



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Pete Wishart MP
Chair, Scottish Affairs Committee
House of Commons
London
SW1A 0AA

19 December 2017

Dear Pete,

RBS branch closures in Scotland

Thank you for the invitation to appear before the Scottish Affairs Committee to give evidence on RBS Group's recent decision to close a significant part of its UK bank branch network.

I understand the frustration and disappointment felt by the committee, and by our colleagues and our constituents more widely. This was all too evident in the adjournment debate in which I took part, yesterday evening.

As a representative of a largely rural constituency, I appreciate the news will mean inconvenience for many communities, and that the Committee considers that this will be especially keenly felt by people in Scotland. On their behalf, it is right and natural for the Committee to press those who have taken the decision to justify their reasons for doing so.

However, each bank's branch strategy, including whether to open or close individual branches, is for the management team of each bank to determine. The Government does not intervene in these commercial decisions. As you will be aware, RBS Group retains its own board, which is responsible for strategic and management decisions. They have decided to announce the closures, in line with their strategy. To understand or challenge the bank's rationale, the Committee must do so by engaging with the management of RBS Group. This decision was theirs to take, and is therefore theirs to defend.

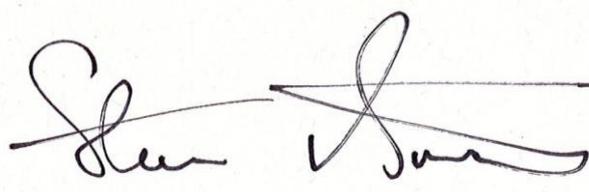
The Government recognises that changes in the way some customers choose to bank is, in turn, changing the way that banks provide banking services. Those changes do impact on customers who still need or want to bank in person, and the Government has supported action to help.

Earlier this year, the Government welcomed the implementation of improved face-to-face banking services at the Post Office, allowing 99 per cent of personal customers and 95 per cent of business customers to do their day-to-day banking in Post Offices across the UK. For that service to maximise its potential, customers must know about it and know how to use it, which is why I wrote to the Post Office and UK Finance last month to ask them to consider how, together, they can raise public awareness. I look forward to seeing those proposals in the new year and would be happy to update the committee on these plans in due course.

Second, the Government supports the industry's Access to Banking Standard. The Standard commits banks to give at least three months' notice of a closure and explain their decision clearly. They will consider what services can still be provided locally, and communicate clearly with customers about alternative ways to bank. They will also ensure that there is support available for customers who need extra help and have substantive discussions with MPs and other local stakeholders on the future of banking in the communities affected by closures. Since July this year, the Standard has been overseen by the independent Lending Standards Board, who will monitor how RBS Group fulfil their obligations.

Both initiatives have the Government's full support, and banks are aware that the Government expects their involvement to be genuine and unqualified. However, as neither initiative is the direct responsibility of the Treasury, I must on this occasion decline the Committee's invitation to discuss their operation.

The Government cannot reverse the changes in the market and in customer behaviour; nor can it determine firms' commercial strategy in response to those changes. However, the Government will continue to take positive action to maintain access to vital banking services and ensure banks support communities across the UK when their local branches close. I hope the Committee finds this letter helpful in understanding the Government's position.

A handwritten signature in black ink, appearing to read 'Steve Barclay', with a long horizontal line extending from the end of the signature.

STEVE BARCLAY