



Competition Division  
FCA  
12 Endeavour Square  
London E20 1JN

By email

26 January 2024

Dear Sir/Madam,

**CP23/29: Access to Cash**

The Panel welcomes the opportunity to comment on the Access to Cash proposals.

Our overarching observation is that the regime must at all times be outcomes-led, based on a rigorous understanding of needs, derived from readily available data to demonstrate actual or potential gaps, including those requiring a 'shared' solution. It is also important that the approach is responsive to changes in need which may derive not only from shifts in participation or representation by designated entities, but also consumer behaviour, demographic movements or other socioeconomic developments. Not assessing needs based on all of those dynamics would risk the unintended consequence of having cash solutions in the wrong place, undermining the intention of the process.

The new cash assessment process will be a central component of the new rules. How this will work in practice will be key as it will provide the foundation from which good consumer outcomes will stem. While understanding the rationale for allowing designated entities flexibility to define a local area, this will need to be balanced against the need for the rules to be clear, consistent and proportional from the point of view of the consumers who are intended to be the beneficiaries of them. In particular, to build trust, it will be vitally important to avoid multiple assessments that could lead to different perspectives on the appropriate outcomes.

On the 'triggers' requiring a designated entity to undertake a cash access assessment, we question whether designated firms should be responsible for scanning local markets to identify where there has been a closure of a cash facility operated by a non-designated entity, particularly noting non-designated entities may operate under different regulatory regimes and be guided by different incentives.

Taking in both of those views, we believe it would be better to designate one central body to both define a local area and undertake cash access assessments within them based on clear criteria linked to the activities of both designated and non-designated entities. This would also help mitigate the risk of iterative effects whereby fragmented assessments lead to fragmented solutions, leading other firms to reconsider their plans, triggering yet another round of assessments. That would be inefficient for market participants and create confusion amongst those whose interests this is intended to protect.

More broadly, it is important to recognise, and surface, that responsibility to deliver social policy outcomes cannot rest solely with a narrow set of market participants. The introduction of new rules in this area provides an opportunity for the FCA, building on the work of the Joint Regulatory Oversight Committee, to take a lead in encouraging a more open conversation about the future vision for access to cash and banking. There are currently many market participants

that do not provide any form of access to cash (or payments more generally), or contribute to the provision of such access, but rely on the incumbent industry to finance that infrastructure for them.

With material changes to the economic and social environment it is no longer appropriate, fair or reasonable that only a small number of institutions are relied on to address social vulnerability and financial inclusion challenges. Putting the right incentives in place now will be key to driving change that delivers sustainably good consumer outcomes, understanding that this is not just a commercial issue but one which has a wider societal impact. We would encourage, for example, the FCA to envision now how this could support customers to benefit from digital technology and, therefore, play a key role in ensuring that no one is left behind as the economy overall becomes more technologically based.

Finally, we welcome that one of the outcomes sought from the new rules and guidance is to support continued innovation. It is vital that the FCA fosters and encourages innovation and competition in service provision both to drive positive consumer outcomes and to ensure there is not reliance on a single provider that could present a 'single point of failure' resilience risk. In particular, we would encourage the FCA to ensure that this innovation support drives towards finding solutions that can be efficient if the long-standing structural decline of cash usage continues.

We would be happy to discuss these points further if required.

Yours faithfully,

[signed]

Matt Hammerstein  
Chair, FCA Practitioner Panel