

# Treasury Committee

## Oral evidence: Acceptance of Cash, HC 324

Tuesday 28 January 2025

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Members present: Dame Meg Hillier (Chair); Dame Harriett Baldwin; Chris Coghlan; Bobby Dean; John Glen; John Grady; Dame Siobhain McDonagh; Lola McEvoy; Dr Jeevun Sandher.

Questions 140 - 200

### Witnesses

**I:** Emma Reynolds MP, Economic Secretary to the Treasury, HM Treasury; Anna Harvey, Deputy Director of Payments and Fintech, HM Treasury.



## Examination of witnesses

Witnesses: Emma Reynolds and Anna Harvey.

Q140 **Chair:** Welcome to today's Treasury Select Committee. Today is Tuesday 28 January, and we are here to conclude our evidence sessions on the acceptance of cash. I am delighted to welcome the new economic secretary to the Treasury, Emma Reynolds MP, who took over the post around 10 days ago—welcome to you. She is joined by Anna Harvey, who is the deputy director of payments and fintech at His Majesty's Treasury.

Minister, today we are concluding our discussions about acceptance of cash, but before we go into that, you are obviously new in your role. We have been hearing a lot of discussion in the Treasury and the media about the way the Treasury wants to deal with regulators, with the Chancellor calling in regulators. We have seen the remit letters and an emphasis on things like the secondary objective for the Financial Conduct Authority. Could you just tell us who is responsible in the Treasury for making sure that the balance is right, so that consumers do not get lost in this move to push for growth from the regulators? Is that part of your responsibility? If not, who is responsible for that?

**Emma Reynolds:** First, thank you very much for the opportunity to appear before you. This is my first appearance in this role. I am delighted to be in this role, by the way; I am very excited about it. It is my role to lead the work with the FCA—and indeed the PRA—to ensure that we balance the objectives of the regulators, first and foremost to protect consumers, but also to promote economic growth and competitiveness. A lot of the time those two things go together, but sometimes, as you say, there is some friction there.

Of course, we want to ensure that consumers are protected, but promoting economic growth and competitiveness will also help consumers, because what we do not want to do is to regulate risk completely out of the system. We are going to talk about cash acceptance, but if people are holding a high degree of cash in their accounts and not taking opportunities to invest, that is not good for consumer protection either. There is always this trade-off in financial services and this relationship between risk and reward. Perhaps I can come back sometime and give some evidence around some of these challenges.

Q141 **Chair:** I would love to have you back to talk about that. It is something that the Committee is very focused on. We recognise that there are judgments to be made. You hinted a bit at how lazy capital might be an issue. In the objective of doubling down on growth, who is the actual individual champion for consumers in the Treasury? Would that be you personally? Where does that fit in the landscape?

**Emma Reynolds:** I lead on all of our work with regard to financial inclusion and financial services, so yes, I would be the lead Minister on that, but obviously the FCA has rulemaking power. As John knows very



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well, I am the lead Minister, working with Nikhil Rathi, and indeed Sam Woods at the PRA. That is my role within the Department.

**Chair:** It is early days for you and also early days for what the regulators will be doing, so we look forward to having you back to discuss that in more detail.

Q142 **John Glen:** Congratulations on your new appointment. It is a great role, and one I am somewhat familiar with. Obviously today there is a lot of speculation about what you have announced on DB pensions, and releasing the surplus that is beyond what DB firms need. Could you tell us what gives you confidence that that decision will actually translate into that money being invested?

**Emma Reynolds:** Let me just say something about the announcement before I come to your question. This is about levelling the playing field. At the moment, 10% of defined benefit schemes can, if the trustees judge it in their members' interest, release some of this surplus, which employers can then use, either to invest in their company or to give member benefits. What gives us confidence that this will have an impact on investment is that businesses are asking for this flexibility, because 90% of defined benefit schemes that did not happen to apply to use this surplus by 2016 cannot benefit from that flexibility at the moment.

There obviously have to be safeguards in place. We have strict regulatory guidance by the Pensions Regulator that stipulates the funding thresholds that are required to enable trustees to have the comfort that what they are doing is in the members' best interests. The fiduciary duty remains, but there are billions of pounds sitting in DB surpluses that could be unlocked, both to the benefit, as I said, of the business themselves investing in areas. They could increase productivity, for example, or innovate their businesses. There are also opportunities for trustees to ask employers to give their members contribution holidays or perhaps a more generous uprating system. There are great opportunities here, but it is not for us as a Government to make those decisions; we are simply giving the power to 90% of the DB schemes that do not have that flexibility at the moment.

Q143 **Chair:** You talked about the fiduciary duty remaining. Are there any plans to review that fiduciary duty?

**Emma Reynolds:** No.

**Chair:** Thank you. That is very clear.

Q144 **Bobby Dean:** Just to push on that a bit further, will there be any safeguards or regulations in place to ensure that, when that money is released, it will be used for investment and will not ultimately just be extracted to shareholders?

**Emma Reynolds:** That is a good question. There are already strict rules applied to the 10% that already have the flexibility to do this. As I



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understand it, that should be used for investment in the company, but I would have to go back specifically to look at whether there is any differentiation there. I would hope that what you have suggested would not happen, but I am happy to write to you to give you reassurance on that.

**Chair:** We are going to move on to our interesting inquiry on acceptance of cash. I know you have had some opportunity to read into this, and we have had some very interesting evidence.

Q145 **Lola McEvoy:** Good morning. This Government have made it really clear that AI and digitisation of public services is an essential lever for growth. The Prime Minister said that we will increase the public sector compute, the engine of AI power, by at least a factor of 20. The Committee heard from the Exchequer Secretary to the Treasury, James Murray, about how the digitisation of HMRC was going to dramatically improve the public's experience of that service.

As the Chair said, the Committee is grappling with the pros and cons of a cashless society in the round. Anna Harvey, I am specifically interested in your opinion and analysis of the impact of the advances in fintech on the Government's mission for growth, specifically in the financial services sector.

**Anna Harvey:** We see fintech contributing to that growth mission. Fintech has been a success story in the UK over the last 10 years, and a really important part of the pots of the flourishing financial services ecosystem that we benefit from in this country. It has driven innovation. A lot of our really high-potential firms that might be listing here in the UK are fintechs. It has been a really positive thing. Innovation has also fed through into some of our larger firms; it has really driven them and let them be at the cutting edge. We see innovation, technology and that fintech sector as being a really important part of the story going forward.

The Committee may know that, for the financial services sector, there is a growth and competitiveness strategy that is being developed as part of the Government's industrial strategy. One of the key pillars is around innovation, technology and digitisation. It also calls out a number of high-opportunity, high-priority subsectors, which include fintech. There was a call for evidence before Christmas on that growth and competitiveness strategy. We are currently in the process of working through all the really fantastic responses that we got to that. We are working out how, as part of that, financial services and fintech can play their role in delivering the Government's growth mission.

