



Northern Ireland  
Assembly

## Research and Information Service Briefing Paper

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# The Current Financial Services Landscape in Northern Ireland: preliminary considerations

**RaISe**

This Briefing Paper presents an overview of the current financial services landscape in Northern Ireland, highlighting key themes concerning access to cash services for customers, following recent bank branch closures.

This information is provided to Members of the Legislative Assembly (MLAs) in support of their duties, and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as professional legal advice, or as a substitute for it.

## Key Points

- The most currently available, in-depth analysis of the Northern Ireland financial services sector was published in 2020 by the Department for the Economy.
- That report identified banking as the largest financial services employer with 10,000 staff working in 355 sites. Whilst banking counts for the majority of employment and office locations, the Fintech subsector is responsible for 15% of employment despite having a share of less than 2% of offices. According to the 2020 report, almost three quarters of all financial services roles in Northern Ireland were back/middle office facing.
- Analysis from the Consumer Council Northern Ireland in 2023 showed that across Northern Ireland, 166 electoral wards have two or more banking services within their boundaries, 187 have just one banking service and 109 have no banking service at all.
- The number of cash access points across all types in Northern Ireland (16,000) is below Scotland (50,000) and Wales (27,000).
- Two thirds of rural dwellers living in the Antrim and Newtownabbey District Council area, live more than one mile from free access to cash.
- In all District Council areas, with the exception of Belfast City and Ards & North Down, roughly half of the people living in a rural location are more than one mile away from free access to cash services.
- In December 2021, the Bank of England reported that transactional cash use has fallen from over 50% of payments in 2010 to only 17% of all payments in 2020.
- An analysis of bank closures across Northern Ireland from 2020 to early 2023 noted that 21% of consumers have seen their local bank close within the last three years.
- The Financial Services and Markets Act 2023 (FSMA 2023) gives the Financial Conduct Authority (FCA) and the Bank of England powers to regulate retail cash access and wholesale cash distribution respectively.

- In 2024, United Kingdom banks have committed to set up 350 banking hubs over the next five years to provide face-to-face high street services following the closures of local branches.
- In Northern Ireland, banking hubs are planned in Kilkeel, Newcastle, Comber, Warrenpoint and Portrush. However, at the time of writing only the Kilkeel and Portrush hubs are operational.
- Credit Unions, Mutual and Community banks all have the potential to maintain access to cash services across Northern Ireland.
- FCA research has found that living in Northern Ireland makes an individual over twice as likely to rely on cash than a similar individual in England. Additionally, not being in employment, being permanently sick/disabled or being retired makes an individual 83% more likely to rely on cash than average.
- Digital banking, and in particular, digital security features, such as card readers and passwords, can be difficult for older and disabled people.

## Introduction

This Briefing Paper, prepared for the Committee for Finance (the Committee), provides preliminary considerations arising from the current financial services landscape in Northern Ireland. It focusses on key themes concerning access to cash services for customers, following the recent closures of many bank branches in Northern Ireland.<sup>1</sup> Section 1 sets out the Northern Ireland financial services landscape, including information on the availability of banking services (Post Offices and Bank Branches) across Northern Ireland. Section 2 further highlights the number of cash access points and the population's proximity to "Free to Use" cash access points across urban and rural areas in Northern Ireland.

Thereafter, for additional context, Section 3 outlines the decline of cash and banking services over the past decade and includes a breakdown of bank and post office branch closures across Northern Ireland from 2020 to early 2024. Section 4 discusses legislative attempts in recent times that have aimed to maintain access to cash services across the United Kingdom. It also considers the role of banking hubs, credit unions and community banks in that regard. Section 5 summarises potential issues for consideration by the Committee in light of the branch closures and the changing financial services landscape in Northern Ireland. The Paper concludes with some key take-aways.

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<sup>1</sup> Whilst acknowledging that banking is a Reserved matter, the Committee agreed at its [meeting on 25 September 2024](#) to examine issues in relation to financial services in Northern Ireland, in the light of recent bank closures here.

# 1 The Northern Ireland Financial Services Landscape

By way of context setting, this section features the most current in-depth analysis of the Northern Ireland financial services sector; published in 2020 by the Department for the Economy (DfE). It also highlights the availability of banking services (Post Offices and Bank Branches) across Northern Ireland.

## 1.1 Mapping Northern Ireland's financial services sector

In 2020, the DfE commissioned OCO Global to complete an analysis on the types of financial services activity occurring in Northern Ireland, including back office and middle office support service functions. The subsequent report, [Mapping Northern Ireland's Financial Services Sector](https://www.economy-ni.gov.uk/publications/mapping-northern-irelands-financial-services-sector), confirmed that the Northern Ireland Financial Services sector is a key contributor to the local economy in terms of employment and growth. That report identified four key sectoral areas with a particular impact on the local economy, namely:<sup>2</sup>

- banking
- insurance
- fintech and outsources solutions
- financial advisors, mortgage brokers and credit providers

Table 1 below presents a summary of these sectors including the OCO Global commentary taken from the 2020 report:

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<sup>2</sup> DfE(2020) *Mapping Northern Ireland's Financial Services Sector*: <https://www.economy-ni.gov.uk/publications/mapping-northern-irelands-financial-services-sector>

Table 1: OCO Global analysis of Northern Ireland Financial Services<sup>3</sup>

Sector	OCO Global Commentary
<b>Banking</b>	<i>Largest of FS Sectors in terms of employment and office presence . NI's 4 indigenous 'pillar' banks provide a large level of employment (around 5,000) distributed roughly 50:50 across their large branch networks and back and middle office HQs in Belfast. Range of back office activity from international presence. The continued emergence of digital and remote technologies is reducing demand and requirement for face to face interactions with branch staff. In the coming years branches and front office staff numbers are likely to decline.</i>
<b>Insurance</b>	<i>The Insurance industry in NI is comprised of a number of indigenous, GB based and internationally owned providers. Additionally, there are a large number of insurance brokers selling a range of insurance products across health, house, vehicle, business, pet, etc. A relatively new subsector (Insurtech) is also present here with large employment and innovation. The main cluster of employment and branches can be found in Belfast but large Insurtech operations provide significant employment in Londonderry and Strabane.</i>
<b>Fintech and Outsourced Solutions</b>	<i>NI FinTech and Outsourced Solutions – Belfast increasingly finding itself as a home of large multinational firms. NI's Fintech subsector is based primarily in Belfast city centre but significant operations in Newry and Londonderry show large centres of employment. FinTech – Invest NI commonly state the number of FinTech companies as being around 80-100 however the majority of these are made of start-ups. In reality there are 15 established companies employing around 5,485.</i>
<b>Financial Advisors, Mortgage Brokers and Credit Providers</b>	<i>NI is home to a large number of financial advisory and wealth management firms (around 90 firms employing 485 staff). These companies range in size from micro 2-3 people operations to offices of large global companies. Employment activities tend to be split among customer facing advisors and back office admin support staff. Mortgage brokerage is another large subsector in NI with some 40 companies employing around 715. Much like the financial advisor structure, much of the employment is split between customer facing advisors and back office support. Dedicated credit providers employ around 953 in NI across 25 companies. NI has a large network of Credit Unions throughout the province so overall employment by branch is relatively small.</i>

