

## **LINK and Access to Cash Review – Call for Evidence**

### **DWP Response**

#### **Question 1: What do you think could happen to cash demand in the UK over the next fifteen years?**

- Based on current trends and projections, it is anticipated that cash demand will continue to decline. Changes in consumer behaviour, the growth in digital payments and the pace of new Fin-Tech solutions coming on the market will all have an impact.
- However, DWP recognises the continued need for cash, especially for more vulnerable members of society, such as the elderly and those who may require reasonable adjustments, who are unable to make use of digital methods.

#### **Question 2: What are consumers' needs for cash and digital payments and how can they be best met in the future?**

- A number of DWP claimants and pensioners remain reliant on receiving and spending cash.
- Some claimants and pensioners need to be able to access and spend 100% of their DWP payment. We believe that traditional banking methods can prevent this (for example, the bank account is overdrawn, or the balance in the account is less than £5-10) so the needs of vulnerable people including those who may require reasonable adjustments must be assessed during this review.
- There remains a need for cash to be distributed and made available in ways that move in line with the behavioural and digital changes, and for back up plans to be in place for digital breakdowns and outages.
- There should be more than adequate availability of cash in rural and isolated areas. Making use of existing networks, such as the Post Office, is one way of meeting these needs.
- Given that those who rely on cash are often those who are the most financially excluded, who are trying to budget on low incomes, we believe it is vital that this network also ensures adequate availability of free access to cash.

#### **Question 3: What digital or other innovations are likely to affect those who currently are using cash?**

- DWP's payments and accounting solutions are part of the UK's critical national infrastructure and are relied on by millions of UK citizens.
- DWP provides one of the most important payment services in the UK. To ensure that this essential service remains viable well into the future, particularly in the context of the seismic changes currently taking place in the payments industry,

DWP has initiated a strategic review of its payment systems to evaluate existing and emerging solution opportunities in the short, medium and long terms. This includes continuous engagement with industry to identify and consider new payment opportunities that will enable more claimants and pensioners to receive their DWP payment via a banking solution that in turn, enables improved financial inclusion.

- We believe that with the range of innovative digital solutions increasing, some cash users will make the transition. However, some will need support in building their digital capability and confidence so that they can fully benefit and reduce their reliance on cash.

**Question 4: Does access to cash require regulation or central co-ordination that goes beyond the current framework? If so, what should this involve?**

- If cash was removed as a consumer choice then some DWP claimants and pensioners would be unable to spend their DWP payment, unless they were moved to and helped with a digital system.

**Question 5: How should access to cash be paid for?**

- The cost should not necessarily fall to the user. Those who are financially excluded, and those who are vulnerable and managing a tight budget where every penny counts, cannot afford to pay for access to their own money.
- Until such time as all “payments” to businesses and organisations etc. are digital, vulnerable users forced to operate in cash should not be charged for accessing it.