



Llywodraeth Cymru
Welsh Government

A Cashless Society?

P-6-1335 Welsh Government should take steps to ensure vulnerable adults without bank cards can pay with cash

23/07/2024

A key element of the Welsh Government's vision for financial and digital inclusion is we want everybody to be able to participate with services in a way that suits their needs.

Financial inclusion is a key social justice issue. The Welsh Government supports financial inclusion through a financial wellbeing "Delivery Plan for Wales" jointly owned with the Money and Pensions Services (MaPS).

The Welsh Government has strategic relationships with the Financial Conduct Authority, LINK and Cash Access UK and consistently champions the specific needs of Welsh communities and sections of the population with these organisations.

Whilst financial inclusion is devolved to Wales, financial services is a reserved matter. Therefore, the Welsh Government makes its' views known to UK Government directly and through UK Government committees such as the Welsh Affairs Select Committee.

The current UK legislative framework, including the Financial Services and Markets Act (2023) whilst protecting access to free cash, which is welcomed, does not protect physical banking provision through branches which many rely on, including those who are more vulnerable, including older people and disabled people. This highlights the importance of working with LINK and Cash Access UK to speed up delivery of shared banking hubs and enhanced deposit facilities across Wales.

Detailed Responses to the report's recommendations are set out below:

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1. Recommendation 1

The Welsh Government should ensure that all organisations which receive public funding are required to accept cash payments. However, the Committee recognises that some organisations will no longer have facilities to accept cash or deposit cash locally and therefore will require support and guidance.

Welsh Government Response: Reject

The Committee itself recognises that some organisations no longer have facilities to accept cash or deposit cash locally. Furthermore, the Welsh Government does not have the legal levers to ensure all organisations in receipt of public funding are requested to accept cash payments. For organisations funded by the Welsh Government directly, a change such as this would require revised procurement or grant funding terms and conditions and would only work for organisations with the capacity and capability to offer a digital and non-digital route.

The Digital Strategy for Wales sets out how digital transformation is about a change of culture - creating online services that are so good that people choose and want to use them. This does not mean, however, that digital services should be mandated. The Digital Strategy also commits us to fairness and inclusion, and it is crucial that public services can be accessed in the way that service users plan to use them

Financial inclusion for people with learning disabilities has been raised by the Ministerial Advisory Group on Learning Disabilities for discussion about the potential negative impact of a cashless society. It is recognised that many people with learning disabilities rely on cash budgeting and using cash in shops and for services, to enable them to live independent lives. A Senedd petition has also been raised on this issue - which will be considered by the Petition Committee if sufficient signatories are received.

Financial implications

There will be no financial implications because this recommendation is rejected.

2. Recommendation 2

The Welsh Government should commission research in this area to fully explore the complexities and challenges faced by people who do not use digital payments, their families, support workers, residential care providers, private businesses and public sector organisations. This should also focus on exploring solutions to ensure that we support people to be active citizens who can live as independently as possible and have the same opportunities as those who use digital payment methods.

Welsh Government Response: Accept in Principle

Through extensive stakeholder engagement, the Centre for Digital Public Services (CDPS) has developed Digital Service Standards which set out what is expected from new or redesigned digital services funded by Welsh public sector organisations. They highlight the importance of user-centred design and of the continued provision of non-digital routes to access services. They also focus on meeting the user needs including the current and future wellbeing of people in Wales.

The Welsh Government has led the way in commissioning the research and implementation of work to identify a Minimum Digital Living Standard (MDLS) for Wales¹. This work has identified a definition and pilot projects are currently underway, led by housing associations, to test the concept and to learn from a range of household types. The project outcomes will be evaluated in March 2025 and used to inform future work. Work is also underway with the Good Things Foundation to expand research into the concept of MDLS to a wider range of household types including older people and households without children.

Welsh Government also welcomes the research undertaken by the Older People's Commissioner in the Access Denied : older people's experience of digital exclusion in Wales report and subsequent Progress Report outlining the need for further work to enable older people to access information and essential services online. Welsh Government actively uses this research to inform internal work and to help inform future policy development.

