

Banking on it

How well are post offices delivering cash and banking services?



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Summary

Despite a huge increase in cashless spending and rising online banking, 14% of consumers and 20% of small businesses still use face to face banking weekly. Consumer banking at post office counters has doubled in the past 3 years, and 1 in 4 people (25%) have now used Post Office banking.

As bank branches continue to exit the high street, the government sees post offices as key to maintaining access to banking. And although there have been changes in the way people pay and bank during the pandemic, cash and face to face banking will remain important well into the future. But how well is the Post Office placed to provide this safety net for local economies?

Citizens Advice has undertaken the most comprehensive research ever into Post Office banking. We interviewed 3,000 individuals and small businesses, surveyed 270 postmasters and 140 local Citizens Advice advisers, and carried out almost 1,000 banking transactions at 470 post offices.

Our research confirms that for many people Post Office banking is the only option left and vulnerable groups use Post Office banking most frequently, particularly those on low incomes and disabled people. More than half (55%) of postmasters say there are no bank branches in the community their post office serves, and in rural areas this rises to 3 in 4 (74%). Over 2 in 3 postmasters (67%) who've seen a local bank shut say it led to a significant increase in the use of banking services at their post office.

Overall service standards are largely good and the vast majority of banking transactions attempted at post offices are successfully completed. Customers are generally very satisfied - 97% are satisfied, and 61% very satisfied. However, we did uncover some significant issues.

Communication about the available services should be clearer. Fewer than half (45%) of consumers know about the full range of banking services provided at post offices.

In some areas the quality of service falls short of what we might expect to receive from financial services. Our shoppers encountered serious problems with cheque deposits - 1 in 4 were unable to pay in a cheque. Staff do not always

provide correct information about the service - for example, 58% of shoppers were not given the right details about cash withdrawal limits. And worryingly, services are not always available when they should be. This is a particular issue at Outreach post offices where services couldn't be accessed in 1 in 5 visits.

Privacy is a worry for many consumers and around 1 in 5 (19%) of our shoppers say there wasn't enough privacy when they were being served. This was a greater issue in smaller post offices. For some people queuing is a concern and we found experiences were mixed. Whilst only 1 in 2 shoppers had to queue, we recorded long waits in some of the larger post offices.

There are also structural risks to Post Office banking. 70% of postmasters who responded to our survey said pay rates for banking do not cover the cost of providing the service.

We are living in rapidly changing times and people's long-term needs for cash and banking services remain unclear. However, many people are expected to continue to need to use cash and face to face banking services well into the future. Although a range of alternative solutions are currently being trialled, our research shows that Post Office banking remains vital for many people. It's crucial that the government protects the Post Office provision for as long as the service is required.

To ensure Post Office banking is provided to an optimum standard, we recommend:

1. Post Office Ltd should make improvements to the service, including the cheque deposit process, privacy, queuing and staff training. Post Office Ltd also needs to ensure provision is reliable and available at advertised times, particularly in Outreach post offices.
2. Post Office Ltd and the banking industry should work together to
 - i) improve consumer and small business awareness of the full range of Post Office banking services
 - ii) ensure Post Office and postmasters' remuneration for providing banking is at levels that can sustain the service

Introduction

Consumers see everyday banking and payment services as something everyone should have access to.¹ For a long time people have used these services at bank branches, but since the mid-1990s the number of local branches in the UK has been falling steadily. Over the last decade, 1 in 3 bank branches have closed down.²

Local bank closures reflect the declining use of branches as customers are increasingly able to access banking services without having to visit a physical outlet. These trends are expected to continue, and indeed are likely to accelerate, as people and small businesses have increasingly taken up online banking technologies during the coronavirus pandemic.

In recent years, the effects of local bank closures have been compounded by ATM (cash machine) closures and the rising proportion of ATMs now charging customers for cash withdrawals.³

The loss of branches and ATMs may have relatively little day-to-day impact on people who use online banking and can easily get to face to face services when they need them. However, Citizens Advice is concerned reduced access to cash and face to face banking services is harming the consumers and small businesses that depend most on these services. We know, for example, that cash is essential to budgeting for many people, and cash usage can help prevent exploitation and abuse. On top of this, not everyone can cope with digital technologies and some areas have poor online connectivity.⁴ There's also evidence that the majority of people simply want to be able to access their bank account offline.⁵

In this context, the government sees post offices as key to maintaining free access to everyday banking. But previous Citizens Advice research indicated some problems with the reliability of banking services at the Post Office.⁶ Other stakeholders have flagged concerns about long queues, lack of privacy and whether post office staff have the training and professionalism to provide these

¹ Which? [Everyday Finances - key statistics](#), November 2019

² ONS, [UK Business Counts](#), October 2019

³ Which? [Poorer Areas Hit Hardest By Loss of Free Cash Machines](#), September 2019

⁴ [Access to Cash Review](#), March 2019

⁵ Which? [Everyday Finances](#), November 2019

⁶ Citizens Advice, [State of the Post Office Network](#), June 2017

services.⁷

If we are to rely on the post office network to provide this critical safety net for local economies, we need to know whether it can deliver.

To answer this question, Citizens Advice has undertaken a programme of research looking at i) how well the Post Office is providing day-to-day high street banking services and ii) if there are other consumer banking needs not currently being met and whether the Post Office could meet these needs. In this report we focus on the Post Office's current provision of banking services. We will look at other aspects of our research in future outputs.

Post Office day-to-day banking services

Prior to January 2017, when services were standardised, Post Office provision of high street banking services was patchy. However, the Banking Framework agreement between the Post Office and the banking industry, now enables 99% of UK personal bank customers and 95% of business bank customers to do their day-to-day banking at post offices.

UK post offices are required to provide a specific range of everyday banking services. These services are cash withdrawal from bank accounts, account balance checking, and cheque and cash deposits into accounts. Many banks also offer small businesses access to change giving services at post offices.⁸

The full range of Post Office banking services are provided by all types of post offices. Crown offices, the large branches in town and city centres, are managed directly by Post Office Ltd. But the vast majority of post offices are operated either by multiple retailers (such as WH Smith, the Co-op) or independent postmasters. These 'agency branches' are Post Office Mains (larger and busier branches), Post Office Locals (smaller post offices within retail premises such as convenience stores and petrol stations) and Traditional post offices. Outreach post offices, typically provided for a few hours a week in a village hall or from a mobile van, are also required to offer all Post Office banking services.

