



Age UK Behind the Headlines

Short-changed: How the decline of cash is affecting older people

Introduction



Cash is essential to the lives of millions of citizens. It is the basis of millions of daily transactions and has been the preferred payment method for generations. However, a combination of factors has meant that for several years, cash use and consequently acceptance of it by businesses and public services has been in decline. The Covid-19 pandemic has accelerated these trends with cash use falling during lockdown as people were forced to make purchases online, use contactless cards, or digital payments.

This report features real stories heard by Age UK's advice line over the last yearⁱ. They show the critical importance of cash to older people in a world which is increasingly forcing all of us to use digital payment and banking services. In addition to highlighting issues within the cash system, this report contains real stories of older people's experiences and makes recommendations for the solutions to address

the challenges they face. Strengthening the cash system is essential to increasing the financial independence of millions of citizens in an increasingly ageing society. It's vital that government and industry take steps to protect access to and acceptance of cash so that millions of older people and other citizens are not cut off from their money.

ⁱ The stories featured in this report use a combination of calls and messages received by Age UK between January 2020 – May 2021. Names have been changed and other identifying information has been removed to protect the anonymity of those contacting the charity.

The cash system

For millennia, coins and then notes have dominated the payment landscape. However, cash use has been in long-term decline and the pandemic has likely accelerated this further. For the first time in 2017, debit card transactions overtook the number made by cash¹. Since then, cash use has continued to fall but it remains the second most popular payment method, accounting for nearly a quarter (23%) of all payments in 2019². In that year, 2.1m consumers used cash for their day-to-day spending³.

Changing consumer behaviour has in part led to the fall in cash usage, with many preferring the convenience of contactless bank cards. The increasing use of digital payment services such as Apple Pay and Google Pay, as well as online or mobile bank app transfers, have also hastened cash's decline. However, falls in cash usage are also linked to the fact that it is harder and harder to get hold of it. The decline in the availability of cash machines across the UK has been stark and between July 2018 and February 2021 provision fell by 12,124 or 18%⁴. There are also significant regional and national differences in the number of Automatic Teller Machines (ATMs) across the UK. For example, residents in the East Midlands have around 28% fewer ATMs per head of population than the UK average and around 40% fewer than those living in Northern Ireland⁵.

There is a need to also consider the costs of taking out cash when a free-to-use ATM is replaced by a pay-to-use or when it becomes the more convenient option. The majority of pay-to-use ATMs are located in convenience stores which likely saw much greater footfall over the last year. People may also face other costs when accessing cash, for example by paying parking charges. People need free access to cash where they live and shop. Those with limited mobility or who lack transport will still struggle with travelling greater distances to access it.

The number of free-to-use ATMs fell by around 24%, nearly 13,000, between 2017-2020⁶.

Jennifer's father-in law is in his eighties and needs access to cash so that he can pay his cleaner and for the groceries that the neighbour buys for him. However, he is now housebound due to the lockdown and the nearest cash machine is some distance away. "Is there any system that you are aware of that will deliver cash to his home?"

Set alongside the declining number of ATMs is the fall in number of bank branches. Between 2012 and 2020, the total number of bank and building society branches in the UK fell by 28%⁷. The South West region of England, the region with the oldest average age⁸, saw the highest proportion (33%) of its bank and building society branches shut in that period⁹.

Fiona Price Chief Executive of Age UK Berkshire: "There are some areas [in the county] that are incredibly rural and when branches shut there is nothing around. We have seen lots more financial abuse in the last year. We run a Money Management serviceⁱⁱ for people that cannot get online and help them with their finances, for example like setting up direct debits and getting their pension paid into a bank account. More local authorities are commissioning us to run a service we've run for the last ten years which delivers cash to clients on a weekly basis".

Caller to Age UK Advice Line: "An elderly relative died recently. Their partner always paid bills in cash but now has been diagnosed with early-stage Dementia and we would like to set up direct debits, so they don't have to worry. They are not online but do you have advice about how we could set this up?"

ⁱⁱ Age UK Berkshire is commissioned by several local authorities in the county to run a Money Management service which helps older people to identify any financial problems or other needs that they may have and support them with managing their affairs. <https://www.ageuk.org.uk/berkshire/our-services/money-management/>

Age UK researchⁱⁱⁱ has shown that withdrawing cash at an ATM in or outside a bank or building society remains the most popular way for the surveyed older people to withdraw cash, with 58% of respondents choosing this method. Taking out cash over the counter in a bank or building society also remains popular (27%). Due to bank closures or reduced opening hours, these preferences are being denied to millions of older people without a branch in their local area.

