

## Finalised guidance

### FG 20/3: Branch and ATM closures or conversions

September 2020

# 1 Summary

## Who this guidance affects

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- 1.1 This guidance applies to regulated firms that operate (or have agents operate) branches, or ATMs (cash machine or cashpoint), and who are subject to Principles 6, 7, and 11 of our Principles for Businesses. It applies when such a firm proposes or takes a decision to close such sites, or to convert a free-to-use ATM to pay-to-use, with some exceptions (see paragraphs 2.4-2.9).
- 1.2 A branch is the physical site where firms undertake regulated banking activities or provide regulated payment services for their customers, whether consumers or small and medium enterprises (SMEs), who attend in person (see paragraphs 1.7-1.8 for more detail on the definition of customers). This includes a bank or building society branch, or a credit union office, or a mobile branch.
- 1.3 We will be mindful of proportionality when considering how a credit union has followed this guidance. In practice, the implications are likely to vary according to the size and complexity of the credit union. This is in line with our general approach to applying the Principles to credit unions (see CREDS 10.1.3G).
- 1.4 A wide range of customers use cash and bank branches, including those who are in vulnerable circumstances. Data from the 2020 Financial Lives Survey (FLS) shows that among all UK adults, 11% state that they rely on cash to a great or very great extent. A slightly higher proportion (16%) of adults with one or more characteristics of vulnerability state that they rely on cash to a great or very great extent. One in 10 UK adults said that they did not know how they would cope, or that they would not cope at all, in a cashless society, which rose to 16% for customers with one or more characteristics of vulnerability. This is broadly consistent with the findings of the [Access to Cash Review](#), which found that 17% of the UK population said they would struggle to cope in a cashless society.

## What this guidance relates to

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- 1.5 Paragraphs 2.18-2.37 of this guidance build on Principles 6 and 7, and so apply only to services covered by these Principles. Firms should note that Principles 6 and 7 not only apply to the carrying on of regulated activities, but also activities that are ancillary to the regulated activity of accepting deposits, credit-related regulated activity, regulated home finance activity and some other regulated activities. They also apply to activities connected to the provision of regulated payment services as well as the provision of the payment services.

- 1.6 The services this guidance relates to will include those provided to customers for their everyday banking and cash access needs, including withdrawals and deposits, as well as other relevant branch services which involve attendance by customers. As a non-exhaustive list, these services could include:
- cash withdrawals
  - cash or cheque deposits
  - making payments in-branch by cash or cheque, such as to pay down a regulated mortgage or regulated credit agreement
- 1.7 Where this guidance relates to regulated payment services, 'customers' means:
- consumers
  - micro-enterprises (ie enterprises that employ fewer than 10 people and have a turnover or annual balance sheet of up to €2 million), and
  - charities with an annual income of less than £1 million.
- 1.8 This takes account of the narrower meaning of 'customers' in our Handbook in relation to payment services. Otherwise, 'customers' means consumers and SMEs (ie enterprises with an annual turnover of up to £25 million).

