



Economic and International Affairs Scrutiny Panel

Acceptance of Cash Payments Review

Witness: Jersey Community Savings

Tuesday, 17th September 2024

Panel:

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

Deputy G.P. Southern of St. Helier Central (Vice Chair)

Deputy M.B. Andrews of St. Helier North

Deputy K.M. Wilson of St. Clement

Witness:

Mr. S. Reilly, Chief Executive Officer, Jersey Community Savings

[11:00]

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

Mr. Reilly, thank you for coming to speak to the panel. I am just going to formally introduce ourselves. So this is the Economic and International Affairs Scrutiny Panel. We are currently doing a review into cash payments and to how people pay for goods and services in Jersey, including contactless and cash, and the consequences of perhaps the changes that are happening in that area. So I am Deputy Tadier, I am the Chair.

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

I am Deputy Max Andrews, panel member.

Deputy G.P. Southern of St. Helier Central:

Geoff Southern, Vice Chair.

Deputy K.M. Wilson of St. Clement:

Deputy Karen Wilson. Nice to meet you.

Chief Executive, Jersey Community Savings:

Nice to meet you all.

Deputy M. Tadier:

Would you just introduce yourself for the record, please?

Chief Executive, Jersey Community Savings:

Certainly, I am Stephen Reilly, the Chief Executive of Community Savings in Jersey.

Deputy M. Tadier:

Thank you. Just so you know, these proceedings are being recorded and live streamed. That is why we have got the microphones with us. So welcome to any members of the public who are listening live or subsequently. So we can keep this fairly informal, do you mind if I call you, Stephen?

Chief Executive, Jersey Community Savings:

Not at all.

Deputy M. Tadier:

Thank you, Stephen. Thanks for coming in and do also call us by our first names if you need to. Thanks for attending on the panel today. It would be helpful I think for us and for the record if you could just outline what your role is and what your organisation does.

Chief Executive, Jersey Community Savings:

Okay, so in simple terms, I am the Chief Executive of Community Savings in Jersey. Community Savings is a registered charity. I would say we are somewhat unique in Jersey in the charity sector in that we are the only specific dedicated financial services charity. I would point out what it means is we are not a bank but we do provide services to members of the Island that look somewhat like basic banking. So Community Savings has been established since around 1997. So it has a reasonably long history in Jersey and it was established to ensure that Islanders are not excluded from basic financial services. Now our main focus is on those Islanders who struggle with or cannot access mainstream banking. So that has been an issue for decades and it still is an issue in Jersey, it is an issue in the U.K. (United Kingdom), it is an issue globally. But for various reasons, and there could be a whole host of different reasons, many Islanders either cannot cope or deal with a normal banking relationship or cannot access or attain a normal banking relationship. Where that is the case, Community Savings are available to them. We are able to provide a very basic current account style service and a very basic saving service. We allow members to be able to pay their day-to-day

bills and expenses, manage their finances. We also support in terms of providing budgetary advice for those members who are struggling. We also provide small amounts of emergency funding where some members may have challenges, however we do not do debt management but if there is an issue with a member - and typically that could be someone coming out of a shelter trying to move into accommodation but they cannot afford to pay for a white good or sofa and so on - then we will provide loans and grants for those members. As I say, we are a part-time charity so we are quite small, heavily reliant on a small group of paid employees and a large group of volunteers as well. So does that give you a reasonable overview of who we are and what we do?

Deputy K.M. Wilson:

Yes, thank you.

Chief Executive, Jersey Community Savings:

I would say we do work very, very closely with the 5 main banks in Jersey. Obviously some of their challenges are banking with some people, so they have quite a close relationship with us so that where people are falling out of the net, we have a good dialogue with those banks and they also support in terms of funding our operations. We are funded wholly through donations and grants, not through government funding.

Deputy M. Tadier:

Can I just ask, in terms of the services then that your clients can draw upon - if I can call them clients - does that mean that you can set up things like direct debits?

Chief Executive, Jersey Community Savings:

Standing orders, yes, electronic payments but not direct debits. We are not part of ...

Deputy M. Tadier:

So they can pay for their bills?

Chief Executive, Jersey Community Savings:

They can pay for their bills, either through standing order or through electronic payments.

Deputy M. Tadier:

Do they have any kind of bank card that they can withdraw cash?

Chief Executive, Jersey Community Savings:

Yes. We provide a basic bank card service. We do have a third party service provider who provides us with a branded card.

Deputy M. Tadier:

Do you have an example?

Chief Executive, Jersey Community Savings:

You would be able to see it streaming but I should have an example here. It is a very basic card. It does link to the account that they hold with the Community Savings and there is a little bit of a hybrid so it is loaded ... it is a pre-loaded card but only direct from a Community Savings account so you cannot load it any other way. It enables those who can use the card to have access through point-of-sale, cash machines and so on but it does also provide some parameters and restrictions around it so that helps in terms of managing finances and money.

Deputy M. Tadier:

It does everything effectively that a debit card can do in the sense of contactless payment?

Chief Executive, Jersey Community Savings:

Basically, yes. In basic terms, yes. You can use it online, you can use it in the cash points, use contactless payment.

Deputy M. Tadier:

So long as there is money in the account?

Chief Executive, Jersey Community Savings:

So long as there is money in the account and the account has to be funded.

Deputy M. Tadier:

Okay, good, that is useful. That is a key question, I think, that we wanted to ask. Is that offered to everybody who banks with you who wants it?

