

Financial Inclusion Commission
HM Treasury Access to Cash Consultation
23 September 2021

Executive Summary

The Financial Inclusion Commission welcome the Government's commitment to ensuring continued access to cash, while supporting and encouraging those who can do so to make the transition to digital payments and means of managing their finances.

Overall, the Commission would encourage HMT to develop a response which addresses both the immediate need for cash, and as part of the 'levelling up' agenda considers the future digital infrastructure needed for an increasingly digitally dependent society.

1. The Government should introduce legislation which provides it with powers to set minimum geographic requirements which create a national baseline standard to ensure the provision of withdrawal and deposit facilities to meet cash needs, which are flexible enough to adapt for local circumstances.
2. In addition to these minimum geographic requirements, the Government should establish minimum standards for firms to take into account the needs of the whole community, including individual needs which a purely geographic requirement cannot meet. These additional minimum standards should take account of limitations many consumers experience due to restricted mobility, caring responsibilities, or restricted socio-economic conditions for travelling within the local area. They should also take into account any additional geographical barriers which a strict distance criteria would fail to overcome, including physical barriers such as motorways or rivers which significantly extend the distance to the nearest cash access point, as well as societal barriers such as high crime areas.
3. The Government must ensure that rural communities are not left doubly excluded from the UK's financial infrastructure by both a lack of access to cash facilities and poor digital connectivity. The Government should consider going beyond the previous orthodoxy on measuring distance and follow the lead of LINK and the Community Access to Cash Pilots to assess and overcome barriers to access through tailored supply.
4. The Government should include protecting access to deposit and withdrawal services for SMEs within the legislation to enable them to continue to accept cash for as long as consumers continue to use cash.
5. Provision of cash withdrawal facilities must be led by evidence of two elements: first, where people need access to cash, and second, where it is most efficient to supply this cash. The overlap provides a clearer idea of where facilities need to be placed.
6. The Government must consider access to *free* cash services and ensure that poorer communities are not left to pay more to continue using cash simply because of a high distribution of PTU cash machines in their area.
7. Include those with lived experience of vulnerability and disability in the setting of standards for cash facilities.
8. The Government integrate requirements for including customers in digital services on firms, and sets out its own role and commitments in ensuring that individual and SMEs have reliable, affordable access to broadband and digital infrastructure to enable them to use digital financial products effectively.

About the Financial Inclusion Commission

The Financial Inclusion Commission (FIC) is an independent body made up of experts from financial services, businesses, the charity sector, academia and parliamentarians from across the political spectrum <https://www.financialinclusioncommission.org.uk/>

Our mission is to champion financial inclusion as a policy priority for public bodies, businesses and civil society, and challenge exclusion wherever it occurs. Our vision is for a financially inclusive UK where financial services are accessible, easy to use and meet people's needs over their lifetime, and where everyone has the skills and motivation to use them.

Financial exclusion remains a significant challenge for 21st century Britain which prides itself on being a global leader in financial services.

Just over a million people in the UK do not have a bank account, one in four households lack insurance protection and one in five adults would not be able to cover more than one month of living expenses if they lost their source of income.

Financial inclusion is the means by which people can make their money work well for them, enabling them to maximise opportunities, move into employment, become more self-reliant, and enhance physical and mental wellbeing. Financial inclusion contributes to greater social mobility and levelling up, a more effective welfare system and greater national resilience from economic shocks.

This means a United Kingdom in which:

- every adult is connected to the banking system, through having access to – and the ability to make full use of – a transactional account of his or her own;
- every adult has access to affordable credit from responsible lenders;
- every adult, young person and child is encouraged and enabled to save, even in small or irregular amounts, to share in the importance of a common savings culture, to help build up resilience against financial shocks and as an additional resource for retirement;
- every adult has access to the right insurance cover for his or her needs, at a fair price;
- every adult has access to objective, affordable and understandable advice on credit, debt, savings and pensions, delivered via the channel most suited to that individual;
- every adult and child receives the financial education he or she needs, starting in primary school and carrying on throughout life and into retirement;
- the overall level of pensions provision – state plus private – in the UK, does not lag behind other developed countries, especially for the low paid;
- every adult will have a clear picture of what their income in retirement is likely to be, so they can plan and get 'no surprises'.

