Which? works for you

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Date: 23 September 2021

Consultation Response

HM Treasury consultation on *Access to Cash*

Headline messages

- **We welcome HMT proposals, but further progress is urgently required.** We are pleased the consultation was published promptly and includes a commitment to legislate to protect access to cash. However, HMT needs to maintain the pace of its work to turn its proposals into legislative requirements to protect the cash network. Government should set out an ambitious timetable for seeking parliamentary approval for legislation and implementing the requirements. Without urgent legislative action we are concerned that the cash infrastructure will decline rapidly, leaving behind many people who are currently not yet ready or able to use digital payment methods.

- **Geographical requirements represent the simplest way to ensure access to cash, but any system must meet consumer needs**. We agree that setting geographic requirements represents the simplest approach to ensuring the availability of a minimum level of withdrawal and deposit facilities, and HMT's starting point (90% of neighbourhoods within 1 kilometre of a free cash withdrawal outlet) is appropriate. However, we do not think adoption of a distance-based approach should be at the expense of delivering a system which meets consumer needs. We recommend that the geographic requirements act as a foundation upon which the FCA, as lead regulator, is empowered to determine what constitutes 'reasonable access' to take account of the range of factors which can affect consumers' access to cash withdrawals and deposits. The FCA must also have the power to address 'cold spots' where local access to cash needs are unmet, even where geographical requirements are met at a national level.

- **Protections are required for the 10% who fall outside proposed requirements.** There is currently no protection for people who fall outside HM Treasury's proposal to guarantee access to cash withdrawal facilities, regardless of the difficulties they may face in accessing cash. We are concerned that these people are likely to be found disproportionately in more rural areas, including the devolved nations of the UK[1], where mobile and broadband connectivity issues mean that digital payment methods may not be available[2]. HM Treasury needs to develop its understanding of this 10% (equivalent to approx 6.7m people[3]) to understand who they are and what harm they may experience

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[1] Access to cash coverage in the UK 2021 Q1, FCA (July 2021) found that only 53% of rural populations in the UK are within 1km of a free-to-use cash access point, while the equivalent figure is 29% for rural populations in Northern Ireland, 51% for Scotland and 55% for Wales.

[2] Connected Nations 2020: UK report, Ofcom (December 2020) - see Figure 6 (p.18) for data on percentage of premises unable to receive decent broadband from a fixed line split by rural / urban areas for each devolved nation, and pages 39-43 for the difference in mobile coverage between urban and rural areas.

[3] Population estimates for the UK, England and Wales, Scotland and Northern Ireland: mid-2020, ONS (June 2021)

in having to travel long distances to access cash. The Government has rightly concluded that access to cash requires legislative protection. Some form of protection should be extended to all consumers, not just the 90% who stand to benefit from the current proposals. Without this, there is a risk that access to cash for the 10% will deteriorate further as industry focuses on meeting the requirements mandated by legislation, ignoring the needs of the 10% and meaning that their access to cash becomes ever more difficult.

- **We support the FCA being appointed as the lead regulator for the cash network.** In line with one of the key calls from our longstanding Freedom to Pay Campaign, we strongly support the FCA being given overall responsibility for managing the cash system with its remit and powers expanded to enable it to do this effectively. The appointment of a lead regulator will help ensure coordination of activity and increase levels of accountability, and the FCA is well-placed to perform this role due to its existing work on access to cash and its well-established oversight of much of the banking and payments industry. In this role, the FCA should have responsibility for:
    - **oversight of how access to cash geographic requirements are met,** which should include determining what constitutes ‘reasonable access’ and intervening to address ‘cold spots’ where local access to cash needs are unmet, even where geographical requirements are met at a national level.
    - **monitoring cash acceptance and intervening where appropriate -** there is no point in securing access to cash if it can't be spent. As the single regulator, the FCA needs to develop its understanding of the barriers to cash acceptance among retailers and to take action where it has powers to do so. An essential first step should be to track cash acceptance levels among retailers.
- **Consumers and communities should have a formal route to request access to cash.** There is a need for a formal mechanism to allow consumers / communities to request additional cash access points to meet unmet local needs for cash, even where geographical requirements are met at a national level, and for the single regulator to be tasked with responding within appropriate timeframes.
- **Efforts to protect access to cash must be accompanied by coordinated activity to help more people make use of digital payments.** While we want to ensure that those who rely on cash are looked after, we recognise that the trend is to digital payments which offer a range of benefits (e.g. security, convenience). So, alongside ensuring access to cash, a cross-Government focus should be on helping people to overcome barriers to enable them to make use of digital payments, and to foster innovations in digital payments which can meet the needs of those who may be reluctant to make use of existing digital payment methods. HMT should learn lessons from how the access to cash debate proceeded, in particular the need for some form of central oversight / coordination to ensure swift progress is made by the most efficient distribution of activity.