⁷ See for example, House of Commons Treasury Committee, [Consumers' Access to Financial Services](#), May 2019

⁸ 29 banks and building societies offer personal and small business banking customers Post Office access. Most banks offer the full range of services to individual consumers, provision to businesses is more variable. See <https://www.postoffice.co.uk/everydaybanking> for details

1 Face to face banking services

In many parts of the country, post offices are now the only remaining outlet providing people with face to face banking services. Our findings confirm that closures of local bank branches and ATMs lead to more people using post offices for cash and banking.

Vulnerable groups use branch services most

Our research shows almost everyone (90% of the UK population) uses a bank branch at some point.⁹ Many people are frequent users - 40% of the population use a bank branch at least monthly and 14% visit at least weekly.

Some people are more heavily dependent on bank branches than others. We found people who are digitally excluded, aged over 65 or on low household incomes are most likely to use bank branches weekly.¹⁰ Over 7 in 10 (71%) Citizens Advice advisers we surveyed say access to face to face banking services is important to their clients. They often use cash to help budget and frequently don't have access to alternatives such as online banking.

But following mass closures many people now experience difficulties getting to bank branches. People who live in rural areas are almost twice as likely to find the location of their bank branch inconvenient - 29% of rural residents, compared with 16% of urban residents. Older people and people with physical or mental health conditions are also more likely to find it inconvenient to get to their bank.¹¹

Post offices are well placed to plug gaps left by bank closures

Whilst bank branches have been closing, total post office numbers remain stable. With around 11,600 branches throughout the UK, there are now more post offices than bank branches. Over half of all post offices are based in rural

⁹ 90% of consumers have used a bank branch within the last 12 months

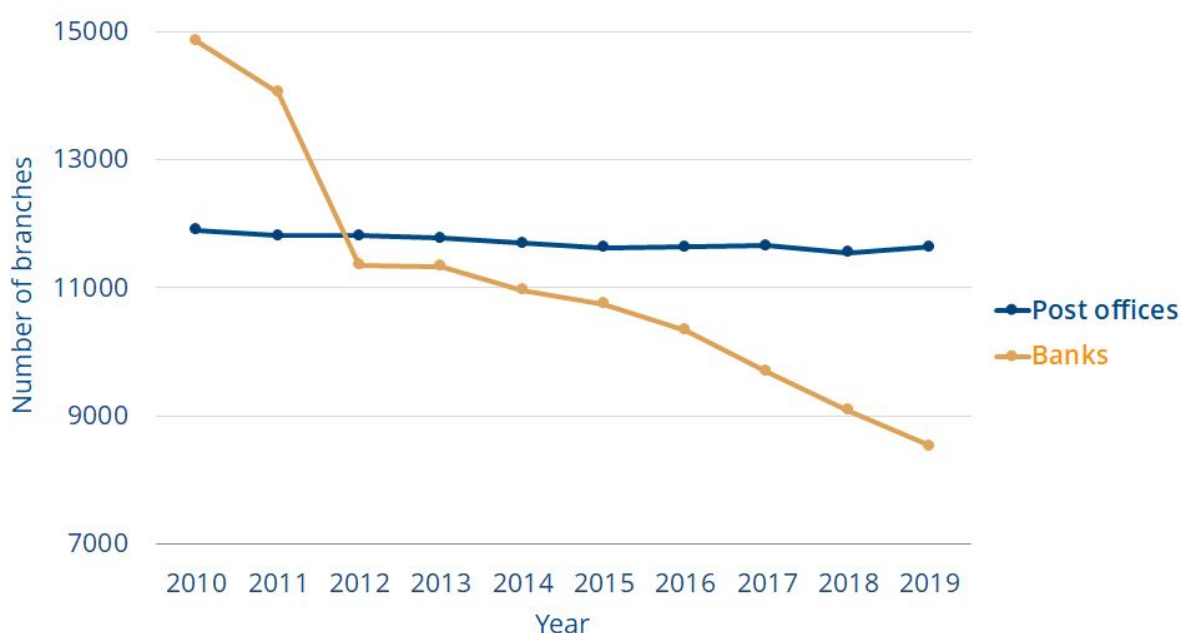
¹⁰ Use bank branch at least weekly: 24% people who use the internet less than once a week, 20% aged 65+, 20% household income under £21k. Compares with 14% average

¹¹ Location of bank branch is inconvenient: 27% of people with physical/mental health condition, 26% of people aged 75+. Compares with 20% average

areas and the government's access criteria ensure the post office network retains good geographical reach throughout the country.¹²

In many areas post offices are the only remaining outlet providing people with face to face banking services. More than half (55%) of the post office operators we surveyed say there are no bank branches in the area where their post office is based. This is even more pronounced in rural areas, where 3 in 4 (74%) postmasters report there is no local bank branch.

Figure 1. Bank branches have declined whilst post office numbers remain stable¹³



A number of other factors put the post office network in a good position to step into the gap left by the banks. Following significant investment through the government funded Network Transformation Programme, post office opening hours have been extended - many are now open early or late, and on Sundays.¹⁴ Post offices have also improved physical accessibility which has made them easier for disabled people to use.¹⁵

¹² 99% of the UK population must be within 3 miles of a post office, 90% of the population within 1 mile. House of Commons, [Briefing Paper 02585 Post Office Numbers](#), March 2020

¹³ House of Commons, [Briefing Paper 02585 Post Office Numbers](#), March 2020 and Office for National Statistics, [UK Business Counts](#), October 2019

¹⁴ Citizens Advice, [Post Offices Transformed](#), June 2019

¹⁵ Citizens Advice, [The State of the Post Office Network](#), June 2017

Overlaying all these considerations, post offices are trusted and well used by the very people who make most visits to bank branches - rural residents, older people, people who are digitally excluded and small businesses.¹⁶

Bank branch and ATM closures lead to post office use

Our research indicates that bank branch closures result in people using post offices. Almost 4 in 10 (39%) people who use Post Office banking have experienced the closure of the bank branch that they used to visit regularly, compared with 27% of non-users.¹⁷



The closure of nearby ATMs or move from free to pay-to-use also increases Post Office banking use. Whilst 27% of Post Office banking users have seen a nearby ATM close down or start to charge, only 19% of non-Post Office banking users have experienced this.

