

19th January 2021

EVOLUTION OF FORMAT THE KEY TO LONG-TERM BRANCH FUTURE – HSBC UK

HSBC UK provides update on branch network plans

HSBC UK has set out plans to change its branch network to reflect local market trends, customer behaviour and branch usage. Following a number of successful pilots, HSBC UK will be evolving its branch network to ensure its branches are fit for the long-term future, the bank announced today.

The evolution of its network, which continues to bed down the vision set out in 2020 to become a market-leading digital bank, will lead to further significant investment and the creation of four distinct branch formats, designed to provide local areas with the banking facilities that best suit customer needs, based on detailed analysis of customer behaviour.

As part of the plans and following a detailed review, there will be a reduction in the number of branches, with 82 closing in 2021, bringing the total number of branches to 511. The closures will be phased throughout the year, but this announcement will bring clarity to colleagues and customers of the bank.

Of the branches selected for closure, 81 are within one mile of a Post Office, where customers can carry out day-to-day transactions, two-thirds are within five miles of another HSBC branch and nine in ten are within 10 miles.

The new branch formats will be:

- **Full Service Branch:** offering a full range of services, predominantly based within large cities and towns where branches see a broad range of requests.
- **Cash Service Branch:** supporting local communities that are more cash intensive with a greater need for access to cash, alongside simple over-the-counter servicing and the ability to deal with more complex issues such as bereavement and Power of Attorney.
- **Digital Service Branch:** counterless branches providing ‘traditional’ cash and cheque transactions using self-service technology, with an emphasis on assisting with digital technology adoption and product fulfilment alongside other more complex, non-standard service requests.
- **Pop Up Branch:** a temporary, movable, local presence that is flexible and agile, helping customers with ‘in the moment’ queries including help setting up and resetting online and digital banking, providing digital education, guidance and customer support.

Work to reformat, refurbish and refresh the branches has already started and is expected to be completed by the end of 2021. The new 'pop up' concept branches will be rolled out later this year.

Jackie Uhi, HSBC UK's Head of Network said: "Over the last few months, we've been conducting a number of pilots to test out a range of potential future branch formats at different locations to make sure we are giving customers what they want where they want it. Our findings have led us to create four new and distinctive formats that we believe will be well-suited to serve the different local markets that we operate in, with a branch network that is fit for the future.

"We know there will always be a need for face-to-face customer support and the evolution of our branches very much takes that into account. In recent years we have introduced more digital options to make our customers' lives easier - depositing cheques or putting a temporary block on a card, for example – and we know that customers are becoming more comfortable primarily using online and mobile banking to take control of their finances, turning to other channels for very particular interactions.

"Giving more and better options to enable customers to manage their finances, including self-service, has uncovered a latent demand. The direction of travel is really quite clear and this is borne out by the reduction in branch usage and increase in digital interaction that we are seeing first-hand."

Stripping out any impact of the pandemic, the number of customers using branches has fallen by a third in the last five years. Nine in ten (90%) of all customer contact with us is over the phone, internet or smartphone, in addition to talking to over 100k customers a week on social media.

Jackie Uhi added: "The Covid-19 pandemic has emphasised the need for the changes that we are making. It hasn't pushed us in a different direction but reinforces the things that we were focusing on before and has crystallised our thinking. This is a strategic direction that we need to take to have a branch network fit for the future.

"Making sure we have a sustainable branch network is essential to us, and decisions to close branches are not taken lightly. By ensuring we have the most suitable branch format in each specific local market that we serve, we will ensure that we are in good shape to meet the challenges ahead."

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Note to editors:

The branch closures are planned to take place between 23rd April and 24th September. A list of branches that will be closed in 2021 and closure dates can be found on the [HSBC UK Newsroom](#).

HSBC UK

HSBC UK serves around 14.5 million customers across the UK, supported by 32,000 colleagues. HSBC UK offers a complete range of retail banking and wealth management to personal and private banking customers, as well as commercial banking for small to medium businesses and large corporates.

HSBC Holdings plc

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,956bn at 30 September 2020, HSBC is one of the world's largest banking and financial services organisations.

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