



# Economic and International Affairs Scrutiny Panel

## Acceptance of Cash Payment Review

### Witness: LINK Scheme

Tuesday, 20th August 2024

**Panel:**

Deputy M. Tadier of St. Brelade (Chair)

Deputy M.B. Andrews of St. Helier North

**Witness:**

Sir Mark Boleat, Chairman, LINK Scheme

[12:00]

**Deputy M. Tadier of St. Brelade (Chair):**

First of all, can I say welcome to this public hearing? We are very pleased to have you in. In a moment, we will just do the introductions, but just to say this is the Economic and International Affairs Scrutiny Panel. I am Deputy Montfort Tadier, I am the chair.

**Deputy M.B. Andrews of St. Helier North:**

I am Deputy Max Andrews, a panel member.

**Deputy M. Tadier:**

Thank you. It is just the 2 of us this morning, but hopefully that is okay with you. There are 4 members of the panel who will be working on it and who will read through the submissions and the transcripts as well. If you could just introduce yourself for the record, please.

**Chairman, LINK Scheme:**

Mark Boleat, I am chair of LINK Scheme.

**Deputy M. Tadier:**

Thank you. So, as I said, we have received your submission. Thank you for that. That was very helpful. There is some, I think, useful information for us in that. I know it is from a U.K. (United Kingdom) perspective. I think the first question really is: could you tell us what your capacity is that you are talking to us and what LINK is and what you do and the organisation does?

**Chairman, LINK Scheme:**

I am chair of the LINK Board, and that is the capacity in which I am at this meeting today. LINK provides the mechanism by which every card works in every machine. For example a Barclays Card will work in a NatWest machine. That requires technology and we run that technology or rather we manage that technology. It is actually outsourced to a subsidiary of Mastercard. That is LINK's primary function and our success criterion is nothing happens. That is, the system works 100 per cent of the time, which it does. We have developed a secondary function over the years of maintaining access to cash in the face of declining use of cash. So for many years, we have had a system that subsidises cash dispensers that would otherwise not be viable. There are several thousand machines now that benefit from that subsidy. It is paid for by the banks. We do not have any money of our own. The money comes from the banks. More recently, we have developed a very successful scheme of community requests for an A.T.M. (automatic teller machine). So if any community, and we do not define what a community is - it can be politicians, it can be business people, it can be one person - if they say to us: "We have got a problem with access to cash", we look at it. We look at it, first of all, with a computer. If we think prima facie, yes, there is an issue, we send people physically to it anywhere in the UK. They will look at: "Is there a problem?" They will talk with local businesses and they will assess, yes, there is a problem here and this is where it can be solved. We then commission an A.T.M. We have put in 100 over the last few years on that basis. and that has provided access to cash. It has improved access to cash. More recently, we have a role in assessing communities' access to banking services, where a community can say: "Even though we have not lost a bank branch, will you look at the services we have got?" We have got criteria agreed by the banks and we will assess: "Does this community need a service it does not have?" We do the assessment, another organisation called Cash Access U.K. does the implementation. So, sorry, that is a long answer, but that is what we do. But in doing that, we do a huge amount of research and we have given you some of the benefit of that, and we have a lot of data.

**Deputy M. Tadier:**

Thank you. So can I maybe ask an example? Let us say there is a rural community somewhere in the U.K. that currently does not have a cash machine. They lobby for one, for want of a better word, and they are successful. Is it likely that ... would the cash machine be free of charge?

**Chairman, LINK Scheme:**

Yes, always. There will be no question of charging. So we pay a company, and we can pay them £40,000, to put in a cash machine because it would not be viable. So what we are doing is subsidising it for a 5-year period.

**Deputy M. Tadier:**

Are there any fees associated with the withdrawal of cash?

**Chairman, LINK Scheme:**

Never. There are machines that charge a small proportion of the total. We disregard them completely in looking at access to cash. It is about free access.

**Deputy M. Tadier:**

Okay. Thank you, that is useful. Is there any legislation - we will come on to that maybe in more detail, that is part of our question plan - but around charging for access to machines?

**Chairman, LINK Scheme:**

There is no legislation. Cash machines cost money. So the fact that they are free, they are not free. Somebody is paying for it. So all bank customers are paying for the cash dispensers and the Government could ban machines that charge. The effect of that is that those machines would be closed, they would not become free.

**Deputy M. Tadier:**

You see some corner shops, for example, that charge maybe £1.75, something like that.

**Chairman, LINK Scheme:**

Correct. So among other things we require that charge to be up front; it will be on the screen so people know they are doing it. We have done a fair bit of research in the past few years about who are the people who use these machines because we are really concerned that it is the most vulnerable people who use them. Sometimes it is people who do not care, they need £100 quickly, they will pay £1.75. There can be a free machine 50 yards away and they will still pay the £1.75.

**Deputy M. Tadier:**

I think you talk in your submission that it has been identified that the number of A.T.M.s in Jersey has fallen less than in the United Kingdom and that the value of cash dispensed has fallen more. Do you have any comment on why this may be the case?