Decision makers have long been aware of the challenges facing the cash system and risk of the UK ‘sleepwalking’ into becoming a cashless society. As a result, the Government commissioned the Access to Cash review which published its findings in March 2019. The review found that around 17% of the UK population – over 8 million adults – would struggle to cope in a cashless society¹⁰. Since then, the report’s authors have warned the cash system remains at a ‘tipping point’ and will collapse without government putting forward legislation to protect it¹¹.

Declining use and provision of cash consequently mean that more and more businesses and other service providers are not accepting it. The costs and logistics of banking cash have become too prohibitive and burdensome for many. This puts the cash infrastructure network under increasing pressure – the drop in usage means distribution and handling costs become proportionately higher, putting even more commercial pressure on banks and other parties to make cuts to their networks.

“I work for the local Parish council and am leading the response to the virus. We have dozens of volunteers to meet the needs of the vulnerable in our community. Some elderly withdraw their pension as cash from the Post Office but a lot are closing. Most shops don’t accept cash. How can we help the vulnerable at this difficult time?”



The number of UK bank and building society branches fell by 28% between 2012-2020



58% of respondents to Age UK’s Your Voice survey preferred ATMs as their main source of cash

ⁱⁱⁱ Age UK’s Your Voice panel is a self-selected panel and in November 2020 the panel consisted of 790 people aged 50+ years. The panel is not representative of the 50+ population and is particularly weighted towards those aged over 75 and those perhaps less likely to engage with other research or panels. For example, in this survey 41 per cent of panellists are aged 75+ compared with only 22 per cent of those aged 50+ across England. The panel also aims to include ‘seldom heard’ voices and panellists are recruited through a wide range of sources offering a choice of how to take part – online, by post or by telephone. Panellists were asked “Before the pandemic started, how did you usually get cash out of your account?”, with a base of 599 responding.

Older people and cash

Many older people still rely heavily on cash, with some being completely dependent. In (pre-pandemic) 2020, around 2.4 million people aged 65 & over in the UK relied on cash to a great extent in their day-to-day life - representing around 1 in 5 (21%) of the older population¹². Being cut off from cash and banking services is tantamount to being excluded from society, so maintaining access is imperative. Research by the Payment Systems Regulator (PSR) who are currently responsible for the cash system, showed that 53% of those aged 75+ say cash is their preferred 'way of spending money or making payments for the majority' of their payment needs¹³.

It is often those living on lower incomes who have the greatest reliance on physical currency. Older people getting by on a small pension like the control cash gives, helping them to better manage their money and budget their everyday

spending. Those, whether older or not, with more informal and temporary work, are often reliant on cash and paid with it.

Fiona Price: "Practically [cash] is very important. We come across people that have only worked in cash and don't trust banks. It's going back to the days of people putting cash under the bed. We found £38,000 under [a client's] bed who we helped moved into care".

People that are retired live on some of the lowest incomes – the FCA's Financial Lives 2017 survey showed that over one third (35%) of adults aged 65 and over have an annual household income of less than £15,000, and this figure increases to 42% for adults aged 75-84, and to 59% for adults aged 85 and over¹⁴.



Geographical issues

Research by the UK's main banking regulator, the Financial Conduct Authority (FCA), found that in Spring 2020, more than 99% of the UK population had access to a source of cash within three miles¹⁵. Whilst it is positive that it seems the majority of the UK population were not at great distances from a source of cash, the warning signs are there that sufficient resources need to be put into reviving the cash system.

Analysis of crow-flies' distances to cash machines do not always translate into the real world for those who were shielding or with limited mobility or transport. In February 2020, around 900,000 older people in the UK found it difficult to get to a cash point using normal forms of transport¹⁶. Rurality often plays a key role in good provision of cash with those living outside urban areas, far away from the nearest bank or ATM, also often stuck with poor internet connectivity, which makes it harder to rely on digitally connected payment services. Cash is also an essential physical back up should these

electronic systems fail, such as when there was a largescale Visa outage in 2018¹⁷ affecting millions of customers.

