

Minutes

FCA/PSR Access to Cash – Working Group 4: Digital Transition

9th November 2020 (Session 4)

Location: The meeting took place via video/audio link

Attendees:

Name	Organisation
Chris Pond (Chair)	Financial Inclusion Commission, FinTech Delivery Panel
John Appleton (observer)	HMT
Will Archdeacon	PSR
Brian Bowles	HSBC
Susie Bridge (observer)	HMT
Rhiannon Butterfield	UK Finance
Elizaveta Chepkasova	FCA
Niamh De Niese	Barclays
Nick Edwards	Lloyds Banking Group
Umer Fazil	Barclays
Kai Grunwald	NatWest
Manisha Patel (observer)	Bank of England
Adrian Roberts	LINK
Linda Robertson	Virgin Money
Nicky Stevens	Nationwide
Gary Sheen	Tesco Bank
Robert Thickett	BSA
David Thompson	Danske Bank
Tara Townsend	Bank of Ireland
Matt McParland (Secretariat)	Accenture

Apologies: Martin Henry (AIB), John Howells (LINK), Marc Maxfield (FCA), Marie Roberts (FCA)

Item:

1. Chair introduction

The Chair gave an update of sub-group 1 meeting on FinTech solutions and proposed to focus today's discussion on bank-based solutions.

2. Discussion

The group discussed general digital usage as a gateway for banking digital usage and that it could be beneficial to understand what 'BigTech' and payments companies are doing in this space. Equally, at how other industries have progressed a transition to digital and what the step change was, for example in supermarkets. Gateway options can be as simple as a card (remembering that cash-preferrers often do have a card) and can support a stepped transition towards more digital solutions like ApplePay. As long as every adult has an alternative payment method to cash, it does not matter as much what that step solution is.

In the sub-group discussion on FinTech, solutions were piecemeal, but for such a large number of people (estimated 5-8 million people), a national solution would likely be needed, top-down from government.

The working group discussed customer needs analysis from Working Group 1. Timeliness of cash was identified as one feature that was not solved for, with card or other form. Banks have budgeting tools for the mass market; something that could sit between that can help the less digitally-savvy with

understanding the control they can have. This is better done as a collection of banks and better services are also needed for the gig economy and zero-hours workers.

Considering two sets of consumers, the 'can't move to digital' and the 'won't move to digital', the group agreed that they can influence one more than the other.

Two models were observed for solutions - one that involved the industry working to develop a solution the other involved regulation and government intervention to direct the industry. To determine what can be supported by the first model, the group identified the need to prioritise cohorts of customers across the different customer needs. Understanding which needs and barriers to digital can be solved by institutions and which need government/regulatory intervention is key. Data was requested on the volume of people by each barrier.

Security and safety were noted as barriers. Digital is more difficult for some consumers to understand than cash. Smartphone penetration is 80% in UK and there is still an apprehension of digital and fear of getting things wrong.

3. Next steps

1. Validate long list of barriers to digital through analysis of data
 - a. I choose not to engage because of security/trust
 - b. Physically unable
 - c. Timeliness of information
 - d. Flexibility
 - e. Perception of benefits
 - f. Unbanked/access to society
2. Prioritise the needs of different customer cohorts to address
3. Collate initiatives already underway that can address two lists above
4. Secretariat to set up a sub-group meeting to continue discussion.

4. AOB

None.