### Summary of this guidance

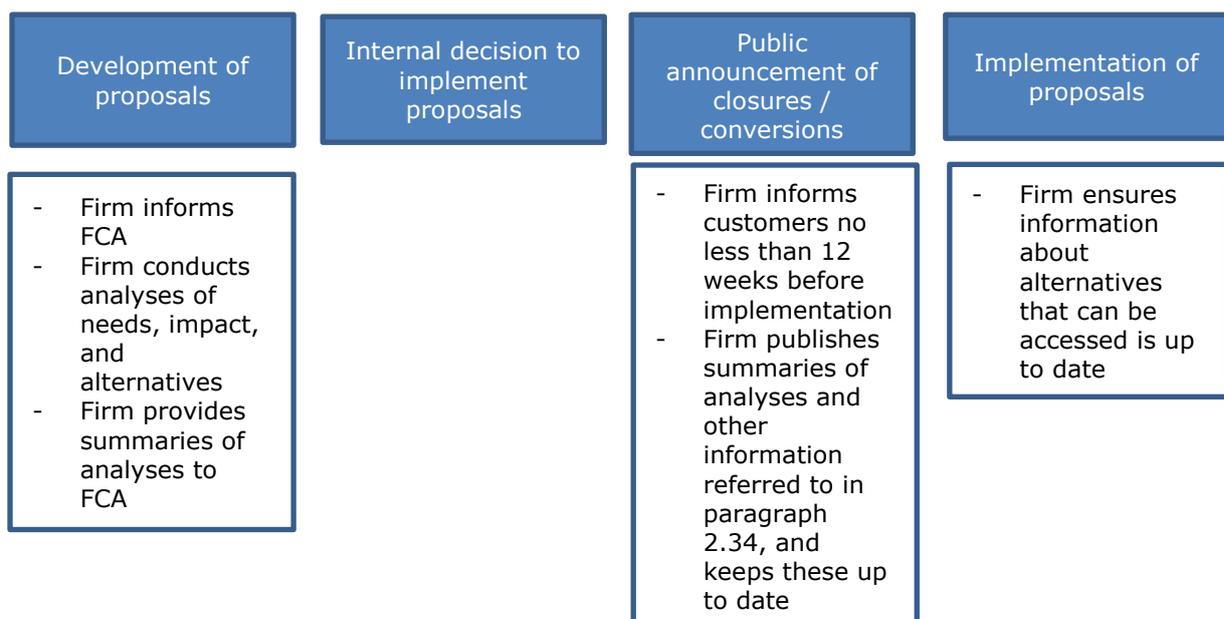
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- 1.9 This guidance sets out our expectation that firms should carefully consider the impact of a planned closure of a branch or ATM, or conversion of a free-to-use ATM to pay-to-use, on their customers' everyday banking and cash access needs, and other relevant branch services. Where firms do close or convert any of these sites, the guidance sets out our expectations around alternative access arrangements.
- 1.10 This guidance builds on:
- Principle 6 ('A firm must pay due regard to the interests of its customers and treat them fairly')
  - Principle 7 ('A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading'), and
  - Principle 11 ('A firm must deal with its regulators in an open and cooperative way, and must disclose to the FCA appropriately anything relating to the firm of which that regulator would reasonably expect notice')
- 1.11 The guidance makes it clear that we expect firms to keep us informed, via their usual supervisory contact, of plans for closures or conversions throughout the process, to enable us to monitor whether customers are being treated fairly. This engagement with

the FCA should start in good time before the firm takes a decision and continue throughout the process.

- 1.12 As part of developing proposals for decision, we expect firms to analyse the needs of customers currently using the sites, the impact of the proposals, and alternatives that are or could reasonably be put in place if they implement the proposals. We expect to be provided with a clear summary of the results of this analysis, and we may ask the firm for further analysis if we are not satisfied.
- 1.13 If the firm decides to progress its proposals, we expect it to clearly communicate information about proposed closures or conversions to its customers no less than 12 weeks before a proposed closure or conversion would be implemented. We also expect it to communicate existing alternative ways to access services or ways it will make alternative access available.
- 1.14 At the point the firm communicates the information referred to in paragraph 1.13, it should publish summaries of the analyses referred to in paragraph 1.12. We do not expect firms to publish confidential information as part of this.
- 1.15 This will give customers time to take action, such as changing banking provider. We also expect firms to keep their analysis of customer impact and potential alternatives under review during the period between announcing and implementing the proposals, and keep us informed of changes to plans.
- 1.16 The stylised chart below summarises our expectations at different stages of a firm’s process.

**Figure 1: Summary of expectations in this guidance**



- 1.17 We will use this guidance to inform our engagement with firms regarding planned closure or conversion programmes, and to help ensure that firms are treating their customers fairly.
- 1.18 The guidance is potentially relevant to enforcement cases and we may take it into account when considering whether firms could reasonably have understood or predicted that the conduct in question fell below the standards required by Principle 6, Principle 7, or Principle 11.

### **This guidance and legislation**

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- 1.19 In the 2020 Budget, the Government stated its intention to introduce legislation to protect access to cash for those who need it. This guidance is not intended to overlap with, or to pre-empt any decisions regarding that legislation. We will review this guidance within the next 12 months in the light of market developments and/or the timing of forthcoming legislation and will revise it if appropriate.