“Our bank is over 10 miles away. We live in a rural area so if we can't use public transport, we won't be able to get money. I also won't be able to get out if the health visitor can't call on me. I have a chronic foot condition and struggle to walk. We have a daughter who lives with us and I transferred cash for her to shop on our behalf - but others have no one. Please help those who cannot help themselves.”

Cash access is not only declining in rural places: FCA research¹⁸ shows that that areas classified as 'multicultural metropolitans' saw the biggest decrease in free to use ATMs between March 2018 – 2020. Further research is needed on how the cash system may underserve communities of colour.



Digital inclusion

Cash dependency is also invariably linked with digital inclusion, with older people often left behind as banking and payment services have moved online. Those who are unfamiliar with digital banking will naturally be hesitant about breaking the habits of a lifetime and using a totally new system to make such important financial decisions. Older people are increasingly getting online, but more so for emailing and getting information¹⁹. 51% of those aged 65+ do not use internet banking, or have not recently, (which encompasses digital payments), compared to only 10% of those aged 25-34²⁰. Those who lack the skills and confidence for online financial transactions - they may not have experience of doing so during their working life - and often face a much higher barrier to entry for banking compared to other online activities.

Previous Age UK research has shown that a spouse or partner - often the highest earner - may have previously managed all the household finances, but their death or incapacity leaves the surviving partner having to learn everything from scratch²¹. Concerns about security and fraud are often significant, as well as worries about things like remembering log-in information.

“I’m 64 and on a modest pension. All my life I have managed my money but have not used internet banking or contactless cards. I’m starting to worry as Covid has accelerated the trend towards online payments and banking. My computer is pretty old & I use my phone for the internet. Importantly this keeps costs down but is not a secure way to access internet banking. I’m not sure what options I have and feel like I am being forced to change how I make payments & manage my money. I need a bank which is age friendly. Please help.”

“When a husband is suffering memory loss because of Dementia, how does their wife deal with online finances when the other person who has always dealt with the household finances, cannot remember the username or password?”

“I have been a customer with [my bank] for over 40 years and have repeatedly told them about the issues older people face in managing their accounts. They closed my local branch (nearest now several miles away) and no longer send a weekly text of my balance. Their call centre is only interested in moving customers online which I don’t want to do. I have an old mobile for emergencies, not a smart phone. I find reading numbers difficult due to my eyesight. Do you know of any banks which are more age-friendly?”

“My mother who is in her eighties has been informed when she went into the bank branch that she will no longer be able to cash cheques there and will have to use her bank card with a PIN to get money from her account. She is worried that she will forget her PIN and will have to write it down when she goes to the bank which won’t be secure. Making it harder for people who can’t do digital banking feels like age discrimination and isn’t fair. Can we ask the bank to be flexible to allow older customers to continue accessing their money as before?”

“We pensioners in our seventies feel we are being bullied by our bank - where we have been customers for over 45 years. I have never needed or used a debit card. However, [the bank] send them anyway despite us never asking for them, activating them, or using them. This may be unusual, but we just want to have access to the branches where we have always gone.... They said in the branch quite forcefully we must.”

Fiona Price: “It is becoming in my view discriminatory, the assumption that people will and can go online. When family members and friends have to get money out it can lead to safeguarding issues. It’s quite likely money will go missing and it does go missing”.

Around 2.2m people 65+ in the UK would not be able to cope with a cashless society or don't know how they would cope.²²

People on low incomes, including older people, may not be able to afford the monthly costs of broadband and often large upfront costs of getting the right devices. It can also be extremely frustrating for those who have dedicated the time to getting acquainted with online systems, only to see them discontinued²³. This trend is increasingly likely to continue.

Age UK has a regular engagement panel, it's Policy Sounding Board (PSB), who meet several times a year to discuss issues that matter to older people. In February 2021, the panel met virtually to discuss issues with accessing cash. Attendees asked us and decision-makers to consider the emotional, as well as practical, reasons why maintaining good access to cash is so important.

Female PSB attendee: "Generation where counting your cash and divvying it up for different things is very much how many still manage their money."

Male PSB attendee: "Weekly wage used to be paid in a pay packet, I leave things to my wife – she does online banking, but I know nothing about it."

Female PSB attendee: "People that are more vulnerable lose confidence if they cannot stay in control. Need to do all we can to help people manage their money either electronically or physically."