Introduction

The Financial Inclusion Commission welcome the Government's commitment to ensuring continued access to and acceptance of cash, while supporting and encouraging those who can do so to make the transition to digital payments and means of managing their finances. The continued work through legislation, managing the immediate impact of Covid-19 on cash and collaboration with

regulators are also vital pieces of the puzzle. The access to cash question needs to look at both the short and long term solutions and consider how the balance is struck between cash in the traditional sense and enabling access to an infrastructure for digital payments for those most at risk of exclusion.

Cash remains a significant part of the UK economy and an integral component of enabling financial inclusion. Whilst card payments have become increasingly popular, the evidence shows that a significant proportion of the UK population continues to rely on cash in their day to day lives, this is particularly acute in under privileged demographics or areas. UK Finance estimates that around 1.2 million people relied on cash for shopping in 2020 and cash remained the second most frequently used payment method despite the impact of the pandemic.¹ Cash remains the only option for just under a million adults who are currently without a bank account.²

Covid-19 also had a more detrimental impact on those who needed to access cash. The pandemic has served to accelerate the shift towards cashless payments, with LINK reporting that in March 2021 transaction volumes were 26% lower than the same period the year before.³ Similarly, UK Finance reported that cash use fell by 35% from 2019 to 2020, representing just 17% of total payments in 2020.⁴ This has been accompanied by a growth in digital payments and during the second quarter of 2020 PayPal's payment volume amounted to \$221.7billion, a 29% year-on-year growth.⁵ The Commission believe this swift shift to digital payments without a corresponding policy response enabling greater digital inclusion creates the risk of further isolating a cohort of consumers.

The Commission is concerned that this may lead to vulnerable people being at risk of being unable to pay for essential products and services as they get locked out of using cash whilst unable to use or underserved by digital payments. A survey by Which? found that one in ten respondents were refused by shops when trying to pay with cash at a time when only shops selling essential goods were open.⁶ This is particularly concerning as this excludes people who are dependent on cash from purchasing essential goods like food and medicine, including many elderly people, those who find it difficult to use digital payments or who feel very unsafe doing so, and those on very low incomes for whom cash budgeting is still the safest way to avoid unintended debt. Urgent action is required to ensure that the lack of access to cash and falling cash acceptance are addressed effectively, so that everyone can pay for essential bills and goods in the most manner suitable for them.

¹ UK Finance (2021). *UK Payments Market Summary 2021*. Available at; <https://www.ukfinance.org.uk/sites/default/files/uploads/SUMMARY-UK-Payment-Markets-2021-FINAL.pdf> [Accessed 14/07/2021]

² S. McKay and K. Rowlingson (October 2020). *The Financial Inclusion Monitor 2020*, The University of Birmingham. Available at; <https://www.birmingham.ac.uk/research/chasm/financial-inclusion/2020/index.aspx>

³ LINK (2021). *Statistics and Trends*. Available at; <https://www.link.co.uk/about/statistics-and-trends/> [Accessed 14/07/2021]

⁴ UK Finance (2021). *UK Payments Market Summary 2021*. Available at; <https://www.ukfinance.org.uk/sites/default/files/uploads/SUMMARY-UK-Payment-Markets-2021-FINAL.pdf> [Accessed 14/07/2021]

⁵ Wallter (November 2020). *Cash Withdrawals in the UK fell 46% due to Covid-19 – Does this signal the ends of cash?*. Available at; <https://www.wallter.com/post/cash-withdrawals-in-the-uk-fell-46-due-to-covid-19-does-this-signal-the-end-of-cash-2>

⁶ S. McFaul (June 2020). *'Coronavirus cash crisis leaving vulnerable people with no way to pay'*, Which? Available at; <https://www.which.co.uk/news/2020/06/coronavirus-cash-crisis-puts-millions-of-people-at-risk/>

Furthermore, pre-Covid, twenty million consumers had a degree of reliance on cash which was heavily skewed towards those with lower income levels. As the Access to Cash Review set out in its final report⁷, a number of factors drive this reliance on cash, including mistrust of digital payments and fear of data misuse, cognitive barriers, specific disabilities which make using digital payments and financial tools difficult, as well as lack of access to mainstream banking, payment and credit products such as bank accounts, credit cards and online payment tools. Importantly, low income is a common factor across many consumers within all groups who are still heavily reliant on cash; cash budgeting and spending allows close control of what is being spent and clarity over what is still available to spend, thus helping people avoid unintended debt and missed payments. As a result of Covid-19, there may therefore be many people who were previously comfortable with digital who will now welcome this level of security in budgeting given by cash.

