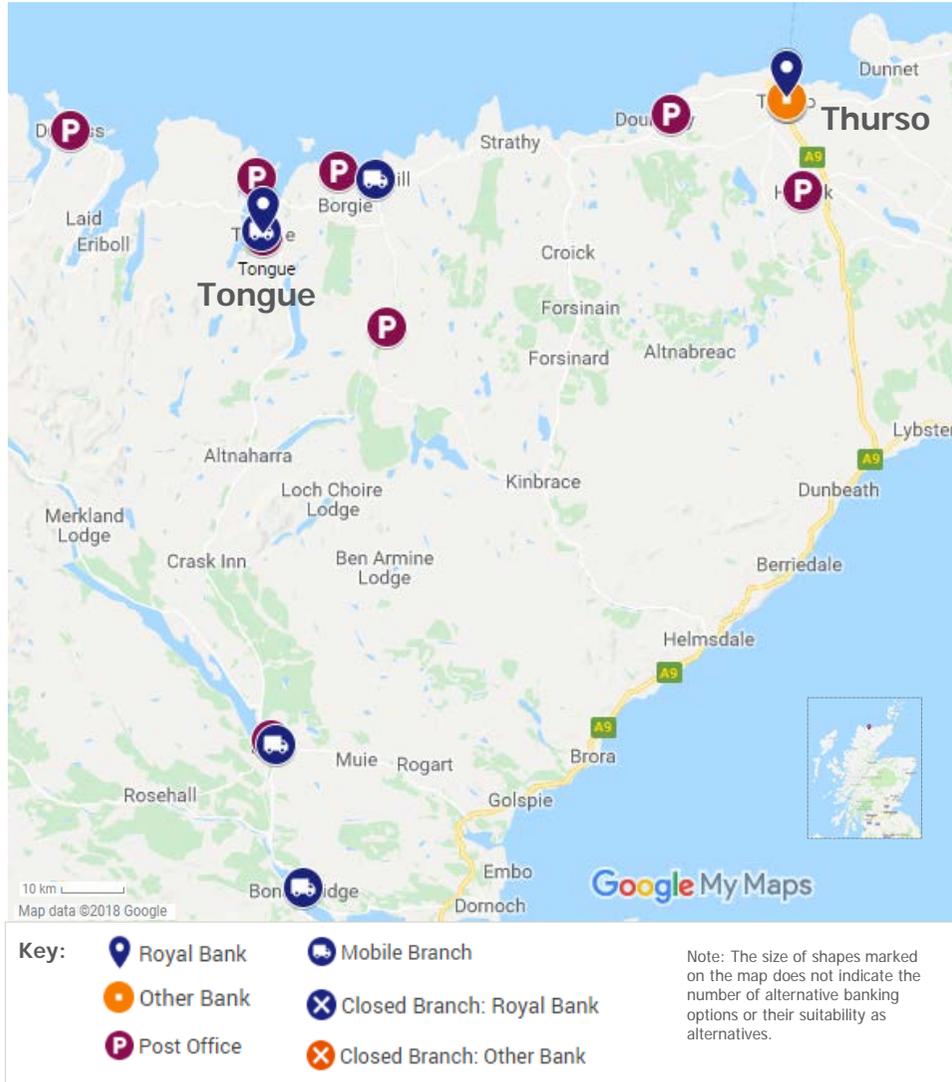
There are two major events that were brought to our attention by customers: the Melrose Sevens and Borders Book Festival. It would be helpful to both the customers at those events and the organisers if the mobile branch could attend both events. We suggest this possibility is followed up.

We received some feedback that the Health Centre may not be the most appropriate parking location for the mobile branch. We suggest the Bank consults the local Community Council to consider the most appropriate venue for the service.

ATM

Usage of the ATM is seasonal and particularly high during local events. We suggest the Bank's ATM is retained.

Tongue: Overview



Population of Tongue: 564*

* Scotland's Census 2011

The Tongue branch is the last bank in town. The nearest Royal Bank is in Thurso

Overview

Tongue branch is the last bank in town and 43 miles from the nearest Royal Bank branch. It is open four days a week from 10am to 3pm (it is closed on Wednesdays).

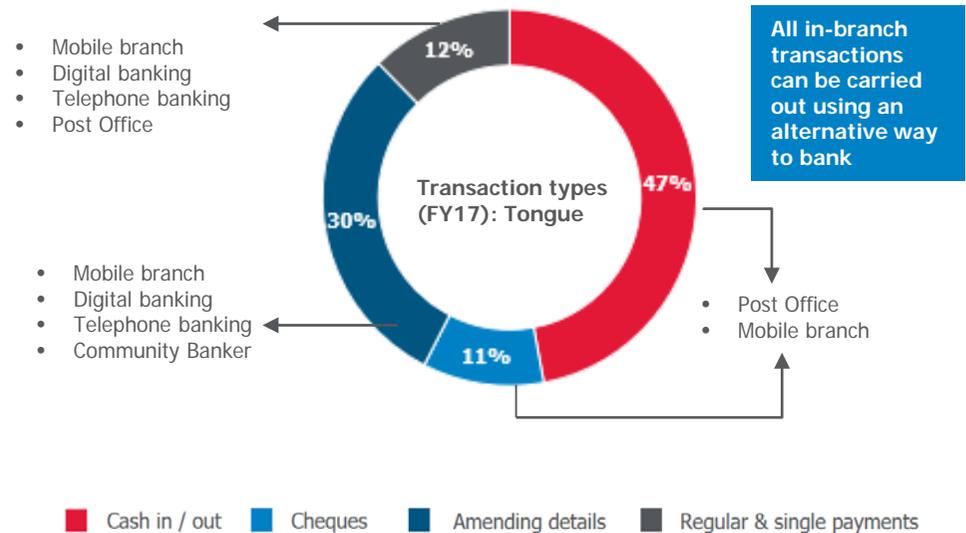
Customers

Customers using the Tongue branch are primarily personal customers (82% in FY17) across a broad spectrum of ages.

Type of Transactions

As shown in the chart below, transactions in the Tongue branch are primarily cash in or cash out (47% in FY17) and cheque deposits (11% in FY17). The chart also shows the alternative ways in which those transactions could be performed.

There was an average of one cash deposit per day over £2,000 in FY17, which would need to be pre-booked at a Post Office counter but could be banked without pre-booking at a mobile branch.



Tongue: Alternatives

There is a Post Office in Tongue and the mobile branch visits once a week

Alternative ways to bank from the branch: Tongue		
In town	Royal Bank branches outside town	Other banks outside town
Post Office	Thurso (43.0 miles & 1h 10 minutes)	In Thurso: TSB, Bank of Scotland, Santander
Mobile branch		
Community Banker		
Digital banking		
Telephone banking		
PayPoint		

Royal Bank branches outside town

The nearest Royal Bank branch is in Thurso which is 43 miles from the Tongue branch.

Other banks outside town

There are three alternative banks in Thurso.

Post Office

The Post Office in Tongue is in close proximity to the branch. It is a sub-Post Office within a local store and has a good queuing area for the single Post Office counter. There is also a Post Office in Talmine (5.1 miles from the branch).

