

11 November 2014

Rt Hon Dr Vince Cable MP
Secretary of State for Business, Innovation & Skills
Department for Business, Innovation & Skills
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Dear Vince,

Thank you for your letter about branch closures and in particular our “last branch in town” commitment.

As you acknowledge in your letter, technological advances have meant that there has been a dramatic change in the way people carry out their banking. Perhaps the most obvious example of this is the use of our mobile app. Introduced in 2011, more than 2 million people now use it every week.

This has profoundly and rapidly changed the way people bank with us. Since 2010 we have seen a decline in branch usage of around 30% and an increase in mobile and online usage of 232%. Only 10% of transactions are now undertaken in branches, compared to 25% in 2010.

This has meant we have had to assess the role our branch network plays in our business and while it will continue to play a very important role, unfortunately we will have to close some branches. We are, however, very aware of the importance to local communities of branch banking services, especially for vulnerable customers and people in rural or isolated communities. Closing a branch is not a decision we take lightly, and we always do it in consultation with staff and customers about alternative options.

To that end we have reached an agreement with the Post Office so our customers can withdraw cash, check balances and make deposits. Business customers will also be able to get coinage in the coming weeks. We will continue to work with the Post Office to improve this service, such as moving to electronic payment methods like debit cards. I believe that by working with the Post Office we will be able to effectively increase our network by 11,500 branches. As a result we are, and will continue to, heavily promoting this facility.

We also know the value of our existing branches, and our large network will remain the cornerstone of our service to customers. This includes our business banking customers and we will continue to have staff based in branches and in local areas who can advise clients on business banking issues. In the last 12 months alone, we've spent £100m refurbishing 219 branches. We are also investing £3.8m to introduce five new mobile branches taking our total number to 24. These vans drive up to 7,000 miles, make 425 stops and serve 357 communities across the UK on a weekly basis.

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Overall, we are investing over £1bn over the next few years to give customers greater choice in how they bank with us, such as improving our online and mobile banking and upgrading over 400 branches across the UK.

We would be happy to participate in any meeting with the BBA and the Post Office and I know that the BBA are in the process of organising this.

Kind regards,

A handwritten signature in black ink that reads 'Ross McEwan'. The signature is written in a cursive style with a large, looped 'M'.