**Chairman, LINK Scheme:**

You are right on the figures. We think there are 69 cash machines in Jersey. That is 15 per cent fewer than in 2019 as against 26 per cent in the U.K. Cash withdrawn has fallen by 51 per cent over that period. In the U.K. a lot of the reduction has been where there are multiple machines. So you go into a railway station 5 years ago, you could find 20 machines. We had high streets with 30 cash dispensers. What has happened is that 30 has come down to a few. Indeed where I live, Northwood in London, we had I think 6; we now have one and that is fine as far as we are concerned.

**Deputy M. Tadier:**

Do you have any anecdotal evidence about cash being withdrawn directly from banks? People going in either taking money out of their own accounts cashing cheques?

**Chairman, LINK Scheme:**

When I was a student that is how I got my cash. If you can find a bank branch some people still do it, but it is a tiny proportion of the total.

**Deputy M. Tadier:**

Thank you. If we can maybe ask about the situation of cash in Jersey, in terms of ... effectively what you are saying, the starting point, I suppose, in the U.K. is that there were a lot more cash machines for them to be able to reduce the number, whereas in Jersey, because it is so small, I suppose, it is a need basis.

**Chairman, LINK Scheme:**

I am not certain I would draw huge significance in the figures. It could just be chance. What a bank might or might not be doing. You may suddenly find a bank closing 4 A.T.M.s that actually has no effect on the overall pattern. I am not aware we have had a community request for an A.T.M. from Jersey, but if we do, we would absolutely look at it.

**Deputy M. Tadier:**

I am just looking at the map you provided, which was helpful; is it correct that there are cash machines at Jersey Airport, is that right, do you know? I know there was talk a while back about ... I think they got rid of one at the arrivals hall. I think there are some but they are airside, is that right?

**Chairman, LINK Scheme:**

I think there used to be one in the departure hall and you could get U.K. notes because clearly the last thing you want, if you are leaving Jersey, was Jersey pound notes or £10 notes.

**Deputy M. Tadier:**

I am pretty sure it is airside, but I would have to check that. Okay, thank you. Thank you for that. I suppose just an additional question: do you make any comparisons about what other countries are doing with cash machines?

**Chairman, LINK Scheme:**

Yes. Part of what we do at LINK is monitor what is going on around the world. We have actually had presentations recently from Sweden, which is the most developed country in terms of less use of cash, and from Australia, and we can do that electronically. They have been really useful because we actually want the board and the executives to be fully abreast of what is going on around the world, what can we learn from other countries. Sweden went a bit too quickly, and one of the issues we have been looking at, and I can come on to that later, is the reverse A.T.M. We have been looking at what has happened in America when some states have required retailers to use cash and they have responded by a reverse A.T.M.

**Deputy M. Tadier:**

Tell us what that is for the record.

**Chairman, LINK Scheme:**

I had to ask that question myself. So a shopping centre ... let us say in Jersey you required every retailer to accept cash. So in America what they do is have one machine where instead of putting a card in and getting cash out, you put the cash in and you get a card out. So you get a £20 card or a £50 card or whatever. So the retailer does not have the expense of having to handle cash, but the consumer is fine. They have got a payment card. It is a payment card, it is not a bank account, it has got privacy, all of the issues why some people want cash.

**Deputy M. Tadier:**

Is it tied to that particular retailer or can you spend it within the mall?

**Chairman, LINK Scheme:**

I think generally a shopping centre will do it. In America, they are all about malls, but not like Jersey. Everywhere would take it.

**Deputy M. Tadier:**

Yes, okay. You do allude to the £100 card, I think also, that was issued by Government, which was preloaded during COVID.

**Chairman, LINK Scheme:**

I think that is a very interesting thing for you to look at and perhaps ask the Treasury. I am not aware that people said: "I need the cash" and I am not aware that people did not use it. Indeed, I think that card may have helped some people who are nervous about cards to begin using them. The other initiative that I thought was great is Community Savings, which has introduced a payment card for people who do not have a bank account. That is exactly the sort of initiative that I think can address the problem you are concerned with.

**Deputy M. Tadier:**

Pre-loaded card, top it up. Good, thank you. I think we are in this area already, so what of those Islanders who will not, either through choice or need, adopt digital payment methods? I know your submission talks very much about engagement and inclusion.

**Chairman, LINK Scheme:**

Bearing in mind our job is to provide access to cash, you might think that our objective is use of cash. It is not. We look beyond that. Our objective is that long ... the overall objective is that people should have the financial services they need. Now, if people are using cash only at the moment, they are being denied access to many goods and services. You cannot buy on Amazon using cash. For Jersey, because inevitably you have got a limited range of retailers because it is an Island, that is important. I will give you another example. If you go on LibertyBus, you are paying cash, you are paying £2.70. You are using a card, it is £2.35 and you are using their card, it is £2. I think Max is nodding. I think those are the figures. So I think a worry we have, and we had a really good discussion at the board over dinner with a very key person in all of this, and he made the comment to us: "We are really not helping disadvantaged people by keeping them using cash. All we are doing is preserving their disadvantage." Of course we need to help them on cash but we also need to help them use other means so they are not denied access to goods and services.