In these circumstances, all consumers need a guarantee that they can access and use cash for as long as they need it. The transition to a cashless society must be carefully designed and managed to ensure that financial exclusion is not accidentally increased in the UK. The Financial Inclusion Commission recognises that maintaining a cash infrastructure is challenging, costing around £5 billion a year.⁸ Nevertheless, we agree with the Access to Cash Review conclusion that safeguarding the current infrastructure is vital. The infrastructure cannot collapse and must be carefully managed to ensure no one is left behind. This consultation therefore offers a significant opportunity to ensure access to cash is protected and sustainable in the long term, and to protect those most vulnerable to additional financial exclusion in the shift from cash to digital, and we welcome the Government's invitation to respond.

Overall, the Commission would encourage HMT to develop a response which addresses both the immediate need for cash, and as part of the 'levelling up' agenda considers the future digital infrastructure needed for an increasingly digitally dependent society. Further, geographic distance to cashpoints fails to mitigate a number of factors that make accessing cash difficult for vulnerable people. More research is needed into how cash could be accessed in the homes of individuals as the shift in society preferences continues.

Cash Access Requirements

Q1: Do you agree that legislation should provide the government with powers to set geographic requirements to ensure the provision of withdrawal and deposit facilities to meet cash needs through time?

The Commission supports setting geographic requirements for accessing cash facilities in that it provides an initial standard for meeting generalised needs. Research from the University of Bristol found that, while at an aggregate level of consumers in the UK do not have to travel far to access cash, a disparity exists between the coverage from centres of economic activity (such as high streets) and communities. Around 90% of high street segments have free access to cash within 250m but only 30% of neighbourhoods have the same, rising to 95% and 42% respectively if cashback is

⁷ Access to Cash Review, (2019). *Access to Cash Review: Final Report*. Available at; <https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf>

⁸ Access to Cash Review, (2019). *Access to Cash Review: Final Report*. Available at; <https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf>

included.⁹ However the University of Bristol mapping research recognises that its scope did not include a detailed analysis of more specific consumer needs, such as where disability, mobility, carer responsibilities or other individual, rather than geographical community, factors both increase the need for and limit consumers' ability to travel to access cash. Research commissioned by LINK in 2015 from Toynbee Hall included qualitative research into such individualised barriers and needs.¹⁰ That research clearly demonstrated that, for consumers with additional mobility or cognitive needs, or who had permanent caring responsibilities which required them to be present at all times, a distance of even 1km to the nearest source of fee-free cash could be too far and give rise to significant detriment.

Specifically, the 2015 Toynbee Hall research found that 1km was likely too far a distance to guarantee meaningful access for consumers who are on a very low income, including those who are dependent on benefit income, and where any of the following additional personal or geographical/location characteristics are present:

- Their personal health prevents them from travelling a kilometre without incurring unreasonable financial costs or physical detriment.

"I have arthritis and I can't walk... A few times I've fallen in the street. So the nearest place for me is our local shop next to my flat, and I've got no option."

Woman aged over 30, medically retired, living in Tower Hamlets.

- Their responsibilities as carers – either for a dependent adult or children who are very young and/or have health problems or disabilities – limit their ability to travel, the times at which they can travel or the amount of time they are able to be away from home.

"I've got the kids around me 24/7... Michael, because he was born with disabled hands, both hands, his wrists and that, and he's big as well, and he can't walk. He gets out of breath. Brian, the big boy, he's deaf. They just don't like walking, but obviously they've got to come with me."

Single parent with three children, living in Tower Hamlets.

"I obviously don't leave my mum [who has physical and mental health problems] on her own too long, so for me just go to [local shop] get whatever I need. Pay my bills at Texaco, gas and electric... I do mostly shopping online."

Young woman living in Tower Hamlets, caring for her mother.

