



HM Treasury

# Access to Cash: Consultation: Summary of Responses

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# Foreword

As Economic Secretary to the Treasury, I am proud that the UK boasts one of the world's leading financial services sectors; one that is embracing the transition to digital, nowhere more so than within payments.

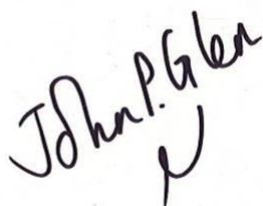
Nonetheless, a significant proportion of the UK population continues to rely on cash in their daily lives. This includes more vulnerable members of our society who may use cash for purposes such as budgeting and managing their household finances; for these people, cash remains critical.

That is why the government announced at Budget 2020 that it would bring forward legislation to protect the UK's cash system. Following this, we held a Call for Evidence on Access to Cash in October 2020, and a consultation on legislative proposals for Access to Cash in July 2021, to which this publication responds.

Whilst the work on wider legislation has progressed the government has already taken a targeted opportunity to support cash usage as part of the Financial Services Act 2021. Specifically, we removed barriers to allow for the widespread offering of cashback without a purchase by shops and other businesses everywhere. These changes have the potential to make a real difference to the future of cash access in the UK and I am pleased to see that industry is already taking advantage of the opportunity.

The work of the sector also remains vital in ensuring that we protect our cash system for years to come. Following the publication of the government's consultation, I am pleased that industry has sprung into action to develop new and innovative approaches to provide access to cash through initiatives to assess the needs of local communities and provide shared services. I welcome the direction set by these developments and look forward to seeing what results they deliver.

With thanks to all of those who responded to the Access to Cash consultation, I am delighted to present this Summary of Responses, which sets out the findings from the consultation as well as the government's plans for legislating in the Financial Services and Markets Bill.

A handwritten signature in black ink that reads "John P. Glen" with a stylized flourish underneath.

John Glen MP, Economic Secretary to the Treasury

# Chapter 1

## Introduction

- 1.1 The ability to make and receive payments is critical to people, to business and to the economy, and the government's vision is for a payments sector at the forefront of technology and innovation.
- 1.2 Payments is an area that has seen major transformation over the past decade. Ten years ago, cash was the most frequently used means of payment in the UK, representing around 20 billion transactions per year in 2010 compared to around 6 billion in 2020<sup>1</sup>. Card payments have now overtaken cash and people are increasingly using contactless cards and mobile and electronic wallets to make payments quickly and easily. This transition towards digital payments brings many opportunities, including the facilitation of enhanced competition in payments services, as well as supporting innovation to make it easier for businesses to make and manage payments.
- 1.3 The long-term decline in cash usage was compounded by the COVID-19 pandemic, with 46% fewer ATM transactions in February 2021 compared to February 2020<sup>2</sup>. While transactions have increased since the height of the pandemic, they are not expected to return to previous levels.
- 1.4 Nonetheless, cash remained the second most frequently used method of payment as of 2020 and continues to be an important part of daily life for millions of people across the UK, particularly those in vulnerable groups.
- 1.5 At Budget, in March 2020, the government committed to legislate to protect access to cash in the UK. Following this, the government brought forward a Call for Evidence on Access to Cash in October 2020, which sought views on the key considerations for maintaining a sustainable network of retail cash infrastructure in the United Kingdom over time.
- 1.6 In 2021, the government passed legislation to enable the widespread adoption of cashback without a purchase as part of the Financial Services Act 2021, which was possible as a result of the UK's departure from the European Union.

