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website evidence portal

# Acceptance of Cash

## About us

Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, we are accountable to the Scottish Parliament. The Act defines consumers as individuals and small businesses that purchase, use or receive in Scotland goods or services supplied by a business, profession, not for profit enterprise, or public body.

Our purpose is to improve outcomes for current and future consumers, and our strategic objectives are:

- to enhance understanding and awareness of consumer issues by strengthening the evidence base
- to serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors
- to enable the active participation of consumers in a fairer economy by improving access to information and support

Consumer Scotland uses data, research and analysis to inform our work on the key issues facing consumers in Scotland. In conjunction with that evidence base we seek a consumer perspective through the application of the consumer principles of access, choice, safety, information, fairness, representation, sustainability and redress.

## Consumer principles

The Consumer Principles are a set of principles developed by consumer organisations in the UK and overseas. Consumer Scotland uses the Consumer Principles as a framework through which to analyse the evidence on markets and related issues from a consumer perspective.

The Consumer Principles are:

- Access: Can people get the goods or services they need or want?
- Choice: Is there any?
- Safety: Are the goods or services dangerous to health or welfare?
- Information: Is it available, accurate and useful?
- Fairness: Are some or all consumers unfairly discriminated against?
- Representation: Do consumers have a say in how goods or services are provided?
- Redress: If things go wrong, is there a system for making things right?
- Sustainability: Are consumers enabled to make sustainable choices?

We have identified access, choice and fairness as being particularly relevant to this consultation.

## Our response

### Question 1. What is the current state of, recent trends in, and forecasts for cash acceptance in the UK?

There is currently no specific measure of cash acceptance in the UK, but there are a number of indicators in consumer behaviour and examples of specific retail trends that help provide an illustration of the state of cash acceptance in the UK currently.

Many consumers still [like to pay with cash](#) because it is fast, convenient, widely accepted, and is helpful for budget management. [Research by Link](#) shows that 81% of adults think that being given the choice to pay in cash remains important. Link also found that nearly three-quarters (73%) of adults said that they had used cash to pay for a purchase in the past two weeks.

The pandemic broadly [accelerated a drop in the use of cash](#) for transactions, deepening a long-running trend of declining cash use. While businesses have remained generally committed to cash acceptance, the Covid-19 pandemic made this less consistent, leading to some consumers facing difficulties paying for some goods and services with cash.

[The Bank of England](#) has observed that it is unlikely that cash use will recover much further from its current level. Many consumers have made permanent shifts in payment habits towards digital payment methods. However, the Bank also notes that there remains a sizable share of the population who value cash and for whom cash remains their preferred means of payment.

In 2021, the Financial Conduct Authority (FCA) and the Payment Systems Regulator (PSR) jointly published an [assessment of the UK's cash infrastructure](#), which, in part, investigated rates of cash acceptance in the UK. It is important to note that this assessment took place in

2021 and was focused on how Covid-19 related restrictions were impacting the use of cash. It found that:

- 1 in 6 adults had difficulties due to fewer businesses accepting cash
- 64% of businesses were 'very happy' to accept cash
- Almost 80% of businesses stated that that were 'very likely' to accept cash over the following five years.
- 98% of businesses stated they would never turn away a customer that needed to pay with cash

Levels of [cash use for transactions increased](#) in 2022, as pandemic restrictions were lifted and many consumers struggled with the cost of living crisis. This may be due to cash use providing a simple way for people to manage budgets. However, in 2023, while cash was still the second most frequently used method of payment, it's use [fell by 7%](#), returning to the longer-term trend of decline. Meanwhile, following the pandemic, and the continued evolution of technologies, [contactless payments, account-to-account payment methods, and payments via digital wallets](#) are now becoming more frequently used payment options.

As cash transactions continue to decline, there are emerging signs that acceptance of cash may decline with it. One market that illustrates this is supermarkets. In 2024, major [supermarkets have been announcing shifts to cashless transactions](#) across some of their services. Most self-service checkouts at supermarkets are also already cashless, and if this trend continues, there is a risk that increasing numbers of services within supermarkets will become cashless and less accessible to some consumers.

Access to cash, and usage of it, is also impacted by the [ongoing decline of both local bank branches and ATMs](#). However, as a significant number of consumers still prefer or are reliant on cash use, many retailers are [broadly content](#) with accepting cash as a means of payment while there is even limited demand for it.

Overall, it is clear that there is a general and long-running decline in cash use, but that it is still desirable for some and essential for others, especially those in vulnerable circumstances. The evidence currently available tends to show that while demand for cash as a payment method remains, businesses will generally be happy to accept it.

Question 2. Are there groups in society that disproportionately rely on businesses and public services accepting their cash?

As we highlighted in [our response to the FCA's consultation on access to cash](#), there are a number of groups, including some in vulnerable circumstances, who have a heightened reliance on using cash for transactions and who are impacted by levels of cash acceptance.