⁹ University of Bristol (November 2020). 'Where to withdraw – Mapping access to cash in the UK'. Available at: <https://www.bristol.ac.uk/media-library/sites/geography/pfrc/Where%20to%20withdraw%20-%20mapping%20access%20to%20cash%20across%20the%20UK.pdf>

¹⁰ Toynbee Hall, Sliced Bread Consulting and Collaborate Research (2015), 'How far is too far? Is there low Income Consumer Detriment from Gaps in Free-to-use ATM Provision?' Available at <https://financialhealthexchange.org.uk/wp-content/uploads/2015/11/How-far-is-too-far.pdf>

- Their personal circumstances restrict their natural sphere of movement on a regular basis to within a distance of significantly less than 1km.

We have seen no evidence that challenges those findings that taking a purely geographical approach to cash access still fails to meet the needs of those people who are precisely most at risk of negative impact from losing access to cash. We therefore recommend that the Government take a more nuanced approach, using a geographical minimum standard to create a national baseline for access to cash, and then layering upon that an approach which requires payment account providers to ensure their access to cash provision meets the cash access needs of the whole community, including customers with specific needs at risk of being unmet by the geographic standard. Such an approach could include both additional free-to-use cash access points and more targeted measures, such as guaranteeing free access to cash for customers identified as having a high priority need, which could be achieved by their account provider reimbursing cash withdrawal fees for any withdrawal from a fee-charging ATM.

Whilst we have set out above why we judge that individual additional access needs are not sufficiently addressed by the geographical approach, we do see merit in using the geographical approach to establish a minimum standard and address disparities between communities. We hear directly from a wide range of stakeholders that access to cash remains a particular concern for rural communities, who are experiencing far greater harm with the decline in service access. Which? research found that the impact of losing free to use (FTU) cash points in rural communities means that, on average, residents have to travel three times as far as those in urban areas.¹¹ Equally, as noted by the Access to Cash review, these are the communities who will struggle most to access digital banking and payment services due to poor internet access.¹² We therefore believe that the Government should pay particular attention to ensuring that rural areas across the UK have a good level of cash access and deposit provision while digital connectivity remains a challenge. At the same time, we also want to see increased measures to ensure that rural communities are better served by broadband providers to increase digital inclusion and thus increase competition and choice for consumers in rural areas about how they pay.

The 2015 Toynbee Hall research also highlighted a range of additional geographic considerations which should be included in setting service level standards, in order to reduce the risk of exclusion. In particular, consideration should be given to people who:

- Live in areas of housing that are – or feel – very isolated, or are bounded by physical barriers such as motorways or waterways with no accessible crossing point.

“[When] I had to pay for the bus, so it was cheaper to [use a pay-to-use ATM] than to get the bus. Otherwise, it costs you £4 to get the bus, so it’s not worth it.”

Man aged 61, living in Birkenhead, with his wife and son.

¹¹ Which? (September 2019). ‘Cash-strapped communities: the loss of free access to cash in Britain’. Available at; <https://campaigns.which.co.uk/freedom-to-pay/wp-content/uploads/sites/20/2019/10/Cash-strapped-communities.pdf>

¹² Access to Cash Review (2019). *Access to Cash Review: Final Report*. Available at; <https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf>

- Live in an area that has an actual or perceived high rate of violent crime and the free-to-use to access ATM is deemed to be in an area that is unsafe or requires travelling through an unsafe area.

“They feed off the vulnerable, basically. If you’re someone with either a pram, elderly or someone who can’t fight for what you’ve got that’s you gone. There’s no point in your even drawing your money out. You know full well you’re going to get robbed.”

Single parent, living in Tower Hamlets.

- Live in an area that only has access to one free-to-use ATM that is regularly out of use or runs out of small denomination notes and, therefore, cannot be relied upon.

Subsequently, LINK itself has moved from using a 1km “as the crow flies” measure to a more nuanced “conditions on the ground” approach, recognising that its previous standard to maintain the distribution of services focused on standardised geographical measures (i.e. 1km from a free-to-use machine) often failed to account for access issues such as large roads and lack of bridges or underpasses. LINK’s current approach of starting with the commonly used metric of 1km and then assessing whether there are other barriers which would prevent access is a significant improvement and we recommend it is included in the Government’s approach.

