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By email: PSRcashaccess@psr.org.uk

Dear Sir / Madam,

PSR CP 19/6 - Call for views on insights from research into cash access, use and acceptance

This is the Financial Services Consumer Panel's response to the Payment System Regulator's (PSR) call for views on the insights from its research into cash access, use and acceptance.

The Panel welcomes the PSR research on this subject, and particularly the focus on SMEs' use and acceptance of cash. The Panel agrees with the PSR's aim of seeking to ensure that all consumers should have a good choice of how to make payments that work for them, and considers that everyone should be able to choose to make payment in cash if they wish to.

The Panel is pleased the PSR and other bodies are working together in the Joint Authorities Cash Strategy (JACS) Group to ensure that decisions about payment methods, and access to cash, are carefully considered. Without strategic deliberation and follow-up action, there is a risk that the country sleepwalks into a situation where cash is no longer widely offered and some groups of consumers are unfairly penalised.

The Panel recognises that cash usage is declining, and accepts that this trend looks set to continue. However, it would like to see more robust and creative thinking from the PSR and others about how to ensure continued access to cash for those who really need it, as well as consideration about the steps required to help these customers transition to other means of accessing cash, or other payment methods, should this be required.

The Panel's answers to the questions posed by the PSR are set out below.

Question 1 - Do you think there are key insights arising from the research or key aspects of consumers' needs for cash that are not captured by this research?

The research paints a familiar picture, for example finding that there remains a widespread desire to access cash even among non-cash preferers. However, its headline finding that "nearly all consumers surveyed find it easy to withdraw or access cash" masks the experience of consumers living in locations where this is not the case. In short, the research fails to capture the importance of place in relation to its findings. Work recently conducted by the University of Bristol on access to cash in Bristol found that:

- Residents ability to access cash is not evenly distributed across the city. Cash infrastructure is concentrated in a few areas of economic activity, rather than providing “blanket coverage”.
- The provision of cash is almost opposite to the geographical need for it. Communities most likely to depend on cash, in particular those who are older or from lower social grades, appear poorly served by current cash infrastructure. Ironically, those who are least likely to need it, have best access.
- Many ATMs are changing from free to fee-charging, especially in deprived areas. 16 of the city’s ATMs changed from free to fee-charging between October 2018 and March 2019. Over two-thirds of these (11 of the 16 ATMs) were in deprived areas.
- Residents lack alternatives when ATMs close, malfunction or run out of cash.¹

The Panel suggests that the PSR’s future research could usefully focus on areas which are currently more dependent on cash, and where access is being withdrawn or incurring a charge.

Question 2 - Do you agree with the emerging theme that the number of people wholly reliant on cash is small whilst a significant number of consumers prefer digital payments although many of these also continue to use cash for certain transactions? How do you think this may change in the future?

The Panel accepts that the number of cash-reliant consumers is comparatively small. However, around 2.2 million people continue to use cash for all their day to day transactions, and some groups have no other options – for example, over 15% of people with an income under £10k a year rely completely on cash².

Consumers who rely on cash tend to be the least able to find alternatives not only due to digital exclusion but also other factors such as age, disability, lack of a car or access to public transport etc. The Panel regards this as an important fact, one which we feel merited greater prominence in the PSR’s research report. The Panel recommends the PSR should seek to explore in more detail the views of those who are unable to use alternatives to cash. This might have formed part of the PSR’s ‘boost’ samples for the published research, and might have provided greater insight than those conducted with consumers with protected characteristics.

Question 3 - 80% of those surveyed prefer free-to-use ATMs over current alternatives. When cash access options which might become more important in future (Post Office, cash delivery, cashback) were put before focus groups, there was still a strong preference for ATMs even if there were to be fewer of them. Do you have views why this might be and what could be done to make alternatives more acceptable to consumers?

The Panel suggests that the focus group participants are likely to have preferred free-to-use ATMs because they use them on a regular basis, they are used to doing so, and ATMs are convenient. It is difficult for consumers to conceive how they might be affected by a reduced number of ATMs since details of which ATMs would be removed / remain are unknown, so it is impossible for people to anticipate how they might be affected or how they might respond.

¹ http://www.bristol.ac.uk/geography/research/pfrc/themes/finexc/availability-of-cash/?_ga=2.226316634.1330491470.1565094295-1965720046.1562061605

² <https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf>

Rather than focus on how to make the alternatives more acceptable to consumers, the PSR could consider how it can facilitate the provision of cash options which consumers want to use. The Panel also urges caution in interpreting changed ways of accessing cash as an endorsement or preference for that option where in fact consumers have no other options available to them.

Yours faithfully,

Wanda Goldwag
Chair, Financial Services Consumer Panel