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Rt Hon Dr Vincent Cable MP
Secretary of State
Department for Business, Innovation and Skills
1 Victoria Street
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12 November 2014

Dear Secretary of State,

Thank you for your letter of 30th October about the future of banks' branch networks, raising the important question of how banks continue to serve customers in towns where it may no longer be commercially viable for each bank to maintain a physical branch.

The changing nature of retail banking

As you acknowledge, customers are increasingly looking to transact with their banks in ways that are most convenient for them. We're seeing big rises in our customers' appetite to use digital technology – increasingly customers want to access their bank 24 hours a day, seven days a week, wherever they are. We recognise of course that not everyone wants to bank with us using their phone, tablet or computer, and that there are times when people want a sit-down conversation with an expert (such as when they want to move house), and that's why we're committed to giving our customers choice, including continuing to invest in our branches and looking for other ways to provide human face-to-face services where customers want them.

Barclays has a network of over 1500 branches and we have opened new branches, including 8 co-located in Asda stores this year, as well as spending over £600m in the last year on improvements. However, there will be times when a branch is no longer viable, for example when customers stop using it in favour of other branches or prefer to bank with us remotely.

Our commitment to communities

We aim to leave no community without the ability to transact - meaning that, if we do choose to close a branch, we work closely with the local community to determine if there are other ways to support its day-to-day banking needs. Solutions will be specific to each locality but include arrangements with the nearest Post Office, pop-up branches, part-time openings, fully-automated facilities, leaving ATMs behind, and relocations to ASDA stores. We work closely with more vulnerable customers to help them use the alternatives and have a network of Digital Eagles - trained advisers in using new technology - on-hand. In some cases our old premises can be re-used by the community.

We are also piloting cheque imaging and welcome the Government's support for this within the Small Business and Enterprise Bill which will make it possible for all cheques to be paid-in at a place and a time convenient to the customer.

We recognise that some customers prefer a face-to-face conversation with a financial expert. Traditional branches are just one way to provide this facility. We are going to start to trial, from next year, a video-based solution that will enable a customer to have such a conversation at a time and in a place that is convenient for them.

Post Office facilities

I agree with your point of view regarding the Post Office. They are a valuable source of banking facilities for our customers – particularly in places where there are no Barclays branches. I appreciate your offer to bring the major banks together with the Post Office and that is an idea that I have asked our trade association, the BBA, to pick up, so that we can get the balance right between what every bank offers, and what we may decide to offer our customers over and above that.

Please allow me to conclude by reassuring you that any decision to close a branch is not taken lightly and always includes an assessment of how we can continue to serve the local community and allow it to continue to transact.

Thank you again for raising this important issue with me. It has been some time since we last met and it would probably be useful for us to arrange another catch-up meeting to discuss this as well as other issues. I will ask my office to make the arrangements.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andy', with a long horizontal stroke extending to the right.