COUNTRYSIDE ALLIANCE

Response to HM Treasury Call for Evidence

Access to Banking Services Review

Introduction

The Countryside Alliance welcomes the opportunity to respond to HM Treasury's Call for Evidence on Access to Banking Services.

The Countryside Alliance campaigns for the communities that live and work in rural Britain, representing over hundred thousand members and supporters. Through our policy work and the annual Countryside Alliance Awards, which celebrate the UK's leading rural businesses, we engage directly with thousands of village shops, pubs, butchers, local food producers, farm shops and rural enterprises. These businesses provide invaluable insight into the rural economy, and declining access to banking is consistently raised as a growing concern. We have campaigned on this issue for over a decade, highlighting the particular challenges faced by rural communities as access to traditional banking services has declined.

Government has taken important steps to protect access to cash, but access to cash is not the same as access to banking. Rural communities need the full range of banking services, business banking, lending advice, cash deposits and face-to-face support, not simply a nearby cash machine. As banking continues to evolve, government, regulators and industry must ensure rural communities are not disproportionately disadvantaged. Banking is an essential service underpinning economic growth, thriving businesses and resilient communities.

Rural communities face unique barriers

The closure of bank branches has disproportionately affected rural communities. Unlike urban areas, where customers usually have several branches within easy reach, the closure of a rural branch can mean a round trip of many miles simply to carry out routine banking. For older people, disabled people and those without a car, poor rural public transport makes these journeys particularly difficult and, where a bus route exists at all, it is often the only realistic alternative.

The scale of change has been significant and continues to accelerate. UK bank and building society branch numbers have fallen from around 21,600 in 1986 to fewer than 6,900 by 2024, with over 400 further closures confirmed in 2025 and more than 230 already scheduled for 2026. Recent analysis by consumer groups has highlighted that a growing number of parliamentary constituencies now have no bank branch remaining, with rural and coastal communities disproportionately affected.

Analysis from Post Office Ltd. bears this out: it has found that 86% of rural residents who had a branch within a mile in 2015 have since lost it, and as a result, 95% of people in rural areas now no longer live within 1 mile of a bank branch, compared to 46% of people in urban areas. While individual commercial decisions are understandable, their cumulative effect has fallen hardest where alternative provision is thinnest.

Digital banking cannot yet replace physical banking in much of rural Britain. Reliable broadband and mobile connectivity remain inconsistent, meaning online banking is not always a realistic alternative, and government should recognise that this digital exclusion is a product of inadequate infrastructure rather than personal choice.

Current assessments of banking access frequently rely on straight-line distances. The FCA has itself acknowledged that this approach can overstate accessibility, particularly in rural areas where road networks, terrain and limited public transport significantly increase real journey times. Future assessments, including those used by LINK and Cash Access UK to decide whether a banking hub is warranted, should prioritise genuine travel time over geographic distance.

Rural businesses continue to rely on cash and face-to-face banking

Cash continues to play an important role across much of the rural economy. Through the Countryside Alliance Awards, we hear directly from village shops, pubs, butchers, farm shops, markets, tourism businesses and independent retailers that rely on cash transactions and regular banking facilities. These businesses need to deposit cash securely, obtain change, access business banking, discuss lending and finance, resolve account issues, and receive advice when fraud or financial difficulties arise, services that cannot be replicated by a cash machine.

The closure of local branches imposes real additional costs. Business owners increasingly lose valuable time travelling simply to bank their takings, reducing productivity, increasing fuel costs and adding administrative burden to businesses already operating on tight margins. This is a further example of the rural premium: businesses incurring higher costs simply because of where they are located. We therefore welcome the recognition in the 2023 Cash Access Policy Statement that access to both cash withdrawal and deposit facilities matters, and urge the Review to ensure that this principle, that a basic ATM is not a sufficient substitute for a deposit-taking service, is carried through into any future framework for in-person banking more broadly.

Banking policy must consider rural crime

One consequence of declining banking provision that receives insufficient attention is its impact on rural crime. Where local branches have closed, businesses are often forced to carry larger amounts of cash over longer distances, retain cash on premises for longer periods, or postpone banking until a journey becomes worthwhile. Each of these can increase vulnerability to theft and criminal targeting.

The Countryside Alliance's Rural Crime Survey consistently highlights widespread concern about theft, organised criminality and the vulnerability of rural businesses. Many businesses recognised through the Countryside Alliance Awards have described delaying cash deposits until sufficient takings accumulate to justify a lengthy journey to the nearest branch, precisely the kind of behaviour that increases risk to both the business and its staff. Access to banking should therefore be considered an issue of community safety and business resilience, not simply of convenience, and crime prevention should form part of future assessments of branch closures and banking provision.

Access to cash is not the same as access to banking

The Countryside Alliance welcomes government action to protect access to cash, but access to cash should not be treated as synonymous with access to banking services. Consumers and businesses continue to require face-to-face support for opening accounts, mortgages and loans, business banking, fraud and scam support, bereavement services, power of attorney arrangements and financial advice, none of which can be replicated through a cash machine or a basic deposit facility.

Research by Post Office Ltd. found that beyond cash services, 82% of consumers said that it is important for them to access at least one in-person banking service in future. The most important services they identified expecting to need to access were reporting scams (identified by 60% of those consumers), help with payment issues (59%), updating circumstances (55%) and advice on new products (51%). Future policy should preserve meaningful access to banking, not focus solely on cash provision.

