



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Access to Branch Banking:
Consumer Council Briefing

10 July 2013

NORTHERN IRELAND ASSEMBLY

Committee for Finance and Personnel

Access to Branch Banking: Consumer Council Briefing

10 July 2013

Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mr Leslie Cree
Ms Megan Fearon
Mr Paul Girvan
Mr John McCallister
Mr David McIlveen
Mr Peter Weir

Witnesses:

Ms Antoinette McKeown	Consumer Council
Mr Aodhan O'Donnell	Consumer Council

In attendance:

Mr Patsy McGlone	Committee for Enterprise, Trade and Investment
Mrs Sandra Overend	Committee for Enterprise, Trade and Investment

The Chairperson: I welcome Antoinette McKeown and Aodhan O'Donnell from the Consumer Council. Last week was a difficult week given the RBS announcement, which caused some consternation among the banking unions and bank staff as well as consumers, many of whom have contacted members of this Committee and the Committee for Enterprise, Trade and Investment. Perhaps you would like to start there, Antoinette.

Ms Antoinette McKeown (Consumer Council): Thank you for the opportunity to present this morning. The Consumer Council's primary concern is to give you a flavour of the engagement that we have had with consumers about access to branch banking. We fully recognise that banks need to add shareholder value and make a profit. We recognise that, as you said, there are other issues at stake, including jobs and people's livelihoods, but our focus today is very much on representing the consumer interest, as is our statutory remit.

When we heard the announcements about the closure of a number of banks, especially the more recent ones in January this year, we were concerned that the key reason that was given by the banks was changes in consumer behaviour and that so many consumers were moving to online banking. We recognise that that is true of some consumers, but it is not reflected in what consumers tell us.

We did some research in March this year. People in Northern Ireland have told us that they use bank branches quite regularly; 80% had visited a branch at least once in the past year. Six in 10 people — or 60% — had done so in the past month, and three in 10 in the past week. That did not necessarily

reflect the messages that were coming from the banks. For two thirds of people, the main reason for using a branch was to do something that they perceived could not be done online or on the phone. The second reason for visiting a branch was a lack of comfort with using online or phone services. A sizeable number of people in Northern Ireland are not comfortable with online banking. Older people, in particular, are much more likely to use a branch because they are not as comfortable with using online or phone banking as younger people are.

The key concern for consumers when a branch closes, and particularly when there is a raft of branch closures in smaller towns or rural areas, is that people who are reliant on branch services are left at a distinct disadvantage, particularly those who do not feel comfortable or are unable to access online banking. They include some older people and people with numeracy and literacy difficulties, which 25% of the population have. We are concerned that those who are unable to use telephone and internet banking could be affected financially. Having to travel further to avail themselves of services could mean that opportunities for consumers to make their money go further are restricted. That is at a time when the Executive are bringing forward a financial capability strategy to help consumers to make the most of their money.

Even transferring from branch banking to internet or online banking, for those who might be able to use only internet banking, needs transition planning, and we have not seen the transition planning that we would like to see from banks. Banks are simply taking a flick-of-the-switch approach to this, as opposed to putting in preparation, putting in a transition period and giving support to people in the interim. Actually stating that branches are closing simply because banks are responding to consumer demand or behavioural changes could appear to some consumers to be disingenuous on the part of the banks, when we know that they are also a cost-cutting exercise, and that is also a valid issue for banks to take account of.

As to closing branches, we want to see banks gather evidence very clearly on the impact that the closure will have on any local community, and particularly on customers who simply cannot use online or phone services. We want to see banks offering face-to-face support meetings with consumers and showing them how to use alternative services such as the Post Office, for example. Not all the banks offer a full range of services at the Post Office. Some do, and it works quite well; but many do not offer cash or cheque deposit facilities at the Post Office. We want to see more use made of that.

