

# John Glen addresses Which? Cash Summit

Good afternoon everyone. It's great to join you at the Which? Cash Summit. I'm particularly pleased to have the opportunity to update you on the great progress we're making on our commitment to protect cash.

## **Context**

But first, let me start off by setting out some context. I always think there's something quite amazing about the fact that cash has been with us in some form for the best part of three millennia. In fact, there's a remarkable similarity between the first coins made in Turkey back in 600BC and the Pound in our pockets.

But in recent years, there's been something of a sea change in the way people pay for goods and services. Between 2009 and 2019, cash use dropped from almost two thirds of payments to less than a quarter.

And, as we've been hearing today, the events of the past 12 months have also led to significant changes to our relationship with coins and notes. In fact, some 70% of respondents to the Bank of England's January 2021 consumer survey said they were using less cash than before the pandemic. And 48% said they could manage more than a month without cash – up from 32% pre-Covid.

While it's too early to judge the long-term impact of the pandemic on cash use, it is fair to say it has had a significant impact – at least at this point in time.

But while the world is changing, we in government are also very much aware that cash is still incredibly important to many people.

For my part, I'm very conscious of the need to strike a balance between protecting cash, while simultaneously welcoming innovation.

I know some commentators have compared cash and digital payments to other previous technological shifts to demonstrate that progress does not signify the end of much-loved practices or activities.

To choose a very relevant example, I'm sure everyone here today would attest to the fact that virtual meeting methods, have proven incredibly valuable over the past year. And I'm sure in future, when restrictions are lifted, this technology will still be used very frequently. But will an online call spell the end of in person chats and meetings? Quite obviously, not a bit of it.

## **Covid Response**

But, Equally, while some of us have moved to newer types of payment, there is still an important role for cash. That's why in last year's Budget, the Government committed to legislating to protect cash for those who need it most.

Of course, just five days after we made that announcement, we went into the first lockdown. I'll talk briefly about the Government's response to this unprecedented situation in relation to cash.

We knew straight away that we needed to take immediate action to safeguard cash access and supply. That meant working closely with our financial regulators and the industry to make sure essential banking services were open to those who needed them, while customers and staff stayed safe.

While I'm on this subject I'd like to extend my sincere gratitude to the many front-line workers in banks and building society branches who helped customers throughout the crisis. Their work, along with industry-led initiatives, such as cash deliveries to people's homes and carers' cards for trusted third parties, have meant most people have been able to obtain cash and make payments when they've needed to.

There's no doubt that safeguarding cash supply and access has been a real focus for the Treasury over the past year. But alongside those efforts, we've also been working hard at developing the long-term legislation that will enable us to fulfil our commitment to protect cash.

### **Cashback without Purchase**

While the work continues, we're also seizing opportunities to move faster to protect cash for those who rely upon it.

Take our recent legislative change to make it easier for shops and other businesses to offer cashback to customers, without those customers having to buy anything.

That's a great example of the Government driving forward a targeted change that will allow us to safeguard access to cash.

Previously, under legislation derived from EU regulations, merchants that wanted to offer this cashback service would have to be authorised by or registered with the Financial Conduct Authority.

However, the new measure, which will come into force from June, removes this requirement and with it a potentially significant burden for many businesses, especially small shops.

It's been really heartening to see the very warm welcome that this development has received from retail and consumer groups, including 'Which?'.

I'm convinced this change has the potential to be very significant. It opens up new ways for people to access their money. In addition, it could help to ensure that cash is used multiple times in a local area, rather than being transported back to a cash centre between each use.

### **Role of Industry**

However, if cashback without a purchase is going to be a real success, we need the financial industry to play its part too, by making it easy and cost

effective for retailers to provide this service.

Because while the Government can lay the legislative foundations, it's down to industry to build upon them. As the way that we use cash changes, the industry will continue to play a crucial role, right across our cash infrastructure. For instance, by continuing to provide withdrawal and deposit facilities across the United Kingdom as well as by driving innovation.

On this last point, I know there's some exciting work underway involving our industry partners.