Q146 **Lola McEvoy:** Is there anything you can share with us about the responses or anything you have found from that so far? What is the general feeling?

**Anna Harvey:** That theme around innovation and technology has come through really strongly across the board. The sector in general feels that that is going to be a really important part of a successful future strategy.



We are still in the process of working through what the underpinning policies might be. The industrial strategy is not just about what Government are going to do; it is about what industry is going to do and how we are going to work together.

**Q147 Lola McEvoy:** It is interesting in the landscape that we are operating in at the moment. The Government are really committed to investing in AI and in the tech companies and then rolling it out throughout our public services. With that in mind, Minister, how do you think the Government want the payments market, at a national level but also at a local level, to change over the next five to 10 years?

**Emma Reynolds:** Let me just say something about your first question, if that is okay, just to add to what Anna said. We have a world-leading financial services sector, and the role of innovation and technology is absolutely central to its success. Fintech—both in terms of some of the challenger banks that we have seen and other payments firms, but also in terms of more established banks, where they are drawing in innovation and technology—is a really important part of our role as one of those world-leading international financial centres. That is just to put that in context.

You asked about the payments vision. We want to make sure that we have a payments vision that is fit for the future. There has already been a lot of innovation in the payments vision. We need to make sure that operational resilience is at its heart. We need to make sure that we push forward with innovation, but that we take people with us. Anna, you might want to say something about the payments vision.

**Anna Harvey:** Yes, I am happy to talk a bit more about that. The Committee may know that the Government published a national payments vision alongside the Mansion House speech last year. The top-line vision statement was to deliver a trusted, world-leading payments ecosystem built on next-generation technology, where consumers and businesses have a choice of payment methods to meet their needs.

There are three pillars that we think are important to build and that we want to really focus our collective efforts on. The first is around security. That encompasses resilience, but fraud is also a really important theme. The second is innovation. Payments is an area where, as consumers, we can see how much the way that we pay has changed. That choice has been a really positive thing for most people. We need to keep that level of innovation. There is a lot of potential future innovation that may be coming around the corner, with advances in distributed ledger technology. That potentially creates a lot more opportunities to pay in new, interesting and exciting ways that are valuable to customers and businesses.

The third important pillar is competition. We need to make sure that we have an ecosystem where competition and innovation are linked. It helps



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drive better services, but also drive good value for consumers and businesses.

**Q148 Lola McEvoy:** That is really interesting. You mentioned consumers, which is a big part of the inquiry that we are doing and the report that we are doing on the point around acceptance of cash, but you also mentioned choice. They are the two things that keep coming up from the witnesses that we speak to. We are specifically interested in the rub between growth at all costs and people who might not feel like that is the choice they want or the choice they need to support them. Minister, how can growth be achieved in this area without leaving people behind who cannot use digital payments, or feel nervous, anxious or isolated without the use of cash or cash acceptance?

**Emma Reynolds:** Just to reassure you, we are looking at this in our new financial inclusion strategy. We have a committee set up to do this, and we have various sub-committees within the committee. The main focus of that will be on digital inclusion. How can we help the digitally excluded join the rest of us, frankly, because the vast majority of people are accessing banking online and are using cards for payment? How can we also ensure that there is access to banking? As you will know—I am sure we will get on to this—there has been a new comprehensive cash regime put in place and accelerated by the adoption of the FCA rules that were introduced in September. I am sure we will come on to the access to cash issue.

**Q149 Lola McEvoy:** Is there anything you want to share with us about the financial inclusion strategy that might apply to the people that we have heard giving evidence: the more isolated groups, people with learning difficulties, people who are fleeing domestic abuse, and certainly older people who might not feel confident with online banking?

**Emma Reynolds:** The financial inclusion strategy is going to look at all of those vulnerable groups and take their needs into account. I am at the early stages of this; it was obviously launched under my predecessor, but it was a commitment that the Labour party made in the “Financing Growth” paper that we put out in February last year in Opposition. We are very committed to ensuring that we push forward with financial inclusion, and I am happy to come back to the Committee when we have further developments in that area.

**Q150 Chair:** On the committee you have with all the sub-committees, who is on those committees? Do you have representatives from the sectors involved?

**Emma Reynolds:** Yes, indeed.

**Anna Harvey:** You chair the overall committee and there are some sub-committees. The sub-committee that is most relevant here on digital inclusion and access to banking is chaired by Jas Singh from Lloyds Banking Group, I believe. I could not tell you who is chairing all the other



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sub-committees, I am afraid. Sorry, there was a second part to your question.

Q151 **Chair:** Who is on them?

**Anna Harvey:** They have been designed to have a mix of membership. We have people from civil society groups, people from business, but we are also trying to get representatives with lived experience so that that perspective is also brought to bear.

**Chair:** The Committee will be happy to share with you the work that has just taken place. We had a session last week about lived experience. I am sure it will be out with our report.

Q152 **Chris Coghlan:** As part of your financial inclusion strategy, are you looking at innovations in financial inclusion in developing countries? I am thinking specifically of east Africa with M-PESA, with the use of mobile banking to include people, using very simple, non-smartphone technology around mobile payments to bring people in who are not necessarily familiar with a smartphone.

**Emma Reynolds:** As a Minister I am always really happy to learn from what others are doing internationally. Actually, in some of these emerging economies, they are stealing a march on us, because they are almost taking a digital-first approach. They are starting from a position where nobody has a fixed landline because they have never had one, and they start with a mobile phone. Obviously you have to learn the lessons, given the context you are in, but I am very happy to have a look at that.

The overall strategy is to ensure that fewer people are financially and digitally excluded. It is a key priority for the Government. As Anna has said, I am chairing the overall committee.

**Anna Harvey:** There are some elements to digital exclusion. There is access to the devices, access to the internet, and then there is also something about having the skills to access those technologies. The point that you make is also a really important part of filling the gap, I suppose, around digital exclusion, which is also developing the right products that those individuals can engage with. It is one of those problems that you need to approach from a few different angles.

Q153 **John Grady:** You obviously have the financials and strategy with committees and sub-committees. When will the committees complete their work, and when will the Government come to a decision as to next steps?

**Emma Reynolds:** We are at the very early stages of the journey. The first meeting—and obviously this was chaired by my predecessor—took place late last year.

**Anna Harvey:** I believe there is a follow-up meeting coming up in March, but at this stage we have not set out the timeline.



Q154 **John Grady:** Do you have any form of timetable that takes you to, say, completing the work at the end of 2025 and the Minister making a decision in January 2026, or am I being a little bit impatient?

