



Mr P Lamy
Scrutiny Office
States Greffe
Morier House
St Helier
Jersey
JE1 1DD

Dear Mr Lamy,

16 July 2024

**Economic and International Affairs Scrutiny Panel (“EIASP”)
Reference: Acceptance of Cash Payments Review 13JUN24**

Further to Deputy Montfort Tadier’s letter and email in his capacity as Chair to the EIASP, I am responding in my capacity as President of the Jersey Bankers Association (JBA).

The JBA’s Principles

As a professional organisation representing the Banking community within Jersey, the JBA is committed to ensuring a strong, efficient and responsible banking sector for the Island. This includes promoting to our members the continued need to expand access to banking for all Islanders regardless of age, background, financial standing and/or capacity. All of our members are equally supportive and recognise the role they play as “Corporate Citizens” and are fully aligned to the JBA’s principles.

We have reviewed your letter and we have recommended to the 5 main Clearing Banks in Jersey, that they consider responding directly. At least two Clearing Banks have confirmed that they are expecting to do so.

Cash or Digital

From a JBA perspective, there is a recognition that our Islanders enjoy the higher ratio of Bank Branch access when compared to the UK and that there remains a strong dependency on “cash” for payments of goods and services, typically for purchases under £50 and for those Islanders with specific accessibility challenges.

Recent advances in technology such as “Apply Pay” and expansions to services available through mobile Banking apps, Fintechs (Monzo, Revolut, etc.) and on-line Banking have

promoted the speed, ease, and certainty of making digital payments. The Clearing Banks continue to extend their security protocols, including 2-Factor Authentication and fingerprint / Face ID technology to ensure it is only the account holder able to make digital payments via a mobile device or on-line banking.

Some Islanders may prefer to deal in cash alone as it supports their personal budgeting and reduces the likelihood of making an “impulse” purchase that may affect their future finances. The Clearing Banks and other service providers are able to support Islanders making ATM cash withdrawals across the entire Island and these are available on a 24/7 basis.

There will be extreme events such as during the COVID-19 pandemic, where for a period of time, a number of retailers accepted only digital payments or Apple Pay whereas during Storm Ciaran, some retailers lost power or internet access and reverted to cash only until their power source was restored.

When accepting cash for a purchase or service, businesses would need to ensure that they abide by the Jersey Financial Services Commission (JFSC) guidelines in respect of becoming a “High Value Dealer” for transactions over £12,500. There are no such limitations for digital payment receipts.

Likewise, the Clearing Banks are required to make additional enquiries for customers depositing and/or withdrawing large cash amounts – both value and volume / frequency. Holding cash does increase a risk for Clearing Banks from a security perspective and a financial crime monitoring and reporting perspective. However, controls are in place aligned to the JFSC Handbooks and their own Compliance Teams. Currently, all Clearing Banks provide access to cash, free at the point of delivery (sterling withdrawals within UK and Channel Islands) for retail customers. In some circumstances, commercial customers will incur a fee for transacting in cash and other payment channels. No Clearing Bank has indicated that it proposes to change this stance in the near to medium term, recognising that there remains a strong customer-driven desire to have free access to cash via branches and ATMs.

Requirement for Legislation

If the proposal is that the government wish to drive further digital adoption and increase the transparency of payments (removing cash from the system), then this could be managed through tightening of the High Value Dealer criteria or lowering the level of cash that a Clearing Bank can accept rather than introducing legislation.

If the proposal is that the government wish to protect access to cash for all Islanders, then the JBA members have confirmed their commitment to this, not least through recent significant investment in and refurbishment of, their premises in St. Helier (HSBC, Lloyds and NatWest/RBSI).

To conclude, the JBA does not believe that there is a need to bring in legislation or protective measures about accepting cash and / or digital payments at this time. Its members and the broader JBA consultation, show that this acceptance of cash and / or digital payments is seen as self-regulating, as when a retailer makes a business decision* to only take one type of payment, the retailer understands and agrees to the risk that some customers may go to another seller.

Note: *Commercial decision – such a decision should not be made to discriminate against a protected characteristic such as race, sex, sexual orientation, pregnancy, age or disability as outlined in the Discrimination (Disability) (Jersey) Regulations 2018. Equally the Clearing Banks are committed to supporting all Islanders to have access to banking services and their various delivery channels, to give the customer the choice of whether to transact in cash, digital or both, at their convenience.

Thank you for the opportunity to respond to your enquiry.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Charles Molteno', with a small flourish at the end.

Charles Molteno
President