The Consumer Council has done wider work on access to better banking services. We have been working with banks for some years now on our personal account manifesto. It is very much based on what consumers tell us they want from the bank. Key areas and issues raised by consumers continue to be: access to free-to-use cash machines; offering full banking services through other channels such as the Post Office; access to branches, which is a key priority; and open, transparent and free communication to and from banks. There has been a communication issue in relation to recent branch closures as well. We believe that addressing some of those issues will help to restore consumer confidence in the banks, which we know has been damaged of late.

However, customers also need to have confidence in the banking regulator, and both Committees have had an interest in the Ulster Bank payment systems failure last year. We set out a number of recommendations in our report 'Payment Pending', but almost a year on from the IT failure in June 2012, the financial regulator, the Financial Conduct Authority (FCA), has yet to make a public determination on the payments crisis issue. We held a meeting with senior staff last Thursday on behalf of Northern Ireland consumers, and we have raised concerns at a lack of clarity from the FCA as to whether it will publish a report on the findings of its investigation into RBS, including Ulster Bank; the lack of communication with Northern Ireland consumers to date; and the lack of confidence that results from that limited information. The FCA is committed to providing the Consumer Council with clarification on information to be made available to consumers. However, we would like support from both Committees in asking the Financial Conduct Authority to provide the necessary clarification.

As I said at the beginning, our concern is in relation to consumers having access to branch banking, particularly those who do not have the capacity to use online services and who may never have that capacity. We want branches to provide a service for those customers. We continue to urge customers who are not content with their bank to switch, and as the payments council is launching a new guaranteed switching service in September for current account holders, guaranteeing a hassle-free, seven-day turnaround to switching banks, we think that it is a really good time to get that message out to consumers. We know that switching can incentivise banks to be more competitive and offer distinct services to retain customers and attract new ones.

Thank you.

The Chairperson: Thank you. The frustrating thing for me is that in all the banks — Danske, Bank of Ireland, Ulster Bank and First Trust — there is a total lack of process leading up to these announcements. It seems that hardly two or three months go by without another swathe of branches being earmarked for closure. We discussed that at the Finance Committee last week, and Adrian McQuillan and I raised the issue of the Bann valley area, where the Bank of Ireland is closing a branch in Kilrea, two banks are closing branches in Ballymoney and one is closing in Portglenone. Now there are concerns that the Ulster Bank will close in Ballymoney as well, although discussions are still to take place, as has been clarified. There is concern that rural banking, in that area in particular, is coming to a close. Are there any good examples of banks that have carried out a process and engaged with their staff and customers before they make these announcements?

Mr Aodhan O'Donnell (Consumer Council): We want more clarity and information from across the banks as well. You talked of individual banks, but it is a culmination. When you have three or four different bank brands or companies closing in a particular area, that is when you have the knock-on impact. So as well as looking at how individual banks are communicating with their customers, we need to take that wider view about the overall impact on the local community, across each of the different banks. We in the Consumer Council could give information as to how banks approach that. It is something that we have not been informed about or involved with. We could not say whether there is a clear process or communication or engagement with us as a stakeholder — probably not.

Ms McKeown: It is fair to say that we have met all the main banks in Northern Ireland and have been clear as to what support consumers say that they need. Some banks have advised us that they have put in face-to-face support, but that is after we had sought the information, after the closures had been announced. That is another issue: as Aidan pointed out, there is no overview of the situation. We do not expect banks in a competitive market to work together in respect of closing branches in rural towns and villages, but we expect the FCA to have an overview of that impact, and it is something that we raised with it last week. We asked it to look at that.

The Chairperson: What are the alternatives? All the banks are going from having a branch, a presence in a town, to zero. You talked about the Post Office. What different models of a satellite service are there? If a bank has to close a branch, what are the alternatives to just removing its presence altogether?

Ms McKeown: From a very basic starting point, free-to-use cash machines should be readily available when a branch closes. Even that is an issue because, in some cases, banks have not been able to guarantee beyond a six-month period that they will continue to have a free-to-use cash machine, for example, in a village where they have just closed a branch, and right through to full personal current account access in the local post office. Clearly, we recognise that if every bank or every branch in a small village closed, there would be a serious burden on the local post office to provide banking services for every bank. That is an issue that needs to be looked at as well. Some banks have full current account banking services within local post offices, but we think that given the raft of closures that we have had recently across all of the banks, that may be difficult for post offices in small communities to sustain.