We also draw the Government’s attention to a similar community-focused approach being used in the Community Access to Cash Pilots. The pilot programme has clearly demonstrated the benefit of creating a collaborative space in which providers can work together to pool data and assess known and potential unmet need, and then to create a sustainable approach to meeting those needs through shared resources. We strongly urge the government to incorporate the learning from the Community Access to Cash Pilots in future legislation, creating the regulatory permission for firms to co-operate when market forces would otherwise lead to exclusion.

Finally, it is important to note that distance to an ATM may not be the only barrier to meeting the UK’s cash needs. It is the full range of services provided which is important to ensure the country’s cash infrastructure remains usable and keeps cash flowing for those who need or want it. For example, some small businesses may need to access a bank branch to deposit or withdraw cash if they do not use a wholesale cash collection service. 52% of businesses surveyed by Enryo felt that their business would suffer if they stopped accepting cash ¹³, so allowing them to continue accessing the services they need is vital to keeping businesses open as the UK recovers from the pandemic. We welcome the Government’s commitment to seeking to ensure small business customers have access to the deposit schemes necessary as set out in the consultation document.

¹³ Enryo (November 2020) ‘Enryo & Vendorcom respond to Access to Cash call for evidence’. Available at; <https://enryo.org/f/enryo-vendorcom-response-to-access-to-cash-call-for-evidence>

Recommendation 1: *The Government should introduce legislation which provides it with powers to set minimum geographic requirements which create a national baseline standard to ensure the provision of withdrawal and deposit facilities to meet cash needs, which are flexible enough to adapt for local circumstances.*

Recommendation 2: *In addition to these minimum geographic requirements, we also recommend that the Government establish minimum standards for firms to take into account the needs of the whole community, including individual needs which a purely geographic requirement cannot meet. These additional minimum standards should take account of limitations many consumers experience due to restricted mobility, caring responsibilities, or restricted socio-economic conditions for travelling within the local area. They should also take into account any additional geographical barriers which a strict distance criteria would fail to overcome, including physical barriers such as motorways or rivers which significantly extend the distance to the nearest cash access point, as well as societal barriers such as high crime areas.*

Recommendation 3: *The Government must ensure that rural communities are not left doubly excluded from the UK's financial infrastructure by both a lack of access to cash facilities and poor digital connectivity. The Government should consider going beyond the previous orthodoxy on measuring distance and follow the lead of LINK and the Community Access to Cash Pilots to assess and overcome barriers to access through tailored supply.*

Recommendation 4: *The Government should include protecting access to deposit and withdrawal services for SMEs within the legislation to enable them to continue to accept cash for as long as consumers continue to use cash.*

Q2: Do you agree that legislative geographic requirements should target maximum simplicity?

The Commission recognise that simplicity in approach for geographic requirements may provide a useful starting point in achieving its aim. Whilst providing minimum expectations for access to cash withdrawal and deposit facilities is important, as noted in our response to Q1, the situation is often more complex with additional factors determining the actual and required level of access.

The recognition of these additional factors such as deprivation and vulnerability are encouraging. However the Commission argue that addressing these additional needs through voluntary industry action alone will fall far short of what is needed to maintain fair and inclusive access to cash.

Instead, we believe there is a need to take a community-centric approach to mapping this access, rather than one based on the cash infrastructure that already exists which would allow the minimum expectations to recognise this.¹⁴ Significantly, it is not enough to produce blanket rules based on measurements of deprivation. Rather, there needs to be an area and needs-based approach to ensure fair access to cash. Anticipating and addressing vulnerability is critically important. Vulnerable consumers, for example older or disabled people with reduced mobility, as well as carers and those they care for, are more likely to rely on cash. In considering the optimal mapping of cash

¹⁴ J. Evans, D. Tischer and S. Davies (January 2020). *Geographies of Access to Cash: Identifying vulnerable communities in a case study of South Wales*, The University of Bristol.

access, research should be undertaken to understand the prevalence of vulnerability risk factors and needs of the local population, to ensure that services are accessible to, and usable by, the greatest number of people in the local community.

Recommendation 5: *Provision of cash withdrawal facilities must be led by evidence of two elements: first, where people need access to cash, and second, where it is most efficient to supply this cash. The overlap provides a clearer idea of where facilities need to be placed.*

Q3: Do you agree that geographic requirements should initially be set to provide a level of reasonable access to all areas, reflecting the current distribution of cash access facilities?

