

Banks must plug gaps in consumers' access to cash under proposed UK rules

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By [Abhishek Kumar](#)

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Under the proposed rules aimed at maintaining "reasonable" access to cash for people and businesses (see [here](#)), designated firms like banks and building societies will have to respond to requests from local residents, community organizations and representatives to deliver reasonable additional cash services to ensure existing gaps are addressed.

"We know that, while there is an increasing shift to digital payments, over three million consumers still rely on cash — particularly people who may be vulnerable — as well as many small businesses. It's important that we support consumers impacted by recent innovations," said Sheldon Mills, the FCA's executive director of consumers and competition.

"These proposals set out how banks and building societies will need to assess and plug gaps in local cash provision. This will help manage the pace of change and ensure that people can continue to access cash if they need it," he added.

Banks and building societies will also need to ensure existing cash facilities, including bank branches, keep functioning until additional services are made available wherever necessary, the regulator said.

"The FCA's new powers don't prevent bank branches from closing. However, the rules will have an impact where branches are a key local source of cash," it said, adding that existing law allows retailers to decide whether to accept cash or not, so the FCA cannot require them to do so.

The consultation paper details the rapid swing to digital transactions, noting that "the volume of payments in the UK that do not involve cash rose from around 46 percent to 86 percent in the decade to 2022."

"This rise has been driven by innovation in payments and changes in customer behavior, and accelerated during the pandemic. Consumer demand, new technologies and the cost of accepting cash payments are driving the shift to digital transactional banking."

But, it says, "cash remains particularly important for consumers with vulnerable characteristics and many small businesses. So it is therefore important that we manage the pace and impact of any change, and ensure consumers are given appropriate support."

"Our proposed regime aims to strengthen accountability and transparency to ensure cash access services accommodate local needs. This includes SMEs and those who are most reliant on cash, such as those on low incomes or displaying other characteristics of vulnerability."

"We propose to require designated firms, acting alone or via a designated coordination body, to establish a cash access request process. This will allow local communities to ask for significant gaps in local cash provision to be addressed. It should build upon the benefits of the existing voluntary scheme run by industry and place it on a regulatory footing."

A consultation on the proposed rules is open until Feb. 8, and final rules are expected by the third quarter of next year.

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Areas of Interest: Sector Regulation

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