



Access to cash – don't bank on it



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Summary

Background

Despite new payment innovations such as contactless cards and e-payments, access to cash matters to people, particularly access via the cash machine network. In order to investigate the issue, Citizens Advice and Citizens Advice Scotland launched a research project into how and where people access their cash as well as what the restrictions are to that access.

We carried out our own survey of CAB clients and commissioned Ipsos MORI to provide a further survey of a representative sample. The keen interest in access to cash was strongly illustrated by the response to the CAB survey, with nearly 8,000 people responding.

Key survey findings

The cash machine is by far the most popular and frequently used method of accessing cash. Ninety per cent of respondents to the CAB survey and 84 per cent of respondents to the Ipsos MORI survey who ever withdraw cash said that they usually accessed cash in this way.

At first glance, a positive picture emerges from the CAB survey about the ease of accessing cash for free, with only six per cent saying that this was difficult for them. However, this figure was three times higher for those who held a basic bank account with a bank which does not allow access to the LINK network for those accounts (12 per cent), than it was for those with a standard current account (four per cent).

People make considerable use of the flexibility provided by the LINK network. Sixty two per cent of CAB respondents frequently used machines belonging to their own bank or building society, but the same percentage also said they frequently used machines belonging to other banks or companies. On that basis alone, any further erosion of the ability to access the LINK network would make accessing cash more difficult.

This is borne out by the 63 per cent of CAB respondents who said that it would be harder for them to get cash if their bank or building society took the decision to restrict access to cash to its own machines. Thirty seven per cent of CAB respondents said that it would be much harder.

The survey responses also make clear that people do not like paying to access their cash. Only three per cent of CAB respondents and one per cent of Ipsos MORI respondents who use cash machines usually used fee charging cash machines.

Recommendations

Our survey responses show access to cash for basic bank account customers is positive but precarious. The decisions by RBS Group and Lloyds TSB and the Bank of Scotland (both part of the Lloyds Banking Group) to restrict access to the LINK network has had an impact and if others follow suit it will cause further difficulties. There should be a level playing field across basic bank accounts with free-to-the-customer access to the LINK ATM network.

Given the persistent difficulties for many consumers in accessing a basic banking product at all, and the increasing variation in facilities and functions, the UK should implement the EU Recommendation on access to basic banking, which would see all consumers have access to such an account regardless of financial history or predicament.

Many basic bank account customers rely on being able to use a branch, something which is restricted in a number of ways by some basic bank account providers. The same counter services should be available to all customers, and all basic bank accounts should be accessible via the Post Office network.



Introduction

“I expect to be able to get cash whenever and wherever I want it. I would use a pay-to-use machine if it meant not having to travel a long way to get cash.”

“Who uses cash these days?... the only reason that I keep any cash is for transport.”

“I hate having to pay for cash – only do this in emergencies. Why would I want to be charged to get to my own money?”

“I am surprised that anyone has to pay to withdraw cash... Perhaps it is more difficult at motorway service stations or in entertainment areas but for normal out and about there always seem to be plenty of machines.”

Accessing our cash – it matters to us all. We may have a variety of views on the subject, as these comments from respondents to a recent CAB survey show, but it's something we care about. Even those of us who have fully embraced alternative payment methods still need cash sometimes, and many people – particularly on lower incomes – rely on it to help them manage their finances. Most of us find it easy to get to our money through cash machines, but some of us face considerable difficulty, whether through geography, disability or restrictions on our account. A few of us are prepared to pay for the convenience of a cash

machine close by, but most of us are not, finding it inappropriate to be charged for the withdrawal of our own money. And some of us prefer to use other forms of cash withdrawal, such as counter service or cashback, either instead of, or in addition to, the cash machine.

With the benefit of nearly 8,000 survey respondents, over 1,000 of whom provided additional comments on their experiences, this report examines the ways in which we access our cash and the barriers to that access which some of us face.

"I need to be able to keep a close track on my cash and getting regular access to a reliable cash machine helps me keep on top of financial matters."

"I've recently come back from Australia, where the only free withdrawals are from your own bank's cash machines. It's very inconvenient and I hope the UK doesn't go back to that system."

"I used to have a card that could only access cash from my bank's cash machine. I lived 20 minutes away from it (by bus) and it made my life a nightmare. I could not access cash easily, and it would cost me £3 in bus fare to travel to the cash machine."

"I do not use a cash machine. I live next door to a Post Office and support it by taking cash out from there."

Unable to proceed with
this request. Please contact
your bank.

The demand for cash

– background to this report

Contactless payments, online shopping and banking, mobile payments, faster automated transfers – in the light of ever advancing technology, we could be forgiven for thinking that cash has had its day. Certainly the indications are that we will be using less of it in years to come. The Payments Council, for example, forecasts that the amount of cash withdrawn from accounts will decrease in real terms by 2018¹. Even if this were to happen however, the cash withdrawn would still amount to a figure of over £4,400 per person per year. And if we look at the activity at cash machines for 2011, there is no sign that as a society we are abandoning this method of accessing our money. 2011 was a record year for cash withdrawals. We used cash machines 2.87 billion times in the year, taking out £191 billion.²

In terms of how easy it is for us to access our cash, the picture at the moment appears very good. At the end of 2011, there were over 65,000 cash machines in the UK, of which two thirds were free-to-use. This was an increase of nearly 2,000 machines on the previous year, and the number of pay-to-use machines actually fell on the 2010 figure. Despite a third of all cash machines in 2011 being pay-to-use, almost 97 per cent of UK cash withdrawals at UK cash machines were made free of charge³, demonstrating our understandable reluctance as a society to pay to access our own money. The LINK network provides the majority of us with the freedom to withdraw our cash wherever and whenever we choose, regardless of the bank or building society with whom we hold an account. Of the £191 billion withdrawn in 2011, only £72 billion – 38 per cent – was withdrawn from a machine owned by the account holder's own bank or building society. It would

appear from this that we are making full use of the flexibility and convenience offered by this nationwide network.

Indeed, for many of us, it is perhaps now something that we take completely for granted – that wherever we go, we will have easy access to cash should we need it. We do not need to track down a machine owned by a particular bank or building society, but can happily insert our card into the nearest machine we find, knowing it will work regardless of who owns it. Whilst we can, if we choose, decide that the convenience of a pay-to-use machine is worth the fee, the rising number of free-to-use machines means that, for many of us, free access to our cash is never far away. But this freedom of choice and access is certainly not something we have always enjoyed, nor is it something about which we can afford to be complacent.

