



## **Economic and International Affairs Panel**

### **Acceptance of Cash Payments**

## **Witness: The Minister for Treasury and Resources**

Wednesday, 25th September 2024

#### **Panel:**

Deputy M. Tadier of St. Brelade (Chair)

Deputy K. Wilson of St. Clement (Vice Chair)

Deputy M.B. Andrews of St. Helier North

#### **Witnesses:**

Deputy E. Millar of St. John, St. Lawrence and Trinity, the Minister for Treasury and Resources

Mr. R. Crowe, Head of Treasury and Investment Management, Treasury and Exchequer

Mr. G. Chidlow, Director - Finance Hub, Treasury and Exchequer

[10:04]

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

Good morning, Minister, and welcome, officers, as well. So, can I welcome the public also, who might be listening at the moment, this is of course being live streamed and we are live at the moment. So this is the Economic and International Affairs Scrutiny Panel. We are currently conducting a review into access and use of cash in the Island. I will just introduce the panel and I will let you introduce yourselves as well. So I am Deputy Montfort Tadier.

#### **Deputy K. Wilson of St. Clement:**

Good morning. Karen Wilson, Deputy Karen Wilson, Vice Chair of the panel.

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

Deputy Max Andrews, a panel member.

**The Minster for Treasury and Resources:**

Elaine Millar, Minister for Treasury and Resources.

**Head of Treasury and Investment Management, Treasury and Exchequer:**

Russ Crowe, Head of Treasury Investment Management.

**Director - Finance Hub, Treasury and Exchequer:**

Graham Chidlow, Director of the Finance Hub in Treasury.

**Deputy M. Tadier:**

Thank you. You are all welcome. Thank you for coming in today. So let us get on to one question here about really the nuts and bolts of cash in circulation, rather than the abstract concept of cash, we are looking at how physical cash works in our community in particular. So, first of all, can you just confirm to us how much cash you think there is in circulation at the moment?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

Well, I can confirm the amount of Jersey currency that we have in circulation because of course there is sterling on top of that. So, right now, I think the last figures I have got end of August was we had a liability for £90 million roughly. So that includes both currency notes and coinage. Most of that is notes, £80 million, about £9 million worth of coinage. The value of currency, we tend to look at year-end positions because it will vary quite a lot within the course of the year. So it tends to jump up around Christmas time when everybody puts a few £10 notes in envelopes for children and so forth. So the most recent value, the December 2023 value was around £97 million.

**Deputy M. Tadier:**

Are there any other seasonal fluctuations, for example in the summer when tourists come in, does that affect it?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

You see some movements, but it is far more muted. It really ramps up around the Christmas time. So we tend to see a quiet January, February time when the cash tends to come back in quite quickly and we see a slight increase in that, sort of 1-2 million around summer time. But that is not always the case. So the reason is we are almost one step removed, so it is the banks who hold a lot of the stocks for currency. So when Treasury gets called effectively it is when the banks run low. So what you might have is you might have a position where there is an increase in demand for currency from

members of the public, but the banks have sufficient stock from their Christmas flow to meet that, so we would not necessarily see it being pulled down from Treasury.

**Deputy M. Tadier:**

So, so on top of that, say, £90 million of Jersey currency which is in circulation at the moment, presumably in the Island, I mean there may be some Jersey money outside the Island, but that is presumably negligible, is it?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

I suspect it might be relatively, not modest, but so if I explain how the liability for that £97 million is made up.

**Deputy M. Tadier:**

Yes, might be helpful.

**Head of Treasury and Investment Management, Treasury and Exchequer:**

So, whenever we issue a pound's worth of Jersey currency, we get the face value in return. So the banks effectively buy currency off us, so a £20 note would mean electronic transfer of £20 of sterling to us. Now, we reduce or write off that liability when that note comes back to us. So, historically, if you issued a £20 note and it got eaten by the washing machine, for example, that note would never come back to us and we would retain that liability on our balance sheet indefinitely. So we have got an idea that a lot of that currency has probably been destroyed and will not make it back to us. But we have got quite a conservative backing policy about that, so we do not write off an amount which we suspect has been destroyed until it is validated. So I have got some figures, for example.

**The Minister for Treasury and Resources:**

Just to clarify, in the sense that, although we say we have a liability, we have the cash to meet the liability because people buy the money, they buy it on a one-to-one basis. They say: "Can we have £20 worth of cash?" They give us £20 of credit.

**Deputy M. Tadier:**

So £20 in your back pocket in the washing machine, so when you say it is a liability, the States has got £20 that it never has to pay back.

**Head of Treasury and Investment Management, Treasury and Exchequer:**

Exactly. So the net balance is for us ...

**Deputy M. Tadier:**

So the bank has taken the hit potentially in that situation, has it?

**The Minister for Treasury and Resources:**

No, the customer.

**Deputy M. Tadier:**

Or the customer rather.

**Head of Treasury and Investment Management, Treasury and Exchequer:**

Yes, the customer, the individual.

**Deputy M. Tadier:**

I guess that is one of the problems with cash and it is not what we are here to talk about specifically, but one of the problems with cash is that it can be destroyed, it can go missing.

**Head of Treasury and Investment Management, Treasury and Exchequer:**

It can.

**The Minister for Treasury and Resources:**

Lost, stolen, put in the washing machine.

**Deputy M. Tadier:**

Anyway, carry on. So I think you were telling us about the mechanism.

**Head of Treasury and Investment Management, Treasury and Exchequer:**

Yes. So what we have got at the moment is you have got this historic liability for old notes issued that we still have on the books as a liability. We still have the assets to back them, which is why the fund is in quite a positive net asset position. So the D class note, which is the sort of nice modern notes you see, that is about £70 million worth of that liability, but we still have around £10 million worth of the old C class note, for example, which is the old red £10 note, if you remember those. You do see them now and again, so we hold that liability of £10 million and we have £10 million worth of assets to back that. But the reality is probably that £10 million, a portion of it is either destroyed, some of it might be in piggy banks from people who have never kind of opened that up, we conservatively make sure if somebody came to Treasury and said: "I have this old £10 note, can I have the sterling equivalent?" we have the currency to back that up. So, for a £20 note, for example, the currency fund would take that £20 note and invest it in a low risk strategy. So, for a £20 note with current interest rates of 5 per cent, you would probably make a pound in a year. So you can imagine first of all you benefit from, if that note is destroyed by a washing machine, we keep

the £20 and keep the liability. But also that balance is always growing because you are making interest on that amount. So it is quite a profitable venture for Treasury to manage this currency fund.

**Deputy M. Tadier:**

Yes, good, thank you for that. I think that is helpful. So, in that respect, you have probably given us one advantage for the Treasury of cash is that it gets interest, so paper cash in circulation, although it holds its value on face value, in relative terms it is becoming less valuable for the person who has it because of inflation. That is understood. Do you think the public understand that interaction because we have heard a lot of people saying: "We like cash because it means that there is no third party". But in fact do you think people understand the fact that they have given their intangible cash that they have in their bank account effectively to Government via the banks in order to get that piece of paper?

**The Minister for Treasury and Resources:**

I do not think they have given it to Government necessarily.

**Deputy M. Tadier:**

Well, they have paid the banks and the banks have bought it off Government, have they not?

**The Minister for Treasury and Resources:**

They have. Somehow or other they have ended up with money in the bank account. Now, say they have got earnings, I mean Government is almost the issuer, we produce the bits of paper that are the notes. But for someone to have money in the bank, they have either been given that money by someone, they might have been given a gift or they have earned it and their employer has put the money in.

**Deputy M. Tadier:**

Yes, no, I get it. But what I am saying is they ...

**The Minister for Treasury and Resources:**

They just take the cash out of the bank, they think they are taking their money out of the bank in cash, I would imagine that is how people think of the transaction. A note is basically a promise to pay.

