

Areas of high unemployment bear the brunt of bank closures

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A new report finds that there was a net loss of nearly 7,500 bank and building society branches in the period 1989 to 2012 or more than 40% of all branches.

The report also finds that the least affluent third of the population has borne the brunt of two thirds of closures since 1995.

The areas with above average rates of closure between 1995 and 2012 were Britain's least affluent inner city areas, multicultural [metropolitan areas](#) and traditional manufacturing areas.

The two areas which have experienced the biggest decline of 39% (traditional manufacturing and inner city areas), were also characterised by [unemployment rates](#) and levels of renting from the [public sector](#), which are far above the national average.

By contrast, the rate of closure experienced by areas defined by researchers as 'Middle England' – including suburbs and small towns – have fared much better, seeing the lowest rates of closure. Traditional manufacturing and inner city areas have lost branches at a rate 3.5 times higher than suburbs and small towns.

This latest report from academics in the University's School of Geography is based on two strands of analysis. The first records and compares the location of the branches of major bank and building societies at four points – 1989, 1995, 2003 and 2012. The second is a cross-sectional analysis of all bank and building society branches in 2012 by different types of geodemographic area.

Dr Shaun French, Professor Andrew Leyshon, and Sam Meek wrote: "A longitudinal analysis of the major banks and building societies reveals that the number of branches in Britain has been in constant decline since 1989, although the pace of decline has fluctuated over the period.

"The number of bank branches has declined by more than 40% overall, with the rate of change slowing in the 2000s. The annual rate of net decline in bank branches was -2.5% between 1995-2003, but only -1.7% between 2003-2012. The rate of decline for major building societies has been slower than that of banks, with the number of branches falling by a third since 1989.

"While the overall reduction in the aggregate numbers of bank and building society branches was slower in the period between 2003 and 2012 compared to that between 1995 and 2003, falling from -20% to -15% respectively, since 2003 the geographical variability of branch closure has become more pronounced."

The research also goes on to suggest that the remaining branches have become relatively more concentrated in relation to population in a

number of areas, for example – coastal and countryside, suburbs and small towns. In contrast there was a significant reduction in the numbers of branches relative to population in built-up areas, prospering metropolitan and in student communities.

Dr Shaun French, of the University's School of Geography, said: "As the process of bank and building branch closure enters its third decade, it is interesting to see from these latest findings, that although the closure of branches has slowed significantly, the alarming difference in the concentration of branches in certain areas appears to have grown.

"Branches in less affluent areas have continued to disappear at an alarming rate. This is causing a highly uneven geography of financial provision across the country and we are seeing less facilities in areas with high levels of unemployment. This can have other implications particularly for people on lower-incomes, who may approach more predatory forms of institutions in the absence of a bank. This uneven spread of branches now needs to be addressed by the Government in order to prevent a further divide."

More information: Report title: 'The Changing Geography of British Bank and Building Society Branch networks, 2003 -2012'

Provided by University of Nottingham

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