Answers to questions in the consultation document

Question 1: 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?

Question 2: Do you agree that legislative geographic requirements should target maximum simplicity?

We answer Questions 1 and 2 together.

We agree that Government legislation is urgently needed to protect consumers' and SMEs' access to cash. We applaud the Government for recognising the need to intervene and having the foresight to propose measures which seek to safeguard the ability to withdraw and deposit cash before the cash network infrastructure deteriorates further.

HMT must take rapid action to introduce legislation

We urge HM Treasury to ensure the proposals set out in the consultation document are progressed as a priority in the Parliamentary timetable.

Government should set out its timetable for seeking parliamentary approval for legislation, and its subsequent implementation, when it publishes its response to the current consultation, and certainly no later than the Queen's Speech in 2022. Without urgent legislative action we are concerned that the cash infrastructure will decline rapidly, raising the risk of the country sleepwalking into a cashless society and in the process leaving behind many people who are currently not yet ready or able to use digital payment methods.

Our recent research revealed the extent of the decline of an already fragile cash system during the coronavirus pandemic[4]. We found that almost three in five people had experienced one or more issues accessing cash or a bank branch in the last 12 months, while one in four respondents had experienced at least one cashpoint issue. One in six said a cashpoint they use had run out of cash or not been working when needed, and one in eight said a cashpoint they used has been removed or has introduced charges.

These findings come against the backdrop of declining numbers of bank branches and ATMs - key locations which allow consumers and SMEs to withdraw and, in the case of branches, deposit cash. Which? analysis of data from LINK shows that over the past 18 months the total number of ATMs in service has dropped by almost 8,000, equivalent to 13% of the total number

[4] https://press.which.co.uk/whichpressreleases/crunch-point-for-cash/

of machines. Most of this decline occurred during the first few months of the pandemic (March to May 2020). But since May 2020 there has been relatively little change which suggests these closures look set to be a permanent reduction to the network. Separate Which? research has found that since the first national lockdown in March last year until the end of restrictions this July, there were 801 bank branch closures, with another 103 set to close by the end of the year.

The rapid reduction in cash access points shows there is an urgent need for the government to introduce legislation to protect consumers who are reliant on cash and most at risk from closures.

There is also a risk that announcing the intention to legislate but failing to move swiftly creates perverse incentives for banks to reduce the size of their existing branch network. Although the banking industry has committed to protect current critical infrastructure until a viable alternative is available[5], we have not seen this translate into a meaningful pause of branch closure activity. We are concerned that some banks may decide to increase the pace of their closure programmes before the legislative requirements are introduced. This could mean banks closing their (more expensive) branches and relying on cheaper and (in all likelihood) shared methods of accessing cash to meet the legislative requirements. Such actions would seem to run counter to commitments made by industry and unhelpfully remove people's access to a range of banking services including those which are currently delivered face to face.

