

From: Charlotte Williams
To: [callforevidence](#)
Subject: Stakeholder feedback
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I am an individual respondent who doesn't represent any organisation or industry. I'm responding to this as a citizen who is finding it increasingly difficult to access cash and manage my finances because of the ways the banking industry is driving change in the market.

QUESTION 1: What do you think could happen to cash demand in the UK over the next 15 years?

This will depend on how cash-demand is supported by Government and the market. Your paper notes "[20 years ago] Only 20% of UK households owned a mobile phone and yet now the number is 95%." Yet you don't say what percentage of these is Smartphones. You can't use apps if you don't have a smartphone. You also cite "The total number of payments for less than £1 has more than halved in the last ten years..." Could this be something to do with the fact that not many items are on sale for less than £1? The broadsheet newspapers, for example, are all £1+ and the weekend issues over £2.

Just because cash demand is reducing doesn't mean to say it will be completely redundant in the near future. If it is left to the banks and financial services sector to decide how cash demand is managed then I can see everyone being pushed towards a cashless society very quickly because it is, after all, in the banks' interests to reduce their costs. They will pursue 'cashless' aggressively because it will benefit them to do so. They are businesses driven by profit and don't have a social conscience, unless it is useful for their marketing campaigns.

Technology solutions are geared towards urban areas. Despite the efforts of Government and regulators the UK's broadband speeds and mobile signal coverage is patchy and it's not likely that this will improve any time soon. Portable card systems like i-Zettle or Square can only operate where the signal allows them to. Try using them in places where you can't get a mobile phone signal at all!

But it's not just about how cash is accessed. You also need to think about how cash is banked. If you accept there's still a need for cash then it has to be able to move both ways. You could argue that ATMs make it possible to access cash, but there's no such technology solution for paying-in cash. The banks are horribly silent on this when discussing the closure of branches and ATMs.

It's easier for regulators to pretend that a typical customer/consumer/citizen lives in central London or Manchester and assess services on these locations. Smaller towns and rural locations are rarely considered and will always have to play catch-up. Most of the time people living outside the big cities seem to be viewed as an irritating minority who are somehow slowing the pace of technology and putting a drag on the economy.

I'm employed part-time and I'm also self-employed (freelance), juggling several jobs. Although I'm not living on the breadline my varied work patterns and customer payments mean that cash is a way I can manage my money, especially towards the end of the month when finances can be tight. It's far easier to track and control spending when you physically hand over notes and coins rather than waving a piece of plastic at a machine.

I also volunteer for several charities and have noticed how hard it is to manage donations we receive at fundraising events etc. Running a coffee morning, for example. You cannot organise a cash machine for something like this, yet paying in the cash donations has become increasingly difficult with someone from the committee having to drive 25+ miles to the nearest bank branch. Looking beyond the economics of this, think how different society will be if community activities like this are restricted because the banking system doesn't support it.

You also seem to assume that retailers don't want to deal with cash. Maybe over the next fifteen years things will change but it's my experience that many small retailers are grateful for cash payments. I suspect that because they're small retailers they won't be allowed much of a voice in this debate and no-one will be looking out for their interests. I hope you are consulting with small businesses independently and not just relying on what the banks tell you.

QUESTION 2: What are consumers' needs for cash and digital payments and how can they be best met in the future?

You make a point about digital innovation. Without being simplistic let's look at these claims and compare them to other technological innovations. The telephone, for example. It's taken about 100 years for a new invention (the telephone) to move from most people having a landline in their home to most people having their own phone in their pocket. We accept that for many people now a landline is not essential. But the market tolerates landlines and government isn't talking about a future without them because the technology (landline and mobile) is still relevant and useful in different ways. No-one has stood up and said most people have a mobile so we'll stop allowing people to have landlines. Yet we're allowing banks and financial institutions to tell us that cash (a system that has been operating around the world for millennia) is something we can – or must – scrap, because technology offers different payment options and therefore our choices must be black and white. Cash or no cash.

The insidious withdrawal of services that allow people to access cash is being driven by the banks. As it gets harder and harder to obtain cash people are being pushed towards a market model that suits the banks. Of course you could argue that this proves cash is not needed but why does it have to be a choice between one or the other? It's not as if government is unaware of how services are being withdrawn from the market. They know exactly how many Post Offices and bank branches have been closed, and yet they're so terrified of being told they're interfering in the market that they've stood by idly and watched services, particularly in rural areas, being diminished and withdrawn.