**Deputy M. Tadier:**

That is right. I do not want to get too philosophical, but I think we are trying also to understand the global emotional attachment that people have to cash and I think there is a sense in which nowadays, when you earn money, you do not ever have to physically have had paper money in your

hand to have that. So there are a lot of people who have an affinity for cash, for paper money, for example, so that they will feel comfortable when they have £100 in their wallet. But I am asking whether they understand that link that to get that £100 they have had to give £100 of their own intangible money in the bank to the bank to get that and Government, of course, is making profit off that from inflation and from interest. Is that a reasonable way to put it, do you think?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

I think the people's primary concern ...

**The Minister for Treasury and Resources:**

I do not think the public would ever consider that aspect of Government's involvement. I have never considered it until now. Some may do, but I have never considered it until now and I do not think people would. It is just you have a cash note which enables you an ability to buy things.

**Head of Treasury and Investment Management, Treasury and Exchequer:**

Whenever we liaise with the public as well, their primary concern is the security of the note. So I think their major concern is they want to make sure that a £10 Jersey note does have a guaranteed £10 sterling value, which I think represents the conservative liability policy we have and the conservative asset backing policy we have regarding the Jersey note.

**Deputy M. Tadier:**

Yes. So, in that sense, that kind of leads on to what would have been the first question on my order paper, which is that, given the fact that it does "say promise to pay the bearer" and there is certainly a public concept of legal tender which may not necessarily be matched by the legal definition of it, a lot of people have expressed an opinion to us that they should always have the ability to pay with cash for a product or service. So, for example, it is fine to say you have got a £10 note which is worth £10, but if you cannot spend it in certain places, what is the real value of it? So, do you have any preliminary observations about that point, Minister?

**The Minister for Treasury and Resources:**

Well, it comes down to, as we have discussed before, a matter of commercial choice for businesses. If you have a £10 note, there is no reason why you should not be able to exchange that £10 note for goods or services as you wish. Now, if the supplier of the goods or services says: "I do not want to take cash for", whatever reason, maybe because I do not want the cash handling cost and the risk. Because there is a risk to cash as well: "I do not want the cost or the risk, therefore I would like you to pay me by another means". That could be cheque, we still have cheques, it could be direct transfer, so there is that element of the customer may want choice, the supplier also has an element of choice as to whether they take it. Now, I think it is difficult to legislate for that because that adds

to cost and bureaucracy and risk for the business and the customer can go elsewhere. There are still people who will quite happily take their cash. I do not think we are anywhere close to a situation where people are not able to use cash to get what they need.

[10:15]

**Deputy M. Tadier:**

I do not know if we will get any further with that line of questioning and it is not necessarily for you. I think we do need to pursue it though, there is an argument to say that the logical conclusion of the direction of travel now is that, if we purely leave it down to businesses, and more and more businesses are saying that they do not want cash because I think we have heard the empirical evidence, experienced evidence tends to be for businesses that there are so many disadvantages to using cash that it does not make any logical sense for businesses to accept cash other than to provide choice for customers. So, would that pose a problem for Government at some point and, in fact, does it pose a problem for Government now that the Government intervention is no longer needed so the Government no longer needs to issue cash to banks for people to be able to buy things?

**The Minister for Treasury and Resources:**

I think that is a very long way away because Government still takes cash and, as Russell said, people use cash among themselves. So it may be you go out for dinner, you split the bill and your friend says: "I owe you money, I will give you £20". That is fine. I still think we are a very long way from businesses as a whole saying: "We will not take cash". I think that there is a bigger point about there is an element of businesses who failed. There is an element of businesses have to look to the future and we all have to look to the future and I think there is a big piece in terms of enabling people to move on to digital frameworks or to use a card. Now, cards have been around for 50 years. Even people in their 80s could have had cards for 40 or 50 years because they have been around for that long. There is a very small number of people who will not have a card that they can use to either get cash, if that is what they want, or to then use that as a payment token, if you like, as a payment mechanism. To say we are just going to hang on to cash ad infinitum, I think there will always be businesses where it is very difficult. I said this the other day, I am not sure if you wanted to buy a plane ticket, I am not sure how you would do that if you did not have a bank account, because you go online, you buy that, that is how you do it. Now, you possibly can go into a travel agent and say: "Will you book this ticket? Here is my cash." But you will incur a cost from doing that I imagine in commissions. So I think the important thing is that we do help people who are not digitally enabled to become digitally abled so that they also have that choice. I mean, if cash is your only tool, then arguably you do not have a choice. Choice has been taken away from you because you cannot then use those other mechanisms. So I think there is an element of digital exclusion, I think is

possibly the bigger immediate problem than people not taking cash. That is my personal opinion and I do not have stats to back that up, but that would be my concern.

**Deputy M. Tadier:**

Thank you. So, bringing this back to specifically Government and the Treasury, a more general point, do you think that Government should be providing services that are not necessary to the public, generally as a political ...

**The Minister for Treasury and Resources:**

Should be providing services. Well it depends what that service is.

**Deputy M. Tadier:**

I would put it to you that we are in the type of world now that Government does not need to get involved in the personal transactions that people make by issuing cash.

**The Minister for Treasury and Resources:**

It should not. I do not think it should.

**Deputy M. Tadier:**

So there is no longer a need for Government to issue cash, you could argue. Because we live in a digital world and Government should just be focusing on digital inclusion.

**The Minister for Treasury and Resources:**

But there is still a need. There is clearly a need, there is clearly a need for cash. I am not saying we are focusing on digital inclusion, I said that is one of the things that everybody needs to think about.

**Deputy M. Tadier:**

Why is there a need for cash, is what I am asking?

**The Minister for Treasury and Resources:**

Well, there is still a demand for it. As Russell said, we have £90 million in circulation and that is driven by the banks coming to us saying: "We want cash" and they are getting cash to issue to their customers. There are still people, when, if I go to the U.K. (United Kingdom), I always go and take some sterling notes out at the airport. There are, as you said, people still want an element of cash. So there is still a demand for it. As long as there is some demand for it, we need to provide it. I think there may come a time where, I cannot personally foresee a situation where we would have some kind of big-bang that says we are not doing any more cash. I think that the demand will just



gradually dry up. The bank will be depositing cash with us. We will give them the money back, they digitise it, so the demand will just fall away. I cannot see a situation where we just say we are not doing cash anymore. I mean, central governments, whether you do it through Government or you do it through the central bank like the Bank of England, the Bank of Ireland, various banks issue notes.

**Deputy M. Tadier:**

I am just going to bring Deputy Wilson in.

**Deputy K. Wilson:**

The issues that we have heard from people across the Island have been quite stark in terms of their affinity with cash and their relationship with it. I just wondered whether, from a Treasury perspective, you believe that has any merit in planning what the future Government position will be in relation to how you address things like digital inclusion, how you address consumer choice, how you address the ability to use cash freely as an option without being forced into a digital environment. That is the issue at the heart of the matter, which is the choice. So, do you feel that, because of some of the ways in which the banks are starting to operate, that we are being forced to think about the fact that digital payments are going to be the only choice that is going to be available in the longer term and therefore cash use is going to be excluded as a choice in the longer term?

**The Minister for Treasury and Resources:**

I think that is something, if that happened, I cannot see that happening as a matter of Government policy, it happens because of public lack of interest because people just stop using cash and they stop asking for it from the bank because they use their phones or their cards. I think even people who have vulnerabilities can still have cards. We have mechanisms in place. But I do not think Government can impose on business: "You must take cash", because, if we do that, it will increase cost, it will automatically increase cost because people will say: "That means I have to have somebody who is taking cash. I have got to keep cash. I have got to count it. I have got to reconcile it because I do not want to find at the end of the month that my cashflow of £500 now £25 and I have no idea where the money has gone." So there is a cost and that cost will be passed on to consumers. I do think there is an element of there will be a very gradual move away from cash because, as I say, people who are in the 80s now have been using cards for 40 years potentially. People who are children now will be using their phones. There is an issue where people, as they get older, become less able to use digital means but if you can use a card to pay that is possibly easier than dealing with bank notes, particularly the new form of bank notes.