To counter this, HMT must seek to progress legislation as speedily as the Parliamentary timetable will allow. In addition, to protect against degradation of the cash network ahead of the introduction of legislation, the government or regulator may want to consider introducing a moratorium on all bank branch and ATM closures ahead of the introduction of legislation. Alternatively, it may be preferable for the reference point for the legislative requirements for the number and type (i.e. including face to face provision, ATMs etc) of cash access points to be anchored against an appropriate benchmark. We suggest that a suitable option for this would be March 2020 when the FCA, PSR, and University of Bristol cash mapping research into cash access facilities across the UK was undertaken, which the HMT consultation has suggested *"represents an appropriate distribution of cash access points to inform the initial geographic requirements under the proposed legislation."*[6]

Geographic requirements

We agree that setting geographic requirements represents the simplest approach to ensuring the provision of a minimum level of withdrawal and deposit facilities. However, we do not think this should be at the expense of delivering a system which meets consumer needs. Ideally, access to cash would be based on what consumers actually require, since geographical proximity of access to cash (whatever distances are mandated) does not necessarily equate to 'good' access to cash for consumers or communities.

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[5] https://www.ukfinance.org.uk/press/press-releases/banking-industry-commits-supporting-customers-who-depend-cash

[6] Access to Cash consultation, HM Treasury, July 2021

We also have reservations about the way that HM Treasury proposes to measure geographic distances to determine access to cash. The consultation suggests these should be measured by 'straight line' distances (i.e. 'as the crow flies') but this approach - while simple - fails to take account of local factors such as local geographical features, population density and profile, and transport links which determine how accessible cash access points are for consumers in the real world. We understand that a different approach was adopted in Sweden with distances to cash access points measured via the road network.

In our view, these issues are not insurmountable. We suggest that a pragmatic solution is within reach, one which meets HM Treasury's desire for legislative simplicity, can be implemented swiftly, and offers sufficient flexibility to ensure that the framework meets consumer and community needs. It has three main elements:

1. legislative geographic requirements which target simplicity. We agree with HMT that guaranteeing 90% of neighbourhoods are within 1 kilometre of a free cash withdrawal outlet represents an appropriate starting point, and that deposit facilities are likely to require a lower geographic density.
2. the single regulator is given statutory responsibility to ensure that cash access points provide reasonable access and meet certain minimum standards. And even when geographic requirements are met at a national level, the FCA is tasked with addressing 'cold spots' where local access to cash needs are unmet.
3. A formal mechanism for consumers / communities to request additional cash access points to meet unmet local needs for cash, even where geographical requirements are met at a national level, and for the single regulator to be tasked with responding within appropriate timeframes. We discuss how this should operate in more detail in our answer to Question 11.

HM Treasury's proposals for geographical requirements are for 90% of neighbourhoods to be within 1 kilometre of a free cash withdrawal outlet. As we state above, we agree that this appears to be an appropriate starting point, though we observe that the authors of the report on which this starting point is based point out that *"there will be variation within neighbourhoods in ability to access cash, because of both the geography of the neighbourhood and the fact that individuals within the area may have their own specific access needs and levels of ability to travel"*[7]. We also note that requiring 90% of neighbourhoods to be within 1 kilometre of a free cash withdrawal outlet may not equate to 90% of the population being within 1km. We are keen for the rules to ensure that as many people as possible stand to benefit from the geographical requirements so would welcome clarity from HM Treasury about this when it publishes its response to the consultation. We are also aware that recent FCA data on access to cash

[7] 'Where to withdraw: Mapping Access to Cash across the UK', University of Bristol, FCA, PSR, (November 2020), p.11

focused on the percentage of the population[8]. To maximise clarity, we would suggest that Government and the regulator adopt a consistent approach.

We also agree that it is sensible to build in some flexibility to help ensure that changing consumer needs for cash can be reflected in the obligations. Setting out high-level obligations in legislation whilst giving the FCA statutory responsibilities for ensuring that cash access points provide ‘reasonable access’ for cash users should help to ensure that the obligations remain relevant and can be more easily changed where this becomes necessary.