The essential role of rural Post Offices

The rural Post Office network has become increasingly important as bank branches have closed. For many villages, the Post Office is now the only local point of access for cash withdrawals, deposits and everyday banking transactions. Nationally, the Post Office network is significantly larger than the remaining bank branch network and provides access to financial services in many communities where bank branches no longer exist. The network has a particularly important role in rural communities, where Post Offices often remain one of the last remaining local services. Through the Banking Framework Agreement, Post Offices provide everyday banking services for customers of many UK banks and building societies, including cash withdrawal and deposit facilities.

Many businesses recognised through the Countryside Alliance Awards combine a village shop with a Post Office counter, delivering two essential services from a single site that is often the last remaining retail outlet, banking facility and community hub in the village. Protecting rural Post Offices therefore serves multiple public policy objectives at once: maintaining access to banking, supporting local businesses, reducing unnecessary travel, sustaining rural economies and tackling social isolation.

Unsurprisingly, Post Office Ltd. has conducted research into consumer attitudes towards the use of its branches for banking services, and it has shared the results of that research with us. It found that 40% of those it surveyed already use Post Office cash services monthly, including 66% of under-35s, and 47% of digitally or financially excluded people. 48% said that they would like to be able to access at least one service at their local Post Office, and 50% said they would like to see an expansion in the range of banking services available at their local branch. Critically for the purposes of government planning, it reported that 50% also said they would be prepared to accept fewer bank branches provided banking services at their local Post Office were expanded.

The Countryside Alliance believes government should formally recognise Post Offices as a core part of the UK's banking infrastructure. Banks, government and Post Office Ltd should work together to expand the range of banking services available through Post Offices, improve public awareness of those services, provide appropriate staff training, and ensure Post Offices receive sustainable funding that reflects their growing banking role. But Post Offices cannot simply replace bank branches without adequate investment. Many complex banking services remain unavailable through the network, and postmasters should not be expected to absorb an ever-increasing banking workload without the resources and remuneration needed to deliver it well.

Banking Hubs

The Countryside Alliance welcomes the rollout of banking hubs and believes they have an important part to play in future provision. Banking Hubs are operated by Cash Access UK and typically combine Post Office counter services with scheduled access to community bankers from participating banks. However, progress continues to lag behind the pace of closures: fewer than 180 hubs had opened by August 2025, against a target of 350 by the end of this Parliament, while many hundreds of branches closed over the same period.

The criteria used to decide where a hub is established should better reflect rural circumstances – travel time rather than straight-line distance, public transport availability, broadband and mobile connectivity, local demographics, the needs of rural businesses, seasonal visitor economies, and rural crime and cash security. Communities should not have to demonstrate severe detriment before alternative provision is even considered, and there should be no unnecessary gap between a branch closing and a hub opening in its place. Mobile branches can play a useful supplementary role in the most sparsely populated areas, but their restricted and often infrequent hours mean they are no substitute for a permanent, predictable local presence.

Rural proofing banking policy

The Countryside Alliance has long argued that government policy should be rural proofed, and this principle should apply equally to banking. Before any rural branch closes, banks should be required to undertake and publish a Rural Banking Impact Assessment, considering: travel times; public transport; broadband and mobile connectivity; the likely impact on rural businesses; increased crime and security risk; the capacity of the local Post Office to absorb demand; and whether a banking hub should be established before, rather than after, the branch closes. This would ensure decisions properly reflect the realities of rural life rather than resting on commercial considerations alone.

Recommendations

The Countryside Alliance recommends that government:

- Require a Rural Banking Impact Assessment before any rural branch closure, with a banking hub or equivalent alternative in place before, not after, closure.
- Recognise access to banking, not just access to cash, as an essential public service.
- Ensure all banking policy is subject to effective rural proofing, using genuine travel time rather than straight-line distance as the basis for assessing adequate provision.
- Protect face-to-face banking services alongside existing protections for access to cash, including equal weight for cash deposit and withdrawal facilities.
- Accelerate the rollout of banking hubs, using siting criteria that reflect rural geography, transport, connectivity and seasonal visitor economies, and review whether the current 350-hub target is ambitious enough.
- Recognise rural Post Offices as a core part of the UK's banking infrastructure, and provide sustainable funding and fair postmaster remuneration to support their expanding role.
- Include crime prevention and business security within future banking policy, recognising the link between declining branch access and increased rural crime risk.
- Improve rural broadband and mobile connectivity so that digital banking becomes a genuine choice rather than an assumed substitute.
- Continue to monitor the cumulative impact of bank branch closures on rural economies and communities.

Conclusion

The Countryside Alliance's engagement with rural communities, and with the thousands of businesses recognised through the Countryside Alliance Awards, shows that access to banking remains a fundamental concern across rural Britain. Village shops, pubs, butchers, farm shops, tourism businesses and other independent enterprises all depend on safe, convenient and reliable banking. Without it, rural businesses face higher operating costs, greater security risk and lost productivity, while residents become increasingly excluded from essential financial services.

Government has rightly acted to protect access to cash. This Review is an important opportunity to build on that progress by ensuring rural communities retain access to the wider banking services they need. A modern banking system should not be judged solely by the availability of cash or digital channels, but by whether individuals and businesses, wherever they live, can access the financial services they need to participate fully in the economy. For rural Britain, that means recognising banking not as a discretionary commercial service, but as part of the infrastructure of resilient communities, thriving local economies and a fairer society.