**Deputy K. Wilson:**

Would it be worth picking the issue? Sorry, Minister. Thank you.

**Deputy M. Tadier:**

Can I just ask one question?

**Deputy K. Wilson:**

Sure, yes.

**Deputy M. Tadier:**

Sometimes we might need to curtail the answers just because we have got a lot to get through, so do not take that as any sign of rudeness on our part.

**The Minister for Treasury and Resources:**

That is fine, I understand.

**Deputy M. Tadier:**

Can I just ask though, and maybe it is one that your officers can answer, do you think that in 100 years' time Government will still be issuing cash, paper cash?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

It is hard to project forward 100 years. I am not sure I could. I am not sure what the position of cash was 100 years ago.

**Deputy M. Tadier:**

I am not here to answer the questions, but I would put money on it saying that I cannot envisage Government issuing cash in 100 years' time. I would have thought we would be entirely cashless in 25 years' time.

**Head of Treasury and Investment Management, Treasury and Exchequer:**

I suppose the thing to remember is that, even though you are seeing a reduction in the currency in circulation, there is a material amount of demand from the banks for cash. So this year alone we had demand from the banks for £52 million worth of currency.

**Deputy M. Tadier:**

How much is that compared to 10 years ago?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

I am not sure from 10 years ago, over the last 5 years there is definitely a marginal downward trend, but still the demand remains there.

**Deputy M. Tadier:**

I think we have had the stats, it was about 130 or 120 from memory, about 4 or 5 years ago, pre-COVID.

**Head of Treasury and Investment Management, Treasury and Exchequer:**

The value in circulation, so the current value in circulation of 97 is roughly where we were back in 2013 per value in circulation. But part of that is that banks these days do not have vault space, so they are probably more footloose in terms of demanding money from Treasury.

**Deputy M. Tadier:**

What were we in 2019, for example?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

In 2019 we were 112 and that was around the peak. So then we had the COVID years, 115, 116, before it started to reduce.

**Deputy M. Tadier:**

What is the most it has been in the last 10 years?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

£116 million was the largest liability that we have ever had.

**Deputy M. Tadier:**

So it is still a fair drop off, is it not, from 116 down to 90 this year?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

I would not use the June one because you have got the post-Christmas, so the figure to compare to is probably the 97, so it is a reduction in use of currency certainly.

**Deputy M. Tadier:**

Thank you.

**Deputy K. Wilson:**

I was just going to, in the way that the Chair started with a question down the order paper, I might just at this point do the same if that is okay. Just in terms of the issue around the use of the fall in cash across the Island, we have been looking at some of the evidence coming from Sweden where they introduced a cashless society and now they are starting to perhaps reverse engineer some of

their banking arrangements and the way in which people manage cash. They are having to manage measures or introduce new measures to accommodate an increased use of cash, having been cashless. Do you anticipate having to prepare for something like that if we do go down the route in Jersey?

**The Minister for Treasury and Resources:**

I have no intention of going cashless. It is just not policy. Given the other things I have seen in Jersey in terms of how difficult it is to change things, going cashless is just not going to happen anytime soon, and I think it would happen organically by demand just dropping away. I cannot see that being Government policy.

**Deputy M. Tadier:**

Can you pay your tax bill in cash?

**The Minister for Treasury and Resources:**

It would depend the amount.

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**Director - Finance Hub, Treasury and Exchequer:**

Yes, you can pay up to £1,000 in cash at Customer and Local Services.

**Deputy M. Tadier:**

At any one time. So you could pay it all off in cash, but ...

**Director - Finance Hub, Treasury and Exchequer:**

At any one time. The Customer and Local Services cashiers desk is very much front facing for members of the public who cannot pay by any other means. There are people who do go in and pay cash amounts for tax, Social Security, and all the Government invoices that we issue as well. So any of those can be paid at Customer and Local Services cashiers, up to £1,000, and the intention is to start that sort of facility in Union Street as well. So that will continue.

**Deputy M. Tadier:**

Is there any plans to automate that kind of thing so people could pay cash or do you envisage keeping a cashier?

**Director - Finance Hub, Treasury and Exchequer:**

I did have a look. On average, it is about 5 people a day coming in, paying for something in cash at Customer and Local Services. So there is still a bit of a demand, but it is not a huge demand in terms of people requesting that.

**Deputy M. Tadier:**

Would it be inappropriate to ask why those people would be paying cash, what situations might they be in?

**Director - Finance Hub, Treasury and Exchequer:**

I do not know the detail but it is personal circumstances, I suppose, in terms of ...

**The Minister for Treasury and Resources:**

I know of one situation because a constituent of mine had told me, because she had gone to pay her cash and it was slightly over £1,000 and it became a bit difficult because of our money laundering rules. But, yes, she was a lady, quite an elderly lady, and what she does is she goes and she takes cash out of her bank and she walks up and hands over the cash. That is what she has always done. Now she has made arrangements for her bank to pay. To me, having a very elderly lady walking around with over £1,000 in cash, that is quite worrisome in terms of the risk that we talked about, loss and theft. But she has spoken to the bank and the bank is now helping her pay.

**Deputy K. Wilson:**

Okay. Thank you.

**Deputy M. Tadier:**

Max, can I pass over to you, is that all right?

**Deputy M.B. Andrews:**

Yes. Thank you very much, Chair. There was obviously mention about the currency fund and of course there is a demand of local credit lenders seeking local coins and notes as well, but would the existence of a fund potentially be under threat if cash was no longer in demand, say if it fell beneath £10 million, for instance?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

Possibly, but it is hard to envision a scenario where it would not be in demand. So I suppose Treasury would need to move with the times if suddenly nobody demanded cash, then of course the currency fund would need to be reconsidered. But we are a long, long way away from that.

**Deputy M.B. Andrews:**

Yes.

**The Minster for Treasury and Resources:**

But I think there would always be a need for the fund because the fund reflects the cash that is in circulation. So, as long as our books say there is money in circulation, we have to be able to repay it. So it would be a very, very long-term thing, and I cannot say when does something become bona vacantia, at what point? If you think we have not had a claim on this fund for ... we would be talking about a very long time before you would say the risk of this coming forward is negligible so we are going to close the fund. Because I could have £20 now or you could give £50 to a child now who sits on it and in 50 years' time discovers it and how much is £50 worth.

**Deputy M.B. Andrews:**

So how would it work, for instance, because obviously when we look at our currency, it is linked to sterling, and if we are moving towards a digitalised world, would there always need to be a facility within the Treasury and Exchequer for credit lenders to potentially use, or would that disappear in the future?

[10:30]

**The Minster for Treasury and Resources:**

I am not sure credit lenders is the right expression, if somebody says they are fed up with cash, they do not want any more cash, the logical thing for them to do would be just to pay it into the bank. The bank has it, and at some point it will find its way back to us. What often happens, when there is a new series of notes, and I think Russell says we have never said this note is not valid, we have never said this note of no value, so if somebody appeared with a very old note, what was the class A ones you talked about?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

Yes, they are the old blue shilling ones.

**Head of Treasury and Investment Management, Treasury and Exchequer:**

A very old note, so somebody finds the piggy bank that is stuffed full of old notes, they may take them to the bank and the bank would, "We are not touching those", they would come to us and we would then either issue them with crisp new shiny notes or we would credit the money into their bank account, I imagine. So there is always that potential for someone to pay with a note and we would honour it because it is a promise to pay. If the bank does not honour the promise and sometimes they will say: "We are not accepting this", or the Bank of England demonetised notes, where they

say: "If you have not used it by this amount of time, shops will not have to take it. Take it to the bank or take it to this place and we will exchange it for a new version."