We do not have to go very far back in time to find a much bleaker situation than the one we have now. As recently as 2000, using a cash machine for a bank or building society that wasn't your own was likely to cost you money. In 2001, the number of cash machines in the UK was not far off half the number we have today. And the early 2000s saw a dramatic rise in the proportion of cash machines which were pay-to-use, peaking at 43 per cent in 2006.

Citizens Advice highlighted the impact of the growth in pay-to-use machines, particularly on those in rural areas or areas of deprivation, where

1 Payments Council, *The Way We Pay 2010 – The UK's Payment Revolution*

2 Payments Council press release, 19 March 2012

3 LINK website

free-to-use cash machines were often scarce or non-existent, prompting the UK government to take action⁴. A cash machine summit was held in May 2006 and a cash machine taskforce, chaired by John McFall MP, was established. As a result of the work and recommendations of the taskforce, banks agreed to significantly increase the number of free-to-use cash machines in lower income areas. The campaign to increase the number of free-to-use cash machines was hailed as a great success by Citizens Advice and others who had campaigned for it in 2008. The chairman of the taskforce, John McFall MP also commented on the achievement, saying, "It is important for everyone to have access to basic financial services, and this includes cash machines...During this period of economic downturn, it is more important than ever that we do not let up on our efforts to widen access to financial services for people in low-income areas."⁵

Whilst many of us take for granted our ability to access any cash machine regardless of who owns it or who we bank with, for a number of people, this freedom of choice has already been removed. Towards the end of 2011, RBS Group (which includes Royal Bank of Scotland and NatWest) took the decision to remove access to the LINK network from their basic bank account customers. Lloyds TSB and Bank of Scotland basic bank account customers had already had this access removed some time before. As a result, customers of these accounts who wish to access their money from cash machines can do so only from those machines which belong to the banking group with which their account is held or the Post Office.

These decisions obviously have a direct impact on customers with basic accounts, in terms of the

ease with which they can access their cash, but there is also a wider consideration, particularly if other banks and building societies were to follow suit. A significant reduction in transaction volumes on the LINK network is likely to threaten the viability of many cash machines, particularly in less populated or more deprived areas, potentially leading to their closure or an increase in pay-to-use machines and the fee that they charge. This depletion in use could impact on the viability of significant parts of the network, putting at risk the ease and convenience of access to cash which so many of us have come to expect.

Concern about the impact on basic bank account customers of the decision to restrict access, together with a wider interest in the impact on the network, led to Citizens Advice and Citizens Advice Scotland launching a research project into access to cash. This report is the culmination of that project. It examines not only how and where people access their cash, but what the restrictions to that access are. In this regard, it looks not just at how restrictions are affecting basic bank account customers, but also at how disability and rurality can impact on the access to something that so many of us take for granted – our own money.

LINK, which oversees the UK's cash machine network on behalf of its membership of ATM operators and ATM card issuers, has funded this research. The analysis, findings and recommendations are independent of LINK and its member organisations.

4 http://www.citizensadvice.org.uk/index/out_of_pocket.htm

5 LINK press release, 19 December 2008

Research methodology and response

A survey of CAB clients, people accessing financial capability sessions and members of the public was carried out in February and March 2012.

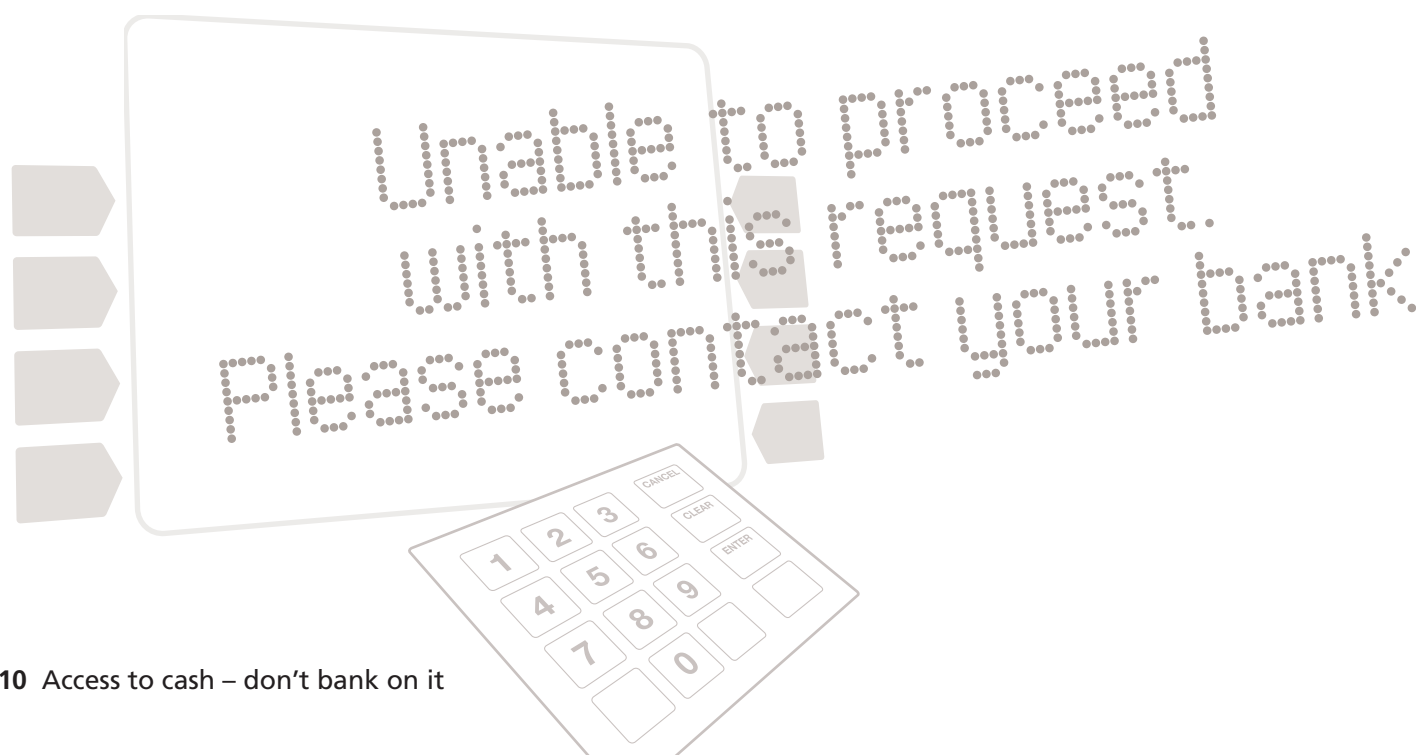
The survey was promoted through bureaux, on the Citizens Advice corporate and advice-giving websites, and through social media. At the same time, a survey of the general population was conducted via Capibus, Ipsos MORI's face-to-face omnibus survey. A copy of the CAB survey is attached at Appendix A; and the Ipsos MORI survey at Appendix B.

