

Minutes

FCA/PSR Access to Cash – consumer & SME groups roundtable

4th December 2020

Location: The meeting took place via video/audio link

Attendees:

Name	Organisation
Sheldon Mills (Co-Chair)	FCA
Chris Hemsley (Co-Chair)	PSR
Mark Chidley	Chair – Working Group 1
Helen Grimshaw	Chair – Working Group 2
Kate Fitzgerald	Chair – Working Group 3
Chris Pond	Chair – Working Group 4
Delegate Group One	
Ana Gallego	Confederation of British Industry (CBI)
Chris Ashton	Community Access to Cash Pilot Scheme
Derek French	Campaign for Community Banking Services
David Steele	The Money Charity
Gemma Byrne	Citizens Advice, England
Gordon Balmer	Petrol Retailers Association
Ian Cass	Forum of Private Business
Jeff Moody	British Independent Retailers Association (Bira)
John Bachtler	Cambuslang Community Council
Joel Lewis	Age UK
Kirstie Kalonji	Alzheimer's Society
Lady Margaret Bloom	LINK Consumer Council
Martin McTague	Federation of Small Businesses (FSB)
Sian Williams	Toynbee Hall
Delegate Group Two	
Chris Lees	Money and Mental Health Policy Institute
Jemiel Benison	Citizens Advice Scotland
Meg Van Rooyen	Money Advice Trust
Martin Coppack	Barrow Cadbury Trust
Michael Royce	Money & Pensions Service (MaPS)
Natalie Ceeney CBE	Independent Access to Cash Review
Nisha Arora	Financial Conduct Authority (FCA)
Paddy Greene	Which?
Peter Hall	National Federation of Subpostmasters (NFSP)
Peter Tutton	StepChange Debt Charity
Priya Punj	National Farmers Union (NFU)
Scott Kennerley	Consumer Council, Northern Ireland

Name	Organisation
Simon Youel	Positive Money
Steve Dowling	Association of Convenience Stores (ACS)
Tracey Graham	LINK Consumer Council

FCA: Tanya Surendra, Harriet Hill, Marc Maxfield, Jack Jenkins, Alex Roy

PSR: Emma Haxell, Jane Morford, David Farmer

Apologies: Conor D'Arcy (Money & Mental Health Policy Institute)

Item:

1. Welcome and introductory remarks

The PSR co-chair welcomed members to the meeting, emphasising the importance of access to cash for both PSR and FCA, with the views of consumer and SME representatives being critical to this.

The PSR co-chair summarised the main challenges with access to cash, including providing access where there is a need and responding to the pressure being put on both cash delivery and acceptance by falling demand. This will involve looking across a variety of channels.

2. Progress update from Working Group Chairs

Working Group 1 (WG1): Consumer and SME needs

The WG1 lead provided a progress update. WG1 has focused on identifying the cash needs of consumers and small & medium enterprises (SMEs) by engaging with stakeholders and reviewing existing research and evidence from WG1 members. The overall emerging conclusion is that whilst many consumer and SMEs cash needs are currently being met, this is under threat.

The working group has been split into four sub-groups - one has been identifying consumers who would experience harm from not accessing cash and their characteristics, another to identify the needs of these consumers. The remaining two groups have been considering the same questions but for SMEs. An iterative process has been in place between WG1 and the other working groups – WG1 are providing insights into needs against which potential solutions can be assessed.

Working Group 2 (WG2): Access to Branch Services

The WG2 lead outlined the three areas of focus: withdrawals, deposits, and other (e.g. paying bills, and coin and note exchange). The potential solutions have been split between 'one-stop-shops' and single-need solutions. One-stop-shops, such as the Post Office 'BankHub' are particularly appropriate in addressing SME cash needs for speed, security and privacy. In comparison, single-need solutions can help to address specific needs and there are some early concepts of what a shared deposit facility might look like as a single-need solution.

Working Group 3 (WG3): Access to Cash Withdrawals

The WG3 lead explained that the group had established three sub-groups to explore solutions to maintain access to cash withdrawals in different areas: non-ATM solutions, improvements to the current infrastructure (including LINK's financial inclusion policies), and future-focussed solutions. The options proposed by WG3 have been mapped against the consumer and SME needs provided by WG1.

Working Group 4 (WG4): Digital Transition

The WG4 lead explained that they had been considering how to utilise the increase in digital tools, whilst ensuring that neither consumers nor SMEs are left behind. WG4 recognise that, whilst

everyone should not be expected to transition to digital services, some groups could benefit from increased use of digital services. Within this, WG4 recognised there were particular issues around control, budgeting and trust.

