

## Access to Cash in Scotland

Scottish Affairs Committee Oral Evidence Session    May 2022

### Introduction

Age Scotland welcomes this evidence session by the Scottish Affairs Committee on access to cash.

As the cost of living rises, it is more important than ever that older people can access their money in cash form for free whenever they need to. Many older people would be lost without cash, which allows them to confidently and safely manage their own finances and pay for goods and services. This is particularly important for people on low and fixed income, as well as the hundreds of thousands of over 60s in Scotland who do not have access to the internet

We are concerned that one third of Scotland's bank branches have closed since 2010, and free-to-use cash machines are disappearing at an alarming rate. The most deprived communities of Scotland are faced with a higher proportion of pay to use ATMs meaning that many who are least able to afford it now face a financial penalty when withdrawing their own money.

### Key concerns

- Many older people, such as those on low and fixed incomes or a limited budget, prefer to use cash as a means of effective budgeting or because they are more comfortable with this form of payment.
- Ability to access cash is also important for accessibility. Many disabled people rely on cash.
- There are 140,000 adults in Scotland, a similar number to the population of Dundee, who do not have access to a bank account and rely on cash.

### Key statistics

- **140,000** adults in Scotland do not have a bank account
- **600** ATMs in Scotland have been removed since November 2019 – more than 10% (LINK)
- **25 million** people in Britain would face significant challenges in a cashless society (Access to Cash Review)
- **34%** of over 60s do not use the internet – the equivalent of 480,000 people.
- **Only half** of over 60s in the most deprived areas use the internet (compared to 83% in least deprived areas).
- At least **a quarter** of ATMs in Scotland charge for cash withdrawals – areas of deprivation have a higher proportion of these.

- Many older people in Scotland, particularly those on low or fixed incomes and in rural areas, have real difficulty managing their finances and paying for services with cash access.
- While the use of cash plummeted during national lockdowns and the huge reduction in economic activity, long-term decisions about the provision and acceptance of cash should not be made on the back of short-term trends.
- Systemic bank branch closures have also been happening at an alarming rate in recent years. Between 2011-21, the number of bank branches in Scotland fell by 34%<sup>ii</sup>. Most older people have a strong preference for face-to-face banking, citing trust and the avoidance of scams as motivating factors.
- People living in the most deprived communities of Scotland face significant financial penalties for withdrawing their own money as free-to-use ATMs are disappearing in these areas fast and there are now a higher proportion of fee charging machines in these locations

## Low income older people

- People on low incomes are among the worst affected by lack of access to cash.
- Age Scotland has been concerned for many years about the reduction in the availability of free-to-use ATMs. 1 in 4 cash machines in Scotland charge a fee<sup>iii</sup>.
- People on low and fixed incomes are hardest hit when using from fee charging ATMs in Scotland as they often withdraw smaller amounts of cash per transaction. These transaction fees vary depending on the operator, but they have been as high as £2.99 per transaction.
- Research from Which? has found the withdrawal of free-to-use ATMs was hitting more deprived areas the hardest<sup>ii</sup>. This may mean those older people most in need are being left worse off<sup>iv</sup>.
- People relying on access to cash for essentials, such as those using cash-only energy prepayment top-up systems are struggling as the price of essentials rocket. They should not need to travel further distances, or pay for the privilege of accessing their own money on top of this.

## Want to find out more?

As Scotland's national charity supporting people over the age of 50, Age Scotland works to improve older people's lives and promote their rights and interests. We aim to help people love later life, whatever their circumstances. We want Scotland to be the best place in the world to grow older.

Our Policy, Communications and Campaigns team research, analyse and comment on a wide range of public policy issues affecting older people in Scotland.

Our work is guided by the views and needs of older people themselves.

### Further information

Contact the Age Scotland Policy, Communications and Campaigns team:

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<sup>i</sup> <https://www.fca.org.uk/publication/research/financial-lives-consumers-across-uk.pdf>

<sup>ii</sup> <https://researchbriefings.files.parliament.uk/documents/CBP-8570/CBP-8570.pdf>

<sup>iii</sup> <https://www.cas.org.uk/news/its-getting-harder-ever-access-your-own-cash>

<sup>iv</sup> <https://www.which.co.uk/news/2019/09/poorer-areas-hit-hardest-by-the-loss-of-free-cash-machines/>