Chief Executive, Jersey Community Savings:

Yes, so our preference ... so roughly speaking we say we have about 400 members, so part of our remit is not necessarily to grow our membership, it is to try to help those transition back in and through. So where we can we will work with a member, a client, to try and manage them and support them back into mainstream banking if that is possible, for some it is not. The membership has been pretty stable, I would say, for the last couple of years but we are not aiming to grow that as such. What we are aiming to do is ensure that those that are not currently or cannot access or do fall out in the process - and we had one of those examples last week - that they know we are available and then they can use us. But we are not targeting, say, growing to 1,000 to 2,000 members. If there

is a need out there then, fine, we will deal with that but we want to try and manage people through that process. But, quite frankly, there are a number ... a lot of our members mainstream banking will never be accessible to them for a host of reasons.

Deputy K.M. Wilson:

Thank you, Chair. Can I just ask you, Stephen, has your client base changed over time? So is there a particular section of community that you feel need your services more than others might?

Chief Executive, Jersey Community Savings:

Typically it is those on some kind of income support. We have a mixture in terms of backgrounds and people coming into the Islands that use us but we have got you know a core of Islanders who have been born and bred in Jersey. Typically the age profile is older so, you know, probably over 60 to 70 per cent of our members will be over 50 and a higher proportion, but we are seeing younger members coming through in that. Again, typically, because they struggle to bank. If you, for whatever reason, have got a criminal record then we are quite probably dependent on what that issue has been, we are potentially the only option for a very basic banking service. In terms of demographics, we are roughly split 50-50, male, female.

Deputy K.M. Wilson:

Okay, thank you.

Deputy M. Tadier:

How many of your clients will have one of those cards or choose to have one?

Chief Executive, Jersey Community Savings:

So, roughly, I would say just under 50 per cent of our members will have one of our cards. Many of our members do operate with a Revolut card. If they are using a Revolut and able to use a Revolut, they do not necessarily need the card that we have got. If they do not have a card and they struggle with a Revolut, then we will provide them with one of our cards.

Deputy M. Tadier:

So they can top up the Revolut from that bank account at your bank?

Chief Executive, Jersey Community Savings:

They can top up the Revolut from ... yes. Typically, if a member has got a Revolut account or something similar, they will top that up from the Community Savings account.

Deputy M. Tadier:

They can do online transfers?

Chief Executive, Jersey Community Savings:

They can do ... yes, they can transfer in a number of ways. They can do some online transfers if they are able to use ... we do have a banking app, a very basic app that they can use. So they can use that to do online transfers. They can set up a regular standing order payments, weekly, monthly, whatever, to make payments dependent on either when their salary or social security payment arrives in. They can do that typically to tie in with their Revolut or to their Community Savings card.

Deputy M. Tadier:

Any other questions on this?

Deputy G.P. Southern:

To what extent does your ability to serve your clientele depend on human relationships?

Chief Executive, Jersey Community Savings:

Very much so. As I say, we are a part-time charity. Regardless of not being a bank, we are supervised, so we do come under the J.F.S.C. (Jersey Financial Services Commission) Schedule 2 supervisory. We have to comply, as you would expect, with all the appropriate policies, procedures and controls. But we operate a branch-style office. A couple of you are a little bit younger, but if you reflect back to the 1980s, 1990s branch banking or before, we look like a traditional old-style branch bank. That is open 4 mornings a week, Tuesday to Friday, in the mornings for members to come in. It is a very personal relationship. The staff that have been involved, volunteers and the paid staff, typically know our members very well. We have regular people who come in, they need support, they need assistance quite frequently. So the personal aspect or the personal contact is extremely important, particularly where you have members who can come in who may be struggling or confused with a particular issue or matter and the ability to bring them into a more relaxing, balanced environment. Banking today, if you go around the branches, they do not feel like a branch of a bank from 30, 40 years ago, meet and greet and so on. They can be quite difficult for some people to enter and to deal with. It is quite a stressful environment for some. Ours is a more relaxed, balanced environment. Our staff are typically more experienced, so they have had a long career in finance, in banking, accountancy and so on, so they can deal with people very well. Their interpersonal skills are very good.

Deputy M. Tadier:

Would you say there is a latent demand for your services? Could you expand if you wanted to?

Chief Executive, Jersey Community Savings:

Yes. It is a difficult question because one of our key objectives, as it probably is for many charities, is not to exist and that would mean we are no longer required because the people that we currently serve have got other means of accessing what we provide for them. I would say at the moment that is an aspiration, it is not realistic, achievable, certainly within a 5-year and possibly within a 10-year period but ultimately that would be the case. My view would be ... and because we are a small charity we cannot or we do not produce our own significant research on what is going on in social trends and banking. We are relying on other sources of that type of information but my view and assessment is within Jersey there are probably a lot more people that could and should be using us. What we will not do, or typically will try and steer away from, if someone can access a mainstream bank then we do not tend to offer them the service. Now, we have, over the last few months, seen a number of people come in who have a mainstream bank but going back to my previous comments about the difficulty of dealing with mainstream banking these days if you are less literate on technology, internet and using the apps and being able to go in and deal with a branch - a modern day branch - we are starting to see a little bit more interest from care workers, from other people coming in because their clients just cannot deal with the banks in the same way. So we will provide ... we will not necessarily ask them to close that account because ultimately we want to help them through and be able to help them manage it so that they can utilise it, but we will provide what might to them feel like a less stressful, more secure environment for them to operate in.