### **Equality and diversity**

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- 1.20 We are required under the Equality Act 2010 to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, and to foster good relations between people who share a protected characteristic and those who do not.
- 1.21 As part of this, we ensure the equality and diversity implications of any new policy proposals are considered. We do not consider that these proposals will adversely affect consumers with protected characteristics. Consumers with some protected characteristics, such as those with a disability, may benefit from the proposals if this guidance means that alternative provision is more accessible.

### **The FCA's objectives and regulatory principles**

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- 1.22 This guidance supports our consumer protection objective. It is designed to protect consumers by ensuring that firms assess customer needs and consider the availability and provision of alternatives where closures or conversions are planned.
- 1.23 In developing this guidance, we have had regard to the principles of good regulation, including the need to ensure that any burden or restriction that we impose on a person, firm, or activity is proportionate to the benefits we expect as a result.

## 2 Guidance on closures and conversions

### Site closures and conversions

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- 2.1 This guidance applies from 21 September 2020.
- 2.2 In this guidance, a 'site closure' means the permanent closure of a branch or all ATMs operated by a firm at a particular location, or a mobile bank facility no longer operating. A 'conversion' means the conversion of a free-to-use ATM to a pay-to-use ATM.
- 2.3 This guidance applies to decisions to make a closure or conversion taken by firms after the date it takes effect. Where a decision has been made before this guidance takes effect, we expect firms to take account of it to the extent it is reasonable to do so. For example, if a firm decided before we issued this guidance to close branches in more than 12 weeks' time, it may still be reasonable for it to provide 12 weeks' notice to customers.

### Instances where this guidance may not apply

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- 2.4 This guidance is intended to apply in full to instances where a firm's decision within the scope of this guidance leads to a closure or conversion.
- 2.5 We recognise that there may be circumstances where events outside the control of a firm lead to a closure, such as an unexpected decision by a landlord not to renew a lease. It may not be reasonable in these cases to expect firms to take full account of this guidance. In these cases, we expect firms to take account of the guidance to the extent it is reasonable to do so. This could involve, for example, providing a shorter notice period to customers if it is not possible to give 12 weeks' notice.
- 2.6 The guidance does not apply where a firm closes or converts its ATMs located within its own branch (i.e. not on an external wall) and the same services can be provided at the counter of that branch, or its ATMs within a Post Office branch where the same transactions can be conducted under the Banking Framework agreement.
- 2.7 Where a closure is expected to be temporary, this guidance does not apply. If a decision is made to make a temporary closure permanent, the guidance applies.
- 2.8 This guidance does not apply to the closure or conversion of a site that was explicitly established as a pilot, a temporary measure, or similar.
- 2.9 The elements of this guidance on analysing customer needs and alternatives do not apply where the same firm can continue to meet the needs of its customers through the same type of site, in a similar way (eg if a branch is to be closed but the firm can continue to meet customer needs through a nearby branch). This exclusion is intended to capture

instances such as the closure of one of several of a firm's branches in a small area, the relocation of a branch or ATM to a nearby site, or a minor change to the location or duration of a mobile branch stop. We expect firms to consider whether an alternative site is 'nearby' for these purposes before they notify us of their plans under Principle 11.