**Deputy M. Tadier:**

Can I drill down on that? I think there will certainly be some ... there are all sorts of reasons that we understand people might use cash and some of those will be classed as "vulnerable", but there are people out there who simply just choose to use cash. They have got great wherewithal, they are intelligent, they have got cards, they sometimes pay with cards, but for all sorts of reasons people like to pay with cash. What would you say to those people? Is the ultimate vision, I guess, is what I am asking, that we have a cashless society and about how we get to that point and how long that takes?

**Chairman, LINK Scheme:**

It is not for us to have a vision; that is for politicians like you, not for organisations like LINK. We are very clear what we are doing at LINK. Our mission is to preserve access to cash as long as it

is needed. But we want to use the experience we have gained from all of the work we have done on access to cash. We have been running digital pilots as well. I went with a colleague on the board to Pencoed in Wales, where they were running a scheme with elderly people, trying to get them to use iPads. I do not believe it is going to work, but it was worth doing. Why is it not working? Now many people, elderly people who have never used an iPad, never used electronic, they get their children or grandchildren to do it, and I did that with my parents, but not everybody has got a child or a grandchild who can do that for them. That is the group of people that it is really important to help.

**Deputy M. Tadier:**

Can I just ask a specific question about LibertyBus, for example, or any company which might have a variation and it is charged for the same product or service? Do you think that is justified?

**Chairman, LINK Scheme:**

That is a political matter, but I would say LibertyBus is running its scheme under contract with the Government so that is a matter for the Government. The motive for offering a discount for cash is that it saves money and it reduces the opportunity for theft. Probably not a great issue in Jersey but it is in other places. So they want an incentive for people not to use cash. I know Jersey Electricity offers a discount, not a huge amount, if people are paperless; very similar.

**Deputy M. Tadier:**

I guess it is questionable whether it is a discount or there is a surcharge depending which way you look at it.

**Chairman, LINK Scheme:**

If you are a producer of a service it is always called a discount not a surcharge.

[12:15]

**Deputy M. Tadier:**

I am not asking you this in your capacity as LINK chairman necessarily, but as a citizen and a regular user of Jersey services I suppose, like all of us, if it proliferated and there were lots of companies charging extra for your coffee if you are paying cash, or for your petrol if you are paying cash, what would that do to that vulnerable group you have identified who already use cash?

**Chairman, LINK Scheme:**

Some work we did was coming back to machines that charge. Why do people use them? Who are they? Is there a bit of work that the banks can do, and several of the banks did this, can we actually

say to these people: “By the way, we have observed that you are using machines to take out £20 and you are paying £1.75, are you aware there is a free machine 50 yards away?” The response from some people might be: “Oh, thank you, yes, I will do that in future.” From others, it is: “Who do you think you are to tell me what I should be doing?” People willingly pay large amounts for bottled water that is free out of the tap; it is the same water. I think it is a difficult issue. The banks, I think, particularly during lockdown, spent quite a bit of time with individual customers to try to persuade them, looking at their behaviour to say: “You could save money by doing this.” But there is only so far, I think, you can go.

**Deputy M. Tadier:**

In a moment I will pass over to my colleague, Max, but the final question for this part, which you may have touched on already, what would you envisage is the path for digital inclusion? For example, those individuals who maybe do not have a bank account or they have got limited access to the type of bank account, what actions could be taken in this regard to give them greater digital inclusion?

**Chairman, LINK Scheme:**

I think there is, first of all, an issue about opening bank accounts, which is not a Jersey issue. I observed in the last election that a political party could not open a bank account; just not possible. Even I have been involved in setting up several charities, including more recently the Policy Centre. Opening a bank account was a struggle. It took us several months. We actually picked the board to be the people who could most easily open the bank account rather than the people who could actually run the organisation. That is an issue that you are not going to solve. For the people who either do not want a bank account, cannot get a bank account, I do not think the solution longer term will work of forcing institutions to take cash. I think the payment card is the one that really needs exploring. I was pleased to see what Community Savings have announced. I think it has not happened yet. But it would be really useful to learn more about that and for them to evaluate after a few months how is it working? What more can we do? I do not know with this card, for example, whether it has got a strip that tells you how much there is left or whether it is a £10 card and you suddenly discover: “Ah, got nothing left.” The AvanchiCard, as you know, you get a receipt that tells you what is left. My golf club has a card that does that, but the card does not do it; but cards can do that. I think the partnership that Digital Jersey has had with Mastercard can absolutely help to frame that. I think that they worked with Community Savings.

**Deputy M. Tadier:**

Okay, thank you. That is helpful. I will pass it over to you, Max.

**Deputy M.B. Andrews:**

Thank you very much, Chair. Thank you very much for coming in today. I just wanted to start off with the first question by asking you about the benefits of digitalised transactions and what that may be of benefit to both businesses and consumers.

