

Introduction

Age Cymru is the leading charity working to improve the lives of all older people in Wales. We believe older people should be able to lead healthy and fulfilled lives, have adequate income, access to high quality services and the opportunity to shape their own future. We seek to provide a strong voice for all older people in Wales and to raise awareness of the issues of importance to them.

We are pleased to respond to the Economy, infrastructure and Skills Committee's inquiry into access to banking.

The current position regarding access to banking services in Wales, to include issues relating to financial inclusion and digital inclusion.

Banks and older people

Pensioners make up one-third of adults without a basic bank account¹ and 6% of households with someone aged 85+ have no bank or post office account.² For some people, their exclusion is the result of difficulty they face in opening an account because they do not possess the identification documents required, such as passports or driving licences.

Many older people with accounts find them difficult to use and have trouble accessing their money. Almost one-fifth of people aged 65+ use others to draw cash for them as a result of a variety of issues including their inability to access a physical financial services or to remember their PIN number. This decreases independence

¹ Department for Work and Pensions, Family Resources Survey 2014/15, 2016

² Department for Work and Pensions, Family Resources Survey 2014/15, 2016

and increases risk of financial abuse. Poor design makes it difficult for some older people to take up new banking technologies, for example telephone banking systems and security devices for internet banking.³

Over 130 bank branches have closed in Wales over the past 5 years.⁴ Post offices have the potential to provide a useful access point, especially in rural areas and most major UK banks now make their accounts accessible through the Post Office network,⁵ but many post offices have closed or are under threat of closure. We believe that the ability to make withdrawals and deposits (including cheques) from all current and basic bank accounts held with high-street banks and building societies should be mandated by the UK Government.

Personal cheques

Personal cheques remain a much valued form of payment for many older people with 500 million cheques written in the UK in 2015 and the total value of cheques written increasing.⁶ After significant campaigning, the Payments Council withdrew its intention to phase out the cheque clearing system by 2018 and banks are now looking to extend their life through introducing faster cheque clearing and cheque imaging. This is good news for some older people who are worried about how to protect themselves from the rising level of cybercrime and find it easier to budget by paying cash or cheque rather than via direct debit.

The Financial Conduct Authority (FCA) has an objective around the 'ease with which consumers...can access the services they may wish to use'. We believe this means that it is necessary for the FCA to make sure the market for financial services is providing accessible products which meet the needs of different consumer groups. This must include consideration of enforcing the continuing operation of cheques and other popular and accessible payment methods.

Credit unions

In Wales, the Welsh Government has been promoting the development of credit unions, which offer ethical savings and borrowing products, in order to provide an alternative to traditional banks and high-rate loan providers. The Welsh Government's aim is for credit unions to cover 6% of the population by 2020. This has the potential to improve access to financial products and services for older people in communities, and the needs of older people should be considered in the continued development of the credit union movement.

³ The Way We Pay, Payment systems and financial inclusion, Age UK, 2011

⁴ Walesonline (2017) Available @<http://www.bbc.co.uk/news/uk-wales-35708714>

⁵ http://www.postoffice.co.uk/branch-banking-services#withdrawals_&deposits

⁶ Payments UK (2015) The Future of Payments

Scams

Financial scams have been a particular concern in recent years. Scams target everyone; at least 150,000 people in Wales are believed to be victims of scams each year. In general older people suffer twice the detriment that younger people do and it is estimated that older victims lose on average £1200 each.⁷

Financial institutions have a key role in the prevention of scams and fraud. A key method employed by criminals committing fraud offences is to encourage the victim to attend their local branch in person to withdraw or transfer money out of their account. It is not uncommon for the fraudster to accompany the victim. The Banking Protocol is a multi-agency initiative introduced by UK Finance, aimed at identifying customers who are in the process of being defrauded and implementing safeguarding procedures to prevent their repeat victimisation and further loss of funds.

The Banking Protocol aims to ensure that bank staff are able to recognise and have the confidence to question unusual transactions, and to provide a standardised methodology for managing these concerns and reporting cases to the police. The Banking Protocol was rolled out in a phased approach, starting with the Metropolitan Police and London branches in October 2016. In 2017, the Banking Protocol saved £11.5m across participating banks and building societies and resulted in 116 arrests.

Take Five to Stop Fraud is a national campaign that offers advice to help everyone protect themselves from preventable financial fraud. Phase 1 was launched by Financial Fraud Action UK (now part of UK Finance) in September 2016. Phase 2 followed in September 2017, backed by the Home Office. Phase 2 focussed on increasing customers' confident challenge to help them feel empowered to question potentially fraudulent situations, using the memorable phrase 'My money? My info? I don't think so.'

Age Cymru, together with the Older People's Commissioner, is a founding member of the Wales Against Scams Partnership (WASP).⁸ WASP is working to help better protect people in Wales from scams and to support victims. We believe that Wales can lead in presenting a united front against scams and making itself a hostile country to scammers.

⁷ WASP Wales Against Scams Partnership (2016) Charter Against Scams.