These points highlight the complexity of digital and financial inclusion and the fact that ownership for action and possible solutions does not sit with only one organisation or sector. For example, where an individual cannot manage their own finances, there is statutory guidance that sets out what actions service providers must take to help manage finances on behalf of the individual. The focus therefore needs to be on sectors working together and each taking responsibility for the aspects that they can control.

This includes the areas that UK Government controls – financial services and legislation such as the Financial Services and Markets Act 2023 which seeks to protect access to cash but does not protect the provision of face-to-face banking services.

¹ [Towards a Welsh Minimum Digital Living Standard: final report \(summary\) \[HTML\]](#) | [GOV.WALES: Towards a Welsh Minimum Digital Living Standard: citizen and stakeholder perspectives \[HTML\]](#) | [GOV.WALES](#)

Financial Implications

Future research activity by Welsh Government would require new future funding commitments. Additional costs could not be drawn from existing programme budgets.

3. Recommendation 3

The Welsh Government should work in partnership with people with learning disabilities, learning disability organisations, older people organisations, care and support organisations, the public and third sector and the business community to develop and deliver a campaign to educate and improve understanding of how a cashless society will exclude some people. A public awareness campaign could be targeted at service providers and businesses and develop positive approaches, such as a clear indication of whether the venue or business accepts cash or not. This would go some way to reduce and avoid some of the upsetting experiences for people who only use cash.

Welsh Government Response: Accept in Principle

Since 2023 the Consumer Duty has set higher and clearer standards of consumer protection across financial services and requires firm to put their customers first. Welsh Government supports the work of the FCA in this matter and undertakes regular meetings with the FCA to highlight the needs of consumers in Wales including consumers with disabilities.

Welsh Government provided a response to the February 2024 FCA “Access to Cash” consultation which highlighted the importance of continued access to free cash especially for our most vulnerable communities and outlined unique provisions necessary to take into consideration in Wales e.g. use of more than straight line distance measurements when showing proximity of free cash ATMs. The outcome of this consultation is anticipated to be published during Autumn 2024.

On 24 March 2024 the Welsh Government, in conjunction with the FCA, held an event which brought diverse stakeholders together to discuss “Banking in Welsh Communities”. The event included an update from the FCA on the “Access to Cash” consultation and identified actions that are being taken forward by a range of stakeholders. Some of these actions relate to awareness raising across all financial institutions and organisations to improve the customer journey and to prevent customers accessing non-ethical lending.

Welsh Government also works closely with LINK to ensure free access to cash is maintained throughout Wales. On 14 May 2024, LINK undertook an awareness raising event at the Senedd, during which they spoke to a number of Senedd Members. The objective of this event was to spread knowledge of the work of LINK including their work to assess communities for the provision of shared banking hubs, to roll out advanced deposit services and to provide ‘cash at the till’ services in addition to maintaining free access to cash via the UK ATM network.

The Welsh Government actively works with a wide range of third sector and voluntary organisations to ensure the rights of the most vulnerable are protected – this includes their rights to access financial services. Welsh Government has a Disability Equality Forum chaired by the Cabinet Secretary for Culture and Social Justice which is made up of a range of disabled people’s organisations and other relevant stakeholders.

The Disability Rights Taskforce has recently completed its meetings and will now move on to consideration of the co-produced recommendations that have resulted from the

ten thematic working groups. The Disability Rights Taskforce and working groups were composed of a broad range of disabled people's organisations, individuals with lived experience, officials, and representative bodies, which raised awareness of the many complex and cross-cutting issues being experienced.

To prevent digital exclusion or inaccessible design for disabled people, the Disability Rights Taskforce's thematic working groups have emphasised the importance of continuing to provide alternative options to online services. The three key cross-cutting themes across the entirety of working groups are access, inclusion and participation for disabled people. For instance, the 'Travel' working group has highlighted the necessity of offering face-to-face ticket purchases at stations and on trains, as well as ensuring that smart ticketing is fully accessible and does not create additional barriers for disabled people.