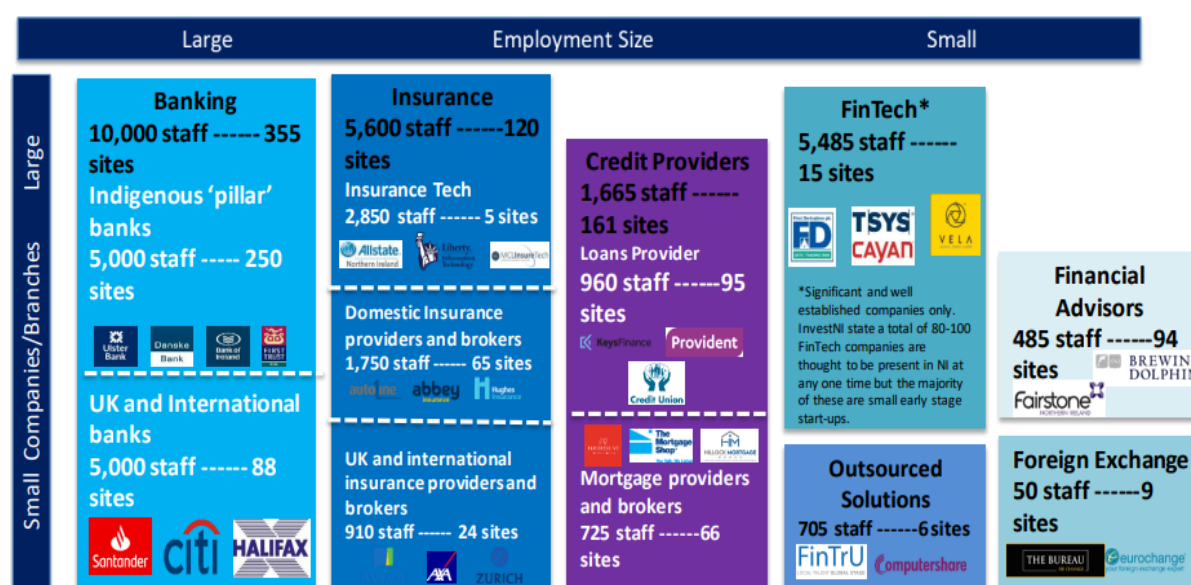
Source: DfE (2020)

<sup>3</sup> DfE(2020) Mapping Northern Ireland's Financial Services Sector: <https://www.economy-ni.gov.uk/publications/mapping-northern-irelands-financial-services-sector>

## Employment

With regard to employment, the 2020 report identified banking as the largest employer with 10,000 staff working in 355 sites. The four “indigenous pillar” banks, namely, [Ulster Bank](#), [Danske Bank](#), [Bank of Ireland](#) and [Allied Irish Bank \(AIB\)](#) account for 5,000 staff at 250 sites. United Kingdom and international banks such as [Halifax](#), [Citi](#) and [Santander](#) also account for 5,000 staff, but at fewer sites (250). Figure 1 below, taken from the report, presents the overall employment activity across the noted financial sectors:

Figure 1: Employment across Financial Sectors in Northern Ireland<sup>4</sup>



Source: DfE 2020

Key findings from the 2020 report confirmed that the Financial Services sector is a significant contributor to the local economy with a presence spread throughout Northern Ireland. According to the report, whilst banking counts for the majority of employment and office locations, the Fintech subsector is responsible for 15% of employment despite having a share of less than 2% of offices.<sup>5</sup> Furthermore, the report presents economic activity broken down by

<sup>4</sup> DfE(2020) *Mapping Northern Ireland's Financial Services Sector*: <https://www.economy-ni.gov.uk/publications/mapping-northern-irelands-financial-services-sector>

<sup>5</sup> As cited directly above.

three key categories, namely front office, middle office and back office. Table 2 below, shows that in 2020 nearly three quarters of all financial services roles in Northern Ireland were back/middle office facing:

**Table 2: Northern Ireland Financial Services Activity broken down by office role<sup>6</sup>**

Activity	Description	Roles	Percentage
<b>Front Office</b>	Primarily client facing roles including; cashiers and financial advisors.	6,750	28%
<b>Middle Office</b>	Skilled roles that occur out of sight of customers that are directed towards management and operations including; senior management and risk teams.	8,950	37%
<b>Back Office</b>	Supporting roles that assist with customer engagement and company function including; contact centre staff, technology developers and HR.	8,290	35%

Source: DfE 2020

## Invest Northern Ireland Overview

Northern Ireland's business development agency, Invest Northern Ireland, also provide an overview of the financial services sector expertise, including digital technologies such as fintech, cyber security and AI. For greater explanation of that overview, a summary is presented in two tables at Appendix 1 of this Paper.

## 1.2 Banking Services in Northern Ireland

In June 2023, the Consumer Council Northern Ireland (CCNI) published [Access to Banking Services in Northern Ireland](#), an analysis of bank closures across Northern Ireland from 2020 to early 2023. That CCNI report included a map representing the availability of banking services (Post Offices and Bank

<sup>6</sup> DfE(2020) *Mapping Northern Ireland's Financial Services Sector*: <https://www.economy-ni.gov.uk/publications/mapping-northern-irelands-financial-services-sector>

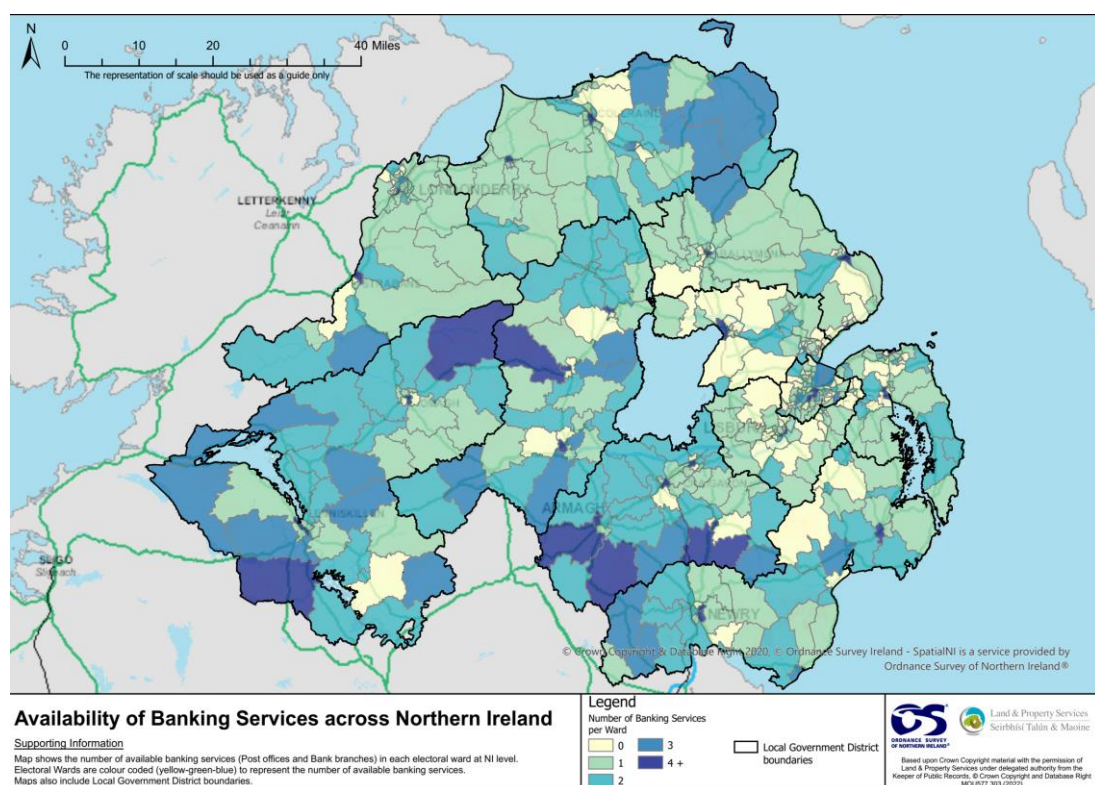


Branches) across Northern Ireland's electoral wards. That map is reproduced below at Figure 2. The CCNI explain the colour coding on the map as follows:<sup>7</sup>

*[the map] below indicates the availability of banking services across Northern Ireland. The map is split into electoral wards which are colour coded depending on the number of banking services available within each ward. The darker the ward, the more banking services available (yellow = 0 services, dark blue = 4 or more services).*

As we see from Figure 2 below, out of a total of 462 electoral wards, 166 have two or more banking services within their boundaries, 187 have just one banking service and 109 have no banking service at all:

**Figure 2 Banking Services in Northern Ireland (Post Offices and Bank Branches)<sup>8</sup>**



**Source: CCNI (2023)**

<sup>7</sup> Consumer Council Northern Ireland (2023) *Access to Banking Services in Northern Ireland*: <https://www.consumercouncil.org.uk/research/access-banking-services-northern-ireland>

<sup>8</sup> As cited directly above.