### **Informing the FCA**

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- 2.10 This section relates to Principle 11 ('A firm must deal with its regulators in an open and cooperative way, and must disclose to the FCA appropriately anything relating to the firm of which that regulator would reasonably expect notice').
- 2.11 We expect to be kept informed of a firm's plans and decisions throughout the process of closures or conversions being considered and implemented. This should include the firm telling us at the earliest opportunity about any key decisions, changes to plans, or mitigations or alternative access arrangements it is putting in place.
- 2.12 Where a firm is considering site closures or conversions, it should tell us through its usual supervisory contact at the earliest opportunity. This should be in good time before a firm makes a decision about closures or conversions. Where firms are signatories to the Lending Standards Board's (LSB) Access to Banking Standard, we expect to be informed no later than the LSB of a firm's plans.
- 2.13 This should apply regardless of the scale of the proposed programme of closures or conversion: the loss of a single site can have a substantial impact on customers who use it, and we want to ensure we are aware of these possible impacts.
- 2.14 We also expect to receive a clear summary of the results of the analysis of customer needs, impact, and potential alternatives set out in paragraphs 2.18-2.28, and to receive updates to this throughout the process if the analysis is developed further. We also expect to see specific information about how the needs of vulnerable consumers and vulnerable SMEs or micro-enterprises (as appropriate) may continue to be met, as well as any remaining gaps in provision created by the proposed closure or conversion. We may also ask for further information, or for additional analysis to be carried out, where we are not satisfied with the quality of the analysis.
- 2.15 We will handle confidential information provided to us by firms in line with the provisions of s348 and s349 of the Financial Services and Markets Act 2000. Any information we receive will help inform our conversations with firms as their plans progress.
- 2.16 Where, based on any information provided to us, we consider there may be a breach of the Principles, we will take action accordingly.
- 2.17 To support this section of guidance we have also made an arrangement under Section 9 of our Memorandum of Understanding with the LSB. Under this, the LSB has agreed to share information with us about planned closure programmes, such as timings, scale, and locations, provided to it by its registered firms. We have agreed with the LSB that its firms will also share information regarding future closure programmes under the Access

to Banking Standard with the FCA. These arrangements will continue for the duration of the guidance.

### **Assessing customer needs and providing alternatives**

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- 2.18 This section is based on Principle 6 ('A firm must pay due regard to the interests of its customers and treat them fairly').
- 2.19 The decision to close or convert a site is the firm's decision to take. But in implementing this decision, firms must have due regard to the interests of their customers and treat them fairly. We also expect firms to consider how SMEs or micro-businesses (as appropriate) will be affected by their proposals, given the critical role of businesses in the cash cycle.
- 2.20 Firms should have carried out a robust analysis of the impact of a proposed closure or conversion on their customers, particularly in terms of lost access and potential harms to vulnerable consumers and vulnerable SMEs or micro-enterprises (as appropriate) where these are 'natural persons' – see paragraph 2.30. They should also have analysed the services that the firm's customers can access at alternative sites, and how those compare to the services currently used at the site proposed for closure, as well as an analysis of new alternative access arrangements that the firm could reasonably put in place.
- 2.21 Firms should take a proportionate approach to these analyses. A firm is likely to have less information on the needs of customers of their ATMs than of branch customers, and we will not expect the same level of analysis to be conducted for these customers. Firms should consider the types of relevant factors set out in paragraph 2.23 and consider what is proportionate for them to analyse. We also do not expect firms to provide analysis of extremely infrequent users of their services.
- 2.22 Firms should carry out these analyses before proposals are finalised, and keep them updated throughout the process to take into account changes following, for example, feedback from stakeholders engaged as part of the LSB's Access to Banking Standard provisions, or feedback from customers received after the firm's decision is announced or that the firm voluntarily requests prior to making a decision. Following these analyses, firms may decide not to go ahead with the proposals and keep the existing sites open.
- 2.23 The analysis of impact is likely to include understanding factors such as the number and type of transactions or activities undertaken at the site, and protected characteristics or characteristics of vulnerability among the firm's customer base that uses the site (see paragraphs 2.29-2.32 for more detail on our expectations in relation to vulnerability). It is also likely to include any data the firm has on levels of need to access or deposit cash. It could involve the firm engaging with local groups, charities, and the local authority, as well as analysing the data it already holds or newly collected data such as a customer survey.