**Chairman, LINK Scheme:**

Cost is the obvious one. We commissioned a few years ago a study on cash from Natalie Ceeney. The timing was immaculate in that it was just becoming an issue and it was a really good report, so much so the Government claimed it was their report, which it was not. They worked out that use of cash cost businesses £5 billion a year. You add to that the cost to consumers, they reckon was another £5 billion. So that is £10 billion in total. Now to give you an example about the cost of cash, a club to which I belong, a sports club, at half-time the bar was open for people to buy coffee or beer and they accepted cash and cards. One week suddenly it was card only and I said to the person running it, who I happen to know: "Why?" "Ah, last week, end of the match, right, I will take the cash to the bank. Where is the cash?" It had gone, all the staff were temporary. So they lost half the takings. The next week card only. Did anybody bat an eyelid about it? No. There is a cost for using cash. There is a security issue for using cash. There are cafés in St. Helier that are card only. They have no cash machine.

**Deputy M. Tadier:**

If I can interrupt, that in itself is a strong argument certainly for Government and for businesses to want to go cashless completely.

**Chairman, LINK Scheme:**

I think what businesses find, they do not want to lose custom. So if 10 years ago a business had said card only, fine they could lose 20 per cent of their business. They make that judgment.

**Deputy M. Tadier:**

But Amazon do not worry about losing business.

**Chairman, LINK Scheme:**

No, far from it. Now, I used to work in a pub 50-something years ago, Smugglers Inn at Ouaisne, and we would close at 11 o'clock and we would cash up. It could take at least 30 minutes, quite often 45, but you are counting the cash. You are measuring it against the till roll. There are discrepancies. You then have to identify why. When you have sorted that out, you then put the cash in bags. You put the float in the till. 11.45 you go home. 10 o'clock in the morning, the boss takes the cash to a bank, it takes him 40 minutes. The saving, obviously, is none of that. There is also, particularly for catering establishments that use temporary staff, what is called wastage or staff theft. If you are working in a pub, it is very easy. You ring up one amount that is different from the

actual amount, and you walk away with the cash. So there is a cost. It is mainly, as I say, where you are on temporary staff. Most retailers just do not have that problem. So a business is making an assessment: "We are going cashless. What is the benefit? How much are we going to save?" Or alternatively: "And what is it going to cost?" There are other new businesses starting that might say it is card only. I know recently I went into a shop close to where I live and asked for a newspaper and offered a card. They prefer cash: "Next time cash only." I said: "There will not be a next time." I am not walking around with £2 in my pocket that I might want to use once a month. So for businesses, they make a judgment. If they get it wrong, they will lose business. There have been many businesses in the past that did not take cards. I have observed taxis, for example, in London. The taxi drivers resisted compulsory use of cards. It was not unusual for the driver to say: "Machine is not working, Guv." And if you said: "That is a pity because I do not have any cash." "Oh, let me see if I can get the machine working." So if the taxi drivers, they all know now, you have got to accept a card because otherwise you are going to find customers will not pay. There is a big change that is happening. Coming back to what we want to do at LINK, is make sure that vulnerable people are protected as far as possible, but it is not just up to us.

**Deputy M.B. Andrews:**

Thank you for that explanation. I just wanted to also touch on the Government and the Government stance, and again that will differ internationally. But when we are looking at tax revenues, do you think going towards digitalisation we will see higher tax revenues due to the fact that cash might be transacted less?

**Chairman, LINK Scheme:**

Yes, I do not know to what extent it is an issue. In India, where they did a major reform, which they got wrong, on bank notes, it was deliberately done to reduce tax wastage. A good example in the U.K. in COVID, self-employed businesses could claim the equivalent of furlough by producing accounts. This had an amazing effect on the alleged revenue of some self-employed business people. Clearly having everything running through the banking system reduces the use of the cash economy. So when you ask why people use cash, there are different groups of people using it for different reasons. In some cases, it is clearly for the informal economy. In other cases, it is for the reasons we have talked about earlier; familiarity, not having a bank account and so on.

**Deputy M. Tadier:**

Can I just ask you about the costs of using cards because we are being told that there are obviously costs and a lot of businesses decide where the costs suit them best. So I know, for example, as a personal user sum-up charges of I think it is 1.69 per cent transaction, so for every £100 you spend you are losing £1.69.

**Chairman, LINK Scheme:**

The retailer is losing it, not the customer.

**Deputy M. Tadier:**

Yes, that is right. We have heard submissions saying basically that percentage, let us call it £1.69 in this case, that goes out of the Jersey economy, that is going somewhere. Of course I suppose the argument is that a business which has got high turnover but maybe lower profit margins is going to be losing a lot, whereas the argument that we hear is that the cash phase, £50 remains £50, not taking into account inflation, and that circulates within the economy. So I give you £50, you spend it at the golf club, that person then spends it in the market.

**Chairman, LINK Scheme:**

Jersey is not going to have its own regime for what the card companies can charge. If it tried it, it would not have any card companies. Now there is a big issue about the charges made by Visa and Mastercard, but that is not something that Jersey can actually deal with. The charges used to be such that it was just very uneconomic to take a card for £2. Now it is not uneconomic. The structure has changed. I do not have the details; I can happily try and get them. If you try to offer a card for £2 5 years ago, not acceptable; now it is automatic. So there is nothing you can do about that. The retailer is making a judgment that it is worth it for them to pay X per cent, whatever it is, for the benefit of having the card payment.

**Deputy M. Tadier:**

Yes, thank you.

