

Payment Systems Regulator - Call for views: cash access, use and acceptance

Citizens Advice response



Citizens Advice

Citizens Advice provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities.

In April 2014, the Citizens Advice service took on the powers of Consumer Futures to become the statutory consumer representative for the postal sector in England and Wales. Our role is to ensure postal services and post offices meet the needs of consumers in a way that is fair and accessible for all. We have particular responsibilities regarding the interests of the more vulnerable members of society, and also consider the interests of small businesses.

We are responding to this consultation in our capacity as the postal advocate. Our response focuses on a number of the subjects raised in the Payment Systems Regulator's call for views - role of and barriers to the alternatives to ATMs for accessing cash, how consumers and businesses access cash, attitudes towards alternative options for accessing cash, what can be done to make alternatives more acceptable, ensuring consumers who are more reliant on cash are not excluded from accessing cash.

1 The post office network

The post office network is a crucial access point to the public postal service. Post offices also deliver other essential services to citizens, including banking services, access to benefits, bill payment and a range of central and local government services.

There are over 11,500 post offices in the UK, with a unique reach across all parts of the country and over 9 in 10 people (93%) live within 1 mile of a post office.

The Post Office is a key service for many people - Post Office Ltd figures show every week around 17 million people visit a branch. Citizens Advice research finds 81% of people describe the Post Office as important to them. Views amongst small businesses are very similar, with nearly 7 in 10 (68%) saying the Post Office is important.¹

Our research also finds that almost all consumers (97%) describe the Post Office as 'trustworthy', and nearly as many (92%) view it as 'professional'. The vast majority of small businesses (95%) find the Post Office 'trustworthy'.

2 Post office banking services

Post offices have provided some access to high street bank current accounts for many years. Until recently this access was very patchy, with some major banking groups not offering access, and others only providing access to limited transactions.

The importance of the Post Office's banking service provision has been increasing following mass bank branch closures. Since 2010, the number of bank branches has reduced by a third whilst post office numbers have remained steady. Post office numbers are expected to remain steady, as the government requires Post Office Ltd to maintain network of around 11,500 outlets and specifies minimum distance 'access criteria'. As a result, for many people a post office is now more accessible than a bank branch.

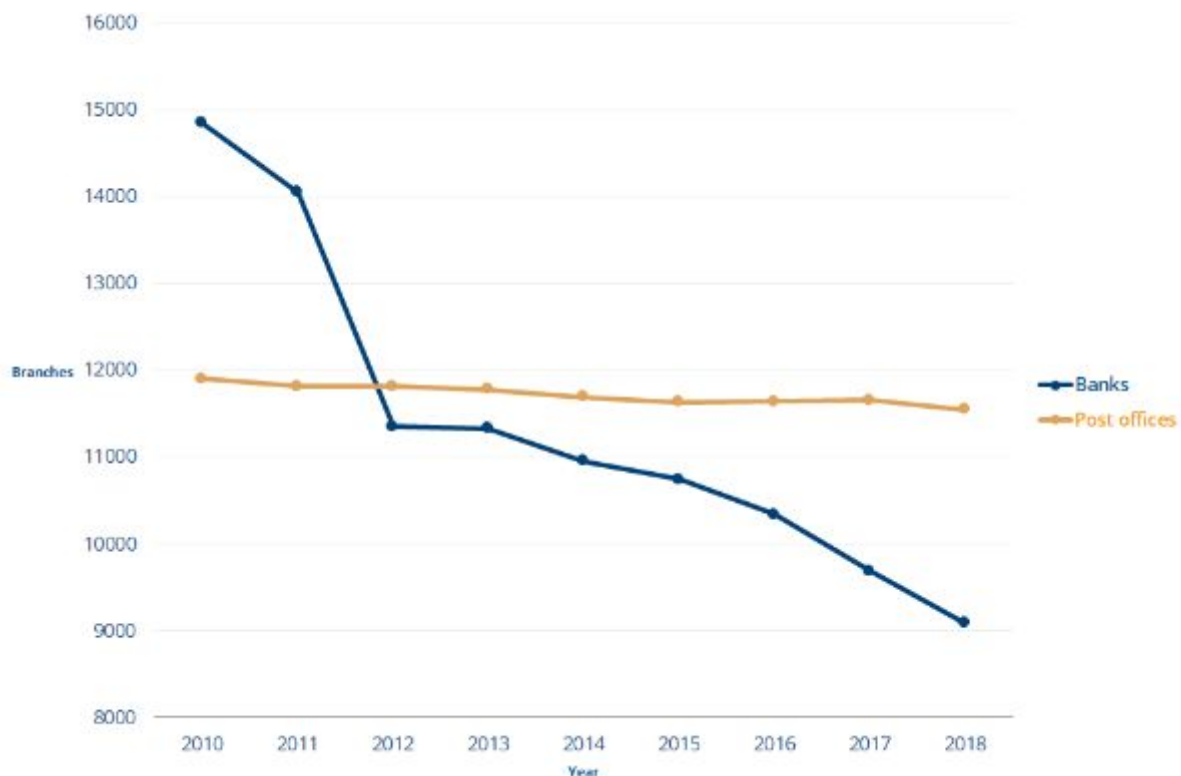
In January 2017 the banking industry and Post Office Ltd signed a partnership agreement to standardise the banking services available at post offices. Today, 99% of UK personal bank customers and 95% of small business customers can