Mr O'Donnell: I think sometimes, from research that we have undertaken with consumers, it is simply portrayed as an access issue — access to online services or access to those digital channels. However, what is clearly coming through is that it is not just the access; it is the confidence of that access. People are used to the traditional forms of banking and of going in and talking to somebody in the branch. Some 70% of the consumers are visiting the bank because they think that that is the only place in which they can get the service that they need. There is a programme of work to be done to build that consumer proficiency and consumer education and awareness to give people the confidence that there may be other channels that they can use, or that they can access their service through the post office, for example, without having to visit a branch. Without that, there is a big gap. In some respects, consumers feel that they have been left hanging, without the access to the service that they need. It is the fundamental access that people need to their banking and financial services.

Mr McGlone: Thank you for coming and being with us here today. First, we have heard about all the decisions that have been made, and conjecture is very much on them. For me, it is about access to services. In many of our rural towns, in particular, we have had the withdrawal of one service; it could be the local Roads Service facility or the local rates office. Then, the commercial hub of that rural town, the bank, goes, and the footfall to the towns and a reason for people to come into the towns has been removed.

You are right in what you say in your report, which I read, and thank you for it; many people want to come to the bank for access to the service. They either do not have confidence in online banking, cannot do it themselves because they are not comfortable with the internet, or, as is the case in many parts of my constituency, cannot get proper internet to do it, which is a valid reason. The one thing that really does concern me is the pattern of branches and services, and the likes, being cut down. A number of years ago, we had the Social Security Agency with us in different Committees, explaining how it wanted people getting the likes of disability living allowance, attendance allowance, income support and pension credit to use banking. That facility has been removed. One thing that concerns me, and maybe you could share some views on it, is that people were encouraged to go to their local post offices, but we now hear ideas that the Post Office might be privatised. We know that privatisation moves exactly to the likes of commercial decisions that are being taken by the banks, and, again, the further potential for people, particularly those on lower incomes, to access the services, has been removed yet again.

So all the reasons have been forwarded to us as to why people should be using banking, be it with the commercial banks or post offices, but we see the concerns that some people shared at that time, and we are arriving at the point at which they could become a genuine major problem for many, particularly those in some of our more isolated and rural communities. Have you done any further research around that or the potential consequences that could arise as a result of it? It is a fairly big piece of work, when you look at all of the branches from all the banks across the North that could, potentially, be closed, and the consequences of that, particularly for people living in more isolated areas and people on low incomes.

Ms McKeown: It is the people on low incomes in isolated rural communities that the Consumer Council has a key concern about. What you have just set out is exactly the lack of overview. The Government are pushing low-income families on benefits into using banks because it is a cheaper means of paying benefits, but if the branches are not available, people are incurring extra costs by having to get on a bus — if there is public transport, and in some rural communities there is not — to get access to a branch.

There has been some debate about privatising Post Office services. That is not an area for which the Consumer Council has responsibility, but I can say to both Committees that, as of 1 April 2014, the Westminster Government are handing to us the statutory function to represent postal service users in Northern Ireland, which is a transfer of statutory functions.

We are very clear that guaranteed standards of service need to be put in place for consumers. Northern Ireland is such a rural community, and given the high levels of people on benefits here, that would have to be a key priority for us, and indeed for Consumer Futures Post NI, in relation to that service.

Mr McGlone: It is also for us to make sure that it is a key priority for government in using facilities to make sure that people, particularly those on low incomes, get their income without having to be out of pocket, which leads to them being further marginalised and deprived of income. That is something that different Committees need to look at to make sure that they have an oversight of it. They need to receive assurances from the likes of the Social Security Agency about payments, too.

Ms McKeown: That overview is vital because it is absent at the moment, not just among banks but in the whole scenario that you have set out.