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<sup>1</sup> ['UK Payment Markets', UK Finance, June 2021](#)

<sup>2</sup> ['LINK Monthly Reports', LINK, February 2021](#)

- 1.7 Drawing on the findings of the Call for Evidence, the government then published a consultation on 1 July 2021. This consultation set out the government’s proposals for legislation and invited external views. 93 submissions were received from different respondents, including individuals, charities, and businesses.
- 1.8 This document summarises the responses received to the consultation questions and sets out the government’s planned approach to legislating for access to cash in the Financial Services and Markets Bill.
- 1.9 In summary, HM Treasury intends to designate firms for the purpose of ensuring continued access to cash across the UK. The Financial Conduct Authority (FCA) will be established as the lead regulator for retail cash access and will be given appropriate powers for ensuring that designated firms continue to provide deposit and withdrawal facilities across the UK. The FCA’s powers will allow it to address cash access issues at both a national and local level. This will support the government’s levelling up plans by addressing spatial disparities in access to cash, and protecting living standards in communities with the greatest need.
- 1.10 Finally, since the government’s consultation, significant steps have been taken by industry to improve coordinated efforts by firms to meet cash access needs. In December 2021, the sector announced that it had developed a voluntary industry model that accounts for the different types of facility that provide cash access, including initiatives to provide shared services, to protect access to cash<sup>3</sup>. This has been facilitated through the Cash Action Group, which was convened by UK Finance and consists of major retail banks and building societies, consumer groups, Post Office, and LINK. Under the model, LINK is serving as a coordination body to assess the cash needs of local communities and make recommendations for alternative services to be put in place as appropriate. In light of these developments, and the significant role that such coordination bodies may play in the future of cash provision, the government’s intention is to also enable HM Treasury to designate such bodies for FCA oversight in addition to the designation of firms.
- 1.11 In April 2022, the government also set out its intention to provide the Bank of England with the powers necessary to ensure the UK’s wholesale cash infrastructure remains effective, resilient, and sustainable<sup>4</sup>.

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<sup>3</sup> [‘Access to cash’, UK Finance](#)

<sup>4</sup> [‘Protecting UK wholesale cash infrastructure: Policy statement’, HM Treasury, April 2022](#)



# Chapter 2

## Cash Access Requirements

2.1 To meet the government’s objective to protect access to cash, the consultation proposed introducing powers to set legislative geographic access requirements to ensure that withdrawal and deposit facilities are available within specified distances of the population. These geographic requirements would seek to ensure access to withdrawal and deposit facilities for personal customers and deposit facilities for non-personal, including business, customers. Given the evidence of separate markets for banking in Northern Ireland and Great Britain, the government proposed that it is likely to be necessary to allow for geographic requirements to be accordingly set separately for Northern Ireland and Great Britain.

**Consultation Question 1: Do you agree that legislation should provide the government with powers to set geographic requirements to ensure the provision of withdrawal and deposit facilities to meet cash needs through time?**

2.2 In general terms, there was broad and strong support for the government introducing legislation to protect access to cash, and for maintaining an appropriate network of cash facilities.

2.3 There was also broad support for setting geographic requirements as part of legislation, with respondents acknowledging that this would be a pragmatic way of ensuring appropriate access and coverage of facilities. Many respondents also noted that headline geographic requirements may benefit from being supplemented by additional local interventions as a proportion of consumers would likely fall outside of the parameters of any headline metric. Further discussion on local access is covered in response to Question 11.

2.4 In terms of facilities, respondents supported the proposal that requirements should focus on securing access to both withdrawal and deposit facilities. Other issues raised were cash acceptance, with varied views on whether this should be within the scope of any requirements, and the importance of allowing for both innovation and shared solutions.

2.5 Finally, responses highlighted the importance of providing flexibility for ensuring that cash requirements remain appropriate over time, including whether it would be more appropriate for requirements to be set and maintained by any lead regulator rather than in legislation.

## Government response

- 2.6 In line with the consultation and the responses received, the government intends to proceed with its proposals to enable HM Treasury to specify geographic baselines for reasonable access to cash withdrawal and deposit facilities across the UK. It is important that any baselines remain flexible to respond to changing cash needs and use, and for the FCA to have discretion to avoid any unintended consequences. Therefore, the government intends to set out the proposed baselines for geographic cash access in a policy statement.
- 2.7 As per the consultation proposals, the government intends that it may set out separate baselines for withdrawal and deposit facilities, with distances for deposit facilities likely to be greater in recognition of current cash access provision and the increased cost at present of providing depositing facilities. Under this approach the government will also be able to recognise the differing needs of personal and non-personal customers (including businesses) with regards to deposit and withdrawal facilities.
- 2.8 In order to inform HM Treasury decisions on the geographic access baselines, it is intended that the FCA be required to report to HM Treasury with information on the coverage of access to cash across the UK. HM Treasury would also be required to consult with the FCA before issuing any policy statement on geographic baselines. HM Treasury would also be able to consult the Payments System Regulator (PSR), Bank of England, and Prudential Regulation Authority where appropriate in taking these decisions.