**Deputy M.B. Andrews:**

Yes. Can I just ask, in the Treasury and Exchequer, do you hold foreign currency as well like other states?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

No, so the Jersey currency is purely a physical currency. So its only purpose effectively is almost a promise to pay back the underlying sterling, the electronic currency. So really it effectively is just a mechanism for the banks to easily get hold of currency as opposed to getting an armoured car on the Condor Ferry to restock their cashpoints now and again.

**Deputy M.B. Andrews:**

Can I just ask, have you had any engagement from any individuals who have approached you seeking Jersey coinage or notes or has it only been banking institutions?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

Very occasionally we get a letter from individual collectors who would say: "Can I have £30 worth of Jersey notes? Here is my cheque for £30." We will try to support them and send it off to them, but we would not be interested because of A.M.L. (anti money laundering) if somebody came to us and said: "I would like a £1,000 worth of Jersey currency", then that would be the sort of thing I would be nervous about and I would say: "Go to your bank to deliver that" and the bank can deal with the customer due diligence and we would provide the currency to the bank effectively.

**Deputy M.B. Andrews:**

Usually, where would that transfer take place? Do you have officers who would maybe meet somebody at C.L.S. (Customer and Local Services) or would that be in Broad Street?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

It is very infrequent, so most of the time it would be somebody has written a physical letter. Often I think there are a couple of Jersey German collectors, for example, who would literally send a message to Treasury titled "whoever is in charge of currency", it would come to me, and it would literally be a cheque for £30 and we would do all we can. It is not really an official process. It is more to try to help out the public.

**The Minster for Treasury and Resources:**

Yes, it is not something we necessarily want to promote.

**Deputy M.B. Andrews:**

Too much as well, absolutely, no.

**Deputy K. Wilson:**

Deputy, can I just ask a question on that? Do you have any idea of how much is in circulation that is different to businesses, to individuals? So are there businesses that come forward who actually say to you: "I have had this pot of money in my green box in my garage or restaurant or whatever", do businesses behave the same way towards this, in the same way that consumers do?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

We would be one step removed from that I suppose. It is the banks that deal with their customers and we deal with the banks. It is not really something that we would, we do not really have the facility to validate the identity of individuals, so it is quite difficult, so we do rely on the banks to liaise with their customers. All I know is that the overall demand from the banks is quite robust.

**The Minister for Treasury and Resources:**

I suppose it is feasible that a business has a cash box and they are changing premises or something and the cash box gets put to one side and forgotten about it. But I cannot see that we would have any visibility of that other than the general what is in circulation.

**Deputy K. Wilson:**

Thank you.

**Deputy M.B. Andrews:**

Thank you very much, Deputy. There are obviously a number of concerns in terms of the grey economy where transactions take place and there is no record, especially when we are looking at cash. I want to know whether you have any concerns about that currently and whether you believe a digitalised world will be an improved world to track those transactions?

**The Minister for Treasury and Resources:**

Do you want to talk about that? Well, cash businesses, I think Revenue Jersey do compliance work on businesses that are heavy cash users. There are some types of businesses that you would anticipate would be heavy users of cash and Revenue Jersey I think do some compliance activities on all businesses, whether they are cash or non-cash. So they would be looking at correct processing of cash. There probably are cases where money is changing hands. Will that move into an electronic format? I do not know. It may do in the future but I would imagine those are relatively small situations. I do not know if you have got anything to add?



**Director - Finance Hub, Treasury and Exchequer:**

It is a factor that certainly Revenue Jersey will take account of in terms of all their compliance activity, the risk of particular businesses, and they always have done. So that will carry on in the future as well.

**Deputy M.B. Andrews:**

Sorry, Chair?

**Deputy M. Tadier:**

I was just going to follow up on that and do come back in after, so in terms of the estimated money loss to the Treasury by undeclared tax liability, do you have a figure for that, an estimate?

**The Minister for Treasury and Resources:**

Not in my head, no, not in my head, no, that is a ...

**Deputy M. Tadier:**

Do you accept that there is an element of that in Jersey, and presumably in any ...?

**The Minister for Treasury and Resources:**

I imagine there will be in any jurisdiction, there will be an element of undeclared, people not declaring income.

**Deputy M. Tadier:**

Do you think that is pronounced when people are paid in cash? Do you think people are more likely to under-declare their income if they are paid in cash?

**The Minister for Treasury and Resources:**

I think if they are paid in cash by their employer, the employer should be keeping records because the employer should still be deducting Social Security and tax. So even if that person is receiving cash, they should still receive a pay slip, they should still receive the ...

**Deputy M. Tadier:**

What about casual work and self-employed people and that kind of thing?

**The Minister for Treasury and Resources:**

I am not sure how that would work, but even if you are self-employed, you still have a duty to account for your earnings. If people are not doing that, then we would look at if we know somebody is self-

employed, they should be paying self-employed contributions and they will be paying tax and declaring self-employed income. If they are under-declaring, I think Revenue Jersey will do some amount of compliance work.

**Deputy M. Tadier:**

Do you accept it is easier to mis-declare or under-declare if you are getting paid cash, because if you do get reviewed there is no audit trail to trace?

**The Minister for Treasury and Resources:**

I think it will be because the employer returns should disclose: "I have paid this person that amount of money", and if the person's return says: "I earned that amount of money minus £2,000", I mean, I am not sure how those would be tied up and I do not know. I am not suggesting we do that kind of investigation. I do not think we would necessarily compare the two. But we would have to ask the Comptroller about that. I just do not know the operational reality of how that works, but there could be people who are given tips or, I just do not know, but the tax form says: "Are you given tips/gratuities as part of your work?" You are meant to account for those and declare them for tax.

**Deputy M.B. Andrews:**

A number of submissions have raised concerns about the Government and potentially the fact that they feel that the Government could maybe be invasive looking at say digitalised payments in the future and that might be with banking institutions. So I would just like to get your opinion just to provide some clarity in response to some of those members who have articulated those concerns?

**The Minister for Treasury and Resources:**

I would be very reluctant to use the term "invasive", I think Government has got to keep records of money received. So if somebody declares their tax, they issue a tax return, we have to keep a record of the money they give us, whether they give it electronically or in cash, we have to keep that record and there is good reason for doing that. Because (a) it shows they have paid and it is for the public finances how much money we have collected. There is no option but for us to do that, anybody handling money has to do that. Particularly with tax that is held very, very confidentially. The tax team will not even tell me the names of taxpayers. It is very confidential. So the tax team are not sharing information with other parts of Government. Similarly, under data protection and general privacy law, Government is subject to the same data protection rules. So we should only be collecting the data we need. We should only be using it for the purpose that it is collected and we should be letting it go when we no longer need it. We should not share that data unless we have clear gateways to do that. So Government is not building up kind of intelligence files on citizens based on cash payments.

**Deputy M. Tadier:**

Can I just follow up, I do want to push the issue about whether or not we would be better off or Government would be better off as a society if cash did not exist purely in terms of tax revenue, so if I put a scenario to you, it is hypothetical. I make my money by selling apples and I declare that in one month I have sold 1,000 apples for £1 each and my profit is relative to that, but in fact I have sold 2,000 apples and then, if anyone comes asking, I just say: "I lost 1,000 apples to wastage, they got stolen or they went rotten and I had to chuck them out". Of course, if tax comes in and looks at me and says: "Can I see your books?" I show them the books with the 1,000 apples that I have sold because everyone has been paying me with cash, there is no way to audit that. You just take my word for it. Whereas, if we are in a cashless society where everything has come through, you can say: "Well, let us look at your bank details. Can I see it? What are all of these transactions that you have had? You have had 2,000 transactions. Can you explain that?" Is that a legitimate concern in terms of the problem about making sure people comply in a cashless society versus one where cash is used to pay for things?