Post office operators confirm that local bank branch closures mean more people use post offices for their banking. Over 2 in 3 postmasters (67%) who've had a local bank shut down say it led to a significant increase in the use of banking services at their post office.¹⁸ Similarly for postmasters who have seen a local ATM close or move to

pay-to-use, almost half (45%) report a significant increase in the use of banking services at their post office.¹⁹

¹⁶ Citizens Advice, [Consumer Use of Post Offices](#), July 2017

¹⁷ Post Office banking users who have experienced a bank branch closure in the last 2 years

¹⁸ A further 29% of postmasters report a slight increase in use of Post Office banking following a local bank branch closure

¹⁹ A further 42% of postmasters report a slight increase following local ATM closure/charging

2 Use of Post Office banking

Consumer use of banking services at post office counters has doubled in the past 3 years. The service is used most in rural areas, and most frequently by more vulnerable groups. But there is still much that needs to be done to promote the service more widely to ensure that everyone who needs it is aware of it.

1 in 4 consumers have used Post Office banking

Our latest research shows 1 in 4 people (25% of the population) have used Post Office banking.²⁰ This is a substantial increase from the 12% who were withdrawing cash at post office counters in 2017.²¹

Figure 2. A quarter of consumers have used Post Office banking services



Almost half (46%) of those who have used Post Office banking, use the service at least once a month. But some consumers (14%) are heavy users, and access Post Office banking once a week or more often.

People mainly say they use a post office for banking as it's near where they live (59% of users say this). However, people also say it's because the staff are friendly or trustworthy, that the service is quick or the opening hours are long or convenient. Local Citizens Advice advisers told us that the Post Office is a well established brand that clients feel they can trust.

²⁰ Refers to use within the last 12 months

²¹ Accent, [Use of Essential Services Traditionally Provided at Post Offices](#), June 2017 - cash withdrawal was by far the most commonly used Post Office banking transaction

Rural residents and vulnerable groups use it most

People living in rural areas are most likely to use Post Office banking. Over 1 in 3 (35%) rural residents have used the service, compared with only 1 in 5 (20%) urban residents. This reflects the lack of bank branches in rural areas. Our advisers also stress that many people find it difficult to get to their nearest bank branch because of poor public transport. This was echoed by comments from many consumers.

‘The banking services offered by my local post office are essential, otherwise I would have to travel 8 miles to my nearest bank branch.’

Male consumer, aged 55-64, rural area

We found older people are more likely to have used Post Office banking than younger people. 27% of people aged 65 and over have used the service, but it's been accessed by just 17% of people aged 18-24. However, for many of the young people who do use Post Office banking, our evidence suggests it's particularly important. 1 in 5 (20%) younger users²², access the service at least weekly.

Disabled people use Post Office banking more than those without disabilities. Whilst 28% of people with a disability or mental health condition have used the Post Office service, this is the case for 24% of people without such conditions. In addition, disabled people make more frequent use of the service than users without physical or mental health conditions or disabilities (see figure 3 below).²³

People on low incomes are also more dependent on accessing the service than those on higher incomes. Our research shows 19% of low income Post Office banking users access the service at least weekly, compared with just 10% of those with household incomes of over £21,000 a year.

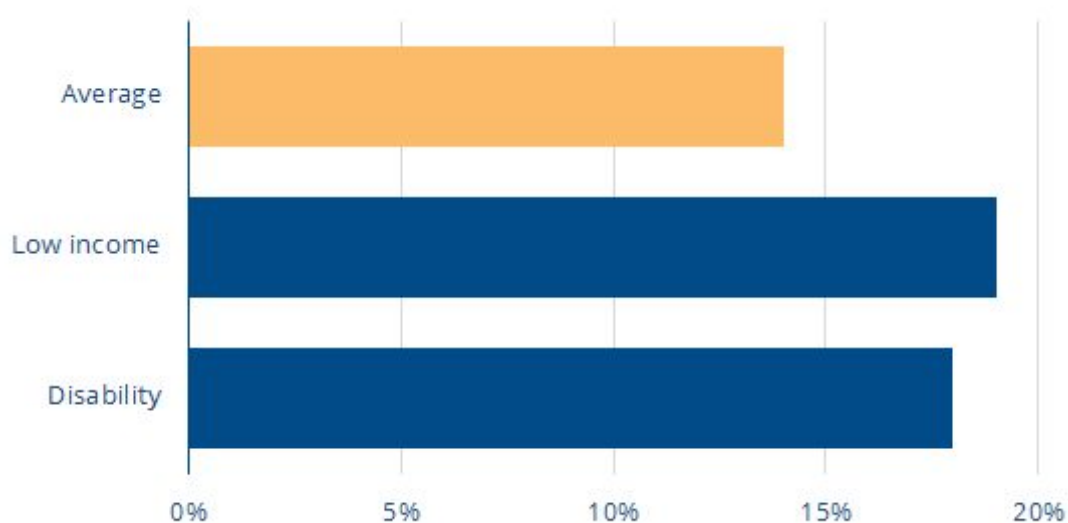
These findings are consistent with other evidence that shows these groups - older people, people with health conditions or disabilities and those on low

²² Aged 18-34. Compares with average weekly use of 14% across all demographics

²³ 18% of Post Office banking users with a physical or mental health disability/condition use the service at least weekly, compared with 12% of users without a disability

incomes - are most likely to be digitally excluded²⁴ and may be less able to access financial services in general.²⁵

Figure 3. Vulnerable groups are most likely to use the service weekly
Post Office banking users accessing Post Office banking at least weekly



Cash withdrawal has greatest use

Consumers use cash withdrawal more than any of the other banking services. Our research shows 4 in 5 consumers (79%) who have used Post Office banking have withdrawn cash. However, around half of Post Office banking users have paid in cheques (54%) or cash (46%) and 29% have checked their bank balance.²⁶

The picture is slightly different when we look at weekly use. We found 15% of Post Office banking users withdraw cash from a post office and 10% check their balance at least once a week. But only 6% pay in cash and 3% deposit cheques weekly (see figure 4 below).