Nearly 8,000 responses to the CAB survey were received, although not every question was answered by every respondent, so base rates vary for each question. As part of the survey, respondents had the opportunity to add their own comments about their experiences of accessing cash if they wanted to and over 1,000 respondents made use of this

opportunity, thus providing us with both qualitative and quantitative data. The Ipsos MORI study surveyed a representative sample of 1,970 people in their own homes using computer aided personal interviewing (CAPI) laptops.

We also carried out follow up interviews with some people and a follow up survey with those affected by the restrictions and who had provided their contact details.

This report examines the findings of the survey, setting them in the context of the basic banking market and considering the evidence they provide of difficulty accessing cash. Particular attention is given to the problems accessing cash when at home or on the move, the personal safety implications and the impact of the recent RBS and NatWest decision to restrict access to the LINK network for basic bank account customers. The report concludes by discussing the future implications of the survey findings.



Survey results

Overall results

How important is access to cash?

The importance of this issue to the general public can very clearly be seen in the amount of interest shown in the survey by bureaux and their clients, and in the extremely high volume of responses received – nearly 8,000. In March 2006, Citizens Advice ran a campaign to survey the prevalence and impact of fee-charging cash machines⁶ which garnered a similarly high response of 7,500. This shows that this subject matters to people, and they are prepared to give their time to comment on it. Bureaux also reported positive feedback from their clients on being asked to complete the recent survey, with one client for example commenting on how pleased he was to be asked about an issue that he felt really affected him.

How and where do people access their cash?

Regular use of cash machines was widespread, with 90 per cent of respondents to the CAB survey indicating that they usually used a cash machine to get cash out of their main account. The next most frequent form of access was cashback in shops, which 18 per cent of respondents said that they used. Counter service in branch was included as a method of accessing cash by 12 per cent of respondents, and counter service in a Post Office by seven per cent. It can be seen therefore that cash machines are by far the most popular and widely used form of access.

Respondents were asked to indicate the kinds of cash machines they usually used – as many as applied. Sixty two per cent used machines belonging to their own bank or building society.

Sixty two per cent also used machines owned by a different bank or building society or a different company. Twenty four per cent used a supermarket branded cash machine. Only three per cent of respondents said that they used a cash machine that charged. It can be seen that, in general terms, people make good use of the freedom provided by the LINK network to access their money through a variety of different machines, but that people are generally reluctant to pay for the facility of accessing their cash. The percentage of cash machine users in the Ipsos MORI survey who usually made use of a fee charging machine was even lower, at one per cent.

Thirty four per cent of the CAB survey respondents said that they tended to use the same machine to access their cash and 44 per cent, that there were a few machines that they used a lot. The remaining 22 per cent indicated that they did not regularly use the same machine. Those who often used the same cash machine, or same few machines, were asked why. Not surprisingly, convenience was the main driver of their choice, with 88 per cent selecting at least one of the following answers: 'It's near to where I live'; 'It's on my way to work/school'; 'It's near where I do my shopping'. Three per cent of people selected the answer that it was because they could not use any other cash machines.

Respondents in the CAB survey were asked how they thought it would affect them if access to cash were restricted to their own bank or building society. Sixty three per cent felt it would be harder overall for them to get cash, with 37 per cent

⁶ *Out of pocket – CAB evidence on the impact of fee-charging cash machines*, July 2006

saying that it would make it much harder. When asked how easy it was currently to get cash for free, 94 per cent of respondents overall said that it was easy – a very positive result. It is important however to look at specific groups within the survey, in order to establish whether this positive position is reflective of everyone’s experience.

Results by type of account held

Perhaps unsurprisingly given the socio-economic profile of Citizens Advice clients, 53 per cent of those completing the survey said that their main account was a basic bank account. This compares to only seven per cent of the Ipsos MORI survey of the general population of adults aged 15+.

A basic bank account is intended as a simple, entry-level account which allows the holder to receive money into the account and pay bills from it. The facilities available to such an account vary from one bank to another, but generally there is no scope for overdraft facilities. For many people, a basic bank account can be a first step towards opening a full current account.

Whilst only six per cent of survey respondents overall said that they found accessing their cash for free difficult, when this figure is broken down to customers of basic bank accounts and current bank accounts, the figures are eight per cent and four per cent respectively. For consumers who hold a basic bank account with a bank that restricts access to cash to its own machines, the proportion who find it difficult increases to 12 per cent – one in eight – a much less positive response.

Convenience remains the major driver of which cash machines people use for both basic and current account customers. However, four per cent of the CAB survey respondents with basic bank accounts selected the answer that they couldn’t use any other cash machines, as opposed to just one per cent of current account customers. This figure increases to 10 per cent for those customers of basic bank accounts with banks who restrict access to their own machines. Whilst there may be several reasons why people can only use certain machines, for example distance and mobility, it is difficult not to draw a conclusion that the restriction plays a large part in explaining the increase in this figure.

Barriers to access to cash

Basic bank account customers

'I have a basic bank account with my bank. I used to be able to access cash from any LINK ATM. Recently in the last few months my bank has decided that it will only allow cash withdrawals for basic account holders from its own ATMs. This now limits me to one ATM which is a massive inconvenience as I have to make specific trips to my branch during opening hours, and as I work full-time during the week, I can only go on a Saturday which means queuing for an average of half an hour. While some may argue that this would be a good way to curb spending, being able to access my cash at any ATM has proved life saving when I have needed to access cash quickly for unforeseen emergencies.'

CAB survey respondent

Basic bank accounts provide a vital service for those who, whether because of low income, poor financial history, or limited banking experience, find it difficult to access the everyday financial world that many of us take for granted. They came into existence in their current form in the early 2000s, following work by HM Treasury, which in a 1999 report found that 'ensuring access to a bank account was an important foundation for helping to put low-income households in a position to manage their money effectively, securely and confidently'⁷.