## Consultation Question 2: Do you agree that legislative geographic requirements should target maximum simplicity?

- 2.9 The notion of having simple requirements was viewed by respondents as being a sensible aspiration. However, responses expressed that simplicity should not be prioritised to the detriment of providing appropriate cash access, both in terms of ensuring needs are met for different parts of the country and in terms of not placing excessive requirements with resulting high costs to designated firms.
- 2.10 Many responses highlighted the difference in cash provision between urban and rural communities, across communities with differing socioeconomic features, or those with a considerably vulnerable population. The pervading view from respondents was that access should be focused on meeting the needs of communities, including, strong, wide-ranging support for introducing different urban and rural requirements. Respondents noted that different urban and rural levels would better reflect current access and allow solutions to be more targeted, where a single national requirement might skew provision.

## Government response

- 2.11 The government agrees that whilst policy on access to cash should target simplicity where possible, this must be balanced against ensuring appropriate levels of provision for different communities. The government therefore intends that HM Treasury may detail separate geographic baselines for withdrawal and deposit facilities in urban areas compared to rural areas.

**Consultation Question 3: Do you agree that geographic requirements should initially be set to provide a level of reasonable access to all areas, reflecting the current distribution of cash access facilities?**

- 2.12 There was broad support for initial requirements to be set to reflect the current distribution of facilities, with recognition that the overall provision of cash access facilities across the UK remains good. Many respondents therefore stressed that requirements should aim to preserve the current provision, and not seek to increase provision.
- 2.13 Where respondents were dissatisfied with using the current level of provision as a starting point, this typically reflected the concerns noted above regarding the importance of addressing current issues with cash provision at the local community level.
- 2.14 With regards to “reasonable access”, a number of respondents raised the question of how this is to be defined. Views included consideration of ease of access, deprivation, vulnerability, service levels, as well as requests for clarification and consultation with industry.

**Government response**

- 2.15 Following the consultation, the government’s intended approach remains to initially set out geographic baselines on the basis of the distribution of existing facilities, and to avoid any expectation that there will be a substantial redistribution or large-scale introduction of cash access points.

**Consultation Question 4: Do you agree it is necessary to allow for requirements in Northern Ireland and Great Britain separately? (Responses combined)**

**Consultation Question 5: Do you think that requirements in Northern Ireland and Great Britain should be set at a consistent level? (Responses combined)**

- 2.16 The government set out in its consultation that it considers it likely to be necessary to allow for separate geographic requirements for Great Britain (comprised of England, Scotland and Wales) and Northern Ireland. In practical terms, there is evidence that Great Britain and Northern Ireland should be considered as separate geographic markets with a number of dominant retail banking service providers, in terms of market share, that operate in Northern Ireland only.
- 2.17 Overall, there was broad acknowledgement from respondents of the different landscapes between Great Britain and Northern Ireland in terms of demographics, present cash access, market structures, and cash need. As such, there was considerable support for requirements to take account of different current cash access coverage levels in Great Britain and Northern Ireland.
- 2.18 Some respondents did not support setting different requirements for different parts of the UK, and instead welcomed a single headline UK requirement. The reasons for this included to treat all areas of the UK in a simple and consistent way.

## Government response

- 2.19 Following consideration of responses, the government intends that HM Treasury may detail separate baselines for Great Britain and Northern Ireland. As detailed in the consultation, the primary reason for this is the evidence of separate geographic markets between Great Britain and Northern Ireland, and that some firms may therefore need to be designated for either Great Britain, Northern Ireland, or both.
- 2.20 The government recognises the various concerns raised by respondents associated with setting different baselines between Great Britain and Northern Ireland. The government intends that it may differentiate between urban and rural areas when setting geographic baselines. This will potentially allow for the baselines to be more consistent between Great Britain and Northern Ireland based on the current provision of cash access points.