Question 3: 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?

Yes, we agree that geographic requirements should initially be set to provide a level of reasonable access to all areas. However, we reiterate the comments we make in response to Questions 1 and 2 that reference to the “current” distribution of cash access facilities must be tied to an appropriate benchmark, which we suggest should be March 2020. If this is not the case, we are concerned that the positive intent behind the legislative proposals will be undermined as banks may seek to reduce their branch or ATM networks ahead of the imposition of legislation.

We also have several concerns that the current proposals will fail to achieve a level of reasonable access to all areas.

Firstly, it is questionable whether the current distribution of cash access facilities delivers a level of reasonable access to all areas. Historically, the focus of research activity has tended to be on the supply-side of cash provision (i.e. mapping cash access points). While this is important, far less attention has been paid to consumer demand for cash. It is only through consideration of the latter that it would be possible to determine whether the current distribution of cash access facilities is ‘reasonable’.

Secondly, it is important to point out that HM Treasury’s current proposals would not deliver ‘reasonable access’ for ***all*** areas, only 90% of neighbourhoods. There is a need for some form of protection for *all* areas, as far as is practicable. Our research suggests that those most affected are likely to be consumers in rural and deprived communities, where ATM closures or conversions to pay-to-use make it harder for people to access cash[9]. HMT must address this and develop its understanding of the consumers and SMEs within this 10% (equivalent to approximately 6.7m people[10]) to develop its understanding of who they are and what harm they may experience in having to travel longer distances to access cash. HMT should also put in place safeguards to protect against degradation of the 10% of areas not covered by the current

[8] Access to cash coverage in the UK 2021 Q1, FCA (July 2021)
[9] https://www.which.co.uk/policy/money/4793/cashstrapped
[10] Population estimates for the UK, England and Wales, Scotland and Northern Ireland: mid-2020, ONS (June 2021)

proposals. Other arrangements such as access via the Post Office network (where 99% of the total population must be within 3 miles of their nearest Post Office, and 95% within 1 mile) have the potential to help deliver coverage to this 10% of neighbourhoods, but access to cash via this route is reliant on the voluntary Banking Framework, which is fragile, lasts only for 3 years, and is subject to banks' changing commercial imperatives.

The Government has rightly concluded that access to cash requires legislative protection, and should not be left purely to market forces. In our view, this protection should extend to all consumers, including people who live outside the 90% of neighbourhoods within 1km of a free-to-use cash outlet. We recommend that HM Treasury investigate how best to provide this protection, for example by considering the introduction of a stepped geographical requirement (e.g. guaranteeing 90% of neighbourhoods are within 1km, and 99% within 5km, of a free-to-use cash outlet) or including an additional sub-requirement with different distances set for rural and urban areas.

An alternative, and potentially simpler, approach that could be rolled out more quickly to ensure that some form of protection extends to customers not covered by the 90% proposal would be to strengthen what already exists and make use of the extensive Post Office network. Putting the Post Office Banking Framework on firmer and more sustainable footing in those areas would help to deliver access to cash for consumers and SMEs in neighbourhoods that fall outside the proposed geographic requirements for access to cash, particularly in rural areas. Such an approach could also provide a more dependable income stream for the Post Office network and, if such funding was contingent on improvements in the standards of the banking service offered, could help to drive up the level of service offered to consumers.

Question 4: Do you agree it is necessary to allow for requirements in Northern Ireland and Great Britain separately?

Question 5: Do you think that requirements in Northern Ireland and Great Britain should be set at a consistent level?

We are pleased to note that HM Treasury is actively considering issues relating to cash access from the perspective of Northern Ireland which, as the consultation paper observes, has a different banking market structure and different geographical spread of cash access points. Our research also found differences in Northern Irish consumers' use of cash, with consumers in Northern Ireland more likely to use cash at least once a week than elsewhere in the UK, and only 3% saying they never use cash[11].