Deputy K.M. Wilson:

How do people come to you? How do they know you are there?

Chief Executive, Jersey Community Savings:

Our profile is something that we were trying to improve upon the moment and it kind of goes along with funding, because, like a lot of charities, we need to drive that funding piece. We are trying to improve in terms of social media and what goes over, whether it is LinkedIn or Facebook or so on, the different platforms, but also in terms of involved with other charities. So we will get referrals. Other charities such as Citizen Advice and even Social Security and other government departments will refer people to us because they are dealing with them for probably a broader range of issues. One of those issues, or one of the issues, that they are challenged with is managing their finances or, as I say, they might be trying to move them into an accommodation and they are struggling to do that because they might not have a bank account and they cannot afford to pay for something. A lot of it will be referrals. I think our profile is slowly improving. We have been trying to do that through interviews with media on different topics but also trying to increase in terms of events that we do that raise our profile in the community, but it is typically referrals.

Deputy G.P. Southern:

To what extent do your activities overlap with the activities of Income Support, attached to Income Support?

Chief Executive, Jersey Community Savings:

In what sense would you say overlap?

Deputy M. Tadier:

Grants, things like that.

[11:15]

Deputy G.P. Southern:

Grants. You mentioned purchases you might want to make when you were changing flats.

Chief Executive, Jersey Community Savings:

Yes, I would say it is complementary to ...

Deputy G.P. Southern:

There is a fund in Income Support.

Chief Executive, Jersey Community Savings:

Yes, someone would come to us typically if it is a grant, grants are non-repayable. So typically if it is a grant it is a referral and the referral will typically come from a support worker. Now the situation is quite frequently that they have explored all other options and they have got funding from various routes for their needs but they have not been able to attain everything that they require so they will come to us. In those circumstances it is typically someone ... it could be someone moving out of a shelter into social housing, they have got 80 per cent of what they need but they might not have a bed, they might not have a sofa or white goods and they have explored all other avenues so they can approach us, typically a referral, as I say, through the support worker and we will assess that and typically be able to turn that around pretty quickly. It is very small value but to somebody moving into an accommodation that does not have a bed or does not have a sofa and you can provide that with them, you know, that makes it ...

Deputy G.P. Southern:

Not carpets.

Chief Executive, Jersey Community Savings:

Carpets as well, yes, absolutely.

Deputy G.P. Southern:

Which no longer get laid.

Chief Executive, Jersey Community Savings:

Yes, which actually does ... but this did come up in a grant several months ago and it was articulated to me that the carpets could be in good condition but they will still be removed and then have to be replaced. That seems slightly nonsensical to me.

Deputy M. Tadier:

Indeed. Well, thanks for that. I think you have given us a very good background. I think we could ask you questions all day about your organisation. We are going to turn more specifically now to the use of cash. I suppose the first question is, would you say that you as an organisation get a lot more cash paid into you than your typical bank maybe, in terms of the percentage of transactions?

Chief Executive, Jersey Community Savings:

Yes. In terms of cash payments we do not accept cash payments into the bank. There are various reasons for that from a risk perspective and discussions with the board and so on now, but that somewhat stopped over COVID. As I say, we are a small organisation in that respect, so accepting cash payments as a bank would be quite challenging for us but what we do enable ... and this is, I guess, from our perspective the most important because most of the payments that come in to us are from Social Security or wages, but what we have is core number of members who cannot use cards.

Deputy M. Tadier:

They might take out cash but they do not pay in cash.

Chief Executive, Jersey Community Savings:

Yes. They struggle with electronic banking, they struggle with cards, they do not have an email and so on, so they cannot access that kind of stuff. We enable them to access cash. We have a partnership with the post office which has been there for the last 3 or 4 years. We work in partnership with the post office because the Post Office has got a bigger infrastructure, more secure environment, so our members can go to the Post Office and take cash out from their account with us. I will not go into the details of the process for that but we have a very strong relationship with the post office to be able to provide that. The Post Office see that as part of them supporting in terms of their social responsibility. If the post office would not do that - and that was at risk earlier on this year for reasons that are probably not appropriate to get into from a panel discussion - but if the Post Office were unable to continue that then we would have a real challenge in terms of how

we enable our members to access cash so we work very closely with the Post Office and their other stakeholders to ensure that that service could continue. We have members every day of the week who we will be providing access to cash via the post office. Those members really struggle to cope with cards and electronic banking.

Deputy M. Tadier:

So in terms of people who might still be paid cash wages, presumably they cannot pay their cash into your bank - you do not call it a bank, sorry - into your facility, but in a sense they do not need to because they have the cash in hand and they can spend that anyway.

Chief Executive, Jersey Community Savings:

Yes. I would expect those are typically the seasonal workers, building workers, hospitality, farming, that may be more focused towards cash payments.

Deputy M. Tadier:

One of the reasons you do not take cash is presumably around the compliance with J.F.S.C.?

Chief Executive, Jersey Community Savings:

Yes.

Deputy M. Tadier:

So you do not have to enquire about source of wealth and potential money laundering, et cetera?

Chief Executive, Jersey Community Savings:

Yes. Then there is also the security aspects of it in terms of, you know, if you are taking cash in, you clearly need to have significant security around your organisation, your building. So in terms of meeting those types of criteria, that would be a struggle for us.

Deputy M. Tadier:

Okay, thank you. We have your submission, we may draw on that again in the discussions. Could you tell us in your view what is the importance of cash payments generally as a society, do you think that it is something we need to value or safeguard and what are the risks associated with moving towards a cashless society?