When conducting any analysis of current distribution of cash access facilities, the Government should not overlook the difference between access to free and paid cash withdrawal services, and the impact this has on the most deprived communities. Pay to use (PTU) ATMs are likely to be the nearest source of cash for deprived communities. The most deprived decile have seen a 23% increase in the number of PTU ATMs since 2018 and a 19% decline in FTU ATMs.¹⁵ This is a clear example of the poverty premium, which means that poor people pay more for essential goods and services compared to those on higher incomes. It is estimated that 99% of low-income households pay at least one poverty premium.¹⁶ The poverty premium costs the average low-income household £490 a year; for more than one in ten low-income households it costs at least £780. The 2019 Access to Cash review found that over 15% of people with an income under £10,000 a year rely completely on cash, compared to less than 2.5% of all higher income groups.¹⁷

In addition to the points raised in our response to question one, geographic requirements should therefore be based on a level of reasonable access to *free* sources, rather than paid, to ensure the requirements set do not leave deprived communities with a higher cost to access cash.

Recommendation 6: *The Government must consider access to free cash services and ensure that poorer communities are not left to pay more to continue using cash simply because of a high distribution of PTU cash machines in their area.*

Q4: Do you agree it is necessary to allow for requirements in Northern Ireland and Great Britain separately? and Q5: Do you think that requirements in Northern Ireland and Great Britain should be set at a consistent level?

The University of Bristol's research found that, in the nations of the United Kingdom, the average distance to the nearest free access point is more than 600m. In Northern Ireland, the average person is 800m away from their nearest free access point (excluding cashback), rising to 4.8km away for the

¹⁵ University of Bristol (November 2020). 'Where to withdraw – Mapping access to cash in the UK'. Available at; <https://www.bristol.ac.uk/media-library/sites/geography/pfrc/Where%20to%20withdraw%20-%20mapping%20access%20to%20cash%20across%20the%20UK.pdf>

¹⁶ University of Bristol (2016). 'Paying to be poor: Uncovering the scale and nature of the poverty premium'. Available at; <http://www.bristol.ac.uk/media-library/sites/geography/pfrc/pfrc1615-poverty-premium-report.pdf>

¹⁷ Access to Cash Review (2019). *Access to Cash Review: Final Report*. Available at; <https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf>

99th percentile.¹⁸ Given this disparity, there would be benefits to having specific requirements which cater to the needs of Northern Ireland's population.

Designated Firms

Q6: Do you agree that requirements should be targeted at the largest payment account providers?

The Commission has been encouraged to see the continued commitment of the major banking institutions to protecting access to cash. In conjunction with UK Finance, eight major financial institutions have signed up to five commitments which include ensuring access to cash, supporting Community Access to Cash Pilots and identifying cash 'cold spots'.¹⁹ Given the dominance of these major banking brands across the UK's cash infrastructure, we believe it makes sense to place the requirements on them.

However, we also note the growing interest amongst challenger banks, including online-only banks, to target financially excluded and the underserved with new products and services. We therefore recommend that the Government considers including within the legislation any payment account provider which targets customers at risk of paying a poverty premium for cash or utilities in scope for the requirements.

As the market for digital payments emerges it may be necessary to consider how new entrants are brought into the access to cash debate. Increasingly large banks will not be the only key market players in deciding how the infrastructure needed to access cash (paper or digital) needs to form.

Q7: Are there other factors beyond those listed that the government should take into consideration when designating firms?

We believe the factors listed are satisfactory.

However, the services that vulnerable, cash-reliant consumers use should be considered when determining which firms to designate.

Role of Regulators

Q8: Do you agree that the FCA should be the lead regulator for monitoring and enforcing requirements on access to cash?

