

Minutes

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

2nd November 2020 (Session 3)

Location: The meeting took place via video/audio link

Attendees:

Name	Organisation
Chris Pond (Chair)	Financial Inclusion Commission, FinTech Delivery Panel
Will Archdeacon	PSR
Thomas Benfield	Lloyds Banking Group
Brian Bowles	HSBC
Ravi Shukla	FinTech Delivery Panel (FDP)
Rhiannon Butterfield	UK Finance
Niamh De Niese	Barclays
Umer Fazil	Barclays
Janine Hirt	Innovate Finance
Rolf Merchant	Innovate Finance
Ravi Shukla	Innovate Finance
John Howells	LINK
Kai Grunwald	NatWest
John Neasham	Incuto
Andrew Rabbit	Incuto
Manisha Patel (observer)	Bank of England
Linda Robertson	Virgin Money
Marie Roberts	FCA
Harriet Hill	FCA
Nicky Stevens	Nationwide
Gary Sheen	Tesco Bank
Robert Thickett	BSA
David Thompson	Danske Bank
John Appleton (observer)	HMT
Susie Bridge (observer)	HMT
Matt McParland (Secretariat)	Accenture

Apologies: Nick Edwards (Lloyds Banking Group), Martin Henry (AIB), Robert Phelan (Bank of Ireland), Tara Townsend (Bank of Ireland), Jack Jenkins (FCA), Marc Maxfield (FCA), Chris Henderson (Tesco Bank)

Item:

1. Chair introduction

The Chair gave an introduction on the agenda and invited views from Financial Technology (FinTech) community guests.

2. Initial views from the FinTech community

Innovate Finance stated that FinTech had been used to democratise financial services and this has increased during Covid. There may be less obvious solutions in the market for the current problem statement, but FinTechs remain agile and able to pivot to support existing solutions to help form part of the solution.

The FinTech Delivery Panel (FDP) highlighted the prevalence of potential use cases but low maturity levels of solutions in some cases – there is capability, but the key is adoption. With greater clarity on the challenges, FDP would be happy to help match FinTech solutions with the challenges.

Incuto is a banking platform for community banks and credit unions. Its focus is to solve challenges in the wake of mainstream financial services focus, such as those who are reliant on cash. Incuto outlined three simple concepts: education, trust and the underbanked. Tools are needed for money management and education, trust and to address the underbanked.

3. Discussion following views from the FinTech community

Attendees discussed that in larger retail bank segments, it is about at what point in the journey or life of a customer you inject these tools. It links back to trust as a cognitive barrier, rather than functional barrier, and giving people the right tools when they need them. While it may be easier to prove the concept in a community banking landscape, where FinTech can help more easily, pilots and proofs of concept (POCs) within retail banking should not be too difficult; it is a way to learn and support the transition.

The working group discussed the different sets of customers that would need different support and hence different tools/solutions. While there are 8 million people in the UK critically dependent on cash in some way, there are also 5 million people with no access to digital. There are:

1. Consumers (estimated c. 1 million) who are already digitally active but still use cash
2. Customers who are not digitally active, but who can be educated to transition
3. Customers who will never be digitally active (e.g. don't have smartphones) or the unbanked (estimated c. 1.2 million)

The group observed that there is a public policy objective here and an imperative to help those consumers who will find it difficult to make a transition. These capabilities could enable even more powerful initiatives if connected at industry level, addressing similar sets of customers and the same challenges.

4. Next steps for sub-group 1 (FinTech focus)

1. Secretariat to set up a sub-group meeting before next Working Group 4 meeting
2. A thorough mapping to be created of existing FinTech solutions to the Access to Cash challenges and opportunities
3. Definition of the parameters, goals/objectives and customer needs to provide for, relating to expectations from FinTech solutions (including identification of barriers)

5. AOB

None.