Basic bank accounts provide people with the facility to have income from wages, benefits or pension paid directly into their accounts, to withdraw cash,

and also to pay bills by direct debit. However, they have a wider benefit as well, in that they can serve as a gateway to other more mainstream financial services, for example savings or credit. Statistics from the British Banking Association issued in June 2010 showed that since April 2003, approximately half a million basic bank accounts had been upgraded to more fully featured accounts⁸.

There are no minimum standards for a basic bank account, and facilities vary from provider to provider. However, original recommendations from the HM Treasury report referred to above included 'cash out at convenient access points'. And in December 2010, the UK Government's Financial Taskforce, reporting on banking services and poorer households, recommended that banks 'widen access and improve features' of their basic bank accounts.

The decision taken by some banks to remove their basic bank customers from the LINK network, thus preventing them from accessing cash except from machines which belong to their own bank, directly contradicts these recommendations. We understand that the banks who have taken this decision do not consider the policy unduly detrimental to their basic bank account customers because they have taken steps to ensure there is a cash machine within reasonable distance of their home that their customers can access or have made other suitable arrangements for them. Comments provided by respondents to the CAB

⁷ Report of HM Treasury's Policy Action Team 14 – referenced in the report of the Financial Inclusion Taskforce: *Banking services and poorer households*, December 2010

⁸ *Basic Bank Accounts: Statistics*, 29 June 2010, British Banking Association

survey, which we will examine later, would suggest that this has not always been the case, but even regardless of efforts taken in this regard, possibility of access is not the same as convenience.

Part of the purpose of basic bank accounts is to encourage people into a responsible use of banking services. Making these services convenient and easy to use is vital to this aim. This is particularly true for younger people, for whom a basic bank account may be their first experience of banking services, and whose future financial responsibility could be encouraged by a positive experience. Evidence from both the CAB survey and the Ipsos MORI survey showed that a higher percentage of young people (aged 15 to 25) held a basic bank account than those in the older age categories.

It is accepted that a basic bank account is by its nature restricted in its functionality. It is not possible, for example, to have an overdraft on these accounts. Such a restriction is entirely comprehensible in an account where account customers may have a poor credit record or may be seeking to keep a tight control on their spending. It is harder to justify a restriction which affects the ability of these account customers to access their money when they need to. The impact of this is compounded by the fact that those on lower incomes tend to make far greater use of cash as a way of budgeting and managing their money, withdrawing smaller amounts more frequently, and therefore one could argue, requiring greater flexibility in their access, not less.

The Ipsos MORI survey of the general population asked people to indicate the frequency with which

they withdrew cash from their accounts. Thirty one per cent of respondents in the social grouping DE said that they withdrew cash every four to five days or more frequently, and 30 per cent in the social groupings C1 and C2, compared with 22 per cent in the social grouping AB. A comment from a respondent to the CAB survey shows how operating in cash can be of assistance in budgeting:

'We have changed the way we manage our money and now pay for groceries etc in cash instead of using our debit cards. This means we know exactly how much money we have available to spend and how much we have left from our food budget. We would find it very difficult and probably very costly if we had to rely on our debit cards.'

It is to be presumed that the main driver for the decision by some banks to remove access to the LINK network is one of cost. Each LINK transaction, triggered when someone uses a cash machine that is not owned by their own bank or building society, costs money. Basic bank accounts are not generally perceived as particularly profitable for banks or building societies. There is no monthly payment, as there is for a packaged current account, nor is there the possibility of charging fees for the provision of an overdraft. A customer on a low income is also likely to have a relatively small amount of money in their account, meaning less opportunity for banks to generate interest on the deposit. Basic bank account customers, who may previously have been in financial difficulty, may be in receipt of a low income, or may simply wish to have a basic

bank account in order to monitor carefully their own spending, are not generally an attractive proposition to banks and building societies.

At present, amongst the main providers of banking services, the decision to remove access to the LINK network is confined to two banks in Lloyds Banking Group (Lloyds TSB and Bank of Scotland) and RBS Group (Royal Bank of Scotland and NatWest). It is of course open to a customer of a basic bank account with one of these banks to either upgrade their account or take their custom elsewhere, but the ability to do this depends largely on whether other banks would let them open an account. However, for the banks and building societies who offer their basic bank account customers greater convenience and flexibility, the fear is that they will begin to receive a much higher proportion of these less profitable accounts than their competitors.

There is therefore a very real danger that other banks and building societies will follow this decision and remove the possibility for their basic bank customers to access the LINK network. We sincerely hope that they will not choose this route, and would also call on those banks which have brought in this restriction to reverse their decision as soon as possible. In the following section, we set out some of the problems that respondents to the CAB survey have experienced as a result of this restrictive policy.

Difficulties accessing cash when travelling

For most of us, the last thing we need to think about when travelling around the UK, whether for work or pleasure, is 'where am I going to get cash?' Our expectation is that there will be cash machines. Particularly in more remote areas, we may face a decision about whether we use a machine that charges or look elsewhere for one that is free-to-use, but we will not have to worry that our card simply won't work in any machine that we find. This however is the situation in which many basic bank account customers find themselves, as can be seen from the following comments from respondents to the CAB survey.

'RBS only recently introduced this measure, which is not too much of a problem in the town but creates a problem in a smaller towns or villages which do not have an RBS branch'

'I find it frustrating when I am out and about and need to get cash as I have to find a NatWest bank/cash machine and they are not always available.'

'I do feel it is unfair that I can only use a NatWest cash point, and my husband works all over the country and it is not easy for him to find a NatWest.'

'Whilst access to cash machines is not a problem in my home town, I do tend to travel a lot, and it is not always possible or convenient to find a NatWest/RBS cash machine. Nor do I particularly want to find a supermarket and spend money to get cashback. As for finding a Post Office...'

Difficulties at home

Despite the assurances referred to above from banks which have brought in this restriction, it would appear that many people are experiencing real difficulty in accessing their cash even when close to home, as the following comments from the survey show.

'There is one cash machine I can use with my NatWest basic account in my area, but it's a 10 minute drive away. There is one that I can use near where I work, but again, it's a 15 minute drive.'

'My nearest cash point that I can use is five miles away which makes it a 10 mile round trip. Being disabled it is very difficult and most frustrating when there is a point 200 yards from my home which I can't use.'

'As I have a NatWest basic account I can only use a cash machine from the RBS group. There is only one RBS cash machine within walking distance of my house/work that I can use. If this is out of order I usually have to borrow cash until it is up and running again.'