Chief Executive, Jersey Community Savings:

In basic terms, I think it is something that should be safeguarded. Whether that is through legislation or regulation, I think that is debatable. You know, interestingly, the F.C.A. (Financial Conduct Authority) in the U.K. have increased their focus and governance around banks providing access to

cash, whether it is branch closures but the scrutiny around the process of closing a branch in the U.K. has increased. So the ability to make sure that people can access cash in smaller communities or in more vulnerable communities, the F.C.A. have started to focus on a lot more since the back end of last year. It is an issue in the U.K. as well in a much bigger economy. I think in Jersey, Jersey typically follows, not leads, in some of these aspects in terms of what it is going on in the U.K., a fast follower. But in Jersey there is still a lot of people who require to use cash and it is particularly the most vulnerable who, as I said, kind of struggle with cards. I guess the challenge with the card, if you are financially vulnerable, and that can mean a whole host of things, it is very difficult to see the value of what you are doing with a card. If you struggle to access through your banking apps and so on, and that is not something that you are capable of doing, it can be very easy to lose sight of what you are doing, how you are spending money, and you can also be open to abuse from other people. We also have people who are typically vulnerable in some of these situations so it is not just people who choose to use cash but can do something else if they choose to. There is a significant percentage of people who cannot actually choose to use something else because they struggle with it. Now, you are always going to be vulnerable in that situation whether it is cash or whether it is card but if you have something physical that you know, you understand and you know the value of it when you are receiving it and paying for goods and services, then that can be far easier for people to manage because they have grown up with it. Whereas you are moving into a more digital electronic environment that is particularly alien to them.

Deputy K.M. Wilson:

I suppose what you are suggesting is that people's relationship with cash is ... I suppose it is a deeper relationship with the physical presence of cash than it is with a card because you are attributing value to the fact that you can actually ...

Chief Executive, Jersey Community Savings:

Absolutely. Absolutely. We are talking about the most vulnerable end of the spectrum. But it is far easier to attribute value to a note that you know is a £10, a £5, a £20 note than a card that you might not know how much you have spent, what you have got left on it. If you need support for somebody to go and buy you something, say if your mobility is not great or you have those access issues, if you give someone £10, you know you are going to get something back, or not as the case may be. If you give them your card, which we would all love does not happen but does happen, you do not know what is going through that card until something goes wrong and you find out you do not have what you believed you should have. So there is a balance. People can be taken advantage of whether they have got cash or card. But it is far easier to do that for something which is less visible, and cards and electronic payments are clearly less visible in that respect.

Deputy K.M. Wilson:

Thank you. Can I just explore that a little more? In terms of people's relationship with cash, what you are saying is that when it comes to paying bills, for example, there are issues around control, ownership, the value of money, of cash, that are different to the fact that these things can be quite easily transacted through an electronic system and the outcome is exactly the same in the sense that their bills are paid?

Chief Executive, Jersey Community Savings:

Yes. If someone is a member and any of their bills that we can put on standing order or have an instruction to make an electronic payment, we will always seek to do that because we know, and they know, their bills are getting paid. Where they are buying basic goods and services and they either going to use a card or cash, if they struggle with the cards, they know how much they are paying with cash.

Deputy K.M. Wilson:

Yes.

Chief Executive, Jersey Community Savings:

So it is a more physical item that they know what the value of it is, or they certainly know if they pass that over, roughly what they are going to get for it. Whereas using a card is not the same. It can be easier for those who struggle financially to budget with cash rather than a card. It is quite ... we will all have seen stories over the years with kids getting a hold of their parents' cards and suddenly there is a huge bill for online gaming or whatever it happens to be, because it is so easy, it is addictive. If you run out of cash, you run out of cash, so if you know what you have to spend and it is there, it can be easier for people to do their weekly, monthly budgeting.

Deputy K.M. Wilson:

Yes. Thank you.

Chief Executive, Jersey Community Savings:

Thanks. In a moment I will pass back to Karen but do you have any statistics or hard evidence or anecdotal about the amount of cash that gets withdrawn from your clients' accounts? I will leave the a question like that.

Deputy G.P. Southern:

What is the turnover?

Deputy M. Tadier:

Does that make sense?

Chief Executive, Jersey Community Savings:

Yes, I think so. Where do not necessarily have statistics or we do not track is if someone goes to a cash machine, you know, it is a lot ... some of our members will go and access to the cash machine and then use the cash. If they are able to use a card, what we do encourage people to do is use the card in points of sale and so on, because they do get statements so we can talk them through all that kind of stuff. But, on average, we have probably got about 10 per cent of our membership base access cash on a weekly basis through the post office service, so they struggle with the cards. We do actually do a couple of cash drops which is because people are struggling to get out of their properties. But we do have quite strict parameters on the amounts of what people can get and utilise to ensure that they are not taking out too large sums at any one point in time because that is also a concern in terms of if somebody is vulnerable, what they are doing with that money. So we keep a track and monitor that. In terms of do we produce statistics on it, as I say we are an extremely small charity and I am working a part-time basis.

Deputy M. Tadier:

Do you get an idea of patterns from your client basis to who tends to use cash more, who relies on cash?

Chief Executive, Jersey Community Savings:

Yes. So we know the members who use cash, those who use cash on a regular basis, those who struggle financially that need support on budgeting, those who might have a card but do struggle to use it but they still have the card. Because it is a small member base and because the team have been there for quite some time, then we know who those members are so we know how to help and support them when we can. If something does not look quite right in terms of withdrawal, particularly withdrawals, you know from a vulnerability perspective, then we know the members well enough to be able to approach them and have a discussion about what is going on with their account.