The vast majority of older people are perfectly happy and able to manage their money, they just need help with accessing it in the way that is most convenient. Being forced to rely on others, if that is a safe option for you at all, could make someone more vulnerable and dependent when all they needed was support with accessing their money in the method they have used throughout their lives. Having older citizens who are more engaged with their income and savings will help with the post-Covid high street recovery. It will also benefit the wider financial services sector with consumers who are more willing and able to save, invest, take out loans and credit, and purchase insurance.

Fiona Price: "Town centres have become like ghost towns – older people can't get there. There is no free access to cash and that worries older people".



Cash use during the pandemic

Adults in the UK withdrew the equivalent of more than £1,500 each from cash machines in 2020²⁴

As would be expected, cash use has dropped significantly over the last 15 months. In February 2020, prior to the first national lockdown, £8.3 billion was withdrawn from UK cash machines. This figure fell to £4.4 billion by the end of last April²⁵, but still amounts to more than a billion pounds a week. Cash use rebounded as lockdown restrictions were loosened over the spring and summer, albeit not to pre-pandemic levels. Despite all the restrictions on everyday life and spending, £81 billion was still withdrawn from ATMs in 2020, a 30% drop compared to 2019²⁶. This figure shows withdrawals from the LINK network's cash machines and does not include transactions made by customers at their own banks' or building societies' ATMs.

Whilst cash use has declined, a YouGov survey in January found more than half of – equivalent to nearly 6.3 million – older people (65+) in Great Britain had used cash within the last week, despite the UK being in a national lockdown and with many older people shielding at home. Furthermore, nearly three-quarters of – equivalent to around 8.8 million – people 65+ and almost two-thirds of – equivalent to around 25 million – adults under 65 in Great Britain used cash at some point in the last month²⁷.

National lockdowns which led to the shutting of all but essential retail, public services, and with the nation being asked to stay at home, severely restricted opportunities to spend cash. Those that were more vulnerable to the virus, which included millions of older people, were asked to shield themselves at home. Many older and disabled people were forced to rely on family, neighbours, and volunteers to get shopping and pay bills on their behalf, with cash often the

preferred payment or repayment method.

Emmanuel's friend Bola told him today that all he has is £5 in cash. He is concerned as there are people he needs to pay in cash. Bola is never normally without money but cannot physically leave home to get some. "I can give some to him if I could visit. He has a problem."

Hardeep's brother Jovan had post-operation Delirium which has caused some cognitive issues. Hardeep has Power of Attorney over Jovan's finances and has been regularly visiting him to help him manage his affairs. However, due to Covid-19, Hardeep has been unable to visit his brother for nearly two months. Jovan is running out of cash and he needs this to pay for his shopping and his gardener and cleaner (who still visit but following guidelines). Jovan is unable to write out cheques because of his cognitive issues. Hardeep wanted info on how he could get cash to his brother.

"I volunteer for a charity and call a few older gentlemen every week. One of my guys lives on his own and has no family. He is in his nineties and doesn't find local people friendly. He has a cleaner and a gardener who require cash as payment. He barely leaves the house, not even into the garden, as he is very nervous of tripping over. For him, getting cash from a bank is impossible, he has no one to do this. He asked a neighbour if he could pay them back by cheque, but they refused. The banks will not help... All the tradespeople want cash so he can't employ them. This situation really affects him, and he doesn't need the stress at his age."

"I work at a GP surgery and have a patient that is housebound and needs to get money out of his account to get shopping etc. How can we do this safely? He cannot get to the bank and does not have family that can get down to him regularly."

Fiona Price: “Trying to shop for people with no access to food was just awful. There were issues trying to pay back volunteers as well as with those who had Power of Attorney in place. We were speaking to people in Australia [who had older relatives in the county], these people trusted us, and we were able to help and it’s a solution but not an ideal solution”.

Many banks and the Post Office quickly brought in innovative services such as sending cash to people by post. Banks have also introduced ‘Carer’s Cards’ which have controls on how they can be used, and the amount of money withdrawn. These cards are often much safer than simply giving your debit card to someone else. Unfortunately, thousands of older people experience financial abuse every year^{iv} and being forced to rely on others to make transactions on your behalf can put people at increased risk. This may be particularly true for the estimated over 800,000 older people living with Dementia and many others who may have issues with their mental capacity and cognitive ability.

Carer’s Cards will work for many older and disabled people and it is positive that many banks have tried to design solutions to support those that can’t access their money. However, ensuring older people can remain as financially independent as possible is key. It is equally important that appropriate safeguards are in place and banks explain how people will be refunded if they do fall victim to fraud and/or abuse. Carer’s Cards will work well for those that have a trusted family member or paid carer but there are millions without and who will likely be reluctant to give a bank card to a neighbour or volunteer.