- 2.24 When analysing existing alternative access provisions, the firm should consider the services its customers can access at alternative sites (whether operated by the same firm or other firms), and how those compare to the services currently used at the site proposed for closure.
- 2.25 For example, if a firm considers that another existing facility (such as a Post Office branch) provides an alternative to a bank branch, it should assess which services its customers currently use at the branch, and which they are and are not able to access at the other facility. It should also take reasonable steps to assess the accessibility of those services at the other facility (such as location and opening times, and the impact digital exclusion or other vulnerabilities such as particular physical needs may have on customers' ability to access them). It should also consider any likely additional risks or costs to consumers of these alternatives.
- 2.26 The analysis of alternative provision that could reasonably be made available to address any loss of service caused by the closure or conversion could include, but is not limited to the following. The firm could consider:
- sharing services with other providers
  - providing mobile banking hubs or cash delivery services
  - commissioning a free-to-use ATM, or
  - supporting customers to use digital channels where they are able
- 2.27 The firm should assess the suitability of the alternative(s), including for vulnerable customers. This should include consideration of the relevant characteristics of customers and of the area, such as the quality of internet or mobile signal. Where proposed alternatives are not already available, the firm should provide an estimate of when they will be available. It should also consider any likely additional risks or costs to consumers of these alternatives.
- 2.28 The firm could also engage with any future industry initiatives, such as pilot programmes, to address any areas with a lack of access that its planned closures or conversions may create.

### **Vulnerability**

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- 2.29 Our Principles for Businesses require all the firms we regulate to treat their customers fairly, and we expect firms to exercise particular care with customers in vulnerable circumstances. A vulnerable customer is somebody who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care.

- 2.30 This section of this guidance applies to firms' dealings only with natural persons. 'Natural persons' includes individuals and also business customers, where businesses are not incorporated. This includes sole traders and some partnerships and reflects that characteristics of vulnerability may equally impact an individual in relation to their personal and business accounts. But firms should remember that Principles 6 and 7, including the obligation to treat customers fairly, extend to all customers, including relevant SMEs and charities.
- 2.31 Drivers of vulnerability include health, resilience, capability and life events. Each will affect the different needs of vulnerable customers, and so may affect alternative solutions that firms consider in place of an existing service, if those solutions would not be as easily accessible to particular groups of customers in vulnerable circumstances. For example, a person with a disability may struggle to travel further to an alternative site. Someone with low financial or digital capability may find it difficult to use online or telephone banking.
- 2.32 We recognise there is not a direct correlation between vulnerability and a need for branch or ATM access, and that for some customers in vulnerable circumstances alternative channels may be more appropriate.

### Communicating with customers

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- 2.33 This section is based on Principle 7 ('A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading').
- 2.34 Firms must ensure that they pay due regard to the information needs of their customers, and provide information in a way that is clear, fair, and not misleading. When a firm announces that it will close or convert a site, it should give customers information that enables them to understand:
- when the closure or conversion is planned to take place
  - a summary of the firm's analyses of customer needs, the impact on customers, and potential alternatives, as well as the alternatives already available or the firm proposes to make available. We do not expect firms to publish any confidential information as part of applying this guidance
  - how the customer can continue to access banking services and cash and other relevant branch services after the closure or conversion (including through physical and telephone or digital channels), and what those alternatives offer in terms of service and functionality
  - how the customer can access help from the firm during and after the closure or conversion, eg any training on using online banking

- 2.35 The firm should provide this information as soon as possible after its decision, and no less than 12 weeks before any closure or conversion would be implemented. The information should also be kept up to date, and take into account the information needs of customers. It should be made available at the sites affected by the proposals, as well as through wider communication channels such as the firm's website. Firms may also wish to consider how to communicate with harder-to-reach groups by using local networks such as councils, charities, advice providers, and housing associations, which may be particularly important in reaching vulnerable groups. Firms should consider whether individual communications may be appropriate for customers who are known to be vulnerable.
- 2.36 We recognise that firms are likely to have fewer routes to communicate with customers of ATMs than of branches. We expect those firms to take proportionate steps to communicate with customers. This could include, but is not limited to, providing appropriate information at the relevant ATM site, or informing LINK to enable it to update its customer-facing maps.
- 2.37 We consider that following the LSB's Access to Banking Standard's communication provisions as they stood on the date of the publication of this finalised guidance (14 September 2020) will help a firm to comply with Principle 7.

### **Other applicable requirements**

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- 2.38 Firms should continue to follow other applicable requirements where relevant, including the 2010 Equality Act, consumer protection and competition law, and our Handbook provisions. We also recognise that firms registered with the LSB will need to comply with the LSB's Access to Banking Standard.

