

Cynulliad Cenedlaethol Cymru
Pwyllgor yr Economi, Seilwaith a
Sgiliau
Mynediad at Fancio
EIS(5)AB26
Ymateb gan Principality Building
Society

National Assembly for Wales
Economy, Infrastructure and
Skills Committee
Access to Banking

Evidence from Principality
Building Society

Background

We've been a mutual building society for over 150 years, which means we're owned by and run for the benefit of our 500,000 Members both savers and borrowers. We don't have any shareholders to satisfy which means all of our profits are put back into the Society to provide safety, investment and create further value for our Members. Our purpose is to help people to prosper in their homes at every stage of life.

We have 53 branches, 17 agencies and 12 ATM machines across Wales and the borders and provide savings and mortgages to customers in Wales and beyond. 1,100 colleagues support our Members. Our branches are open 6 days a week Monday to Saturday and we have a telephone contact centre that operates between 8am -8pm Monday to Friday and 8am – 2pm on a Saturday.

Like most other Building Societies we operate a relatively simple business model that is concentrated on our core mortgage and savings products, this means that we don't operate any personal current accounts nor do we have a large network of ATMs that you might perhaps expect from a high-street bank.

We recognise the importance of being a responsible business for our Members, colleagues and wider society and are proud to be at the heart of high streets up and down Wales. Our branch network continues to play an integral part in their communities, with branch colleagues getting involved in projects and charity work.

We're the 6th largest building society in the UK. We've aligned everything that we do to our purpose of helping people to prosper in their homes at every stage of life. Our focus is to help people to get into a position to buy or rent a home and to stay in their homes for longer, help families to live healthy and active lifestyles, along with celebrating Welsh culture and heritage and help to improve the financial knowledge and understanding of young people and families.

Last year we helped more than 6,000 first time buyers purchase a home.

Our Response

The House of Commons briefing paper 385 published in October 2018 noted that the number of bank branches in the UK had reduced from 20,583 in 1988 to approximately 9,960 in 2017 and cited a number of reasons as to why this was happening, including financial innovation, the fall in demand of cheques as a payment means and the increased use of electronic payment services. Additionally, figures from the Building Societies

Association note that banks have closed over one in three branches (37%) since 2010, whilst over the same period building societies have closed less than a third of this (12%).

In Wales, in the last 10 years nearly half of all high street banks from the big four closed. In comparison in the same period the Society has opened 2 branches and 12 agencies and we continue to see an increase in customer numbers when nearby banking branches have closed. This suggests that consumers still value the opportunity to access face to face services and is qualified by the fact that our overall branch transactions for 2018 was up by 6%. We believe that our branches remain important to our older and younger customers, the most vulnerable members rely on the high quality face to face service.

Whilst we are at this time committed to our branch network, the long-term viability of our branches rests on continued use or providing new ways in which our Members can use our branches. One such example being our Principality Connected service which is a video conferencing facility which allows each of our 53 branches to provide members with remote access to a mortgage advisor 6 days a week. Other building societies continue to look at alternate ways in which to drive footfall to branches and make them more sustainable, for example developing partnerships with community organisations, extended opening hours and changes to branch layout to increase interactions. As a Society, the design of our branches is important to us, and therefore we have invested and continue to invest in the fabric of our branch estate to make them look and feel like home.

Of course, we acknowledge that some people would prefer not to have to go to a branch at all and outside of our branch network we are currently assessing our digital proposition as part of our technological transformation programme. This is to ensure that we are aligned to our business strategy of utilising digital solutions to 'provide convenient access and interact with customers through their channel of choice', whether this be through our existing branch network or in the comfort of their own homes. In this way, our digital proposition is designed to compliment and not replace the branch network.

Of course, branch closures and reduced services continue to take place across the UK and here in Wales but small businesses and communities in rural areas are particularly vulnerable to both financial and digital exclusion – a lack of broadband connectivity and digital skills prevent many from accessing alternative banking services online. It is also perhaps worthy of note that Wales has a relatively older population compared with the rest of regions across the UK. Our members continue to tell us that they value our branches, not only from an access to banking perspective but also from a social perspective. That social element of chatting to branch colleagues over a cup of tea is just as important to our Members as the general financial service we provide. Branches continue to be a valuable asset and our Members still value access to specialist knowledge, such as mortgage advice. Branches help buildings societies to know, understand, and build relationships with customers and as member-owned organisations, they are also important for engagement.

We recognise the importance of financial inclusion to provide access to and enable people to have the ability and tools to manage and save their money. We empower our colleagues with the knowledge and skills to help our Members make the right financial decisions.

We operate a vulnerable customer policy where our customer interacting colleagues have been trained to identify and support vulnerable customers. We recognise our responsibility of ensuring any Member who, due to their personal circumstances, is especially vulnerable,

is given the appropriate level of support. More than 400 of our colleagues have received dementia friendly training and we are committed to continue this going forward.

An important role of branches is to continue to do the right thing by the communities that we service, one element of this is the provision of financial education to school children across Wales. More than 5000 children have benefitted from our Business in the Community business class partnership and our participation in 'Let's talk money week' run by the Money Advice Service. The Society believes that it is vital we equip future generations with the knowledge and confidence to make informed financial decisions. Additionally, we are embarking on an ambitious programme to roll out a financial education qualification across Wales, which is currently being piloted with 7 schools and 1400 pupils in Carmarthenshire.

We recognise that the needs of communities will continue to change and therefore the support we provide will need to adapt in order that we continue to do the right thing by our communities.

Finally and with regards to the potential process, benefits and challenges with establishing a community bank with multiple branches in Wales. Establishing any form of bank within the UK can be both costly and time consuming and for this reason we believe that it is likely to be unviable without major subsidies, at which point a question will need to be asked, as we do with our members' money as to whether this is the best use of resource. We believe that there are other less costly solutions available that would help address the issues of financial inclusion for example the 'financial hubs' proposed within the recently published Treasury Select Committee paper on consumers access to financial services.