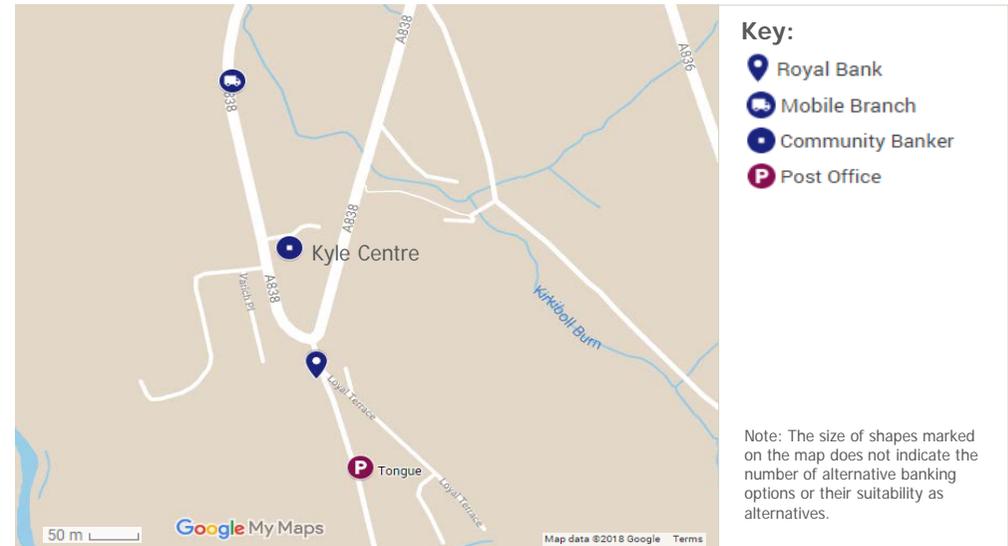
Mobile branch

The mobile branch stops at St Andrews Church, just outside the centre of Tongue, once a week:

- Tue 11.15am to 12.45pm

We visited the mobile branch on 10 July 2018 and spoke to the mobile branch staff about the service.

It was clear that the service is not currently well used because the Tongue branch is open. We also felt it could be parked in a better location, ideally near the Kyle Centre which elderly customers often visit.



However, we were advised that the van's satellite could not get a clear signal nearer the centre of Tongue and therefore the van parked out of the main settlement.

The staff on the mobile branch recognised that having 4G phone signal would be helpful and could assist them in parking in more accessible locations.

Community Banker

There is a Community Banker for Tongue who also covers Tain, Wick, and Alness. She is based at the Kyle Centre every second Tuesday from 10.30am to 12.30pm.

TechXpert

There is a dedicated TechXpert in the Tongue branch and is available to help support customers who wish to learn to use digital banking.

Tongue: Alternatives

There is no external ATM in Tongue but the Post Office and mobile branch offer free cash withdrawals

Business Growth Enabler

The Bank has advised us that small businesses in Tongue have access to a Business Growth Enabler. The service was not mentioned to us by any of the branch staff or customers we spoke to.

Telephone banking

Telephone banking is available to all customers in Tongue, either accessible by landline or mobile phone.

Digital banking

Broadband speeds and mobile phone signal are patchy in Tongue but there are a number of areas locally that have very good broadband speeds and the Kyle Centre has superfast Broadband. We understand that the Bank is in the process of donating a number of tablet devices to the Kyle Centre and a number of individual customers to help them do their banking online.

ATMs

There are no external ATMs in Tongue but customers can withdraw cash over the counter for free at the Post Office in Tongue or in Talmine.

PayPoints

The only PayPoint in or around Tongue is at the Tongue Post Office or the Talmine Post Office.

Key concerns highlighted from submissions received:

Post Office

- Although liked by some for banking, there were concerns raised over privacy/confidentiality

Mobile branch

- Timetable limited and inconvenient

Community Banker

- Low awareness of what this was and how it could be of assistance

Telephone banking

- Services limited, no ability to deal with cash/cheque
- Not useful for discussing personal information

Digital banking

- Popular amongst users but seen as part of the banking solutions
- Poor broadband/mobile coverage

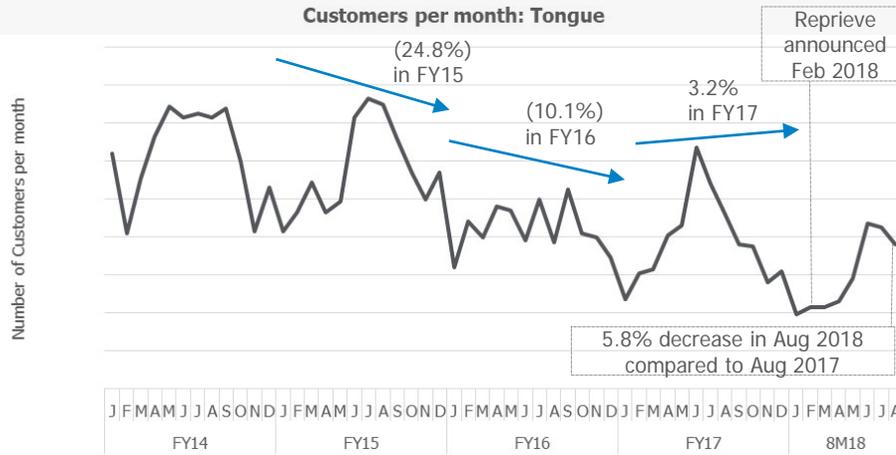
General

- Distance to nearest Royal Bank branch too far
- Concerns about accommodation for Transport for Tongue, which is currently located in the Bank building. The Bank provided this facility to the Transport for Tongue charity in July 2014
- Increased tourist trade through NC500

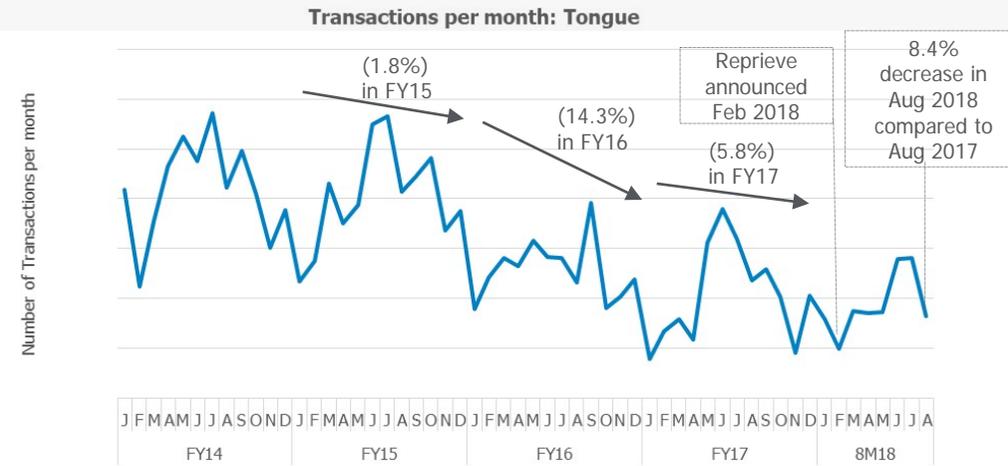
Tongue: Branch usage

The Tongue branch is one of the least used branches we reviewed and Transactions declined by 14% in FY16 and by 6% in FY17