## 2 Access to Cash in Northern Ireland

This section highlights the number of cash access points and the population's proximity to "Free to Use" cash access points across urban and rural areas in Northern Ireland.

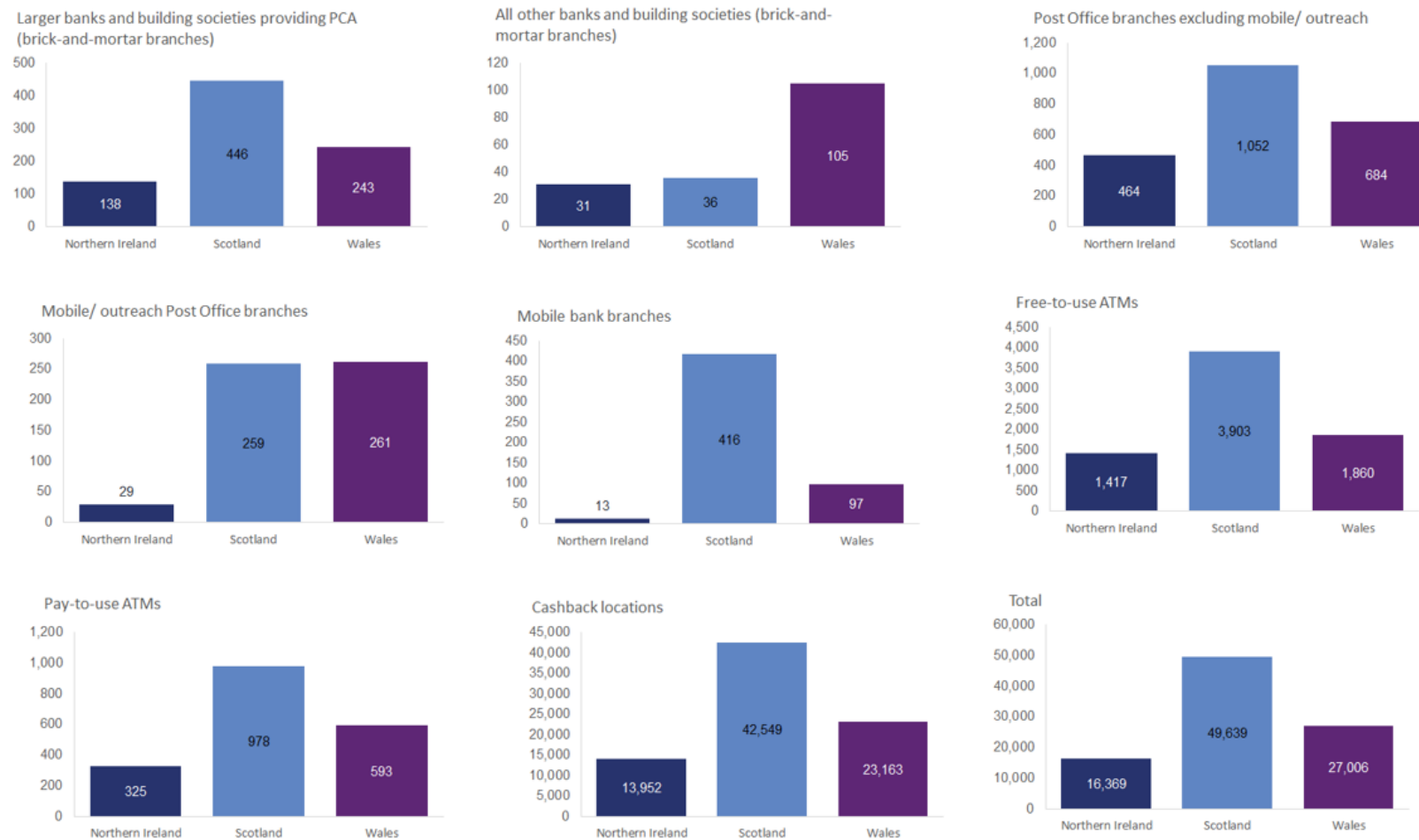
### 2.1 Number of Cash Access Points

In Northern Ireland, cash is made available to customers from a range of commercial entities such as banks, post offices, shops, either in person (over the counter) or from an Automated Teller Machine (ATM). Each year the Financial Conduct Authority (FCA) collects quarterly data on access to cash. Those data capture the locations of cash access points and other relevant information, such as temporary closures, opening hours, and accessibility. Moreover, it covers brick-and-mortar, mobile bank, and building society branches, ATMs, and the Post Office network. At the time of writing, the most recently available data for Northern Ireland in this sector are for the second quarter (Q2) of 2023.<sup>9</sup>

Figure 3 below shows the number of cash access points in Northern Ireland, Scotland and Wales using the Q2 2023 FCA data. It shows that the number of cash access points across all types in Northern Ireland (16,000) is below Scotland (50,000) and Wales (27,000). This is perhaps unsurprising given the regions' relative population sizes. However, the number of mobile/outreach Post Office branches in Northern Ireland (29) appears relatively small when compared to those in Scotland (259) and Wales (261). Similarly, the number for mobile bank branches in Northern Ireland (13) is considerably lower than those in Scotland (416) and Wales (97).

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<sup>9</sup> <https://www.fca.org.uk/publications/data/access-cash-coverage-uk-2023-q2>

**Figure 3: Number of cash access points by type and region<sup>10</sup>**

Source: FCA (2024)

<sup>10</sup> <https://www.fca.org.uk/publications/data/access-cash-coverage-uk-2023-q2>

## 2.2 Proximity to “Free to Use” Cash Access points

Findings from the 2023 Q2 FCA survey also show that for access to larger banks and building societies providing Personal Current Accounts (PCA) and Post Offices, 79.6% of the overall population of Northern Ireland were within 1 mile of a free-to-use<sup>11</sup> cash access points offering deposits.<sup>12</sup> This is considerably lower than the figure for the United Kingdom overall population (92.4%). With regard to the rural population, in Northern Ireland, 51.5% of people were within 1 mile of a free-to-use cash access point. Again, this is considerably lower than figure for the United Kingdom rural population of 70.7%. For the urban population, the Northern Ireland figure (96.4%) is much closer to the equivalent United Kingdom percentage (97.4%).

The 2023 Q2 FCA survey also includes data at Northern Ireland District Council level. Figure 4 below presents the percentage of people living in a rural and urban areas in each District Council area, that live, within a one and three mile proximity, to a “free to use” cash access point.