The relatively infrequent use of cash and cheque deposits is likely to be simply because these are transactions that are not often used by individual consumers. However, small business customers use these services quite differently (see page 22).

²⁴ Office for National Statistics, [Exploring the UK's Digital Divide](#), March 2019

²⁵ Financial Conduct Authority, [The Financial Lives of Consumers](#), June 2018/January 2020

²⁶ Post Office banking users refers to all individual consumers who have used Post Office banking in the last 12 months

Figure 4. Consumers use cash withdrawal more than other services
Percentage Post Office banking users accessing the different services at least weekly



Awareness levels have risen significantly

Consumers need to know a service is available in order to be able to use it. Awareness of Post Office banking has increased substantially over the last few years. In 2020, 2 in 3 people (67%) are aware that post offices offer everyday banking services. This compares with under half the population (43%) who knew about the service 2 years ago.²⁷

But our research shows that not everyone is aware of the full range of Post Office banking services. Whilst 45% of consumers say they know about all the services, 22% say they are only aware of some of them.

Word of mouth is one of the most effective ways of promoting Post Office banking. Over 1 in 4 consumers (27%) say they found out about the service in this way. Post offices themselves have also been key to promoting the service. Many users say they were made aware of the service by notices inside or outside post offices or through post office staff.²⁸

Better publicity is needed to ensure everyone knows

Although post offices are doing reasonably well at publicising their banking services, there is room for improvement. Our mystery shopping research finds 1 in 5 (21%) post offices are not advertising Post Office banking either inside or

²⁷ YouGov survey for Citizens Advice, March 2018

²⁸ 25% of users were made aware of Post Office banking by post office staff. 24% through a notice inside a post office, 16% through a notice outside a post office

outside the branch. This is despite the fact that Post Office Ltd provides all post offices with advertising and promotional material for Post Office banking.

Post Office Ltd has a further role to play to ensure post offices are actively promoting the service, for example through audits checking that post offices are displaying publicity material and testing whether staff are telling customers about the service. Postmasters also believe that local advertising can be particularly helpful especially when neighbourhood bank branches are closing down. This could include targeted social media advertising and local radio and magazine advertising.

‘More advertising needs to be done informing customers of this service ... we were only aware of it through a small sign in the window but there was no explanation as to what was being offered.’

Female consumer, aged 65+, urban area

There is also a lot more the banks could do too. In an independent review of how banks engage with local communities following local bank branch closures, the Access to Banking Protocol Review recommends all banks ensure their customers are aware of what they can do at the Post Office. The review also says individual banks should work with the Post Office where a post office is key for local customers.²⁹

However, few Post Office banking users find out about the service through their bank.³⁰ Despite additional recommendations from the Lending Standards Board³¹, banks rarely engage with local post offices about bank branch closures. Only 15% of postmasters report engagement from the bank when a local branch shut. In over 3 in 4 cases (77%) closing banks did not contact the post office.³²

There is strong evidence that many people who are currently unaware of the service would use it if they knew about it. Just over 4 in 10 (41%) consumers who hadn't previously known about the service told us that now they knew about it, they would be likely to use it at some point in the future.

²⁹ Russel Griggs, [Access to Banking Protocol Review](#), November 2016

³⁰ 10% found out via bank staff, 5% a bank website/app, 3% a leaflet from a bank

³¹ Lending Standards Board, [Access to Banking Standard Summary Report](#), September 2018

³² 77% of postmasters surveyed who had experienced a local bank branch closure say that closing banks did not contact the post office. (7% of postmasters did not know)

3. Service quality

Most banking transactions are successfully completed and users are generally very satisfied with service quality. However, customers often experience problems depositing cheques and do not always receive the right information about services. Our research also uncovered some concerns around queuing and privacy.

Satisfaction levels are very high

The vast majority of consumers (97%) who have used Post Office banking services say they are satisfied with the service, and 3 in 5 (61%) are very satisfied.

Mostly, people rate their experience of Post Office banking as similar to or better than undertaking similar transactions at bank branches. We found 2 in 3 (66%) users say there's no difference, and 1 in 4 (24%) say it's better at a post office.³³

As well as valuing the localness of the service, many consumers appreciate the personal service post offices provide. Some consumers also like the convenience of being able to undertake postal or retail transactions at the same time as doing their banking.

'[The post office] has a better service, friendly local staff who know me and the area well. [It] feels more personal.'

Male consumer, aged 45-54, urban area

Almost all mystery shoppers who visited post office branches to undertake banking transactions said they felt safe and secure throughout the whole process, including both outside and inside the outlet.³⁴ Shoppers also reported that post office staff were polite, professional and fully engaged.³⁵

³³ 10% of consumers who have used Post Office banking in the last 12 months say the post office is worse than the experience at a bank branch

³⁴ 97% of mystery shoppers said they felt safe and secure

³⁵ 99% of shoppers said staff were polite and courteous, 98% said staff were professional, 97% said staff were fully engaged

‘ I felt that my transactions were carried out efficiently and I was confident that they had been carried out correctly.’

Female shopper, aged 35-54, rural Post Office Local

Despite these very high levels of consumer satisfaction, our research does uncover some problems with the service.

Services were not available at 1 in 5 Outreach visits

In 6% of visits mystery shoppers were unable to conduct their banking transaction.³⁶ In most cases, it was because the outlet was closed, even though the shopper visited during the opening hours shown on Post Office Ltd’s website.³⁷

Failed visits happened in Outreach branches more than in visits to any other type of post office. In total, almost 1 in 5 mystery shops to Outreach post offices could not take place.³⁸ This was usually because the outlet was not open or the mobile post office van was not there. Any lack of availability from Outreaches may be particularly hard hitting for customers. Outreach branches are often only available for a few hours a week, and are usually based in a rural area where there are few or no other alternatives for banking and cash withdrawal.

Experience of queuing times is mixed

Although many stakeholders have expressed concerns about queue lengths, our research found that only half the shoppers (50%) had to queue when using Post Office banking services. These shoppers waited on average 2 minutes and 20 seconds to get served.

Queuing times varied by branch type - with longer queues at Crown offices and shortest waits at Post Office Locals.³⁹ The longest a shopper had to wait was 14 minutes.