**Emma Reynolds:** We are all impatient for change, Mr Grady. I have not yet chaired this group because obviously I have only just come into post. That is something that I will have to discuss with the committee, but in a way, although it would be good to have recommendations and to make progress, this will be an ongoing issue, because—as you have taken evidence in both writing and oral evidence—the landscape for digital inclusion and financial inclusion is changing every year and every month. Digital inclusion is a priority for our Government and will continue to be one. We do not have a timeline yet.

Q155 **Chair:** When you have had your next meeting, it would be good if you could update us on any timelines. We recognise that may not be one complete, finished piece of work. We may have bits of work along the way.

**Emma Reynolds:** I am happy to do that.

Q156 **Lola McEvoy:** Because of the powerful testimony that we have heard over the course of this inquiry, it would be remiss of us not to stress the point of the need for cash, especially for those fleeing very abusive domestic abuse situations. Minister, we appreciate you are new to post. We are all on board with hurtling toward digitisation of all of our public services, as it is essential for growth, but it is really important that you understand the magnitude of the lack of acceptance of cash by essential services as people's exit strategy from violent relationships and abusive, coercive relationships.

We have heard really powerful testimony that will be in the report. We cannot go into detail about it, for obvious reasons, but, with the Chair's permission, we should probably try to put that in your financial exclusion strategy as well, because this is crucial for these people. Some of the key points that came out were around the fact that being able to keep a little bit of cash aside for your exit strategy enhances your space for action, and that means that it enhances the likeliness of you being able to get out of that abusive situation.

On top of that, there was some very concerning evidence about the impact on children of the lack of cash acceptance from public services—so the actual nuts and bolts of fleeing and exiting an abusive situation, an abusive relationship, like transport and also the impact on children. I just wondered what the Government can do in supporting this Committee and those people to make sure that they do have as many of those opportunities for action and as much of that space for action for them to flee those situations. Sorry, I just wanted to stress that point.

The question is about, if the Government are committed to moving and financial inclusion but also moving to a digital-first approach for public services, where that leaves these people and how we can make sure that





they are supported.

**Emma Reynolds:** I know that you took some evidence in private, but I also did read the oral evidence that was given in public from the representatives of victims-survivors. It was pretty difficult to read.

Tackling economic abuse is a priority for the Government. That is why we have an ambitious access to cash regime. That is not just about customers accessing person-to-person banking in banking hubs; it is also about businesses being able to deposit cash. That obviously facilitates them in accepting cash or continuing to accept cash, but I also read the evidence you had from the business representatives and the convenience stores saying that there were very few of their members who did not accept cash. I think the figure you have in your written evidence from James Lowman is 99%, which is encouraging, but we have to see these things in the round.

We are very nervous about putting any additional burdens on small business in particular. I understand the point you are making, Ms McEvoy, but we do have to see these things in the round. Obviously, our main mission as a Government is to drive economic growth. The reason that we are prioritising that is that is the only way to lift living standards and ensure that people are better off overall.

Q157 **Dame Siobhain McDonagh:** Welcome, and congratulations on your appointment. I understand your point about small businesses, but what about big businesses? Should Starbucks accept cash?

**Emma Reynolds:** That is a good question. There is obviously a big difference between big and small business. I know there is some discussion among you as to what you want to do in terms of recommending to the Government. When you send your report to us, we will consider it in detail, but we have no plans to regulate businesses, big or small, to compel them to accept cash.

Q158 **Dame Siobhain McDonagh:** That will exclude certain marginalised people in our society, as large businesses move away from accepting cash.

**Emma Reynolds:** Our solution to that, through the financial inclusion work that we are doing, is to try to tackle digital exclusion. As I say, I was encouraged by the testimony from the Association of Convenience Stores that the vast majority of their members accept cash and they do not have any plans in the future to change that.

Q159 **Dame Siobhain McDonagh:** On a panel we had last week, we met a very nice young man with learning difficulties. He wants to be part of mainstream society, as we all do. He wanted to go to Starbucks but he does not have a debit card or may not be able to use a debit card to manage his money. He wants to go to Starbucks on a Saturday afternoon.



**Emma Reynolds:** We need to look at the financial guardianship. My brother-in-law is in a similar situation, by the way. We therefore need to look at the rules around what the carers and guardians of people with learning disabilities can and cannot do. It seems to me very restrictive that a coffee cannot be bought with a card and then reimbursed. I have not been able to get into the detail of that. I did read that testimony as well, but I am happy to take that back and have a look at what we might be able to do.

**Anna Harvey:** I wonder whether some of the answer might be these different types of payment technology. Rather than a debit card, you can get some prepayment cards where money is loaded. Maybe there are also some technology solutions where those people with those issues would feel more comfortable, but I completely appreciate and definitely agree that cash is really important to a lot of people, particularly a lot of vulnerable people. The FCA's statutory access to cash regime is there because the Government recognise that and want to ensure that the cash infrastructure is in place, so that people can continue to access it and businesses can continue to use it as far as possible.

Q160 **Lola McEvoy:** It sounds to me from both of your responses—forgive me if this is too direct—that you think that, in the balance of growth and progress, a cashless society might fall naturally in place with that. Would you agree with that statement?

**Emma Reynolds:** No. That is not what we are saying. We are saying that businesses should have the flexibility to offer the choice in payments that they think their customers need. We are not minded and do not have any plans to regulate or to force business to accept cash. We know that there are many businesses that still do. I come back to the evidence that you received from the business representatives that suggested that was the case.

Q161 **Lola McEvoy:** I take your point on businesses and regulating businesses in this Parliament. I know my colleague, Bobby Dean, will come on to this a bit more, but I suppose we as a Committee are concerned about taxpayer-funded services as well, essential services where taxpayers' money—often these people themselves—have paid into a pot that is used for the local bus service or the local train service. I would just say to keep that in mind when you are making those decisions. We are not just talking about the acceptance of cash from businesses; we are also talking about essential services.

Q162 **John Glen:** Could I just ask about if you are not giving a mandate in terms of using cash? We have discussed the range of large online retailers who will find that fine because it does not apply to them, but there is a long tail of vulnerable people who will be affected. HSBC will do bank accounts for homeless people. Other banks will do cards and proxy cards for older people. Is there any specific piece of work within your financial inclusion strategy to amplify the provision by banks and financial services for the practical solutions in a world where there is no mandate



for cash going forward?

**Emma Reynolds:** Yes, absolutely. You have highlighted a couple of those things already, but I am very keen to work with the banks to ensure that they are taking practical measures to help people. We have already seen with victims-survivors that many banks provide those safe spaces for people. We want the best practice to be the leading practice. We want to highlight that and we want other banks to come along on that journey, so that definitely will be part of the work.

Q163 **John Glen:** I recognise the dilemma you are faced with, but we have seen a lot of evidence from vulnerable communities. We also recognise that there is quite a diversity from a metropolitan view and a view from market traders, say, in Darlington, who use cash in a much more ready way than they do even in the market in Salisbury. The danger is that if you do not get enough exposure to that long tail of vulnerable people and people who are just habitually using cash in a different way, you will not meet the expectations of society as a whole. That is a concern the committee has.