As Figure 4 shows, just over one third (34.24%) of people living in rural areas in the Antrim & Newtownabbey council area, live within one mile of a “free to use” cash access point . In other words, two thirds of rural dwellers in Antrim and Newtownabbey live more than one mile from free access to cash.

In all District Council areas, with the exception of Belfast City and Ards & North Down, roughly half of the people living in a rural location are more than one mile away from free access to cash services.

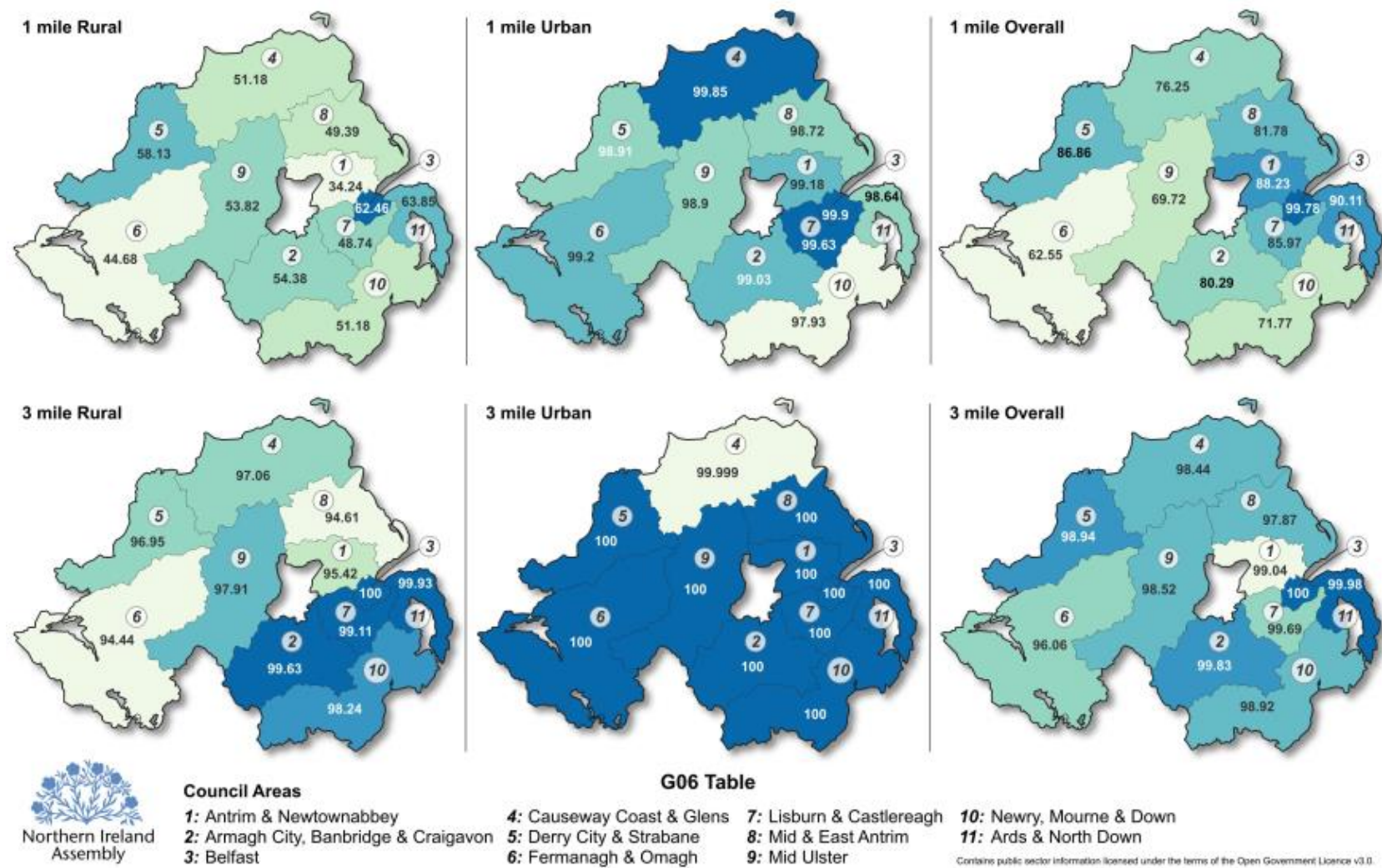
With regard to a proximity of three miles, just over 5% of rural dwellers in Antrim & Newtownabbey; Mid & East Antrim; and Fermanagh & Omagh District Council areas live more than three miles from a free cash access point. Whilst this figure appears small, the inconvenience for these individuals may be considerable.

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<sup>11</sup> Customer can access cash free of charge from an ATM or over a post office or bank counter.

<sup>12</sup> FCA (2024) *Access to cash coverage in the UK 2023 Q2*:  
<https://www.fca.org.uk/publications/data/access-cash-coverage-uk-2023-q2#note-2>

Figure 4: Proximity to Free to Use Cash Access Points. Rural and Urban Populations





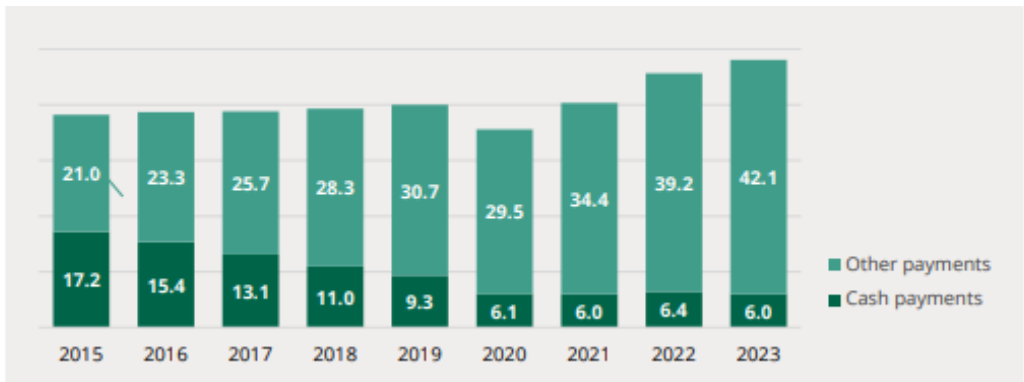
### 3 The Decline of Cash and Banking Services

This section outlines the decline of cash and banking services over the past decade and presents analysis of bank and post office branch closures across Northern Ireland from 2020 to 2024.

#### 3.1 The Decline of Cash

In December 2021, the Bank of England reported that transactional cash use has fallen from over 50% of payments in 2010, to only 17% of all payments in 2020.<sup>13</sup> In February 2024, the Financial Times stated that by 2032, it is projected that cash use will halve, with only 7% of payments expected to be made using cash.<sup>14</sup> Figure 5 below shows the decline in cash as a payment from 2015 to 2023. As Figure 5 shows, the value of cash payments has steadily declined from £17.2 billion in 2015 to only £6 million in 2023. In percentage terms, cash payments in 2023 accounted for only 12% of all payments:

Figure 5: Payments by cash and other methods, United Kingdom 2015-2023<sup>15</sup>



Source: House of Commons Library (2024)

<sup>13</sup> Bank of England (2021) *Update on the future of Wholesale Cash Distribution in the UK*: <https://www.bankofengland.co.uk/paper/2021/update-on-the-future-of-wholesale-cash-distribution-in-the-uk#chapter-3>

<sup>14</sup> Financial Times (2024) *Bank of England says cash still 'hugely relevant'*: <https://www.ft.com/content/4197b85a-d4a1-469b-9d7f-aa424363d506>

<sup>15</sup> House of Commons Library (2024) *The future of local banking services and access to cash*: <https://commonslibrary.parliament.uk/research-briefings/cbp-9453/>

## Reasons for the decline

In July 2018, the [Access to Cash Review](#) was commissioned by [LINK](#),<sup>16</sup> as a response to the rapid decline in cash use, *among growing concerns about whether we're leaving people behind who can't use or access cash in an increasingly digital society*.<sup>17</sup> The review's final report, published in 2019, noted the following reasons for the decline in cash throughout the United Kingdom:

- increased acceptability of cards
- loss of faith in digital payments because of repeated systems failures
- shops and others stop accepting cash
- increased use of online shopping
- increased use of cards, mobile apps on public transport
- problems and costs of processing and banking cash for retailers
- accelerated closure of bank branches and ATMs.