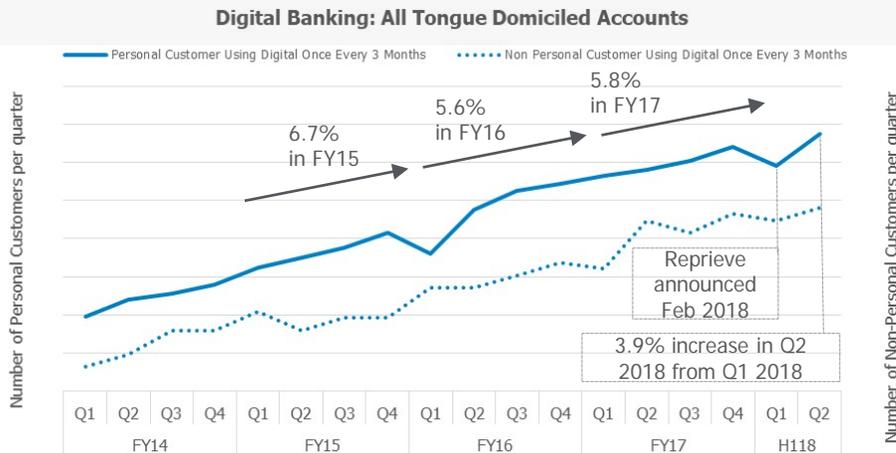
Customer numbers declining



Transactions declining



Digital banking increasing

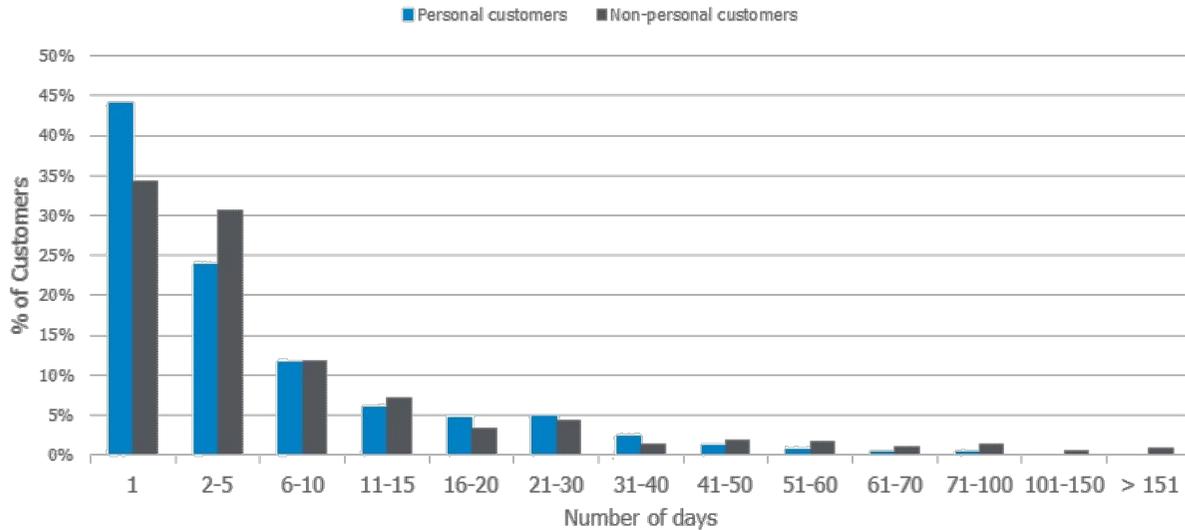


No ATM

Tongue: Branch usage

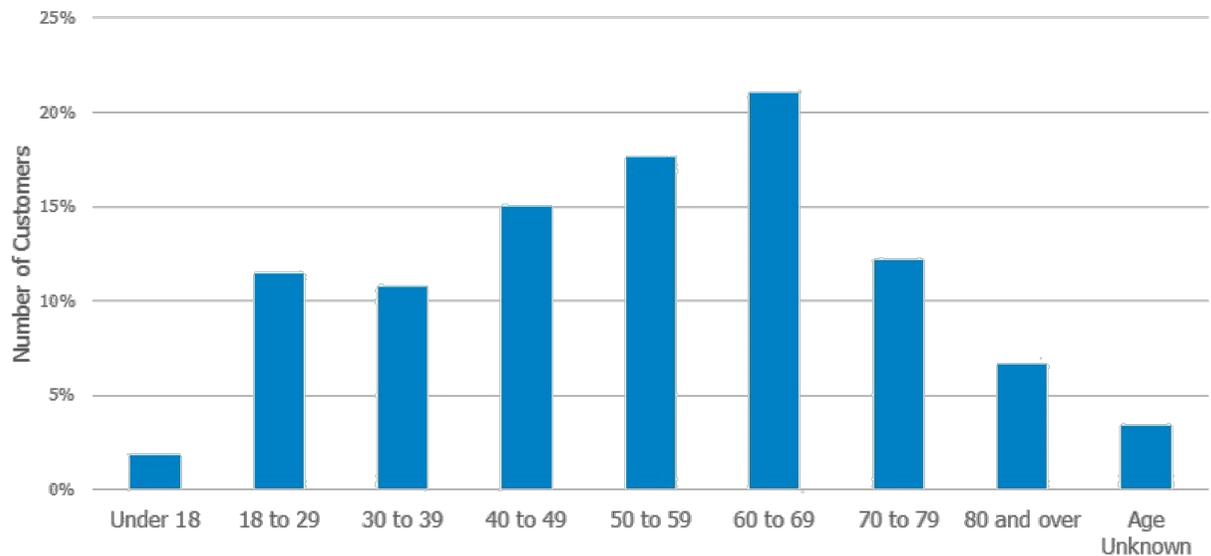
In FY17, 61% of non personal customers and 68% of personal customers used the branch for five or fewer days in the year

Number of days customers visited the branch in FY17: Tongue



Gretna branch customers cover a broad spectrum of ages

Age spread of customers in FY17: Tongue



Tongue: Findings

We recommend that the Tongue branch is closed but that enhancements are made to the alternative ways to bank

Close Branch

Sufficient alternatives for low usage

Recommendations

The Bank should proceed with the closure of the Tongue branch

Comments

- Local alternatives are sufficient given the usage of the branch
- Engage with local community on the location of the mobile branch
- Work with Transport for Tongue to secure suitable accommodation

Branch usage is declining

Tongue was one of the least used branches that we reviewed.

Customer numbers declined in FY15 by 24.8% and by 10.1% in FY16 but increased slightly by 3.2% in FY17. Since the reprieve was announced there has been a continuing decline in both customer numbers and transactions (a 5.8% decrease in customers and an 8.4% decrease in transactions in August 2018 compared to August 2017).

Post Office and mobile branch suitable

We consider the Post Office in Tongue to be a suitable alternative. We also consider the mobile branch to be suitable, given the low usage of the branch, but would be enhanced when the recommendations are implemented.

Transport for Tongue

Transport for Tongue is a community transport company giving members of the community access to vital services and amenities, including banks. The office is currently based in the Royal Bank building and the facilities they use were donated by the Bank. Concerns were raised by customers over what would happen to this important service in the event of a branch closure. We would not want any branch closure to impact on its future viability.

7. Appendices

Scope of our review

Overview

We have been asked to independently review the bank's decision to close its branches at Beaully ("BE"), Biggar ("BI"), Castlebay ("CA"), Comrie ("CO"), Douglas ("DO"), Gretna ("GR"), Inveraray ("IN"), Kyle ("KY"), Melrose ("ME") and Tongue ("TO") (together "the Branches"). The scope of work that we will follow to conduct our review is set out below.

Current Services

1. Summarise the everyday banking services provided by the Branches as at 30 April 2018 commenting on:
 - a) transactional services;
 - b) advisory services;
 - c) opening hours;
 - d) number of branch staff and their areas of service expertise; and
 - e) the number of business, personal and not for profit customer accounts at each branch as at 30 April 2018.

