

# Minutes

## FCA/PSR Access to Cash – Working Group 3: Access to Cash Withdrawals

12<sup>th</sup> October 2020 (Session 2)

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**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
Will Davies	Cardtronics
Charlie Evans	NoteMachine
Tim Watkin-Rees	PayPoint
Wendy Luczywo	Post Office
Adrian Roberts	LINK
Hugh Mullan	PSR
Stela Bagasheva	PSR
Fiona McLaren	PSR
Jamie Thunder	FCA
Tanya Surendra	FCA
John Appleton	HMT (observer)
Will Morello	HMT (observer)
Miranda Hewkin Smith	Bank of England (observer)
Graeme McGregor	Accenture
Nadia Farr (Secretariat)	Accenture

**Apologies:** Jack Jenkins (FCA)

**Item:**

**1. Admin**

Minutes from 1<sup>st</sup> October session and publication of anonymised minutes agreed by group.  
ToR (circulated 9<sup>th</sup> October) agreed, including revised statement of scope.

**2. Background and progress to date**

The Chair gave a quick recap of the background behind the FCA/PSR working groups.

**3. Identifying potential problems with the current system given declining demand for cash**

The FCA presented a series of hypothesised problem statements relating to cash access, covering the 'increasing difficulty' to access cash for those who rely on and those who occasionally require cash; potential inefficiencies in current LINK scheme policies; areas of 'oversupply' (of ATMs) and the

lack of incentivisation to use lower-cost channels, and barriers to alternative cash access solutions (including regulatory hurdles, lack of incentivisation etc). The group discussed these.

On the 'increasing difficulty' of accessing cash, it was agreed a distinction should not be made between 'occasional requirement for' and 'reliance on' cash - i.e. if a community requested more cash access, it should be provided.

Regarding incentivisation to use lower-cost channels, members acknowledged that 'cost' refers to several costs (e.g. provision of cash, hardware, security etc). Members then agreed that the cost of provision (via ATM or any appropriate solution) should not be the deciding factor on where access is or is not provided. They agreed the criteria for LINK's FIP (Financial Inclusion Programme)/'critical' status should be revised (e.g. ATMs in retail centres should have additional protection).

Members discussed whether 'oversupply' of access (namely of ATMs in high-footfall areas) is a problem for consumers and industry. It was agreed that the root problem is the unnecessary duplication of infrastructure and costs in some locations, which could be utilised better elsewhere. Moreover, in lower footfall areas, there may not be enough usage to sustain multiple access points. Members agreed – after some debate – that the oversupply of ATMs in certain locations would be best addressed by interchange fees and market forces. They agreed that the focus of this group would be the sustainable provision of cash in critical, under-served areas. For this, they agreed some other mechanism/intervention is needed (be it an ATM with revised FIP premiums or some other protected channel).

The group continued to discuss LINK interchange and its role in providing a level of commercial sustainability for ATM operators. They agreed that the setting of interchange be viewed as a solution, rather than a problem. However, it was acknowledged that the LINK scheme relies on the continued membership of the major card issuers, and the exit of a major issuer could have a significant impact on the revenue within the LINK scheme and so exacerbate problems around meeting the costs of the scheme. Finally, it was pointed out that there are other providers offering ATM scheme provision and it remains a competitive market.

The Chair played back two key takeaways: first, the group agreed changes to the problem statements relating to the "increasing difficulty" of accessing cash; secondly, that the statement relating to cost of provision should not take priority over access.

#### **4. Identifying potential solutions to these problems**

The PSR presented potential solutions the problem statements above and the group discussed these.

Members discussed and agreed:

- Supplier efficiencies should be considered
- Solutions need to focus on where people want to use cash, rather than the distance from where they live
- Similarly, access should be designed with parallel customer journeys (i.e. multi-functionality) in mind – aligning to consumers' broader needs would likely improve the commercial sustainability of access points

Two options were discussed that would reduce the risks faced by LINK and/or to free access to cash. First, if all major issuing banks committed to the LINK scheme for a period of time. Second, banks could underwrite the competitive supply of free access in low-usage (but critical) areas.

The Chair played back two key takeaways: first, the group should consider a range of solutions/multi-channel approach, ensuring they align as closely as possible to customers' broader needs; secondly, the different efficiencies and competition (between suppliers of solutions) should also be considered.

#### **5. Concluding remarks**

- A suggestion was made that 'new' solutions are not necessarily the answer, rather deploying existing solutions more efficiently (so that they better align to consumer demand) is.
- The Chair thanked the group for their inputs and noted the Steering Group inputs and outputs would be shared. She added that the next working group meeting would be scheduled next week.

## **6. AOB**

None.