FCA update to Treasury Committee - reviewing the access to cash regime

Following the Treasury Committee report on 'Acceptance of Cash', we committed to undertake and publish a review of the access to cash regime's effectiveness.[1] We are now pleased to share further details of this review and its timings.

The FCA's access to cash regime was introduced to maintain reasonable provision of cash access services, following the powers granted to us by Parliament in the Financial Services and Markets Act 2023. Our rules came into effect in September 2024. In the first year of the rules, we have seen 121 banking hubs open, alongside a further 93 cash deposit services such as ATMs and Post Office counters. We are committed to ongoing monitoring of the regime's effectiveness.

Our rules aim to reasonably address the local cash needs of consumers and businesses, including ensuring businesses have reasonable access to deposit facilities and can obtain different denominations of cash to provide change for customers. This can help ensure retailers who do wish to accept cash remain able to deposit and withdraw cash using nearby services. However, our powers do not extend to cash acceptance.

Timing and structure of the review

The FCA anticipates commencing the review of the access to cash regime in Q4 2026, 2 years after the rules took effect, and publishing the findings in Q2 2027. This timeframe allows sufficient time for the policy's impacts to materialise. The review will contain both a qualitative and quantitative assessment of the regime, including in-depth engagement with stakeholders to ensure a range of views are considered. We will use the range of data sources available to us to empirically assess the regime's impact.

While the exact scope and methodology will be determined nearer the time, our review will examine both how our policy is operating (e.g. compliance, firm response, and costs to firms) and its success in preventing significant gaps in cash access for consumers and businesses (e.g. supply-side impacts and changes in user perspectives). The review will assess the costs and benefits of the rules and if the approach to maintaining sustainable cash access services is proportionate and effective.

The review will consider questions including:

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[1] https://committees.parliament.uk/publications/48738/documents/255449/default/ p.4

- Has our intervention demonstrably maintained the United Kingdom's good access to cash, compared to what would have happened in its absence?
- How have consumers' and businesses' experiences of accessing cash in their local community changed?
- How have indicators of consumer sentiment, for instance on cash usage and accessibility of cash, changed since our intervention?
- To what extent have firms complied with the process elements of our intervention? For example, accurately reporting branch closure data and effective assessments of deficiencies following closure of cash access points.
- What have been the costs to firms of undertaking closure assessments and providing alternative cash access services where required by our intervention?

Key quantitative data points which may inform the review include:

- Data collected from firms, LINK and other providers of cash access services such as the Post Office.
- The FCA's cash coverage data, which includes data on a variety of cash facilities and coverage across the UK.
- Number of assessments and community requests; cash solutions (banking hubs, ATMs, Post Office improvements etc.); and speed of delivery of solutions.
- The FCA's Financial Lives survey data on cash reliance.

Many aspects of the harm resulting from lack of access to cash are inherently challenging to quantify, particularly the benefits that consumers and SMEs realise from maintained cash access. Our Cost Benefit Analysis in CP23/29 concluded it was not reasonably practicable to fully quantify the total costs and benefits of our proposals.[2] As such, although we anticipate that there are opportunities for greater understanding of the impact and operation of our rules, we expect our review will face limitations in the conclusions that can be drawn regarding the overall societal impact.

As the powers given to us by Parliament are focused solely on cash access, we do not collect data on, or have oversight of, cash acceptance and therefore our review will not directly assess cash acceptance. However, we will collect qualitative feedback from a range of stakeholders representing consumers and businesses to help to establish a fuller picture of the impact of the regime. In advance of our review, we will continue to help ensure that access to cash is protected for communities across the UK. Following recent feedback, we are undertaking targeted work looking at cash access outcomes in rural areas. Our rules require

[2] https://www.fca.org.uk/publication/consultation/cp23-29.pdf

firms to consider the individual needs of each community, and we will work with designated firms and LINK to help ensure its assessment process is delivering the right outcomes for consumers and businesses across the UK.

We remain committed to monitoring the regime ahead of the formal review, including through supervision of designated entities, monitoring our cash coverage data and regular engagement with a range of key stakeholders. We welcome ongoing feedback on the regime's effectiveness.