Historical Branch Usage

2. Review and comment on the following over the years ended 31 December 2014 ("FY14"), 31 December 2015 ("FY15"), 31 December 2016 ("FY16") and 31 December 2017 ("FY17") and the 8 months ended 31 August 2018 ("8M18") in relation to each branch:
 - a) monthly income;
 - b) monthly costs;
 - c) number of open customer accounts;
 - d) total number of transactions per month including details of:
 - i. number of cash in or cash out transactions at the counter;
 - ii. number of cheques processed at the counter;
 - iii. number of cash or cheque deposits over £2k;
 - iv. number of transactions for RBS customers;
 - v. number of transactions for non-RBS customers;
 - vi. number of transactions by customers with accounts not based at the branch; and
 - vii. number of unique customers.
 - e) total number of advisory services provided per month including the type of advisory service provided;
 - f) total number of unique branch customers using the Mobile App at least once every 3 months; and
 - g) total number of unique branch customers using Online at least once every 3 months
 - h) opening hours including an explanation for any changes as appropriate;

Alternative Banking Channels

3. Review and comment on the alternative methods of banking available to customers of each branch of the Branches, focusing on:
 - a) Mobile Banking App
 - b) Digital Banking
 - c) Telephone Banking
 - d) Mobile Vans
 - e) Community Bankers
 - f) Post Office
 - g) Automated Teller Machines ("ATM")
4. In relation to each of the above alternative methods of banking ("the Alternatives"), comment on whether the Alternatives provide reasonable alternative banking facilities, taking account of:
 - a) communications issued to customers following the announced closure of the Branches;
 - b) customer feedback, including from personal, business and not for profit customers;
 - c) feedback from Members of the Scottish Parliament representing local customers;
 - d) employees of the branches and any authorised employee representatives;
 - e) community representatives;
 - f) any other relevant stakeholder;
 - g) the practicalities of travel to the nearest alternative branch;
 - h) internet availability, speed and reliability, whether through broadband or mobile services; and
 - i) information, training and equipment provided by the bank to facilitate customer migration to the Alternatives.

Recommendations

5. Recommend whether you consider that each of the branches should be closed or retained in their current form as at 31 August 2018, commenting on:
 - a) the appropriateness of the Alternatives; and
 - b) any other matters you think the bank should be aware of in making its final decision on the future trading of a branch.

Branch services & buildings

Services available in a branch

The services that could be performed at branch counters at the time of our review include:

- Opening and closing accounts such as:
 - savings products
 - current accounts
 - credit card accounts
 - loan accounts
- Cash deposits and withdrawals
- Amending signatories
- Foreign currency (Euros and Dollars)

The Financial Conduct Authority (FCA) requires that only staff who are qualified can sell certain products, such as loans, in a branch.

To arrange specialist products such as mortgages, insurance or investment products, customers need to make an appointment with a qualified specialist advisor. It is possible to meet a mortgage specialist in person at a branch by booking an appointment.

A mortgage advisor can either meet customers in branch, or talk to them by telephone. Insurance and investments can only be arranged by telephone or online.

Business services

Business customers can contact their business manager to access specialist business advice. While none of the branches we reviewed have a Business Specialist based in them on a permanent basis, business customers have a dedicated business line available where they can receive specialist support and advice; and business customers supported by a Relationship Manager receive face-to-face support as required at suitable locations, such as their business address, in communities across Scotland.

Additionally, Business Growth Enablers support small business customers by providing specialist advice, as well as events and training to support their business needs.

Bank buildings

The Bank has said that where they own a building and where there is no demand for the building, they will work with development trusts and local communities to transfer ownership of a building to a community for free if there is a viable and deliverable three-year business case.

As part of the proposal, if the community venture was to fail within the three years, the ownership of the building would remain with the Bank.

Where possible, the Bank has also said it will donate all suitable branch furniture and other suitable equipment to local organisations for free.

All of the Bank's properties in the towns affected by closures are prominent buildings. The sight of these properties lying empty creates a negative impact on a town centre and in the absence of a viable community business plan, we believe the properties should be sold on the open market.

Employees

Employees

In visiting each branch we met each member of staff (unless they were on holiday or not at work that day) and discussed our review and the impact any branch closure might have on their employment.

We offered to speak to each employee individually if they wished and also to speak to any union or elected representative that they wanted us to talk to on their behalf.

Each employee had their own individual circumstances and preferences, with some employees welcoming the opportunity of receiving a redundancy package after many years of service with the Bank, whilst others clearly saying they would not wish to lose their role.

At the commencement of our review, in the event all 10 branches were to close 24 roles were at risk. We understand that of the 24 employees in those roles, 18 had been accepted for voluntary redundancy, three were to be redeployed within the Bank (on the same or similar terms) and two intended to resign, leaving up to one compulsory redundancy. We are aware that this position may change as the Bank consults individual employees on their current preferences following the outcome of our review.

Employee Service Expertise

We discussed the service offerings available in each branch with the employees we met and their areas of service expertise.

Each branch had staff or access to staff, qualified and trained to sell a range of products such as current accounts, loans and savings as qualified personal bankers.

We are not able to disclose the details of those staff members in order that they cannot be identified.

Alternatives: Introduction

Assessing each branch on its own merits

Having found that locally accessible banking facilities are most important for customers actively using a branch, we have placed importance on assessing mobile branches and Post Offices in each town to consider if these would provide feasible alternative ways to bank for those who would be most impacted by any potential branch closure.

We have assessed each branch on its own merits, visiting each town twice (Castlebay once due to logistics) to understand each community and high street, driving to the nearest Royal Bank, Post Office or mobile branch stop and carefully considering the full range of alternative banking facilities available in each community.

We have reviewed and considered a large and complex amount of information as well as all feedback that has been provided to us via a range of channels including online submissions, emails, post and meetings in person. Any recommendations we have made have therefore taken into account a wide range of factors specific to each branch, not just any one metric in isolation.

Alternatives to branches

The Bank has tried to put in place a range of alternative ways to conduct everyday banking, without using its physical branch network. The alternatives are:

- Digital banking (online banking and mobile app)
- Mobile branch
- Community Banker
- TechXpert
- Business Growth Enabler
- Telephone banking
- Post Office services which are provided under contract with the Bank
- ATMs

In addition, customers can switch bank if they would prefer to bank somewhere else – see page 92 for further details on how this can be done.

The Bank also launched a video banking pilot earlier this year, giving customers an alternative way to communicate face-to-face with senior banking specialists. The pilot ended in August 2018, therefore we have not considered video banking amongst the alternatives we reviewed.

We understand however, that the Bank has now reviewed all learnings and feedback, and has decided to enhance the offering and launch it across the Bank in Q1 2019.

We understand that the Bank has made significant investment in these alternatives and has also sought to refresh and modernise many other branches.

How have we reviewed the alternatives?

We have conducted our own direct research on each of the alternative methods of banking and taken account of feedback from customers and other stakeholders.

Our work has included:

- trying elements of each alternative ourselves
- talking to customers who have tried each alternative
- talking to customers who have not tried each alternative but asking about their perception of those services
- meeting employees of the Bank who either provide or have experience of each alternative
- visiting towns and nearest alternatives in person

On the following pages we set out what services those alternatives provide, what customers told us they thought of them and our overall findings on each.

Alternatives: ATMs

What services are available using an ATM?

Service

Cash Withdrawal

Emergency Cash/Get Cash

Display Balance

Print mini statement

Mobile Phone Top Up

Cheque Book Ordering

Change or unlock card PIN

Donate to charity

Transfer funds between customer's own account

Make a payment to other Royal Bank customers

What services are not available using an ATM?