**Emma Reynolds:** That is why we are absolutely committed to the access to cash regime, which is a very ambitious regime. The objective is to open 350 banking hubs by the end of this Parliament, and LINK is doing some really good work. There are 181 banking hubs either being opened or in progress, and 123 cash deposit machines.

I will come back to this, because people think of banking hubs as just really important for the customer, which they obviously are, but it is also really important for small businesses that they are able to have somewhere they can deposit that cash, because if they do not, they will not be able to accept cash. We are very committed to those two things.

Q164 **John Glen:** Do you not think there is a risk that small retailers will have to bear the cost of dealing with cash, and large online businesses will avoid it completely and have no cost? That has implications.

**Emma Reynolds:** Indeed, which is why, as I have said, we have no plans to compel small or large businesses to accept cash. I am sure we will come on to this too, because there are obviously fees with regard to card payments as well, which I am sure we will discuss.

Q165 **Bobby Dean:** I am going to be picking up on Ms McEvoy's comments a bit more. Do you know if the Government have done any risk assessment to date of some of the groups that we have been talking about that might be prevented from accessing essential goods or services if we were to arrive in a cashless society? Have any assessments been made?

**Emma Reynolds:** We are not in a cashless society.

Q166 **Bobby Dean:** I appreciate that this point is going to be made multiple times and the convenience stores said 99% of them take cash, but the point of this inquiry is to anticipate what might happen in the future.



**Emma Reynolds:** But the ACS also said that their members do not have any plans to change that in the coming years.

Q167 **Bobby Dean:** Of course, but things change rapidly. We have seen things change rapidly in just the last few years. The point of this inquiry is to speculate about what a cashless society would look like. If you speculate that we do arrive in a cashless society, would there be any impact assessment made on which groups would be particularly vulnerable?

**Emma Reynolds:** We have not done an impact assessment of a scenario that we are not planning for, because, as I have said, the focus has been on the access to cash regime. We cannot, on the one hand, have our focus on the access to cash regime and then do a risk assessment of a cashless society. I do not think we are anywhere near having a cashless society.

I live in Buckinghamshire. I cannot get in a taxi and make a card payment in Buckinghamshire. Some people might want to do that. I cannot. If I want to get a taxi home from the station, which I often do, I pay with cash. I know that might be different in London, Chair. Mr Glen is absolutely correct that there are different conditions in different parts of the country, but in my everyday I certainly go to many businesses where they accept cash. We are not making plans for a cashless society, just to be very clear about that.

Q168 **Bobby Dean:** That is fine. Five years ago, I would not have imagined using my phone for everything, but I do that as well, so things can happen very quickly. Ms McEvoy spoke a little bit about the evidence we heard from victims of economic abuse, and they talked about space to act and how cash increases their space to act. They are able to hide cash in multiple locations. If they were to have a prepaid card, for example, as an alternative to a regular debit card, if that was to go or be taken by their abuser, that is the end of their cash flow, but you can hide cash in multiple areas.

It is also the acceptance of cash. If you go on to a train and they are not going to accept cash, that restricts your space to flee. If you wanted to go into a bar and it is not deemed as an essential service in the future, that reduces your space to act. Has there been much consideration about how cash provides liberty to people, particularly if they are in these kinds of situations?

**Emma Reynolds:** As I said previously, I read the public oral evidence you got from the representatives of victims-survivors, and it was very moving. It is something that we will look at carefully. We are absolutely committed to rooting out economic abuse, but we know it is a big problem and my heart really goes out to the women in those situations.

**Anna Harvey:** On economic abuse, cash is obviously the focus today, but there is also a broader set of actions or things that we should be thinking about and discussing as Government with the sector—about how they can provide services to women in those circumstances. It is helping



them set up their own independent bank account after having fled. Sometimes they do not have access to the right ID because that is perhaps being held by the other person in the relationship. It is about ensuring that banks are taking the right flexible approach.

There are also things about coerced debt and people stuck in joint mortgages. There is a real breadth of issues that we want to engage with the financial services sector around on supporting victims-survivors of economic abuse. That is going to be a cross-cutting theme in the financial inclusion strategies. It is an issue that is really rising up the agenda.

**Q169 Bobby Dean:** I appreciate all the potential solutions you are putting forward. The role I played in the focus group last week was to try to put each one of those forward, because I anticipated the industry would always say, "Look, these are mere digital or tech hurdles to be overcome. We can change policy. We can change process. All we need to do is help those that are excluded become included". We did receive repeated pushbacks on that.

The bit I want to focus on in particular is the idea of essential services. Some people from industry, when they were in front of us, said that, if there were to be any regulations on cash acceptance, they would want to limit it to so-called essential services. The victims of economic abuse said that is not possible, because they cannot determine where they would need to seek refuge or how they would need to seek refuge. Would the Government be considering essential services as a possible restriction, as other countries have, or are there no restrictions at all?

**Emma Reynolds:** Again, I read the oral evidence given on this, but I do not really know what the definition of "essential services" is. Where does it start and where does it end? It seems like you have also received evidence around that. As I said previously, we do not have plans to compel business. It would be very difficult to come up with a plan to only compel businesses who provide essential services to accept cash, precisely because it is so difficult to define. That was the evidence you also received. Somebody said there was a complexity around this, which I would agree with. Where would it stop and where would it end?

**Q170 Bobby Dean:** That is quite a clear answer—that you do not think defining it by essential goods and services would be useful because it would be too difficult to define. But you have said, on the flip side, that you do not intend to impose any regulation at all.

I know that you do not anticipate this is going to happen soon, but just to offer the views of these minority groups again, who feel that the Government do not understand this and do not understand how cash is vital to them, what would you say to those groups who are saying that tech hurdles and digital hurdles are not mere things to be overcome? There is something unique about cash that we need to hold on to. We need to ensure that cash acceptance continues into the long run, despite what the trends are saying right now. Into the long run, they want



assurances that cash will always be accepted.

**Emma Reynolds:** As I said, the focus of the Government is on the access to cash regime, which does relate to the acceptance of cash because, if businesses do not have places to go to deposit cash, that is when they stop accepting cash. We are absolutely determined to ensure that banking hubs and deposit machines are available to small businesses.

I also just want to say that I am grateful to the Committee for bringing this to our attention, because you have said that they do not think we understand. Reading the oral evidence and some of the written evidence has given us a better understanding of the perspective of those groups.

Q171 **Dame Harriett Baldwin:** Congratulations on your appointment. The thing that shocked me the most last week was that there are school dinners that the children of parents who fled domestic abuse are unable to purchase with cash. I am just laying that out there, because that really shocked me to learn.

