

North Yorkshire Council

Thirsk and Malton Area Committee - 5 December 2025

Briefing note on business banking services in the Committee area

**1.0 PURPOSE**

**1.1** Members requested a briefing note on the impact of bank branch closures on local businesses.

**2.0 Overview**

Bank branch closures across the UK have increased, raising concerns about the impact on local businesses, particularly small and medium-sized enterprises (SMEs) and cash-reliant businesses.

**3.0 National**

SME concerns and operational impact	<a href="#">A 2024 survey found:</a> <ul style="list-style-type: none"><li>74% of SME leaders reported fewer branches near their business than 10 years ago.</li><li>50% expressed concern about the impact on cash-reliant operations.</li></ul>
	Despite digital banking growth, many SMEs still rely on branches for: <ul style="list-style-type: none"><li>Cash deposits</li><li>Change collection</li><li>In-person financial advice</li></ul>
Geographic disparities	<a href="#">Research from the University of Leeds</a> (2023) showed: <ul style="list-style-type: none"><li>Rural and affluent areas are disproportionately affected.</li><li>Closures are influenced by competition and the availability of alternatives (e.g. Post Offices).</li></ul>
External finance and banking services	<a href="#">House of Lords library</a> (2025): <ul style="list-style-type: none"><li>High credit costs</li><li>Lack of awareness of funding sources</li><li>De-banking</li></ul>
Policy and mitigation measures	<ul style="list-style-type: none"><li>Access to Banking Standard - requires banks to assess impact and consult communities before closing branches.</li><li>Post Office banking agreements - enable basic banking services at Post Offices, though limited in scope.</li><li>Debanking reforms (2025) - new rules mandate:<ul style="list-style-type: none"><li>90 days' notice before account closures.</li><li>Clear reasons for closure.</li><li>Aimed at protecting SMEs from sudden disruptions.</li></ul></li></ul>

## 4.0 Recent surveys and reports

4.1 Several recent surveys and reports have considered the decline of the use of cash in the wider UK economy.

4.2 Key findings include:

- Cash use is highest in Northern Ireland (37%) and Northeast England (36%).
- 1.5 million people still rely on cash for everyday spending but only 13% of UK consumers prefer cash over digital payment methods.
- In 2023, cash accounted for 12% of all payments, down from 51% in 2013.
- Lower use of cash among higher socioeconomic groups.
- There are warnings of a “two-tier society” where vulnerable groups may face exclusion due to the decline in accepting cash.
- [Urban and affluent areas are moving away from cash faster than rural or deprived regions.](#)
- [There are calls for better monitoring of cash acceptance and potential regulation to ensure businesses continue accepting cash.](#)
- [Small businesses are advised to offer several payment options to meet customer needs.](#)
- [Despite the decline, 88% of respondents to a survey run by The Payments Association believed that cash should remain available as a payment option](#)

## 5.0 North Yorkshire focus

5.1 North Yorkshire has been affected by bank branch closures, with the region now having one of the lowest levels of access in the UK of 4.4 branches per 100,000 people.

- Nine parliamentary constituencies in Yorkshire and the Humber, including York Outer, have no bank branch.
- Rural SMEs face increased costs and reduced productivity due to longer travel times for banking services.
- Local authorities, including North Yorkshire Council, have:
  - Conducted scrutiny reviews on the impact of closures.
  - Recommended identifying new ATM locations via LINK’s tool.
  - Supported community proposals for banking hubs and mobile services.
- Banking hubs may be introduced to mitigate the loss of branches, offering shared services across multiple banks.
- Community feedback has highlighted concerns for elderly and digitally excluded residents.

## 6.0 Localised effects in North Yorkshire

6.1 Many towns and villages rely on physical banking for cash deposits and withdrawals.

- Some businesses may face longer travel times to access banking services, increasing operational costs.
- Tourist hot-spots may have seasonally cash-heavy trade. Fewer bank branches may disrupt cash flow management during peak seasons.
- Bank branches often serve as community hubs. Their closure can reduce footfall in town centres, indirectly affecting nearby businesses like cafés and retail shops.

6.2 While some businesses are adapting to online banking, others - especially those in areas with poor broadband - may struggle with the shift. At the meeting of the

committee held on 1 December 2023, the Director of Transformation and the CEO of NYNet gave an update on the provision of broadband across North Yorkshire.

- In 2009, superfast coverage across North Yorkshire was 41%. By 2020, it was at 94%
- The Council offers a free WIFI service in 21 market towns
- Superfast North Yorkshire expects there to be approximately 11,000 premises not covered by superfast broadband by the end of 2024
- About 3,000 of these premises are classified as ‘very hard to reach’
- There are a number of solutions for very hard to reach premises, such as low earth orbit satellite schemes

## 7.0 Partnership with the Post Office

7.1 As outlined in the [briefing note to the last meeting of the committee](#), some banks and building societies have partnered with the Post office to provide some local services such as:

- Businesses can deposit cash directly into their bank accounts using Post Office counters.
- Businesses can request change (e.g., coins and small notes) for tills. This is especially useful for retail and hospitality sectors.
- Some Post Offices accept cheque deposits for business accounts, depending on the bank.
- Businesses can withdraw cash from their accounts using a debit card, subject to bank limits.
- In partnership with security firms, some Post Offices offer cash collection and delivery services for larger businesses.

7.2 Concerns have been raised about Post Office closures. There are approx. 50–100 Post Office agency branch closures per year, with approx. 100 outreach/drop-collect branches opening to partially offset losses.

The total change remains modest with a loss of around 100–150 branches annually, which is less than 1% of the approx. 11,600-branch network

## 8.0 National campaigns

8.1 There are several campaigns and initiatives aimed at encouraging the use of cash in businesses and offering consumer choice in payment methods such as:

Campaign/Initiative	Focus	Key Actions
<a href="#">Campaign for Cash</a>	Maintain cash acceptance, legislative change	Petitioning, public education
<a href="#">The Cash Campaign</a>	Cash as public good, vulnerable support	Community outreach
<a href="#">Positive Money (“Keep Cash Alive”)</a>	Mandating businesses to accept cash	Petitions, policy advocacy

## 9.0 RECOMMENDATION

9.1 That the information be noted.

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