Service

Deposit notes, coins or cheques

Bill payments

Alternatives: Mobile branch

What services are available on a mobile branch?

Service	Details	What you need	Transaction limits	Transaction timescales
• Balance and Transaction Enquiry	• Customers can obtain their balance using Debit card & PIN or by following identification process	• Bank debit card and PIN OR Identification	• Unable to print balance or transaction information	• Instant
• Cash Withdrawal	• Customers with Debit card & PIN or those identified can make cash withdrawals	• Bank debit card and PIN OR Identification	<ul style="list-style-type: none"> • Personal Customers: First visit or no card - £50; Unknown customer with card - £1,999; Known customer - £3,000 without prior notification • Non-personal Customers: First visit with card and ID - £1,500; Subsequent visits - £3,000 without prior notification 	<ul style="list-style-type: none"> • Instant cash withdrawal • Processed by end of business day
• Cash Pay In	• Customers are able to deposit cash into an Royal Bank of Scotland account using a pay-in slip or Debit Card & PIN	<ul style="list-style-type: none"> • Cash to be paid in • Bank debit card and PIN OR pay-in slip 	<ul style="list-style-type: none"> • Maximum cash pay-in of £3,000 per day • Maximum BOD pay-in of £8,000 per day • Coin deposits up to £250 in value per day 	• Processed by end of business day
• Cheque Pay In	• Customers are able to make a cheque deposit using a pay-in slip, Debit Card & PIN or account details	<ul style="list-style-type: none"> • Cheque/s to be paid in • Bank debit card and PIN OR pay-in slip OR account details 	• Unlimited if paid in with a completed paying in slip	<ul style="list-style-type: none"> • Processed by end of business day • The cheques will follow the normal cheque clearing cycle
• Cash Exchange	• Customers with Debit card & PIN or those identified can complete cash exchanges	<ul style="list-style-type: none"> • Cash to be exchanged • Bank debit card and PIN OR Identification 	• Maximum coin exchange of £250 per day	• Instant
• Management of Regular Payments	• Customers are able to cancel Direct Debits and cancel, amend or set up a Standing Order	• Bank debit card and PIN OR Identification	• N/A	• Instant
• Cheque Book, Credit Book and Card Ordering	• Customers are able to order Cheque Books, Credit Books or replacement cards	• Bank debit card and PIN OR Identification	• N/A	• Instant
• Bill Payments	• Customers are able to make Bill Payments using a pre-printed slip	<ul style="list-style-type: none"> • Pay-in slip • Cash to pay bill OR Bank debit card and PIN 	• Must be accompanied with a pre-printed slip	• Processed by end of business day
• Customer Mandates and Open Credits	• Open credit arrangements are supported by our Mobile Bank teams	• Copies of all signatory & open credits arrangements must be held securely by the Mobile Bank Team	• £1,500 floor limit in place for Customers visiting a Mobile Bank for the first time	• Processed by end of business day

Alternatives: Mobile branch

What services are not available on a mobile branch?

The following services cannot be completed in a mobile branch:

- printing statements
- foreign payments
- electronic payments such as CHAPs and Faster Payments; and
- complex mandates or opening accounts

Clearing times

Payments and transactions may take longer to reach an account or beneficiary, if the vehicle is delayed due to circumstances beyond the Bank's control, for instance by bad weather or road congestion.

Feedback themes

Most of the people we spoke to or who contacted us had not actually used the mobile branch service but several had tried it once, in some limited form, to see what it was like.

The key issues we were told people were concerned about were:

- Privacy
- Security
- Limited service
- Queuing
- Disabled access
- Trust – want to see same staff
- Location
- Not as convenient
- Timetable changes

Reliability

The Annan mobile branch was an older style replacement, the Beauly van had broken down the day we were there and the Kyle of Lochalsh van had missed some days in the prior week due to a fuel pump breakdown.

We were advised by the Bank that the mobile branch fleet undergoes regular maintenance and road-worthiness checks to ensure the vehicles are safe, and have a number of back-up vehicles to cover timetabled routes when primary vehicles are off the road. Over the past three months, the Bank has reduced the time vehicles have been off the road by 74%, with the mobile branches meeting their scheduled timetables almost 90% of the time.

Satellite connectivity

The mobile branches rely upon satellite connectivity. Several mobile branch staff told us that the satellite took up to 30 minutes to set up and was affected by trees, buildings and poor weather.

This meant the mobile branch could not park as close to customers as they would like. We recommend the Bank expedites its investment in 4G telephone technology for the mobile branch fleet.

Service excellence

We found that the Kyle of Lochalsh mobile branch was an excellent example of how a mobile branch can operate. It has timetabled stops but the staff were very flexible in accommodating customers, including stopping at local communities to collect cash if there had been recent community fundraising events.

Disabled access

In 2014 the Bank removed tailgate lifts from its mobile branches following feedback from customers. However, the Bank recognises the need to improve disabled access to its mobile branches and is working with a third party to consider ways to improve it. We would encourage this development which we believe to be an improvement that will benefit vulnerable and disabled customers.

MyHailo is a system that is currently being rolled out on mobile branches and allows customers to activate a button on a key fob to alert mobile branch staff that they are outside and wish to carry out their banking. The mobile branch staff will then come out of the van and serve the customer in their car or on their mobility scooter or in a location that is acceptable to the customer. This is a relatively new improvement to the system and we believe that those vulnerable and disabled customers who would benefit from such a device should be offered one by the Bank.

A further development of the mobile branch is the addition of an awning the length of the vehicle. This is currently being trialled in Fife and South Ayrshire with the intention of rolling out if there is positive feedback from customers.

Alternatives: Community Banker

What can Community Bankers do?

Community Bankers can travel to meet customers to help them understand which team in the Bank can provide a service or advice. They can also help customers learn to use the mobile app, online banking or how to use the Post Office for every day banking. They cannot assist with transactional matters such as depositing or withdrawing cash, or arrange products such as loans or mortgages due to regulatory restrictions, but can arrange for the customer to meet with the appropriate specialist who can assist. Community Bankers can however assist clubs and societies with certain services, such as changes to signatories on accounts, without them needing to visit a branch.

Customer feedback

We consistently found that people asked “What’s that?” when we asked if they had used a Community Banker before. Customers also told us a Community Banker was not of interest to them because they did not wish to be shown how to go online and the Community Banker could not assist them with every day banking transactions.

Feedback from Community Bankers themselves was that they try to be proactive in assisting customers to make every day banking easier, mainly by explaining and showing customers digital banking, but that customers do not want to talk to them because they feel the Bank will then close their local branch when they go online more and use their branch less.

We agree that the Bank’s initiative to have a Community Banker who can provide a face-to-face point of contact is important, and will help customers understand how they can move to alternative banking channels.

Given the low customer awareness of what Community Bankers can do, we suggest they continue to make themselves known in their local community, particularly to those local clubs and societies to raise awareness as to how they can change signatories on accounts.

TechXpert

TechXperts and digitally-trained staff are available in every branch across Scotland, providing digital education, fraud and scams protection training and reassurance for all customers about how to use digital services. Dedicated TechXperts have not been available in each branch while our review has been undertaken; however, we have been advised that each branch does have at least one digitally-trained colleagues who is able to perform the same role.

The role is branch-based and therefore these individuals do not travel outside branches to meet customers.

In addition to these roles, the Bank has a TechXpert Taskforce team, who is available in closing branches and is dedicated to supporting customers to understand their alternative options.