“We are worried about my uncle who is in his mid-90s. He lives in retirement housing, has no children and the rest of the family are well over an hour away. Since the pandemic he’s been struggling. A carer shops for him but not regularly. He has a deteriorating eye condition and cannot hear without his aids. He can walk but has had some falls. My wife has gone down to him twice in the last few weeks to take him some cash and to sort out his bank card and PIN. Can you recommend ways we can help him with money on a daily basis? Nobody nearby to help him get cash and don’t want him to give carers his card and PIN.”

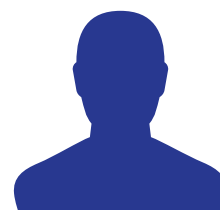
“Do you have any information on a bank card I can get for an older relative that allows them to take out cash and pay for shopping, but doesn’t allow them to set up direct debits over the phone? I know similar things exist for children but want to know if there is one for adults. My aunt keeps getting harassed over the phone and setting up lots of payments for things each month that she doesn’t need e.g., dishwasher cover when she doesn’t have one.”

Age UK’s research found that although most Your Voice engagement panel members who use cash found it easy to get money from their account since the start of the pandemic, 1 in 6 panellists who use cash have found it difficult to do so. Whilst the majority of panellists have not had any problems paying with cash during the pandemic, a quarter of panel members have been refused when they or someone else on their behalf have tried to pay with cash. 1 in 6 panellists have not used cash since the start of the pandemic, which could indicate issues with access or acceptance.

^{iv} NHS Digital records for 2019/20 show that there were 29,180 concluded Section 42 safeguarding enquiries concerning ‘financial or material abuse’ in England. Enquiries do not necessarily the mean number of victims but incidents that were raised and concluded. Older people aged 65+ account for 96% of all individuals involved in Section 42 safeguarding enquiries per 100,000 adults, with those aged 85+ accounting for 67% of all safeguarding enquiries. Source: NHS Safeguarding Adults, England 2019-2020: Data tables (Table 2). Percentage figures are author’s calculation with figures rounded to nearest whole number. Accessed 22 June 2021. <https://digital.nhs.uk/data-and-information/publications/statistical/safeguarding-adults/2019-20>

The evidence is only just emerging about the extent to which older people moved, and the extent they were happy to do so, from cash to other payment methods. Age UK research has shown that “there is little evidence that significant numbers of those previously digitally excluded have been prompted to get online during the first few months of the pandemic”²⁹. The earlier figures on internet usage suggest that if older people were going online, then accessing banking services is not one of their main activities.

As Covid restrictions continue to loosen over Spring 2021, consumers withdrew nearly £590m in April from the Post Office, the highest amount taken out since September, excluding Christmas³⁰. Alongside data from the LINK network showing increasing levels of cash withdrawals, the critical importance of cash to our normal lives is beginning to resume³¹.



27% of Your Voice panellists have been refused when they or someone on their behalf has tried to pay with cash



How the cash system needs to change

In March 2020, the Government committed to legislate to protect access to cash and ensure that the UK's cash infrastructure remains sustainable in the long-term³² – but nothing has happened so far. Unless firm legislative action is taken by Government soon, the vicious cycle of falling cash access, use, acceptance and increasing costs will be extremely difficult, or even impossible, to break.

Ultimately, it is the banks who are best placed to prevent the decline of cash, which is why **we are calling for the introduction of a Universal Service Obligation (USO) on the banks to guarantee access to cash for everyone**. Owing to the rapidly changing landscape, this should be reviewed every five years to ensure its continued suitability – there may come a time when it is no longer needed to protect access to cash. A USO exists for water, electricity, post, and most recently broadband services – recognising how essential they all are to our daily lives. The time is right for the Treasury to put the cash system on the same footing.

In November 2020, the Treasury concluded a call for evidence on issues with the cash system³³. They announced plans to protect cash by legislating on two main areas, making cashback possible without purchase, and placing a single regulator in charge of overseeing the entire cash system. These are both welcome steps, which will move the issue in the right direction.