Deputy M. Tadier:

Have any of your members ever come to you and said: "Look, we have turned up somewhere, pay cash for something" it could be a coffee shop wherever "and it has not been accepted? Would they give you that kind of feedback?

Chief Executive, Jersey Community Savings:

They would not necessarily give us that feedback.

Deputy M. Tadier:

Have you ever had to advocate for people in that situation?

Chief Executive, Jersey Community Savings:

Not directly. What we have had to kind of focus on is ensuring that people have the right balance but we are aware that people do struggle in some circumstances to utilise cash, but we do not necessarily get ... because we do not have a defined feedback loop for that.

Deputy M. Tadier:

Thank you.

Deputy M.B. Andrews:

Sorry, can I just ask a question in regards to do Community Savings assist any of your clients in terms of maybe, say, launching online banking or any other digital services as well?

[11:30]

Chief Executive, Jersey Community Savings:

In our services, there is a basic online banking tool. They can use it on P.C.s (personal computers), laptops and devices so we will support them with that. If they are working with a bank, then we would expect the bank to support them with that if they were able to use our banking services.

Deputy M.B. Andrews:

Yes. Okay. Thank you.

Deputy K.M. Wilson:

Okay. All right. Thank you, Stephen. I just want to ask some questions about your views on what some have indicated, which is that there is a need for increased digital education and digital inclusion and wondered if you have any comments on this, particularly in relation to digital payments?

Chief Executive, Jersey Community Savings:

I would say, yes, there is a need for that. I mean typically, you need to start that process early. That can be started within the family or it can be started as part of education and curriculum. I know some educational institutions do focus on this with young people and teenagers coming through. They are extremely digitally aware, clearly, but there is understanding the differences between dealing with your finances online versus other things, making payments online and so on. But the digital environment has changed dramatically over a period of time and the different demographic or age groups or sections or communities that are vulnerable, it is being able to focus the appropriate aspects of education and where it is best to do that because of that range of people. If we use a slight personal example of struggling with my digital in online banking, so I have worked in banking

close on 40 years, I would guess, 35, 40 years. My mother still lives up in Scotland, so I started branch banking in my hometown. A few months ago, it was probably last year, I went into my mother's flat visiting. I had just arrived, literally, and she was on the phone to her bank. She could not access her card, something wrong with her P.I.N. (Personal Identification Number) and all I could do was listen but the conversation for ... and my mother is not an unintelligent woman, but late 70s, 80s and trying to deal with telephone banking - not even online digital banking - and after 20 minutes, she ended up on a mortgage call still without her P.I.N. reset. I had to take her into the branch the following day to deal with a person to go through getting her P.I.N. reset and they were absolutely fantastic, but I listened with horror in terms of how the telephone banking was dealing with what I would say was clearly a vulnerable person, in terms of financially vulnerable, did not reset her P.I.N., she ended up on a mortgage call and extremely frustrated. Now, that can be an example in any household where particularly someone who is vulnerable or ageing may have been able to deal with her finances 5 years, 10 years previously perfectly adequately but it has moved so quickly now and even trying to deal with online telephone banking or a chatbot, they just cannot do it.

Deputy K.M. Wilson:

What do you think organisations need to do about that?

Chief Executive, Jersey Community Savings:

It is really challenging because it moves so quickly and if I was sitting in one of my former roles as a banker and even now I would say: "Look, digital cashless is the route, however, is that 5 years, 10 years?" We still need to recognise there are a significant percentage of society that will currently and will always struggle for whatever reason, but it is in terms of focusing on, as people develop through their lifecycle, where are the right points of intervention and where should education in from a financial sense start to occur? Thirty, 40, 50 years ago, it was in the home. Up until recently, over the last couple of decades - and it depends on which educational environment, academic environment, it is not really through school.

Deputy K.M. Wilson:

Do you think there are any other organisations that could support better education or better digital inclusion?

Chief Executive, Jersey Community Savings:

So, I think clearly the bigger mainstream banks, many of them do try and support through the different routes trying to improve digital awareness, financial awareness and financial settings. I think it is a combination of the financial sector and it is very broad, the financial sector now. There were a couple of events this week. There is an event on Thursday about financial well-being that I will be attending to support with that but that is also looking at the savings cycle and how people

save for the future and so on. So, it is a very big topic, but I think the basics of that topic are being able to manage your day-to-day finances, being able to understand day-to-day banking, budgeting, how you pay for services and goods, whether you are paying for them through shops, through online, however you choose to do that through the various channels, PayPal, various cards. Many people use Revolut these days whether they have a bank account or not, but it is being able to educate through that because it is extremely complex and there is probably no surprise that there is a significant growth in the focus on cyber protection, cyber security and all the things that go around fraud and scams.

Deputy K.M. Wilson:

Do you think that they are critical in some of this transition too?

Chief Executive, Jersey Community Savings:

I believe so and I think if you spoke to anybody in mainstream financial services, and particularly payment processing, banking, they would say the same. Whether they support or they do not support cash as part of the process, I think what everyone would be broadly aligned to is the need for improvement in awareness and education so that people when they are operating, they are operating in as safe an environment as they can do, whether it is cash or whether it is electronic and digital.

