

Harriett Baldwin MP  
Chair  
Treasury Select Committee  
House of Commons  
SW1A 0AA

07 12 2023

Our ref: 231201A

Dear Harriett,

**Re: FCA rules on maintaining reasonable access to cash**

I am writing to let you know that, today, the FCA is proposing new rules to maintain reasonable access to cash for personal and business customers across the UK. This follows new powers granted to us by the Financial Services and Markets Act 2023. We recognise that there has been significant interest in access to cash within Parliament and from the TSC. We have valued our discussions with the TSC on this topic and will continue to keep you updated on our work.

While there has been an accelerating shift to digital payments, over 3 million consumers still rely on cash – particularly people who may be vulnerable – as well as many small businesses. We are committed to supporting innovation in payments, whilst ensuring that consumers who need or want to use cash remain able to do so.

As of Q1 2023, 95.1% of the UK population are within 1 mile of a free to use cash withdrawal point, such as a cash machine or Post Office branch, whilst 99.7% of the UK population are within 3 miles. However, the availability of cash access services can impact local communities, economies and high streets, and so it's important to meet local needs which may change over time.

Under the proposals, firms designated by HMT will be required to:

- Undertake cash access assessments when making changes to services – to understand whether additional services are required to meet local gaps;
- Respond to requests from local residents, community organisations and representatives to consider, assess and plug gaps;
- Deliver reasonable additional cash services to fill gaps in provision where assessments show that there is or will be a significant local gap;
- Ensure they do not close cash facilities, including bank branches, until any additional cash services identified are available.

I know you, and other members of the Committee, are also concerned about the impact of bank branch closures in your constituencies. Our new powers do not enable us to prevent bank branches from closing. However, our rules will have an impact where branches are a key local

source of cash. The FCA will ensure these rules work in harmony with our existing guidance on bank branch closures. Any firm proposing to close a branch must meet the expectations set out in [FG22/6 our guidance on Branch and ATM Closures](#). Our Consumer Duty requires all firms to act to prevent foreseeable harm to their customers. This obligation includes considering and addressing harm which may arise from branch closures or reductions in branch services. Existing law allows retailers to decide whether to accept cash or not, so we cannot require them to do so.

The consultation is open until 8 February 2024 and we expect to finalise the rules by Q3 of 2024.

I look forward to further engagement with the Committee next week.

Yours sincerely,

A handwritten signature in black ink that reads "Nikhil Rathi". The signature is written in a cursive, slightly slanted style.

**Nikhil Rathi**  
**Chief Executive**