I am going to change the subject to international comparisons. It is clear that some of our major trading partners, whether it is the US, the EU or Australia, are thinking about going down legislative routes to mandate the acceptance of cash in certain areas. I just wondered if you have had time—although you are newly appointed—or whether Ms Harvey as the lead civil servant spends time looking at some of those international comparisons.

**Emma Reynolds:** We are very interested in international comparisons but there is a limit to how relevant they are, because obviously we have our own individual circumstances. I know that in Sweden they were thinking of moving to a cashless society; there was a sense that they went too quickly and then had to rewind. That is why I was very keen to say to Mr Dean that we do not have a plan to go towards a cashless society.

Yes, we want to ensure that we are at the leading edge of innovation and we want to combat digital exclusion, but we think there is a role for cash going forward, otherwise we would not have been committed to the access to cash regime and 350 banking hubs. Anna might have had a chance to look at some of the more detailed comparisons with international jurisdictions.

**Anna Harvey:** We do look, and have looked, and monitor some of the debates in other countries. I know it is a live debate in the EU at the moment. There is a Bill that is being discussed. I know Ireland published a national payments strategy last year that talked a little about cash acceptance. There are a few other countries to talk about, such as Sweden. We absolutely seek to understand those arguments and where those countries have got to.

Q172 **Dame Harriett Baldwin:** Have you looked at the Australian draft



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legislation, the proposals in Australia? Of the ones we have looked at, that probably seems the most sweeping.

**Anna Harvey:** They do attempt to define essential services. Children's clothing is an essential service but adult clothing is not.

Q173 **Dame Harriett Baldwin:** You have looked at them in detail and you do keep track of these developments. I wondered if I might just turn to another international issue, because it has been widely reported, Minister, about your new role, the role that you had before being re-elected and the stance that you took in terms of China. I just wonder if you could clarify for the Committee whether, in your new role, you are being recused from things that you perhaps were not in your previous role as Pensions Minister.

**Emma Reynolds:** Thank you for the opportunity to clear this up. The first thing to say is do not believe everything you read in the newspapers. I did not represent Chinese business and I have never represented the Chinese Government. I was representing UK businesses and UK-based financial services. The work that I did in the City before my election in July was highly relevant to the job I have now.

I have not recused myself because I have no ongoing financial interest. I am not being paid by TheCityUK. I resigned my position at TheCityUK. By the way, the clue is in the title: UK. I am not saying you are saying this, Dame Harriett, but I have had various allegations thrown at me. I have not recused myself because I resigned from my position at TheCityUK upon my election, and then I was appointed as Minister a few days later.

Q174 **Dame Harriett Baldwin:** That is the same position as you had in your previous ministerial role.

**Emma Reynolds:** Yes. There is the foreign influence registration scheme, which was an ongoing discussion in the previous Government, and it is all about the trade-offs and balance between national security and economic growth. That is at the heart of it, but let me just say that this was not about Chinese activity here; it was about financial services investment and interactions with Chinese business in China. There has been a lot of misrepresentation of the issue.

Q175 **Dame Harriett Baldwin:** But were you recused from more things in your previous role as Pensions Minister, or is it identical to your new role?

**Emma Reynolds:** The essential principle is that only if you have an ongoing financial interest should you recuse yourself from policy decisions. I have no ongoing financial interest at TheCityUK. They employed me before my election, I resigned my position at TheCityUK upon my election, and therefore I have not recused myself on any policy area. What the Chancellor and the Prime Minister think is that the fact that I did work with financial services firms is a strength, not a weakness.

Q176 **Dame Harriett Baldwin:** Okay, so it is exactly the same issues you



might be recused on in this role as in your previous role.

**Emma Reynolds:** I have not recused myself from any issues in this role or the previous role, for I have no ongoing financial interest.

Q177 **Dame Harriett Baldwin:** Thank you. That is very clear. Turning to another international issue that I know is very relevant to the inquiry on acceptance of cash is the FCA statistic that 7 million UK consumers have bought a cryptocurrency or Bitcoin, and the acceptance of those. Clearly, we have a change in the US, which has become much more pro private sector crypto. President Trump signed an executive order this week stopping the central bank from developing a central bank digital currency. Obviously there is quite a lot of work underway at the Bank of England in terms of a central bank digital currency. I wondered if you had formed a view, Minister, in terms of the role that you want to play in either encouraging or discouraging these initiatives in the UK.

**Emma Reynolds:** The position in the UK has not changed. The previous Government and the current Government support the Bank of England's plans to develop a central bank digital currency. I have my own views about crypto and the issues surrounding that, but maybe that is an issue for another day, if that is okay.

Q178 **Dame Harriett Baldwin:** Would you buy any?

**Emma Reynolds:** I have not bought any crypto. It is entirely up to consumers how they invest their money. If I had much money to invest, my preference would be to invest in things that have underlying value. I have my own views about crypto, but this is quite a complex issue.

**Chair:** That is something we will come back to when you are in front of us next time.

**Anna Harvey:** If helpful, I wonder if I could just add to the comment on the central bank digital currency. There is a joint Treasury, Government and Bank of England piece of work, and we are currently in the process of designing a blueprint for a retail central bank digital currency or a digital pound. The idea is that, in order to make a decision about whether this is a road that you want to go down, which is a pretty significant decision with a lot of balanced arguments, you need to know in broad terms what that proposition is in order to be able to take a yes or no decision.

Q179 **Dame Harriett Baldwin:** How it might affect the acceptance of cash, for example.

**Anna Harvey:** And how it would address concerns about privacy and other such things. Deciding these things, or even a blueprint for these things, is a pretty detailed and complex thing. That is a piece of work that is being taken forward over the course of this year, with a view to Ministers and the Bank together making a decision, probably in 2026.

Q180 **John Glen:** Can I just quickly go back to this crypto thing? I recognise you do not want to talk about it now, but what the industry is saying is





that the EU is moving forward quickly and the US is moving forward quickly. The default of our regulator, the FCA, is, “Do not invest in it”, which for most consumers is probably good advice, but the lack of an advanced regime that is in parallel and analogous to those means that we are going to be left behind. For those that are at liberty and are sufficiently financially secure to make those investments—there will be weeks before we can see you again—I just would respectfully urge you to take that away, because it is material to the industry at large.

**Emma Reynolds:** Yes. I have heard those concerns, but obviously in Government you have to balance that against other priorities. Yes, I will come back when I have had a bit more than two weeks. I also need to talk to the industry, which I have not yet done in this current role.

**Chair:** We appreciate it, and we appreciate your proactive offer to come in front of us. You have to come if we invite you anyway, but it is good to be on the front foot and keen.