However, while we believe that cashback is an important part of the solution, on its own it is not sufficient to ensure access to cash. Age UK's surveying of its engagement panel found it was the third most popular way of accessing cash, accounting for 29% of choices. Many people will find going into a shop unsuitable, for example because they are uncomfortable with the pressure of feeling they should make a purchase, they have a disability or health condition that limits access, or because they are not comfortable using automated systems, which are increasingly used across the sector. There are currently logistical and cost implications for many small and medium sized businesses to provide cashback without purchase and there will need to be a clearer incentive for them to offer it.

Understanding and defining 'good' access to cash is important – having a single cash access point in a community is unlikely to meet everyone's needs. There will always be some people who cannot use the option available so multiple options should be encouraged, and gaps should be filled by other means, for example requiring banks to post cash or have mobile branches that visit certain areas or individuals. This wider consideration is important if the Government is to avoid coming up with a solution that cuts adrift many older and vulnerable people.

Greater innovation

Any new measures also need to be supplemented by greater innovation by the financial services industry. Cash deliveries were an essential lifeline for many customers, and their continuation in a post-Covid world would be welcomed by many older people. Deliveries could also help solve issues (and fulfil the requirements of a USO) about getting cash to people living in isolated, rural areas – effectively forming a partnership between industry, the Post Office, and courier firms.

We believe that innovation could also help maintain the bank branch network. If single branches become commercially unviable in some areas, the Government and FCA should be working with industry towards establishing

shared branches. The Community Access to Cash pilots³⁴ in several areas around the UK are already exploring potential options. Shared banking hubs which are co-located with other services or businesses could help to reduce costs. Alongside the involvement of tech start-ups, we are optimistic that there is considerable potential for innovation that can maintain widespread access to physical banking in more communities. However, whether good innovation can be rolled out at scale and speed remains to be seen. A Universal Service Obligation would focus minds within the industry and allow more innovation in this space to flourish.

Industry-wide networks need to be on a firmer footing

The industry has existing areas of collaboration, notably the Post Office Banking Framework Agreement and LINK. However, both are currently voluntary, and we are concerned that if one major bank pulled out of either, then they would quickly become unviable. We urge the Government to give serious consideration to legislating for centrally run cash infrastructure which is jointly owned by the banking sector and part nationalised. Making membership of this scheme a pre-condition of offering retail banking services in the UK would provide the surety both consumers and the firms themselves need.

The Government has also announced that it will open a consultation this summer on new legislation which will set out **“proposals for establishing requirements that ensure people and businesses can access cash withdrawal and depositing facilities, over time, within reasonable travel distances³⁵.”** Whilst key stakeholders wait for further detail about the

scope of these proposals, it is positive that they are considering travel distances as the key measure of good access to cash. LINK has also set up a fund which allows communities to request a new location for an ATM in their area³⁶. We hope that more underserved communities can take advantage of this opportunity.

The role of the Post Office in delivering banking services should be explored in detail as part of the programme to secure access to cash, particularly due to the cuts in the bank branch network. However, it is unlikely to be feasible and realistic given the footprint and staffing resources of many local Post Offices to deliver a full banking service, alongside the wealth of other services they provide. They are part of the solution, rather than the sole answer to appropriately serving the needs of many communities.

The role of regulators

With the absence of any announced legislation on reforming the cash system in the 2021 Queen's Speech, the role of regulators over the next year is vitally important to protect consumers' access to cash. The FCA and PSR have critical roles in ensuring that banks are compliant with regulation, but the Government must make sure they have the necessary powers to enforce these rules. Issues within the cash system may indicate signs of market failure, and the Competitions and Market Authority (CMA) may also need to investigate to ensure the needs of consumers are being appropriately met.

The FCA needs to evaluate how closed branches and ATMs impact those consumers who most rely on them. Banks already have an expectation that they "should carefully consider the impact of a planned closure of a branch or ATM, or conversion of a free-to-use ATM

to pay-to-use, on their customers' everyday banking and cash access needs"³⁷. However, the regulator must require firms to do more engagement with communities – local service providers, businesses, and other key decision-makers about how closures will affect them. The FCA must set out a clear level playing field, a benchmark, so that banks are not competing to undercut each other, resulting in communities losing access to cash and banking services.

The PSR issued Specific Direction 8 to LINK in October 2018, which required them to fulfil their commitment to maintain a broad geographic footprint of free-to-use ATMs across the UK³⁸. This commitment is scheduled to end in January 2022, but we hope by then that we will see much clearer direction from government about protecting the future of the cash system.



