

MONEY  
ADVICE TRUST

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BUSINESS  
DEBTLINE

NATIONAL  
DEBTLINE

WISER  
ADVISER

Consultation Response:

# HM Treasury Access to cash consultation

Response by the Money Advice Trust

Date: September 2021

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# Introduction

## About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991 to help people across the UK tackle their debts and manage their money with confidence.

The Trust's main activities are giving advice, supporting advisers and improving the UK's money and debt environment.

In 2020, our National Debtline and Business Debtline advisers provided help to 161,560 people by phone and webchat, with 1.86 million visits to our advice websites.

In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2020 we delivered this free training to over 920 organisations.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Find out more at [www.moneyadvicetrust.org](http://www.moneyadvicetrust.org)

## Public disclosure

Please note that we consent to public disclosure of this response.

# Executive summary

We welcome the government's announcement that it will be putting in place legislation to protect access to cash with the aim of ensuring that the UK's cash infrastructure is sustainable in the long term. In our view, this legislation needs to be put in place as soon as possible.

It is vital that consumers and small businesses can easily access cash into the future. Like other organisations, we remain concerned that continued closures of bank branches and a loss of access to free ATMs will have a disproportionate impact on people in vulnerable circumstances.

- ✓ From a consumer perspective, the key consideration for maintaining cash acceptance in the UK is that we believe that there will be a substantial need for cash for specific groups of consumers into the future. This disproportionately affects people in are in vulnerable circumstances, without access to banking services, or the internet, those who live rurally, and cannot travel to bank or post office branches within a reasonable distance.<sup>1 2</sup>
- ✓ For small businesses it is vital that they can easily access local deposit-taking facilities to deposit the takings from their businesses. These facilities need to be secure and ensure privacy to protect businesses from potential theft.
- ✓ We recognise that there is work being undertaken to try to protect access to cash, for example the Community Access to Cash pilots that are being run currently.<sup>3</sup> Alongside this, LINK has put in place a scheme to fund extra free ATMs.<sup>4</sup> In addition, the government has introduced legislation through the Financial Services Act to improve access to cash by making it easier for retailers to offer cashback without a purchase.<sup>5</sup>
- ✓ We would support the idea of giving a the FCA overall statutory responsibility for maintaining access to cash for consumers and small businesses. This would simplify the current confusing regulatory landscape for both consumers and businesses.
- ✓ We strongly support the idea that the FCA should be able to intervene at a local level where there is a need for access to cash that is not being met.

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<sup>1</sup> <https://press.which.co.uk/whichpressreleases/four-in-10-disabled-consumers-suffering-as-a-result-of-bank-branch-closures-which-warns/>

<sup>2</sup> [UK's cash infrastructure and consumer research | FCA](#) Access to cash and banking services remain vital for many consumers and businesses

<sup>3</sup> <https://communityaccesstocashpilots.org/> Trials of shared banking hubs to be extended - BBC News

<sup>4</sup> <https://www.link.co.uk/about/news/first-free-to-use-atm-installed-post-lockdown-goes-live-in-huyton/>

<sup>5</sup> <https://www.gov.uk/government/news/milestone-for-uk-financial-services-as-bill-receives-royal-assent>

- ✓ We are extremely concerned that there has been a recent acceleration in the closure of bank branches which disproportionately affects people who are in vulnerable circumstances, and those who live rurally, and cannot travel to other branches within a reasonable distance.
- ✓ We believe that more powers need to be given to the FCA to intervene in the area of bank branch closures. It is not clear to us what action the FCA can take to prevent a firm closing branches or removing free ATM even if the FCA considers this action to be unfair to consumers under its guidance.<sup>6</sup> The Lending Standards Board does not appear to have the power under their voluntary Access to Banking Standard<sup>7</sup> to prevent a branch closure either.
- ✓ Potentially, the Post Office could be a future solution to the ever-increasing amount of bank closures, if resourced properly to provide replacement services, particularly in relation to SMEs deposit services. We believe that the national post office network could be ideally placed to act as a failsafe for local communities given the scale of the branch network.

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<sup>6</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg20-03.pdf>

<sup>7</sup> [https://www.lendingstandardsboard.org.uk/wp-content/uploads/2017/07/Access\\_to\\_Banking\\_Standard.pdf](https://www.lendingstandardsboard.org.uk/wp-content/uploads/2017/07/Access_to_Banking_Standard.pdf)

# Responses to individual questions

## 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?

We agree that legislation should be put in place as soon as possible, to provide the government with powers to set geographic requirements for access to cash and deposit facilities.

It is vital that the legalisation ensures adequate provision of both withdrawal and deposit facilities to allow small businesses to transact in cash when required. This needs to embed the overarching principle that ensures access to local cash deposit-taking facilities for small businesses. This should ensure fair outcomes for small businesses in addition to protections to ensure access to cash for individual consumers.

It would seem reasonable to include within the legislation clauses to ensure that the requirements are able to develop flexibly over time and are subject to regular review as required.

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

It is important for there to be a simple, sustainable and comprehensive system put in place to estimate geographical cash access requirements. However, it is also important that additional factors such as those identified in the paper as “*specific local needs, deprivation, vulnerability, and service levels*” are also taken into account and the appropriate extra measures put in place to ensure accessibility is assured in these circumstances.

Therefore, it is not always feasible to use simple geographic rules for ensuring access to cash. It is vital that local geographic and social elements are taken into account and the practicalities of local experience need to be factored in, especially in rural areas. This may mean that a simple distance measurement will not be sufficient.

We understand that it is the government’s view “*that these matters may be best addressed by industry actions, through engagement with stakeholders, and via regulatory oversight*”. However, if the FCA is given the powers to intervene as primary regulator, it must also be compelled to do so in a certain defined set of circumstances, as well as having the discretion to take action if they judge it appropriate.