Q181 **Dr Sandher:** Before covid, I lived in Somaliland for two years, which is one of the poorest nations on earth. They moved to an almost cashless society, so it is certainly not beyond our wit to do so. If they could do it, we could certainly move towards it. If we are moving towards that society, I would be interested in your opinions on what it means in terms of card transactions, particularly for small businesses and those on low incomes. Retailers spent about £1.6 billion on processing card transactions, and those processing fees disproportionately impact small businesses and low-income people. Would you agree with that assessment, and does that concern you?

**Emma Reynolds:** Thank you for the question; it is really pertinent. We want to see as much competition as possible in this area. We do not want to see small businesses facing high fees. We want to see the lowest fees possible for small businesses, because we want to see small businesses grow and employ more people. We want economic growth. The Payment Systems Regulator, which is obviously independent of Government, is conducting two reviews that are pertinent to this. The second one is particularly pertinent, which is to look into the fees. We will await the outcome of that review and work with the regulator once we know the findings.

**Anna Harvey:** This point about ensuring that card fees are priced fairly and competitively is important and difficult, because we understand that it is a market that is really dominated by two players. That is why the Payment Systems Regulator is looking carefully at those fees, particularly some fees where it has seen some increases, and it wants to be confident that those increases are justified.

The other thing that, as a Government, we think is important and was reflected in the national payments vision is that one of the ways that we can tackle that is by increasing choice and broader competition. We really want to try to push forward account-to-account payments and using open



banking as a technology to support that as a method of payment in more retail transactions. That would provide another payment rail that would sit alongside cards and help provide more choice and hopefully better value to merchants and consumers.

You had a question about small business versus big business. I recognise that, because some of these larger retailers have sufficient bargaining powers that they are able to negotiate on some of those fees, which a small business typically will not. I am not sure I quite recognised or understood the low income versus higher income because the fee is not reflected in the price. The price is the same regardless.

Q182 **Dr Sandher:** You are right, Ms Harvey. I could have been clearer. When you have your card transaction, when the retailer interacts with the bank, you will have a minimum fee, if you like, or a per-transaction fee plus a percentage of the amount. If I am a low-income consumer and I am consuming less, I would expect that fee to be passed on somewhere. If I cannot go to the big supermarket and I go to the small one around the corner, those small businesses will be more likely to have a higher percentage of the transaction for smaller transactions that would go on fees. Does that make sense?

**Anna Harvey:** In most cases, that cost would be borne by the retailer rather than the person making the purchase. I have also experienced personally—I do not know how often it happens now—that some shops have minimum transaction levels for card, in order to mitigate the costs that they face through card fees.

Q183 **Dr Sandher:** The retailer bears the cost, but fundamentally they are going to pass it on to their consumers. If they have a lot of small transactions, invariably it is going to come on to the consumer. I appreciate it is not a huge amount of money, but it is if you have low income; it is if you are counting every penny; it is if you are desperate to make those small transactions.

Coming back to your previous point about regulation and competition, the concern is not about competition as such; it is about the cost of processing the transaction. I am sure the minimum transaction fee does make sense, but the problem is that there is an equity consideration in terms of the fact that it might not be so fair if you do have a minimum fee plus a percentage fee, and there are other different regulatory ideas around it. Examples would be tiering those fees, caps, et cetera. Would you be willing to ask the Payment Systems Regulator to consider those issues?

**Anna Harvey:** The Payment Systems Regulator is independent. It is for it to investigate the market, see if it thinks there is an issue, and then consider a suite of remedies that might be put in place. Putting in place caps is definitely a remedy that you can use and that economic regulators use in those sorts of scenarios. Another one is transparency and making



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sure that they are clear about what they are charging and why they are charging it, as a mechanism to drive value.

The tiering one is not a suggestion I have heard. I am very happy to take that away to the PSR and ask it whether it is a remedy that it has considered as part of its market reviews.

Q184 **Dr Sandher:** There is a broader question on regulating for growth. You said the PSR has a review. Do you know when it is reporting back to you, by any chance?

**Anna Harvey:** It would not be reporting back to us; it would be reporting to the market. There are two reviews ongoing. One is about scheme and processing fees. It published the indicative outcome of that before Christmas, I think, with its suggested remedies, but perhaps we can come back to you with the detail.

The other one is on cross-border interchange fees, which are a particular subset of type of fees. Again, they are quite progressed with the market review, and we can give you chapter and verse if helpful.

**Dr Sandher:** When James Lowman of the Association of Convenience Stores came before us, he did ask for more regulation in this area, so it would be nice to see that happen in the future.

For me, the outcome is broadly that you want to have a percentage of the transaction as a fee, and not have the minimum fee on top in a way that is causing a higher transaction fee at the bottom than it is at the top. That would be my broad request.

**Chair:** Of course, the Committee will report with its own recommendations in due course.

Q185 **John Grady:** When we listen to the discussion we have had this morning, there are a number of concerns that have been expressed to this Committee. One is national security and resilience and whether cash is important for that, and that is something that is reflected internationally as well.

The second concern is that there is a significant set of consumers who like to be able to use cash, and unless I have missed some technological development, that is the mechanism of payment they broadly can only use. They need to be able to use cash, otherwise they cannot purchase things.

The other thing we have touched on in the Committee with the Post Office is just that we have currently—you are quite right—a system of access to cash. The mirror to that is acceptance of cash, and if no one is accepting cash, that system will become progressively more expensive per transaction.

A concern that people might express is that we could be sleepwalking into a situation where there is not sufficient usage of cash. Therefore, the



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costs of that network become prohibitively expensive per transaction. Also, we start to really exclude vulnerable women, people with learning disabilities and so on. Has the Treasury looked critically at potential scenarios for the usage of cash diminishing to the extent where the cash system becomes uneconomic?

Secondly, has the Treasury modelled whether, having set about vigorously making sure there are fewer access to cash deserts, we are actually in a situation where we have acceptance of cash problems? To give a simple example, in my seat, you might find areas where the supermarkets broadly only accept cash in one till out of 20 at the Morrisons in Barrowlands. I have not counted the tills at the Morrisons in Barrowlands, but that is the sort of situation they have. Has that been modelled at all, because it seems to me that the trends are quite clear?

**Emma Reynolds:** You asked a number of questions. Maybe I can pick up on the first question, which was about national security and resilience, and then come on to your second set of questions.

I am glad that you raised this issue, because we wanted to have the opportunity to say that regulators have very high expectations and set high standards for firms to have operational resilience in payment systems. We certainly think that it is advisable for consumers, if they can, to have a range of ways they keep their money. Cash would not necessarily be one of them, because there are obviously risks of keeping a lot of cash as well.

Anna, I do not know if you want to say anything about the operational resilience issue.

**Anna Harvey:** You are right. The place we would start is with the need to put really clear expectations on firms to maintain high levels of operational resilience. That was done in March 2022, when there was a financial regulators policy statement on operational resilience, which set those high standards. There is also a system of direct supervision from the Bank of England over payment systems and related services providers that are deemed to be systemically important. That is the first step.

