

Post Office, ATM & Bank closures and their effect on Older People Briefing Paper January 2019



Introduction

The way people are accessing their money is changing. Whilst the increased use of technology and cashless services has been beneficial for many, there are still millions of people who rely solely on notes and coins for monetary transactions.

Cash usage has dropped dramatically over the past decade, by roughly a half, with the introduction of cashless payment methods and the increased use and security of online shopping. Furthermore, the UK has lost almost two-thirds of its bank branch network in the past 30 years, leaving a fifth of households more than 1.8 miles from their nearest current account provider. There have been 2900 branches close in the last 3 years alone.

As a result of these closures, there are now 'banking blackspots' where more than 200 communities in Britain already have poor ATM provision, or no cash machines at all, making many consumers reliant on access in nearby villages or towns. Moreover, the number of free to use ATMs are also in decline, 50 per month are being withdrawn from service with rural communities being affected more than towns and cities. Since the early 1980s the number of post offices has almost halved to 11,500.

Many older people have a strong preference for in-branch banking, with face-to-face services allowing the chance to talk to people – an important component of tackling loneliness in our communities. In-branch banking also offers peace of mind and the security of seeing bank transactions take place and receiving a paper record to prove it. Older people often prefer to deal in cash as they have a tangible asset when making a transaction.

While a minority of older people use internet banking, around a quarter (26%) of people aged 65 to 74 and around three-fifths (61%) of people aged 75+ do not regularly use the internet. Older people are more likely to be 'digitally excluded', without the skills or equipment to use online banking, particularly in rural communities where alternative ways of paying would be affected by poor infrastructure, facilities and lack of broadband.

The impact of closures on older people, towns and communities

- Those with mobility, physical or mental health problems might find it hard to use services or to even get to places where they could access services, as many libraries have also closed and the nearest one being further away.
- Debt management issues could rise, as budgeting is often easier with cash.
- There may be a loss of independence for those who use cash as a lifeline, particularly for those in difficult or abusive relationships.
- People are often charged more or excluded from services and credit when solely dealing in cash.

Are there plans to reverse this trend?

It is likely that closures will continue, with further digitisation and savings from reduced branch numbers. Whilst the post office is modernising and offering new banking services through the Bank of Ireland, public awareness of these services is low and it remains to be seen if it can offer a suitable banking alternative.

Additionally, the Post Office failed to meet 1 component of its 6 access criteria: namely that 95% of the population of every postcode district are within 6 miles of their nearest outlet. While there are some good 'digital inclusion' practices by banks, such as Barclays 'Digital Eagles', concern remains that not enough banks are considering the needs of current and future population of older people. Essentially, there needs to be some recognition that the needs of people as they age often change, and even an online savvy 65-year-old may choose to do things differently when they reach 85.

Save our Post Offices

The Post Office recently announced the plan to 'franchise' 74 Crown Post Offices. Conservative estimates suggest that some 800 jobs will be affected by this move – with the 'franchising' equating to almost one-third of the whole Crown network going over the WHSmiths. The CWU believes that franchising is simply privatisation by the backdoor and opposes this move. You can support the campaign via:
<http://www.saveourpostoffice.co.uk>.

Conclusion

Banknotes and coins are a necessity for millions of people, many of whom are struggling with debt or live in rural areas. The use of technology is linked to education, skills and geographical location, but people from deprived areas are likely to be further disconnected from essential services as closures continue and the digital skills gap widens.

If the post office network is unable to meet its own access criteria, it remains to be seen how it could take up the slack caused by the closure of free to use ATMs and bank branches and the UK risks sleepwalking into becoming a cashless society with millions of people disadvantaged as a result.

Further Information

- Which? (2018) - Can the Post Office really plug the gap as bank branches are shut down?

<https://www.which.co.uk/news/2018/11/can-the-post-office-really-plug-the-gap-as-bank-branches-are-shut-down/>

- HM Government (2018) – The Post Office

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7550>

- HM Government (2018) – Impact of ATM closures on towns and communities

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CDP-2018-0269>

<http://researchbriefings.files.parliament.uk/documents/CBP-7550/CBP-7550.pdf>

National Pensioners Convention
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