Take the Community Access for Cash Pilots, which are testing new solutions in a number of areas that could be adopted by communities elsewhere. The pilots were launched last month, with the support of banks, consumer groups and small business representatives. And I know that many of you here today have been involved, and you're going to hear from the Cash Pilots Chair Natalie Ceeney later on.

The scheme includes some very interesting projects. For instance, people living in Rochford, in Essex, and Cambuslang, near Glasgow are benefitting from Post Office banking hubs – dedicated high street spaces, which combine cash facilities with retail banking services.

It's very good to hear about these projects' warm reception because this is exactly the kind of fresh thinking we want to see.

And, it's really positive to see that industry is being proactive on this issue; just this morning UK Finance has published an update on further work that its members will be undertaking to ensure cash is protected.

And, while we're on the subject of new initiatives let me also welcome Which?'s Cash Acceptance Pledge. While I believe businesses should be able to choose which forms of payment they accept – it's nonetheless great to see voluntary initiatives like this where retailers can show their support for customers' ability to spend using notes and cash.

## **Consultation**

I'll now move on to our commitment to protect access to cash and ensure that the UK's cash infrastructure is sustainable in the long-term.

And, there are two parts to this, which I'll address in turn.

Firstly, on the wholesale cash network. This is the UK's network of cash centres that are integral to the sorting, storing and distribution of coins and notes, and make it possible to access cash.

Obviously, as cash use declines, we need to work together to ensure this network is fit for the future. That's why the Bank of England brought together the industry to help design a new model for the network. And, we welcome the progress on this work so far and look forward to seeing further steps this summer.

Alongside this, the Government will continue to work closely with the Bank to ensure it has the powers it needs to keep this network sustainable and resilient into the future.

Secondly, since we made our Budget commitment, we've also been focused on making sure legislation protects people's ability to access the notes and coins they need for their daily lives.

And, I know that many of you here today took the time to contribute to our Call for Evidence last year. A big thank you from me to you all.

Take it from me – your input is critical to our work's success. And today I'm pleased to announce the next stage: a consultation on our legislative proposals, which I'm delighted to announce we will be launching this summer.

## **Approach**

Let me turn briefly to what the consultation will cover.

Our approach focuses on making sure we find the balance between supporting the use of cash by individuals and businesses, while allowing flexibility in terms of how this is achieved as the cash landscape continues to evolve.

Therefore, we're going to be setting out proposals for establishing requirements that ensure people and businesses can access cash withdrawal and depositing facilities, over time, within reasonable travel distances.

As you'll be aware, at present, industry, notably banks, plays a key role in ensuring these facilities are available, whether through branches, or by funding customer transactions at ATMs or Post Office counters. And we expect them to continue to do so under our approach. Our consultation will therefore set out proposals on which organisations should be in scope of the legislation.

And, the consultation will also cover the role of regulatory oversight. That means giving our regulators appropriate responsibilities and powers without placing undue burdens on businesses.

Through this work, it's crucial we build on the very effective coordination between the Financial Conduct Authority, the Payments Systems Regulator and the Bank of England, that we've seen in recent months – for instance, when working with industry to maintain services during the pandemic.

I know that you're going to hear from one of those regulators a little later – Sheldon Mills, who along with his team at the FCA, has already completed excellent work on cash access and today set out further details on the FCA's approach with firms on access to cash and other banking services.

As we've previously indicated, the Government believes the FCA would be best placed to play a leading role in holding firms to account on access to cash, so that the needs of consumers and businesses are met. And our consultation will therefore seek views on proposals to ensure the FCA is properly positioned for this role.

Again, we'll be keen to hear your views on this and I'm sure you will be very keen to share your thoughts.

I'll finish today with a few reflections.

The past year has undoubtedly been a challenging one. The long-term impact of the pandemic is yet to emerge. Meanwhile technology is changing the financial world at an exponential pace. Amid all this, what is clear is the need to protect access to cash for those who rely on it.

As I've illustrated, the government is making significant progress. But if there's one message I'd like to leave you with this afternoon, it is that this is not a job for us alone. It's a shared commitment, that all of us, not least those in the financial services industry, have a duty to fulfil.

And I look forward to working with all of you as we make good on that commitment for the benefit of all society.

Thank you for the opportunity to address you and I look forward to hearing the productive outcomes and outputs from your panel discussions.