**Deputy M.B. Andrews:**

I also just wanted to touch on technological failures or malfunctions that you have maybe come across in your chairmanship of LINK and what impact that may have had for both businesses and consumers.

**Chairman, LINK Scheme:**

Absolutely. So each month we get a board report about ... I have forgotten what it is called, but outages, and there are always some. They are generally tiny. When you hear of banks having big problems, they are very seldom with the cash dispensers. So the big problem that TSB had, you recall some years ago, the cash was fine. Cash was isolated. I have been chair of LINK for 7 years. We have never had a problem. Individual banks have had the odd problem, but we have never had a problem. We do not have a problem because we spend many, many millions of pounds a year to make sure we do not have a problem. We actually have 2 separate machines that do the processing running what is called livelive. Both of those have got their own electricity supply. In the event of

nuclear war, I believe our cash dispensers would still be operating. I doubt if that would be a high priority for anybody. So in terms of cash, that is fine. Now, we recently had the computer problem and people said: "This proves the importance of cash." I thought: "Hang on. I thought the problem was planes were not flying and trains were not moving. How does access to cash help?" Now, if you take a scenario that I know has happened, let us say a supermarket's machines go down for whatever reason; what happens? The supermarket says cash only. Fine, you have got supermarket queues of the people around here with no cash. So what happens? Some of them rush outside, assuming they have got a card and they are not doing it on their phone, and raid the cash dispenser. The first 100 may get their cash out before the machine runs out.

[12:30]

It has been known for supermarkets to shut the doors when that happens. For individuals to have cash in case their card does not work, fine, but for the community as a whole it does not work for long. It will work for a short time.

**Deputy M. Tadier:**

If you do not mind, all of this seems to be leading to the inevitable point where cash is phased out, and I think you are making a good case, if I may say so, for why wider society, if not Government, should consider a cashless society, because it seems to be much more efficient; lost revenue, businesses do not have to worry about theft. How would we get to that point ... say if you were advising Government, how would we get to that point?

**Chairman, LINK Scheme:**

If I may say, that is not LINK's position at all.

**Deputy M. Tadier:**

I am not saying it is good or bad, but that is not an unreasonable position, and I suspect it is probably inevitable that we will end up in a cashless society.

**Chairman, LINK Scheme:**

I think what you are finding is that individual shops going cashless, I am aware when I have been in sporting events. I am trying to think whether it may have been when I was at Lord's or somewhere else, the entire place is cashless. They say that up front. I think even some of the festivals, it is the same. They say up front: "This is cashless." Anyway, I am not certain the Government needs to do anything. If you look at the rate of reduction of cash, and this is the U.K. finance figures, 74 per cent of payments were in cash in 2000, 14 per cent in 2022, the forecast is 7 per cent in 2032, and I am sure you can ask your staff here, that mirrors - and indeed yourselves - what is happening.

**Deputy M. Tadier:**

If Government does not need to do anything, which is again a valid position, what does it need to do, if anything, about the people who, on the one hand, either want to pay cash or do not have access to digital?

**Chairman, LINK Scheme:**

I think that is the key question when you have to say: "Well, what is the answer?" One answer is force businesses to take cash but, as we have said, that imposes a heavy cost on them and it does not work for Amazon. easyJet, for example, does not take cash.

**Deputy M. Tadier:**

One submission, he will not mind us saying because it is a public submission, but we will have Digital Jersey in shortly, I think he is minded to say similar to you; that there are certain services which should be safeguarded. So if there are essential services, for example, governmental ones, that a choice should be given and that maybe there should be an obligation for certain types of services or products to be safeguarded in the interim?

**Chairman, LINK Scheme:**

I think you have to look at cost. I am aware of the particular case that happened in Jersey and I am aware there was a cost to dealing with it. The question is, was that a good use of that money. If the problem was with one person, and I have no idea whether it was a general problem, a solution could have been to give them a free pass or to have a tin under the counter. Was the solution to have an all-singing, all-dancing till with all of the costs that that involves? I think helping that vulnerable group we think is absolutely vital and the question is how best to help them and the payment card, given Jersey's experience with lockdown and what Community Savings are now doing, and Tony Moretta I am sure will be helpful on this. Let us learn from that, let us learn from what has happened in other jurisdictions. I asked my expert on this to provide me with a briefing, hence the reverse A.T.M. which I had not heard of before, and what other jurisdictions are doing. One does not start with the answer of preserve access to cash. The answer is how can we best help that group of people? We are certain that for many years to come, cash will remain important.

**Deputy M. Tadier:**

We have heard of an informal use of reverse A.T.M.s in the sense that someone comes in to buy something, it might be a coffee, person says: "I have got no card, I have only got cash" and they say: "We do not accept cash." So the server will say: "Well, look, give me the cash and I will just pay for it on my card." So that is effectively what is happening informally with an arrangement on an ad hoc basis.

**Chairman, LINK Scheme:**

I think I have seen that done in supermarkets where somebody is delaying an entire queue.

**Deputy M. Tadier:**

You cannot do it on a mass scale, but I think it is happening.