## Impact of Covid-19

The Covid-19 pandemic and associated lockdowns have had a noticeable impact on the use of cash and the demand for cash in the United Kingdom. From the beginning of the pandemic in 2020, cash payments declined 35% since 2019.<sup>18</sup> In the same period, ATM withdrawals fell by around 60%. The Bank of England identified the following reasons for this decline:<sup>19</sup>

- lower overall levels of consumption
- higher online shopping
- consumers becoming more comfortable with contactless technology.

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<sup>16</sup> The United Kingdom's largest cash network.

<sup>17</sup> <https://www.accesstocash.org.uk/>

<sup>18</sup> Bank of England (2021) *Update on the future of Wholesale Cash Distribution in the UK*: <https://www.bankofengland.co.uk/paper/2021/update-on-the-future-of-wholesale-cash-distribution-in-the-uk#chapter-3>

<sup>19</sup> Bank of England (2021) *Update on the future of Wholesale Cash Distribution in the UK*: <https://www.bankofengland.co.uk/paper/2021/update-on-the-future-of-wholesale-cash-distribution-in-the-uk#chapter-3>

### 3.2 Bank Closures in Northern Ireland

As noted earlier in this Paper (sub-section 1.2), in June 2023, the NICC published [Access to Banking Services in Northern Ireland](#), an analysis of bank closures across Northern Ireland from 2020 to early 2023. That report noted that 21% of consumers in Northern Ireland have seen their local bank close within the last three years.<sup>20</sup> Of these, 21%, over four fifths (84%), said the branch closure had an impact on them. The impact was particularly hard felt by consumers with a disability; 94% reported such closures had impacted them.

Figure 6 below shows branch bank closures 2020-2024. Highest number of branch closures over the period is in the Belfast City Council area. Outside Belfast, Newry, Mourne and Down saw the largest number over closures (11) over the period. Lisburn & Castlereagh, Mid Ulster and Mid & East Antrim all saw the smallest amount of branch closures, with four in each council area over the noted period:

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<sup>20</sup> Consumer Council Northern Ireland (2023) *Access to Banking Services in Northern Ireland*: <https://www.consumercouncil.org.uk/research/access-banking-services-northern-ireland>



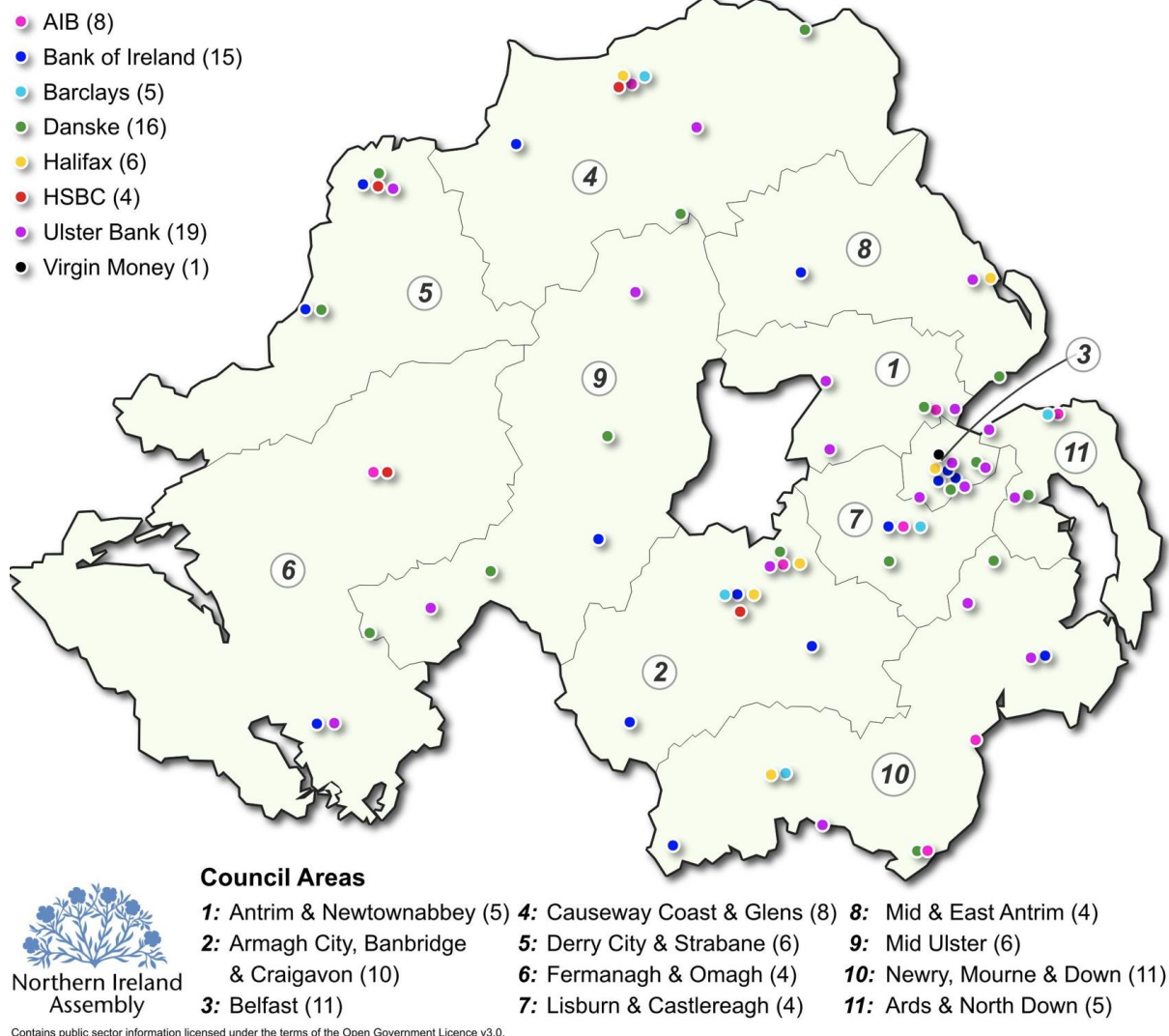
**Figure 6: Northern Ireland Branch Bank Closures****Bank Closures 2020-2024 (total: 74)****Source: LPS (2024)****3.2.1 Post Office Closures**

Figure 7 below presents the change in the number of post office branches across the United Kingdom, during the period between March 2022 and March 2023. It shows the number of Northern Ireland post offices fell by 1.6% in the period, the largest percentage drop in the United Kingdom:

**Figure 7 Post Offices Closures United Kingdom 2022-23<sup>21</sup>**

Number of post offices by UK region and country 2022 to 2023				
	2022	2023	Net change 2022-2023	% change
North East	499	494	-5	-1.0%
North West	1,093	1,121	28	2.6%
Yorks & Humber	957	959	2	0.2%
West Midlands	916	918	2	0.2%
South West	1,270	1,254	-16	-1.3%
South East	1,373	1,397	24	1.7%
London	687	716	29	4.2%
East of England	1,154	1,190	36	3.1%
East Midlands	883	873	-10	-1.1%
N. Ireland	502	494	-8	-1.6%
Scotland	1,334	1,316	-18	-1.3%
Wales	967	952	-15	-1.6%
<b>United Kingdom</b>	<b>11,635</b>	<b>11,684</b>	<b>49</b>	<b>0.4%</b>

Source: House of Commons Library (2024)

## 4 Maintaining Access to Cash Services

This section discusses legislative attempts in recent years that have aimed to maintain access to cash services across the United Kingdom. It also considers the role of banking hubs, credit unions and community banks in this regard.