We found the TechXpert role to be of interest to some customers who were considering doing more of their every day banking online if their local branch closed, but generally the customers we met told us they were not interested in being given advice on how to do their banking online.

Video banking

The Bank’s video banking service was launched as a pilot earlier this year providing customers with the ability to connect to senior banking specialists, such as mortgage advisers, wherever they are. This offers the opportunity for them to continue to be served face-to-face, but in the convenience and comfort of their own home, office or most local branch.

The pilot ended in August 2018 and having reviewed all learnings and feedback, they are now looking to enhance the offering and launch it across the Bank in Q1 2019.

Alternatives: Post Office

Services available in a Post Office

Service	Details	What you need	Transaction limits	Transaction timescales
<ul style="list-style-type: none"> Balance Enquiry 	<ul style="list-style-type: none"> Customers can obtain their balance using a valid Chip & PIN Debit card and PIN at the Post Office 	<ul style="list-style-type: none"> Bank debit card PIN 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Instant
<ul style="list-style-type: none"> Cash Withdrawal 	<ul style="list-style-type: none"> Customers with a valid Chip & PIN Debit card and PIN can make cash withdrawals at the Post Office 	<ul style="list-style-type: none"> Bank debit card PIN 	<ul style="list-style-type: none"> Up to a maximum of £300 per day or value of card limit - whichever is lower 	<ul style="list-style-type: none"> Instant
<ul style="list-style-type: none"> Cash Pay In 	<ul style="list-style-type: none"> Customers are able to deposit cash into a Royal Bank account using a pre-printed paying-in slip 	<ul style="list-style-type: none"> Cash to be paid in Pre-printed paying-in slip -separate paying-in slips for cash and cheques 	<ul style="list-style-type: none"> The level of service may differ at each Post Office outlet. Coin deposits must not exceed £250 There is a limit of £2,000 per day at many Post Office branches, without prior agreement Regular deposits of £10,000+ per week is by arrangement only 	<ul style="list-style-type: none"> Cash paid in before 7pm will be credited next working day. Cash paid in after 7pm will be credited within two working days.
<ul style="list-style-type: none"> Cheque Pay In 	<ul style="list-style-type: none"> Customers are able to make a cheque deposit at the Post Office using a pre-printed paying-in slip and the Bank branded cheque deposit envelope available at the Post Office counter 	<ul style="list-style-type: none"> Cheque(s) to be paid in Pre-printed paying-in slip with separate paying-in slips for cash and cheques Royal Bank branded Post Office cheque deposit envelope(s) - available at the Post Office counter 	<ul style="list-style-type: none"> Customers will need a pre-printed paying-in slip for every Royal Bank branded Post Office cheque deposit envelope used There are no limits to the number of cheques that can be deposited Multiple envelopes may be required depending on the size and/or number of cheques being paid in. 	<ul style="list-style-type: none"> Subject to Post Office outlet cut off times Cheques paid in through the Post Office will be added to a Royal Bank account when the Bank receives the cheques from the Post Office, which is usually within two working days The cheques will follow the normal cheque clearing cycle once the Bank has received them from the Post Office.
<ul style="list-style-type: none"> Change Giving For non-personal customers 	<ul style="list-style-type: none"> Registered customers are able to exchange cash at the Post Office counter using the Post Office Change Giving card provided following registration 	<ul style="list-style-type: none"> Customers will need to register through their Business Manager Team or Relationship Manager to use the service. A Change Giving card will be required to exchange cash at the Post Office; this is provided following registration 	<ul style="list-style-type: none"> Up to a maximum of £1,000 notes can be exchanged for coin per day Customers can only obtain standard bag denominations of coin The Change Giving service is only available at the Post Office for which the customer has been registered 	<ul style="list-style-type: none"> Instant - provided the Post Office has received the customer's change order request at least 24 hours in advance.

Alternatives: Post Office

Service differences

There are differences in the services that can be carried out at a Royal Bank branch and at a Post Office. These are:

- Post Offices have various cut-off times and services. Customers need to check with their local Post Office to see what services they offer and what their cut-off time is for deposits
- cash and cheques must be paid in separately
- cash paid in at the Post Office will take at least one additional working day for the funds to be available
- cheques paid in at the Post Office will normally take an additional two working days to reach a customer account, on top of the usual cheque clearing cycle. If a customer makes a deposit after the cut-off time, this can be extended by an additional working day
- pre-printed slips must be used at the Post Office for deposits, so customers need to order a paying-in book or cheque book from the Bank

Confidentiality

Post Office staff are subject to similar customer confidentiality and non-disclosure processes as staff in Royal Bank branches.

Our findings

All of the Post Offices near the 10 branches we have reviewed are sub-Post Offices, located in mixed use retail premises such as newsagents, petrol stations, tea rooms, bookshops, or general stores.

As the Post Office is a central element of the Bank's proposed physical alternatives to branches, along with the mobile branch, we visited each nearest alternative Post Office.

We found that the physical premises of each Post Office varied and the feedback from the customers who spoke to us was that they had experienced varying levels of service quality and experience of staff. As the Post Office is a franchise, the way in which the Post Office is organised and run also varies – with some Post Masters keener than others to take on increased customer numbers and banking tasks if a nearby Bank branch was to close.

There was also a perception that carrying out banking transactions in a Post Office is less secure/private than carrying them out in a bank. However, we also received some positive feedback about the Post Office service from business customers who were not Royal Bank customers, but deposit cash takings at the Post Office.

Although we have been advised that Post Offices implement stringent policies to ensure safety in delivering everyday banking services on behalf of the major high street banks, it is important that Royal Bank customers are made aware of this, and that Post Offices are constantly reviewing and adapting their processes to ensure they are equipped to deal with current risks.

There is recognition by both the Bank and the Post Office that they require to raise awareness of the everyday banking services available from Post Offices nationwide. We have been advised that this work begins on 1 October 2018 with a nationwide branch campaign.

Alternatives: Digital banking

Digital banking

Digital Banking is the use of either the mobile app or online banking. It allows customers to bank at any time and:

- Check a bank balance;
- Check statements and view them online;
- Make payments or send money securely;
- Update personal account holder details; and
- Manage and track savings.

Online banking

Online banking is using a desktop computer or laptop to conduct your own banking. An increasing number of the Bank's customers at the 10 branches use online banking.

To access online banking usually requires broadband internet to get a connection to the internet with sufficient speed to access the service.

However, we found that broadband availability was less important to the adoption of digital banking than the desire of customers to try it. Many customers were simply too concerned about security and the risk of online fraud to try the service. Other customers told us they could not access it because they are not physically able to due to health or physical disabilities or because they do not have a computer.

Mobile app

The mobile app is similar to digital banking but it allows customers to do their banking using their smartphone.

Customers who told us that if they use it, they find it convenient, effective but it cannot be used for cash transactions. For many customers its functionality is sufficient to mean they do not need to visit a branch to perform their everyday banking.

How did we assess digital banking alternatives in each town?

We considered the availability of broadband internet and mobile phone reception in a town and the surrounding area to reflect the locations where the customers of each branch live.

We also took account of feedback we received from respondents who described their local connectivity.

We have not sought to estimate:

- the population of bank customers who have a computer or broadband access;
- the number of customers per branch who could not access online banking due to a disability or who would require physical assistance to do so;
- the number of customers per branch who have the ability, hardware and connectivity to access online banking but choose not to.

Alternatives: Digital banking

What can you do using online banking?

