

Further to the tweet by Deputy Tadier today, I'm encouraged to submit my thoughts/ comments on the question of cash and its future.

As a former senior banker of 34 years I have seen the dramatic evolution from cash to cash + cheques to cash + cheques+ electronic payments and now to primarily electronic payments + much lower levels of cash transactions.

It's interesting to think of why cheques didn't have as big an impact on cash as electronic payments has.

The main reason for this is that bank accounts in the 70's and 80's were more restricted where today virtually everyone has a bank account.

I say virtually, as due to regulatory risks and broader costs to serve, there remain many vulnerable members of our society that the banks simply don't want to bank.

Add to that the elderly generation who find the technology bewildering and you then have the groups to whom cash remains critical. These groups need supporting and protecting. Any Jersey regulated bank should either provide useable banking services/ training support directly or contribute to a fund that does the same. This should be part of their banking license fee, but the JFSC don't see accessibility to financial services as one of their primary roles

(at least in practice not just nice words/ annual review statements).

The one additional group for whom cash is critical is the criminal fraternity and grey economy, be under no illusion this is alive and well in Jersey. We have to stop their ability to use cash easily. Our banks are well versed in managing these areas of risks that cash avoids and so the rates of prosecution should go up once they are forced to use some level of regulated financial services.

For our business community cash will always be far more expensive to manage and process, this cost will only grow.

So all our efforts should be focussed on genuinely making sure future financial services (which will by necessity be more and more electronic) are accessible to all.

Provision of prepaid debt cards with simple bank accounts for all by Jersey banks is a start. Those Jersey banks who to date just cherry pick high value private or international clients, clearly won't want to bank the vulnerable so via keeping their banking license they should have to pay greater licence fees to fund initiatives with the likes of Community Savings Trust who could be a real game changer if properly funded.

Subsidising business to retain uneconomic cash services would be self defeating as the costs will only grow as less cash is used and doesn't deal with the issues of why there is resistance from some to use electronic means.

As an aside, the 'cherry picking' of clients by some banks also impacts small businesses opening bank accounts. With our regulatory regime and limited automated credit search ability (eg voters roll) the cost to serve is often prohibitive for banks. Some continue to provide a service (eg NatWest/ Lloyds etc) but it's not fair that many don't and as such the Gov via JFSC really needs to get tough with the industry to develop better solutions.

Hope this helps and gives some food for thought.