



Hina Bokhari AM
Chair of the Economy Committee

Sadiq Khan
Mayor of London
(Sent by email)

CC: Rajesh Agrawal, Deputy Mayor for Business and Debbie Weekes-Bernard, Deputy Mayor for Communities and Social Justice

21 June 2022

Dear Mr Mayor,

Financial exclusion

I am writing to you in my position as Chair of the London Assembly Economy Committee regarding financial exclusion. As part of our investigation into 'economically insecure Londoners', we held a meeting on the topic of financial exclusion on 10 November 2021, where we heard evidence concerning the various ways that Londoners are excluded from financial services. The meeting was attended by Sian Williams, Director of Policy and Innovation, Toynbee Hall and Abi Wood, Chief Executive, Age UK London.

As part of our investigation, the Committee set out to understand the impact of financial exclusion on Londoners – in particular the challenges around accessing bank accounts and cash – and what action the Mayor and central government can take to address these challenges.

This letter outlines the Committee's findings and recommendations from the investigation.

Unbanked Londoners

Estimates suggest that between 200,000 and 260,000 adult Londoners are ‘unbanked’, meaning they do not have access to a bank account.¹ Londoners who have never worked or are long-term unemployed are most likely to be in this position. Being unbanked can contribute to wider social exclusion and marginalisation, as having a bank account is often a prerequisite for paying bills, gaining employment, receiving income, and accessing benefits.²

The Committee heard that not having appropriate ID can be a major obstacle to accessing a bank account. There are still many people who do not have the necessary documentation required by banks to open an account. The Economy Committee’s 2018 report on financial health noted that identification requirements can disproportionately impact migrants, Gypsy, Roma and Traveller communities, homeless people, people leaving abusive partners, young people leaving local authority care, and people with learning difficulties and poor mental health.³ It is also worth noting that identification costs money, which financially excluded Londoners may be unable to afford.

Everyone has a right to a basic bank account. Although there are examples of good practice from banks in assisting vulnerable people to obtain the required documents, concerns have been expressed that some banks are not doing enough to provide access to these accounts. Sian Williams told the Committee that the Government receives an annual report from banks on basic bank accounts, but it does not require banks to report on why they refuse people access to a bank account. This data could provide important information to help understand which groups are being excluded and why.

The Committee heard that the Mayor and Deputy Mayor for Communities and Social Justice have key roles to play in supporting Londoners to access bank accounts and tackling financial exclusion. This should involve working with Londoners and the banking sector to design a financial inclusion strategy for London. As part of this strategy, the Mayor and Deputy Mayor should use their convening powers to bring banks together, encourage best practice and ensure that they are taking steps to support customers to access basic bank accounts.

Another reason why Londoners may not have a bank account relates to ‘self-exclusion’, meaning that they lack trust and confidence in the system and do not want to open an account. The Mayor and Deputy Mayor should work with Londoners to help educate them about bank accounts and how to access necessary forms of ID.

Abi Wood, Chief Executive of Age UK London, told the Committee that the Mayor’s Robust Safety Net mission includes a £1.5m commitment to the Advice in Community Settings programme. This advice could include information on basic bank accounts, and it is important that this service considers the needs and is targeted towards older people.

Recommendation: *The Mayor and Deputy Mayor for Communities and Social Justice should work with Londoners and the banking sector to design a financial inclusion strategy for London.*

Recommendation: *The Mayor and Deputy Mayor should convene representatives from London’s banking sector and other key stakeholders to encourage best practice around initiatives designed to improve financial inclusion.*

¹ [The financial lives of consumers across the UK Key findings from the FCA’s Financial Lives Survey 2017](#), Financial Conduct Authority, 20 June 2018; [Survey of Londoners, Headline findings](#), Mayor of London, June 2019

² [Consumers’ Access to Financial Services](#), Treasury Select Committee, 2018

³ [Short changed: the financial health of Londoners](#), London Assembly Economy Committee, January 2018

Recommendation: *The Mayor and Deputy Mayor should work with the banking sector to ensure that they are providing support to customers to access the necessary identification to open a basic bank account.*

