

# Bank North's regional approach can refill roles vacated by UK's high-street players

## Article

**The news:** Bank North is doing a regionally focused roll out after obtaining a restricted license from the UK's Prudential Regulation Authority (PRA). The bank will start lending in

October and plans to accept retail deposits in 2022 after the license's restrictions are removed, per the Financial Times.

**More on this:** The newcomer, which focuses on small and medium-sized businesses (SMBs), will initially lend to SMBs located in and close to Greater Manchester, the FT reported. Bank North said it will operate regional “pods” with dedicated employees.

Operations will be run locally, including tailored loans and lending decisions for borrowers. Bank North also aims to **speed up financing delivery to borrowers by as much as 10 times** what's typical for the industry.

Bank North is the latest upstart in a series of newer UK banks that take a regional approach rather than a national approach, per the FT. Other recent examples include:

- **Birmingham Bank**, which opened earlier this year
- Newcastle-based **GBB**
- Scotland-based **Alba**

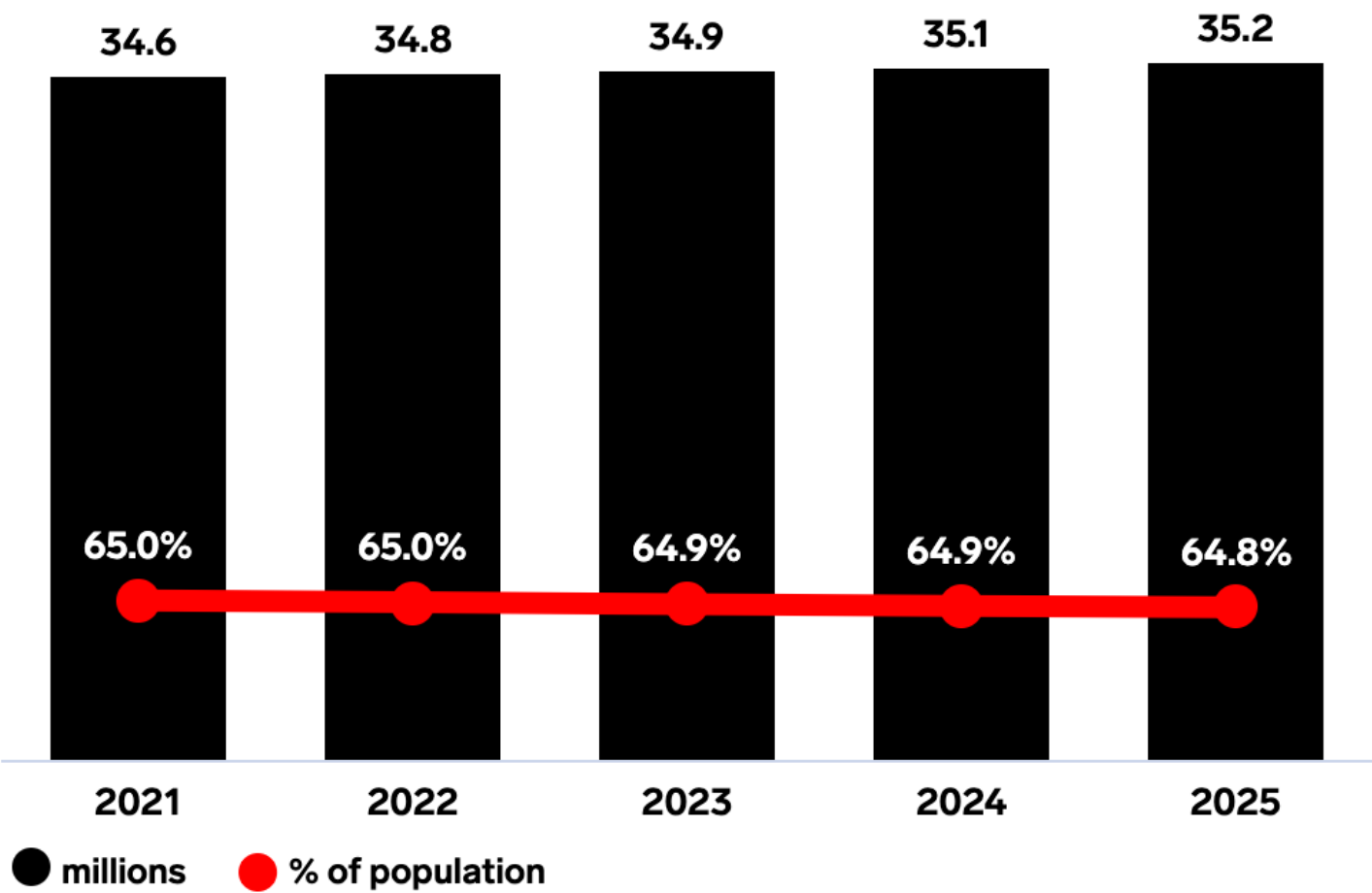
**The opportunity:** By establishing dedicated regional teams for SMBs, Bank North can capitalize on recent branch closures by the UK's big incumbents. Bank North alluded to the trend of geographical contractions by noting that businesses no longer have local contacts at existing banks. Recent examples of the contractions include:

- **Banks closing almost half of all branches** from 2000 to 2019, per AltFi. The downward spiral has only accelerated since then due to the shift in focus toward digital banking, according to S&P Global Market Intelligence
- A group of big banks planning a shared-branches program that involves **200 hub spots**, but may also result in **about 10 times as many branch closures**

Even with fewer branches available, demand still persists for in-person banking— and Bank North and similar upstarts can tap into it. Branch usage penetration is projected to remain flat in the coming years, per Insider Intelligence, with the **percentage of adult UK customers going from 65.0% in 2021 to 64.8% in 2025**.

# In Branch Banking Users and Penetration

UK, 2021-2025



Source: eMarketer, March 2021

InsiderIntelligence.com