### 4.1 Legislation to Protect Access to Cash Services

The [Financial Services and Markets Act 2023 \(FSMA 2023\)](#) received Royal Assent on 29 June 2023. Schedule 8 and Schedule 9 of the Act give the FCA and the Bank of England powers to regulate retail cash access and wholesale cash distribution respectively. The FCA describes FSMA 2023 as follows:<sup>22</sup>

<sup>21</sup> House of Commons Library (2024) *Post Office Numbers*:  
<https://commonslibrary.parliament.uk/research-briefings/sn02585/>

<sup>22</sup> FCA (2024) *Access to Cash Feedback to CP23/29 and final rules*:  
<https://www.fca.org.uk/publication/policy/ps24-8.pdf>

*It [FSMA 2023] gave us a new remit and powers for the purpose of ‘seeking to ensure reasonable provision’ of cash access services, meaning cash deposit and withdrawal services for personal and business current accounts. This includes access to both notes and coins, and access that is free of charge for consumers with personal current accounts.*

### **FCA rules on cash access**

The new FCA rules under FMSA 2023 came into force on 18 September 2024. Firms designated by the government (the largest banks and building societies) are now required to conduct local cash access assessments before closing branches and specifically outline:

- the firm’s decision to close a cash facility, or materially reduce cash access
- a non-designated person’s decision to close a cash facility, or materially reduce cash access (such as an independent ATM deployer removing an ATM)
- a cash access request from the public.

The local cash access assessments are to examine what facilities are available within the area, and the impact of service closures. These assessment processes are to be approved in advance by the FCA.<sup>23</sup> Where the assessments find an additional service is required, firms must implement this before closing the existing service or within set timeframes and inform consumers.

His Majesty’s Treasury (the Treasury) is required by Schedule 8 of FSMA 2023 to publish a Cash Access Policy Statement, which the FCA must consider when using its powers to ensure reasonable provision of cash access. In August 2023, the Treasury published its Cash Access Policy Statement, stating:<sup>24</sup>

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<sup>23</sup> LINK will continue its role in conducting assessments on the behalf of banks.

<sup>24</sup> [Cash Access Policy Statement - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/cash-access-policy)

*FCA analysis has found that at least 95% of people in “predominantly urban areas” of the UK live within one mile of cash deposit and withdrawal services. At least 95% of people in “predominantly rural areas” live within three miles of such services. The new arrangements would aim to maintain that situation but would also take account of such factors as hours of availability of cash services, travel and geographic factors, and demographic information relating to vulnerability.*

In summary, under FSMA 2023, the FCA now have the power to ensure that banks and building societies:

- assess cash access and understand if additional services are needed, when changes are being made to local services
- respond to local residents, community organisations and representative groups, who will be able to request an assessment of whether there are gaps in local cash access
- deliver reasonable additional cash services, where significant gaps are found
- keep facilities, including bank branches and ATMs, open until any additional cash services identified are available.

According to the FCA, gaps in cash access can be filled with a range of measures, including banking hubs, ATMs (including deposit ATMs) and Post Office facilities.<sup>25</sup> It is important to note that under FSMA 2023, the FCAs do not have the power to prevent the closure of bank branches. However, the new rules require banks to fully explain their decision to close, particularly in situations whereby closures will leave significant gaps in local cash access.

## 4.2 Banking Hubs

Banking Hubs in the United Kingdom are provided by [Cash Access UK](#), a not-for-profit company owned and funded by nine major high street banking

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<sup>25</sup> <https://www.fca.org.uk/news/press-releases/fca-confirms-plan-protect-access-cash-consumers-and-small-businesses>

providers (those are Bank of Ireland UK, Barclays, Danske Bank, HSBC UK, Lloyds Banking Group, NatWest Group, Santander, TSB and Virgin Money).

Cash Access UK describe a banking hub as follows:<sup>26</sup>

*.. a shared banking space on the high street. Hubs offer a counter service operated by the Post Office, where customers of all major banks and building societies can carry out regular cash transactions, Monday to Friday.*

It further explains that hubs also offer a [Community Banker](#) service where customers can talk to their own banking provider about more complicated banking issues. The Community Bankers work on rotation, with a different banking provider available on each day of the week. Community Bankers are usually provided by the banks or building society with the most customers in the local area.

To create a banking hub, members of the public or community groups can ask LINK, the organisation responsible for the United Kingdom's ATM network, to review their community's cash access needs. LINK then assesses whether the community needs a new cash service, taking into consideration the cash and banking services already available to the community. They also consider other factors, including the community's size and age profile, the number of local businesses, the take-up of digital services and the number of people who are likely to rely on cash.<sup>27</sup>

### **Banking Hubs in Northern Ireland**

In September 2024, the Financial Times reported that United Kingdom banks had committed to set up 350 banking hubs over the next five years, providing face-to-face high street services following the closures of local branches.<sup>28</sup> Also in September 2024, LINK announced 15 new banking hubs across the United

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<sup>26</sup> <https://www.cashaccess.co.uk/about-us/what-we-do/>

<sup>27</sup> <https://www.cashaccess.co.uk/about-us/how-to-apply/>

<sup>28</sup> Financial Times Online (12 September 2024) *UK banks commit to 350 high street 'hubs' to replace closed branches.*

Kingdom. Once implemented, that will increase the total number of planned hubs to 162, with 76 already open.<sup>29</sup> In Northern Ireland, banking hubs are planned in Kilkeel, Newcastle, Comber, Warrenpoint and Portrush. However, at the time of writing, only the Kilkeel and Portrush hubs are operational. The Committee may wish to maintain a watching brief in this area, including, but not limited to, contacting LINK to find out more information about the rollout of other proposed Northern Ireland hubs.

## 4.3 Credit Unions, Mutual and Community Banks

### Credit Unions

Credit unions in Northern Ireland are authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. They are not-for-profit financial cooperatives, owned by all of their members. Members enjoy equal rights to vote (one member, one vote) and participate in decisions affecting the credit union. Any surplus income generated by a credit union is used to develop the its services, or it is distributed among members in the form of dividends to savers or interest rebates to borrowers.

Loans and savings are insured at no direct cost to an eligible member. Credit unions offer flexibility regarding loan repayments. A loan can be paid back earlier without any penalties, or it can be restructured if there is a change in the borrower's circumstances.

Credit unions offer a [nomination](#) facility, whereby members over 16 years of age can nominate who is to receive the money in their accounts upon death. Having a nomination means that money remaining in such accounts (up to a maximum of €27,000 in Republic of Ireland or £20,000 in Northern Ireland) will not have to pass through probate or intestacy process. A credit union's board of directors is

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<sup>29</sup> LINK (2024) *LINK announces 15 new banking hubs as new Access to Cash regulations come into effect* : <https://www.link.co.uk/news/link-announces-15-new-banking-hubs-as-new-access-to-cash-regulations-come-into-effect>

drawn from within the its membership base. Board members are democratically elected at each credit union's AGM.