¹ Citizens Advice, [Consumer Use of Post Offices](#), June 2017

do their day-to-day banking at post offices. For most banks this includes cash withdrawal, cash and cheque deposits and checking account balances.² Some small business account holders can also access change giving services at post offices.

There is a £2,000 cash deposit limit at all post offices (although larger deposits can be made by special arrangement). The amount of cash consumers can withdraw is limited by the banks (and is the same as that permitted at an ATM).

Figure 1. Bank branches continue to close whilst post offices remain stable



3 Consumer and small business use of Post Office banking services

Citizens Advice research from 2017³ found 20% of all consumers had withdrawn cash from a bank account at a post office. Use in rural areas - where there are fewer bank branches - is higher. 1 in 4 (24%) of all rural residents had withdrawn cash from a post office, compared with 1 in 5 (19%) people in urban areas.

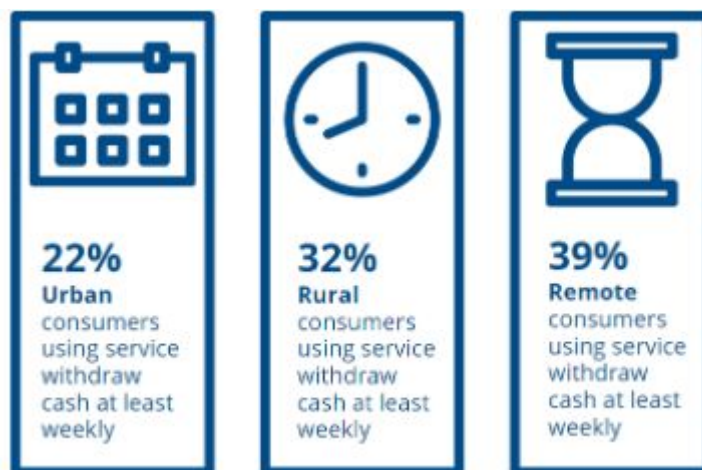
² See <https://www.postoffice.co.uk/everydaybanking> for full list of available services

³ Citizens Advice, [Consumer Use of Post Offices](#), July 2017

Our research shows that the frequency of use increases with rurality. 22% of urban consumers who withdraw cash at a post office, do so at least once a week. However, 39% of remote rural residents using the service withdraw cash at least weekly.

We found that 3% of all consumers used a post office to deposit cash. Again, this service is used more by people living in rural areas (5%).

Figure 2. Frequency of cash withdrawals increases with rurality



Our 2017 research showed 15% of all small businesses that need to withdraw cash for their businesses used a post office.⁴ Use was higher (24%) amongst rural businesses. The research also found 4% of all small businesses deposit cash at a post office. Businesses that use these services at post offices tend to be particularly reliant on them. For example, over half (51%) of small businesses that use post offices to deposit cash do so once a week or more often.

Post Office Ltd reports that over the last few years they have seen an increase in banking transactions undertaken through the post office network. This follows the ongoing trend of bank branch closures and increased publicity for the Post Office service. Post Office Ltd's latest research finds that over 1 in 4 people (28%) have withdrawn cash at their local post office in the last year.⁵

⁴ Overall, 7% of all small businesses withdraw cash at a post office

⁵ Post Office Ltd, [Bank on the Post Office](#), press release 15/8/19

4 Access for consumers who are more reliant on cash

The Access to Cash Review found higher levels of cash reliance amongst rural residents, people in socioeconomic groups C2DE, older people - and above all, people on low incomes.⁶ The review also found a close correlation between digital exclusion and higher cash dependency.