**Chairman, LINK Scheme:**

Absolutely, and businesses do not want to turn away customers. If it is a customer who genuinely just does not want to use a card even if the business ... if it is a café, it is actually card only, I am sure they would say: "We are card only but we understand." That is I think how a good business would operate and no business wants to lose customers. That is why businesses that have moved to cash only, they clearly have done the calculation. I know there is a Facebook group that have published a list of organisations that do not accept cash. It includes the Moorings Hotel. I am not certain many vulnerable people would go to the Moorings for dinner. If there is an organisation which genuinely is dealing with vulnerable people and a café, which you may know, opposite Sand Street Car Park run by my nephew, he moved to card some years ago; tells me 80 per cent of transactions are now card, and it is the same people who are still using cash. Absolutely he will accept cash because he would lose them otherwise, where there are other cafés that can likely take the view all of our customers are card.

**Deputy M.B. Andrews:**

Sorry, can I just ask as well, obviously you would look at the U.K. and you would see the money be printed for instance, now how is that going to change in in the future in a more digitalised world where transactions are happening over 90 per cent digitally and there are less cash transactions?

**Chairman, LINK Scheme:**

That is an interesting issue. Basically, the Bank of England and the Jersey Government like cash. They like notes. Effectively, it is an interest-free loan to them. That is why there is an attention on central bank digital currency. My view is: what is the problem you are trying to solve? It is not so much from the consumer. It is the Bank of England. They do not want to lose control. In Jersey, Jersey banknotes are great for the Government of Jersey because people go to the U.K. with these Jersey banknotes. That is a gift to the Government of Jersey. It is a bit like pay cards now phased out for parking.

**Deputy M. Tadier:**

You do have to pay more though if you are paying digital, I think. If you are paying on your phone for the parking, there is a surcharge.

**Chairman, LINK Scheme:**

No.

**Deputy M. Tadier:**

I am pretty sure there is.

**Chairman, LINK Scheme:**

I do it all the time. I am not aware of any. Again, there is a charge, but the charge is to the parking company, not ...

**Deputy M. Tadier:**

Unless it has changed, but I will not dispute that during the hearing.

**Chairman, LINK Scheme:**

I know there is a surcharge if you ... I use PayByPhone which works here. There is a surcharge if you want a text or an email confirmation or just a receipt but I think just to pay ... having done it, my car is parked at the moment at Luton Airport, I know I paid the fee.

**Deputy M.B. Andrews:**

Also we have been speaking about transactions and especially with digitalisation of the modern world, would you probably be in preference of having a backup payment system where cards are being utilised instead of cash moving forward?

**Chairman, LINK Scheme:**

Resilience is vital. We employ, I think, 70 staff at LINK. We used to employ 10. We are still largely doing the same thing. Most of the staff are there to make sure nothing happens. That is the test, the resilience. Now, there is resilience in the system. The Bank of England, one of our 3 regulators, say to us: "What happens if the LINK system goes down?" Answer number one is nothing, nobody notices. All the cash machines still work because almost every cash machine also works with Visa and MasterCard. Literally, if the LINK system goes down, it is fine. If Visa goes down, it is fine; the cash dispenser bit payment, but it is different. So there is resilience already and that there are 3 separate systems that make sure that if one fails, others do not. But also if the entire cash dispenser system went down, for most people: "Okay, I cannot get cash today, I will get it tomorrow." You will find some people who say: "I was going to take out £100 and I was going to put it on a horse at 10,000 to one, you have cost me £100,000. Please pay up." Fine. You get that. If, for example, C.H.A.P.S. (Clearing House Automated Payment System) goes down and people cannot pay for the house or with B.A.C.S., (Bankers' Automated Clearing System) they do not get their salary, that

is critical. So there are different parts that need to be protected and a huge amount of work is done to make sure the system is resilient and there are multiple backups. In the same way, if an individual is really concerned not to have a problem, you have 2 cards with different companies and you have cash. That is sensible resilience for an individual.

**Deputy M.B. Andrews:**

You obviously touched on the Swedish experience in your chairmanship of LINK. Could you just elucidate the panel on how far the Swedish have gone in terms of the use of cash compared to the use of digital transactions?

**Chairman, LINK Scheme:**

I do not have the figures in front of me. They did it very quickly, but Sweden has got a much better system. Britain is backward. Britain used to be at the forefront of payments. It is no longer. For example, if the 3 of us go out for dinner and we share the bill then what happens is one person pays and the others fork out cash. In Sweden you get out your machines and you do it like that between you. That system does not operate in Britain. To some extent it operates through Revolut. So if you are all on Revolut you can do person-to-person payment. India has person-to-person payment. Britain does not. You have got initiatives like that that are happening. Sweden has the one system called Swish; Britain does not have that one system. I think in Sweden it just went too far too quickly. They did not have the system that we have of maintaining a lot of A.T.M.s that otherwise would close down because they are not viable. So we provide subsidies to over 3,000 and we have put in 100 new machines, and the subsidies can be as high as £2.50, but you are protecting an area that needs access to cash. But also, one of the other initiatives we have had recently is cash from the till. So until recently, you could only get cash from the till with a payment. We did a lot of work to provide for a system, you get cash from the till without a payment. That is run by PayPoint, and there are other initiatives along that line. So retailers themselves have a role in providing cash. I think it was in Ireland where the banks had a strike for months; the pubs finished up as running the cash system. A point I think you made earlier, Chair, about people doing it individually. People find ways to get around problems. But what we are trying to do at LINK is make sure there are not any problems, to make sure that reduction in the use of cash is managed. It is not done in a way that hurts the most vulnerable.