³⁶ 30 visits of a total of 474 mystery shopping visits

³⁷ In a small number of cases the outlet was open, but Post Office services in general or the banking services the shopper requested were not available

³⁸ 18% of Outreach mystery shops could not take place because the service was not available. Shoppers attempted a total of 49 Outreach visits

³⁹ Average queuing time for shoppers who had to wait: Crown 3m 38s, Post Office Local 1m 31s

However, the consumer experience of service times varies. As we've seen overall satisfaction rates are very high, and speed of service is a key reason for satisfaction amongst many people.⁴⁰ On the other hand, long queues are the main reason the small minority of users are dissatisfied with banking services at post offices.⁴¹ In addition, experience or perception of long queues or slow service is one of the reasons why many people don't use the service.

Our mystery shoppers report that when they had to wait it was usually because of the volume of customers or because customers in front were undertaking lengthy transactions. Previous Citizens Advice research shows that the use of self service machines for postal items in larger post offices, such as Crown branches, can bring down queueing times considerably.⁴² The introduction of these machines into more post offices may help reduce queueing times for banking customers.

Privacy can be a problem in small post offices

Privacy at post offices is a significant concern for many consumers. Nearly 3 in 10 (27%) consumers who don't use Post Office banking services say this is because of the lack of privacy.

Many of our mystery shoppers would agree - 1 in 5 (19%) say there wasn't enough privacy when they were being served. This rose to around 1 in 3 of those who visited smaller post offices - Post Office Locals (31%) and Outreaches (28%). A significant number of postmasters who run these smaller post offices also rate their branch's privacy for banking 'poor'.⁴³

'Even though the store was quiet during my visit, because the area in which the counter is located is narrow, a delivery driver, another customer and a member of staff all walked past and were able to hear the details of the conversation without making any effort.'

Female shopper, aged 35-54, rural Traditional post office

⁴⁰ 34% of consumers who are satisfied said this was because of the quick service

⁴¹ This is the reason given by half the consumers who said they were dissatisfied with post office banking services. Findings are indicative only, as the base is very small

⁴² Citizens Advice, [Help Yourself? current and future use of self service at post offices](#), December 2018

⁴³ 23% of postmasters surveyed operating Post Office Locals say privacy for Post Office banking customers is 'poor'

Privacy is a difficult problem to solve at post offices due to the limited space available. However, there are some changes that Post Office Ltd could make to help improve the situation. For example, through the introduction of privacy screens at the counter and clear markings on the floor to encourage greater distance between customers. During the coronavirus pandemic, measures such as floor markings have already been brought in at some post offices. Post Office Ltd should assess how well these features have worked and whether they should be implemented permanently. On top of this, Post Office Ltd should undertake regular monitoring of privacy features at post offices.

Most transactions are successfully completed

The vast majority of banking transactions attempted at post offices are successfully completed. Almost all our mystery shoppers were able to withdraw (99%) and deposit cash (97%) and check their balance (98%).

Figure 5. Cheque deposits were the most problematic transaction
Percentage of transactions successfully completed by mystery shoppers



In the tiny minority of cases where this was not possible, it was usually because the post office was closed, staff told shoppers the service wasn't available or for technical reasons such as the machine rejecting the bank card. Overall this represents a considerable improvement since we looked at Post Office banking transactions in 2017.⁴⁴

⁴⁴ Citizens Advice, [State of the Post Office Network](#), June 2017

But there are significant problems with cheque deposits

Depositing a cheque at a post office can be a complex and confusing process. But this service is in demand and has been used by over half of those (54%) who use Post Office banking.⁴⁵

Consumers need a personalised bank paying-in slip and a deposit envelope alongside their cheque. Post offices don't provide the paying-in slips and only provide deposit envelopes for customers of some banks.⁴⁶ This means that consumers have to get a paying-in slip from their bank before depositing a cheque at a post office and some may also need to pick up a deposit envelope.

Given the challenges of this transaction, it's perhaps unsurprising that 1 in 4 (24%) mystery shoppers were unable to pay in their cheque.⁴⁷ This high failure rate confirms that there are fundamental problems with the Post Office cheque deposit process.

'There needs to be a way of paying in a cheque without having to provide and complete my own paying-in slip, get an envelope from post office staff, fill all my bank details on the front of it, queue again and give it to staff at the counter.'

Female consumer, aged 65+, urban area

The most common problem experienced by mystery shoppers was the post office didn't have the appropriate deposit envelopes. Sometimes mystery shoppers had difficulties getting the correct paying-in slip from their bank before visiting the post office. There were also a number of occasions when shoppers were simply told that the service wasn't available. (See figure 6 below.)

'The staff member said sorry they have closed today's input and they have a problem with cheque deposits. I was advised to come back the next day.'

Shopper, aged 25-34, urban Post Office Main

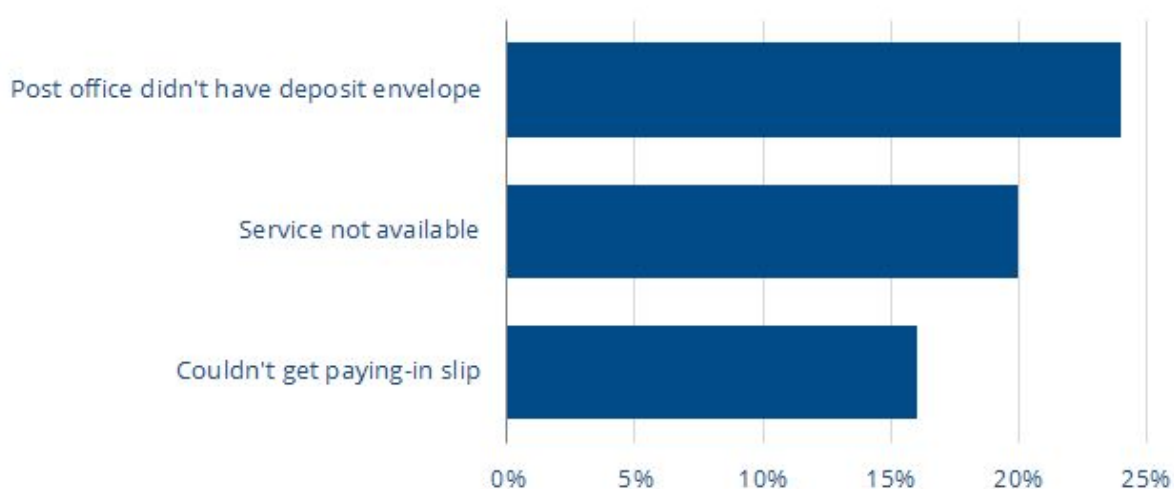
⁴⁵ 13% of Post Office banking users deposit cheques at least monthly

⁴⁶ <https://www.postoffice.co.uk/branch-banking-services>

⁴⁷ Shoppers were asked to try and deposit a cheque made payable to themselves. Before carrying out the transaction, we asked them to try and get a paying-in slip from their bank and a deposit envelope if their bank's envelopes weren't provided at post offices

Post Office Ltd is currently looking into replacing the current cheque deposit process with a more simple cheque imaging service.⁴⁸ It's important that this is introduced as quickly as possible to ensure all consumers who need the service can easily pay in cheques at post offices.