Deputy K.M. Wilson:

Okay, thank you. Do you have any comment on whether it is cheaper or more expensive to pay or buy things with cash or digital payments?

Chief Executive, Jersey Community Savings:

I think there is a very easy answer to that. For the large organisations, it is cheaper. For the smaller organisations though ... and you will still go into some shops where if you want to pay digitally, if it is under a certain amount, they will not accept the payment because they will get charged depending on their relationship with their payment provider, their service provider. Now, that is less than it was 10 years ago, that was very prevalent over a decade ago but it has still not gone away. So you may be digital ... and I very rarely ... I do not have cash in my wallet. I used to carry 3 different currencies around with me because I travelled in different places always. I always wanted to have that cash in case someone would not accept a card but that is less so now. But there are different shops, smaller shops or smaller environments where you cannot pay for a card, or they will not accept it if it is under a certain amount.

Deputy K.M. Wilson:

What impact do you think that has on individuals?

Chief Executive, Jersey Community Savings:

I think it is a disruptive impact. If you are predominately cash and someone will not accept it, what do you do? You cannot go and stick it in a machine and get a card out. So, what do you do if you are stuck in that environment?

Deputy G.P. Southern:

I am just thinking there, my grocer, and the result is I buy 2 items and it is just working for my benefit.

Chief Executive, Jersey Community Savings:

Absolutely. If you are electronic and someone does not accept cash ... and I had this situation, I was up in Scotland at the weekend and there was a football match, so I went into the supporter's club. The supporter's club is a card-only environment but you need to pay cash to get in and if you want to buy food it is cash: "Okay, how does that work?" Fortunately, my wife had cash because it was her team so she knew, otherwise if you do not have cash you cannot buy anything other than a drink behind the bar.

Deputy K.M. Wilson:

So what you are saying there is that there is ... the impact on individuals is uncertainty because they do not know whether ...

Chief Executive, Jersey Community Savings:

Absolutely, yes.

Deputy K.M. Wilson:

... they are going to be able to pay cash or have to pay by card and so they do not know whether they are going to be able to be purchasing goods.

Chief Executive, Jersey Community Savings:

Yes. Now, a small environment like Jersey, if you are going to the same outlets, the same services, you will have a much better idea of that but when those dynamics change, then that can be extremely disruptive if a shop stops accepting cash or if it goes the other way, which is probably less likely in Jersey these days but it can be quite challenging.

Deputy K.M. Wilson:

Do you feel that people would then have their choice restricted as to where and how they shop or how they purchase goods? Is that what you are saying about disruption?

Chief Executive, Jersey Community Savings:

Yes, I think that would be a direct consequence if Jersey went to a cashless society and I think over the last couple of months there has been more about the transport and so on because it would save money and there are cost savings but if you cannot pay for your bus with cash and you do not have a card, how are you going to get around the Island? So, it does have an impact. For argument's sake, if the market stopped accepting cash and some of the market stalls - very traditional market - was card only, no cash, I think that would impact a lot of people going in, as you say, Geoff, buying your groceries.

Deputy M. Tadier:

Can I come in quickly? How would you feel about companies either now or in the future saying you can access our services or goods but you will have to pay a premium if you use cash? Do you have any thoughts on that and how it might affect your members?

Chief Executive, Jersey Community Savings:

It would be extremely detrimental to our members because it would just increase the burden. Bear in mind typically - not always but typically - our members will be on lower incomes, Social Security, so in terms of if there was a premium to utilise the cash, that would have a significant impact. It would have more of an impact on the lower paid, the underprivileged than it would do on ... because if that was the case then most people who can would just use a card but if you struggle to do that, your costs are going up.

Deputy M. Tadier:

Okay. Thank you.

Deputy K. M. Wilson:

Thank you. So, for those unable to hold a bank account or read about the privacy of digital payments, some have highlighted prepaid cards or reverse A.T.M.s (Automatic Teller Machines) as a potential way forward. Do you have any information on possible provision of such services?

Chief Executive, Jersey Community Savings:

I would not say specifically, not in the service that we have got. What I would say is my concern about a cashless society is less around the privacy aspects of that. It is more around the exclusion aspects and what it means for those who do genuinely struggle and, as I said, cannot cope on a day-to-day basis with electronic, digital. So I am genuinely less concerned about the privacy aspects and, more broadly, I am an advocate/supporter of electronic, digital and so on. However, when you do step back into a slightly different environment, it does remind you that you may have moved on and be able to cope with the changing environment, the changing dynamics, but there are a

significant proportion of people who struggle to do so. So, sometimes you need to move a little bit more slowly to ensure that you do not leave too many people behind or anyone behind and I think that is probably the scenario that not just Jersey, but other economies are in.

Deputy K.M. Wilson:

Okay, just finally from me, thank you so far, have you got any comments you want to share on bank charges for digital or cash payment handling for retail customers at all?

Chief Executive, Jersey Community Savings:

I do not believe that in terms of ... from a retail banking perspective, I do not think too many banks charge personal customers for cash, but they will charge businesses or increasingly will charge businesses for depositing cash. I understand the rationale for that, but I think it needs to be balanced and proportionate. If it is an excessive charge ... as a charity if we pay in cash, we will be charged.

Deputy M. Tadier:

Can we ask what you pay, if that is not sensitive, in terms of a percentage?

Chief Executive, Jersey Community Savings:

Off the top of my head, it is about 2 per cent.

Deputy M. Tadier:

2 per cent.