The Consumer Council of Northern Ireland has previously raised concerns that a UK-wide approach to policy interventions does not always account adequately for circumstances in Northern Ireland and can result in Northern Irish customers failing to receive similar outcomes to

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[11] https://consumerinsight.which.co.uk/reports/consumer-insight-report-2021-northern-ireland#cash-payments

those elsewhere in the UK[12]. Yet in the case of access to cash the reverse would appear to be the case, with consumers in Northern Ireland potentially receiving a lower standard of access to cash precisely because separate requirements may be applied compared to the rest of the UK.

We do not think that customers in Northern Ireland should be penalised in this way. The Treasury consultation cites research that found "*for 95% of the population, the distance to the nearest free cash access point (excluding cashback) is further in Northern Ireland than it is across Great Britain*"[13]. Yet the same research also finds that the average distance to the nearest free access point (excluding cashback) differs only marginally between Northern Ireland (678m) and Wales (661m), with Scotland not much different (614m).

We consider that it would be preferable to set the headline geographical requirements for withdrawals and deposits at a consistent level between Northern Ireland and Great Britain. This need not result in the need to install additional cash access facilities in Northern Ireland or to reduce the level of existing provision in Great Britain if an additional sub-requirement is set with different distances for rural and urban areas to reflect existing provision across all areas. FCA research found that 90.1% of the population in urban areas in Northern Ireland is within 1km of a free to use cash access point, while 96.6% of the population in rural areas in Northern Ireland are within 5km, and FCA's recent mapping data shows that these figures are broadly equivalent to other nations, with equivalent figures for Scotland 96.3% and 91.3% respectively, and for Wales 91.8% and 97.7%[14].

However, as we make clear in our answer to Q11 below, it is important that these geographic requirements represent the starting point to determine adequate access to cash. There is a need to look beyond them to ensure that access to cash reflects local consumer needs which can vary enormously by location, a fact that is applicable regardless of whether such considerations relate to Northern Ireland or elsewhere.

Question 6: Do you agree that requirements should be targeted at the largest payment account providers?

Question 7: Are there other factors beyond those listed that the government should take into consideration when designating firms?

We answer questions 6 and 7 together.

Any solution needs to deliver sufficient funding to finance a comprehensive and sustainable programme to meet consumers' cash needs. We consider the proposed approach needs to be fair and equitable by ensuring, as far as possible, that those payment account providers which stand to benefit from the provision of cash infrastructure contribute to its continuation. However,

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[12] https://committees.parliament.uk/writtenevidence/22917/default/

[13] 'Where to withdraw: Mapping Access to Cash across the UK', University of Bristol, FCA, PSR, (November 2020)

[14] Access to cash coverage in the UK 2021 Q1, FCA (July 2021)

it must do so whilst also seeking to ensure that new entrants or smaller providers are not unduly penalised.

In practice, we suggest that an appropriate balance could be struck by setting out a certain threshold above which a payment account provider should be required to contribute. The amount of this contribution should be based on a sliding scale, with the very largest payment account providers paying more. In our view, this would be the simplest way to share the costs associated with maintaining the physical cash infrastructure system, without penalising smaller firms or undermining wider efforts to encourage new entrants to the banking sector.

The other factors set out in the consultation document (firms' geographic coverage and the distribution of their consumers within the UK) are the right additional factors to consider when designating firms.

As part of a wider review of the geographical requirements, we agree that the application of the requirements to banking providers should be reviewed regularly to reflect changing market shares.

Question 8: Do you agree that the FCA should be the lead regulator for monitoring and enforcing requirements on access to cash?

Yes. We agree that the FCA should be the lead regulator for monitoring and enforcing requirements on access to cash, and indeed have been calling for this move for some time[15]. While a number of regulators have made helpful contributions to the debate about access to cash, coordination of activity can be problematic and the current oversight of the cash system is fragmented with no single body accountable.