## 3 Cost benefit analysis

- 3.1 There is no statutory requirement in the Financial Services and Markets Act 2000 for a cost benefit analysis (CBA) on guidance. In line with our [approach to analysing costs and benefits](#), we only produce a CBA for guidance where we identify an element of novelty which may contain certain prescriptive expectations. This is not the case for this guidance, but we have described below the types of costs and benefits that we expect to arise to help firms, consumers, and other interested parties understand the potential impact of our proposals.
- 3.2 Any costs and benefits resulting from this guidance will be highly dependent on the scale of any future plans for site closures or conversions by firms, and the specific actions that firms take as a result of the guidance.
- 3.3 We anticipate that firms may incur the following compliance costs as a result of the guidance:
- familiarisation with the guidance and 'gap analysis'
  - as part of developing any closure or conversion proposals, understanding the impact of closures or conversions on the firm's customers, and communicating a summary to the FCA
  - as part of developing any closure or conversion proposals, considering what alternative provision could reasonably be made available to the firm's customers, and communicating a summary to the FCA
  - ongoing engagement with the FCA throughout the process
  - in the event of any closure or conversion plans being taken forward, providing information to customers, including the summaries of firms' analyses
  - in the event of the implementation of a closure or conversion, making any new alternative access arrangements that the firm could reasonably put in place to address any loss of service
- 3.4 As part of any closure or conversion plans, we expect the benefits of the guidance to customers to include:
- Greater information on proposed site closures, allowing customers the ability to make alternative arrangements in time (such as switch provider), potentially reducing costs to customers.

- Potential improved alternative services or knowledge of alternative services, depending on firms' implementation of the guidance. In turn, this could potentially lead to less financial exclusion or isolation among vulnerable customers that rely on local cash or branch services.
- Potential retained access to existing services, if a firm decides not to close or convert the branch or ATM.

## Annex: Summary of feedback to GC20/2

1. We received 24 responses to GC20/2, from firms and trade bodies, consumer groups, trade unions, and individuals.
2. Respondents were broadly supportive of the proposed guidance put forward in GC20/2, but raised a number of questions and suggestions for us to consider. In this Annex, we provide details of the key themes of that feedback, a summary table of other points of feedback raised, and our responses.

### Scope of the guidance

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3. Several respondents, including both industry and consumer groups, proposed that we extend this guidance to include all Independent ATM Deployers (IADs) and the Post Office. These organisations are also part of the access to cash and banking services landscape, and respondents cited combinations of achieving full coverage for relevant services and creating a 'level playing field' as the reasons why they should be included.
4. Some providers that primarily operate ATMs (rather than branches) felt that the guidance should not apply to them, as the limited information they have about users of their ATMs makes the elements of the guidance relating to communication with customers and analysis of customer needs difficult to implement. They also argued that the amount of time in advance we expect firms to notify the FCA and customers was inappropriate, and that this should instead align with other notification requirements.
5. One respondent argued that credit unions should be out of scope of the elements of the guidance relating to assessing alternatives, for resource reasons.
6. One respondent questioned why conversions of free to use to pay to use ATMs were included in the guidance, as pay to use ATMs are typically operated by IADs, who may not be in scope of our guidance.

### Scope of the guidance: our response

The guidance will only apply to firms that are subject to the Principles, so it will not apply to Post Office Limited, or to any Independent ATM Deployers who are not subject to the Principles. However, we will be engaging with these organisations as part of our ongoing work with industry around access to cash. We also note that there are other provisions that are relevant to these organisations, for example the Post Office's Access Criteria, and the Payment Systems Regulator's Specific Direction 8.

We consider that the points at which we expect firms to notify the FCA and customers are appropriate for ATM providers. The purpose of this notice period is to enable the FCA to assess the potential impact on access to cash and other relevant services, and to engage

with firms, as well as to enable customers to take action or identify alternatives. We have clarified some circumstances in which informing customers this far in advance may not be possible, which may be relevant to ATM providers. We have also clarified that we expect firms to take a proportionate approach to the analysis elements of the guidance, and that we recognise that ATM providers may not be able to conduct the same degree of analysis in relation to their customers.