WG4 have looked at existing efforts by financial services firms to extend digital services, whilst considering what more could be done particularly around wider dependencies, connectivity, capability and required infrastructure.

3. Breakout session 1: Customer cash needs, now and in the future (Working Groups 1 and 4)

After a brief introduction to the issues from the co-chairs and chairs of WGs 1 and 4, comments and feedback were invited from both Delegate Groups, which rotated between breakout sessions.

A participant pointed out that there were still significant cash withdrawals during the first lockdown, emphasising the need some consumers have for cash. They also raised concern about the enduring presence of minimum limits for card spends at smaller retailers.

Another participant added, to general agreement from others, that cash has an important role as a budgeting tool, particularly for smaller transactions. There can also be an enduring demand for branches, despite the presence of FTU ATMs.

One participant pointed to qualitative research that highlighted the importance of a personal, face-to-face service in making vulnerable members of society feel safe. For example, they felt that cashback solutions in a trusted retailer are more trusted than an ATM in a dark street. Similarly, cashback and face-to-face withdrawals allow those with visual or hearing impairments to transact in a way that self-service does not.

The importance of solutions being flexible was highlighted, due to the variability of customer needs. It was proposed that cashback could be useful in this regard, particularly if it allows non-round numbers to be withdrawn. There was also acknowledgement of the potential drawbacks of cashback, including retailers being required to keep more cash in their tills which could increase their security and insurance costs, and retailers' potential lack of faith in solution providers.

A participant highlighted issues for older consumers, such as them potentially struggling to pay for services, budgeting and paying back friends and family. Digital solutions would not work for those that do not have access to the required technology and struggle with security checks. Whilst 'carer cards' could be a successful solution, take-up had not been significant and involved giving control of your money to a third party, which would not be suitable for everyone. Finally, cash could also have an important role when a deceased spouse was responsible for managing a couple's personal finances.

Response from the Working Group Chairs

The WG4 chair stated they would like to work in conjunction with organisations in publicising and supporting the use of digital alternatives, like a 'carers card'. They noted that the existence of a minimum card spend would need to be looked at further. They also stated that WG4 had discussed locating digital access points in locations where face-to-face guidance could be offered, such as the Post Office, and potentially libraries.

The WG1 chair thanked participants for their input and acknowledged the points around SME need, and identified this often reflected the fact that SMEs wanted to do what was best for their customers.

4. Breakout Session 2: Current and future solutions (Working Groups 2 and 3)

After a brief introduction to the issues from the co-chairs and chairs of both WGs 2 and 3, comments and feedback were invited from both Delegate Groups, which rotated between breakout sessions.

It was suggested that card scheme fee increases had affected the ability and willingness of retailers to offer cashback. A participant thought that legislation would be essential to ensure the delivery of cashback without purchase and consistency between merchant acquirers was essential for better delivery of cashback with purchase.

Convenience and security were highlighted as principal considerations for SMEs, and therefore a solution where they could have access to a range of bank representatives would be preferable.

The outputs of research raised by a participant into the provision of the Post Office Banking service suggest that it is generally a good solution for face-to-face banking needs, due to the number of outlets and its access criteria, and that consumers and SMEs are generally satisfied. However, the research had identified some issues around communication of opening hours, a lack of staff training leading to poor communication of services and privacy concerns in some instances. The research also highlighted concerns about the sustainability of the Post Office's services, given the lack of enduring commitment from banks.

A concern was raised about using existing solutions as a starting point, which may inhibit the development of new and innovative ideas that are likely to be necessary to make the cash system more affordable and sustainable for the future.

Response from Working Group Chairs

The WG3 chair agreed that legislative recommendations would need to be assessed 'in the round' (i.e. across a suite of potential solutions) to ensure they meet the needs of communities.

The WG2 Chair highlighted a trade-off between the speed with which solutions could be implemented and other attributes, like competition.

5. Plenary and Q&A

The co-chairs summarised key messages from the sessions:

- It is not desirable to transition everyone to digital,
- Communities and individuals will have different needs at different points in their lives,
- There are positive views around the Post Office, but caution needs to be taken around scale, sustainability and competition, and
- There is great value placed on the personal connection in cash services.

6. Concluding remarks and next steps

The co-chairs thanked the attendees and organisers, and expressed a desire to continue the engagement in the new year with the potential for another roundtable and ongoing communication.