Post offices are particularly well placed to meet the needs of these demographic groups. Over half of all post office branches (53%) are based in rural areas and more than 1 in 10 (12%) are in deprived urban areas.⁷

A recent Bristol University study finds vulnerable consumers are worst served by the current cash infrastructure. The researchers shows that in Bristol, residents' ability to access cash is not evenly distributed across the city and the provision of cash is almost opposite to the geographic need for it. Communities most likely to depend on cash, in particular older people and those in lower socioeconomic groups, are worst served. But the study concludes the post office network is much more evenly distributed than other types of cash infrastructure, and highlights its importance for less well-served communities.⁸ These findings support previous research that found bank branch closure rates have been highest in less affluent areas.⁹

Citizens Advice research also indicates that post office banking services are particularly important for people who are most reliant on cash. Our 2017 survey shows people over 65, disabled people and those in socioeconomic group DE make more use of post offices for banking services more than average. People who are digitally excluded are more likely to use a post office to withdraw cash frequently.¹⁰

⁶ [Access to Cash](#), March 2019

⁷ Post Office Ltd, [The Post Office Network Report 2018](#)

⁸ Daniel Tischer et al, [Mapping the Availability of Cash](#), May 2019

⁹ Shaun French et al, [The Changing Geography of British Bank and Building Society Networks 2003-2012](#), 2013

¹⁰ Accent/Citizens Advice, [Use of Essential Services Traditionally Provided at Post Offices](#), June 2017

5 Attitudes and barriers to Post Office banking

Whilst we believe the Post Office is well placed to provide basic banking services in local communities, there is relatively low overall use of banking services at post offices. Despite high levels of trust in, and use of, the Post Office - our research indicates that consumers and small businesses face a number of barriers in accessing these services.

Awareness

A key factor preventing people from accessing cash at post offices is lack of awareness - many people simply don't know that post offices offer banking services. Polling for Citizens Advice in 2017/18 suggested that around 1 in 2 consumers are unaware that current account services are accessible at post offices.¹¹ However, our polling also found nearly 1 in 3 consumers (28%) who were not aware they could access the service said they would use it if it was available.¹²

Quality of service

In 2017, Citizens Advice undertook some mystery shopping at post offices.¹³ Whilst we found that that 95% of shoppers were able to successfully withdraw cash, only 78% of shoppers were able to deposit cash into their accounts. The majority of shoppers unable to access the service were informed that it was not available and/or they needed to go to an alternative or larger branch. In other cases staff did not know how to conduct the transaction. Overall, we concluded that a significant minority (22%) of shoppers were unable to access a Post Office banking service which should have been available.

Queues, privacy and security

In addition, we conducted a small study with local Citizens Advice offices.¹⁴ This study indicated that some people had concerns about using post office banking services as they assumed there would be long queues and had worries about privacy and security issues.

¹¹ ComRes poll (March 2017): 56% think they can access their current account at post offices. Yougov omnibus survey (March 2018): 43% think they can access current account services for most banks at post offices (unpublished)

¹² Yougov omnibus survey (March 2018) (unpublished)

¹³ Citizens Advice, [The State of the Post Office Network](#), June 2017

GfK for Citizens Advice, [Research into the Quality and Consistency of Service Standards and Product Knowledge Across the Post Office Network](#), June 2017

¹⁴ Summer 2017 (unpublished)

The recent Treasury Committee inquiry into consumer access to financial services also specifically raises concerns about whether the layout of many post offices is conducive to giving customers the privacy required to carry out basic banking transactions.¹⁵

Privacy and security issues are a particular concern among the more vulnerable groups. For example, The Finance Foundation highlights that amongst older people, the main concerns people had about taking out money over the counter are privacy when counting and putting away money, and security when giving out their details in a private place.¹⁶

6 Next steps

There are real concerns that reduced access to cash and face-to-face banking services is causing significant consumer detriment.¹⁷ As banks continue to close branches and the number of free-to-use ATMs falls, the Post Office's role in providing access to cash and basic banking services has come under increased scrutiny.¹⁸

Although Citizens Advice has some initial research findings, we are currently undertaking a research programme to develop a more detailed and up to date understanding of how well Post Office banking is meeting consumer needs and the extent to which this service could do so in the future. We welcome the opportunity to keep the Payment Systems Regulator updated with findings from our new research.

¹⁵ Treasury Committee, [Consumers' Access to Financial Services](#), May 2019

¹⁶ The Finance Foundation, [When I'm 84](#), September 2016

¹⁷ For example, [Access to Cash](#), March 2019

¹⁸ For example, [Treasury Committee inquiry into consumers' access to financial services](#); [BEIS Committee inquiry into the post office network](#); [Scottish Affairs Committee inquiry into access to financial services](#)

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