Mr D Bradley: Good morning, and thank you for coming along.

I was interested in what you were saying about transition planning. I have spoken to a number of people about moving from traditional banking to online banking. Even people who have a fair degree of experience with computers seem to be unwilling to make that move. There is a certain amount of distrust of online banking because of accounts being hacked into, and so on.

I agree with you that perhaps the banks have not made the effort to reassure people and to help them to make that move by providing support and backup. I saw a case recently where a local bank introduced an automated cheque lodgement machine. It had a person there on the spot for four weeks after the machine began to operate, and there was a hands-on demonstration. Obviously, there was a bit of transition planning involved in that, but I agree with you that that would be necessary in order to give people confidence in using online services.

The facts of the matter are that we will probably see more bank branch closures. We were told in January by Ulster Bank that it would not make any more closures, but now we have this latest announcement. It seems likely that there will be more, if not by that bank, by other banks.

Is there any way in which banking services can be co-ordinated? You mentioned the Financial Conduct Authority, which has an oversight of the way in which banks behave. Is there a body in existence that might be able to provide that type of co-ordinating role between the banks, or are there too many commercial interests to allow that?

Ms McKeown: I think it would be difficult. I do not think that there is a co-ordinating body. There is no doubt that the banks meet and share information, but that is within a highly sensitive commercial and competitive environment. The Financial Conduct Authority has a statutory remit to ensure that banks conduct themselves in a way that meets the needs of their customers and that the highest levels of consumer protections are in place. That is why we look to it to provide some comment or oversight on the branch closures here. In particular, that very support that you set out regarding the automated cheque-lodgement scheme should put in place. Even for those who can use automated facilities, for example, internet banking, but who just do not have the confidence yet, that transition support period has to be put in place. Earlier this week, Aodhan described it as banks expecting consumers to go cold turkey. There is a flick of a switch, and you now move with no period of planning or discussing with consumers what they need in-between. That is the bit that we think is missing. Every bank should be able to put that in place.

Mr D Bradley: When you were asked what alternatives banks might make available, you mentioned cash machines. I know that, at one stage, a system of mobile banks operated in rural areas throughout Ireland. Has that come to an end, or are there still mobile banks in operation? Obviously, there would be security difficulties with them; there have been in the past. It is an obvious possible alternative for rural areas in particular.

Mr O'Donnell: That was one of the areas that we would have touched on. We were not clear on how far that is rolled out across the different banks, what the uptake is or what the views of consumers are on it, but it is something that we could touch on again. We could go back to speak to consumers to see whether it is something that they feel is a suitable provision of banking services and whether it meets their needs or their times.

On the issue of co-ordination between banks, it is worth highlighting that the British Bankers' Association (BBA) has recently set up a consumer panel, which the Consumer Council is represented on. The panel was set up a few months ago and has met once so far. It is trying to look at the broad issues that consumers feel need to be addressed in banking. We have put forward a lot of issues that are in our manifesto, such as access to bank branches, charges, communication and things like that.

Ms McKeown: There is a meeting of the British Bankers' Association consumer panel next week, which we will be represented at. For us, the number one issue on the agenda is branch closures in Northern Ireland. As Aodhan said, because of the lack of planning and transition planning by banks for branch closures, in our view, there has not been a level of engagement with consumers to enable us to know whether mobile banking would be useful, whether it would be used, etc. None of that has been explored. Or, if the banks have explored it, they have not shared the information with us.

Mr D Bradley: Credit unions are seeking an expansion of the services that they are permitted to provide. Obviously, credit unions are rooted in the community: they are owned and run by the community and they serve the community. Do you think that an expansion of credit union services would be a long-term answer to the question of how to provide financial services, especially in rural areas?

Ms McKeown: They could certainly provide some of the services that are not being met because of branch closures, but I think it then becomes a matter of switching to a credit union that has expanded the services that it can offer. That might well lead to more competition in the banking sector and would encourage switching.

Mr D Bradley: That is grand. Thanks very much.

