



Introduction

Later Life Ambitions (LLA) brings together the voices of over 250,000 older people through three organisations, the National Federation of Occupational Pensioners, the Civil Service Pensioners' Alliance and the National Association of Retired Police Officers. We campaign nationally, regionally and locally on a wide range of issues to improve the lives of our members, and older people more generally.

One of LLA's key campaigns is for the inclusion of older people as the world becomes more digitalised. As the Committee and the National Audit Office (NAO) note, many older people and those on low incomes rely entirely on cash, but recent shifts to online banking and contactless card payments has seen the number of transactions using cash reduce significantly. Covid-19 has accelerated this trend with contactless card payments being viewed as more hygienic. Earlier this year, the amount that could be paid via a contactless transaction was increased to £45 and research conducted for Money Mail by Amais suggests that 50% of small businesses have gone cashless or plan to do.¹ Both of these changes discourage people from using cash, reducing the amount that it is being used overall. As cash usage reduces for everyone else, we are keen to ensure that the Government understands the importance of maintaining access to cash for our older and more vulnerable population.

We understand that we will continue to move into an increasingly digitalised world with greater use of technology, but we believe this shift must remain inclusive. Additionally, whilst we recognise and support the work being done both by Government and by industry to support older people in using technology through workshops and guidance, we must continue to offer an 'offline' option to ensure that no one is excluded from our economy. With this in mind, we welcome the commitment the Government made in the Spring 2020 Budget to bring forward legislation to safeguard access to cash and have made some policy recommendations within this response.

Financial and digital exclusion

Increasingly, many older people are being excluded from accessing financial services following the closures of banks, ATMs and post offices. This trend has been exacerbated in recent years by the shift towards online banking services, and cuts to transport services in rural areas. LINK has revealed that as of March 2019 approximately 250 ATMs are closing per month.² As the NAO report notes, vulnerable older people, particularly those on lower incomes, are likely to be among those most significantly affected by any reductions in access to cash.³

There are a number of reasons why older people may use cash including a lack of digital skills, or concerns around security, and the fact that it is easier to keep track of what other people have spent on their behalf. One example often given is when older people give

¹ <https://www.thisismoney.co.uk/money/news/article-8289561/Will-cash-victim-virus-Businesses-refuse-coins-notes.html>

² <https://www.link.co.uk/media/1474/access-to-cash-in-rural-communities-march-2019.pdf>

³ <https://www.nao.org.uk/wp-content/uploads/2020/09/The-production-and-distribution-of-cash.pdf>

Public Accounts Committee Inquiry: The Production and Distribution of Cash

Response from Later Life Ambitions



someone money to do their food shopping, they are able to track exactly how much change they receive to ensure they are not being scammed. Older disabled people may also find it more difficult to switch to online banking due to poor eyesight for using chip and pin payments or issues with dexterity and using digital devices for people with Parkinson's disease or arthritis. ⁴

This wider shift to online banking is already excluding older people who do not have access to the internet. We know that more than half of the population aged 75+ (53.1%) are not online.⁵ Even when older people may have the technology and access to the internet, we are now seeing that there is increasing pressure to keep up with the latest forms of technological devices in order to access platforms that provide online banking. This excludes those who are unable to afford the latest device and it can discourage the use of mobile banking and create frustration amongst older people if they can only access online banking via the latest software update. For example, HSBC only allows for mobile banking on iPhones or iPads that are running at iOS12 or higher.⁶ It is therefore imperative that there is access to free cash withdrawals at convenient and accessible locations to account for this.

Scams and Safety

The pandemic has seen a rise in online shopping and online banking, but this has also provided more opportunity for fraud and scams. A Freedom of Information request to HMRC found scams peaked in May 2020 after rising 337% from 133 in March to 5,152 in May.⁷ Additionally, we know that the amount of money being lost via online scams is increasing. UK Finance found that in the first half of 2020, losses from internet banking fraud, increased by 32% to £64.3 million, compared with the same period in 2019, and the number of cases more than doubled to 21,300. ⁸

Consumer rights group Which? states that scams are now incredibly sophisticated as scammers consistently find new ways to exploit people, making it harder for everyone to identify and protect themselves against scams.⁹ Despite this, it is well known that older people are still disproportionately targeted, putting them at greater risk.¹⁰

As bank branches continue to close, older people are losing support in managing their accounts but also in identifying and preventing fraud. Staff at bank branches may be more likely to identify fraud or financial abuse, especially if an older person is exhibiting cognitive impairment. Despite this, thousands of communities have already been left without a bank on their high street. Additionally, with the closure of the Campaign for Community Banking Service, there are few organisations fighting for banks in high streets and in rural communities. As digital proliferation increases, banks and businesses must find more

⁴ <https://www.telegraph.co.uk/personal-banking/current-accounts/elderly-forced-bank-online-pandemic-cannot-log/>

⁵ <https://www.citizenonline.org.uk/citizenonline-internet-for-all-cov19/>

⁶ <https://www.hsbc.co.uk/ways-to-bank/mobile/>

⁷ <https://bit.ly/32dmyVs>

⁸ <https://www.ft.com/content/3aaa9447-de89-4b13-9714-fc909a1209cd>

⁹ <https://www.which.co.uk/consumer-rights/scams>

¹⁰ <https://www.ageuk.org.uk/scotland/latest-news/2020/june/news-scams-awareness/>

Public Accounts Committee Inquiry: The Production and Distribution of Cash
Response from Later Life Ambitions



innovative for ways for pensioners to access safe banking through accessible tools and workshops.

Call to Government

As noted earlier, we welcome the Government's commitment to introduce legislation in relation to access to cash. Alongside other measures, this could provide an opportunity to safeguard older people's independence and their rights to access cash. We suggest the following policy solutions that the Government and businesses could enact to ensure financial inclusion for everyone.

Firstly, businesses should have a comprehensive vulnerable client policy and procedure in place, to ensure these customers can access the services that they require. This should include extra support for older customers through digital workshops, one to one support or a support hotline for scam prevention. A vulnerable client policy should also mean that companies also maintain their commitment to using and accepting cash. The Government are responsible for ensuring that all older people can always take part in our economy, regardless of whether they have an online bank account or not.

As well as a company-specific strategy, we believe that the Government should take a role in encouraging and driving best practice within the financial services sector regarding vulnerable clients. We support the establishment of a sector wide code, stipulating minimum standards that individual businesses and firms should adhere to. These standards should include scam and fraud support for older and vulnerable customers to ensure that older people are protected. A good example is Lloyds Bank's hotline for over 70s and their new system, which allows a trusted person to help older people manage their account.¹¹

We are currently surveying our large membership base on their experiences during the coronavirus pandemic and throughout lockdown. As part of this, we are gaining important primary data on older people's access to cash and how this has been impacted by the pandemic. We look forward to sharing our findings with the Government once the survey closes to further inform this work.

¹¹ <https://www.ft.com/content/1282a37a-37ec-4667-adc4-4c1092b3db48>