### **Mutual and Community Banks**

The terms "Mutual Banks" and "Community Banks" are often used synonymously to describe regional banks, that address the financial needs of small businesses, individuals and community groups in their locality. They also have a remit to invest more ethically than commercial banks, being regional anchor institutions held in trust for the benefit of their members.<sup>30</sup>

In the United Kingdom, the [Community Savings Bank Association](#) (CSBA) have developed a banking model package for starting a regional mutual bank, including the licensing process, financial modelling, agreements with key suppliers, legal forms and constitutional documents for a customer owned bank. These have been agreed and registered with the FCA as model rules. The CSBA suggest the investment capital necessary to establish a regional mutual bank is approximately £20 million (m).<sup>31</sup>

In Northern Ireland, campaigners are working to establish [The Northern Mutual](#), a regional mutual bank using the CSBA banking model. The Northern Mutual campaign is part of a plan for 19 regional banks across the United Kingdom. At the time of writing, work remains to be done to finalise the first regional mutual bank in Northern Ireland. However, the CSBA report that:<sup>32</sup>

*The first steps have been taken to making a customer owned bank a reality. Northern Mutual Limited has been formed and a team of people put together to take this forward.*

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<sup>30</sup> <https://cles.org.uk/what-is-community-wealth-building/the-principles-of-community-wealth-building/making-financial-power-work-for-local-places/mutuals-and-community-banks/>

<sup>31</sup> NICVA(2024) A Regional Mutual Bank for Northern Ireland <https://www.nicva.org/article/a-regional-mutual-bank-for-northern-ireland-webinar>

<sup>32</sup> <https://www.csba.co.uk/region/northern-ireland/>



## 5 Issues for Consideration

The section summarises potential issues for consideration by the Committee in light of the branch closures and the changing financial services landscape in Northern Ireland

### 5.1 Reliance on Cash

In 2024 the FCA published research on the characteristics associated with cash reliance.<sup>33</sup> That research noted several reasons for individuals relying on cash, including convenience, trust and help with budgeting. The 2024 FCA research also noted that:

*...being digitally excluded, measured through an individual having low digital capability or poor digital access, makes an individual over 4 times more likely to rely on cash than an individual who is not digitally excluded.*

And:

*...being in a low-income household, measured through having an annual household income of less than £15,000, makes an individual almost three times as likely to rely on cash.*

The 2024 FCA research also stated that one of the characteristics associated with a reliance on cash was geographical area. With regard to living in Northern Ireland, the FCA research stated:<sup>34</sup>

*We find, on average, that living in Northern Ireland makes an individual over twice as likely to rely on cash than a similar individual in England.*

And:

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<sup>33</sup> FCA (2024) *An empirical analysis of characteristics associated with cash reliance in the UK*: <https://www.fca.org.uk/publications/research-notes/empirical-analysis-characteristics-associated-cash-reliance-uk>

<sup>34</sup> As cited directly above (page 13)



*...the average annual withdrawal per adult in Northern Ireland is £2,340, compared to an overall UK average of £1,484. The average withdrawal amount per year is also higher than the average in London, Scotland, and regions in the north of England.*

Additionally, the FCA research found that on average, not being in employment - for example, being unemployed and looking for work, being permanently sick/disabled or being retired - makes an individual 83% more likely to rely on cash than average. In summary, according to the FCA 2024 research, the following groups all are more likely to rely on cash:

- the digitally excluded
- low-income households
- people living in Northern Ireland
- the unemployed
- the sick/disabled
- retired people

## 5.2 Digital Banking: Older and Disabled Customers

In 2022, AgeUK commissioned Ipsos to carry out a survey of over 65s across Great Britain. The subsequent report [You can't bank on it anymore](https://www.ageuk.org.uk/our-impact/policy-research/publications/reports-and-briefings/), published in 2023, noted that while the majority of older people do bank online (58%), there are a significant number who are not able to do so. Nearly one third of those surveyed, (27%), managed their accounts *via* a branch or other physical location (for example, a Post Office). Moreover, the same proportion – but not necessarily the same people – visited a bank branch at least once a month. Only 14% of the 85+ age group banked online, with 58% relying on face-to-face banking.<sup>35</sup>

The report also noted that banking hubs may provide a solution for many older people. Results from the survey showed that 49% of respondents said they

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<sup>35</sup> AgeUK (2023) *You can't bank on it anymore*: <https://www.ageuk.org.uk/our-impact/policy-research/publications/reports-and-briefings/>

would be comfortable managing their money from a banking hub. However, 26% said they would not be comfortable.

### **Disabled People**

In 2023, the Research Institute for Disabled Consumers (RIDC) found that more than half (52%) of disabled bank customers felt branch closures had had a negative impact on their ability to access vital banking services. RIDC's survey found that 2,723 disabled customers found some face major obstacles when trying to manage their money. Digital security features - such as card readers and passwords - were particularly difficult for one in five of these people to use.

## 6 Concluding remarks

According to the most currently available, in-depth analysis of the Northern Ireland financial services sector, banking is the largest financial services employer in Northern Ireland, with 10,000 staff working in 355 sites in 2020. Whilst banking counts for the majority of employment and office locations, the Fintech subsector is clearly a growth area here, with Invest Northern Ireland hailing Belfast as the world's number 1 investment location for financial services technology inward investment projects (see Appendix 1 to this Paper).

However, access to cash services in Northern Ireland appears to be an issue for many. Based on the existing evidence highlighted in sub-section 2.2 of this Paper, it seems this is particularly felt among the rural population here with roughly half of the people living in a rural location being further than a mile away from free access to cash services. Furthermore, analysis undertaken by the CCNI in 2023 showed that across Northern Ireland, 166 electoral wards have only two or more banking services within their boundaries, and 187 have just one banking service and 109 have no banking service at all.

For more than a decade, the United Kingdom has seen a general decline in the use of cash (fallen from over 50% of payments in 2010 to only 17% of all payments in 2020). Additionally, an analysis of bank closures across Northern Ireland from 2020 to early 2023 noted that 21% of consumers have seen their local bank close within the last three years.

Furthermore, FCA research has found that in Northern Ireland an individual is over twice as likely to rely on cash than a similar individual in England. Additionally, not being in employment, being permanently sick/disabled or being retired makes an individual 83% more likely to rely on cash than average. Moreover, digital banking, and in particular digital security features such as card readers and passwords, can be difficult for older and disabled people.

In summary, the research examined in this Paper paints a bleak picture for those living in Northern Ireland who are more reliant on cash services.

However, new rules under the FSMA 2023, in operation since September 2024, empower the FCA to regulate access to cash services across the United

Kingdom. Added to this, the commitment of banks to create up to 350 banking hubs over the next five years must be welcomed by vulnerable groups reliant on access to cash to maintain their financial lives, and in turn, all other aspects of their lives. Banking hubs currently are planned for Kilkeel, Newcastle, Comber, Warrenpoint and Portrush. However, at the time of writing, only the Kilkeel and Portrush hubs are operational. Finally, Credit Unions, Mutual and Community banks all have the potential to help maintain access to cash services for all across Northern Ireland.