Alternative methods of accessing cash such as using a cashback facility or Post Office counter service do not always provide the answer for those who do not have convenient cash machines that they can use. Using cashback requires something to be purchased, which may be an unnecessary extra expense, and Post Offices are not always easily accessible.

'It's a joke that I can only get money out at Lloyds TSB machines. They say I can take money out at Post Office over the counter but I work 9am-5pm therefore I am not able to access the Post Office, especially annoying when I travel a distance to get cash at a Lloyds TSB machine and it's not working.'

'I am with RBS but live in a village that does not have an RBS ATM. Since they no longer link up I often find myself having to buy unwanted goods and queue up in the local shop to get cashback.'

'I was only limited to accessing my money from RBS, NatWest, and Ulster last year. Before that I could do it at any machine. The change has caused lots of problems for me as I have to travel over three miles to a cash machine to access my money. At this moment, I'm thinking of closing it as I'm not using it as much anymore. To get money I have to use cashback and to go the Post Office and get money over the counter. But I can't check what is in it so am always worried about going into the red.'

Despite the best efforts of the banks involved to inform affected customers of the change, it appears that for some people the communication was not received.

'I am disabled and find it very difficult to get out when I'm not well and if I run out of cash. I was told that the bank did this as it costs money to them for us to use the other bank machines. I'm disgusted they didn't even notify us as to which machines we could use. It would have been nice to have a list of machines we could use in our local area.'

'The first time I tried to use a non-RBS machine after the restriction was enforced I received a generic message that implied I did not have funds available and this confused me no end, as I knew I had. I didn't realise why I couldn't withdraw money until the next day.'

For some respondents to the survey, the additional stress which their bank's decision to restrict access to cash has placed on already difficult lives is unfortunately all too clear.

'I would far rather be able to access all cash machines like I did before NatWest imposed the restrictions. Why did they do this? I suffer from depression, and am recovering from cancer – I don't want to go out of the house a lot of the time. I live opposite three cash machines... I cannot use any of them.'

'My bank has already made a change which means I can only use its own cash machine. I am frequently going without food etc because I find it difficult to get to the cash machine owned by my own bank due to my mental health problems.'

Issues of safety and financial responsibility

The necessary consequence for some people of finding it more difficult to access cash is that they have to take out more money than they would otherwise do when they do find a machine they can use. This naturally has a safety implication in terms of greater danger of theft or loss. However, a policy that has an impact of encouraging people to withdraw more cash than they actually need is not in any way helpful in encouraging financial responsibility, which is after all one of the aims of basic banking. Similarly, how often are we warned not to share our PIN with anyone? But for someone facing a severe restriction on how they can access their cash, sometimes there is simply no alternative.

'I bank with RBS and can only use their own cash machines or NatWest. My branch of RBS is about a mile from where I live and nearest NatWest about half a mile. I live pretty centrally and pass at least 10 cash machines belonging to other banks/stores where I cannot withdraw cash to get to the nearest NatWest. If in a rush or only going into town for a specific item this can be frustrating. I tend to end up withdrawing more cash than I need so I have it 'in reserve' but this is not always good as I am one of these who if I have money in my purse I tend to spend it!'

'Why have the Royal Bank of Scotland limited its customers to only using their cashpoints or NatWest which is a four mile drive for me and I don't have a car so have to rely on other people to withdraw the money for me? This is so unfair and they won't answer this question even though I have asked them!'

There are also more serious safety issues facing those whose options for accessing cash when they most need it have been so significantly reduced.

'My NatWest card only lets me use NatWest machines. I have tried others but it says not available. I had to get a taxi to my daughter's from Huddersfield train station to her house but they only had a Lloyds TSB cash machine so I was wandering round Huddersfield on my own at night time to find a NatWest machine. This is dangerous. I thought LINK machines were for everyone.'

'My terms and conditions have recently changed on my basic bank account with NatWest. Now I can only use NatWest or RBS cash machines, which makes it more difficult to get cash. If I was stuck somewhere, I don't know what I'd do! Previously I could use any machine and that gave me peace of mind.'

The scope to change accounts

Not surprisingly, given the problems faced by those on whom these restrictions have been imposed, several respondents to the survey commented that they had changed their bank or type of account, or were looking to do so. This situation is of concern however for a number of reasons. In the first place, one reason for having a basic bank account can be because of previous financial difficulties, and it is not always possible to switch or upgrade accounts where the individual has a poor credit history.

'I have been with my bank for over three years and am still only able to use their machine. I work full-time, have a savings account with them, always have cash in the account yet every time I ask just to be able to use a card in other machines I get refused. I have even asked to upgrade and pay a monthly fee for my account in order for me to do this. I tried to get a credit card to prove my credit is ok and I was accepted and they seemed shocked but said they were still unable to allow me to use other machines.'

In this example, the individual concerned was prepared to upgrade to a different account and pay a fee, albeit that he wasn't accepted. Other comments from respondents to the survey suggest that upgrading is an option offered by banks to basic bank account customers who find themselves in this restricted position, but for some the additional cost involved is simply not feasible. Not only that, but packaged accounts offering a number of extra benefits such as insurance for a monthly fee, do not necessarily represent the best

value for money for the account holder, even if they do offer greater profitability for the banks.

'I have a basic account as I am not able to get a current account. NatWest has informed me that the only way I can use any machine is to change accounts and have to pay £8 per month. I only have about £180 per month going into this account so it's just not worth it.'

'I have had to change to Co-op bank so that I can access other cash machines. This has caused a lot of upheaval with changing wages and benefits to go into another account. I am slowly closing down the NatWest account and am disgusted at them for changing their service after being with them for 12 years. NatWest's only option is to have a credit check for a bank account with benefits that I don't need at a monthly cost of £8 and I know I wouldn't pass the credit check because of house repossession history. I am much more impressed with Co-op bank.'

It is good to see, as this last example shows, that there are places people can go to obtain the basic bank account facilities they need.

It is to be hoped that no further banks or building societies take the decision to exclude their basic bank account customers from the LINK network.

The cash machine network

It is not possible to tell from the comments to the survey how well people with these restricted accounts comprehend that they are able to use machines belonging to their banking group, as opposed to just those which carry the name of their bank. Tesco and Morrisons supermarket cash machines for example are owned by RBS/NatWest, and therefore can be used by their basic bank account customers, and Lloyds TSB and Bank of Scotland account customers can also use Halifax machines. We appreciate that the banks which have taken this decision do have a considerable number of cash machines throughout the UK. At the end of 2011, the number of RBS and NatWest owned cash machines stood at 8,350; and the number of Lloyds TSB, Bank of Scotland⁹ and Halifax machines stood at 6,580¹⁰. However, these figures represent only 13 per cent and 10 per cent respectively of the number of machines on the LINK network, and the decision which has been taken therefore represents a massive reduction in choice and convenience for the account customers affected.