Figure 6. No envelope was the main reason cheques couldn't be deposited
Reasons shoppers couldn't pay in cheque⁴⁹



In the meantime, Post Office Ltd should work with the banks to investigate the problems with the service we have today. Our evidence suggests there are difficulties around the supply of envelopes by both the banks and post offices. In addition, we found that customers often find it hard to get hold of personalised paying-in slips. At a minimum, a streamlining or simplification of the current process would hugely benefit consumers. It's also important that post office staff have sufficient training so they can undertake the transaction confidently.

Staff do not always provide the correct information

Whilst most transactions were completed successfully, staff don't always provide the correct information about Post Office banking services. Shoppers enquiring about cash withdrawal and deposit limits often did not receive the right answers.

Bank account customers can only withdraw a limited amount of cash at post offices. This varies by bank and bank account and post office staff are not expected to know the limits for each type of account. However, in over half of

⁴⁸ Cheque imaging enables cheques to be deposited using a picture of the cheque

⁴⁹ Results are indicative as base is small (45)

cases (56%) staff gave the wrong information about cash withdrawals - either stating there was no limit to the amount they could take out or giving a specific limit. In one case a shopper was told they could only withdraw £50.

There are also restrictions on how much cash customers can deposit in one go. But 7 in 10 members of staff (71%) didn't appear to know there was a cash deposit limit.⁵⁰ And many shoppers were incorrectly told they could only deposit a maximum of £1,000. Some shoppers were also informed that there was a limit on how often they could pay in cash, however customers can actually deposit cash as often as they like.⁵¹



In addition, shoppers were often given their balance details incorrectly. Post office staff are supposed to print out the balance on a slip of paper and hand this to the customer face down. The process protects the customers' privacy by ensuring no one else is made aware of the balance. However, in 4 in 10 cases (41%) shoppers were handed the slip face up. In a small number of cases shoppers were verbally told the balance by a staff member.

Again these findings indicate some shortfalls in post office staff knowledge around banking services. It represents further evidence of a need for Post Office Ltd to provide more training for post office staff so that they can offer services in the appropriate manner and answer customers queries correctly.

⁵⁰ Consumers can deposit £2,000 at every post office and £20,000 at larger post offices

⁵¹ 9% of shoppers were told there was a limit to the frequency they could pay in cash. In 8% of visits staff did not know if there was a limit to the frequency of cash withdrawals

4 Small business banking

A majority of businesses rely on face to face banking services. Our research finds 4 in 5 (80%) small businesses use face to face banking services and many are using the services regularly.⁵² But with so many bank branch closures there has been a growing demand for alternative ways of accessing business banking.

Post offices provide business banking services

Post Office banking services for small businesses are similar to the everyday banking services available to consumers. Business bank account holders can withdraw and deposit cash, deposit cheques and check balances. They can also access change giving services. However, many business bank accounts do not offer the full range of services.

Most small businesses know about banking services at post offices. Our research found 4 in 5 (80%) small businesses are aware of at least one of the services offered. Around 1 in 2 (51%) are aware of every service available.

Small businesses are frequent users

Almost 3 in 10 (29%) of small businesses that use bank branches have used a post office for banking.⁵³

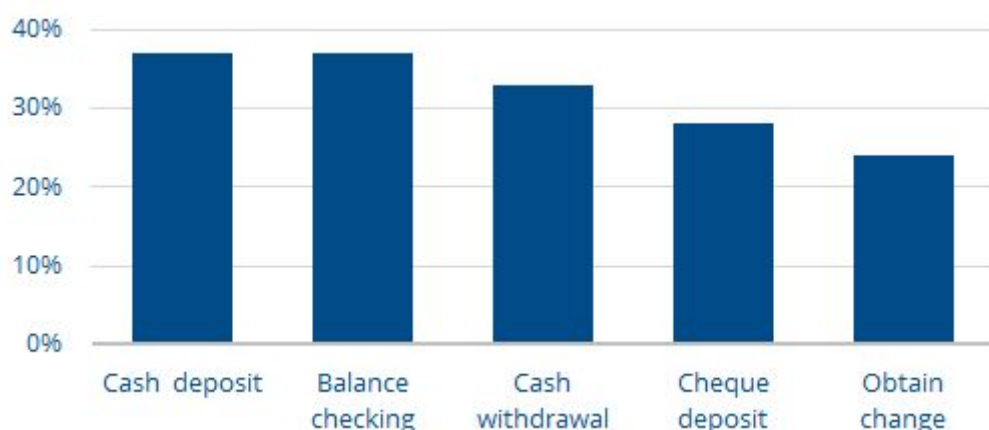
Small businesses are frequent users of Post Office banking. Our research shows 44% of small business users access Post Office banking at least weekly, and 79% use it at least monthly. This makes small businesses more regular users than individual customers (only 14% of whom use the service weekly).

Businesses also use the range of banking services differently to individual consumers. Small businesses make much greater use of the cash deposit service and are also more likely to pay in cheques frequently (see figure 7 below).

⁵² 20% of all small businesses use face to face banking at least once a week, 42% use it at least monthly

⁵³ 20% of all small businesses have used a post office for business banking in the past 12 months

Figure 7. Small businesses are most likely to withdraw and deposit cash
Percentage of small business Post Office banking users accessing services at least weekly



Most small businesses are satisfied with the service

Like individual consumers, the vast majority of small businesses (93%) are satisfied with banking services at post offices. Most businesses say they are satisfied because the service is nearby. Like consumers, businesses also mention friendly staff, trust, good service quality and speed of service.