## Appendix 1: Invest Northern Ireland Overview of Financial Services

Table 3 below presents a summary of the Invest Northern Ireland overview of financial services in Northern Ireland:

**Table 3: Financial Services in Northern Ireland<sup>36</sup>**

Financial Sector	Area of expertise	Invest Northern Ireland Commentary
<b>Fintech</b>	<b>Banking and capital markets technology</b> <b>Data analytics and AI</b> <b>Payments and accounts</b> <b>Cyber security</b>	<i>Belfast is the world's number 1 investment location for financial services technology inward investment projects. (fDi Markets FT, 2023). Highest concentration of fintech employment in the UK - 1 in 5 people working across financial services and tech is working in fintech. (NI Fintech Ecosystem Report, 2020). Belfast is ranked in the top 3 Global Fintech locations of the future after London and Singapore. (fDi Intelligence Fintech locations of the Future 2019/20).</i>
<b>Asset and Wealth Management</b>	<b>Wealth management</b> <b>Actuarial services</b> <b>Fund administration</b>	<i>Home to a cluster of global wealth management, pensions and actuarial service providers. As part of the UK, Northern Ireland operates within its globally respected and robust regulatory framework. At the same time being located on the island of Ireland has also allowed Northern Ireland easier access to the Irish Financial Services market and enables the region to provide support services to firms in the International Financial Services Centre. Fund administration and depositary services firms including IQ-EQ and Ocorian, deliver fund accounting and admin, client services and compliance for on-shore and off-shore clients. Herbert Smith Freehills and A&amp;L Goodbody deliver a wide range of legal services and advice to clients in the funds and asset management space from Belfast.</i>

<sup>36</sup> <https://www.investni.com/international-business/our-sectors/financial-services>

<b>Banking and Capital Markets</b>	<b>Trading and banking technologies</b> <b>Risk management</b> <b>Regtech</b> <b>Data analytics and AI Broking services</b>	<p>Over 10,500 people employed in banking and capital markets. Global banks including Santander, BNP Paribas and Lloyds Banking Group have long-established customer service operations in Northern Ireland. Deep expertise in trading and banking technologies - over 2,000 software engineers and systems architects are developing trading technology platforms for global capital markets. Both Queen's University Belfast and Ulster University have trading rooms in collaboration with financial industry partners, offering dynamic learning environments for students to build skills and capabilities under real-time trading conditions. Northern Ireland-based companies are providing consulting services and solutions to Tier 1 investment banks across the globe, in a range of areas including risk and compliance, legal services and innovative technology.</p>
<b>Governance, risk and compliance</b>	<b>Risk management</b> <b>Anti-Money Laundering (AML) and Know Your Customer (KYC) processes</b> <b>Regulatory compliance</b>	<p>A strong cluster of companies developing and delivering governance, risk and compliance (GRC) technology solutions for the global banking, asset management and payments industries. Compliance teams and RegTech providers have developed deep expertise in a range of international regulations including MiFID, AIFMD, EMIR, FATCA and GDPR. A hub for AML/KYC, with significant regulatory risk and financial crime teams, as well as teams who specialise in ISDA negotiation, trade surveillance and disclosures.</p>
<b>Insurance and Assurance</b>	<b>Customer service</b> <b>Brokering</b> <b>Underwriting</b> <b>Insuretech</b>	<p>Belfast is the world's number 1 investment location for financial services technology inward investment projects. (fDi Markets FT, 2023) Highest concentration of fintech employment in the UK - 1 in 5 people working across financial services and tech is working in fintech. (NI Fintech Ecosystem Report, 2020). Belfast is ranked in the top 3 Global Fintech locations of the future after London</p>

		<i>and Singapore. (fDi Intelligence Fintech locations of the Future 2019/20)</i>
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Source: Invest Northern Ireland 2024

Furthermore, Invest Northern Ireland provide details of global leaders in the financial services sector with a presence in Northern Ireland. Table 4 below presents the Invest Northern Ireland commentary on these companies.

**Table 4: Global leaders with a presence in Northern Ireland** <sup>37</sup>

Company	Invest Northern Ireland commentary
<a href="#"><u>Aflac</u></a>	<i>Leading US insurance company Aflac established a Global IT and Cyber Security Innovation Centre in Northern Ireland in 2019 to support customers and market growth in the US and Japan. Teams in Belfast are providing technical expertise and operational support to Aflac's US cyber security and IT operations.</i>
<a href="#"><u>The ALLSTATE Corporation</u></a>	<i>America's largest publicly held personal lines, property and casualty insurer established its first NI centre in 1998 and today is Northern Ireland's largest IT Company with 2,400+ employees across two sites in Belfast and L'derry. Allstate NI covers the full life cycle of software design, development, maintenance and support. Specialist teams also work in telematics and analytics for fraud prevention and customer retention.</i>
<a href="#"><u>Citi</u></a>	<i>Leading global bank, Citi established a technology centre in Belfast in 2005 and has grown to over 2,900 employees providing professional services to 96 countries across the globe in 21 distinct functions including markets, legal, risk, HR, operations and technology. Citi have a range of opportunities available for graduates, apprenticeships, school leavers and people returning to work.</i>
<a href="#"><u>CME</u></a>	<i>Chicago based CME Group is the world's leading and most diverse derivatives marketplace. CME Group established its Technology and Support Centre in Belfast in 2012 and today it employs over 280 staff, undertaking software development, clearing operations, finance and digital marketing for the</i>

<sup>37</sup> <https://www.investni.com/international-business/our-sectors/financial-services>

	<i>Group's operations in London, Singapore, New York, &amp; Chicago.</i>
<a href="#"><u>Danske Bank</u></a>	<i>Danske Bank currently employs over 1,400 people in Northern Ireland across a diverse range of teams, from digital and robotics, to finance, legal and customer experience. Danske Bank alongside Catalyst Inc established the first dedicated Fintech hub in Northern Ireland in 2018 and the bank also offers higher level apprenticeships in association with Ulster University.</i>
<a href="#"><u>FinTrU</u></a>	<i>Founded in 2013, FinTrU is a multi-award winning Regulatory Technology company working on the global stage with the largest Tier 1 Global Investment Banks. Employing over 800 people across offices in Belfast, Derry/Londonderry, London and New York, FinTrU works with its clients' Legal, Risk, Compliance, KYC, and Operations departments to help them meet their regulatory needs and provides efficient and optimised solutions which are enabled by technology and its TrUDelivery methodology.</i>
<a href="#"><u>FD Technologies</u></a>	<i>FD Technologies is a group of data-driven businesses that unlock the value of insight, hindsight and foresight to drive organisations forward. The Group comprises KX, the leading technology for realtime continuous intelligence; First Derivative, a provider of technology-led services in capital markets; and MRP, the only enterprise-class, predictive Accounts Based Marketing solution. FD Technologies operates from 15 offices across Europe, North America and Asia Pacific, and employs more than 2,500 people worldwide.</i>
<a href="#"><u>Lloyds Banking Group</u></a>	<i>Lloyds Banking Group (previously Halifax) established a contact centre in Belfast nearly 25 years ago to meet increasing demand for telephone and internet based customer service. The centre has gone from strength to strength and now employs over 1600 people specialising in customer service excellence across a number of banking products and services.</i>
<a href="#"><u>Ocorian</u></a>	<i>In 2011, Ocorian, a global leader in corporate and fiduciary services, fund administration and capital markets, established a funds service operation in Belfast to service UK based funds, particularly in private equity, and renewable energy infrastructure. As part of a global network of offices, Ocorian Belfast fulfils a number of functions including Accountancy, Company Secretarial and Depositary.</i>



**TSYS**

*Headquartered in Georgia, USA, TSYS (a Global Payments Company) is a leading global provider of seamless, secure and innovative solutions to payment card issuers, in approximately 80 countries worldwide. Its solutions range from simple and reliable payment processing, to fully integrated, multichannel customer engagement platforms which facilitate payment security, acceptance, consumer programs, and analytics. TSYS's established an engineering division in Belfast in 2013.*

Source: Invest Northern Ireland 2024