

Minutes

FCA/PSR Access to Cash - Working Group 3: Access to Cash Withdrawals

16th November 2020 (Session 5)

Location: The meeting took place via video/audio link

Attendees:

Name	Organisation
Kate Fitzgerald (Chair)	PSR
Charlie McStravick	AIB
Phil Briley	Bank of Ireland (BoI)
Cathy Jenkinson	Danske Bank
Susan Bentley	Virgin Money
Matthew Millburn	Santander
Mark Nalder	Nationwide Building Society
Tim Allen	Barclays
Mark Essex	NatWest Group (NWG)
Duane Campbell	Tesco Bank
Iain Gibson	Sainsburys Bank
Peter Seymour	Cardtronics
Charlie Evans	NoteMachine
Tim Watkin-Rees	PayPoint
Adrian Roberts	LINK
Hugh Mullan	PSR
Philip O'Donnell	PSR
Richard Feasey	PSR
David Farmer	PSR
Alexander Jelenje	PSR
Cheryl Bruce	PSR
Stela Bagasheva	PSR
Callum Donnelly	FCA
Anooj Dodhia (observer)	Bank of England
Graeme McGregor	Accenture
Nadia Farr (Secretariat)	Accenture

Apologies: Nic Beasley & Gabrielle Collins (LBG), Wendy Luczywo (Post Office), Phil Briley 2nd half of session (AIB), Will Morello & John Appleton (HMT), Miranda Hewkin Smith (BoE)

Item:

1. Admin

The group agreed the minutes from the 2nd November session and the Secretariat asked any further feedback to be shared offline.

The Chair fed back on the Steering Group meeting (9 Nov). Overall the feedback on the initial proposals was positive and the Steering Group agreed that further work needed to be done on the assessment criteria over the coming weeks.

2. Focus Team 1 Update

Focus Team 1's representative updated the group on an action to speak to Working Group 2 about their overlapping work on the Post Office.

Focus Team 1 updated on their discussions of how proposals matched against the proposed assessment criteria. Some amendments may be needed to the criteria, including the addition of an appropriate weighting.

So far in their preliminary assessment, Post Office counter services, LINK/PayPoint cashback without purchase, cashback with purchase and shared 'hub' solutions are scoring highly.

In discussion, it was suggested that splitting needs of SMEs and consumers may be pragmatic, as Working Group 1 (SME and Consumer Needs) was taking a similar approach. Members agreed that the Post Office counter solution should score highly, as it supports both consumer and SME/business needs.

The Chair suggested that 'efficacy' could be a useful criterion and asked Focus Team 1 to consider barriers too (e.g. legislative barriers).

3. Focus Team 2 Update

Focus team 2's representative briefly fed back on two areas that Focus Team 2 had discussed (Cash Deposit ATMs and Cost Sharing) before moving on to two more detailed updates (Commitment to LINK, interchange improvements).

Focus team 2 discussed how some commitment to the LINK scheme may support stability in the provision of a free access to cash network for the UK. Focus Team 2 acknowledge that, in assessing this solution not all issuers or LINK members are represented, so it is important to seek a broader set of views.

On 'Interchange Improvements', Focus Team 2 acknowledged a range of viewpoints on the topic, owing to its diverse membership (e.g. deployers vs issuing members). Specifically, Focus Group 2 had discussed a 'Zonal' interchange fee. There is still ongoing debate within Focus Team 2 around the suitability of the 'Zonal' solution and the need for a change from the current set of LINK policies, including around the interchange fee.

In discussion, some members were partly supportive of the 'Commitment to LINK' solution, explaining that a single scheme should be committed to – regardless of whether it is provided by LINK, Visa or Mastercard. This was necessary given the joined-up nature of cash distribution – all issuers and ATM deployers need to operate under the same set of current or future directives.

On the 'Zoning' interchange solution, some pointed out the similarity to tiering of interchange fees already in place through LINK. They added that, to consider other tiering proposals, the group must find evidence that the current structure does not work. Some members echoed this point. In response, some pointed out that current evidence already exists – the degree of oversupply in high footfall areas, and the increasing number of FTU-PTU (Free-to-Use to Pay-to-Use) switches, which highlighted that interchange fees were too low to support FTU ATMs in lower footfall/protected areas.

4. Focus Team 3 Update

Focus Team 3's representative explained that two key trends were emerging in discussion:

First, LINK already have many policies in place to protect access to withdrawals, so something additional (rather than a replacement) is required. Second, the team had explored a 'backstop' to Direct Commissioning, should there be no willing bidder or should there be further requirements on LINK to ensure access.

Focus Team 3 describes this 'back stop' as a POLR (Provider of Last Resort) solution. For example, where Direct Commissioning fails, a LINK -owned POLR could deploy and operate the critical ATM (at a loss potentially) within the LINK scheme. Alternatively, a POLR could operate separately to LINK, in which case this would need to be directly supported/funded by participating issuers.

Focus team 3 explained they were now working through a number of questions relating to a POLR (e.g. who would fund the POLR, would it require a minimum scale to be viable).

5. Closing Comments

The Chair thanked the Focus Teams for their updates. The Chair reminded the group that there are three weeks until December Steering Group to have fully assessed and agreed on proposed solutions. The next session was proposed for 30th November.

6. AOB

None.