Service

- Check balances and overdraft
- Transfer money between linked accounts - personal and business
- View, check and cancel Direct Debits
- Report debit or credit card lost
- Order a PIN reminder
- Set up and manage account alerts
- Order cheque book and paying-in books
- Make payments to 3rd parties
- Make bill payments
- Make international payments
- View up to 4 months of credit card statements
- View and Download (PDF) Bank Statements up to 7 years
- View Certificates of Interest
- Download transactions into financial packages
- View, create and amend standing orders
- Order and enable card reader
- Update address – through Webchat
- Update email address and mobile phone number

Product Fulfilment

- Current account
- Savings account
- Overdraft
- Loan
- Credit card
- Insurance
- Mortgage

What can you do using the mobile app?

Service

- Check balances and overdraft
- Transfer money between linked accounts - personal and business
- View, check and cancel Direct Debits
- Report debit or credit card lost
- Order a PIN reminder
- Set up and manage account alerts
- Make payments to 3rd parties
- Make bill payments
- Make international payments
- View Credit Card balance and pending transactions
- Unblock PIN and order PIN reminder for Credit Card
- Lock and unlock Credit Card
- View Bank Statements up to 7 years
- View, create and amend standing orders
- Share account details
- Get Cash service
- Find services near me
- Secure Messaging

Product Fulfilment

- Savings account
- Overdraft
- Loan
- Credit card

Alternatives: Telephone banking

Telephone banking

Telephone banking allows customers to contact the Bank to:

- make general banking enquiries;
- check a balance and available funds;
- make balance transfers between Royal Bank accounts or pay a Royal Bank credit card bill;
- make payments to pay a bill or an individual; and
- order a cheque book or paying-in book.

We have assumed that all customers of all 10 branches have access to a telephone and, unless they have a disability which prevents them from doing so, they could use telephone banking if they wished to.

Key customer feedback themes

We found that telephone banking was almost universally not liked, with consistent feedback that it was complicated to access due to passwords, waiting time on hold, security concerns arising from a lack of trust because customers could not see who they were talking to.

For users of digital banking, telephone banking appears to be of little or no interest because they can do what they need to do online.

Service

-
- Check balances and overdraft
 - Transfer money between linked accounts - personal and business
 - Check and cancel Direct Debits
 - Report debit or credit card lost
 - Emergency cash service
 - Stop cheques
 - Order cards, request PIN and activate cards
 - Request statements
 - Order foreign currency
 - Make payments to 3rd parties - daily limits apply
 - Make bill payments - daily limits apply
 - Create and amend standing orders
 - Change address
 - Amend personal data - telephone number, email address

Product Fulfilment

-
- Current account
 - Savings account
 - Overdraft
 - Loan
 - Credit card
 - Mortgage
-

Alternatives: Switching bank

Switching bank

Nine of the 10 branches subject to our review are the last bank in town, the exception being Kyle of Lochalsh where there is an alternative high street bank almost directly opposite the Royal Bank branch.

Switching to another bank in the same town with minimal alternative travel requirements is therefore not an option for nearly all of the customers who might be affected by a branch closure.

Switching bank is facilitated by the Current Account Switch Service, which allows customers to:

- switch current account to another bank for free;
- switch on a day of their choosing and move all payments from their existing account to a new account with another bank; and
- transfer a balance from their existing account to a new account on the switch date.

The Switch Guarantee means that the new bank will carry out the switch within seven working days and refund the customer for any missed payments or fees incurred as a result of the switch.

Even though many customers felt extremely disappointed and angry about the Bank's decision to close their local branch, they still wished to continue to remain a customer of the Bank and therefore many customers seemed to genuinely prefer to travel to their nearest alternative Bank branch than to change bank even if this was closer.

Many of those who provided feedback to us had been customers of the Bank for many years, sometimes all or the majority of their lives and felt a loyalty to the Bank. They often felt that loyalty was not being returned by the Bank and that they were being abandoned by the Bank.

For other customers, the inconvenience of switching bank had prevented them from switching to an alternative, not a sense of loyalty to the Bank. A number of customers said they already had accounts with other financial institutions and would switch to use those other accounts as their main bank out of principle if the Bank closed their branch.

There did not appear to be any awareness of the Current Account Switch Service or the Switch Guarantee amongst the customers who provided representations to us.

Some people said it made no difference if they switched because they would need to travel to another town anyway.

Data pack

During the course of our work we have been provided with commercially sensitive information from the Bank. We have reviewed and analysed that information, which has included preparing charts and tables of the absolute numbers of branch customers, transactions, digital banking users and external ATM withdrawals.

At the request of the Bank, we have not shown absolute numbers in our report due to commercial sensitivity. We have therefore provided the Bank with a separate Data Pack that comprises the commercially sensitive absolute numbers used in our analysis and to prepare the charts and information shown in our report. We are not in a position to make that Data Pack publicly available due to the commercially sensitive nature of the underlying information.

Summary of feedback submissions

Total number of all feedback submissions

Submission Method	Totals	%
Written submissions	61	5.8%
Email submissions	57	5.4%
Online form submissions	775	73.1%
Written questionnaire	24	2.3%
Face to face	141	13.3% *
Petitions	2	0.2% *
Totals	1,060	100.0%

Number of submissions by branch

Branch	Written submissions	Email submissions	Online form submissions	Written questionnaire	Face to face	Petitions	Totals
Biggar	18	1	189	8	24	1	241
Kyle	4	25	133	4	21	-	187
Melrose	14	5	135	3	19	-	176
Comrie	8	6	109	6	16	-	145
Gretna	2	-	74	1	12	-	89
Castlebay	2	13	46	-	16	-	77
Inveraray	5	1	46	1	11	1	65
Beauly	3	2	22	1	17	-	45
Douglas	2	2	14	-	-	-	18
Tonque	3	2	7	-	5	-	17
Totals	61	57	775	24	141	2	1,060
%	5.8%	5.4%	73.1%	2.3%	13.3% *	0.2% *	100%

Notes

* Face to face and petitions have been included together to round to 14% in the body of our report.

Stakeholders consulted

Our research

We received over 1,000 submissions and contacted the undernoted stakeholders, as well as researching published works on banks and bank closures, specifically including (but not restricted to) the work done by the Economy, Jobs and Fair Work Committee of the Scottish Parliament; the House of Commons' Scottish Affairs Committee; the Access to Banking Standard and the Access to Banking Services in Rural Areas report commissioned by Highlands and Islands Enterprise (HIE).

