



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

The Rt Hon Sir George Howarth MP  
House of Commons  
London  
SW1A 0AA

30 July 2021

Dear Sir George,

Thank you for your email of 26 July to the Chancellor of the Exchequer enclosing correspondence from your constituents about access to cash. I am replying as the minister responsible for this policy area.

I would like to reassure your constituents 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 has ongoing importance to the daily lives of millions of people across the UK, particularly to those who may be 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.

On 1 July, the Government published a consultation on broader legislative proposals to protect access to cash. These proposals seek to ensure that people only need to travel a reasonable distance to pay in or take out cash, and that the right regulatory oversight for cash access is in place for the future.

The Government's proposals will support the continued use of cash in people's daily lives and help enable local businesses to continue accepting cash by protecting deposit facilities. The consultation will close on 23 of September, and it is available at:  
<https://www.gov.uk/government/consultations/access-to-cash-consultation>

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 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's members have made £5 million available to fund ATMs at the request of communities with poor access to cash.

On bank branch closures, 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. It would therefore be inappropriate for the Government to intervene in these decisions.

However, the Government firmly believes that the impact of branch closures should be understood, considered, and mitigated where possible. In September 2020, the Financial Conduct Authority (FCA) published guidance setting out their expectations of firms when they are deciding to close a branch or free-to-use ATM. Firms are expected to carefully consider the impact of a planned closure on their customers' everyday banking and cash access needs, and other relevant branch services, and consider possible alternative access arrangements. This will help ensure the implementation of closure decisions is done in a way that treats customers fairly. Your constituents may also find it helpful to know that the Post Office Banking Framework allows 95% of business and 99% of personal banking customers to deposit cheques, check their balance and withdraw and deposit cash at 11,500 Post Office branches.

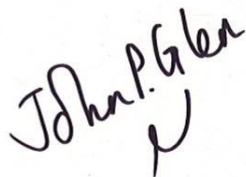
Your constituents also raise concerns about digital security and theft of personal data. New rules, known as Strong Customer Authentication (SCA), are being introduced across retail banking and financial services. Authentication is the process that your bank or payment services provider uses to establish that it is really you when accessing your account or making an online payment.

These rules aim to make sure that the person requesting access to your account, or trying to make a payment, is either you or someone to whom you have given consent. This is in order to enhance consumer protection and improve security. The FCA is responsible for supervising and enforcing the SCA rules. The FCA has a duty to regularly review these rules, and also has the power to amend them, subject to Treasury approval. More generally, principles in the FCA's Handbook require FCA regulated firms, such as banks, to organise and control their affairs responsibly and effectively, with adequate risk management systems.

The FCA has also published guidance that it expects firms to put in place systems and controls to minimise the risk that their operation and information assets might be exploited by thieves and fraudsters. Internal procedures such as IT controls and physical security measures should be designed to protect against unauthorised access to customer data.

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