Part of our resilience picture in the UK is having some diversity of payments provision, so we are not putting all our eggs in one basket.

Q186 **John Grady:** Was the modelling the second chapter?

**Emma Reynolds:** It really comes back to Mr Dean's question. We have not modelled a scenario that we are not planning for. We are not planning for a cashless society. You have heard evidence from the Association of Convenience Stores that the vast majority of their stores accept cash and are planning to do so in the future. That is why we come back to the access to cash regime, which is mirrored. It is related to this acceptance of cash, because we want to enable small businesses to be able to deposit cash in a convenient way, so that, if they wish to, they can continue to accept cash.



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Without the framework that is provided for by the access to cash regime, that certainly would lead to fewer businesses accepting cash. They are related, and we are very committed to that access to cash regime.

**Q187 John Grady:** That makes sense, as our point might be that you are not planning for this to happen. One final question is that the Equality Act forbids indirect discrimination. That is when an organisation has a way of working that has a worse impact on disabled people compared to other people. The other thing it requires is that one makes reasonable adjustments for access to jobs, education and services, for example public services, swimming pools and so on, and going into Starbucks to buy a cup of tea.

There is a cohort of people who are only really comfortable with cash, such as much older people, disabled people and vulnerable women. Some of these are quite clearly protected characteristics. Has the Treasury considered the current legal landscape? In most situations, one is required to accept cash, and the law, properly understood, would require cash to be accepted by, for example, Starbucks or a local council providing leisure facilities. There is, in fact, no business choice.

**Anna Harvey:** My first answer would be that it is for the courts to decide the interpretation of the Equality Act and what a reasonable adjustment is, rather than for the Government.

I want to just recognise that we really do appreciate this point. It is not that we are sitting in Treasury and we do not recognise that cash use has and may well continue to change. We have seen evidence—there is quite a lot of consensus—that the people who are now using cash are pretty fixed on continuing to use cash and want to continue to use it. We do not see it falling off a cliff, but clearly the way that cash is being used in our society has changed, which is why something like the access to cash regime is necessary.

There is another regime or intervention that we have not talked about so much but is relevant here. The access to cash regime was legislated for in the Financial Services and Markets Act 2023, and alongside that there was also provision made for Bank of England oversight of wholesale cash. There is this point about cash infrastructure, thinking of, for example, Loomis, one of the big cash-in-transit providers, and the people who operate industrial cash centres. That is part of the infrastructure that supports cash use. As cash use has declined, there are potentially risks to that, so it is appropriate for the Bank of England to take a more proactive role to supervise it and to oversee it.

**Q188 John Glen:** Can I just go back to the PSR and the future of mechanisms to make payments? It is often said that there is a risk that reviews and the regulator interact more with the incumbents and less with new providers, new financial services firms and platforms, and that their mechanism for evaluating stability and what it needs to be backed by is drawn from the world as it has been. Do you see any evidence that there



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is an opportunity to look at this differently in the light of the innovation that is happening in payments?

In the context of the Government's imperative for growth, is this an area where a nudge from ministerial oversight could actually take us in a positive direction in terms of opening up new opportunities for challenge between new players and incumbents?

**Chair:** Minister, you are being tempted to give a nudge.

**Emma Reynolds:** I am always happy to nudge, Mr Glen. First, let us say that we want a very competitive market. Actually, the great strength of the UK, as you know very well, is that we do have challengers in the system. Certainly in the banking world, we have challengers; I was meeting one yesterday. Some of these challengers describe themselves as a technology company and a bank. They do not say that they are one or the other; they are both things together.

The Payment Systems Regulator is independent, but I would certainly encourage them to avoid the scenario that you are suggesting might become the norm, which is that you only work with the established players. We know the strength of our financial services industry is that we do have big, world-leading established players, but we also have those challengers, such as Monzo and Starling, and some of the other smaller fintechs that are growing up.

I do not want us to fall into that trap, and I am very much up for ensuring that we have a system that enables that challenge, because it is really healthy for competition and ultimately very good for the consumer.

**John Glen:** That is great. I agree with you.

**Anna Harvey:** That was a really big theme in the national payments vision, in terms of how we can get that benefit from open banking, because there is a lot of potential innovation that could come from that if we can unlock it.

Q189 **Bobby Dean:** At risk of labouring the point, I just want to try to get absolute clarity on some of the answers. You keep saying that we are not planning for a cashless society. I accept that.

Some of these vulnerable groups are saying that this is the point: that there is no plan for a potential cashless society. It is happening slowly in an unstructured, unplanned way. We have heard about train journeys being rejected because people do not have cards. If they make it on to the train, they cannot buy any water or food in a place that they are fleeing to. If they want to provide school meals to their kids, the schools are only accepting prepaid cards as opposed to cash. This space is being limited all the time, and they fear that trajectory is going to continue.

Are you saying that the Government's response to this space being limited is that we need to equip these vulnerable consumers better because you do not want to regulate the businesses, as that would have



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an impact on economic growth? Is that where you are at? You would rather equip the vulnerable consumers better than regulate business better to address this squeezing of the space where cash is accepted?

**Emma Reynolds:** We want to work with the vulnerable consumers that you have heard evidence from. We want to ensure that there is access to cash, which in turn helps with acceptance of cash in the way that I have suggested.

Q190 **Bobby Dean:** I have given you specific examples of where acceptance of cash has declined. You cannot get on some trains. You cannot spend money on some trains. You cannot pay for kids' meals at schools. These are things that are already happening; it is not an imaginary future. How do you want to address that problem? Is it just by equipping the vulnerable consumers better, or will you be willing to consider regulating those businesses to ensure that they need to accept cash?

**Emma Reynolds:** No. I have been very clear that we have no plans to compel businesses to accept cash. First, it is the access to cash regime, and it is also trying to ensure that, through the financial inclusion strategy, we help those who are financially excluded as much as we possibly can.

Q191 **Dame Siobhain McDonagh:** What comes up time and time again, in all financial services in this Committee, is the poverty premium. If you are poorer and you live in a poor neighbourhood, it is hard to get car insurance; it is more expensive; it is harder to insure your house. It is harder to access what all the rest of us take for granted and do to be sensible citizens.

We are making it harder for poorer people. We are making it harder for people who have more difficulty with paying their gas and electricity bills by prepayment meters, by paying quarterly bills rather than direct debit. Do you think that is where we are going to in as far as the issue of cash comes into play?

Following on from Bobby's question, we can give people the access to cash but, if they cannot then use it or the way they use it is more expensive, maybe we are doing them a disservice. You have placed a lot of reliance on the fact that convenience stores have said they are accepting cash and they are very local, and people often access them to buy a small number of items because that may be how they manage their income, but the goods will be cheaper in the bigger supermarkets, which may be going in a different direction—to stop accepting cash.

