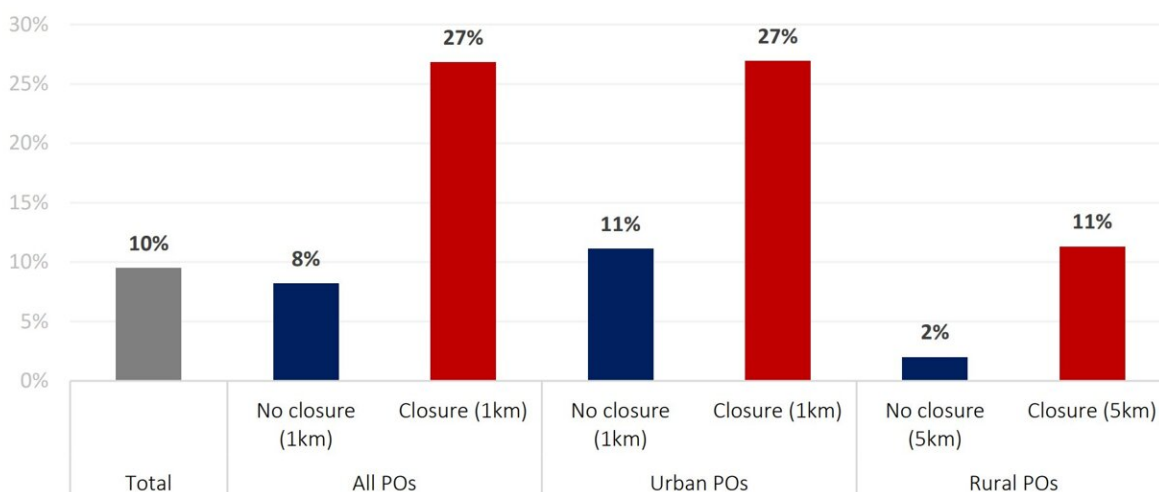


Bank closures across the UK drive people to the Post Office to handle cash

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Median percentage change in deposit volumes (between first 12 weeks post-lockdown (2021) and last 12 weeks of the 2021-22 financial year), by rural-urban status and whether there had been any bank branch closures within 1km/5km. Credit: University of Sheffield

The rise in local banking branches closing across the UK has increased the demand for access to cash deposit services at Post Offices, new research has found.

The new study found that one in ten UK Post Offices has been affected by a bank closure within 1km, and this has resulted in a 27 percent rise

in demand for [cash](#) deposit services. Following the economy rebounding post-lockdown, Post Offices unaffected by the closure of a local bank only saw an increase of eight percent in demand for the same services.

Nationally, 800 banking branches have closed between April 2021 and March 2022, directly affecting deposit volumes in nearby Post Offices. The vast majority of closures took place in urban areas and cities which had a higher number of bank branches.

The study shows that more banks shutting doors on local branches during a time of post-lockdown economic recovery increases the demand for Post Office services even further. Three bank branch closures in the same area, for example, results in a higher 58 percent increase in the number of deposits made at nearby Post Offices.

Research to date has focused on [public access](#) to cash withdrawals, but this new research from the University of Sheffield's Centre for Research into Accounting and Finance in Context, and the University of Bristol's Personal Finance Research Centre, assessed demand for cash deposit services, finding people utilizing their Post Office facilities more often to pay in money to their accounts.

Experts say the findings are important because they highlight what people do when their local bank closes. The loss of access to a physical banking location does not mean people will automatically switch to digital payments and [banking services](#). Instead, individuals and [local businesses](#) look for an alternative to pay in their cash, which the Post Office offers to most UK banking customers.

Although cash withdrawals declined during the pandemic, they have since increased and stabilized at albeit below pre-lockdown levels. With the scale of bank closures set to continue with over 400 additional branches closing by the end of this year, this will make it ever more

difficult for people and businesses to make deposits.

Dr. Daniel Tischer, from the University of Sheffield's Management School, one of the authors of the study, says that "during the COVID-19 pandemic, there was a lot of talk about the UK becoming cashless, as access to physical retail and service locations were restricted. And of course, many people today are much more comfortable paying with their debit card or mobile now than they were a few years ago."

"To see a sharp increase in people using the Post Office service after a bank branch shuts down, however, is not really that surprising if you think about it. Small businesses need to have a way to pay in the cash they take."

"What is important here is to recognize that cash is not dead yet, and that many people and local businesses still use cash on a daily basis and we must make sure that those that need access to cash service continue to do so in future."

Jamie Evans, from the University of Bristol's Personal Finance Research Centre, says that "in order to ensure that retailers can continue to accept cash as a means of payment, it is crucial that we don't leave cash deposit facilities to crumble."

"We welcomed the renewal of the Banking Framework 3 earlier this year which allows key banking infrastructure to be provided through the Post Office, as well as the opening of new 'Banking Hubs' to provide further key cash and banking services to people and businesses locally in communities that are most affected by banks leaving."

"However, it is imperative schemes like this are supported to continue, as the current pressures on household finance may also mean that some people return to cash to manage their finances and access to banking

services in local communities will remain essential for many people."

"While bank branch closures may seem increasingly inevitable, it is positive to see that Post Office branches are acting as the last line of defense for those individuals, businesses and charities that still depend on cash. Through coordinated action, such as the provision of shared banking hubs and proper scrutiny of banks' decisions to close branches, communities need not be left behind."

Ross Borkett, Head of Banking at Post Office, says that they're "grateful to the report's authors for shining a light on just how vital the banking services Post Offices provide in towns and villages across the UK every day. Post Offices provide a lifeline for small businesses to deposit their cash takings and increasingly for people to budget using cash for the difficult time ahead."

"The new [banking](#) hubs are a fantastic initiative between the Banking Hub Company, the banks and Post Office to provide a solution that enables those who rely on cash to be able to continue to access or deposit it."

"Our experience from operating the first hub in Rochford tells us that they have the potential to restore pride in towns where there have been bank branch, as well as retail closures, and they play a vital role in the economic regeneration of the area."

More information: Study: [Cashing in: how do cash deposits at Post Offices change when local bank branches shut?](#)

Provided by University of Sheffield

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