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Banking Automation BULLETIN

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UK *Access to Cash Review* gives cash a lifeline

Use of cash is in decline, but the UK is not ready to go cashless because 17% of the population (8 million adults) would struggle to cope. The cost of the country's cash infrastructure needs to be reduced and ways found to include the 17% in a future digital economy.

That is a 50-word summary of the 130-page *Access to Cash Review - Final Report,* published on 5th March. The review was commissioned to look at future access to cash across the UK, in the context of declining cash usage and concerns that some people are being left behind in an increasingly digital society.

The pro-cash lobby will be disappointed that the review doesn't do more to guarantee the future of cash in perpetuity and because its recommendations to ensure everybody is brought into the digital economy are a tacit acknowledgement that cash will eventually disappear. If the government and Bank of England follow the report's main recommendations however – particularly around the need to consider cash as part of the country's core national infrastructure and for a lower cost wholesale cash infrastructure, possibly using a 'utility model' – the ramifications for the cash and payments industry will be dramatic.

The report makes some interesting observations, such as that the people who are most vulnerable in a digital economy are not the elderly (as is often suggested) but the poor, not least because technology is usually designed for the mass market, not the poor, rural or vulnerable.

With regards to ATMs, the review is somewhat contradictory. It acknowledges that because customers are used to withdrawing cash for free, they are paying for increased cash costs, not through increasing fees but through reduced services as ATMs are withdrawn. It argues however, that cash withdrawals should remain free and that the focus should be on reducing the costs of cash infrastructure.

The report argues that the main driver of declining cash usage is not lower access (falling ATM numbers) but reduced acceptance by merchants and retailers. It does not go so far as to recommend that such organisations be required to accept cash, but once again argues that they should be encouraged to do so by reducing cash costs. Technological solutions such as deposit ATMs and smart safes are specifically highlighted.

Overall the report is careful not to take sides – it is keen to emphasise that it has *"not taken a view on whether it is desirable or not for Britain to eventually go cashless"*. Its impact will nevertheless be significant as, for the first time, there is formal recognition that a rapid move to a cashless society will have major negative consequences. Cash has been given a lifeline.

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