**The Minister for Treasury and Resources:**

I would imagine that any circumstance where there is a record and by paying digitally you create a record in a bank statement, at some point you will get a statement from your bank saying this is the amount of money that has come in. Now, even if you so choose to under declare, Revenue Jersey could say: "Well, this seems a bit odd because you have said you are selling 1,000 apples but this seems a bit peculiar because we know how big your farm is and we look how much previous owners have sold". There would at that point be compliance work and they may ask more evidence.

**Deputy M. Tadier:**

That becomes quite tenuous, does it not, it is not the tax department to speculate on one's business model or how much natural wastage there is in that system.

**The Minister for Treasury and Resources:**

Well, as I said, we are getting into an operational area that I do not know what compliance is, how they do that compliance.

**Deputy M. Tadier:**

I know these are hypothetical questions, but would it not be a benefit in a cashless society that everything is trackable from a Government point of view, therefore when you ask to see the books and the bank statements, it is all there.

**The Minister for Treasury and Resources:**

But it would only be trackable for us to see it, and they gave it over, but that would be part of the compliance part, which says: "This this looks a bit odd. can you ...?" Because I think we do not normally ask people to provide all their invoices and the receipts, we say just tell us the numbers and that is fine. But I think we would have the ability to say these numbers are not stacking up, but I think we have the ability to ask questions.

**Deputy M. Tadier:**

Do you accept that you have more ability to make those sums add up if there is an audit trail?

**The Minister for Treasury and Resources:**

I think it would be cleaner if you could say to someone: "Can I see your bank statement? Can I see your business bank statement to see what it says?" Now, I assume you have the ability to ask to do those investigations, but we do not have direct access to people. We would still have to come and ask to see things.

**Deputy M. Tadier:**

And tax is done on a trust basis essentially, is it not, you declare your income?

**The Minister for Treasury and Resources:**

I think it largely is in Jersey, yes, you are allowing people to declare honestly and fully and if they do not then clearly that is ...

**Deputy M. Tadier:**

But you do have mechanisms to then test, do checks on businesses?

**Director - Finance Hub, Treasury and Exchequer:**

Yes, Revenue Jersey do those compliance activities, they do look at the risk of a business and if there is less businesses collecting cash at the moment, probably the risk in that area overall for the Island has probably diminished, but obviously they take all account of that in terms of their compliance activity. When looking at businesses, looking at it for compliance, they will be taking account of how they collect and any particular issues around the business.

**Deputy K. Wilson:**

Do you require there to be additional scrutiny or additional surveillance around businesses that are not digitalised?

**Director - Finance Hub, Treasury and Exchequer:**

Well, once again, I think Revenue Jersey has built that into all their compliance activity. They take account of that in choosing which businesses to look at and to what extent.

**The Minister for Treasury and Resources:**

We do have policy and procedures around fraud and criminality, money laundering, so I do not know, again, I do not know whether would we do it on a random basis or is it if something kind of raised the flag and you think this is ... Because clearly we cannot review everybody's accounts, so it does rely on people being honest.

**Deputy K. Wilson:**

I was just trying to establish whether or not, given that there are processes and compliance systems in place, whether they are different for a business that is transacting digitally or a business transacting in cash, does it require additional effort?

[10:45]

**The Minister for Treasury and Resources:**

We are still just look at the tax return. We would look at the tax return and then I suppose it depends on whether it either comes up either does it ... I do not know. I do not know if there is any amount of random sampling, I just do not know. Or is it we have a procedure and it runs for possible and we think there is something not right there, we are going to have some questions.

**Deputy M. Tadier:**

Who would we ask if we wanted to ...

**The Minister for Treasury and Resources:**

That would have to be the Comptroller. I think we would have to ask to the tax team about that, because that is quite a detailed operational aspect. I just do not know. I am speculating.

**Deputy M. Tadier:**

Thank you. That subject then follows on to the next question, so the Jersey Financial Services issue guidelines in respect of high-value dealers for transactions over £12,500.

**The Minister for Treasury and Resources:**

£10,000 I thought, anyway.

**Deputy M. Tadier:**

Okay, you think it is £10,000?

**The Minister for Treasury and Resources:**

I thought it was £10,000 but it may have changed. You might be right, sorry. I had £10,000 in my head.

**Deputy M. Tadier:**

It may have gone up, but that is the figure I have got in front of me, but it is a ballpark anyway, is it not? There are no such limitations for digital payment receipts and do you have any comment as to why this may be the case and the impact this may have on businesses?

**The Minister for Treasury and Resources:**

I think digital payments will be because this will all be linked into our anti money laundering regime. So, if you are a dealer and the money is coming from a bank, you will be largely relying on the bank's processes in terms of having due diligence on the customer in terms of where the funds are coming from. If you are a bank and somebody gets paid £5,000 a month and suddenly they get £25,000 in from nowhere, you might ask a question about that, maybe not £25,000. So, dealers can largely rely on banks with digital currencies, and whoever is paying to have done that amount of work for them. The issue with high value dealers that that is about people taking cash amounts and I think the way the high value dealer regime works is it says, if you want to take cash of more than that amount, you must be registered, you must be regulated, and here are all that you have to do, and nobody wants to do that.

**Deputy M. Tadier:**

That is right. It is obvious that there is an audit trail when it comes to wire transfers or contactless payment. I suppose one question is that, in terms of disruptive technology, that there is an almost hybrid method of paying for things. So if we imagine cards that can be topped up for things like Revolut or the cards like that, are there any considerations about somebody who might be paying a high value dealer, not in cash, but on that kind of card which is not automatically linked to a bank account necessarily?

**The Minister for Treasury and Resources:**

I do not know because, again, I do not really understand Revolut very well. But I think the cash has to be put in and I imagine Revolut has its own flags in terms of if somebody was putting in ... because again that has to be digital, so Revolut is not taking cash, it will be taking money from other financial services organisations, so whether it relies on money coming from one of the big banks.

**Deputy M. Tadier:**

I think there is due diligence anyway with setting up a ...

**The Minister for Treasury and Resources:**

There will be an element of due diligence, yes, I mean you have still, you have got to give them identity material. They do have to prove your identity like other banks. But they are, because they are digital, they will only be taking money I think from banks or other regulated entities.

**Deputy M. Tadier:**

Thank you. That is fine. I am going to pass over to Deputy Wilson.

**Deputy K. Wilson:**

Okay. So, thank you. Minister, submissions to the panel identify that cash use is anticipated to fall further in the coming years as we have already talked about this morning. What would be the feasibility of the Government providing or aiding in banking services?

**The Minister for Treasury and Resources:**

I do not think we are at that stage because we have plenty of banks on the Island, we have 5 banks, and we would have to be in a position where we had no banks at all before Government set up its own bank. That is an immense undertaking. I believe they have done it in Gibraltar because they found themselves in a situation with no banks. But we are not in that position. If it had to be done, I am sure it could be done. But I would not like to be the one doing it. I think we are very far off that situation.

**Deputy K. Wilson:**

Okay, irrespective of some of the bank closures that we have witnessed recently?

**The Minister for Treasury and Resources:**

I think branch closures are different from bank closures. The banks are all still healthy. I think Lloyds is still wanting to grow I believe, most of the banks still see room for growth in Jersey. Again I am speculating, but I think Jersey is a place they want to do business.

**Deputy K. Wilson:**

Are you able to outline, given that scenario around the fall in cash, what sort of short, medium, and longer-term initiatives you might have to consider in that scenario?

**The Minister for Treasury and Resources:**

I think in terms of provision of banking that possibly sits with the Deputy Gorst, but I think we are a very long way off Government having to step in. There are ways, Community Savings can do minor cash payments for people who have relatively simple needs in terms of cash, it is simply trying to

put money deposits, making small loans, Community Savings, I believe, can issue a card for people and that is often people want to have cards because it gives them access, you know, it is just easier for them. But I cannot see anything in the short or medium or long term that Government needs to be thinking about in terms of availability of banking or cash.

