

# FCA Guidance Consultation on branch and ATM closures or conversions

A response by the Building Societies  
Association to GC 20/2

30 July 2020

 Building Societies  
Association

# Introduction

The Building Societies Association welcomes the opportunity to respond to FCA's guidance consultation on branch and ATM closures or conversions.

The Building Societies Association (BSA) represents all 43 UK building societies, as well as 6 credit unions. Building societies have total assets of nearly £430 billion and, together with their subsidiaries, hold residential mortgages over £335 billion, 23% of the total outstanding in the UK. They hold over £295 billion of retail deposits, accounting for 18% of all such deposits in the UK. Building societies account for 39% of all cash ISA balances. They employ approximately 42,500 full and part-time staff and operate through approximately 1,470 branches.

With a few significant exceptions, most building societies are predominantly branch-based institutions. Consumer surveys show consistently the value which building society members, including those which are vulnerable, place on branch services and on the superior service levels that societies offer in meeting the needs of their members. Societies' main strengths are in the provision of mortgage finance for the purchase of residential housing and in providing a safe home for their members' savings.

# The draft guidance

We have relatively few comments on the draft guidance. The first concerns scope. Only two building societies offer current accounts and only a handful have ATMs. As such, the vast majority of societies are not significant providers of transactional cash-based services, which is a key focus of the FCA guidance. It seems anomalous, therefore, that all building societies and credit unions are within scope of the FCA guidance whereas certain major providers of such services, notably post offices and independent ATM providers, are apparently out of scope. We would urge the FCA to address this by taking a more holistic approach, coordinating with the Post Office, the Payment Services Regulator and the LINK scheme, as appropriate.

The second concerns the FCA's approach to supervision. We note that the FCA accepts that branch and ATM openings and closures will remain a commercial decision for individual banks and building societies. It would be helpful to understand, therefore, what approach the FCA intends to take in regard to the scrutiny of the reports it will be requiring of firms about their plans.

Thirdly, we note and support the FCA's intention to review its guidance within the next 12 months in the light of market developments and/or the timing of the legislation which HM Treasury will be introducing to protect access to cash. We assume this is intended to ensure that its guidance does not create overlaps or conflicts with the forthcoming legislation, and it would be helpful if the FCA could confirm this is indeed the intention.

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The Building Societies Association (BSA) is the voice of the UK's building societies and also represents a number of credit unions.

We fulfil two key roles. We provide our members with information to help them run their businesses. We also represent their interests to audiences including the Financial Conduct Authority, Prudential Regulation Authority and other regulators, the Government and Parliament, the Bank of England, the media and other opinion formers, and the general public.

Our members have total assets of over £420 billion, and account for 23% of the UK mortgage market and 19% of the UK savings market.