Certainly the fairness of this decision is something which many people experiencing its impact have good cause to question.

'I have a basic debit account – I don't understand – as I can't overdraw, the money I have in the account remains mine but it appears more difficult to access via other banks' ATMs other than TSB which I bank with. Surely it should be more difficult for those with credit cards etc!'

'On several occasions, my wife and I have had to go far out of our way to get cash from an RBS ATM, or bank, as the ATMs at the supermarket we were visiting would not accept our RBS card. I have since opened another account at the same bank that allows me to use any ATM, but I am unhappy that people using these cards, and who are unable to get a more privileged account, are inconvenienced in this way.'

Aside from the significant difficulties experienced by those who face these restrictions, there is another, wider implication to consider. As we have said, on the face of it, generally the current position with regard to access to cash is positive. Results from the CAB survey show that most of us do not consider it difficult to access our cash for free. We want the situation to stay like this, and this means protecting a network which allows us the flexibility to withdraw cash when and where we need to. Taking a substantial number of transactions out of the network may threaten its future effectiveness, particularly if other banks or building societies were to follow suit and remove their basic bank account customers from the network. Reduced traffic, particularly in lower income areas likely to be more affected by the restriction on basic bank account customers, will lower the cost effectiveness of cash machines in those areas, potentially putting independent cash machine providers out of business and reversing

⁹ Bank of Scotland account customers can also use Sainsbury's machines of which there were 1,272 at end of 2011.

¹⁰ LINK website

the considerable improvements made in availability of machines over the last five years.

A number of people not currently restricted in this way chose to comment on this issue, as the following examples show:

'I am a single parent and it is not always easy for me to get to the nearest city. For example there is no Halifax cash machine in the town where I shop. My workplace is in another city and there is no ATM nearby, so this would make my life a lot harder in terms of accessing cash. Whereas now I can just pop into my local supermarket while shopping, and draw out cash needed for the week.'

'If I could only use my bank's cash machine I think I would spend more money. This is because my own bank does not have a cash machine within easy walking distance of my home, nor on my way to work. I would have to travel out of my way for cash. At the moment I take out money as I need it to minimise my cash spend. When I have taken out large sums in the past, I have spent it more quickly than taking out a little cash more often. If I could only use my own bank's cash machines it would be like going back in time to the 1970s when I used to go with my dad in the car to the nearest cash machine on a Saturday morning for the money for the weekend. This is not progress in a modern world!'

'Because my mother has vascular dementia and arthritis, I would have to organise trips to one HSBC bank locally where there are usually parking facilities close by. Or pay for replacement care while I go to a cash machine without her.'

The last comment above perhaps says it all. For those of us who currently do not give a second thought to who owns a cash machine before we use it, and who expect to be able to access our cash wherever and whenever we want to, anything different would indeed seem like a step back in time. In fact, as a society it is likely we would be outraged by such limitations on our choices. Yet for many people, this restriction of opportunity is now a reality.

Taking all of this into account, we would strongly urge those banks which have taken the decision to restrict their basic bank account customers' access to cash to reverse their policy; whilst also calling on other banks and building societies to maintain the current access to the LINK network enjoyed by all their account customers.

Counter service

Twelve per cent of respondents to the CAB survey reported usually using a counter in a bank branch to access their cash. Whilst substantially less than those usually using a cash machine, this still represents nearly 1,000 people. And in the Ipsos MORI survey of the general population, the percentage was slightly higher at 15 per cent of people who ever withdraw cash. The ability to visit branches remains important to people. Comments from some

respondents to the CAB survey suggest that issues of perceived safety provide one reason for this.

'I do not use cash machines as I feel that their location in the street makes me very vulnerable. I only tend to obtain cash from bank cashiers or supermarket checkouts as I think this is much safer.'

'I don't use cash machines. I am afraid of them swallowing your card. I don't like people in the queue behind me in case someone snatches my cash.'

'Elderly and disabled people feel more vulnerable using machines particularly if they are located in the street. There are also difficulties in seeing the instructions. Others, like myself, don't feel safe using them due to security risks such as the theft of card details from hidden cameras. This has happened locally. I still prefer to use PO/bank counters.'

Given the fact that all basic bank account customers and many other current account customers are able to access cash at a Post Office counter, it is perhaps surprising that only seven per cent of respondents to the CAB survey, and six per cent of those who withdraw cash in the Ipsos MORI survey reported usually using this method. One possible reason for this is a lack of awareness that this facility is available. Research undertaken by Consumer Focus published last year¹¹ found that only 18 per cent of current account customers who were able to

access cash from a Post Office counter were aware that they could do so. They found however that there was a strong appetite among consumers to use the Post Office network and that where people were aware of the facility, the majority made use of it. There is a strong argument here for banks and building societies to publicise this facility more widely and ensure people have full awareness of the transactions they can undertake at the Post Office.

Citizens Advice has long campaigned for those banks and building societies which do not provide this facility to their current account customers – most notably, because of their size, HSBC and Santander – to do so.

All major transaction types, including access to cash and obtaining balance statements, should be made available via the Post Office counter. The need for these services, and for people to be aware of them, is made all the more acute by the substantial volume of bank and building society branch closures that have taken place in recent years.

To address the problems that some sections of the community still report with access to cash, we need a combined approach of continuing to improve the accessibility of cash machines (both geographically and in terms of their suitability for use by those with disabilities) whilst maintaining and strengthening the provision of alternative methods for cash withdrawal.

¹¹ Counter Measures – *Delivering access to current accounts for all at the Post Office*, Consumer Focus, August 2011

Implications for the future

'I live in quite a rural area. To the best of my knowledge there is only 1 cash machine in the village where I live. My nearest branch is about a five mile drive away (return journey = 10 miles = petrol = !!!) I hope to goodness that bank machines remain accessible for all people regardless of which bank you are with! I tend not to get cashback in shops as I find it doesn't help me with budgeting and keeping track of my money, and I usually overspend.'