Chief Executive, Jersey Community Savings:

So it is not insignificant, but it is manageable. Small businesses, I guess, it depends on what your turnover is, but if that starts to increase then one way for any institution is increase your charge which increases a barrier to access. So in terms of what is an acceptable charge for handling cash, I think that does need to be proportionate and balanced.

[11:45]

Deputy K.M. Wilson:

Okay, and the other final thing from me was I just wanted to come back to your comment about the education bit. I mean clearly you talked about the demographic and the changes that will occur over time and the Chair's view about latency in terms of people picking up your services, young people's attitude ... and trying to make the connection with your comments about value, how might you ... for a young person who is in a vulnerable situation around money, what would be the key educational things that you would talk to them about when handing cash?

Chief Executive, Jersey Community Savings:

I think it would be the basics, so if it was a young person who struggled digitally, then we would take them through understanding where the money comes from, so what is their source? How do they get it? How do they receive it? Also understanding what do they need to do with it, so what do they need to pay for? What bills, what expenses do they have? I would likely take them through a budgeting process, but we would take them through that on the basis of not just the outgoings and the incomings but how are they going to manage that and how are they going to pay for it? Every circumstance is different so we do tailor ours to the individual members and their needs, so as I say, what can be put electronically ... because we would always encourage someone to have an account. So, if they do not have a bank account, have an account with us because then we can see what is going through their account. We can help them with that, so anything that we can put on digitally, whether it is standing order or so on, we would seek to do that, but then we would take them through to understand how do you manage your money or how do you budget on a weekly basis? If they are receiving the money weekly or monthly, what are the bills, expenses? How will they manage receiving cash and understanding if they are at the most vulnerable end, potentially learning difficulties and so on, do they understand and appreciate what the value of a £10 or £20 note is? We would seek to help them understand that but they would also be supported ... typically, those members are higher vulnerable so they will have a support worker of some description so we will aim to work in conjunction with their support worker to understand, okay, what are their capabilities? What are their needs? How do we support and ensure that they can manage their money as best as they can. Quite often, depending on what the support network is around them, there may also be an appointed agent, so a trusted person, whether that could be a care worker or a family member who is a trusted person that is authorised to help them with their finances, either physical cash or electronic.

Deputy K.M. Wilson:

Thank you. Thank you.

Deputy M.B. Andrews:

Thank you very much for that, Stephen. Obviously, we had the recent outage globally and many people are concerned because of course we are moving towards a digital society, however, do you believe there is an importance for cash to remain and, if so, could you just elucidate the reasons why it is crucial for cash to be utilised still in the future?

Chief Executive, Jersey Community Savings:

I think cash is a clear alternative. Twenty, 30 years ago digital was the alternative and cash was the main in terms of day-to-day. Now, cash is alternative but, as you allude to, I have worked in banking

where the systems have gone out for days. If you do not have cash and you cannot access your bank account, what do you do? Global infrastructure is far more resilient these days than it was. However, there is also a scenario where Jersey has been vulnerable to the electrical grid going down. Far more resilient these days but also the banking system and the electronic system is vulnerable to outages. Whether that is cyber-attacks or quite often it can be an upgrade in a system that has not gone quite right so your digital bank is offline, you cannot access card machines. That is not that common and when it is, typically we do see it in the media, it can be quite big news if it is a mainstream bank and an outage. But where that does occur, then if you do not have access to cash, if you do not have cash, then you are going to struggle to make your payments and your bills. Fortunately, I would say in Jersey infrastructure and the U.K. infrastructure that the resilience is far better than it is in other locations. In the small Islands, somewhere familiar to Jersey people, from a Gibraltar perspective that used to be very much the case that power outages were common. South Africa is an example; power outages are a daily occurrence and other developing economies. So if cash is not available in those scenarios then people can struggle. I think it is a concern here, probably not top of the list but it is something that if we ever did have that issue then people may struggle.

Deputy G.P. Southern:

I suppose, yes, we are coming towards the end but do you see any need to legislate for the maintenance of cash? I know you deal with a very select group of people but it is relatively small numbers.

Chief Executive, Jersey Community Savings:

So my preference is legislation would not be required. I think legislation is a last resort and as commented earlier, it is interesting the F.C.A. from a banking perspective are taking measures in terms of their framework and structure to ensure that communities/society can still access cash, but they have that within their broad powers and remit that they can move regulation in that sense. I would hope that that would not be required in Jersey because I do think legislating to enshrine cash as a right is an option but preferably a last resort. But if it was a case between legislation or a cashless society ... I mean you need to look at this from a time horizon perspective as well, so in ... 10 years ago we were a much different society and economy than 20 years ago. In 10 years from now, we may be having a completely different discussion if it was the same topic. So if it is a case of maintaining cash, it might not be in perpetuity that maybe society in 10 years' time can absolutely cope, similar to our purpose which is in 10 years' time if we do not exist - for the right reason - then that would be fantastic because we are not needed. If cash is not needed because everyone is capable of accessing and managing electronic and digitally, I would not have an issue with that, I think. But looking in terms of the next 5 to 10 years, I do not think that is a right outcome, a cashless society, not at this point.

Deputy M. Tadier:

Can I just intervene? Can I just test exactly what you meant? So in your conclusion in your written submission you said: "We believe that the continued acceptance of cash payments is essential to ensure financial inclusion and protect the most vulnerable." If organically those individuals are not safeguarded or their access to cash and services et cetera is not safeguarded, do you think there is any case that can be made for some form of Government intervention?