**Deputy K. Wilson:**

Can I just press you on that in relation to those people who are unable to hold a bank account, what kind of actions could be undertaken to help them manage their cash transactions?

**The Minister for Treasury and Resources:**

I think in Jersey there are very small numbers of people who do not have bank accounts. I think the banks are aware of that. Again, I do not know what the banks are doing in terms of giving accounts to people. C.L.S. will issue, I think, if someone is on benefits and does not have a bank account, they will be able to get a cheque, which they can cash, or I think we do still issue cash to some people.

**Deputy K. Wilson:**

Thank you. The panel has also been informed that some banks are limiting the amount of cash that a business or charity may transact. Are you aware of any such practices around this at all?

**The Minister for Treasury and Resources:**

No, I am not. That is not a Treasury aspect. I am not quite sure what you mean "limiting transactions", but, again, that may be driven by the anti money laundering framework and the financial crime framework. There are rules about certain charities, particularly those who are operating I believe in high-risk jurisdictions. I am not totally expert on that. But those rules may be driven by anti money laundering rules rather than the banks just being awkward, but I do not know.

**Deputy K. Wilson:**

So do you do you think that the Treasury should look at that in any shape or form?

**The Minister for Treasury and Resources:**

I do not think it is a Treasury issue, it is a financial ...

**Deputy K. Wilson:**

A financial services issue?

**The Minister for Treasury and Resources:**



If it is a Government issue, it sits with financial services. Treasury does not have a role in regulating or policing the banks.

**Deputy K. Wilson:**

Thank you. One of the questions that we have asked others and we would like to hear your views on this, but do you believe that non-acceptance of cash to be discriminatory?

**The Minister for Treasury and Resources:**

No, because where is the discrimination? Because discrimination goes to protected characteristics and are you discriminating against a person on the basis of a protected characteristic? I think that is a lawyer's answer.

**Deputy M. Tadier:**

But it can discriminate in the natural definition of the word, not necessarily just in terms of the ...

**The Minister for Treasury and Resources:**

In the wider discrimination, I think we have said the choice, but I think to the extent consumers have choice, businesses also have to have a degree of choice.

**Deputy M. Tadier:**

Why is Government taking the decision to ensure that people can pay for things in cash then? It must be because they do not want to discriminate against people.

**The Minister for Treasury and Resources:**

No, it is because there is a demand, it is because there is a demand, we have to provide customer services and, as long as there is a demand ...

**Deputy M. Tadier:**

But so do certain monopolies presumably. I mean Condor provides services for people. They provide ferry services, and no one else does.

**The Minister for Treasury and Resources:**

I do not know if Condor is taking cash or not. I cannot speak for Condor.

**Deputy M. Tadier:**

It does not take cash, no. But sorry to cut across.

**Deputy K. Wilson:**

No, that is okay.

**Deputy M. Tadier:**

Just to get to the philosophy, Minister, which is, if Government says it needs to accept cash and there are other services that are provided either arm's length, Liberty Bus, the bus service, you can pay cash on the bus, for example, but if they were to say overnight: "We do not take cash anymore", then of course we have a public service which is no longer accessible to people who want to pay cash and can only pay cash. Would that not be discriminatory?

**The Minister for Treasury and Resources:**

I am not sure it is discriminatory, it would be bad business practice I would have thought. But Government is in a different position from other businesses because we are required to provide public services and if customers, consumers, Islanders want to pay in cash, we enable them to pay in cash and we are not going to stop doing that. But I think for Government to say to private enterprise: "You must do this, that, or the other", is difficult and it merely will mean cost and bureaucracy for those businesses which will put up prices.

**Deputy M. Tadier:**

Could we say that if you do not have a bank account and you cannot have a bank account and you rely on cash to transact, then if a business, so if all the coffee shops in Jersey stop taking cash, if you do not have a bank account, you cannot go and buy a coffee. I do not think there is a Government run coffee shop yet, is there?

**The Minister for Treasury and Resources:**

Not that I am aware of, no, we do not compete.

**Deputy M. Tadier:**

So would that not be problematic for ...?

**The Minister for Treasury and Resources:**

I think we are a long way away from that and I still think you are (a) we have to have every coffee shop not taking cash and we have to have people who only have cash and the people who only have cash probably do not loiter, do not sit around coffee shops every day because they cannot afford to. So those people, we need to be looking to support those people as to how they find a way. I think it would be better to support those people to have cards that they can go in and use a card than to say to all the businesses: "You must take cash".

**Deputy M. Tadier:**

So is that a Government initiative you would consider, helping people who do not have bank accounts?

**The Minister for Treasury and Resources:**

I think the banks do that. No, I think that is a matter of commerciality. What Government chooses to do and what it chooses to impose on businesses, I think the banks do a lot of work in terms of helping customers become digitally enabled. The number of people who do not have bank accounts is very small, but, as I say, Community Savings can give cards to people, can issue cards to people in that situation.

**Deputy M. Tadier:**

Could I bring in the Director of the Finance Hub, so clearly Customer and Local Services can provide certain facilities to facilitate. Would there be any scope for Customer and Local Services to provide a kind of facility where they could either facilitate digital literacy, get people set up. So, for example, somebody who has trouble booking things online, or even going a step further and saying that there might be a machine in Customer and Local Services where you can pay cash in and you get issued with a card that can be spent in the local community, a bit like the £100 card which was preloaded during COVID, could that be something that might be offered?

**Director - Finance Hub, Treasury and Exchequer:**

Customer and Local Services already do support people in terms of when they come in, in terms of if they want to pay by cash or cheque, other opportunities of different ways of paying, plus we show them on top, screens, in terms of how they could pay digitally as well. So they are doing that already for Government services. So I suppose it is the next step that is something that could potentially be provided, but there is no plan to do that at the moment.

**The Minister for Treasury and Resources:**

No, no.

**Deputy M. Tadier:**

Could there be like a hub so there could be third sector that come in and facilitate people a bit like Citizens Advice?

**The Minister for Treasury and Resources:**

Well, that is Community Savings. Community Savings does that role. Community Savings will help people.

**Deputy M. Tadier:**

Yes, but you have to be a member, I think, and have a ...

**The Minister for Treasury and Resources:**

I do not think there is a cost to being part of Community Savings. I think if you are a person who cannot get banking facilities, you can go to Community Savings and I believe they are able to do some kind of savings scheme and I believe they are able to make small loans and they can issue cards to people. A lot of people want cards, but some people want cash. Cash is still available, widely available.

**Deputy K. Wilson:**

Just following on from that, there have been those who have highlighted that cash is important to teach or build budgeting skills and that digital payments may lead to lower financial intelligence such as falling into debt. How, in your view, might Government promote that kind of financial wisdom, shall we say, either through cash or digital payments? What role do you think Government has in that?

**The Minister for Treasury and Resources:**

I personally think it should be part of the basic school curriculum. I told someone the other day who said at school they were taught about money and budgeting and I do not know if people are taught that at school anymore. I know there are places where the banks will go into schools. The banks do have programmes or have had programmes in the past where they go into school and help with budgeting, so I think there is an education piece to that. It could easily form part of the curriculum.

**Deputy K. Wilson:**

Do you think Government has a role in encouraging people to use cash as much as encouraging them to use digital means?

[11:00]

**The Minister for Treasury and Resources:**

I do not think it is for Government to really tell people what to do. It is a matter of what suits them and some people like cash, some people find it easier to use cash when money is tight, other people just, as you say, have an affinity to it and they just like having it around. Other people are quite happy just to use their phone for everything.

**Deputy K. Wilson:**

Did you want to add anything to that?

**The Minster for Treasury and Resources:**

I do not think we should be pushing people into one thing or the other. Citizens Advice help people with budgeting advice as well, I am sure Community Savings as well. There are bodies out there that help people. Have we got time?