Financial implications

None. Awareness raising is a shared cross sectoral responsibility with the implementation being the responsibility of each individual organisation or business.

4. Recommendation 4

The Welsh Government should work with the UK Government and the Financial Conduct Authority (FCA) to develop ways in which vulnerable adults can participate in the purchase of goods and services in a cashless society.

Welsh Government Response: Accept

Cash remains a vital part of our economy and the Welsh Government does not accept the inevitability of a cashless society. That noted, the Welsh Government does recognise the value in working with relevant organisations to support vulnerable adults given the trends in cash acceptance. The Welsh Government holds regular meetings with the Financial Conduct Authority which has now has staff focussed on engagement in Wales. The Welsh Government also engages regularly with LINK and Cash Access UK2 – the organisation responsible for the roll out of shared banking hubs in the UK.

There are now 5 shared banking hubs operational in Wales –Welshpool, Porthcawl, Prestatyn, Treorchy and Abergele. There are an additional 5 shared banking hubs under development – in Abertillery, Morriston, Mountain Ash, Risca and Flint. Enhanced deposit facilities have also been recommended in 11 communities, including in Ystrad Mynach, Cowbridge and Mumbles.

Welsh Government has put Cash Access UK in touch with relevant local authorities to try and speed up the identification of suitable premises in the four areas where the hub is not yet up and running.

The Welsh Government has provided responses to the FCA Access to Cash Consultation³ and the Welsh Affairs Select Committee call for evidence on “Are high street banks leaving Wales behind?” in March 2024. As part of these responses Welsh Government highlighted the needs of the most vulnerable in society – including access to cash without additional charges, the unique geography of Wales that requires more than a straight-line measurement of distance from Post Offices, ATMs etc and the importance of retaining face to face banking services in our communities.

The Welsh Government also meets regularly with LINK. LINK is the UK’s cash machine (ATM) network and supports access to cash by setting the rules for ATM operators who want their cash machines to be part of the UK ATM Network or card issuers who want their cardholders to be able to use the UK ATM Network. LINK manages the first part of the process of requesting a cash access review assessment that can lead to the provision of a shared banking hub⁴. Through its financial inclusion work, LINK has identified that the need for continued access to free cash is greatest in the most deprived communities.

² [Cash Access UK - Hubs](#)

³ [CP23/29: Access to cash | FCA](#)

⁴ [LINK / Cash Access Review Process](#)

The LINK cash locator to find access to free cash in local areas is available online⁵.

Financial implications

None. This work is part of the wider strategic engagement that Welsh Government already undertakes.

⁵ **LINK / Cash Locator**

5. Recommendation 5

The Welsh Government should ensure access to community- based banking facilities both to support businesses to continue to access and deposit cash and to support the banking needs of people with learning disabilities.

Response: Accept in part

Financial services is a reserved matter. The Welsh Government does not have the powers to ensure such access but is able to work to a limited degree with the powers it has.

The Welsh Government works across the ethical credit, lending and advice ecosystem in Wales to share best practice and encourage collaboration – including in the provision of community-based banking facilities. The Responsible Lenders Network, led by Welsh Government, brings the sector together twice a year and includes local authorities and registered social landlords. The group shares ideas and information on all aspects of ethical credit and lending and focusses specifically on financial inclusion including at community level.

The Welsh Government supports the continued roll-out of shared banking hubs as a response to the loss of physical banking services in many Welsh communities. The provision of this face to face, non-digital route to financial services is crucial for many vulnerable people, including those with disabilities.

Welsh Government will continue, via it's Disability Equality Forum, to engage with disabled people and representative organisations to discuss and identify solutions to barriers faced by disabled people. The forum has the ability to influence broader policy by bringing key issues to the attention of Welsh Ministers. On 28 September 2023 the Disability Equality Forum discussed whether a cashless society was another barrier to inclusion for disabled people and it was agreed by the Minister for Social Justice that further discussion would take place at a following meeting.

Financial implications

None. This work is part of the wider strategic engagement that Welsh Government already undertakes.