



# COMMUNITY SAVINGS BANK ASSOCIATION

*CSBA aims to revitalize banking in UK communities*

By **S. Sambamurthy**, Head, UK & Europe, TCS Financial Solutions



Bank branches along the “High Street”\* of a typical British community have become harder to find.

In the 1980s, most of the UK’s community banks were bought by Barclays, HSBC, Lloyds, and RBS, which are collectively known as the “Big Four,” or the “High Street” banks. Following the global financial crisis, the Big Four were forced to trim back their community branch networks considerably.

This has opened a significant market opportunity for those willing to launch a community bank. Even in the digital age, there’s still room for community-focused financial institutions staffed by bankers with specific knowledge of local conditions. Older generations still seek out branches for support on access to digital services, community groups appreciate local support, and small-to-medium-sized businesses place a high value on having a local presence for depositing cash, opening a line of credit, or taking out a loan.

The problem is that even the most ambitious entrepreneurs face enormous hurdles in starting banks on their own. To open a new bank, you need extensive knowledge of banking regulations and ready access to experienced legal help. You need a complete set of business plans and financial projections for regulators and investors. You need to figure out how to manage a wide array of financial and operational risks.

Those have proven to be near-unsurmountable obstacles – until now.

*\*Equivalent to U.S. “Main Street”*

## BUILDING A BANK-IN-A-BOX

To support entrepreneurs in community banking, Oxford-based Community Savings Bank Association (CSBA) has completed the assembly of a full set of contracts, standard operating procedures, and technology solutions required to start up a new bank. “Our ‘bank-in-a-box’ project includes all the systems, products, governance, and compliance you need to put bank branches back into towns that have lost them,” says James M. Moore, Chairman of CSBA. “If a community wants its own bank, all they need is the money, the people, and the drive.”

By lowering the barriers to entry in community banking, CSBA will help UK communities to regain what was lost during the consolidation and subsequent contraction of the UK banking industry. “People in fintech think that the whole world can be run from an app,” adds Moore. “We’re going a different way. We want to have physical branches, and local branch managers who know the area.”

## FAST FACTS

- Regions with the most bank branch closures per capita: Wales, south-west England, Scotland
- UK branch closures (2015-2016): Over 1,000
- UK branch closures (2017, Jan-Feb): 423

Sources: Which?; Financial Times; The Mail

## AT A GLANCE

**Company:** Community Savings Bank Association

**Headquarters:** Oxford, United Kingdom

**Business Challenge:** To support a UK-wide network of customer-owned regional banks

**Solution:** TCS BaNCS on the Cloud



New community banks will be established as member-owned financial institutions. These, in turn, will hold ownership stakes in CSBA itself, leading to stronger governance and alignment of interests between stakeholders.

CSBA's "bank-in-a-box" will include a full range of physical and operational systems for managing a community bank's branches, including teller equipment, safe deposit boxes, and credit and debit card issuance equipment.

To support core banking along with a full range of customizable financial products and services, CSBA will run a single solution: TCS BaNCS on the Cloud.

The selection process considered not only technical competence, but also ethics. CSBA insists that its member banks maintain a shared sense of ethical values, and those expectations also apply to its vendor relationships.

"We spoke with people who had used TCS in the past, whose judgement we trusted," says Moore. "Once we spent time talking and getting to know each other, and seeing how TCS responded to negotiations and requests, we found that it was an easy working relationship."

"TCS shows a genuine attempt to meet our needs," Moore adds.

## HIGH STREET, REVISITED

Each CSBA member bank will be able to customize its core banking services, pricing, products, and marketing to meet customer demands. "Instead of each member bank having to deploy a different solution, the core banking solution of TCS BaNCS lets you create what you want using parameters," says Moore. "London may want one thing, Glasgow something else."

The TCS BaNCS solution also includes online banking and cross-platform mobile banking services that match or even exceed the functionality of larger competitors. Community banks will be poised to leapfrog the big banks with new functionality that traditional banks would be hard-pressed to replicate using their legacy systems. "You can do budgeting, or payments on behalf of children and families," says Moore. "That's one of the key attractions of TCS BaNCS – it already has highly advanced functionality."

To encourage communities to rebuild their own High Street economies, CSBA is planning to build a demonstration branch in a warehouse, showing prospective bank owners how they can create a completely functional community bank without having to assemble their own expertise and systems.

Already, the first prospective CSBA member bank is underway to launch a new community bank in London. The bank's yearlong charter approval process is on target for approval and launch by the end of 2018. "The key is to make the first one successful," says Moore. "That's the best advertisement." ■