Mr Weir: Thank you, Antoinette and Aodhan, for your evidence. Some of the points that I was going to raise have been covered. I have two issues. You highlighted, quite considerably, the lack of transition planning by the banks and the failure to give information. I suppose, at your end, that is particularly focusing on the customer side of it. I think we have also seen it recently with staff. You also highlighted the lack of face-to-face involvement. I suppose that the other thing that is worrying, arising from that, is that, where action seems to have been taken, it seems to have been taken on the basis of reaction — when you have poked a particular bank with a big stick, they may well have produced something.

This might require a written response. Clearly, if we ask the banks, we will get a certain level of spin on all the great things that they are doing. I wonder whether it would be useful if the Consumer Council produced a memo on an assessment of each of the banks and what they have done from a preparation point of view, the level of involvement on that, what planning they have done and your assessment on each of those. I suppose, to be fair, the detail on that would require a written response.

My other issue relates to the first point you made about the broader transition in society and moving away from traditional banking to internet banking, etc. You made a very telling point that you wanted to see whether the changes that were being made were evidence based. First, there is the level of shift and voluntary shift, because, if you close down all the banks in a village, it may well be that a lot of people will have no alternative but to switch to internet facilities, for instance. Have the banks provided you with any evidence of the speed at which people shift to internet banking, for example, how soon they start making fewer visits to the bank, or of fewer consumers using the bank? Has any evidence of that nature been given to the Consumer Council?

Ms McKeown: We have heard, and you have heard publicly, as it has been well broadcast and written in the media, that there is a change in consumer banking behaviour. There is no doubt that there has been a change in consumer banking behaviour. That is relevant to not only Northern Ireland but across the UK. We have seen that in our discussions with the FCA. We do not know the extent, the speed or the numbers. We do not know whether the banks have done surveys to ask their customers, particularly those who come into branches, whether they would be interested in online banking or able to use it and what support they would need to enable the bank to move them to it. We do not know whether there has been any statistical or in-depth evidence-gathering analysis of that. All that we know is that there has been a change in consumer behaviour. That is an issue that we have raised with the Financial Conduct Authority. We are hoping to hold an event on that, and on access to branches and personal current accounts, in the autumn, to explore that a wee bit more.

Mr Weir: I think that that is useful, Antoinette, because it very much hits the nail on the head. To be fair, I do not think that any of us, including the Consumer Council, would deny that there has been some level of shift in consumer behaviour. The problem seems to be the level of planning of what action is taken by the banks and how far the banks go with regard to closures. I thought that, in many ways, that should be something that is backed up by some level of evidence base. I think that all of us can hold up our hands and say, "Yes, we can see a shift in behaviour." Sometimes, that is simply because of availability. Thirty or 40 years ago, more people went directly into a bank; now, people, more often, are using a hole in the wall or whatever.

Similarly, in that there has not been any direct evidence, other than anecdotal, I presume that there has not been any monitoring of the trends in Northern Ireland, as far as you are aware. The direction of travel is probably the same in different jurisdictions. My gut feeling, because, like yourselves, I do not have any evidence, is that our attitudes towards banking may be a bit more traditional than those in other jurisdictions. I hold my hands up and say that I tend to fall into that category. Although there may well be a trend, it may be a trend that is happening more slowly than in other areas. There may be a larger number of people for whom internet banking or the lack of a physical facility would create a barrier. Again, that is a level of supposition; there is no evidence to necessarily substantiate that. Do you believe that it is important that evidence is produced, so that we can at least see whether the proportionate scale of reductions, for example, is one that is justified, and to show us the trends of where we are going in the future?

Ms McKeown: I think that that is absolutely right. From the research that we did in March, our sense was that consumers in Northern Ireland were physically accessing their branches. We do not know what comparable information is available for consumers and banking customers in GB, for example, but we know that there is frequent and high usage of access to branches in Northern Ireland. Just last week, we also had the conversation with the FCA in which we said that we believe that consumers in

Northern Ireland might have a more traditional view of their banking and were not moving to online banking as quickly as people in other parts of GB. Again, however, we do not have the evidence to support that. We also know, as Patsy McGlone said, that many people in rural communities simply do not have access to the internet. Broadband services are not high enough to enable them to have good access to it. So, even if you are a confident user, you cannot get access to online banking because of where you live.

