



EXTREME REMOTE BANKING: HOW AND WHY BANKS SHOULD MAKE INVESTING A PRIORITY

WHITE PAPER

Extreme remote banking – a term encompassing the provision of banking services to extremely remote, rural communities – should be a key focus for every UK retail bank right now.

WHY?

There are potential ramifications of new legislation on banks as well as ethical reasons for banks maintaining access to financial services for small communities. Banks should invest in remote banking to avoid missing out, not just on revenue opportunities but more importantly, on valuable relationships with their customers. Between January 2018 and January 2019, the number of free-to-use ATMs reduced from 54,500 to 51,900 according to [Link](#).

PARLIAMENTARY LEGISLATION IN PROGRESS

Three new private members bills are currently going through their parliamentary stages in the House of Commons. They all cover how banks should serve their customers in small and rural communities. They are the [Access to Banking Services Bill 2017-19](#), the [Banking \(Cash Machine Charges and Financial Inclusion\) Bill 2017-19](#) and the [Banking and Post Office Services \(Rural Areas and Small Communities\) Bill 2017-19](#).

While the bills are not yet law, there is no doubt banks need to start preparing. Even if these specific bills do not pass, don't expect that to be the end of the discussion.





BANKS' RESPONSIBILITY TO REMOTE COMMUNITIES

The recent [Access to Cash](#) report warns that infrastructure is not yet in place in the UK to properly deal with a cashless society and highlighted that 17% of the UK population (8M people) say cash is an 'economic necessity' to them. However, banks continue to close branches and ATMs across the UK. Extreme remote communities are the ones hit hardest when such services shut down because it's not just reducing their ability to access banking services – it can cause entire communities to be cut off. This is especially true of areas that suffer from poor signal and internet connection and that cannot access online or mobile banking in lieu of bank branches and ATMs.



Protecting access to cash for all communities from inner cities to remotest rural areas is vital. There is a spectre of cash access withering away and the report's findings demand close scrutiny. Communities need access to not just cash but an array of banking services that support local economies.

There is a need for greater imagination from some parts of the industry to use advances in self-service banking technology, which can give a community a bank branch in a box or rejuvenate their bank branch as a focal point for financial services. The ability to customise modern ATMs to

offer additional services, from paying a bill to doing a live video call with a financial product specialist, also allows cash access to be subsidised through generating extra revenues.

One key element of remote banking is that the bank needs to be accessible to customers at all times of the day and night, especially if the bank is running a reduced service due to staffing requirements. When the branch is open, self-service technology creates a welcoming environment with consumer-ease for identification, engagement, prediction and assistance. By providing access to services late at night, it can also help to educate customers and retain the relationship where face to face contact might not always be possible.

Breaking the old mould of how ATMs are operated can evolve cash access to better serve customers.

Local communities and politicians are therefore not likely to give up campaigning against banks shutting down services anytime soon. And rightly so. Given that financial services are so crucial to our everyday lives, there is no doubt that banks have a responsibility to maximise accessibility for people in the UK. Indeed, many are already starting to do so, with [Community Junction](#) for example planning to pilot 12 community-based hub branches in rural areas. Community Junction promises a “radically reconfigured bank branch”, which many consumer group and banking technology companies have been calling for over several years. It is important however that the underlying technology stack is correct, and banks understand that these branches are not trying to be all things to all people – they are there to provide access to the essential services that these communities need; given the other additional infrastructure challenges they face (such as poor mobile and broadband coverage).



SMART BRANCHES EMBRACING REMOTE BANKING TECHNOLOGIES

Video banking is particularly useful in helping boost financial inclusion and extending banking services to areas that were ill-served by traditional banking. With video tools, small locations in remote parts of the country can offer services that would otherwise only be available in urban environments where it is more cost-effective to open larger, multi-teller banks. Remote access to video tellers based in Edinburgh for example, mean that someone in rural Scotland can access face to face support - without the need for staff to be placed in multiple branches.

In the future, AI can be used to support these banking functions as well. Banks across the world are constantly on the lookout for ways to improve branch efficiency without compromising the customer experience. Customers see branches as an important part of their banking relationship, and video banking helps banks offer existing, and in some cases new services, more cost-effectively.

Extreme remote banking should be a key focus for banks across the UK, not just because of incoming legislation and moral responsibilities to maintain accessibility to financial services, but also because banks would be missing out on huge opportunities to benefit. Investing in the right technologies as part of a data-driven strategy is the best way banks can succeed in this ever-changing industry.