The FCA has been at the forefront of efforts to map the current distribution of cash access points, and already has established supervisory relationships with banks and building societies, so is well-placed to assume the role of lead regulator to monitor and enforce rules around access to cash.

As part of its expanded remit as lead regulator, the FCA should be tasked by the government with developing its understanding of all aspects of the cash market, including investigation of cash acceptance among retailers . A foundational element of this should be gathering and publishing information about the levels of cash acceptance among retailers since access to cash is only of use if it can be easily spent. Pleasingly, we note that the FCA already appears to be undertaking this role, recently publishing information about trends in cash acceptance[16]. Where reluctance to accept cash is identified, the FCA should investigate the barriers to acceptance, which may be due to non-direct costs such as insurance, and consider whether mitigating actions are required to encourage retailers to continue to accept cash.

[15] See, for example, Which? response to HM Treasury Access to Cash: Call For Evidence
[16] https://www.fca.org.uk/publications/research/uks-cash-infrastructure-consumer-research

Delivery mechanism for meeting cash access requirements

Although it does not feature in HM Treasury's consultation document, we are aware that discussions have been held, for example among the Access to Cash Action Group and more widely, about how the geographic requirements for access to cash set out in legislation might be met in practice.

Given its relevance to the wider discussions about access to cash, and the role of the FCA as the single regulator responsible for monitoring and enforcing these requirements, we thought it might be helpful to set out our initial views on the suggestion that some form of collective delivery mechanism or coordinating body could be deployed to meet the geographic requirements for access to cash. These are emerging thoughts and subject to revision as further information emerges about proposals for the potential delivery model.

The legislative requirement to guarantee access to free-to-use cash outlets for a proportion of neighborhoods will apply to a number of banks, whereas similar obligations generally apply to a single organisation (e.g. Post Office Limited). It would seem difficult for each mandated bank to meet the access to cash requirements on its own, and such an approach would also appear to fail to meet HM Treasury's desire for the approach to delivering access to cash to be proportionate, simple and cost-effective. While individual banks could be held collectively liable for any failure to meet the prescribed geographical requirements, this does not address the practical issue of how the requirements will be met. We therefore acknowledge that it is sensible for industry to explore the viability of some form of central coordinating body to pool funding from mandated banks and use this to deploy an appropriate mixed provision of free-to-access cash withdrawal and deposit outlets to meet the geographic requirements and additional local needs, subject to compliance with competition rules. It is for the banking industry to propose details for how this could work in practice and, if it considers that competition rules impede its ability to do so, it should set out precisely what they are stopped from doing.

We are agnostic as to the precise form such a central coordinating body / delivery mechanism might take, provided that the following principles are followed:

- Its mission and approach are focused on the need to comply with legislative requirements;
- It is tasked with delivering good consumer outcomes by meeting consumers' differing needs for cash withdrawals and deposits through an appropriate combination of different types of free-to-access cash outlets;
- It can be set up quickly and its creation will not delay the protection of free-to-use cash access points;

- It takes a dynamic and comprehensive approach, looking to fill any gaps which may emerge over time in the cash access network by installing the most appropriate type of cash access point for the local area;
- It has a robust and independent governance structure, including appropriate levels of consumer representation, and is approved by the FCA;
- The FCA retains oversight of the delivery vehicle to ensure it delivers 'reasonable access' to cash for consumers and SMEs, and where this is not achieved the FCA can take appropriate remedial measures to direct action; and
- Where individual banks fail to meet their obligations through the delivery vehicle (e.g. by withholding funding or failing to install a free-to-use cash outlet when directed to do so) the FCA is able to make use of the full suite of its enforcement powers to fine the offending firm and require it to meet its obligations.

Question 9: Do you agree with giving the FCA discretion on additional requirements for qualifying cash facilities?

Yes, we agree that the FCA should be given discretion to determine the additional requirements which should apply for qualifying cash facilities. The geographical requirements provide a useful baseline to ensure minimum levels of access to cash throughout the country but they are a blunt tool which, on their own, say nothing about the form that the cash access point should take to make it accessible.

