



## **Northern Ireland Independent Retail Trade Association (NIIRTA)**

### **Submission to the Northern Ireland Affairs Committee On the Banking Structure in Northern Ireland**

**August 2013**

The Northern Ireland Independent Retail Trade Association welcomes the opportunity to submit evidence to this timely enquiry into Banking in Northern Ireland.

NIIRTA represents over 1400 Independent Retailers, Wholesalers; Suppliers to the sector and many local town based Chambers of Commerce and Traders' Groups. We have members in every village, town and city in Northern Ireland.

As part of our submission we have conducted the first ever survey of independent retailers' views on Banking issues and how it impacts on their businesses. 100 independent retailers from across Northern Ireland (representing 14% of our members responded to a telephone survey conducted in August.

#### **Introduction**

In our approach to this submission we wanted to avoid a finger pointing exercise or a blame game and instead look to the future and learn from the past. In the course of preparing this submission we have met the four main banks in Northern Ireland, Ulster Bank, Danske Bank, First Trust and Bank of Ireland.

We want a new, more flexible and open banking system, which can support and finance a new small business led sustainable recovery.

#### **Survey Results**

The survey focused on NIIRTA members' ability to access finance, credit card and overdraft services, the bank branch closure programme and overall customer satisfaction with their banks.

This is the first ever survey of the views on banking services from independent retailers across Northern Ireland and shows that a majority of those surveyed are satisfied with the services they receive from local banks.

- **On Accessing Finance**

65% of those who have applied for finance within the last three years were successful in accessing it, which suggests an improving trend given the difficult trading conditions of the last year.

However banks still have some way to go in this area as 35% were turned down for finance. We hope that when we repeat this survey next year there will be great improvement shown in this area.

- **Bank Overdrafts**

64% of those surveyed have an overdraft with a third of them unhappy as their bank had unilaterally changed the conditions of the overdraft resulting in a negative impact on their business.

- **Credit Cards**

62% of those surveyed have a company credit card with only 3% claiming that their bank had altered the contract to the detriment of their business.

- **Bank Branch Closures**

Given the recent closure of bank branches, we were keen to see how this had impacted on footfall and spending patterns. While 76% said there has been no impact, 24% said they have been affected. Rural members especially expressed concern at the greater distances they now had to travel to their local banks to lodge money.

- **Service From Banks**

42% rate the service from their bank as good or excellent, 38% average and 20% below average or poor. The banking sector overall will be happy with this figure and it demonstrates that they have responded to pressure from our members and Government to improve.

<b>Access to Finance</b>	<b>yes</b>	<b>no</b>
Have you tried to access finance from a bank in the last 3 years	34%	66%
If yes were you successful in gaining finance	65%	35%
<b>Bank Overdraft</b>		
Do you currently have a Bank overdraft?	64%	36%
If yes, has the bank tried to alter the conditions of the overdraft, which has had a negative impact upon your business?	34%	66%
<b>Credit Card</b>		
Do you currently have a credit card for your business?	62%	38%
If yes, has the bank tried to alter the conditions of the credit card, which has had a negative impact upon your business?	3%	97%
<b>Bank Branch Closures</b>		
Have recent branch closure had a negative impact on your business?	24%	76%

<b>Overall, how would you describe the service from your bank?</b>	
Excellent	14%
Good	28%
Average	38%
Below Average	12%
Poor	8%

## **Recommendations**

The independent retail sector in Northern Ireland is one of the most innovative, vibrant, varied and important - but it is also one of the most fragile.

Lacking the critical mass and resources of the large multiples, independent traders can be more susceptible to economic changes. Of those we surveyed who tried to access finance in the last three years, 35% were unsuccessful. This is concerning. We need a banking system which better understands small retailers. Our members are a key driver of growth in Northern Ireland and efficient funding and support is vital to our sector in supporting economic recovery.

We would make the following recommendations:

### **Northern Ireland Banking Forum**

As Banking regulations are not a devolved matter, we suggest that the Secretary of State for Northern Ireland establish and Chair a NI Banking Forum. This would include representatives from the Banks, Business Organisations and Executive Ministers for Enterprise and Finance.

We envisage this Forum to be a mechanism to promote good communication and indeed to resolve any issues such as we have identified in our survey. This Forum should meet at least twice a year.

### **Branch Vacancy Strategy**

Bank branches are an essential element in our High Streets and Town Centres, both in terms of generating footfall and service provision for local traders. All the banks need to ensure that there is adequate consultation with local stakeholders in advance of any intended closures.

With the high volume of bank branch closures in Northern Ireland we need all banks to commit themselves to a target of alternative use of the empty buildings within three months of closure.

Alternative use such a new retail store, pop up shop, or being used a community group will boost the footfall which the branch closure has reduced.

### **Overdrafts and Credit Cards**

As evidenced in our survey Banks unilaterally changing the overdrafts of our members is still a cause for concern. We recommend a tightening of regulations covering the conditions on Overdraft and Credit cards to ensure that small business customers are not negatively impacted by any such changes.

We would recommend that the Financial Conduct Authority examine this area as a matter of priority.

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