# Chapter 3

## Firm Designation

- 3.1 To deliver cash access requirements, the government's consultation proposed to provide HM Treasury with powers to designate firms to bring them in scope of requirements under legislation. It indicated that this could be based on a firms' geographic coverage, distribution of consumers, and share of the UK payments account market.
- 3.2 In line with the government's principles to be proportionate and flexible, the consultation indicated that the government aims, in the first instance, to capture the largest retail banking providers – principally banks and building societies.

**Consultation Question 6: Do you agree that requirements should be targeted at the largest payment account providers? (Responses combined)**

**Consultation Question 7: Are there other factors beyond those listed that the government should take into consideration when designating firms? (Responses combined)**

- 3.3 There was broad expectation from respondents that in order to deliver on geographic cash access requirements, a set of criteria would need to be used to designate firms to meet requirements. There was also broad support for the criteria for firm designation set out in the consultation, namely: geographic coverage, distribution of consumers, and market share. There was clear support from respondents for using these criteria to designate the largest retail banks. This reflects those payment account providers and their customers which benefit from the provision of cash infrastructure, and it is intended that they should contribute to its continuation. There were some suggestions for the inclusion of additional designation criteria to those listed in the consultation. These included, the size of a firm's balance sheet, and differentiating between "primary" and "secondary" accounts when considering market share – for example – a "primary" account being determined to be where an individual's salary is paid into.
- 3.4 The treatment of digital only or 'challenger banks' was raised by various respondents. Some respondents cautioned against capturing any newer entrants into the current account market on acknowledgement that many of these fintech firms have entered the market and established themselves as online banks only. However, other responses were in favour of a wider approach to designation, on the basis it would be more equitable for smaller firms to also contribute to the ongoing costs of the cash infrastructure.

- 3.5 Several respondents raised concern about designated firms being held responsible for gaps in cash access arising as a result of decisions taken by firms that are outside of designation. On occasion, this extended to calls for the Post Office and Independent ATM Deployers (IADs) to be brought into scope.
- 3.6 A number of respondents – particularly from retail banks and consumer groups – proposed the creation of an industry coordination body for the purpose of monitoring cash access at a local level and delivering solutions. The reasons presented by respondents included: the ability to better coordinate solutions and deployment; to facilitate shared infrastructure; to facilitate cost-effective solutions; and to streamline regulatory oversight. There was a spectrum of views on how such a body could be facilitated. Notably, several respondents called strongly for legislation to include the ability to recognise industry coordination bodies.

### Government response

- 3.7 Following consideration of the responses, the government’s intention remains to designate the largest banks and building societies, using the criteria set out in the consultation. In considering firms’ share of the current account market, HM Treasury intends to be able to consider market share both in terms of the number of accounts, and the value of the deposits in those accounts.
- 3.8 By recognising the evidence of differing geographic markets between Great Britain and Northern Ireland, HM Treasury intends to designate firms for the purpose of providing access to cash facilities in Great Britain and Northern Ireland separately. This is due to the fact that a number of retail banks with a dominant presence in terms of market share in Northern Ireland operate in that nation only. Where appropriate, it is intended that firms are designated for the purpose of providing access to cash facilities in either Great Britain, Northern Ireland, or both.
- 3.9 To inform decisions on firm designation, HM Treasury intends that the FCA will report to it with information relevant to the designation criteria. It is intended that HM Treasury will then consult with the FCA ahead of decisions on designation. HM Treasury may also consult the Payments System Regulator (PSR), Bank of England, and Prudential Regulation Authority (PRA) where appropriate in taking these decisions. It is intended that HM Treasury will be required to notify firms of its intention to designate them, and firms will be able to make representations to HM Treasury, for its consideration, ahead of a final decision on designation.
- 3.10 Since the government’s consultation, significant steps have been taken by industry to improve the assessment and coordination of cash access. In December 2021, the financial services sector announced that it had developed a voluntary industry model, including initiatives to provide shared services, to protect access to cash. Through this work, facilitated by the Cash Action Group, LINK is serving as a coordination body to assess the cash needs of local communities and determine where additional services are required.

