



Payments Landscape Review  
Payments and Fintech Team  
HM Treasury  
1 Horse Guards Road  
SW1A 2HQ

20 October 2020

Dear HMT,

### Payments Landscape Review: Call for Evidence

The Institute and Faculty of Actuaries (IFoA) welcomes HM Treasury's call for evidence on its Payments Landscape review. We value the opportunity to raise the specific points below for the HMT team to take into consideration. This letter reflects input from the IFoA's Finance and Investment Board, as well as member groups focusing on the implications of the cashless society and on banking.

The IFoA is a royal chartered, not-for-profit, professional body. We represent and regulate over 32,000 actuaries worldwide, and oversee their education at all stages of qualification and development throughout their careers. Under its Royal Charter, the IFoA has a duty to advance actuarial science in the public interest.

The call for evidence document details the substantial changes in the payments ecosystem over recent years and highlights some of the pro-active actions taken to date. Covid-19 has accelerated the move to a cashless society, and has underlined the need for online banking to be available for all. We would encourage HMT to initiate and deliver a comprehensive transition programme, to ensure as many people as possible are equipped to sign up for and use electronic payments for a sustainable future. Without this, vulnerable groups that still rely on cash could be further hit if the growing cost of using cash is passed on to them.

We are mindful that some sectors of society may still be wary of technological advances, or unable to take advantage of them. Cash and ATMs continue to be needed by these groups, such as older and less affluent consumers, and it is possible that banks should be required to offer such services, in the way that they must offer basic bank accounts.

In our view it would have been beneficial to include cash in the document as it remains an ongoing means of payment in the current landscape, to keep a comprehensive perspective on means of payments in the UK. Including cash may have prompted the call for evidence to consider consulting on wider issues in relation to questions 1 and 2, such as whether the government's actions on the payments landscape are improving financial inclusion. This was a key concern emanating from the Access to Cash review in 2019 and is also highly relevant to UN Sustainable Development Goal 10, reducing inequality.

The IFoA believes that the private sector has limited appetite or capacity to cater for the needs of the financially excluded, and so explicit public policy and governance is required. A positive example of this is the establishment of the Payment Systems Regulator, and the progress PSR has made towards improving access to payment systems and moving towards inter-operability. However, we

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would welcome greater clarity on the question of whether HMT, PSR or the Bank of England should have ownership and accountability over financial inclusion, and associated targets. In their recent report on the production and distribution of cash, the National Audit Office expresses concern at the lack of a single body with responsibility for the performance of the cash system.

Question 18 asks about the risks and opportunities from new service providers and payment chains. We believe it is critical that the government should consider environmental sustainability as a core aspect of public policy when assessing the implications – including potential opportunities – of new payment systems. The cashless society working party recently published a paper that raises such issues related to payments and provides a literature review.

This perspective may prompt HMT to consider repurposing wasted capacity in payment systems. Relevant to question 4 on developing payment systems, it would seem an opportune moment to review the lessons from the UK's unused mobile payment platform Paym, and to redesign the asset in the knowledge of international experiences with peer to peer payments, such as QR codes. This may provide an opportunity to implement and test a peer-to-peer payment platform as a public good, as an alternative to cash that does not depend on private suppliers. International experience has shown the success of such QR code platforms not only to drive financial inclusion, but also to challenge the incumbents' transaction costs.

If you would like to discuss any of the points raised please contact Matthew Levine, Policy Manager ([matthew.levine@actuaries.org.uk](mailto:matthew.levine@actuaries.org.uk)) in the first instance.

Yours sincerely,

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**President, Institute and Faculty of Actuaries**