We expect credit unions to be able to follow this guidance. As mentioned in paragraph 1.3, we will keep proportionality in mind when applying this guidance to credit unions, and our expectations about assessment of alternatives will take this into account.

While regulated firms may not currently operate pay to use ATMs, that is not to say that they will not in future. We have included conversions in the scope of this guidance to ensure that our expectations are clear in the event that a regulated firm proposes to convert a free to use ATM to pay to use.

### Application of the guidance to existing plans

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7. A trade body asked how we intended for this guidance to apply to plans for closures or conversions that are already underway, and asked us to provide industry with an adequate implementation period.

#### Application of the guidance to existing plans: our response

We recognise that it may not be reasonable to expect firms to take full account of this guidance where their plans for closures or conversions are so significantly advanced that they have already been decided on. We have clarified that, in relation to plans already being progressed following a decision, we expect firms to take account of the guidance to the extent it is reasonable to do so. Where a firm has not yet taken a decision on the date this guidance takes effect, we expect the guidance to apply in full.

Because this guidance builds on our existing Principles, we consider that it should take effect shortly after the publication of finalised guidance.

### Proportionality of the guidance

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8. A number of industry responses raised situations where it was felt that complying with the guidance would be disproportionate, or not possible. These included:
- Temporary or unanticipated closures, for example due to vandalism or staff illness
  - The relocation of a branch, or the closure of one of several branches in a small area
  - Closures or conversions that are caused by the decision of a third party, such as a landlord
  - The closure of an ATM within a branch, where the branch remains open
  - The closure or conversion of a branch or ATM that was provided as part of a pilot

9. A trade association asked us to revise our definition of 'customer' to exclude infrequent users of services, and to enable firms to not consider the needs of SME customers if they do not already do so under the LSB's Access to Banking Standard.

### Proportionality of the guidance: our response

We recognise that it may not be practical or desirable for firms to take account of this guidance in all cases, and have made some revisions to the guidance to reflect that (see paragraphs 2.4-2.9).

While we continue to use the definition of 'customer' as set out in the draft guidance, we have clarified that we do not expect firms to include the needs of very infrequent branch customers in their analysis of needs. We consider that SME customers form an important part of the cash cycle, and so we consider that they should be included in the scope of the guidance. In relation to assessment of customer need for payment services, firms will only have to take account of the guidance in relation to micro-enterprises and certain charities as well as consumers, not larger SMEs.

### Interaction with the Access to Banking Standard

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10. A number of industry respondents asked for clarity about how our guidance related to the Access to Banking Standard ('the Standard'), which is a voluntary industry standard overseen by the Lending Standards Board ('LSB').
11. Similarly some responses proposed that we incorporate other elements of the Access to Banking Standard, for example by extending the scope of the guidance to cover reductions in opening hours as well as closures.

### Interaction with the Access to Banking Standard

The Standard is an industry standard set by the LSB. It is not FCA guidance or otherwise part of the FCA's regulatory regime, although we recognise that there is some overlap between them where a firm is both FCA-regulated and a signatory to the Standard. We note that respondents did not consider there to be inconsistencies between the draft guidance and the Standard; our approach to finalising this guidance has been to ensure an appropriate degree of consistency between the guidance and the Standard.

At this point we do not propose to extend our guidance to cover reductions in opening hours, as our focus is specifically on closures or conversions. See also paragraph 12 below.

### Publication of analyses, and consultation with customers

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12. Some consumer groups and trade unions proposed that we set an expectation on firms to publish their analyses, and to formally consult with customers and respond to them ahead of a closure or conversion.
13. Some trade unions said that there should be a requirement to formally consult with staff, and for firms to copy trade union representatives into correspondence with the FCA.

### Publication of analyses, and consultation with customers: our response

The guidance is intended to ensure that we have the information necessary to ensure that firms treat customers fairly when implementing a closure or conversion. We do not expect a formal consultation with customers as part of this, although firms may wish to do so.

We recognise the benefits of the current provision in the Standard on publication of an impact assessment and have included an expectation along similar lines in the finalised guidance, which we consider advances our consumer protection objective and is proportionate.