Giving the FCA - or a delivery body over which the FCA has oversight - the discretion to make rules setting out the standards which should apply will help to ensure that cash access points actually provide 'reasonable access' and meet consumer needs, taking account of issues such as age, levels of cash reliance, location, health and digital inclusion. As the consultation notes, this approach would also help to ensure that the standards can more easily adapt to changing consumer needs or embrace the emergence of innovative solutions.

We are also wholly supportive of extending the FCA's responsibilities to enable it to address specific 'cold spots' even where geographic requirements are met at a national level. We discuss this in more detail in our answer to Question 11.

Question 10: Are there any other factors, beyond those listed, that the FCA should consider as part of evaluating qualifying cash facilities?

The factors listed in the consultation document (appropriateness of facilities for vulnerable users, including cost for end users, security, hours of availability and accessibility) are the main elements which must be considered by the FCA when evaluating whether cash facilities should be included in meeting the geographic requirements.

It is essential that only free-to-use cash facilities are deemed capable of meeting the geographical requirements. Cash remains particularly important to large numbers of the UK population, with around 17% – over 8 million adults – saying they would struggle to cope in a cashless society[17] and 10% of adults (5.4 million people) relying on cash to a very great or great extent in their day-to-day lives, using it to pay most or all of their bills[18]. Yet some groups are particularly reliant on cash, including those on low incomes. Qualitative research conducted for the FCA confirmed the finding of the 2019 Access to Cash review in concluding that a key indicator of cash dependence is income, noting that "*the lower the income of the individual that [the research agency] spoke to, the more likely they were to depend on cash*."[19] Access to cash which comes at a cost is not truly accessible and should not be included by the FCA when evaluating the provision of cash facilities.

Under the 'accessibility' heading we would encourage the FCA to take an expansive approach. It should take account of local factors such as geographic features (e.g. hills) and transport links (e.g. road network, bus routes) since they can have a significant impact on whether a cash machine which may appear to be close to a neighbourhood based on straight line distances is truly accessible to consumers, particularly those who may have mobility difficulties. Any assessment of accessibility should also include how quickly and easily a consumer or SME can withdraw or deposit cash, specifically without needing to queue for a long period of time.

We note that as well as meeting similar geographical requirements for accessibility to those proposed for banks, Post Office Limited must also meet additional obligations in relation to access for certain groups. Specifically, it is required to meet and report on network access for a range of different user groups, such as small businesses, disadvantaged individuals, people on low incomes, those with physical disabilities and people over 65 years of age[20]. We suggest that HM Treasury and the FCA consider whether similar assessments are appropriate in relation to access to cash to ensure that groups who are most reliant on cash can easily access it.

It is also important that when evaluating qualifying cash facilities the FCA consider the prevalence of different types of cash access points in local areas and, as far as possible, seek to ensure there is a suitable mix of provision so different consumer needs are catered for. For example, while cashback without purchase offered via retailers is likely to represent a valuable source of cash for many, it may not be suitable, or even possible, for someone who makes a weekly trip to withdraw enough cash to last them for the following seven days. Indeed, research conducted by the University of Bristol found that consumers use different cash access channels in different ways, with the average value of withdrawals from cashback merchants amounting to just £20 compared to £90 for Post Office counters and £220 for bank or building society branches[21]. Similarly, some consumers, including those who are more vulnerable, may not feel comfortable withdrawing cash from an ATM and may prefer to withdraw cash in a location that offers face-to-face interaction. A suitable mix of cashback, ATMs, Post Office branches and

[17] Access to Cash review (March 2019)
[18] FCA Financial Lives (February 2021)
[19] https://www.fca.org.uk/publication/research/understanding-cash-reliance-qualitative-research.pdf
[20] https://corporate.postoffice.co.uk/media/48108/networkreport2020_final.pdf, p.11
[21] 'Where to withdraw: Mapping Access to Cash across the UK', University of Bristol, FCA, PSR, (November 2020)

bank branches is most likely to meet consumer and SME needs for cash withdrawal and deposit facilities.