CAB survey respondent

It is welcome that, when asked whether it was 'easy', 'difficult' or 'impossible' to access their cash for free, 94 per cent of CAB survey respondents overall selected the answer 'easy'. Less than one per cent found it 'impossible', and the remainder selected 'difficult'. As we have seen however, the percentage of people finding it difficult or impossible rose considerably to 12 per cent for those with a basic bank account with a bank that restricts access. The number of respondents holding these accounts represent 36 per cent of the total respondents with basic bank accounts. Were these restrictions to be brought in more widely therefore, it is apparent that the number of people finding it difficult to access their cash would greatly increase.

The results of the survey show that, generally speaking, people make considerable use of the flexibility they have to withdraw their cash from a variety of machines regardless of ownership, with convenience being the main driver of which machines people use. Convenience was just as important a driver to respondents who held basic bank accounts.

Difficulties in accessing cash for basic bank account customers are compounded by other restrictions such as limited access to debit cards, and consequently cashback, and minimum limits on the amount that can be withdrawn from a bank branch counter. Halifax and Santander, for example, do not allow withdrawals of less than £300 over the counter, and Nationwide also carries restrictions. HSBC does not permit cash withdrawals at bank counters. These banks and building societies do not restrict access to their own cash machines, but in any event, such limits are not helpful for those whose budgeting may require them to withdraw small amounts frequently from their accounts in whatever way is most convenient for them.

In 2010, the UK Government's Financial Inclusion Taskforce commented that ensuring access to basic banking facilities was just as important today as it was 10 years ago, when the work of HM Treasury had encouraged banks and building societies to develop their provision of basic bank accounts. They went on to recommend that, in the short term, banks should take steps to make basic bank accounts more accessible and easier to use for poorer households. In the longer term, they felt there was a need to explore new models and channels for delivery of financial services¹².

The current restrictions on accessing cash that face some basic bank account customers certainly do not represent a move towards greater accessibility and ease of use. We would be very concerned about the impact on poorer households, were

¹² Report of the Financial Inclusion Taskforce: *Banking services and poorer households*, December 2010

other banks and building societies to follow the example of those that have removed access to the LINK network from their basic bank account customers. We also believe that access to the network should be restored for all.

On the one hand, we have seen concerted efforts made over the last five years to tackle financial exclusion by increasing the number of free-to-use cash machines in rural and urban deprived areas. On the other, we now see the benefits of this reduced by withdrawing the ability to use these machines flexibly from a significant section of the population. For those without this ease of access, the very purpose of basic bank accounts – to provide simple banking services to encourage greater financial, and therefore social, inclusion – is not being met.

Citizens Advice and Citizens Advice Scotland believe that there is a need to clearly define a set of key features which should form a minimum standard for basic bank accounts. Whilst some of these are outside the immediate scope of this report, it seems a useful opportunity to set out the minimum facilities that we believe such an account should provide, which are:

- access to the entire LINK cash machine network
- unrestricted bank branch counter access
- ability to deposit and withdraw money from the Post Office network, as well as to check account balances
- debit card to give greater sense of inclusion, enable use of cashback and allow account customers to make purchases on the internet or phone
- buffer zone¹³

- limits on level and incidence of charges, including some form of overall cap
- assistance when opening the account about 'making the most of the account' (for example, considering whether to set up direct debits and how to time the payment of these);
- eligibility criteria with minimal exclusions.

If the future of basic bank accounts is in doubt because of the disproportionate concentration of basic bank account customers in a small number of banks there is an urgent need to consider how to ensure a sustainable solution which sees a proportionate distribution across the sector and allows access to all consumers. We cannot afford to sit back and watch while the basic services necessary for participation in the modern world are gradually eroded for the most financially disadvantaged in our society.

The UK Government should implement the EU's 2011 Recommendation on access to basic banking¹⁴, which invited member states to oblige one, some or all financial institutions to offer basic accounts to all consumers regardless of financial position or history.

Given that the European Commission looks likely to strengthen its stance in this area in the coming years, it makes more sense to address the problem now, rather than waiting a number of years to be obliged to take action by an EU Directive.

¹³ A buffer zone is essentially a very small temporary overdraft of around £10 or so. The idea is to ensure account customers still have access to their cash via a cash machine which dispenses £10 notes if they only have, say, £6 in their account.

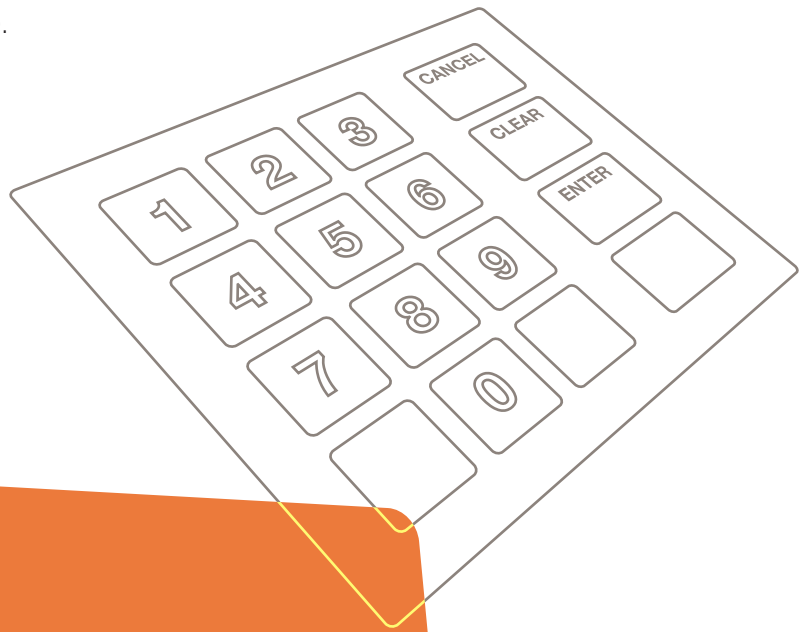
¹⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:190:0087:01:EN:HTML>

Technical notes

Citizens Advice and Citizens Advice Scotland commissioned Ipsos MORI to include their questions on their face to face CAPI (computer assisted personal interviewing) omnibus survey. Interviews were conducted with respondents in their homes.

The omnibus survey interviews a representative sample of c.2,000 GB adults aged 15+ each wave. The Citizen's Advice Access to cash study was conducted with a sample of 1,970 Adults 15+ between 17 and 23 February 2012.

Monitoring quotas were set to ensure the sample was nationally representative. The resultant data was weighted to ensure a representative sample.



