

Big UK banks' shared-branch agreement could be a model for other countries concerned by cash-access crunch

Article

The news: The Bank of England **has set** a deadline by the end of Q1 2022 for banks to submit plans for stabilizing cash circulation.

Additionally, a slew of major banks in the UK have **agreed** to use shared branches in 2022, as part of a broader initiative to **arrest a cash-access squeeze**. The initial participants include **Lloyds, HSBC, NatWest, Barclays, Nationwide, Santander UK, Danske Bank, and TSB**.

More on this: Shared branches **will be run in five areas**, adding to branches **opened earlier in three areas** through a pilot program.

- The initiative also relies on ATM provider **Link**, which will be tasked with assessing the cash needs of communities facing closures of branches or ATMs. Link, which has already assessed most affected communities, will then determine if impacted places need assistance.
- The shared branches will also be coupled with the 2022 rollout of **free-to-use ATMs in 11 communities**, plus help from the UK's **Post Office** to roll out **“new and improved, dedicated cash services in up to 30 branches.”**

The broader program was initiated by the **Access to Cash Action Group (CAG)**, which includes representatives from several big banks. **UK Finance**, a trade group for banks, announced the update.

How we got here: The banks are banding together as the UK faces an ongoing wave of branch closures. According to Which?, a consumer-advocacy publication:

- **736 branches have been shuttered in 2021 and 221 are scheduled for closure in 2022.**
- During 2021, closures have **averaged 61 per month**, a figure that Which? states is a **17% increase from the average over the proceeding six years.**
- The closures build on a years-long pattern: Which? reports that **4,735 branches have been shuttered, or are set to be, since 2015.**

Meanwhile, UK Finance states that cash usage is **35% lower** than it was before the pandemic —but **millions of people** still use it.

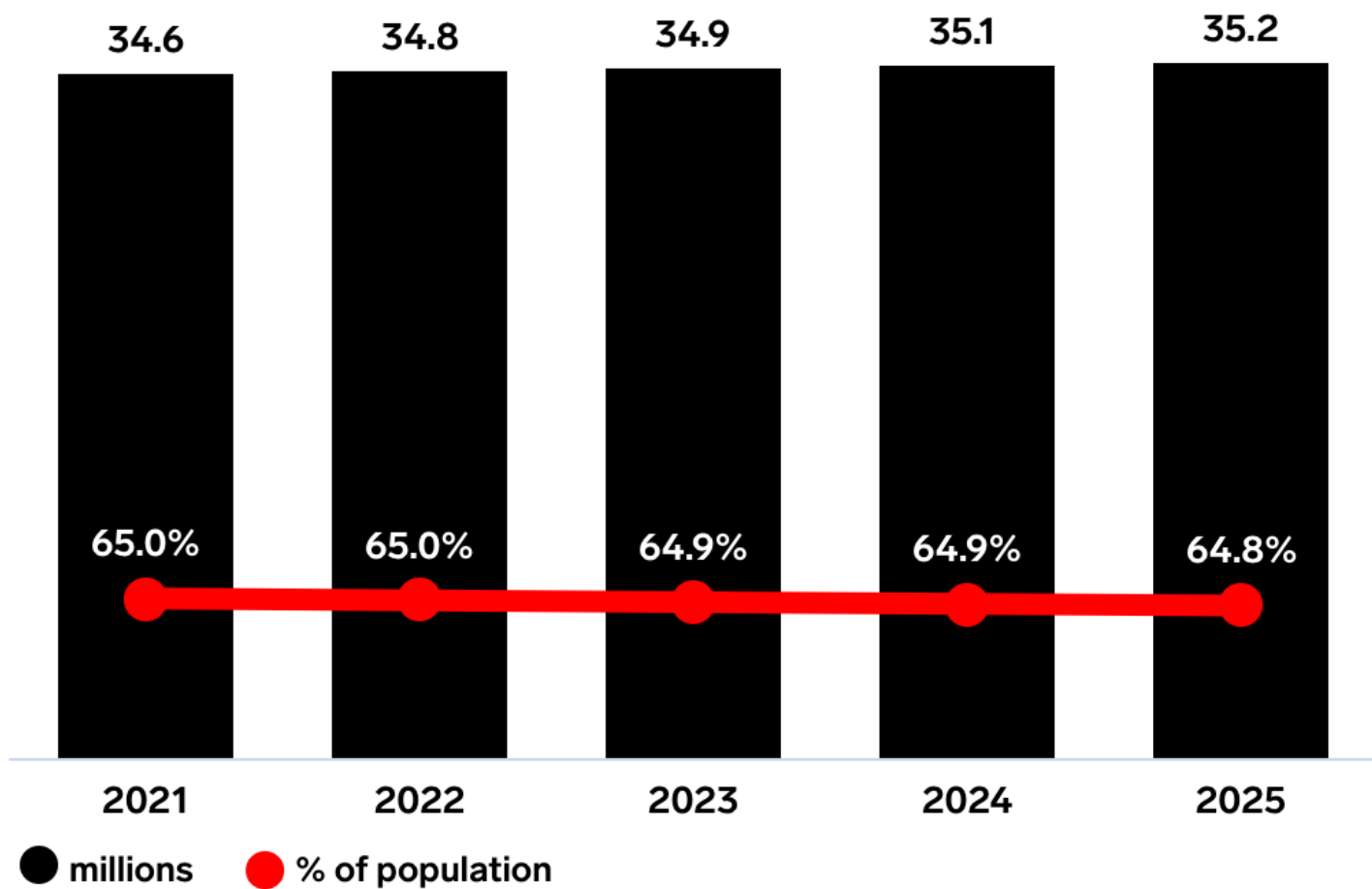
In a statement, **CAG Chair Natalie Ceeney** said that cash **“continues to play a vital part in the lives of at least 5 million people in the UK – including some of the most vulnerable in society.”**

The big takeaway: The initiative to deploy shared branches and free-to-use ATMs could help stabilize the cash-access problem. It may also serve as a model for other countries currently grappling with branch closures:

- **US:** Between 2008 and 2020, thirteen thousand branches have **closed** in the US, **or about 14% of all branches**. For example, New Jersey was **hit** with a **22% branch decline** from 2011 to 2021, per The Asbury Park Press, which reported on how the closures are particularly impacting seniors in Ocean County.
- **Australia:** The country's federal government **established** a task force, per the ABC, to **look into how closures are affecting regional communities**, which are places outside of big cities.
- **Spain:** CaixaBank recently **said** it would **charge customers €2 (\$2.28)** to use services at branches that can otherwise be accessed online, per Reuters. The announcement follows a report from **Banco de España** showing a long-term rise in branchless rural areas.

In Branch Banking Users and Penetration

UK, 2021-2025



Source: eMarketer, March 2021

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