Conclusion

Cash is fundamental to millions of people's daily lives and to their spending. Problems with accessing cash are not just a struggle or an inconvenience but are tantamount to being excluded from society, particularly when bank branch services are unavailable too. All citizens sometimes need to use cash, while many rely on it exclusively, and we must maintain a physical backup for digital payments. This is not just an issue that affects older people and those on low incomes but could impact any of us at some point in our lives.

Whilst older people in 15 years will likely become more accustomed to using card and digital payments, health, income, and other issues will still be faced by future generations - meaning that cash use needs to be protected to ensure good access for years to come.

Structural issues alongside the approach of many high street banks have meant that the cash system is veering towards market failure in parts of the country. The essential needs of consumers are not being served, with massive implications for how they access and spend

their money and support the communities in which they live. Further loss of cash will likely drive more people online, further undermining high streets and town centres trying to recover after a year of lockdowns.

There is recognition of the issues by key stakeholders but there is a clear need for more ambition, as well as for firm and immediate action. The pandemic has provided opportunities for good innovation, but many advances cannot be sufficiently scaled up to meet demand. There are often local problems, but ones that need national solutions. We believe that a Universal Service Obligation has a clear end goal of what needs to be achieved, without it being overly prescriptive about how to get there.

The Government is committed to 'levelling up' communities and 'building back better' after the pandemic. If ministers want to ensure that citizens continue to engage with their money, then they must protect the cash system for the foreseeable future.



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5. Figures from the House of Commons Library Briefing Paper 'Bank branch and ATM statistics' <https://researchbriefings.files.parliament.uk/documents/CBP-8570/CBP-8570.pdf> [Accessed 1 June 2021]. Author's calculations with percentage figure rounded to nearest whole number.
6. From a high in 2017 of 54,599, the number of free-to-use ATMs across the UK connected to the LINK network fell by 12,872 to 41,727 in 2020, a fall of 23.58%. Figures from LINK statistics and trends available at <https://www.link.co.uk/about/statistics-and-trends/> and accessed 1 June 2021). Percentage figure rounded to nearest whole number and number of ATMs to the nearest thousand.
7. Figures from the House of Commons Library Briefing Paper 'Bank branch and ATM statistics' <https://researchbriefings.files.parliament.uk/documents/CBP-8570/CBP-8570.pdf> [Accessed 1 June 2021]. Authors calculations with percentage figure rounded to nearest whole number.
8. Figures from the Resolution Foundation's Ageing, fast and slow <https://www.resolutionfoundation.org/app/uploads/2019/10/Ageing-fast-and-slow.pdf> [Accessed 15 June 2021]
9. Figures from the House of Commons Library Briefing Paper 'Bank branch and ATM statistics' <https://researchbriefings.files.parliament.uk/documents/CBP-8570/CBP-8570.pdf> [Accessed 1 June 2021]. Authors calculations with percentage figure rounded to nearest whole number.
10. Figures from the Access to Cash Review's Final Report <https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf> [Accessed 1 June 2021].
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13. Figures from the PSR's Access to cash research with consumers and small businesses final report <https://www.psr.org.uk/media/qnslp3ma/psr-access-to-cash-full-report-july-2019.pdf> [Accessed 1 June 2021].
14. Figures from the FCA's Financial Lives 2017 Survey <https://www.fca.org.uk/publication/research/financial-lives-survey-2017.pdf> [Accessed 1 June 2021].

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 16. Figures from The FCA's Financial Lives 2020 Survey - Demographics data table (sheet Demogs table 160) (available at <https://www.fca.org.uk/publication/data/financial-lives-survey-2020-tables-volume-1-demographics.xlsx> and accessed 26th May 2021) scaled up to population estimates using ONS mid-2019 population estimates (sheet MYE1, ONS Mid-2019: April 2020 local authority district codes) (available <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwales/scotlandandnorthernireland> and accessed 26th May 2021).
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26. £116,417 million was withdrawn from ATM's connected to the LINK network in 2019 compared to £81,010 million in 2020. This represents a percentage decrease of 30.41% between those years. Figures from LINK statistics and trends (available at <https://www.link.co.uk/about/statistics-and-trends/> and accessed 1 June 2021). £ figure rounded to nearest billion and percentage figure rounded to nearest whole number.
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Age UK
Tavis House
1-6 Tavistock Square
London WC1H 9NA
www.ageuk.org.uk