Stakeholder	Category
Pete Wishart	MP
Ian Blackford	MP
David Mundell	MP
Angus Brendan MacNeil	MP
Luke Graham	MP
Brendan O'Hara	MP
John Lamont	MP
Jamie Stone	MP
Kate Forbes	MSP
Aileen Campbell	MSP
Alasdair Allan	MSP
Roseanna Cunningham	MSP
Oliver Mundell	MSP
Michael Russell	MSP
Christine Grahame	MSP
Gail Ross	MSP
Rachael Hamilton	MSP
Deirdre Brock	MP
Ged Killen	MP
Christine Jardine	MP
Tommy Sheppard	MP
David Duguid	MP

Stakeholder	Category
Hugh Gaffney	MP
Paul Masterton	MP
Danielle Rowley	MP
Ross Thomson	MP
Zoe Laird, HIE	HIE
Lyn Turner & Mary Alexander, Unite Scotland	Union
Martin Kearsley, Post Office	Post Office
BT Openreach	Broadband
Adam Stachura, Age Scotland	Elderly
Paul Daly, Scottish Rural Action	Rural Groups
Morven Brooks, Disability Equality Scotland	Vulnerable
Nina Ballantyne, Citizens Advice Scotland	Vulnerable
Scott Stewart, Disability Information Scotland	Vulnerable
Inclusion Scotland	Vulnerable
Nicola Cornwell, Royal National Institute of Blind People	Vulnerable
Professor Russel Griggs	Banking
Elizabeth Thompson, Lending Standards Board	Banking
Charandeep Singh, Scottish Chambers of Commerce	Business
Matt Lancashire, Scottish Council for Development & Industry	Business
Phil Prentice, Scotland's Towns Partnership	Community
Stuart Mackinnon, Federation of Small Businesses	Business

Glossary

Term	Definition	Term	Definition
3G	Third generation mobile network with minimum consistent internet speeds of 144kbps.	BQD	Business Quick Deposit.
4G	Fourth generation mobile network which is more than twice as fast as 3G.	Business Growth Enabler	A service provided by the Royal Bank which provides support to businesses by offering guidance on matters such as managing cash flow, cyber fraud prevention, leadership skills and compliance.
8M18	The 8 month period 1 January 2018 to 31 August 2018.	Cash in / Cash out	Includes cash deposits, cash withdrawals, Fast Cash Deposits, foreign currency and mixed deposits.
Access to Banking Standard	Originally established as the Access to Banking Protocol in 2015 but became the Access to Banking Standard after review and is the framework which banks have agreed to follow in the event of branch closures.	Cashback	Facility to withdraw cash from your bank account whilst performing a transaction in a shop up to the value of £50.
Amending details	Making amendments to account details, requesting cheque books.	Community Banker	A Community Banker is a qualified banker who will represent the Bank in a local community providing support to customers on ways to bank and answering queries. They will also support community groups and customers by giving presentations on issues such as fraud and other banking topics.
ATM	Automated Teller Machine that perform basic functions such as cash withdrawals, balance checking and printing mini-statements.	Community Council	A public representative body that plays a vital role in representing the views of the community to local authorities and other public bodies.
Bankline	Online and mobile app banking services for Royal Bank business customers.		
Borders Book Festival	Four-day festival of talks, discussions, food & drink, live music, comedy and more at Harmony House in Melrose.		
Broadband	High speed internet connection which comes in various packages such as 3G, 4G and cable broadband		

Glossary

Term	Definition	Term	Definition
Community Councillors	Member of the Community Council.	FY14	The year 1 January 2014 to 31 December 2014.
Customer	A person or business who has an account with the Bank and uses one of the 10 branches subject to our review.	FY15	The year 1 January 2015 to 31 December 2015.
Customer activity	Transactions performed by customers within a bank branch.	FY16	The year 1 January 2016 to 31 December 2016.
Data	Commercially sensitive information provided by the Bank to show how the Bank branch was used by customers and how many customers and transactions took place at the branch for the period 1 January 2014 up to and including 31 August 2018.	FY17	The year 1 January 2017 to 31 December 2017.
Digital banking	Both the mobile app and online banking.	H118	Half year 1 January 2018 to 30 June 2018
Disabled access	Accessibility in the design of the entrance for all people to enter safely.	High usage	High usage of the bank branch in comparison to the other 10 branches being reviewed by us.
External ATM	An ATM located on the outside of a building, accessible 24 hours a day from the street.	Impact Assessment	A leaflet produced by the Bank which sets out the rationale behind the closure and alternative banking methods.
Fast Cash Deposits	Cash deposit system where customers place cash in quick deposit bags along with a paying in slip, via a secure slot built into the branch.	Landline	Telephone that transmits signals through a physical media, such as wire or fibre optic cable.
Financial institution	An establishment that conducts financial transactions such as investments, loans and deposits.	Last bank in town	The last bank in town where no other banks have a branch within one mile.
		Logins	Method by which customers sign in to the online banking and mobile app through a unique username and password.

Glossary

Term	Definition	Term	Definition
Low usage	Low usage of the bank branch in comparison to the other 10 branches being reviewed by us.	Online banking	Web page where you can log in to view and perform transactions on your bank accounts online which is accessed through the internet.
Melrose Sevens	Annual rugby sevens event hosted by Melrose Rugby Club.	Outside town	Out with the town boundaries.
Mobile branch	Royal Bank van which drives on a scheduled route and stops at various locations to offer banking services. The banking services provided are cash and cheque deposits, cash withdrawals, account details, statement requests, foreign currency request with pre-booking.	Patchy	Strength of internet signal can fluctuate between good and bad within a small geographic area.
Mobile phone app	Computer application designed for usage on a mobile phone or tablet and is accessed through the internet.	PayPoint	Services offering PayPoint facilities where customers can pay bills and transfer money.
MP	Member of Parliament	Personal customers	Non-business customers who have an account based at the branch.
MSP	Member of the Scottish Parliament	Physical alternative	Banking service not done in a bank Branch which provides face-to-face contact for the customer.
MyHailo	A key fob for vulnerable and disabled customers who require special assistance when visiting a mobile branch. The customer presses the button on the key fob which alerts the staff on the mobile branch to come outside the mobile branch to serve the customer in their car or on the street.	Post Master/ Mistress	Head of the individual post office.
Non-personal customers	Business, charity or trust customers who have an account based at the branch.	Q1	The period 1 January to 31 March
		Q2	The period 1 April to 30 June
		Q3	The period 1 July to 30 September
		Q4	The period 1 October to 31 December

Glossary

Term	Definition	Term	Definition
Regular and single payments	Setting up direct debits, fund transfers, standing orders, paying bills.	Transaction	As defined by the Bank, "Branch figures reflect both recorded customer transactions and services, including both counter and automated machine transactions including: cash withdrawals and deposits, statement requests, funds transfers, paying a bill, mixed lodgement and a change of address. We are however unable to include a general enquiry or a customer picking up a product leaflet, where such enquiries are not easily recorded."
Royal Bank	The Royal Bank of Scotland plc.	UK Parliament	The supreme legislative body of the United Kingdom, the Crown dependencies and overseas territories.
Smartphone	A mobile phone that performs many of the functions of a computer, typically having a touchscreen interface, internet access, and an operating system capable of running downloaded apps.	Video banking	A pilot service launched by the Bank earlier this year offering customers the ability to connect to senior banking specialists, such as mortgage advisers, face-to-face, wherever they are. The pilot ended in August 2018 and having reviewed all learnings and feedback, the Bank is now looking to enhance the offering and launch across the Bank in Q1 2019.
Stakeholders	Members of the community who would be affected by a branch closure.	Vulnerable customers	The elderly or disabled, or customers who require assistance from branch staff.
Sub-Post Office	Post Office counter within another shop.		
TechXperts	TechXperts are currently either based in a Royal Bank branch or are in the process of being put in place in every bank branch to help customers register for mobile and online banking.		
Telephone banking	Automated telephone number for customers to call to pay bills, make account enquiries, perform fund transfers and speak to an operator for help.		
The Bank	The Royal Bank of Scotland plc		



jcca.co.uk

Where sharp minds meet

Aberdeen
01224 212222

Forfar
01307 465565

Huntly
01466 794148

Perth
01738 634001

Edinburgh
0131 220 2203

Fraserburgh
01346 518165

Inverness
01463 796200

Stirling
01786 459900

Elgin
01343 547492

Glasgow
0141 222 5800

Inverurie
01467 621475



Johnston Carmichael is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member or correspondent firm or firms.