Mr Weir: It could also be because of the circumstances of the person. I have a lot of sympathy for people in rural areas in that regard, but, sometimes, you can be isolated in a crowd. You can have an elderly person, for instance, living in a house that is situated within row after row of streets, but their level of contact with the outside world, particularly with the internet world, could be non-existent.

Ms McKeown: And 25-4% of the population in Northern Ireland has numeracy and literacy difficulties. Sixty-seven per cent of people we surveyed told us that they go into the branch to do something that they feel cannot be done by phone, and 22% said that they are not comfortable using banking services online.

Mr Weir: I move, finally, to information gathering and evidence. I appreciate that the Consumer Council has been proactive in obtaining a certain amount of survey evidence. How do you think that evidence gathering should be taken forward? Should the onus for that be on the FSA? Should it be on the banks? Should it be a role for you? How do you see the plans for obtaining fairly reliable data on usage and taking it forward to gather that evidence?

Mr O'Donnell: We always strongly advocate going back to speaking to consumers and customers and finding out their views and expectations of the service. We will always need to continue and build that evidence base. There needs to be a bit more openness and transparency. We are happy to bring all our evidence to the table. I think that that gives the opportunity to bring the information from the banking sector and the FCA to find out where the issues are. We have to balance the need to make sure that businesses in the private sector are pushed forward as well, and, obviously, respect the needs of the consumer. That is where we need to have that bit more sharing of evidence and information to find out the true situation, because the truth may be in the middle somewhere.

Mr Cree: Good morning. Antoinette, you referred to the Financial Conduct Authority and your meeting with it, and to the fact that we still do not know very much about what happened last year in the Ulster Bank with the IT failure. What information have you received from that authority, or have you had promises of a response by specific dates?

Ms McKeown: That is a good question. As I said earlier, we were concerned that the UK Financial Conduct Authority had still not made any public determination a year to the date from when the IT system failed in Ulster Bank. Recently, we heard that the FCA had announced its intention to conduct what is known as an enforcement investigation on the matter. We fully recognise that regulators need to follow due process in any investigation or enforcement action. There will be times when they cannot publish certain information that may fetter their discretion or their ability to take that enforcement action. However, we believe that evidence-based information that has been found in respect of last year's Ulster Bank crisis, which is of public interest, needs to be put into the public domain to restore the confidence that we all want to see in our banking system. If the IT system is going to fail, you are not going to get people using online banking or being confident in it, so it is directly relevant to what we are here to discuss today.

We raised issues about some of the fundamental questions that consumers have about how this happened to such an extent in Northern Ireland. We have continually pressed the FCA to recognise that we had a protracted crisis for three months in Northern Ireland, which was much longer than what happened in GB. Why did it happen? Why did the major incident plan fail so miserably? We know that IT failures happen, but the response to it caused the further crisis. We want some assurances that, if ever we have an IT failure again, we will not have that protracted period when people simply cannot access their cash. Those are fairly basic questions. We sought basic assurances from the FCA on behalf of consumers in our 'Payment Pending' paper. We put those to it again last week, and we got a commitment that it will provide us with clarification on the information that it is making available to consumers. However, that is basically as much as we have got at this point. We believe that there is information that is in the public interest and must be published, and the FCA should find a way of doing that that does not fetter its legal requirements regarding investigation or enforcement action.

We also raised with the Financial Conduct Authority its lack of communication and lack of understanding of why Northern Ireland consumers need that assurance, given its statutory remit. It is important that the Financial Conduct Authority is an accountable regulator. It may be worthwhile for the Committees to ask it to give evidence on its statutory role to protect banking consumers, because I think it may be able to provide you with some of the answers that the rest of us cannot give you for definite.

