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Financial Conduct Authority
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By email: gc20-02@fca.org.uk

Dear Sir / Madam

Financial Services Consumer Panel response to GC 20/2: Branch and ATM closures or conversions

We welcome the opportunity to respond to the FCA's draft guidance. We broadly support the proposals, and the FCA's efforts to protect access to ATM and branch services for the individuals and businesses that rely on them.

During the Covid-19 pandemic, there has been a sharp acceleration in the decline of cash usage. Changes which were initially forecast to take several years, have occurred within a matter of months and the decline in cash usage may still continue at its accelerated pace¹. Should this pace of change continue, many consumers who rely on cash may already have lost access to it, or indeed their ability to use it, before the measures come into force. This would disproportionately impact vulnerable consumers, who, as identified in the guidance, are more likely to rely on cash.

With this urgency in mind, we encourage the FCA to implement its proposals as soon as possible. We are concerned that any delay to implementing the measures could lead to consumer detriment, not least as some of the larger merchants and others within the cash chain may decide to restrict or terminate cash acceptance, accelerating the trend further still.

Furthermore, we would suggest the guidance specify that firms should *not* take any irreversible decisions prior to submitting their notifications to the FCA. The guidance currently proposes that firms notify the FCA of their intention to close ATMs or branches at least 12 weeks before the closures take place. Firms could take steps prior to or during this period, such as entering into new contracts or cancelling existing ones, that would make their decision to close ATMs or branches irreversible, thereby restricting the FCA's ability to intervene. We expect the FCA to take robust action if it sees any evidence of this behaviour.

The guidance refers to the 'four drivers of vulnerability' as defined in GC 19/3: health, resilience, capability and life events. We welcome the FCA's reminder to firms to consider the needs of vulnerable customers when making changes, as this is an area that can be overlooked. The Lending Standards Board's Access to Banking Standard report found that firms' change management plans 'lacked fully developed strategies that considered all

¹ <https://www.telegraph.co.uk/news/2020/04/24/coronavirus-could-kill-cash-months-not-years-expert-warns/>

impacted vulnerable customers². That said, the FCA should make it clearer that vulnerability could include a consumer's financial position. It is particularly important to consider financial vulnerability in the context of access to ATM and branch services because consumers who are most financially-squeezed are also most likely to rely on these services, and least likely to be able to afford any new costs associated with cash usage³.

The FCA proposes that firms analyse alternatives that could be put in place if they were to close their ATMs and branches and provide the FCA with clear summaries of the results of this analysis. We would recommend that the FCA stipulate that this analysis should contain detailed information on:

- (i) the risks associated with the alternatives. This element should incorporate consumer protection issues (i.e. should the alternative provision offer lower levels of consumer or deposit protection, this should be specified).
- (ii) the costs associated with the alternatives. This should bear in mind not only the withdrawal costs, but also any incremental costs consumers might face in paying in cash (for instance utilities and other bills) as well as travel costs.
- (iii) the date on which the alternatives will be made available, if they are not already in place.

We would also encourage the FCA to consider wider financial and socioeconomic wellbeing when reviewing firms' notifications of ATM or branch closures, particularly in deprived and/or rural communities. The closure of an ATM or branch may mean consumers have to travel to another area to use the services they need. Consumers may be more likely to spend the cash in the location they have travelled to, meaning their local economy suffers as a result of the closure⁴. We recognise that this is part of a broader issue which is beyond the remit of the FCA. However, the FCA's national overview of planned closures will be a critically important element of further research and future Government policy.

Yours faithfully,

Wanda Goldwag
Chair, Financial Services Consumer Panel

² <https://www.lendingstandardsboard.org.uk/wp-content/uploads/2020/02/Access-to-Banking-Standard-summary-report-February-2020.pdf>

³ <https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf>

⁴ <https://cpb-eu-w2.wpmucdn.com/blogs.bristol.ac.uk/dist/3/599/files/2020/01/2020-01-Geographies-of-Access-to-Cash.pdf>