- 3.11 In light of these developments, and the significant role such coordination vehicles could play in the future of cash provision, it is intended that HM Treasury may also designate such bodies for oversight by the FCA as part of its regulatory responsibilities on cash access. This would allow the FCA to use its regulatory powers on such bodies in a similar way to designated banks or building societies.
- 3.12 When taking decisions on the designation of coordination bodies, the government's intention is to take into account the membership of a coordination body and its functions. The core functions of coordination bodies include monitoring cash access, assessing whether cash provision meets community needs (for example, in response to a closure or request from a local community), and commissioning the provision of solutions where required.

# Chapter 4

## Role of Regulators

- 4.1 As set out in the Access to Cash consultation, the government proposed that there would be benefits to establishing a lead regulator to have oversight of the retail cash system, including monitoring and enforcing the framework for the provision of access to cash facilities established under legislation.
- 4.2 The government has proposed that the FCA is best positioned to take on this role because the provision of cash withdrawal and depositing facilities are the two most significant factors in maintaining access to cash. Deposit-taking institutions provide both these facilities already, and have an existing regulatory relationship with the FCA, which has powers to make rules in relation to deposit-taking as a regulated activity under the Financial Services and Markets Act 2000.

### **Consultation Question 8: Do you agree that the FCA should be the lead regulator for monitoring and enforcing requirements on access to cash?**

- 4.3 There was strong support for establishing the FCA as the lead regulator for retail cash access, with respondents typically noting that the FCA was best placed to take on this role given its pre-existing functions. In terms of the responsibilities given to the FCA as lead regulator, respondents generally agreed that the FCA should have responsibilities for monitoring, reporting, and enforcing.
- 4.4 The scope of the FCA's powers was raised by various respondents, with suggestions that FCA oversight should extend beyond account providers to other actors in the market, most notably Independent ATM Deployers (IADs) and the Post Office given their respective roles in the provision of cash infrastructure.
- 4.5 Many respondents pointed to the role of other regulators, emphasising the distinct responsibilities of the Bank of England, including in relation to the wholesale cash infrastructure, as well as the PSR's role in overseeing the ATM network, and its interaction with payment systems. In line with the government's position set out in the consultation, there were calls for the regulators to continue with their pre-existing functions. There was considerable encouragement for continued coordination amongst the regulators and government going forward, including through the Joint Authorities Cash Strategy Group.



## Government response

- 4.6 Following assessment of the consultation responses, the government intends to appoint the FCA as the lead regulator for retail access to cash, with responsibility and powers to fulfil this role as set out below.
- 4.7 The government intends to provide the FCA with responsibility for monitoring the coverage of access to cash across the UK to support the FCA and HM Treasury's wider functions. This includes responsibility to report to HM Treasury for the purpose of informing its decisions on geographic access baselines and decisions on designation.
- 4.8 The FCA will also have responsibility and powers to monitor and enforce compliance by designated entities on any cash access requirements. It is intended that the FCA's powers will be broadly consistent with its existing regulatory toolkit for other regulated activities.
- 4.9 Finally, the FCA will be given appropriate powers to obtain information from designated firms and other organisations involved in the provision of cash facilities. This will help to support the FCA's functions including for the purposes of reporting on cash access coverage, setting rules, and monitoring and enforcing compliance by designated entities.
- 4.10 The government also recognises the continued importance of the roles of the other regulators – the Bank of England and the PSR. As has been the government's position, the government expects that the regulators will continue with their existing functions and will encourage continued collaboration and coordination, including through the Treasury-chaired Joint Authorities Cash Strategy Group.

