

## **Supplementary Written Evidence submitted by Age UK (ROP0059)**

### **Access to banking services**

Being able to manage your money in a bank branch or similar place is essential for many older people. Age UK polling found that 27% of older people (65+) mainly bank using face-to-face services, while 78%, equivalent to 7.86 million people, prefer to carry out at least one transaction in a branch.<sup>i</sup>

There are three main characteristics that make older people more likely to rely on face-to-face services:

1. Being older – nearly 60% of the 85+ age group mainly use face-to-face services.
2. Being on a low income – far more people with an income under £17,500 are “uncomfortable” banking online (37%), than are those with an income of over £50,000 (9%). Other research published by the Financial Conduct Authority has found that the number of trips to banks decreases rapidly as income increases among consumers of all ages.<sup>ii</sup>
3. Gender – 79% of women want to undertake at least one activity in a bank branch, compared to 71% of men.

The recent flurry of bank branch closures means that more people than ever are at risk of being cut adrift from managing their money in a way that meets their needs.

We believe the Government should amend the Financial Services and Markets Act 2023 to include physical banking services. This would mean that the FCA would need to extend its new regime on cash (see below) to cover bank branches and shared Banking Hubs.

We are supportive of Banking Hubs as the best way of maintaining community access to banking facilities, and encourage their continued roll out across the country.

### **Access to cash**

Similarly, cash usage remains high among this age group. Older people are particularly reliant on cash, with age being a key factor in someone’s attitude to using cash and digital payments. The Financial Conduct Authority’s 2020 Financial Lives survey found that 2.4 million people, 21% of the older population relied on cash to a great extent in their day-to-day life.

The more recent 2022 Financial Lives survey did not repeat the same question, although it did provide further detail on how older people use cash. There is a clear age-related element to many of the findings, especially for the 75+ age group. For example, 37% of 75+s had used cash the last time they purchased something in a local shop, compared to an all-age average of 18%.<sup>iii</sup> Only 10% of this age group, and 9% of 65-74s did not use cash, notably lower than younger age groups.<sup>iv</sup>

The Financial Conduct Authority (FCA) is currently consulting on implementing new rules to protect and govern free access to cash deposits and withdrawals for consumers and SMEs.

The rules are designed to ensure that 95% of the population are within one or three miles of free cash access in urban or rural areas respectively. If the banks wish to close a cash access facility, including a branch, they must conduct a review to determine whether or not local cash needs are likely to be impacted, and if so they must keep the facility open until an alternative is in place.

Age UK broadly supports the FCA’s proposed framework, however we have raised questions about:

- How the remaining 5% of the population will have their cash needs met?
- How the FCA will ensure the banks’ local needs assessment processes are impartial and the correct decision is made?
- The support for digital inclusion and helping older people bank online.
- The definition of ‘assisted cash’, which we believe is far too vague and can easily be gamed by the banks.

There is currently an opportunity for the Select Committee to scrutinise the new framework.

### Urban/rural differences

There are naturally some differences between service delivery in urban and rural areas. For consumers, it is often harder to go online in rural areas owing to poor connectivity or difficulty reaching digital inclusion support services.

For those who rely on physical banking services and/or cash, there is often further to travel. The FCA’s new research, conducted by London Economics, explains the difference in travel distance:

#### Average one-way distance (miles) to access cash services, by age and urban/rural classification

Service	Overall	18-64	65+	Urban	Rural
Cash withdrawal	1.5	1.3	1.9	1.0	3.0
Cash deposit	2.7	2.5	3.1	2.0	5.0
Balance enquiry	1.7	1.5	2.3	1.2	3.4

Travel related costs are estimated to be £55 a year for rural consumers compared to £40 a year for those in urban areas.

Older people living in rural areas are particularly disadvantaged owing to the higher costs of switching banks when their existing bank’s branch closes. Because they are less likely to reduce their bank usage, travel costs to a new branch are therefore higher – this puts an additional squeeze on the finances of low-income older households.

### Conclusion

Ultimately, banking is an essential service that is relied upon by millions of people in order for them to fully function in our society, and it is imperative that the banks recognise the crucial role they have. While they are ultimately commercial bodies,

senior leaders must recognise the need to ensure everyone, no matter who they are, can access the services they need.

Age UK supports and promotes the use of digital technology where appropriate, and we have extensive experience of helping people get online. In most cases this is a good thing, however there will always be those who simply are unable to bank in this way, whether because of skills and confidence, health conditions or cost.

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<sup>i</sup> See Age UK press release, 2 May 2023, <https://www.ageuk.org.uk/latest-press/articles/2023/as-bank-branches-continue-to-close-a-new-age-uk-report-reveals-that-4-in-10-over-65s-with-a-bank-account-do-not-manage-their-money-online/>

<sup>ii</sup> London Economics/Financial Conduct Authority (2024), Costs to consumers and SMEs of a loss of access to in-person cash and banking services

<sup>iii</sup> FCA, Financial Lives Survey 2022 (published 2023), payments, table 30

<sup>iv</sup> FCA, Financial Lives Survey 2022 (published 2023), payments, table 39