Question 3: What digital or other innovations are likely to affect those who currently are using cash?

The banks are hurtling towards a cashless society because it suits them – lower staff costs, fewer branches, the opportunity for invisible charging (which will no doubt grow once the system has been adapted to suit them). But just because the figures are changing doesn't mean they should be allowed to just cut out the people they'd prefer not to deal with. Given that their success is assisted by people being in debt and interest charged it's not surprising they brush over the day-to-day difficulties that people in debt might face. And all this after years of government pushing people towards using the banks more and more e.g. pensions and benefits now having to be paid directly into bank accounts. Yes, that's an efficiency for the country as a whole and

government costs, but it also means that the banks hold the upper hand now. Post Offices are no longer viewed as essential and they're closing too, so that's another aspect of banking services that is being inexorably withdrawn from UK citizens. Successive governments have colluded with the financial services industry to get us to this point and an industry that has been propped up by the taxpayer no longer acts or works for the taxpayer.

It has taken years for banks to accept that the way they cleared cheques was unacceptable. This is another example of how the banks have forced consumers down a particular route. Now that banks have had to adopt faster clearance mechanisms for cheques it's being said that people will start using them again – not least because it's a safer option. You only have to consider the disruption to the market caused by recent technology failures to recognise that one-size-fits-all may not be the safest or best way for any market to operate.

A really important consideration about technology is the safety and security of personal data, as well as the need for systems that don't crash. The banks have not covered themselves in glory with regard to any of these issues in recent years. And you mention "Moving money 'peer-to-peer'" but not everyone uses Facebook. Consider too that if you have a loss of trust in a brand, such as the one that Facebook is fighting currently, or Northern Rock faced, can the country/economy afford the risk?

Another aspect that needs to be considered is the usefulness of cashless technology for the disabled. If you are hearing or sight impaired using a mobile phone is not easy. Equally, older people find miniaturised technology (e.g. mobile phones) hard to operate. Nobody really ever talks about the problems disabled people can experience trying to use apps or mobile phones. If there are alternative ways for disabled people to access money and financial services then that's fine. But if you're going to see technology restricting these alternatives there will be problems. And let's not forget, it's not only old people who are faced with this reality. Young people have disabilities too.

Question 4: Does access to cash require regulation or central co-ordination that goes beyond the current framework? If so, what should this involve?

I'm not arguing that we should ignore technological change. My argument is, rather, that we shouldn't be driven into believing it's a black and white choice. One or the other. And to maintain the equilibrium of the market it may well be that government has to step in and act (or legislate) in some way to demand that banks and financial services offer customers across the UK an even-handed service. Governments have, after all, tried to force BT to improve equality of access to good broadband speeds for all citizens. I don't see why banking and access to cash shouldn't be protected or addressed in the same way.

The banks seem to have few (if any) statutory duties to provide services to UK citizens. We have to bail them out if they go bust, but there is no requirement on them to provide a service to citizens. The fact is that they want to provide an arm's length service where they don't have to speak to customers or get involved with the nitty gritty part of banking. It's easier to close branches and ATMs because it saves them money. You say that ATM services are mostly free in this country but cash machines aren't free if you have to travel miles to get to one.

I'm not sure that this commission should be getting into the nitty gritty of how such change will

be paid for. I don't recall government sitting down with BT to agonise about how they might 'help' BT upgrade the infrastructure to get better broadband to rural communities. Although it's taken several years to get the issues recognised government now seems to view BT's focus on providing good broadband speeds only for cities and urban areas as a bit of a dereliction of duty to rural consumers. I think the banking industry should be treated similarly, and that banking has to be viewed as part of the UK's infrastructure, and not as a collection of private businesses which can be allowed to 'do their own thing'. If government recognised that banks couldn't be allowed to fail they must also recognise they have a duty to UK citizens and tax payers who bailed out the industry. At the very least banks should be providing access to services and cash as equally as possible across the country. After all, tax payers in rural areas weren't given any option as to whether their tax £ should be used to bail out what are essentially urban services now.

Yours faithfully

C.Williams