



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

To: All MPs
House of Commons
London
SW1A 0AA

5 December 2022

RE: Protecting Access to Cash in the Financial Services and Markets Bill

Dear Colleague,

As you may be aware, the Government has introduced legislation to protect access to cash as part of the Financial Services and Markets Bill. While the convenience, security, and speed of digital payments is increasingly bringing opportunities to the businesses and individuals that adopt them, this decisive legislative action will safeguard access to cash for those who need it in the long-term.

I know there is significant interest from across the House on this issue. I am therefore writing to set out the Government's position on points that were raised during the Second Reading and Committee Stage debates and share further information on industry initiatives to support access to cash.

Access to cash legislation

I recognise the considerable interest of colleagues in the matter of free access to cash in relation to the Government's legislation, especially for the most vulnerable. The Government believes that the FCA is best placed to deliver a sustainable, agile and evidence-based approach to managing cash access over time to respond to the needs of people and businesses. There is nothing in the legislation that would prevent its regulatory approach including free access.

The Bill provides the FCA with the necessary powers to ensure reasonable provision of access to cash and enables the regulator to take account of factors including cost, accessibility, and localised needs. These are not abstract issues for the FCA; it has already built-up a considerable evidence base on cash provision and use across the UK. At a national level, access to cash remains extensive in the UK, with over 95 percent of people within 2 kilometres of a free cash access point¹, and the FCA has found that 5.4 million people still rely on cash². The FCA's analysis will inform how it uses its new powers.

Industry Initiatives

Beyond the provisions in the Bill, you may be aware that the financial services sector has already launched various initiatives to help support cash access. The rest of this letter sets out initiatives that are underway.

¹ [Access to cash coverage in the UK 2021 Q4 | FCA](#)

² [Financial Lives 2020 survey: the impact of coronavirus \(fca.org.uk\)](#)

Post Office Banking Framework

Since January 2017, customers and members of participating banks and building societies have been able to access basic banking services across the Post Office network through the “Post Office Banking Framework”. This commercial agreement allows 99% of personal banking and 95% of business banking customers to deposit cheques, check their balance, and withdraw and deposit cash at 11,500 Post Office branches. The Banking Framework is underpinned by geographic access criteria for the Post Office network, which is set by the Government.

In January 2022, the Post Office announced the third iteration of the Banking Framework, which will run from January 2023 to December 2025. Thirty banks, building societies and credit unions are signed up to the agreement. The Government welcomes the continuation of this initiative.

LINK ATM Network

In recognition of the important role of the ATM network, LINK (the operator of the UK's largest ATM network) has established a number of initiatives to protect the broad geographic spread of free-to-use ATMs. This includes:

- A scheme for communities (and their MPs) with poor access to cash to request a free-to-use ATM.
- A commitment to protect free-to-use ATMs that are more than one kilometre away from the next nearest free ATM or Post Office.
- A Financial Inclusion Programme that provides subsidies to ATM operators that run free-to-use ATMs in deprived areas.
- Protecting free access to cash on high streets with five or more qualifying retailers that do not have a free-to-use ATM or a Post Office counter within one kilometre.

LINK publishes updates on this work as well as information on the location of the 40,000 free-to-use ATMs on its network at a constituency level^{3, 4}. LINK also operates a Cash Locator⁵ that provides information about cash access facilities by postcode, including which are free, are wheelchair accessible, and provide audio assistance.

Cash Action Group

Following the Government’s commitment to legislate, industry has worked together to develop new initiatives to provide shared access to cash services. This includes a process for LINK to assess a community’s access to cash needs in the event of a closure of a core cash service or request from a local community or Member of Parliament. As part of the assessments, LINK looks at the population and demographic data, number of shops, and nearest alternative services.

LINK has recommended a shared bank hub in 27 locations across the UK so far, in addition to two existing sites. These hubs provide basic banking services, including counter services and dedicated space where community bankers from major banks can meet their customers. LINK has also recommended 18 sites for piloting innovations in cash deposit services. LINK publishes details about these arrangements on its website.⁶

3 [Statistics and trends | LINK](#)

4 [Monthly ATM Footprint Report | LINK](#)

5 [Cash Locator | LINK](#)

6 [Bank branch closures | LINK](#)

In formulating its legislation, the Government has been mindful of these developments and the need to ensure that the reach of the new framework extends appropriately. The Financial Services and Markets Bill specifically grants HM Treasury powers to bring operators of cash coordination arrangements under the FCA's oversight.

Further engagement

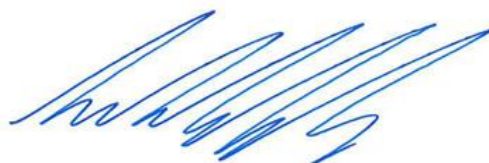
To ensure the FCA takes appropriate account of the Government's policy for access to cash services, the legislation requires the FCA to have regard to a policy statement published by the Treasury. I recognise colleagues have expressed their interest in understanding further details about the policy statement. The Treasury is developing its approach to the policy statement, taking account of available data and evidence, and I will continue to reflect on the views of parliamentarians through this process. The regulator will also consult on its regulatory approach in due course, and I am sure that colleagues will engage with that process.

If you wish to contact LINK about access to cash in your constituency, then you can contact LINK at accesstocash@link.co.uk, or request a review of the coverage via their website: <https://www.link.co.uk/consumers/request-access-to-cash/> Over 100 ATMs have now been installed as a result of this work.⁷

I hope you find this letter useful and that it provides a helpful overview of the positive work already being undertaken by industry. I look forward to further engagement on this topic as the Bill continues its passage through Parliament.

I am also depositing a copy of this letter in the Library of the House.

Kind regards,



ANDREW GRIFFITH MP