



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Iain Stewart MP  
House of Commons  
London  
SW1A 0AA

29 April 2022

Dear Iain,

Thank you for your email of 1 April to HM Treasury enclosing correspondence from your constituents about access to cash. I am replying as the minister responsible for this policy area.

I am sorry to hear of the difficulties your constituents are experiencing in accessing banking services and access to cash. I would like to reassure you that the Government remains committed to legislating to protect access to cash for those who need it, and ensuring that the UK's cash infrastructure is sustainable for the long term. The Government recognises that cash remains an important part of daily life for millions of people across the UK, particularly those in vulnerable groups.

As part of the Financial Services Act 2021 the Government made legislative changes to support the widespread offering of cashback without a purchase by shops and other businesses. The Government's view is that cashback without a purchase has the potential to be a valuable facility to cash users, and to play an important role in the UK's cash infrastructure.

Last year, the Government consulted on further legislative proposals for ensuring the UK's cash system is sustainable for the long term. This included proposals for new laws to make sure people only need to travel reasonable distances to pay in or take out cash. The Government's proposals support the continued use of cash in people's daily lives and help to enable local businesses to continue accepting cash by ensuring they can access deposit facilities. The Government will set out next steps in due course.

Following the Government's commitment to legislate, firms are working together through the Cash Action Group to develop new initiatives to provide shared services. As part of this, any community facing the closure of a key cash service will have its needs independently assessed by LINK. In circumstances where LINK considers that a community requires additional cash services, it will be responsible for ensuring a suitable shared solution for all cash users in that community. Communities will also be able to request a review of their community's needs by LINK from the summer of 2022 onwards. The Government welcomes the direction set by industry's commitments at the end of last year and looks forward to seeing what results they deliver in protecting cash facilities for local communities across the UK.

As your constituents highlight, the COVID-19 pandemic has had an impact on cash usage. Throughout the pandemic the Government has engaged closely with the regulators and industry to monitor and assess risks around cash, and maintain access to essential banking services, while balancing customer needs with the safety and welfare of staff. I am pleased to note that the vast majority of people have been able to access cash during the pandemic.

Through coordination by public bodies, industry has taken a range of actions to support customers who rely on cash. Firms have improved communications with consumers, for example to sign-post people to alternative services, and have been making proactive calls to vulnerable consumers. Industry has also introduced new initiatives, such as cash deliveries to homes, providing digital devices, and issuing carer cards to help trusted third parties make payments. These interventions have helped people who may be isolating and have been welcomed by consumer organisations.

Your constituents also raise concerns regarding longer term trends in the provision of banking services, including access to branches and to ATMs. LINK (the scheme that runs the UK's largest ATM network) has commitments to protect the broad geographic spread of free-to-use ATMs and is held to account against these commitments by the Payment Systems Regulator.

Specifically, LINK has committed to protect free-to-use ATMs more than one kilometre away from the next nearest free ATM or Post Office, and free access to cash on high streets (where there is a cluster of five or more retailers) that do not have a free-to-use ATM or a Post Office counter within one kilometre. Furthermore, LINK operates a scheme to enable communities with poor access to cash to request an ATM.

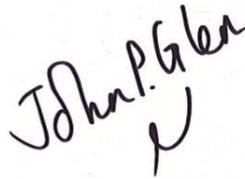
I am sorry to hear that your constituents are struggling to access cash due to bank closures. As with other banking service providers, banks need to balance customer interests, market competition, and other commercial factors when considering their strategy. Although I can understand your constituents' dissatisfaction, decisions on opening and closing branches are taken by the management team of each bank on a commercial basis. I hope you can appreciate that it would therefore be inappropriate for the Government to intervene in these decisions.

However, the Government also firmly believes that the impact of branch closures should be understood, considered, and mitigated where possible so that all customers, wherever they live, continue to have appropriate access to banking services.

The largest banks and building societies have been signed up to the Access to Banking Standard since 2017, which commits them to ensure that customers are well informed about branch closures, the bank's reasons for closure and options for continued access to banking services. Guidance from the Financial Conduct Authority also sets out its expectation of firms when they are deciding to reduce their physical branches or the number of free-to-use ATMs. Firms are expected to carefully consider the impact of a planned closure on their customers' everyday banking and cash access needs and consider possible alternative access arrangements. This will ensure the implementation of closure decisions is done in a way that treats customers fairly.

Please pass on my thanks to your constituents for taking the trouble to make me aware of these concerns.

Yours sincerely,

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

JOHN GLEN