Over half of businesses (53%) that use Post Office banking say it's a better experience than carrying out a similar transaction at a bank branch.⁵⁴

Only 6% of small businesses users are dissatisfied with their experience of using banking services at post offices. This is mainly because of long queues, they don't trust the service, poor privacy and a lack of expert knowledge from staff.

But many post office staff are uncertain about business services

Our mystery shopping research found most services that businesses should be able to access at post offices are available.⁵⁵ The majority of shoppers were told that they could withdraw or deposit cash and that the post office could provide change giving services (see below).

⁵⁴ 32% of small businesses users say there is no difference in the experience, 15% say a post office is worse

⁵⁵ Shoppers made enquiries about 3 business banking services at post offices



But, in around 15% of visits, shoppers enquiring about whether they could withdraw from or deposit cash into business accounts were either incorrectly told this was not possible or staff did not know if it could be done.

‘I was advised that I could definitely withdraw from a personal account but the staff member was not so sure about a business account withdrawal.’
Female shopper, aged 55-64, urban Main post office

We also found staff had insufficient knowledge about some of these services. For example, 6 in 10 (58%) of shoppers weren’t told the correct information about cash withdrawal limits. The withdrawal limit varies depending on the bank account being used and post office staff are not expected to know these individual amounts. Instead staff members should direct customers to their bank to find out the correct cash withdrawal limit.

Staff were also unsure about cash deposit limits - nearly 1 in 3 (28%) shoppers were incorrectly told they could not deposit £1,500 or the member of staff did not know whether this was possible. In fact, all post offices can accept cash deposits of £2,000, and larger amounts can be deposited by special arrangement. Post Office Main branches can take deposits of up to £20,000.

Change giving services are important for many small businesses, including many high street retail businesses operating with cash. However, in 20% of enquiries

about this service, shoppers were not told that the post office could not provide their business with change.

‘The staff member said that the branch couldn’t provide change and it would be better to use another branch.’

Male shopper, aged 35-54, rural Outreach post office

We found similar issues with staff knowledge about cash withdrawal and deposit limits for personal transactions (see pages 19-20). This is further evidence of the need for Post Office Ltd to provide additional training so that both consumers and business customers receive accurate information on banking services.

5 Service sustainability

Post offices are playing an increasingly important role providing cash and banking services. But the service must be sustainable for both Post Office Ltd and post office operators to ensure this ongoing provision to individuals and small businesses. Our research raises some red flags about the sustainability of the service - from operational issues and pay rates to more fundamental questions on the future of cash and face to face banking services.

Pay rates are major concern to postmasters

Recently the government has explicitly recognised postmaster pay as a 'strategic' issue which can have a direct impact on the post office network - whether branches remain open and services remain available to consumers.⁵⁶

Postmaster remuneration for banking has risen over the past year, including substantial rises in pay for processing cash deposits in 2019, and more recent increases for cash withdrawals in April 2020. However, 70% of postmasters who responded to our survey said that the new pay rates will not cover the cost of providing the service.

'It will need a substantial increase to cover the time, cost, responsibility, insurance risk and other overheads it takes to deliver the service.'

Postmaster, Post Office Local

More training could improve service

The vast majority of postmasters say they and their staff are confident about delivering Post Office banking services. Our mystery shopping confirms that most transactions are successfully processed and customers are largely satisfied.

However our research also highlights some problems with service quality, including around withdrawal and deposit limits, and business banking services in general.

⁵⁶ Business, Energy and Industrial Strategy Committee, [Future of the Post Office Network](#), October 2019

Our postmaster survey confirms there is room for improvement in the support and training Post Office Ltd offers to postmasters. 1 in 3 (34%) respondents rate the training and support Post Office Ltd provides on banking as 'poor'. This is particularly the case for postmasters who run smaller branches - Post Office Locals and Traditional offices. Our insights mirror those of the Business, Energy and Industrial Strategy Committee which recently concluded subpostmasters' training is 'often inadequate'.⁵⁷

We understand that Post Office Ltd has committed to look at postmaster training needs and it's important that this includes a significant focus on banking. Spot checks or audits through Post Office area managers should also help ensure standards are being maintained.

Operational issues need to be resolved

Some postmasters have flagged operational issues around cash supply and security. These may be contributing to some of the service problems we have seen - such as post office staff limiting cash withdrawals or cash deposits.

Postmasters told us that ordering cash from Post Office Ltd cash centres is difficult and that the system is not adaptable to changes in requirements. The banking industry is currently looking at improving the efficiency of the wholesale cash infrastructure supply chain, and it's essential that Post Office Ltd plays a central part in these discussions.⁵⁸

'We occasionally run out of cash and there's a negative impact on the service to our customers.'

Postmaster, Post Office Main

Over half the postmasters we surveyed said they had some security concerns. The top concern was around open plan counters, particularly for Post Office Locals which tend not to have the traditional screened counter. Whilst Post Office Ltd is confident that this layout is secure, it's clear that the company needs to take steps to understand any postmasters' concerns and follows up with any necessary action to assist post office operators.

⁵⁷ Business, Energy and Industrial Strategy Committee, [Future of the Post Office Network](#), October 2019

⁵⁸ For example, [The Access to Cash Review](#), March 2019

The future is uncertain

Last autumn Barclays announced that it would stop allowing its customers to withdraw cash from post office counters. This announcement was quickly and publicly reversed following parliamentary and media concerns. However, the current Banking Framework agreement, which runs for 3 years from January 2020, is not mandatory for the banks. Barclay's near withdrawal underlines the fragility of this current voluntary arrangement.

We are concerned that either during the term of this agreement or at its end, banks could opt out of providing post office access for account holders. One option could be a requirement on the major high street banks and building societies to offer their services at post office counters.

Prior to the coronavirus pandemic, stakeholders had anticipated an increase in Post Office banking over the next few years as bank branches continued to close. Although the long-term future of Post Office banking was more questionable as cash usage across society was expected to reduce substantially.

