

Alarm at growth in fee-charging cash machines

Stuart Bernau



11,000 UK cash machines now charge.

We are sad to see that there are now as many as 11,000 fee-charging ATMs in the UK, representing 25% of the network. This is a jump from only 872 such machines in February 2000. These machines make a convenience fee or surcharge which is typically between £1.25 and £1.50 for

- There are approximately 11,000 'convenience' Cash Machines in the LINK network (around 25% of the total number of 43,245 at end April 2003). They are mostly operated by independent cash machine operators. Alliance & Leicester and HFC also apply these charges at some of their 'convenience' Cash Machines. (Source: LINK)
- There were 2.3 billion cash withdrawals at UK ATMs in 2002. 2% of withdrawals took place at convenience machines (source: APACS). 46 million transactions were therefore chargeable. At a fee of up to £1.50 per transaction this equates to £5.75 million per month or £69 million per annum.

each withdrawal.

According to LINK, 'convenience' cash machines are "found in locations that would not normally justify the cost of installing a cash machine because fewer people are expected to use them (e.g. convenience stores, some garages etc)." Increasingly, convenience machines are found in high-street shops and other regularly frequented outlets, rather than remote locations with a low footfall of users, where there are no alternative ways for the public to withdraw money.

There are 3.83 million cash withdrawal transactions each month through convenience machines. The UK consumer is facing charges of up to £5.75 million every month, and with the growth in these machines this figure is expected to continue to rise. People withdrawing smaller amounts – typically the young and less well-off – face the brunt of the charges with a fee of £1.50 on a £10 withdrawal representing a 15% charge.

At Nationwide, we operate cash machines in garages and other 'convenient' locations and do not charge fees. We see no reason why others need to charge customers to withdraw their own money in town-centre locations. This practice of surcharging seems to be simply a way to profiteer at the expense of the consumer.

In 2000, Nationwide successfully fought hard to

retain fee-free cash machines in the UK. At one stage, Nationwide threatened to sue Barclays Bank for its intention to unilaterally charge customers of other organisations for using its ATMs. It appeared that the UK consumer had escaped from the threat of charging at cash machines. The rise of the convenience machine means that the threat is again very real.

Commercial and Treasury Director Stuart Bernau, said: "Nationwide has fought hard to provide fairness on the high street for consumers using ATMs, yet this is increasingly threatened by the spread of so-called 'convenience machines'. These charges affect more and more people each year and a stand needs to be taken against charging the public to withdraw their own money."

Labour MP Lindsay Hoyle tabled the following Early Day Motion, which was subsequently amended by Martin Salter MP: EDM 1284 and 1284/A1: CASH MACHINE CHARGES

That this House condemns the sharp rise in the number of cash machines which charge customers for removing their money; notes that convenience machines placed at locations such as supermarkets, pubs, post offices, factories, amusement parks and service centres charge customers between £1.25 and £1.50 for each transaction, with the number of machines charging rising from 3.2 per cent in February 2000 to 24.5 per cent in February 2003; further notes that overall this is costing an estimated £115 million a year hitting those on low incomes hardest; and calls on the firms operating the machines to remove these charges.

Amendment line 6, after 2003, insert 'yet at the same time recognises that the Nationwide Building Society is still able to trade profitably without levying charges for using its 2144 cash machines'.

INSIDE THIS ISSUE

Branches still matter

- Retail Operations Director Jim Willens explains what branches mean to Nationwide
See page 2.

HMT and FSA Sandler consultations conclude

- Tom Henry sets out his thoughts on the way ahead.
See page 3

A suitable fellow

- IPT fellow Simon Burton talks about his experience so far with Nationwide.
See page 3.

Number of self-employed women grows

- Charles Reed discusses the changing nature of the self-employed mortgage market.
See page 3.

Ten years with Macmillan

- Nationwide celebrates ten years of partnership with Macmillan Cancer Relief.
See page 4



Profile:

Jim Willens, Retail Operations Director

Age: 47

Born in East Lothian, Scotland

Education:

Educated in Dunbar, near Edinburgh
Completed an MBA (through Nationwide)
in 1994

Career:

Joined the Bank of Scotland in 1974.
Joined Nationwide in 1978 and held various senior management roles including Central Retail Operations, Branch Network and Nationwide Life. He has also been Head of Sales, Head of Human Resources Strategy, Head of Quality, Head of Corporate Markets and National Sales Manager. Appointed to the Board on 1st January 2002.

Interests:

Hobbies include golf, rugby, skiing, jogging, gardening and DIY. Jim has a lifelong passion for good wine and riding and his ambition is one day to own his own horses.

Personal

Jim now lives in Wiltshire and has one son and two daughters.

Jim Willens explains why branches still matter

Across the industry, more than one branch in ten has closed in recent years. 'Mutual Interest' editor Sam Vaughan talks to Jim Willens about what branches mean to Nationwide.

How important are branches to members and their local communities?

In rural locations, a branch is often seen as an essential part of the local high street. In urban areas, a branch is at the centre of a web of relationships with the local community. For example, throughout the country Nationwide branches hold a coffee morning each year to support Macmillan Cancer Relief, our main charitable partner.

Does Nationwide plan to close branches?

Nationwide does not have a branch closure programme and has recently opened a new branch in Pontefract (February 2003). As Philip Williamson highlighted in his recent speech to the Building Societies Association

conference, Nationwide asked KPMG to review 100 'marginal' branch locations four years ago. This review concluded that Nationwide could save up to £15 million per year by closing these branches. However, we took the view that it would be more beneficial to focus on using these branches more effectively. This is exactly what we have done.

Some of your competitors have entered the market without a branch presence. What is your response to this?

