



Report to the Finance Strategic Policy Committee

Cash in the community

Background

The Chair of Dublin City Council's Finance SPC received correspondence from the Financial Services Union regarding the proposed closure of retail bank branches by Bank of Ireland. There are 88 branches scheduled to be closed in the Republic of Ireland and a further 15 in Northern Ireland. The correspondence outlined the FSU's position, expressed through a campaign to stop branch closures.

Remit of Finance SPC

The operation of retail banks is not an issue within the remit of the Finance SPC. The decisions taken by another organisation may impact on Dublin however that does not necessarily mean that the Finance SPC has a role in addressing the issue. And so while the operation of retail banking is not within the SPC remit, the SPC terms of reference clearly call out that strengthening communities is an SPC priority:

'Community Development

The Finance SPC will examine the feasibility of the introduction of participatory budgeting. Issues such as the involvement of all groups, community and business, the statutory role of the elected council, the engagement benefits that can be achieved and the nature of impact on the elected democratic structures.

This committee will, as a work programme item, consider the feasibility of the introduction of participatory budgeting on a pilot basis.

The Finance SPC will progress the development of social based initiatives in the procurement framework so as to maximise the potential opportunities for local employment and trade.

This committee will, as a work programme item, examine opportunities to implement social based procurement related initiatives.

The Finance SPC recognises the scarcity of capital resources available to DCC. The SPC will examine the feasibility of using crowdfunding as a funding source for certain DCC capital projects so as to maximise investment in local facilities and services. Focus will also be given to aligning crowd funded projects to facilities operated on a social enterprise basis.

This committee will, as a work programme item, examine the feasibility of using crowdfunding for DCC capital projects opportunities and aligning crowd funded projects to social enterprise opportunities.'

Effect on local Communities

As such an issue for consideration by the SPC is the trend in reduced physical bank branches which have been shown by research in many countries to have some negative impacts for customers local to the closed premises, notwithstanding that the commercial decision to close branches is based on the financial parameters of the specific bank.

These impacts can include a reduction in cash circulating in the local economy as visits to banks are less. The volume of circulating cash can influence the spending patterns of specific consumers who do not use credit or debit cards. Less circulating cash then can result in less trade for local businesses. There may be charges for the use of ATMs which restrict cash withdrawals for many customers. There may be less loans offered to local commercial customers who struggle to maintain a business engagement with the bank branch remaining open, which is not local to them. There may be a displacement effect whereby those who can, travel to the bank branch remaining open, and transact business at that location. This shift of trade compounds the declining activity in the local economy where the bank no longer operates.

Community access to cash

An initiative is underway in the UK to enable communities access cash at different pop up locations. Further information is available at <https://communityaccesstocashpilots.org/>. The pilot project has been commenced by the 9 major UK banks to develop initiatives that would address towns / suburbs where bank branches have closed. For clarity, this pilot is not based on all of the issues raised in the Financial Services Union correspondence point of view, but is based on issues to support the local community and economy. For example one initiative requires bank staff to operate a bank clinic at a room identified locally and rented (by the community access to cash project) with different banks having staff available for consultation in the room on different days. Another initiative is to increase the numbers of ATMS, operating without charge, in each of the pilot areas.

Consideration by SPC

The SPC members are asked to consider if there is agreement to approaching the banking sector to propose the establishment of a project in Ireland, to include Dublin, to increase community access to cash.

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With responsibility for ICT

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