Mr Cree: That is certainly a line that we will look at.

In the survey that you conducted, were you hoping to find some information that would explain why a lot of people would not now be interested in internet banking with the thought of losing access to their accounts for a period of time?

Ms McKeown: What we wanted to do in this simple set of questions for consumers was to identify whether consumers in Northern Ireland are willing, confident and able to use online banking. That was a direct response to the banks saying that there was a change in consumer behaviour. There is a lack of evidence for that. We will continue to engage with consumers on our personal current account manifesto to build on the layers that we need. If, for example, 67% feel that they need access to their branch for services that they cannot do online, we need some further information on that. There is also an onus on banks to get the necessary information from their own local customers to identify the best service that they can offer. As Aodhan said, if all of us collect the information, it will tell a better story than just one of us collecting it.

Mr Girvan: I apologise for missing the start of your presentation. Have groups such as senior citizens' forums communicated to you anything about their concerns about what has happened, not just with Ulster Bank but throughout the whole banking sector? We have had the rationalisation of branches throughout; First Trust has closed quite a few branches as well. People have told me that they have had to move to another branch in another town, and they have had to find transport links to that town. I agree that a lot of people are not confident in using the internet. I am a recent convert to internet banking, and I have very serious reservations about it. What happened with the Ulster Bank gave no one any confidence in internet banking. There has been quite an aggressive process by some banks to attract new business customers. That has also exacerbated the Ulster Bank problem, because I am aware that some people, as soon as they had the opportunity, jumped ship. That is something we will have to look at. Have you had any feedback about access to banking, not only because of lack of internet but because of lack of public transport and the additional costs associated with that?

Mr O'Donnell: We could break this down into more detail. We are talking about online and physical access, and remoteness. I fully take the point that remoteness does not necessarily have to mean rurality with respect to access to bank branches. It can be just as much an urban issue as a rural one. Throughout our work, we have engaged, especially with older consumers, through organisations such as Age Sector Platform. Often, when you speak to consumers, it is not just about the issue of access to the bank that comes up; it is the public transport links, energy costs and the whole package of pressures that is coming on top of people at the present. They are struggling.

The other issue that you picked up on is consumer confidence. We have to clearly differentiate between what is termed "consumer proficiency" and access to online services. Banking is a very particular issue. We have a consumer proficiency report that shows that increasing numbers of people are willing to go online to buy goods and services. There is, however, much more sensitivity. Last year's IT problems have challenged that confidence and reduced it further. We must look at differentiating what we mean by "bank services" and "access to online bank services", because a person may be quite comfortable going on the internet to look at their bank balance, but less comfortable in making payments, switching money between accounts or paying a third party. That is where we need to break down the issue and realise that it is not just about the switch-over from traditional bank branches. It is about what services the bank is providing for consumers and their level of comfort and ability to access the service through another channel. I do not think that that has been bottomed out or has been made clear for consumers.

We talked about a transition period. That is needed in order to understand what the consumers' expectations of services are and how they can be supported through different changes. We talked about 70% of consumers not being comfortable. That may mean that banks will have to reorientate the services that they provide, or it could also mean that those consumers could be supported to be comfortable in using those services. So, there are two ways of tackling that. It is an issue that has to be broken down and looked at in a bit more detail. Those are key priorities for us.

Mrs Overend: We have had a very useful discussion this morning and have been through a lot of the issues that I was going to ask about. Considering all these proposed closures across the country, do you feel that you have a responsibility, or have you plans in place, to discourage those who are now unable to access banks, whether they are from the towns or from the rural areas, from hiding their money under the mattress as they used to do years ago? Do you feel that you have a responsibility to highlight that that is not the way to go?