The Commission recognises that the Access to Cash Review concluded that the lack of co-ordination between regulatory bodies was a key issue. Co-ordination has to some extent improved, with FCA and PSR working together to oversee industry initiatives in this area and HMT working on legislation to preserve access to cash. We welcome the inclusion of this as part of this consultation, as well as

¹⁸ University of Bristol (November 2020). 'Where to withdraw – Mapping access to cash in the UK'. Available at; <https://www.bristol.ac.uk/media-library/sites/geography/pfrc/Where%20to%20withdraw%20-%20mapping%20access%20to%20cash%20across%20the%20UK.pdf>

¹⁹ UK Finance (May 2021). 'Banking industry commits to supporting customers who depend on cash'. Available at; <https://www.ukfinance.org.uk/press/press-releases/banking-industry-commits-supporting-customers-who-depend-cash> [Accessed 19/08/2021].

the work by the Government since the review. However we are concerned that the speed of action amongst the regulators suggests that they have not yet understood the time pressure on the cash infrastructure, nor the risk of it failing consumers and business. Clarity of regulatory leadership is an essential part of ensuring swift and effective action.

The FCA already has oversight of the retail banks and those deposit takers offering current account services. But more importantly, the FCA already has a statutory duty to maintain a degree of consumer protection and a core focus on consumer vulnerability. Bringing oversight under one regulator will allow a more strategic leadership on the problems. Furthermore, it already has an organic relationship with the PSR which will assist in the smooth delivery of access to cash requirements. We therefore believe it is best placed to take on the oversight and enforcement role.

Q9: Do you agree with giving the FCA discretion on additional requirements for qualifying cash facilities?

We agree that it is necessary to give the FCA further powers to carry out the functions set out in the consultation.

We are comfortable with the potential overreach of these powers under limited circumstances to bodies such as the Post Office and LINK in order to build a connected cash infrastructure and share timely information.

Q10: Are there any other factors, beyond those listed, that the FCA should consider as part of evaluating qualifying cash facilities?

We believe the factors listed are an appropriate set to begin evaluating cash facilities.

The Commission welcome the specific inclusion of criteria to assess the appropriateness of facilities for vulnerable users and disabled people. We believe that setting standards for the factors should be done in consultation with those with lived experience of vulnerability or disability to ensure no assumptions are made about the appropriateness of facilities.

Recommendation 7: *Include those with lived experience of vulnerability and disability in the setting of standards for cash facilities.*

Q11: If geographic requirements are being met at a national level, do you think there are any circumstances in which the FCA should nevertheless be able to intervene at a local level?

Yes, flexibility of approach is important. It is therefore important that the FCA is able to respond where it sees consumer harm. The FCA should be able to reply on support from local bodies (such as Trading Standards, local charities such as Age UK, disability and carer support organisations, advice agencies such as Citizens Advice, and statutory bodies such as local councils) when doing so.

Q12: Do you have any other views regarding the future role of the regulators in protecting cash?

We believe that the process towards creating legislation should address not only cash *in its loosest sense as paper money, but also through the question of how potentially excluded customers can be supported to access digital or other channels to receive and make payments.* This means that, as part

of the regulators' future role in protecting cash, the Commission suggest that consideration of inclusive digital payments should be included.

Within an ambitiously inclusive agenda, digital payments can in fact drive greater inclusion. For example, the Post Office solution during Covid of delivering cash to customers' homes could be combined with online ordering for customers with digital access and skills. Many vulnerable consumers may in fact find it easier to transact in electronic money than in cash, but the difficulty is ensuring that they have both access to the technology that makes this possible, and that the digital tools fully meet their needs, which is best achieved through inclusive design.

Although consumers need a guarantee that they can access and use cash for as long as they need it, the Commission believes that this must go alongside the inclusive design of digital products and services. We need to ensure that both cash and digital payments are safeguarded for the future to promote a financially inclusive UK. In particular, we want to see digital products continually drive down the poverty premium through serving the actual needs of affected consumers in an inclusive and affordable way.

The Commission welcomes the government's encouragement of initiatives, by banks and fintech companies, to help people make the transition from dependence on cash to digital means of payment and money management. However, there is a limit to what the financial services sector can achieve in this respect on its own, without a major expansion of connectivity and the provision of both hardware and consumer education to help consumers access digital financial services with confidence. We therefore recommend that the Government integrate requirements for including customers in digital services on firms, and sets out its own role and commitments in ensuring that individual and SMEs have reliable, affordable access to broadband and digital infrastructure to enable them to use digital financial products effectively.

Recommendation 8: *The Government integrate requirements for including customers in digital services on firms, and sets out its own role and commitments in ensuring that individual and SMEs have reliable, affordable access to broadband and digital infrastructure to enable them to use digital financial products effectively.*