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Dear Gordon,

Thank you for your invitation to write to the Economy, Energy and Fair Work Committee in response to its work on access to cash. As you will be aware from the evidence you have taken as a committee, this is a particularly pertinent issue in light of recent bank branch closures and the rapid decline in the availability of free-to-use ATMs in Scotland.

For Which? it is vital that consumers have the freedom to make payments in a way that suits their needs, and for many consumers in Scotland and across the UK that means having the option to pay in cash.

Since January 2015, 403 bank branches have closed in Scotland alone, representing a reduction of 39% of the total network. In addition, Which? analysis found that between January 2018 and October 2019, Scotland lost 718 free-to-use ATMs (a 13% reduction). Without urgent action this decline will continue and increasingly consumers will be left without access to cash free-of-charge. Which? will provide a further update on the state of ATMs in Scotland in our upcoming Consumer Insight reports.

The impact of free-to-use ATM losses vary depending on where people live, but is particularly important for the people of Scotland. Analysis by Which? in September 2019 found that in London, the average distance to the next nearest FTU ATM is 0.15KM (150 metres) away. In Scotland that distance increases to more than 500m away on average.

Which?'s *Freedom to Pay* campaign has been calling on the Government to take action to protect access to cash for consumers to ensure that people have the choice to use cash when they need it. Analysis by Which? last year showed that those who rely on cash the most are being hit hardest by the loss of free-to-use ATMs, with lower income communities more likely to see their ATMs switch to charging. The worrying loss of over 200 'protected' machines between January 2018 and July 2019 further highlights the poor management of the cash network, that is failing to maintain cash points in the areas most at risk of exclusion.

Our recent *Everyday Finances* research conducted across Great Britain, published in November 2019, shows that:

- most consumers (85%) would find it difficult to live their lives without access to cash
- for half of consumers, it is important to be able to pay with cash in store

- for 9 in ten consumers, it is important to have cash as a backup form of payment
- around 8 in ten consumers would be concerned about the UK becoming fully cashless.

In order to support communities who are being affected by the loss of branches and free-to-use ATMs, we have worked with LINK to promote their Community Access to Cash Delivery Fund initiative, including hosting our own ATM request tool on our website. Since going live in November we have received over 2,500 requests, with some 258 requests from people in Scotland.

This has included requests from Scottish communities such as **Gargunnoch**, which lost its high street cashpoint, meaning the nearest free-to-use option is over 9km away. The area is served by a mobile Post Office, although opening times are limited to nine hours a week.

One of those who requested a new ATM for Gargunnoch wrote: *'We have no bank and only a mobile post office with limited facilities. There is a bus service, but it is irregular and infrequent, with often a 2-hour gap between services, and doesn't really provide a suitable service for people needing to get into town. There are a number of older people and families with small children who would benefit from access to a cash point in the village and it would also help the local shop to stay in business.'*

Requests like this are widespread across Scotland and the rest of the UK. The sheer volume of requests highlights the urgent need for government action to ensure the long-term sustainability of a UK cash infrastructure that supports good access to cash for as long as needed.

The Committee has heard about the work being undertaken by LINK and UK Finance. While we welcome this work to provide access to cash in communities who need it, so far only 2 sites in Scotland have been chosen by LINK to receive a new free-to-use ATM. A wider concern for Which? is that the initiatives they have put forward are temporary and provide no long term certainty for consumers or businesses. In fact, the recent decision by the banking industry to provide £4 million more in funding to LINK's initiative shows that industry continues to underestimate consumer demand for cash and the extent of the challenge faced.

As the Committee will be aware from the evidence they have heard, the Post Office does provide some support for consumers and businesses when it comes to protecting access to cash. However, there are questions about both the suitability and sustainability of the Post Office. Consumers have had concerns over staff expertise and the privacy of Post Offices, there are also concerns about communities have to rely on Post Offices with limited opening hours, and in some cases have to rely on outreach branches, in order to access cash. Further to these concerns is the fact that the sustainability of the Post Office Banking Framework Agreement depends on the willingness of banks to support it, as the issues surrounding Barclays' decision in the Autumn highlighted.



The challenges around cash are pressing and ensuring that there is a sustainable cash infrastructure both in Scotland and across the UK will require actions from governments, regulators and industry.

The example of Sweden, where legislation is now being introduced to ensure banks will provide and handle cash for their customers, highlights the dangers of a rapid and uncoordinated transition away from cash. In particular it offers a lesson in the difficulties associated with re-introducing access to cash.

Which? will continue to call on the UK Government to set out the necessary legislation to protect access to cash. Cash, like other core banking services, is not a commercial product that consumers can easily opt in or out of using. Like gas, electricity or even internet connectivity, cash is essential to the way most people live their lives in the UK. We would urge the committee to use its influence to call on the UK Government to take legislative action. In particular, the Committee might find it helpful to invite members of the Joint Authorities' Cash Strategy Group to provide an update on their progress and assessment of the cash landscape in Scotland.

We would also encourage the Committee and all members of the Scottish Parliament to engage with the LINK and UK Finance initiatives, and explore solutions that may plug gaps in access in the short-term. Members and representatives from communities that are concerned about a loss of access to cash can use Which?'s ATM request tool available on our campaign website: campaigns.which.co.uk/freedom-to-pay

Yours sincerely,

Thomas Docherty
Head of Public Affairs, Nations and Regions

∴ Please see attached our recent reports, [Cash-strapped Communities](#) and [Everyday Finances](#)