

Julie Marson MP

Member of Parliament for Hertford & Stortford



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Mr Nikhil Rathi
Chief Executive of the Financial Conduct Authority

Sent via email.

Friday 2nd February 2024

Dear Mr Rathi,

We write as a cross-party group of MPs, concerned about banking closures occurring nationally, recognising the role that the FCA now plays in helping to protect access to cash following the introduction of the *Financial Services and Markets Act (2023)*.

We note the FCA's live *Access to Cash* consultation and the focus on the new proposed trigger points. However, as this consultation is primarily targeted at businesses and firms which provide current accounts to personal or business customers, we feel it is important to write to you directly ahead of the consultation's closure on 8th February 2024.

To date, the "last bank in town" rule has prevented LINK from considering whether an area requires a new cash solution if there is a remaining bank or building society branch in town, subject to certain exceptions. We welcome the FCA's view that it may be unreasonable to expect high levels of switching by individuals and SMEs in an area where only one bank or building society remains. Furthermore, there is a problem at present where if the last bank in town does not offer business banking services, SMEs are left in limbo until this branch closes and a banking hub can be recommended. Even for individuals, there can be a gap in service between the last banking branch closing and a banking hub opening, plunging them into a period with no access to cash.

We recognise the FCA's proposal that if there is another facility within the relevant distance that serves at least one other bank or building society's customers, that could be enough to conclude that the existing provision of services in the area is sufficient. However, we are today calling on the FCA to go further. We are calling on the FCA to grant LINK the ability to operate on a case-by-case basis, look at the bigger picture in an area, and have the freedom to intervene much earlier. Rather than waiting for the last or second-to-last bank in a town to shut its doors for good, LINK should have the ability to look at factors such as: how many banks have closed in recent years; trends and the direction of travel; whether there is a nearby Post Office; and how far residents and businesses would need to travel to access the nearest banking facilities outside the immediate area in question.

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Our view is that where the direction of travel is clear when it comes to banking closures, LINK should be able to recommend a banking hub in an area where a few branches remain. This would allow staff to be moved over to the banking hub more seamlessly and, crucially, ensure that a community is not plunged into a limbo period. Ultimately, if a community with six banks loses three of these in a few years, it is reasonable to assume that the remaining three may close in the few years that follow.

We appreciate the work of the FCA, LINK, Cash Access UK and all other relevant bodies to date and the emphasis they have placed on not wanting to do anything that would promote or accelerate more banking closures. However, if the direction of travel is clear, why not intervene while the services are still present in a community, preventing a situation with no access to cash?

Despite modern innovations, we do not live in a cashless society. People still require banks, and banking hubs and similar schemes are the solution to this. We would urge you not to move from a “last bank in town” rule to a “last two banks in town” one, but, rather, to a rule where LINK can assess each community uniquely and properly protect access to cash.

We look forward to your response.

Yours sincerely,

Julie Marson MP

Signatories

Nickie Aiken MP

Peter Aldous MP

Duncan Baker MP

John Baron CBE MP

Sir Peter Bottomley MP

Sara Britcliffe MP

Ian Byrne MP

Wendy Chamberlain MP

Sarah Champion MP

Rt Hon Sir Simon Clarke MP

Rt Hon Dr Thérèse Coffey MP

Daisy Cooper MP

Rt Hon Stephen Crabb MP

Philip Davies MP

Rt Hon Sir Oliver Heald KC MP

Gordon Henderson MP

Wera Hobhouse MP

Dr Neil Hudson MP

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