## 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?

The proposed approach, focusing on preserving the distribution of existing facilities will only serve to prevent a further erosion of services. Whilst welcome, this proposal does not address the existing gaps in provision. It is vital that areas where there are previously identified “cash deserts” should be brought up to the same standard of facilities for services as are present in other areas to ensure adequate cash access and distribution.

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

We suggest that the requirements should be set at a higher and consistent level for the reasons set out in our response to question 5 below.

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

We can see that setting a consistent level of access across Northern Ireland and Great Britain could result in levels being set that would be lower than existing cash facilities in Great Britain because of the sparser distribution of the cash network in Northern Island.

It seems to us that the level should be set at the higher level to ensure that facilities are improved in the cash infrastructure for Northern Ireland. This would seem to be the fairest solution, resulting in an improved level of service in Northern Ireland.

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

It makes sense to provide the Treasury with powers to designate which firms will have regulatory cash access requirements imposed upon them. We agree that including the largest payment account providers in this designation is a good place to start. We agree that this should be carried out in consultation with the FCA and kept under review to ensure that this designation is expanded to encompass other firms if necessary.

We would also suggest that there is consideration given to placing a Universal Service Obligation on banks to guarantee access to cash. This is suggested in the Age UK briefing.<sup>8</sup>

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<sup>8</sup> [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/behind\\_the\\_headlines\\_shortchanged.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/behind_the_headlines_shortchanged.pdf)



This states as follows.

*“Ultimately, it is the banks who are best placed to prevent the decline of cash, which is why we are calling for the introduction of a Universal Service Obligation (USO) on the banks to guarantee access to cash for everyone. Owing to the rapidly changing landscape, this should be reviewed every five years to ensure its continued suitability – there may come a time when it is no longer needed to protect access to cash. A USO exists for water, electricity, post, and most recently broadband services – recognising how essential they all are to our daily lives. The time is right for the Treasury to put the cash system on the same footing.”*

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

We are not in a position to identify further factors that the government should take into account when designating firms for this purpose. We expect firms themselves will be better placed to do so.

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

We very much support the proposal that the FCA should be the lead regulator for monitoring and enforcing requirements on access to cash for consumers and small businesses. It makes complete sense that a single regulator should be given overarching regulatory oversight, and the FCA is ideally placed to fulfil that role. This should simplify the current confusing regulatory landscape for both consumers and businesses.

The FCA plays a vital role in protecting consumers and is leading the way in developing rules and guidance for people in vulnerable circumstances. It would be a very fitting extension of the FCA’s work in this area to ensure that there is access to cash for those whose circumstances mean that they need cash to function in society.

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

We agree that the FCA should be given discretion to set out how the standards should be met in its rules and these rules should reflect the existing standards of cash access. It is important that the FCA takes expert advice from bodies such as the Access to cash action group, and the Community access to cash pilots board to inform its thinking.<sup>9</sup>

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

Clearly, the factors that the FCA should consider will also include distance, particularly in rural areas, and whether the facilities are free to use. In addition, the FCA should be required to consider the factors listed, such as appropriateness for vulnerable users, and accessibility for people with disabilities, the digitally excluded, and older people.

The needs of small businesses will also need to be factored into the process. For small businesses it is vital that they can easily access local deposit-taking facilities to deposit the takings from their businesses. Any solution will require a range of options so that for SMEs are not so limited in where they can access deposit facilities. Innovative ideas such as collection services, and self-fill ATMs, may be of some assistance in filling in gaps in provision, but may not be suitable for micro-businesses without premises. The banking sector should be required to invest in both deposit taking and access to cash services locally when withdrawing local branch support to ensure the additional costs of the services are covered.

The Age UK report “Shortchanged”<sup>10</sup> puts the requirement for multiple local channels to access cash well.

*“Understanding and defining ‘good’ access to cash is important – having a single cash access point in a community is unlikely to meet everyone’s needs. There will always be some people who cannot use the option available so multiple options should be encouraged, and gaps should be filled by other means, for example requiring banks to post cash or have mobile branches that visit certain areas or individuals. This wider consideration is important if the Government is to avoid coming up with a solution that cuts adrift many older and vulnerable people.”*

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<sup>9</sup> [Banking industry commits to supporting customers who depend on cash | UK Finance](#)

<sup>10</sup> [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/behind\\_the\\_headlines\\_shortchanged.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/behind_the_headlines_shortchanged.pdf)

We would also recommend building in the lived experience of groups of people who are most likely to require access to cash, as identified in the FCA and PSR research.<sup>11</sup> This is vital to ensure that the service outcomes meet the needs of the people that live in that community.

## 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?

We strongly support the idea that the FCA should be able to intervene at a local level where there is a need for access to cash that is not being met. The research carried out by the FCA and the PSR on access to cash shows that some rural populations are not adequately served by the required level of provision.<sup>12</sup>

However, as we said in our response to question 2, the FCA powers should be set out clearly and the FCA should be compelled to take action in a certain set of circumstances, if certain factors and criteria are met. There should not be any vagueness in the requirements on the FCA by leaving it too much to their discretion to take action only if they judge it appropriate.

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

It is vital that regulators such as the FCA and PSR work together on access to cash to ensure a successful outcome for consumers. We would support the government stated intention that *“ongoing coordination between competent authorities continues to be paramount for a coherent and effective approach to managing cash access needs”*.

We would also support the intention to have an appropriate Memorandum of Understanding in place to ensure regulators can co-ordinate with each other to ensure they meet their access to cash objectives.

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<sup>11</sup> [UK's cash infrastructure and consumer research | FCA](#)

<sup>12</sup> [UK's cash infrastructure and consumer research | FCA](#)

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