**Deputy M.B. Andrews:**

Can I just ask as well, do you believe there is a need for Governments globally to bring forward legislation for the use of cash but also for transactions as well?

**Chairman, LINK Scheme:**

That is a matter for individual Governments. I think the European Union is looking at a directive about cash acceptance. I am not aware of any suggestions in Britain. We do have the new Financial Services and Markets Act, where the banks have an obligation to provide access to cash, which we are playing a major role in. But Government always needs to think carefully before intervening. What is the evil we are trying to prevent? Is legislation the best way to do it, or are there other ways of achieving the same objective?

**Deputy M.B. Andrews:**

Thank you very much. Thank you, Chair.

**Deputy M. Tadier:**

I will just come back to the parking. You are correct, there is no extra charge for parking ... charging on your phone. It may be that I remember it when it first came in that there was, but there is a charge for text messages, you are right.

**Chairman, LINK Scheme:**

Yes.

**Deputy M. Tadier:**

Thank you. You have talked about what the Central European Bank is doing. Do you think there is a philosophical difference in the way that Britain looks at cash and the Europeans look at cash?

**Chairman, LINK Scheme:**

Yes, there are big differences between countries. Germany, for example, is still cash in a much bigger way than Britain.

[12:45]

There can be different reasons for that. They may be cultural. It may be the way the banking system is operated. It is very difficult to apply the same rules to every ...

**Deputy M. Tadier:**

Do we know what North America does, U.S. (United States) and Canada?

**Chairman, LINK Scheme:**

The American states, the 50 states, have got their individual laws. A number of states have passed laws. Populist thing, every institution is required to accept cash. But you can only apply that to the bricks and mortar ones. That is where, as I have said, the response has been the reverse A.T.M.

**Deputy M. Tadier:**

That is useful, thank you. Do you have any comments that you wish to share on bank charges for digital or cash payment handling, if you have not done it already? I know we have touched on it. I will give you an example. This may be slightly an ambiguous statement, but some people who have written to the panel have expressed concerns about banks gaining too much power over individuals, and I suppose what they might be saying is that ... and it is a comment that the Minister in fact made during a States debate, was that he believes that I should be able to transact with you without a third party getting involved and that is why cash is useful. Do you have any sympathy for those kind of arguments?

**Chairman, LINK Scheme:**

Again that is not a matter for LINK. Banks are, on the whole, very strict about use of data. I will give you an example, and I will try and remember it correctly. Banks were very concerned about people using a method of borrowing that was very expensive to them, when they could have an overdraft at a fraction of the cost. So some of the banks started saying to their customers: "Look, you are borrowing at 25 per cent. You can have an overdraft at 10 per cent, and they got clobbered for misuse of data", not least from the institutions that were charging 25 per cent. Yes, if people are bothered about the banks having access to data, and the banks do have access to a huge amount of data, payment cards - if people want privacy - are a way of overcoming that. One of the uses of cash undoubtedly has been that people want privacy; in some cases for good reasons, in other cases for less good reasons.

**Deputy M. Tadier:**

Thank you. Do you think that bank charges will continue to go up if people use cash?

**Chairman, LINK Scheme:**

People talk about free banking services. Banking is not free. You have got bank branches here; they cost money. They have got staff; they cost money. So the issue is not should the banks charge. The issue is who is paying. Interestingly, Which?, which every year castigates banks for closing branches, and you look at their best buys for banking services and amazingly they are banks without branches: First Direct, Monzo in particular. So companies like Revolut, Monzo are taking business from the banks. None of them have branches and the banks with the branches have got a heavy cost that they have to meet. While it is tempting to say any particular service should be free, that is not the question; the question is who is paying for it.

**Deputy M. Tadier:**

But free at the point of use I suppose is the argument in cross-subsidies; that banks have lots of ways of making money, I suppose.

**Chairman, LINK Scheme:**

Yes, but there are cross-subsidies, but the worry about any cross-subsidy, not just banks, the beneficiaries are the intelligent, sophisticated consumers. For example, at present, people who have left their savings in a bank account, getting 0.1 per cent interest, are not the most sophisticated customers. The sophisticated ones are getting 4 per cent, putting their money with Marcus or an equivalent. We need always to think carefully about cost subsidy. Who is subsidising who?

**Deputy M. Tadier:**

I think we have covered a lot of the questions just organically by the way that the conversation has gone, but I have got a final question here, certainly we will move on to any other business, so to speak. One area that has not often been talked about, because we talk about fraud with regard to cash, but is fraud through digital payments. Have you any concern or any thoughts about the security of digital payments and online fraud and again people maybe being vulnerable to that?