In the nineteenth century, when Nationwide opened its first branch, the branch was more or less the only way of doing business with a building society. Today, options are much wider, including self service ATMs, telephone and internet. New entrants have entered the market

without a branch presence but transaction volumes at Nationwide suggest that our members still value being able to use branches. More than 80% of all transactions still happen in branches.

How do you envisage the branch of the future?

Currently, Nationwide has 680 branches and 192 agencies of varying sizes and types. Eighteen of these branches have been refurbished. At Newbury, for example, the branch layout and structure has been radically modernised. Increasing numbers of simple transactions are carried out by self-service technology, leaving employees free to focus on meeting more complex needs. We aim to continue to improve our branches and in doing so improve levels of service and comfort for our members.



The Sandler Review – A lighter touch sales regime will be key. Tom Henry explains why.

Tom Henry, Planning & Strategy Controller, Nationwide Life

Now that the Government and FSA Sandler consultations have come to a close, all interested parties have had their chance to have their say on the proposals. Most industry lobbying has been on the practicality of a tight price cap, and speculation around whether the Government will hold the line on a simple 1% annual management charge. Nationwide's focus has been on whether it is possible to develop a sales process that

meets the Sandler requirements – a 'lighter touch' regime that is more consumer friendly and which also lessens the cost and regulatory burden to the firm. We believe that any decision on a price cap should be an output from this analysis. If it is possible for the FSA to devise a regime where the sale of a simple investment product takes no longer than thirty minutes, we believe it is feasible to set a price cap as low as 1%.

The next few months will be crucial as the Government and FSA weigh up the evidence from the consultations and start to formulate policy recommendations to Ministers. Nationwide plans to continue to lobby for a simple range of investment products that can be sold in a more consumer friendly manner.



Number of self-employed women grows

Charles Reed, Managing Director, UCB Home Loans

UCB Home Loans, Nationwide's specialist subsidiary, has found that the self-employed are paying more than the average home buyer for their properties.

The UK average price for homes purchased by the self-employed is currently £172,740 for the first quarter of 2003. This compares to the Nationwide UK average house price which is £119,938 over the same period.

"There are two principal reasons why self-employed people pay more than average for their homes," says Charles Reed, managing director of UCB. "First, there are fewer first-time buyers among the self-employed, as they are often people who are a little further on in their careers and have therefore already

owned a property before. Also, it is true that the number of self-employed people is higher in parts of the country where house prices are more expensive, such as London, which has the highest percentage of self-employed people in all major towns and cities in the UK."

In its recent Self-Starter report UCB also looked at the growing number of women in entrepreneurial roles in the UK.

"Over a quarter of all self-employed businesses in the UK are now run by women," add Charles, "and as a mortgage lender we are attracting a growing number of women in the self-employed sector, either working on contracts or as partners or directors of small businesses."



A suitable fellow

Simon Burton, Clerk in the Committee Office in the House of Lords, is currently

working as an Industry and Parliament Trust Fellow at Nationwide. The IPT offers staff and members of both Houses short fellowships with private sector organisations. The aim is to

understand the organisation, to learn lessons for the administration of the House and to offer the host some bright ideas!

Here are his thoughts on the experience so far....

"I chose Nationwide because it is a mutual organisation and a successful commercial enterprise and because of parallels between the Society's work in meeting the

needs of its members and my work supporting Members of the House.

I have already learned much from my first few days with the ever-helpful team at Nationwide and I hope to complete my fellowship this year."

Celebrating ten years together


Macmillan Cancer Relief has been Nationwide's flagship charity since 1993. Ten years on, the Society's employees and members have raised over £3 million for the charity.

Macmillan
cancer relief

To mark the anniversary, Nationwide and Macmillan have launched the "Climb Your Own Mountain" challenge, which coincides with the 50th anniversary of the first successful ascent of Everest. The challenge is supported by top mountaineer Sir Chris Bonington CBE.

 **Nationwide**

Nationwide challenged employees to climb their own mountain – a climbing wall – for 15 minutes at its headquarters on 30 May, to raise funds for Macmillan. In addition, employees can be sponsored for climbing their own personal mountains, e.g. giving up smoking, walking to work for a month or conquering their greatest fear.



Jacqui Goldhill, Macmillan's corporate fundraising manager, Sir Chris Bonington CBE and Andrew Litchfield, Nationwide's head of community relations mark a Macmillan milestone.

Key moments in the past decade

Here are some of the key fundraising moments of the last ten years:

World's Biggest Coffee Morning

This is Macmillan's largest fundraising event. Over 1.5 million people took part in 2002, including thousands of Nationwide employees. This event helps employees and members raise £25,000 for Macmillan every year.

Macmillan Pin Badges

Nationwide sells exclusively designed pin badges through its branch network. The sale of these badges raises in excess of £30,000 each year.

Hold Your Tongue Challenge

Silence was truly golden for teachers and group leaders around the UK on 7 February, when over 800 schools and groups got involved in the Nationwide-sponsored Hold Your Tongue Challenge. Children asked for sponsorship for every minute they remained silent, raising over £220,000.

Travelling Ted

One of Macmillan's main fundraising initiatives this year. People are encouraged



to make a donation to take Ted (a small teddy bear pictured above) on holiday with them. Over 300 Nationwide employees throughout the branches and departments have already registered and the group who takes Ted the furthest will win a prize.

Editor: Sam Vaughan
Assistant editor: Ted Kellett
Nationwide Building Society
Nationwide House,
Pipers Way,
Swindon SN38 2SN

'Look out for the next issue in November 2003'

Please engage with us on these issues and others of interest to you.
Contact Alan Oliver, Public Affairs Manager or Sam Vaughan, Public Affairs Officer:
alanm.oliver@nationwide.co.uk or 01793 655196
sam.vaughan@nationwide.co.uk or 01793 653331