Mr O'Donnell: The term "mattress money" has come up so many times on consumer panels. That is where there is a very close tie with and need to link in with the financial capability strategy that has just finished consultation. That is really to try to improve people's attitudes and behaviours with regard to money and money management, planning ahead and dealing with life changing events, circumstances and things like that. A massive programme of work is needed for financial education, capability and support. We need to get ahead of the curve and give people the skills and abilities to manage things before they get into difficulties and need more involved counselling, such as debt advice services. We need to get good behaviour. So, that is a programme of work that we have undertaken. Every year, we hold money weeks, which are all about giving people the information, confidence and support that they need to manage their money better. However, that all depends on the services being available and accessible. We need openness and transparency in communication from banks and institutions. We need to work on those two elements.

A lot of consumers do not realise that, come September when the seven-day switching period comes into operation, they will be able to switch their bank quicker than they will be able to switch their electricity or gas supplier. It is about trying to build consumer confidence to drive the market a bit more.

Mrs Overend: Perhaps they could link up with the PSNI to send out a key message to the older generation, for example, who might have banked under the mattress in years gone by and could revert to that.

Ms McKeown: As Aodhan said, it has been part of the Consumer Council's ongoing discussions with consumers.

I want to go back to something that is relevant to the point that Patsy McGlone made earlier. Everyone needs to have confidence in the banking system. There are consumers on low incomes who are not used to banking but whose social security payments are now being paid into a bank. We have seen examples where people who are not necessarily very financially capable are having to pay £25 or £30 in overdraft charges for going £3 into the red. There is an absolute responsibility on banks to have transparency of banking charges, as Aodhan mentioned, but also fairness. We talked about that before. The banks need to communicate that effectively to customers.

The Executive are committed to the financial capability strategy in order to grow consumer confidence and capability in this area. However, in the interim, if we are saying to people that it is more responsible to put their money into a bank, we have got to ensure that the banks are responsible in helping people to manage that money wisely and that they are not hitting them with a £30 charge for a £3 overdraft. We need to be mindful of that as well.

The Chairperson: We have been talking about rural branch closures but it is worth bearing in mind that a number of urban areas are affected as well. David and I know about the Ulster Bank branch at Harryville, but I am aware that customers and traders protested at Finaghy. There are efforts to regenerate Finaghy village and create a retail hub but Danske Bank and First Trust are withdrawing their branches, which will have an effect on those efforts.

That point applies to rural areas as well. If there are no banks in a particular town or village, business owners might want to locate in a town where they can walk down to a local branch.
Do you agree with that?

Ms McKeown: Absolutely. As Aodhan said, we recognise that people can be equally as isolated in the city as they can be in a rural community. As Paul said, it is about physical access. People may not be able to get a bus to a branch because there may not be a bus going to that particular town or village where the remaining branch is open. Again, the overview is what is needed.

Mr O'Donnell: You mentioned Finaghy, and two different bank branches are closing in Dromore as well. When you overlap that, you can see where there is a double impact for consumers.

The Chairperson: There are enough opportunities for banks. There is a view that they are operating in silos, but if there are three banks in a town like Ballymoney, for example, would one of those banks not see the other two closing as an opportunity to bring that business in?

Ms McKeown: Absolutely. There is an argument about how we increase competition in banking throughout the UK. In Northern Ireland, you could say that, if one branch remains open in a local community, it may be more attractive. However, if the customer does not know about the differentiation in the products and services that are being offered across those banks, and there is a lack of confidence in switching because people are not sure that the bank will not lose some of their direct debits and other transactions in the switching process, it creates apathy or uncertainty about that process. Banks should be providing differentiated services and products and using that as an opportunity to attract new customers. We are not seeing that as much we would maybe like to.

The Chairperson: It would be useful to have a leaflet that outlines a step-by-step process for changing bank accounts. That would simplify it for people and empower them in their engagement with the banks.

Ms McKeown: That is available, and we can send it. Equally, we can send additional information on the Payments Council's switch guarantee service, to which all Northern Ireland banks have signed up. It is being introduced in September. It is a seven-day guaranteed hassle-free service. We are hopeful. Alongside that, we are calling on banks to provide the differentiation of services and information on their services to enable people to compare and decide what is the best choice for them. You need both.

The Chairperson: Aodhan and Antoinette, thank you very much again.