⁸ <https://www.ageuk.org.uk/cymru/our-impact/policy/wales-against-scams-partnership/>

In September 2018 we brought together key stakeholders in the fight against scams and financial abuse at the WASP Summit in Swansea. A dedicated workshop explored the potential for banks to do more to prevent scams, including:

- Join National Trading Standards' Friends Against Scams scheme;⁹
- Explore locking down the majority of a vulnerable person's funds for a period (with consent) to encourage them to withdraw only what they need for that period;
- Regular, sustained training of all staff in financial fraud and scams;
- Create a clear mechanism for vulnerable customers to engage with banks;
- Targeted and plentiful Take 5 education and awareness;
- Make the number on the back of bank cards more visible;
- Review banking processes to ensure that safeguarding activities such as closing an account do not stop police investigations prematurely.

Digital inclusion

Digital exclusion is a major challenge for older people. As more services are made available mainly or exclusively online, there are real risks of increasing exclusion amongst older people. Technology can offer a vital portal to banking for older people but access and take-up remains low amongst older age groups. The National Survey for Wales 2017-18 highlights that only 40% of people aged 75 or over used the internet.^[1]

Organisations are increasingly operating and providing services online, but for many older people who are not online, reductions in the information, advice and services available through traditional channels has created barriers in being able to access key services and information such banking and finance.

In particular, while high street bank branches are becoming increasingly proactive in scams prevention, detection and safeguarding, the same is not the case for online banking.

We believe:

- Banking is an essential service. The UK Government should ensure that all consumers and the businesses, clubs and societies on which they depend have a convenient, safe and affordable way to receive, store and make payments.

⁹ <https://www.friendsagainstscams.org.uk/>

^[1] Welsh Government (2018) Statistical Bulletin. National Survey for Wales, 2017-18. Internet use and digital skills. <https://gov.wales/docs/statistics/2018/180822-national-survey-wales-2017-18-internet-use-digital-skills-en.pdf>

- All current and basic bank accounts must be fully accessible at post offices and banks should consider sharing branch networks in areas where the viability of their network is at risk.
- The Financial Conduct Authority should have an obligation to ensure that cheques and other essential consumer payment services remain accessible and useable.
- Banks should ensure powers of attorney and deputyships are dealt with correctly, swiftly and sensitively; that third party mandates are available and accessible and that current accounts offer second cards with separate PINs.
- The Welsh Government should encourage diversity in the banking and financial market, for example through continuing to help develop credit unions.

The variety of ways in which branch closures and access to free ATMs can affect local communities (for instance the impacts from a business, tourism, social, demographic and regeneration perspective).

In October 2018, Age Cymru participated in a workshop as part of the Access to Cash Review funded by the Link cashpoint network and led by Natalie Ceeney CBE.¹⁰ Prior to this, we consulted the Age Cymru Consultative Forum of older people, to gather evidence for the review. Consultative Forum members told us:

- They believed demand for cash would “massively reduce” over the next fifteen years;
- They saw the signs around them already – “even car parks are going cashless”;
- “There will always be a need for cash – smaller places will always need it”;
- “And you will always need cheques”;
- On the other hand – “Cruises are cashless societies, so we’ve already been doing it!” “If it was possible to have everything contactless, why would we need cash?”
- “So many places are not going to function, like my church. How will people donate a pound or two?”
- “If the window cleaner does 20 houses every day and only three of them have cash to pay him, he’s going to get a payment machine.”
- Changes in the way pensions are paid means that pensions will now be paid directly into a bank account and pension cards are being withdrawn. Local post offices are now saying that it may no longer be viable for them to offer pension withdrawals. This means that people without access to a local bank may now lose access to post office withdrawal facilities;

¹⁰ <https://www.accesstocash.org.uk/>

- “Technology is being forced on people. I don’t want to have to use technology if I don’t want to.” “I don’t trust technology. Younger people trust it implicitly, but I can’t.”
- Older people still prefer cheques and cash to electronic payments. They don’t want to know someone else’s bank account details, as they regard this as a breach of privacy. Cheque stubs often provide a better record of expenditure than bank statements, as it can be difficult to identify the expenditure from the data given.

To understand the potential process, benefits and challenges involved with establishing a community bank with multiple branches in Wales.

Age Cymru Consultative Forum members told us:

- (In a cashless society) every card, bank account, post office account, credit card would have to be as universal as cash.
- (In response to a question about additional regulation) “Why would there be rules? It’s my money.”
- “They should be obliged to make sure every community has access to cash.”
- “There was a Cash Act in force until the 1990s under which people had the legal right to be paid in cash. The removal of this resulted in the current pensions situation – we need a new Act.”
- “There should be a Bank Retention Act to ensure that there is at least one bank in every community. Different banks should share the same premises to reduce overheads.”

And, in response to the question of how access to cash should be paid for in a cashless society:

- “I certainly won’t pay to get my own money out of my account – I’d walk miles to find a machine that doesn’t charge.”
- “The banks themselves should pay for continued access to cash – they are the wealthiest stakeholders.”
- “We should remember that the taxpayer has subsidised much of the banking industry recently and so we can make some demands to support older people.”