**Deputy M. Tadier:**

We have got another half an hour.

**The Minster for Treasury and Resources:**

Can I talk about something we have not spoken about yet, which I think is very relevant to all of this, is we have put laws in place to help people who have issues with capacity. We have modernised the law, the old curatorship law, meant that if you lacked capacity and a curator was appointed, you lost all control. The curator made all your decisions for you. It gave you the money that they thought you needed. It did not let you have money to go and, if you want to go and put £10 on a horse, the curator could say: "No, that is a waste of money. You are not having that." But with the new Capacity Law, we have set it up where somebody can appoint an attorney to take decisions before there was capacity and the new delegate position is designed to enable people to have the freedom they want. So this addresses, to some degree, the point about vulnerability. So, in my previous role, I did act as delegate for people and we would have some clients, sometimes quite young clients, who could have a card and were very happy to take money out and spend it, buy lunch and a compact disc (C.D.) or whatever, but they could not manage rent and bills. So we paid the rent and bills and made the big spends for them. Equally, there were clients who we kind of knew they were going to put the money on a horse, but if they understand that they risk losing that money, then it is an unwise decision and they are entitled to make that unwise decision. So the laws have adapted in the last few years to help people so that there is a framework to help people who struggle with money, to help them deal with money, make the decisions about money that they can. So I just think that is quite an important point to make.

**Deputy K. Wilson:**

Just building on that, if I can come back to the point around legislation, so would you argue that what you have just described is potentially related to a need to legislate further for the acceptance of cash payments in Jersey?

**The Minster for Treasury and Resources:**

I think that is going too far. That it is a legal mechanism that people are helped to manage their money and some of those people are using cards, so it is not just vulnerability equals you can only have cash, there are some people who do want cash and some of those people will be better with

cash because a card would be too much for them. That is a long way from saying Government has to legislate for the acceptance of cash, and I do not believe that would be the right thing to do.

**Deputy K. Wilson:**

So some have basically identified that there may be a wish to intervene on a case by case basis. Are there any specific payments that could be identified as requiring intervention?

**The Minister for Treasury and Resources:**

In what way?

**Deputy K. Wilson:**

Well, in some aspects, you know, it comes back to this issue around the discrimination issues that we have talked about and the capacity issues. So, at the moment, are you satisfied that the legislative framework that you have just outlined protects and safeguards those individuals who choose to use cash?

**The Minister for Treasury and Resources:**

I think the framework I was just talking around the capacity was completely separate from whether or not people use cash. I think businesses who are providing services that are essential, so things like electricity and telecoms, they understand the vulnerability of their customers and the banks understand the vulnerability of their customers and they are very careful in dealing with those customers. But I think they do that as a matter of good business practice. I do not think Liberty Bus would get very far if they were leaving pensioners or children at the bus stop because they only had cash. That that is a *J.E.P. (Jersey Evening Post)* headline waiting to happen and I think it would be very difficult for them to say that, unless they were going to provide customers with cards, and they could say to people this card will allow you to use the bus freely.

**Deputy M. Tadier:**

Just to follow on from Deputy Wilson's point, so we have had people giving us both verbal and written evidence who are, let us say, pro-choice, so they would not want to mandate businesses to take cash, but there seem to be some carveouts that they have highlighted. So, for example, Digital Jersey, this is in the public domain, of course, said that: "I do not believe Government should mandate the acceptance of cash on any business unless it is a business that offers an essential or a regulated service where access needs to be protected." So it could be transport and utilities, two which you coincidentally highlighted. So do you think, because we will need to make findings and recommendations after this review to Government, do you think it would be reasonable for us to recommend that certain businesses that do provide those either monopoly services or those essential services or arm's length services to Government should accept all forms of payment?

**The Minister for Treasury and Resources:**

I am sure they do. I have not heard any question that they do not. I do not believe that Jersey Electricity is going to cut people off if somebody comes up and says: "I only have cash, I want to pay my bill in cash", I cannot believe they would cut someone off for not paying cash because they have other mechanisms. I am sure they have other mechanisms to help people.

**Deputy M. Tadier:**

We could extend it, so in the sphere of transport, you have Liberty Bus who say: "We will take cash, but we will charge you more for it", so it is 20 per cent more to pay a cash fare than it is a card fare. For example, petrol stations, people need presumably to get around in their cars and they need to access petrol stations and increasingly petrol stations are saying: "We do not accept cash". So you could entirely be left, if you have not seen the sign, or if there is no sign, you filled up your car and then you go in to pay cash and they say: "Sorry, we do not take cash". Is that an issue which you think we could justifiably make a recommendation around those types of essential services?

**The Minister for Treasury and Resources:**

I would still be very, very hesitant to legislate for people to take cash because it will be a cost. So, if the garage is saying: "I can operate with one person taking card payments, if I need two people because somebody has to count the cash and handle the cash and count at the end of the day and reconcile it", that is the new person, the price goes up at the pumps. So I think you have to allow for businesses to operate in a way that is efficient, that helps them keep costs down. As soon as you insist on businesses doing something, you risk the cost going up.

**Deputy M. Tadier:**

Is it okay to say, if a business said: "We only want to take cash", is that also okay?

**The Minister for Treasury and Resources:**

Absolutely, if a business says it wants to take cash, then it does. I mean, I know businesses that do that.

**Deputy M. Tadier:**

Thank you.

**The Minister for Treasury and Resources:**

I think, yes, consumer choice is very important, but I think businesses also have an element of choice in how they run their operations, and I think there are few, I do not think there are many, who say we will only do one or the other.

**Deputy M. Tadier:**

So why should Government not have a choice?

**The Minister for Treasury and Resources:**

What, a choice to do what?

**Deputy M. Tadier:**

To not take cash, why should Government and Government departments?

**The Minister for Treasury and Resources:**

Because it would not be appropriate because we are providing service, because there is a demand from Islanders. As long as there is a demand from Islanders, and we are meeting demand from Islanders and they can pay by cheque, they can pay by cash, they can pay by card, they can pay online, and that is what they want. You said the other day we get more requests for us to facilitate electronic payment than we do to facilitate cash payments, because that is what people are wanting to do.

**Deputy M. Tadier:**

Are you saying there is a demand from the public to be able to pay in cash, that is why Government ...?

**The Minister for Treasury and Resources:**

Yes, as long as there is a demand for cash, I think it is right that we meet that demand.

**Deputy M. Tadier:**

What about Jersey Telecom, which is States owned?

**The Minister for Treasury and Resources:**

I am sure they will take cash if they need to. I cannot, again ...

**Deputy M. Tadier:**

They are a business, so should they not have a choice to not take cash?

**The Minister for Treasury and Resources:**

But they are providing a service. If somebody has a phone line, are they realistically, I do not believe Jersey Telecom are going to cut an old lady's phone line because she comes in to pay cash. They will take the cash.



**Deputy M. Tadier:**

But would you vote to legislate to make Jersey Telecom have to take cash?

**The Minister for Treasury and Resources:**

No, because I am sure they do it. If they were not, we would be having a shareholder discussion with them. I do not think we need legislation ...

**Deputy M. Tadier:**

What about Sure?

**The Minister for Treasury and Resources:**

Sure is a private business, it can do what it wants. If Sure says: "We are not going to take cash" and they cut people off, that is very poor publicity for them. You know, Mrs. Smith, 87, has had her phone service cut because she wants to pay cash. She can go to J.T. (Jersey Telecom).

**Deputy K. Wilson:**

What is behind the line of questioning is how strong is Government's position in terms of safeguarding the rights of consumers in being able to pay in cash as opposed to being expected to pay digitally.