Unable to proceed
with this request.
Please contact your bank

Appendix A: CAB Accessing cash survey

This is a short survey about how you access the cash in your bank, building society or Post Office Card Account.

The information you provide will help us to work to ensure everyone can access their own money quickly, easily and cheaply.

If you don't have one of these accounts you don't need to complete this survey. It is confidential and won't take long to complete.

Please tick the most appropriate answer(s) for each question.

1. Do you have a bank, building society or post office card account?

Yes

No - **If you answered 'No', you do NOT need to complete this survey**

2. Which bank or building society do you use as your main account?

(by main account we mean the one you most often use to access cash)

Bank of Scotland

NatWest

Barclays

Royal Bank of Scotland

Clydesdale Bank

Santander

Halifax

The Co-operative Bank

HSBC

I mostly use a Post Office Card Account (POCA) to access my cash

Lloyds TSB

Other, please specify:

Nationwide

3. Is this a Basic Bank Account? (if you use a POCA go straight to Q4)

(a Basic Bank Account is a simple account that allows you to pay direct debits and standing orders but has no overdraft, credit facilities or cheque book and does not pay you interest)

Yes

Don't know

No

4. How do you usually get CASH out of your main bank/building society or post office account? (Please tick all that apply)

- | | |
|--|--|
| <input type="checkbox"/> At a cash machine | <input type="checkbox"/> At the counter in the bank branch |
| <input type="checkbox"/> At the counter at a post office | <input type="checkbox"/> By getting 'cashback' in shops |
| <input type="checkbox"/> Other, please specify | |
-

5. If you use a cash machine, whose machine(s) do you usually use? (Please tick all that apply)

- | | |
|--|--|
| <input type="checkbox"/> My bank/building society's | <input type="checkbox"/> A different bank/building society's machine |
| <input type="checkbox"/> Another company's cash machine that is free | <input type="checkbox"/> A machine that charges |
| <input type="checkbox"/> Don't know | <input type="checkbox"/> A supermarket branded cash machine (e.g. Tesco's), please specify below |
-

6. Do you often use the same cash machine(s) to access cash?

- I tend to use the same machine
- There are a few machines I use a lot
- I don't regularly use the same machine

7. If you often use the same cash machine or a few cash machines to access cash, why is this? (Please tick all that apply)

- | | |
|---|---|
| <input type="checkbox"/> It's near to where I live | <input type="checkbox"/> It's near where I do my shopping |
| <input type="checkbox"/> It's on my way to work/school/college | <input type="checkbox"/> I can't use any other cash machines |
| <input type="checkbox"/> It's free and other machines charge me a fee | <input type="checkbox"/> I think it is safer than other cash machines |
| <input type="checkbox"/> I think it is more reliable than other cash machines | <input type="checkbox"/> Other, please specify |
-

8. If you could only use your bank or building society's cash machines, or if you are currently only able to use your bank or building society's cash machines how would/does this affect your ability to access cash? (please use box at Q10 to tell us more about this)

It would not/does not affect me in any way

It would make/makes it slightly harder for me to get cash

It would make/makes it much harder for me to get cash

It would make/makes it easier for me to get cash

I don't know

9. What is the first part of your postcode? e.g. SE9; M52

(Please note, we only need this information so that we can look at the availability of cash machines in your area)

10. Please use this space to tell us anything else you'd like us to know about your main account and how you access cash.

11. Overall how easy is it for you to get access your cash for free?

Easy

Difficult

Impossible, I cannot access my cash for free

12. Would it be ok if one of our researchers contacted you to discuss anything you have told us about?

Yes

No

If yes, how can we contact you? _____

About you

Thank you very much for taking the time to complete this survey. We would be very grateful if you could also fill in the following questions as they will help us know how different people access their cash.

Are you...

Male

Female

Would rather not say

How old are you...

17 - 24

25 - 34

35 - 49

50 - 64

65 - 74

75 - 84

Over 85

Would rather not say

Are you...

A homeowner

A council/housing association tenant

A tenant of a private landlord

Living with friends and family

Living somewhere else

What is your household income made up of? (Please tick any that apply)

Wages

Income from self employment

Tax credits

Job seeker's allowance/Income support/Pension credit

Incapacity benefit/Employment support allowance

Retirement pension/occupational pension

Disability living allowance/Attendance allowance

Other

Are you...

Part of a couple

Single

Other

Do you have any dependant children?

Yes

No

Does anyone in your household regard themselves as disabled or having a long term health problem?

Yes

No

Would rather not say

How would you describe your ethnic background?

Asian or Asian British

Black or Black British

Chinese

Mixed White and Asian

Mixed White and Black African

Mixed White and Black Caribbean

Mixed other

White British

White Irish

White Other

Other

Would rather not say

Appendix B: Ipsos MORI questions

Sample: Adults 15+

Q1

Is the account you normally use to get cash a:

1. Current Account
2. Basic Bank Account (i.e. a simple account that has no overdraft, credit facilities or cheque book and does not pay you interest)
3. Post Office Card Account
4. I do not have an account which I use to get cash
5. Other

Ask all who use an account to withdraw cash (i.e. all who code 1, 2, 3 or 5 at Q1)

Q2

Approximately how often do you get cash out of your bank, building society or post office card account?

1. Every 1-2 days
2. Twice a week
3. Once a week
4. Once a month
5. Less frequently than once a month
6. Never (I do have an account but I never use cash)
7. I do not have a bank, building society or post office card account
8. Don't know

Ask all who ever withdraw cash (i.e. all who code 1-5 at Q2)

Q3

How do you usually get cash out of your bank, building society or post office card account?

1. At a cash machine
2. At a counter in the bank branch
3. At the counter at a post office
4. By getting 'cash back' in shops
5. Other

Q4

If you use a cash machine, whose machine(s) do you usually use? Please mention up to three responses, starting with the machine you most frequently use... [Allow up to three responses]

Interviewer record order of mention

1. My bank/building society's
2. A different bank/building society's
3. A supermarket branded cash machine
4. Another company's machine that is free to use
5. A machine that charges a fee
6. Don't know

Q5

[Battery question, ask for each iteration at Q4, starting with 1st mentioned]

Why do you use [insert response from Q4]?

1. It's near to where I live
2. It's near where I do my shopping
3. It's on my way to work/school/college
4. I can't use any other cash machines
5. It's free and other machines charge me a fee
6. I think it is safer than other cash machines
7. I think it is more reliable than other cash machines
8. Other



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