

## Chair's Blog

### Natalie Ceeney – Cash – the next issue to divide us?

**6<sup>th</sup> March 2019**

41% of the UK believe that it will happen in their lifetime. But a similar 43% believe that it won't. And 16% don't know if it will ever happen. No, not Brexit, but whether we are likely to go cashless in Britain.

I've spent much of the last year listening to consumers, businesses and charities views about cash, up and down the UK. Cash may not be quite as divisive as Brexit, but it similarly polarises opinion. For increasing numbers of consumers, the rise of contactless payments and online shopping means that they rarely come into contact with physical cash. Indeed, there are a growing number of small businesses, mostly in the food and drink sector – hipster coffee shops and the odd pub - that have gone cashless. Just as we have seen the decline in the high street, technology has changed the way we pay for things. For some, cash is destined to go the way of dial-up internet or the phonebook.

But for others, cash remains critically important. Digital payments don't work for everyone – at least, not yet. Our research showed that for around eight million adult (17% of the UK adult population) cash is an economic necessity. And, contrary to widespread perception, it's not age which is the biggest indicator of cash dependence but poverty. Unsurprisingly, rural areas are far more likely to be cash dependent than cities. Whether because of the need to budget and avoid debt, because you rely on others to help with shopping or odd jobs, or just because your village still has no mobile signal, millions still need cash to survive. That's not going to change for some time.

The problem is that we are fast sleepwalking into cashless society. Only 10 years ago, six in ten payments were made using cash. 10 years from now it is forecast to be as low as one in ten. Britain's cash infrastructure was built for a high cash age, run by commercial entities for profit - and the current business models are coming under serious pressure in a lower cash economy. Headlines about ATM and bank branch closures are the visible cracks in the cash system, which will get worse as cash use declines. Without intervention, market forces will lead to a removal of services and a lack of coordinated action which may be difficult to stop when it has started. The rapid decline in cash is now a serious matter of public policy.

We can no longer take cash for granted. Being able to pay for goods and services is core to being able to function in society, but we could be putting millions in a position where they just can't. It is time to look at cash as a core part of the UK's infrastructure, and not just as a commercial issue.

Sweden is a case study to observe closely. It is the poster child of a 'cashless society', with only 15% of Sweden's payments now made in cash. The central bank forecasts the country will go cashless within five years. As regulators told us, they hadn't predicted that the decline of cash use would prompt so many retailers or service providers to stop accepting cash – including their hospital network. Sweden's lack of focus on digital inclusion meant that consumers were being left behind, not only unable to access cash, but unable to use cash. If you're someone who can't or won't use digital payment you can be left excluded from many parts of society.

The UK is not ready to go cashless. Our Access to Cash Review sets out a series of recommendations which can keep cash viable as its use declines. We need a clear government policy position on cash – giving certainty that until digital payments work for everyone, we will maintain an effective cash infrastructure. Consumers need to have guaranteed access to cash, and to be able to spend it. And underpinning this, to keep cash economically

The logo for 'ACCESS TO CASH REVIEW' is located in the top right corner. It consists of a blue rectangular banner with the text 'ACCESS TO CASH REVIEW' in white, uppercase letters. The banner is layered over a dark blue, angular shape that resembles a stylized 'A' or a folded piece of paper.

## ACCESS TO CASH REVIEW

sustainable we need to radically rethink the complex network which moves cash around, to ensure that it is affordable in a low cash economy.

Unlike Brexit, it's not too late to develop a policy which can work for everyone. We believe that the route we've mapped out does just that. We now need leadership to ensure that we don't sleepwalk into a cashless society, leaving millions behind.

*Natalie Ceeney is the chair of the independent, Access to Cash Review*

This was first published in The Times on 6 March 2019 as below:

<https://www.thetimes.co.uk/article/we-are-sleepwalking-into-a-cashless-society-and-it-risks-leaving-millions-behind-03q29nfbs>