**The Minister for Treasury and Resources:**

I think all businesses need to move forward. There is a need to move forward to make efficiencies, to operate as effectively, to keep costs down. But where you are providing an essential service, I am quite sure they will take cash. If somebody comes in and pays cash, or they will find a way of making that payment happen that suits everybody. But I cannot believe anybody's electricity is going to be cut off if they are a vulnerable customer because they pay in cash and I do not think we need to legislate for that because no business is going to want that publicity.

**Deputy K. Wilson:**

So, are we to assume then that there is an expectation that Government-provided services or Government-supported services are expected to be reasonable and proportionate in exercising their responsibilities to consumers and making sure that they can offer a facility for cash?

**The Minister for Treasury and Resources:**

That would be my expectation and that is what I think happens. They will understand that, if they if they are providing electricity, it would be very, very bad publicity for them to cut people off because they want to pay cash, particularly if that is a vulnerable customer. They are very good at addressing

vulnerable customers and making sure that they deal with those customers, they are all very careful, I believe, in terms of how they deal with customers, particularly vulnerable customers, as do the banks.

**Deputy M. Tadier:**

But you are putting a lot of trust in the media there.

**The Minister for Treasury and Resources:**

I am not putting trust in the media.

**Deputy M. Tadier:**

You are almost saying that we were saying that they could create bad publicity, but you are relying on somebody contacting one of the media outlets and then getting in front of a camera saying they would not accept my cash.

**The Minister for Treasury and Resources:**

I do not believe that utilities are going to not take cash from vulnerable customers. I do not think we need a law to do that. It is just basic safeguarding and of course they are not going to ...

**Deputy M. Tadier:**

But it may not be a vulnerable, it might just be someone that says: "I do not want to pay by card, I want to pay you cash". You know, I might do that, I am not vulnerable.

**The Minister for Treasury and Resources:**

I am sure they will take cash.

**Deputy K. Wilson:**

Do you believe, Minister, there are any additional policy drivers just to put those safeguards and those protections around that position at all?

**The Minister for Treasury and Resources:**

I think they already exist; I do not think we need to legislate for it.

**Deputy K. Wilson:**

Okay. What about do you consider there to be any need for any legislative action to remove surcharges for cash on digital payment or digital payments?

**The Minister for Treasury and Resources:**

I am not aware there are surcharges. We do not have surcharges.

**Director - Finance Hub, Treasury and Exchequer:**

No, we do not have surcharges on any of our payment types and certainly the trend is, certainly individuals, not to do surcharges for credit and debit card payments. It is standard practice. So there is no surcharge or discounts for paying with particular methods.

**Deputy K. Wilson:**

Thank you. Thank you.

**Deputy M. Tadier:**

Thank you. For my part, I think we have pretty much got everything we need from you. There might just be one small question at the end and then I will pass over to my colleagues if they have got any further questions. But it is slightly oblique, not immediately linked to our review, but it is still in the orbit of it. Do you have any points or thoughts that you would like to tell us about the acceptance of cheques or digital currency such as crypto, for example, because we are in a changing world? Obviously, cheques seem to be on the way out, but some people still like them. I think probably because they create an audit trail for them. But crypto is something that is possibly on the rise. Do you have any thoughts or is Government preparing for either of those two eventualities?

**Director - Finance Hub, Treasury and Exchequer:**

I mean, in terms of cheques, we are seeing a gradual reduction in the use of cheques, although we are still getting quite a significant number still, you know, up to about 30,000 a year. So there are businesses and individuals who still pay us by cheque and so there is no plans to phase that out. But we are seeing it going down and down year on year as more people move to digital, so that is definitely a trend we are seeing. Also, the fact we do accept cheques is important for business continuity. If anything happen with digital channels, people will pay us by cheque. It offers a different range of how someone can pay us. In terms of cryptocurrency, we have not had any thoughts about that.

**The Minister for Treasury and Resources:**

No, I think we are still a way in cryptocurrency. I think there is still so much uncertainty about it because, apart from anything, because you cannot tell ... my hesitation in doing anything with crypto is you cannot tell the value of it from one day to the next. There is a lack of certainty around it. So I think we are a way away.

**Deputy M. Tadier:**

If I could bring in the Head of Treasury, this is, again, slightly different, but in terms of the investments, we know you have got a currency fund for example, Government more generally has savings. Is crypto something that Government and the Treasury might consider investing in, so holding some of its funds in crypto rather than just in sterling?

[11:15]

**Head of Treasury and Investment Management, Treasury and Exchequer:**

We have a Treasury advisory panel to give us advice on asset classes, so crypto is not something we are currently considering. I know it is an asset class which some people see benefit in. At the moment we have no intention to make allocations in that area.

**The Minister for Treasury and Resources:**

I think it is very high risk. I think it remains quite high risk.

**Deputy M. Tadier:**

Sure. Thank you.

**Deputy K. Wilson:**

Could I just ask, finally, if you saw bank charges going up as a consequence of people using cash, would Government intervene at all?

**The Minister for Treasury and Resources:**

That is a commercial matter for the banks. The banks used to charge, you used to pay for your cheques and your withdrawals, and banks moved into free banking and this is my hesitation in legislating to require them to do things, because they will then start charging, and I do not think it would be unreasonable for them to charge if we put extra obligations on them, which increase their cost. But I think fees for transactions is not something they routinely do now, but if they felt they had to do that to fund activities that are being imposed on them, then I think it would be difficult to stop them doing that.

**Deputy K. Wilson:**

For Government to take action, yes, okay. Thank you.

**Deputy M. Tadier:**

I do want to just, sorry I know it is a bit of a Lieutenant Columbo moment, but just one more thing. While we have got your officers here as well, Minister, we note that Europe seems to be going potentially in a slightly different direction and even within Europe there are different tendencies. So

there are countries which very much favour cash usage and it is still high. So in Central Europe, Germany, Spain, France, these people have a strong affinity for cash, more so than I think in Jersey and in the U.K. (United Kingdom), and they are looking to protect access to cash and the ability for people to pay in cash. Whereas Sweden is one of those countries which has moved rapidly towards a cashless society, but they might now have to introduce mitigating measures for those people who still want to use cash. I was wondering if I can ask your officers first if they have got any thoughts about what is happening in Europe and if there are any things that we would either consider as good examples or to try and avoid?

**Head of Treasury and Investment Management, Treasury and Exchequer:**

I suppose our use of cash is effectively driven by technology in the banks. So I do not think we are necessarily on the bleeding edge. I would imagine that we would take quite a conservative line or the banks would in terms of making sure there is a good demonstrated model that works well. I do not think necessarily we are at that position yet. Like you say, Sweden had an experiment and the banks will react to that experiment and when they are further down the path and we perhaps see the U.K. take steps, I think Jersey would perhaps follow. But, like I say, at the moment, I do not think we are quite there yet.

**Director - Finance Hub, Treasury and Exchequer:**

Yes, I think generally, obviously we respond to consumer demand, where the consumers want to go. There was a tendency, you can see, there has been less cash transactions and cheque transactions happening in Jersey, we can see that as a Government, and ultimately you might get somewhere in the future, but that will very much as a response to consumer demand I think.

**Deputy M. Tadier:**

Okay, thank you. Have you got any further points or questions for us or remarks?

**The Minister for Treasury and Resources:**

Just on that last point, I think things will just evolve. We are in a highly adaptive situation in terms of how we pay for things. I only got a card on my phone two years ago when the person behind me at the ice cream stall, who was in his 70s, I was standing there with my fiver, and he is saying: "Can I pay by my phone?" So I think it just adapts, I think possibly Jersey may be more inclined to adopt those technologies faster because we have so many people working in financial services. I do not know, but I would just see it as being something that will gradually evolve, and I think we should allow it to evolve.

**Deputy M. Tadier:**

Thank you. Well, once again, can I thank you for coming in. Thank you for the technical explanations at the beginning and for putting your views, Minister, and your evidence forward. We do appreciate your time, and I will bring this public hearing to a close.

[11:19]