We do not consider it would further our statutory objectives to include expectations regarding communication with staff or trade unions in our guidance.

### Approach to supervision and enforcement

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14. Some industry respondents, and some consumer groups, asked us to provide more detail on how we would use information provided to us, and what enforcement action we would take if we identified a breach of our Principles.
15. Some consumer groups also said we should go further than the draft guidance and prevent firms from closing a site, or require firms to provide an alternative, if it would otherwise create an 'access gap'.

### Approach to supervision and enforcement: our response

We will use the information provided to us to understand the potential impact on access to cash and relevant services of a planned closure or conversion, and to inform conversations between supervisors and firms, in order to ensure that firms meet our expectations around considering consumer needs, impacts, and alternatives in any closure or conversion plans covered by the guidance. We have also clarified our approach to confidential information in the finalised guidance.

The purpose of the guidance is not to change or interfere with a firm's decision, or specify a particular alternative to be put in place. The purpose is to give guidance on our expectations around firms informing the FCA, assessing the impact on customers, considering alternatives, and communicating with customers.

Alongside this guidance, we continue to work with industry to develop effective ways of providing access to cash and banking services in the longer term.

### Interaction with potential legislation

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16. Some respondents asked us to clarify how this guidance would interact with any potential future legislation on access to cash, given government's stated intention in the March 2020 Budget to introduce legislation to protect access to cash for those who need it.

### Interaction with potential legislation: our response

This guidance is not intended to take the place of, or pre-judge, any legislation that government might introduce.

We will review this guidance within 12 months, and that review will take account of any legislative or industry developments in that time. We are working closely with government to inform the design of any potential legislation.

### Additional points raised

Feedback	Our response
We should use an alternative definition of 'customer'	We consider that our definition of customer is appropriate and enables us to advance our objectives in publishing this guidance. However, we have introduced clarification on our expectations regarding very infrequent customers in the finalised guidance.
We should provide a full list of 'everyday banking services' in scope	We do not agree. We consider that the guidance is clear that regulated banking activities and payment services are covered, as this is what Principles 6 and 7 cover.
The FCA should clarify whether this guidance would mean a proposal from a firm to withdraw from LINK would be covered by the guidance	The guidance is intended to apply to decisions that cause a closure or conversion. A decision to withdraw from LINK does not <u>necessarily</u> cause the closure or conversion of an ATM, and so is not in itself covered by this guidance.
The FCA should require firms not to take any irreversible decisions before informing it of plans	Our guidance states that we expect to be informed of plans before a decision is made. We therefore consider that this is already implicit in the guidance.
The FCA should assess the viability of alternatives proposed by a firm, and carefully consider the suitability of the Post Office	We will consider the information provided to us by a firm, and where we have questions, we will follow this up with the firm. We expect that in some cases, the Post Office may be considered a suitable alternative.
There should be an urgent review of the interchange fee	This is outside of the scope of this consultation.
Firms should provide any information given to the FCA to trade unions or other staff representatives	This is outside of the scope of this consultation.
There is an urgent need for legislation / a Universal Service Obligation	This is outside of the scope of this consultation. We also note that government has announced that it intends to legislate.
The analysis of needs should take into account e.g. poorer internet connection in some areas	We would expect this to form part of firms' assessments of suitability of alternatives. We have clarified this in the finalised guidance.

<p>Some of the examples of alternative services e.g. cash delivery are not appropriate for many customers</p>	<p>The examples given were indicative only, and it's for firms to consider how appropriate they are and for the FCA to consider the firm's analysis.</p>
<p>The FCA should make it clearer that vulnerability could include a consumer's financial position</p>	<p>We explain on the page of our website headed <a href="#">"Treating vulnerable customers fairly"</a> that we have identified resilience as a key driver that may increase the risk of vulnerability, and that this includes a low ability to withstand financial shocks.</p> <p>At the time of writing, we are also consulting on guidance on how we expect firms to treat customers fairly if they are in vulnerable circumstances (GC 20/3), This consultation closes on September 30.</p>
<p>The FCA should recognise that not all vulnerable customers require physical banking</p>	<p>We have recognised this in the finalised guidance.</p>