Chief Executive, Jersey Community Savings:

I think if it was a case of ... if we saw across Jersey that more and more businesses and institutions were not accepting cash, so effectively we are becoming cashless ...

Deputy K.M. Wilson:

Over time.

Chief Executive, Jersey Community Savings:

... by action, not necessarily ... it is not a strategy, it is not a design.

Deputy M. Tadier:

By stealth.

Chief Executive, Jersey Community Savings:

Yes, it is just coming in, then I think we may have to look at whether it is regulation or legislation to protect cash at this point because certainly, I do not think you can never say never. As I say, I think if we are looking at a 5 to 10-year horizon at this point, I do not think our society are ready to be 100 per cent of a cashless society. What I think we would potentially see is those who are below the radar ... so I see what happens with our members. I have a good understanding what happens in the wider banking industry and financial services. I do not know what is happening with the people that I do not see that we do not service and are not accessing banks, so if cash starts to diminish, what is the hidden impact? That hidden impact might become more visible and disruptive. At this point, I am not sure that ... whether it is industry or Government we would be clear on, if we stopped cash, what would we look like in 12 months and 2 years? What would be the immediate impacts? What would be the issues that you need to deal with? Because there will be hundreds of people in Jersey, and possibly thousands, who do deal predominately and only in cash for the right reasons for them and not for any criminal reasons or reasons that we would be significantly concerned from that perspective, but we will not know who they are until they come to the surface.

Deputy M. Tadier:

So you would stop short of saying that refusing someone to buy your goods or services because they only want to pay in cash that that does not form discrimination?

Chief Executive, Jersey Community Savings:

It potentially can, I think. I think it would be difficult in terms of what is the rationale for why they are doing it. If I am a seller and it costs me X number of pounds to accept a payment for £2, £3 electronically, then do I want to accept that because it is going to cause me a loss. I think it would be difficult to say that that is discrimination. I think it would be quite a complex area to look at in terms of how does that fit in with discrimination legislation? But it could go in that direction if the focus is largely ... and I think it would have to be evidential that by not accepting, you are impacting the most vulnerable and that is a ... whether that is a conscious or unconscious decision, but you are marginalising people by not accepting it then there could be a case for that but I think that is quite a complex area.

Deputy K.M. Wilson:

So what you are saying is that there are different ways of recognising the impact but the key thing here is to do something about those impacts in relation to the more vulnerable in our community.

Chief Executive, Jersey Community Savings:

Yes, absolutely.

Deputy M. Tadier:

I think just 2 more questions before we finish but would your message more so then be to providers of services and goods that they should ... you would strongly encourage them to accept cash so that people are not excluded, if it is possible?

Chief Executive, Jersey Community Savings:

Yes, I think it is ... I guess it is not just commercial providers. It is from a government perspective to ensure that cash remains, and I do not mean from a legislative perspective, but ensure that there is that access - whether it is Government services or so on - where it is appropriate, that people can utilise cash and it is providing a balance. But financial services where it is appropriate, commercial environments and from a government perspective, it is getting that right balance. It is an extremely tough balance to achieve at this point given the direction is that most people will use digital and electronic but it is recognising that there is a reasonable minority people and some of who ... as I say, we do not know potentially how big that minority of people are but would be significantly impacted if in a short space of time Jersey became a cashless society. If Jersey wishes to become a cashless society that becomes part of a strategy in a government, then that strategy has to consider those that struggle, those that are the most vulnerable and what is the right process for

transitioning and supporting? I do not think we are quite ready for that at the moment, certainly not in the next couple of years. I think if you spoke to many of the other charities who deal with people who are financially vulnerable, whether it is the likes of Caritas, Citizens Advice, Salvation Army, people who deal with those who are struggling, the food banks, I think they would all advocate for continuation of cash in one way, shape or form.

Deputy K.M. Wilson:

It would be quite disturbing, would it not ... and actually this may well be a scenario when you talk about impacts, but you have somebody who is carrying cash who goes into a place that does not take cash but will also only charge you if you can pay above the minimum payment for a card transaction, so there is a double whammy there for them, is there not?

Chief Executive, Jersey Community Savings:

Potentially, yes. I mean hopefully there is not too many of those places in Jersey.

Deputy K.M. Wilson:

Yes, okay.

Deputy M. Tadier:

Well, for my part, I think that is all I have got to ask. Any other questions?

Deputy K. M. Wilson:

No, that is really good.

Deputy M.B. Andrews:

Not from us.

Deputy M. Tadier:

Have you got any questions for us, Stephen, or any other points that you would like to make?

Chief Executive, Jersey Community Savings:

In terms of the process, I know you have got another session this afternoon, but where are we in the process and how long do you see in terms of coming out with some views on ...

Deputy M. Tadier:

We are getting towards the end of the process, so we have received public submissions, also including a questionnaire which a lot of people engaged with, more than usual perhaps. We are getting the Minister in this afternoon and we have a couple more hearings. We expect to hear from

the banks directly through written submissions and possibly through some oral submissions as well in the hearing. I think we would hope to publish something in the autumn, probably October, November depending on how quickly we can turn this around. Yes, so thanks again for your time. We really appreciate you coming in and the written submission as well.

Chief Executive, Jersey Community Savings:

Thank you. Happy to come in. If there is anything else that we can help and support with then please feel free to reach out.

Deputy K.M. Wilson:

Thank you.

Deputy M. Tadier:

Keep up the good work as well.

Deputy M.B. Andrews:

Thank you.

[12:00]