The nature of consumers reliance on cash may be affected, to some extent, by the age of the consumer. [Research by the FCA in 2021](#) found those consumers under 50 who rely on cash do so due to specific circumstances, such as having low incomes. As detailed previously, this may be due to consumers preferring to use cash to [manage budgets](#) and track their day to

day spending. For consumers over 50 who rely on cash this may, according to the FCA's findings, be due to ingrained behaviour or a limited desire or capability to engage with digital alternatives. This is consistent with [the views of advocates for older people](#) who maintain the need for cash acceptance for older consumers to be able to engage with goods and services with confidence.

Aside from these broad findings, there are other consumers who may be reliant on cash use and acceptance due to their specific circumstances.

The FCA, both in their 2021 report and their 2022 [Financial Lives Survey](#) identified living on a low income or having a characteristic of vulnerability such as poor health, unexpected life events, low resilience to cope with financial or emotional shocks or low capability such as poor literacy or numeracy skills, as factors that make it harder for people to cope with changes in cash access. The [Money and Mental Health Policy Institute](#) also note that those with mental health problems may also be more reliant on using cash. For some, their ill health is a contributing factor to cash reliance, either by limiting the income they can access or due to anxiety about digital payment methods.

As of 2022, [2.1% of all UK adults are 'unbanked'](#), meaning they are excluded from or don't have access to current accounts. There are many circumstantial or cultural reasons for this. The highest proportions of the unbanked are people of Islamic faith, the unemployed, and those experiencing health issues. It is also common among people who are experiencing [homelessness](#) or have no recourse to public funds, such as [asylum seekers](#). For unbanked people, [access to card or digital payments is restricted](#) as these rely largely on having a current account, and so the requirement to pay for goods and services with cash is heightened.

Those experiencing [domestic abuse](#) may not be unbanked, but may be reliant on use of cash to avoid their use of money being monitored and controlled by perpetrators of abuse.

In rural areas, where rates of digital connectivity are [lower than urban areas](#), businesses and services that accept payments [may not be able to rely on digital payments](#) consistently and so there may be an increased reliance on cash for consumers in these areas.

A lack of access to or ability to use digital technologies is a thread that runs through many of the groups described here, with the FCA finding that adults who are digitally excluded are [nearly five times more likely to rely on cash](#) to make all their payments.

### Question 3. Should the Government require parts of the economy to always accept cash?

Consumer Scotland recognises the declining nature of cash usage among consumers, and while there is a [need to maintain access to cash for those who need it](#), this should be done in a proportionate way that does not negatively affect businesses. As noted by the Committee in [its call for evidence](#), the Bank of England has stated that the decline in cash usage has led to an increase in the costs for businesses to trade in cash. There is a risk that such cost increases may then be passed on to consumers. It is also noteworthy, however, that small

businesses view this cost as [a less important factor in their decision to accept cash](#), and that there are also [transaction fees](#) associated with accepting card payments. Any developments related to mandating the acceptance of cash should take such trade-offs into account.

Consumer Scotland suggests that there are a number of essential services that consideration should be given to mandating acceptance of cash for, at least in the short-to-medium term when we know [many consumers will still want and need to use cash](#).

The role of supermarkets in providing consumers with essential items was highlighted during the Covid-19 pandemic, where [supermarkets were some of the few retail outlets allowed to stay open](#) so that people could access essential goods. Given the central role supermarkets play in providing consumers with essential items, and a possible continued trend towards cashless transactions, there is cause to consider mandating the acceptance of cash payments at supermarkets.

Consumers in rural areas may need extra consideration when it comes to accessing essential items as some rural consumers have [less access to supermarkets](#) and may be more [reliant on smaller convenience stores](#) for their essential purchases. There may be a need to consider whether some more isolated rural areas could be designated as places where smaller convenience shops should be mandated to accept cash.

Some rural areas may also include so-called 'not-spots' or 'partial not-spots', with only [between 46% and 57% of rural areas in the UK having access to 4G indoor data coverage](#) as of March 2024. Consideration should be given to situations where rural areas do not have consistent access to the necessary telecoms services to accept card and digital payments.

[Consumer Scotland has previously highlighted](#) the high number of households using energy prepayment meters. Consumers in vulnerable circumstances are likely to make up a large proportion of those meter users, including many consumers with low incomes. Some consumers in vulnerable circumstances may choose or need to use cash to pay for their fuel and we would suggest that stores that utilise PayPoint services should also be considered for mandated acceptance of cash. This would also assist mobile phone users in similar circumstances who [use pay as you go sim cards to manage their budget](#) and who may be more reliant on cash.

Another essential service that may be considered for mandated cash acceptance is public transport. Currently, consumers can generally pay for their journeys with cash, but there is a growing trend across the UK to make public transport ticketing more integrated across modes with single smart cards or apps. In Scotland, for example, [there is a National Smart Ticketing Advisory Board](#) to drive forward plans for integrated 'non-paper' travel, but there are variations of this policy direction across the UK. Public transport is a crucial utility, allowing consumers without access to a car to access educational, employment, and social opportunities, and many of the groups identified as potentially being more dependent on cash acceptance may also be [more likely to use public transport](#). Consumer Scotland supports the development of smart and integrated ticketing systems, but as these develop,

we would also advocate for the retention of cash acceptance within these systems to help those reliant on cash to access public transport.