**Chairman, LINK Scheme:**

There is concern about that, a lot of the concern is misplaced. Going back some years you may recall phantom A.T.M. withdrawals that people allege never happened. You do not hear about that anymore. So the banks would typically say to somebody who said: "£100 gone from my account", "Could anybody else have used your card? You might like to think very carefully because we have video." That has ceased to be an issue. There is security issue if you are using cash, if you lose it. I mentioned the club I belong to that lost an entire day's takings on theft. It can be loss, it can be theft. There is far too much crime involving fraud. I have had, and my wife has had, cards cloned and withdrawals from the accounts, the banks reimburse immediately because they know there is a problem. They are concerned about people conspiring, and that will be a problem with what the P.S.R. (Payment Systems Regulator) is introducing of a £415,000 maximum compensation and the banks are worried that 2 people conspire. "That person defrauded me", you share the money. But on the whole, digital is very well protected. You have horror stories but you ask people: "Have you actually suffered from any of this?" So you do have the card cloning problem. Indeed I recently had something quite similar. In this case it was a new iPhone was delivered to me. I had not ordered an iPhone so somebody had deliberately cloned my address, and I am not quite sure how it was going to work, and we sorted it and clearly the company concerned have this problem. They dealt with it very efficiently. The banks have got systems in place. One of the problems with the payment system in Britain generally is that it is old and it is not very good at preventing fraud. Other countries have got better systems that can help prevent fraud. Fraud is a massive problem, various types of

fraud, and a lot of work is being done to prevent that. As far as we are concerned at LINK, there really are not any issues, but we are not the place where you will get the problems.

**Deputy M. Tadier:**

Have you got any questions?

**Deputy M.B. Andrews:**

No.

**Deputy M. Tadier:**

I have got one more, and it is just that we have touched on it, is that we have looked at different models. We looked at Sweden and what maybe other Central European countries are doing. Is there any country which you think is an exemplar of how we might want to manage the transition to a less cash society?

**Chairman, LINK Scheme:**

If you want to look at a country where digital has had the most benefit, it is undoubtedly India. But it is not a good comparator for all sorts of reasons, whereas I think Sweden is. We looked at Sweden and Australia, not so much because they are good. We wanted to learn from them what went well, what did not go well, what thing would you advise us not to do to avoid the same mistake. When my board meets, we have 8 face-to-face meetings a year. Now we always have a guest at dinner the night before or at lunch giving us a wider perspective. I have mentioned we have already had video presentations from Australia and Sweden. We have had guests from bits of the financial services industry wanting to learn from them, and they also want to learn from us. I could not pick on another country. People do look at Sweden. It is well documented. The person who gave the presentation to us as a professional, he should be ... I say he should be a politician; no. But he is very good. He is very good at explaining what they have done in a way that people in another country can understand. If you wanted a session with him, we can quite happily give you the details, but we thought he was very good indeed.

**Deputy M. Tadier:**

Thank you. Do you have any questions for us or any additional comments?

**Chairman, LINK Scheme:**

I have got a comment and I did send you an email. You are doing a survey. Most people are not remotely interested in this issue. It is a subject that is going to interest 5, 10 per cent of the population who will respond to your survey, as I have done. It is not representative. So it is fine, you can use the results and say "of the people who responded" but that is not the way it tends to happen in

Jersey. It is 80 per cent of the population believe X. I have said to you, if you would like, LINK is prepared to do a survey that would use some of our questions that we have used in the U.K. and some of your questions to do it in Jersey using a professional firm. They would give you data that first of all would give you a better comparison with the U.K. about the issues, give you something to complement what your own survey would do. We have made that offer. It partly depends on the cost, but we are willing to look at it.

**Deputy M. Tadier:**

Okay. Thanks again for reiterating that. We appreciate that offer. We will discuss that subsequently. We are aware that it is a self-selecting survey. A lot of these Scrutiny reviews will be based on people who want to make submissions will do so. What I would say is that we have certainly got more submissions than your average Scrutiny review would expect to get, but we are mindful of the fact it is not 100 per cent scientific, I think is a euphemistic way to put it.

**Chairman, LINK Scheme:**

As you know, I have got an interest in public policy and Jersey more generally, and I am afraid I have seen surveys done without asking for demographic information, which I think you did, because you need to know who your response is from: are they from young, are they from the elderly, are they from St. Mary or St. Helier? As long as it is presented as this is self-selecting that is fine. But sometimes the media may have a different interpretation.

**Deputy M. Tadier:**

We will certainly make sure we are clear about the way we present it and then I know we can rely on media, certainly the one present, to be responsible as well when reporting it.

**Chairman, LINK Scheme:**

Do have a look at the offer we have made. We would happily work with you on the questions, and I think it would give you some additional information.

**Deputy M. Tadier:**

Thank you. Finally, Sir Mark, thank you for coming in. We appreciate your time and your submission as well, and we will be in touch, I am sure, about your email as well.

**Chairman, LINK Scheme:**

Thank you very much. Any further information you need from LINK, we have got staff who specialise in this, we are very happy to help. Indeed, I think Jersey could be not quite an exemplar, but I think what you could do on payment cards with the experience of the £100 card and Community Savings,

we would be interested in LINK learning from that. You have got Tony Moretta coming. I think it is a really good initiative and we would be keen to learn from that.

**Deputy M. Tadier:**

Thank you again.

[12:58]