### Consultation Question 9: Do you agree with giving the FCA discretion on additional requirements for qualifying cash facilities? (Responses Combined)

### Consultation Question 10: Are there any other factors, beyond those listed, that the FCA should consider as part of evaluating qualifying cash facilities? (Responses Combined)

- 4.11 Across respondents, there was broad support for the FCA – on the basis that the FCA becomes lead regulator – to have discretion on additional requirements for cash facilities to be considered as providing reasonable access.
- 4.12 There were different views regarding how such requirements should be determined, but the importance of transparency and consultation was expressed strongly through responses. There were, however, some respondents who indicated a preference for legislation to fully define any criteria for qualifying facilities, rather than this being subject to the discretion of the FCA.
- 4.13 Turning to the factors themselves, respondents generally welcomed those set out in the consultation as an appropriate starting point: appropriateness of facilities for vulnerable users, including cost; security; hours of availability; and accessibility, for example for disabled people.

- 4.14 Additional suggestions regarding the factors that access to cash provision should take into account included: consideration of travel time and transport; human interaction; consideration of diversity of communities and their needs; resilience; and consideration of anti-money laundering and fraud checks.

#### **Government response**

- 4.15 As part of its role as lead regulator for monitoring and enforcing cash access, the government intends for the FCA to be able to determine criteria for ensuring that cash access facilities provide reasonable access. The government intends that the FCA's standards for reasonable access may take into account the factors set out in the consultation.

#### **Consultation Question 11: If geographic requirements are being met at a national level, do you think there are any circumstances in which the FCA should nevertheless be able to intervene at a local level?**

- 4.16 As discussed in responses to Question 2 – the general perception was that simplicity should not be prioritised to the detriment of providing access for those who use it. Consistently, there was broad and strong support across many types of respondents in favour of additional interventions at local level where there is insufficient access, or there are 'cold spots', which are not addressed by headline requirements alone.
- 4.17 Many respondents called for the FCA to be able to intervene at local level, for example to require or direct designated firms to address specific access needs at local level, above and beyond headline geographic requirements. Other respondents proposed that industry coordination bodies – discussed in response to Question 12 – would be best placed to identify issues and deliver solutions at a local level, and several called strongly for legislation to include the ability to recognise industry coordination bodies.
- 4.18 There were consistent calls from industry respondents for local access or cold spot provision to be based on factors such as demand for cash and the size or demographics of a local population. Several suggested that additional facilities that may be introduced to meet local access needs should take consideration of where people work or spend money.

#### **Government response**

- 4.19 Following consideration of the consultation responses, the government intends that the FCA be able to use its powers to address deficiencies at local level where they are resulting in adverse impacts on local communities. This means that in addition to the national geographic baselines set out by HM Treasury, the FCA will also be able to consider local cash access issues arising in the UK, and to respond to these as appropriate.

## Consultation Question 12: Do you have any other views regarding the future role of the regulators in protecting cash?

- 4.20 Although not referenced in the consultation itself, a number of respondents – particularly from retail banks and consumer groups – took the opportunity to mention the creation of a central industry coordination body. Although respondents differed in the precise nature and function of such a body, the proposals largely centred around creating a body in order to deliver local cash solutions.
- 4.21 The reasons presented by respondents included: the ability to better coordinate solutions and deployment; to facilitate shared infrastructure; to facilitate cost-effective solutions; and to streamline regulatory oversight.
- 4.22 In terms of the interaction a lead regulator might have with a potential industry body, respondents presented various views including suggestions that a body would be appointed by the FCA on behalf of designated firms; that the FCA would have direction and oversight of a body; or that there be no direct interaction by the regulator with such a body.
- 4.23 As detailed in Chapter 3, there were a spectrum of views on how such a body could be facilitated. Notably, several respondents called strongly for legislation to include the ability to recognise industry coordination bodies.

### Government response

- 4.24 Since the government's consultation, significant steps have been taken by industry to improve coordinated efforts by firms to meet cash access needs. In December 2021, industry, through work facilitated by the Cash Action Group, has developed a voluntary industry model to protect access to cash. As part of this model, LINK is serving as a coordination body to assess the cash needs of local communities and commission services to meet those needs where it is required.
- 4.25 In light of these developments, and following assessment of the consultation responses, the government's intention is to enable the designation of coordination bodies for FCA oversight, in addition to the designation of banks and building societies.

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This document can be downloaded from [www.gov.uk](http://www.gov.uk)

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