

Community Cash Advisory Panel

3rd Opinion

February 2024

Commentary

Since the September meeting, the Panel have worked to conclude their consideration of whether the Criteria are meeting customer and business need in Northern Ireland (NI). The Panel have also considered the FCA consultation Paper CP23/29 'Access to Cash' ahead of their formal response, and received an update from Cash Access UK on progress in opening hubs, recent utilisation data for those already in operation, and an update on the pilot of Enhanced Post Offices (as deposit solutions), along with next steps.

In regard to Northern Ireland, the panel opinion in September 2023 had noted the distinctly higher levels of cash use there, many more independent traders and a preference for trading within a tighter geography, and concluded that the cash landscape in Northern Ireland was different to that in the rest of the UK. Then in November 2023 LINK announced four banking hubs in Northern Ireland in addition to that already announced in Killeel, resulting in Northern Ireland being the best provided UK jurisdiction in regard to hubs per bank branch closure, solutions recommended per closure and hubs per head of population,¹ and reversing the position from when the Panel work on Northern Ireland started.

The Panel have noted the large number of credit unions as a distinctive feature in the cash landscape and given this further consideration, establishing there are around 170 branches, that one in three of the adult population is a credit union member,² and that since a legislative change in 2016, credit unions can accept non-personal entities (such as companies and associations) as members, with many providing services to sole traders and some to business customers.

The Panel have noted that credit unions are not for profit organisations, which have grown from meeting a community need for access to credit; they generally do not provide current accounts and focus on savings and loans, but members can withdraw cash from those accounts and make deposits, including regular direct payments such as wages, benefits and pensions. The credit unions are also themselves bank customers, and deposit and withdraw cash from their bank's branches in line with their needs and governance requirements with respect to cash holdings.

Considering the NI cash economy as a system of banks, ATMs and credit unions, the Panel concluded that a complex and distinctive pattern of cash availability, acceptance and use has developed in NI over time, which is yet imperfectly understood. Whilst it did not appear to the Panel that any specific criteria change was indicated, a better understanding of the NI cash landscape is still needed and

¹ Source LINK November 2023

² Compare to 2% of adult population in the rest of the UK.

the Panel also recommend that LINK should have discretion to consider these differences in carrying out their assessments.

Opinions

1. In regard to the application of the Criteria

The Panel is satisfied from the assurances it has received that LINK has applied the Criteria correctly.

2. In regard to whether the Criteria are meeting the Criteria Objective (*To ensure consumer and SME access to cash needs following withdrawal of the 'last bank in town' are met in a way that is sustainable and proportionate*)

The Panel recommends that a more thorough understanding of the cash landscape in Northern Ireland is developed, including a more detailed understanding of the role of credit unions, and that LINK in carrying out assessments against the criteria in Northern Ireland should have discretion to consider these differences in their recommendations, if it would result in improved, sustainable and proportionate access to cash.

3. In regard to whether LINK's instructions for hub or deposit solutions have been followed

The Panel received an update from CAUK and noted the progress in bank hubs in planning and being opened, along with the pilot and next steps for Enhanced Post Offices as deposit solutions.

Joanna Wallace
CCAP Chair
February 2024