

# Minutes

## FCA/PSR Access to Cash – Steering Group

9<sup>th</sup> November 2020

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**Location:** The meeting took place via video/audio link

**Attendees:**

<b>Name</b>	<b>Organisation</b>
Sheldon Mills (Co-Chair)	<b>FCA</b>
Chris Hemsley (Co-Chair)	<b>PSR</b>
Mark Chidley	<b>Chair – Working Group 1</b>
Helen Grimshaw	<b>Chair – Working Group 2</b>
Kate Fitzgerald	<b>Chair – Working Group 3</b>
Chris Pond	<b>Chair – Working Group 4</b>
Sulabh Agarwal	<b>Accenture</b>
Graeme McGregor (Secretariat)	<b>Accenture</b>
David Learmonth (Observer)	<b>Bank of England</b>
Catherine McGrath	<b>Barclays</b>
Brian Morris	<b>BSA</b>
Peter Seymour	<b>Cardtronics</b>
Russell Galley	<b>Halifax</b>
William Morello	<b>Her Majesty's Treasury</b>
Laura Mountford	<b>Her Majesty's Treasury</b>
Jackie Uhi	<b>HSBC</b>
John Howells	<b>Link</b>
Sara Bennison	<b>Nationwide</b>
Chrissie Nash	<b>Note Machine</b>
Martin Kearsley	<b>Post Office</b>
Adam Bishop	<b>Santander</b>
Mark Loch	<b>Tesco Bank</b>
Gary Jones	<b>TSB</b>
Eric Leenders	<b>UK Finance</b>
Marcelino Castrillo	<b>NatWest</b>

**FCA:** Nisha Arora, Ed Smith, Alex Roy, Marc Maxfield, Harriet Hill, Tanya Surendra, Mark Bethell, Joan Amo

**PSR:** Hilary Plattern, Hugh Mullan, Philip O'Donnell

**Apologies:** Nicholas Butt (Bank of England), Richard Talbot (RBS), Tamsin Byrne (Metro Bank), Liam Curran (Danske Bank), Genevieve Marjoribanks (PSR)

**Item:**

## **1. Introductions**

The co-chair welcomed members to the meeting and confirmed meeting minutes for the first series of working groups and steering meeting are now published on the PSR website.

## **2. Update from working group chairs – overview of progress and ‘strawperson’ proposals**

### Working Group 1 – Consumer and SME Needs

The working group chair provided an update on the recent working group sessions and outlined the progress made.

Attention was drawn to the ongoing FCA consumer qualitative research which started in early November, where the preliminary outputs identified a significant number of consumers who rely on cash for budgeting purposes. Digital alternatives, if available, will need to be considered moving forward.

External stakeholder input from Which?, Association of Convenience Stores (ACS) and planned consumer/SME roundtables will be incorporated in due course. These will be important inputs to assess consumer and SME needs, as well as test the solutions being proposed to address these needs.

### Working Group 2 – Branch Access

The working group chair provided an update on the recent working group sessions and outlined the focus on SME deposits and coins. It was remarked the complexity of SME deposit processes make it challenging to satisfy all use cases through a single solution, with an accessible drop point and security important.

Potential solutions for SME deposits:

1. Post Office (PO) banking hub – *leverage existing PO infrastructure whilst providing space for community banking services, being trialled January – June 2021.*
2. ‘One-stop-shops’ – *alternative providers to the Post Office providing a banking hub service*
3. Other – *alternative pay-in solutions, intelligent safes, deposit ATMs, drop boxes / night safes*

Potential solution for accessing coins:

1. Post Office – *likely to be best available solution due to existing infrastructure*
2. Other – *alternative counter services and deposit solutions, cashback without purchase*

It was noted that regulation would need to be amended for the Post Office to fulfil all the duties identified. The co-chair highlighted that any solutions recommended by the respective working groups should outline if any changes to regulation and legislation would be required.

A steering group member highlighted that supermarkets should be considered as a feasible solution for providing banking services, due to the existing infrastructure and accessibility for consumers and SMEs. This was acknowledged, but from a deposit perspective, only the Post Office currently have the technology infrastructure to be able to accept deposits on behalf other financial institutions.

### Working Group 3 – Cash Withdrawals

The working group chair provided an update on the recent working group sessions and outlined the progress made. It was remarked that Working group 2 and Working group 3 chairs are in regular contact, as there is crossover between the two groups.

Twelve proposed solutions were outlined that will be reviewed in more detail moving forward. The chair outlined the aim is to identify the most appropriate 'mix' of solutions that will work across different locations and scenarios. Solutions are split into three main groups:

1. Alternatives to ATM's – *over the counter cash withdrawal; retailer cashback without purchase; retailer cashback with purchase; shared banking hub; cash delivery to vulnerable customers; Post Office solutions*
2. Improvements to Current System – *commitment from financial institutions to support the link ATM network for a defined period; compensation for ATM cash withdrawals; cash deposits via ATM; cost-sharing across financial institutions; exclusivity arrangements for isolated ATM sites*
3. Potential Alternative Future Market Structures – *Ensure there is a 'provider of last resort' (POLR) created to guarantee cash provisions in the event of a critical reduction in cash accessibility*

The steering group highlighted that ATMs in isolation will not satisfy all needs for a consumer, especially those who use coins or non-round transactions. 'Cashback without a purchase' would be a good alternative in this instance.

Members noted that consideration needs to be given to longer-term solutions (12-18 months) where consumer and SME needs may differ. A wider portfolio of options should be considered that do not solely focus on ATM accessibility.

### Working Group 4 – Digital Transition

The working group chair provided an update on the recent working group sessions and outlined the progress made to date. Members had formed 3 separate sub-groups i) Reviewing Fintech solutions; ii) initiatives emerging (or already in-place) through retail banks; iii) developing the 'strawperson' proposals to present to the steering group.

The working group chair highlighted the need for a programme of work to enable consumers and SMEs to access digital services, before they can then be transitioned to digital financial services.

Members agreed the proposals and recommendations from Working Group 4 will likely need support from other organisations – financial services, technology, telecommunications as well as the government and regulators.

The co-chair thanked the working group leads and all members for their contributions to date.

### **3. Discussion of working group 'strawperson' proposals**

The co-chair invited steering members to provide comments on working group progress.

Members noted the progress to date and provided the following comments:

- Several members associated with retail banks have high-level generic information available on consumers and their budgeting needs – this will be provided to Working Group 1 for analysis.
- A member highlighted that cash acceptance should remain a consideration of both the steering and working groups, provided through economic means to ensure sustainability.

- The steering group should define its success criteria (“what does good look like”) – e.g. it may be more important to provide cash access close to areas of ‘economic activity’ rather than small rural areas with no retail outlets.
- The steering group agreed it was important to consider how the outputs of this process would be clearly communicated to the public.

#### **4. Discussion of proposed assessment framework**

An assessment framework was presented to the members to be used by the working groups to assess their ‘strawperson’ recommendations.

#### **5. Next steps**

The co-chair requested working group leads to provide a shortlist of recommendations for implementation in 2021 at the next steering meeting in December. It was also requested the assessment framework should be completed along with an implementation plan for each option.

#### **6. AOB**

None.