Is your policy of not requiring big business to take cash going to lead to an increase in the poverty premium?

Q192 **Emma Reynolds:** That is a very big question. First, let me say that we do not want this poverty premium, as you described it, to exist. I see no evidence—but tell me otherwise—that the big supermarkets are stopping using cash. As far as I am aware, if you shop in a big supermarket—

**Chair:** No. That is not what Dame Siobhain was saying.



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**Emma Reynolds:** You were making a distinction between the Association of Convenience Stores and some of the big retailers and big supermarkets.

Q193 **Chair:** What we did hear in evidence very clearly was that people felt humiliated that they are in the queue, sometimes going to the customer service desk to use cash, and feel isolated and othered. They were phrases that came out in our roundtables last week, which we will provide to you in detail.

**Emma Reynolds:** It would be good to hear those. There are a couple of things going on here. How much of an issue is it for the kinds of activities that you were talking about? It is obviously much cheaper to do a weekly shop in the round than it is to go and pick up a thing here or there. There is still a high degree of acceptance of cash in some of these retailers. I have not heard any suggestion that supermarkets are not taking cash, but you tell me otherwise if you have heard that.

We do not think, looking at this in the round, that the right thing to do is to put additional burdens on small businesses. That is why we are not planning to regulate for the acceptance of cash, but we do want to look at other ways to help some of these vulnerable groups who have given evidence to you.

Q194 **Chair:** Ms Harvey, earlier you said you do not see cash falling off a cliff. Minister, are you convinced, though, that cash will survive without Government action?

**Emma Reynolds:** We are taking Government action.

Q195 **Chair:** As Dame Siobhain said, access to cash is only any good if it is actually accepted in places.

**Emma Reynolds:** There are many small businesses. If you talk to LINK—it had a reception in Parliament last week, which I spoke at—there is demand from local communities and local high streets for these banking hubs. That demand is not just coming from consumers; it is coming from small business. We know that small businesses want places to deposit their cash so they can continue to accept cash.

As I said to Mr Dean, we do not plan for a cashless society because, as my colleague Anna suggested, we know that there are groups of people who are very committed to continuing to use cash.

**Anna Harvey:** I just wonder whether one angle to this is to come from the point of the view of that outstanding demand. We know that there are groups, who, for particular circumstances or for budgeting reasons, want to use cash, and that demand remains. What we have done with the access to cash regime is ensure that that demand can be met through access. Our view is, if that demand is there, they can access the cash and it helps with the cost of transacting in cash, both for the businesses and the individuals, businesses tend to be well placed to respond to the





demands of their customers. If they have a customer base that wants to use cash, they will typically be good at responding to that.

Q196 **Dame Siobhain McDonagh:** Experience suggests that that is not the case because we have a whole section or stream of businesses that provide services to people who are poor. They are not mainstream businesses. This is not for you to answer but is a rhetorical question: why do lots of mainstream supermarkets, such as Morrisons in Mitcham, close in poorer areas? People are not buying enough to make it a good thing for that store to stay open.

It strikes me personally that what will inevitably happen is that you will have the small convenience store that will continue to accept cash at a premium for people who do not have that money to pay the premium. This is not clairvoyance. It is what is happening everywhere else, in every other sort of financial service.

**Emma Reynolds:** It is for businesses to decide where they open, where they close and where they remain open. It is so difficult to comment on that. Essentially, what we are saying as Government is that we want to work in partnership with business to bring down the barriers to their investment and growth in the future. That is a key part of the Chancellor's speech that she will be setting out tomorrow. It is about ensuring that flexibility to meet consumer need as they find it, because circumstances are different in different parts of the country. That is where we are as a Government, ensuring that they have that flexibility.

Q197 **Chair:** I appreciate it is a difficult question, but just to hammer home Dame Siobhain's point, as a Government, are you content to see a two-tier system develop? My constituency is very divided, for example. Many people want to pay their energy bills through a meter because they are very frightened of a quarterly bill coming in. They leave goods behind at the supermarket till because they do not have the money to pay for it. Those are the margins that people are working on, so cash is a very important way of budgeting. As Dame Siobhain has highlighted, there are fewer opportunities now for them to choose to buy services and goods in cash. Is this something that worries you? As you have said, you are partly the consumer champion in the Treasury.

**Emma Reynolds:** The energy bills issue is very pertinent to this discussion.

**Chair:** The point is about how people budget.

**Anna Harvey:** There is action that has been taken on energy bills.

Q198 **Chair:** No, energy bills was not a red herring, but the point is that that is the real life of people who are budgeting and counting every penny. They are very worried about a card. Even the direct debit guarantee worries people because they do not believe it will work. They have a basic bank account. They are worried that they will go into an overdraft. A £100 overdraft is, for people around this table, probably not the biggest worry



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in the world, but for people in many of our constituencies, it is. I am not sure of the demography of your constituency.

**Emma Reynolds:** I have some very poor communities.

Q199 **Chair:** That is a huge worry—a debt that they will take many weeks or months or even years to overcome.

**Emma Reynolds:** To reiterate what Anna has already said, we understand that there are people in society who are on low incomes, and some that are not, frankly, on the lowest, who prefer to use cash for budgeting. That is why we are committed to the access to cash regime that we set out.

**Anna Harvey:** The concerns about the poverty premium are things that the Government take seriously and look at where they occur.

Q200 **Chair:** That is good to hear. Is there a level of cash acceptance, Minister, that would worry you, if cash was being accepted less and less? We have seen changes. Covid brought some big changes. Is there a point where you would worry about cash acceptance, as you say, given the poorer sections of your own constituency?

**Emma Reynolds:** We need to keep all of these things under review, but we have to make policy in the round. As those of you who have been in Government previously will know, Government is about trade-offs. That is where we are.

**Chair:** We will be watching that closely, because time will tell whether what you are doing is enough to support cash acceptance in future. The challenge is that the way the Swedes went was too quick, and what you are proposing.

Minister, thank you for your time. In summary, what we have heard today is that the Government have absolutely no plans to compel businesses to mandate the acceptance of cash. We have also heard that cash is the main pillar of the Government's approach, and the Government believe that access to cash for people will be enough to ensure that businesses keep accepting cash. That is an interesting balance that we will obviously be watching. The Government have, on the other hand, no plans to introduce a cashless society.

We also heard, on other issues, that you have no plans to change the fiduciary duty for pension fund trustees, and that you are very keen to extend digital payment options to currently excluded groups. That was very interesting to hear.

Can I thank you very much indeed for your time? That is Emma Reynolds MP, the Economic Secretary to the Treasury, and she has been joined today by Anna Harvey, the deputy director of payments and fintech at His Majesty's Treasury. Thank you very much indeed.