We recognise that there are different costs associated with the different methods of offering access to cash. However, cost effectiveness - while undoubtedly important - should not be the sole criteria considered when determining appropriate levels of access to cash. We note that recent pilots of shared Bank Hubs have delivered promising results in revitalising local areas[22] and potentially offer a cost-effective way to extend access to cash in a face to face environment, as well as a range of other banking services. We encourage HM Treasury and the FCA to consider the role that such shared banking provision might play in meeting the geographic requirements for cash, as well as other consumer banking needs.

Question 11: 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. Even if geographic requirements are being met at a national level, it is essential that FCA should be able to intervene at a local level.

Geographical requirements are a blunt tool, unable to take account of all the range of local factors (e.g. topography, transport links, pockets of need or deprivation, consumer vulnerability etc) which may affect people's ability and need to access cash. There is a need to look beyond national-level requirements since cash needs and usage can vary enormously by location, with LINK recently highlighting the regional disparities by reporting that "*in some places, at the height of lockdown, cash use dropped by as much as 80%. In other areas, it was as little as 20%..... Now that the economy has opened up, the pattern is the same*"[23].

To ensure that local cash needs are considered, the FCA - or a designated delivery body with proper oversight from the FCA - should have an obligation to gather and make use of existing intelligence about local areas where cash need and usage are greatest to ensure that access to cash, and the type of provision, is sufficient to meet local needs.

In addition, the FCA or some form of delivery body must be tasked with eliciting, investigating and responding to community or consumer requests for access to cash. Insight about the usefulness and practical operation of such a scheme should be obtained from LINK, which has extensive experience of operating a scheme which invites communities to highlight issues they have accessing cash[24].

It should be required to make such requests as simple and accessible as possible, and comply with published Service Level Agreements for responding to such requests. To ensure

[22] https://www.ukfinance.org.uk/press/press-releases/banking-industry-takes-further-steps-protect-access-cash
[23] https://www.link.co.uk/media/1787/link_annualreport_2021_final_2.pdf
[24] See: https://www.link.co.uk/consumers/request-access-to-cash/

transparency it should be required to publish its decisions setting out its reasoning for consenting or declining to arrange installation of an additional free-to-use cash facility. This service should supplement, rather than replace, obligations on the lead regulator to identify and address cash cold spots.

Question 12: Do you have any other views regarding the future role of the regulators in protecting cash?

Which? has for some time campaigned for legislation to be introduced to protect access to cash. Within the context of a general shift to digital payments, we want to ensure that those who rely on cash are not left behind but are looked after for as long as is necessary.

We recognise, however, that the trend is to digital payments, and these forms of payment offer a range of benefits to consumers, including greater security and convenience. Alongside the welcome action that government is taking to ensure access to cash is preserved for those who rely on it, we would encourage regulators and Government Departments to work with industry and consumer organisations to develop a parallel and complementary programme of work focused on helping people to overcome the barriers they face in making use of digital payments, and to foster innovation which can meet the needs of those who may be reluctant to make use of existing digital payment methods.

We consider there are lessons to be learnt from how the access to cash debate has proceeded, in particular the need for a single body to be given lead responsibility, even where a range of different organisations have strong interests in contributing to the work programme. In our view, some form of central oversight and coordination of disparate but related workstreams would help to ensure swift progress is made through the most efficient distribution of activity.

About Which?

Which? is the UK's consumer champion. As an organisation we're not for profit - a powerful force for good, here to make life simpler, fairer and safer for everyone. We're the independent consumer voice that provides impartial advice, investigates, holds businesses to account and works with policymakers to make change happen. We fund our work mainly through member subscriptions, we're not influenced by third parties and we buy all the products that we test.

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September 2021