

Written evidence submitted by Jayne Kirkham MP

1. What challenges are faced by individuals and business who rely on cash?
 - According to an advice organisation, cash is not a huge issue but is raised from time to time. Elderly pensioners still get pensions in cash.
 - There has been an increase in people using cash to help themselves budget. People on low wages who are struggling put their wages into 4 envelopes - 1 per week with all they have to spend in it.
 - Around 10% of shops' takings are cash. This is 30% for Malletts. Some places like the market take 50%.
 - People are definitely going back towards cash. 6% of people pay cash for everything. 9% of vulnerable people pay cash for everything.
 - The cash machines at Lloyds are heavily used, particularly by young people.
 - Children often use cash and so will be disadvantaged.
 - Businesses are reliant on cash to stay under the VAT limit.
 - 80% of small business access bank branches.
 - Instead of banking cash, businesses pay their bills locally with it.
 - Some people find that cash is a nuisance.
 - Some other challenges of relying on cash are: inability to shop online; busy places don't have to take cash; leisure centres contracted out are card only and online booking only - they are driven by operational benefits.
 - Some professions rely on cash tips e.g. hairdressers.
 - If the high street does not take cash then people are more likely to shop online and those that cannot do so will be unable to shop anywhere!
 - Businesses offer cashback to get rid of cash. If they don't keep cash there's no back up in the case of an IT failure.

2. What challenges would business experience if they were required to accept cash?
 - They would need a float of money. They would need to count it and reconcile their till daily, and pay the cash into the bank. This is laborious – it could be an hour per day of someone's time.
 - There is a risk of theft from tills and fraud from tills.
 - Walking to the bank and formal cash collections cost money.
 - There is the issue of faked notes. £200 of faked notes out of £2000-3000. Banks keep the faked notes and may give them back or may not. Polymer notes can be scanned so they can be checked – but businesses need to buy a machine to check.
 - Bank charges have risen for handling cash which makes it more expensive to accept cash.
 - However there are benefits to taking cash- it gets people out of their homes and supports the high street, rather than people shopping online.

3. Should Government in some way protect the acceptance of cash? Should that be by law, by regulation on firms and banks, or in guidance?

- Businesses would find laws requiring the acceptance of cash very difficult and too interfering. Guidance would be preferred.
- If cash isn't protected remote online shopping would increase and many people would feel excluded from the high street.
- The value of cash in the economy should be recognised. If you start with £50 cash and spend that in the local economy it recycles and in simplistic terms (less any bank charges any business may have to pay to deposit the cash in the bank, noting of course that if they use the cash to pay their own bills there will be no charges) it remains £50 recycling around the local economy. By contrast if the same £50 is paid by card then over time the £50 reduces as there is a transaction fee to pay with every purchase. This fee leaves the economy and goes into bank profits/bonuses/dividends so leaches out of the local economy.

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