

Pat McFadden MP

Minister of State for Business
Innovation & Skills

Peter Luff MP
House of Commons
London SW1A 0AA

2 December 2009

Dear Peter,

In your role as Chair of the Business, Innovation and Skills Committee, I wanted to let you know that the Government has today launched a twelve-week national consultation on new financial products and services that could be offered by the Post Office.

The Government is committed to a secure and sustainable future for the Post Office network of 11,500 branches, and has committed up to £1.7bn of funding to support the Post Office network to 2011. The Government sees an expanded financial services offer as central to the Post Office's future strategy.

The consultation document will set out what the Post Office already offers in terms of financial services; it will draw comparisons with Post Banks around the world; and it will set out the Government's vision for Post Office banking and the values that should underpin it. These values are that Post Office banking should be: universal; trusted; accessible; and sustainable.

In addition, the consultation will put forward a number of proposals for new financial products that the Post Office could offer. These include: a Post Office current account, a Children's Savings account to encourage saving at the Post Office from an early age, new services for small businesses including a Post Office business account, and a weekly budgeting account to allow those on low incomes to take advantage of direct debits and reduced bills.

You will note that there are major overlaps with the recommendations of the Business and Enterprise Committee report, 'Post Offices – Securing Their Future', which helped to inform the development of the proposals contained in the consultation document.

The Government is clear that a major expansion in banking in Post Offices will be good both for the customer and the network. I hope that the consultation document will provide the greater detail and clarity on the Government's intentions for Post Office banking that the Committee has sought.

A handwritten signature in cursive script, appearing to read 'Pat MCFADDEN', written in dark ink.

PAT MCFADDEN