At the time of publication much of the UK is operating under physical distancing conditions, and many businesses are discouraging cash usage. The number of cash payments has plummeted⁵⁹ and industry anticipates this will result in a massive and permanent reduction in cash usage.⁶⁰ Nevertheless many people are expected to continue to need and/or choose to use cash and face to face banking services well into the future.

If a dramatic take up of online banking results in an accelerated rate of bank branch and ATM closures, Post Office banking may become increasingly important for individuals and businesses who are still using cash and in person banking. It will be essential that the service is financially sustainable to both Post Office Ltd and post office operators.

A number of other alternative methods of cash provision are currently being considered. These include cash deliveries from banks, shared bank branches, banking hubs in community locations and an extension of cashback services. We are living in times of extraordinarily rapid change and people's long-term needs and the best future solutions are not yet clear. But our research

⁵⁹ LINK reports a 60% fall in the number of withdrawals from ATMs

⁶⁰ Innovate Finance webinar, [The Future of Cash Post Covid-19](#), 21 April 2020

demonstrates that Post Office banking currently provides a good solution for many communities. The network has a unique geographic reach, the brand is widely trusted, and banking services are already in place and operating to a fair standard. It's vital that the government protects the Post Office provision for as long as the service is needed by individual consumers and small businesses.

Conclusion and recommendations

Post Office banking plays an essential role in providing access to cash and face to face banking services. This service is becoming particularly crucial as more and more banks shut their doors and ATMs close or start charging.

Increasing numbers of consumers and small businesses are using Post Office banking, and it's especially valuable in rural communities. Vulnerable consumer groups including people on low incomes and disabled people access the service most frequently. However, there is more that both Post Office Ltd and the banks should do to ensure everyone who needs the service knows about it.

People who use the service are largely very satisfied and the vast majority of transactions are completed successfully. But our research does identify some problems. We found services were not always available. This was a particular issue in Outreach post offices where mobile vans were sometimes not there or outlets were closed.

Privacy is sometimes problematic, especially in smaller post offices. And some consumers are unhappy about experienced or perceived queuing times.

Our mystery shoppers had significant difficulties with cheque deposits - 1 in 4 were unable to pay in a cheque. And staff did not always provide the correct information when asked about cash withdrawal and deposit limits. Many post office staff were also uncertain about business banking services.

The research raises some operational issues around cash supply and security, which may be contributing to some of the service problems identified. Our findings also indicate that Post Office Ltd needs to provide more training to support post office staff who are providing banking services.

Overlaying all these issues is an uncertainty surrounding the future of Post Office banking. A worryingly large majority of postmasters said their banking pay does not cover the cost of providing the service. The delivery of services through post offices is currently voluntary for the banks, and there is a risk that banks may choose to pull out - as Barclays nearly did in 2019.

These concerns sit within broader unknowns around the long-term future of cash and banking within the UK, particularly following the coronavirus pandemic. Although alternative solutions to everyday banking needs may be provided in future, Post Office banking currently provides a good solution for many communities.

It's vital that the government protects the Post Office provision for as long as the service is required, or until a suitable alternative delivery method for these services is found. This includes ensuring all major high street banks and building societies offer a minimum service range at post offices - including cash withdrawals, balance checking, cash and cheque deposits. A change giving service should be available for all small business customers.

To ensure Post Office banking is provided to an optimum standard, we recommend:

1. Post Office Ltd should make improvements to the service, including the cheque deposit process, privacy, queuing and staff training. Post Office Ltd also needs to ensure provision is reliable and available at advertised times, particularly in Outreach post offices.
2. Post Office Ltd and the banking industry should work together to
 - i) improve consumer and small business awareness of the full range of Post Office banking services
 - ii) ensure Post Office and postmasters' remuneration for providing banking is at levels that can sustain the service

Appendix - research method

Unless otherwise referenced, the findings referred to in this report are from the following research studies.

Consumer survey

Citizens Advice commissioned Populus Data Solutions to undertake a telephone survey of 2,006 GB adults. The sample was weighted to be nationally representative for demographic factors. The sample was boosted by an online survey of 1,009 Post Office banking users. Fieldwork was undertaken between 2 January and 21 January 2020.

The survey examined how people used face to face banking services and ATMs. Consumers were also asked about their views on Post Office banking and, where applicable, their use of Post Office banking services.

Small business survey

Citizens Advice commissioned Opinium to undertake an online survey of 1,000 senior decision makers in GB businesses with 0-49 employees. Fieldwork was undertaken between 24 January and 4 February 2020.

Small businesses were asked about their awareness, use of, and attitudes to Post Office banking.

Mystery shopping

Citizens Advice commissioned Ipsos MORI to undertake a mystery shopping survey of 474 post offices in Great Britain. Branches were randomly chosen to be assessed based around a range of parameters to ensure coverage of a range of post office branch types, a broad geographical spread, and a split of urban and rural branches.

Shoppers were instructed to visit post offices and undertake 2 of 7 scenarios designed to assess the provision of banking services. These included full use of the service for personal banking scenarios (balance enquiry, cash withdrawal, cheque deposit and cash deposit). For business scenarios, shoppers' requests were enquiry-only (cash withdrawal, cash deposit and change giving).

Visits took place between 21 October and 22 November 2019. Visits were spread across Crown post offices (59 visits), Post Office Mains (143 visits), Post Office

Locals (114 visits), Traditional post offices (109 visits) and Outreach post offices (49 visits). The sample was also spread across days of the week and times of the day.

Postmaster survey

Citizens Advice undertook an online survey of postmasters. The survey was promoted to post office operators through postmaster membership organisations (the National Federation of SubPostmasters and CWU Postmasters Branch).

276 independent postmasters responded to the survey. Postmasters operated a range of post office branch types in both rural and urban areas - Post Office Mains, Post Office Locals and Traditional post offices. The survey was open between 12 and 29 March 2020.

Postmasters were asked about bank branch and ATM provision in their local areas. Postmasters were also asked about their experience of, and views on, providing Post Office banking services.

Local Citizens Advice research

Citizens Advice surveyed 129 local Citizens Advice advisers in September 2019. We also conducted 11 interviews with advisers in areas that have experienced more bank branch closures than average. The interviews were undertaken in October and November 2019.

Advisers were asked for their views on the importance or otherwise of bank branch and access to cash services for their clients. We also asked about their clients' use of, and attitudes to, Post Office banking services.

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