Recommendation: *The Mayor and Deputy Mayor should work with the banking sector to ensure that the sector is acting fairly and fulfilling its obligations to provide customers with basic bank accounts.*

Recommendation: *The Mayor should lobby the Government to require banks to report on why they have refused customers basic bank accounts, as part of their existing reporting on basic bank account provision.*

Recommendation: *The Mayor should work with Londoners to help educate them about bank accounts and how to access necessary forms of ID.*

Recommendation: *The Advice in Community Settings Programme, which forms part of the Robust Safety Net mission and provides support on financial inclusion, should actively consider the needs of older people when it is being advertised.*

Access to cash

There has been a gradual decline in the use of cash in recent years, and five in six payments now involve no notes or coins. The pandemic has accelerated this trend, with the number of payments made using notes and coins falling by 35 per cent in 2020, compared to an overall fall in the number of payments of 11 per cent. About 1.2 million consumers still mainly used cash for their day-to-day spending during 2020, down from 2.1 million people in 2019.⁴ The 2019 Access to Cash Review found that around 17 per cent of the UK population would struggle to cope in a cashless society.⁵

The impact of moving to a cashless society would be felt disproportionately by people who come from low-income households, older people, and those with disabilities. Abi Wood told the Committee that ‘over half of people over the age of 75 say that using cash is their preferred method... We are enormously concerned by the move that has happened over the pandemic and the rush towards a cashless society’. Sian Williams highlighted the impact of limited access to cash on disabled people and people with young children.

It is vital that cash remains an accepted form of payment throughout London, in order to prevent more Londoners becoming financially excluded. We would like the Mayor and Deputy Mayor to work with the banking sector and other stakeholders to ensure that cash remains widely available in all parts of London.

Recommendation: *It is vital that cash remains an accepted form of payment throughout London. The Mayor and Deputy Mayor should convene representatives from the banking sector and key stakeholders to explore what action can be taken to ensure cash remains widely accepted and available in all parts of London.*

Recommendation: *As part of his financial inclusion strategy, the Mayor should make a commitment for London to be a cash-friendly city, and work with employers to achieve this aim.*

⁴ [UK Payment Markets Summary 2021](#), UK Finance, June 2021

⁵ [Access to Cash Review, Final Report](#), March 2019

Acceptance of cash at TfL stations and concessionary travel for older people

As you know, cash payments were suspended at most TfL stations at the start of the pandemic. In June 2021, the Deputy Mayor for Transport announced that cash would once again be accepted at the ‘vast majority’ of stations. Given that many people still rely on using cash, particularly more vulnerable groups, it is vital that cash is accepted at all current and future TfL stations. We are also aware that there is an issue around payment on buses, which do not accept cash. It would be useful for TfL to conduct research into the impact of removing cash on the network for financially excluded Londoners.

The Committee also heard that older people are struggling as a result of the suspension of travel concessions. At the start of the pandemic, travel concessions for older Londoners (the Freedom Pass and 60+ Oyster Card) were suspended before 9am on weekdays. They have not yet been reinstated.

Recommendation: *The Mayor must ensure that cash continues to be accepted at all current and future TfL stations.*

Recommendation: *The Government should provide TfL with a long-term funding settlement, and the Mayor should subsequently reinstate travel concessions for older Londoners before 9am on weekday mornings.*

Credit unions

Unbanked Londoners struggle to access credit, and risk relying on more expensive forms of lending like payday loans. One way of accessing low-cost credit is through credit unions, which provide unsecured personal loans at a relatively low cost, with interest rates legally capped at 3 per cent. The Committee heard that credit unions face challenges around visibility and awareness. The Mayor’s financial inclusion strategy should therefore commit to providing information about credit unions, including through the Good Work Standard, as the easiest way to get people involved in a credit union is through their employer.

Recommendation: *The Mayor should provide information about credit unions as part of his financial inclusion strategy, including through his Good Work Standard, and take steps to educate employers about the potential benefits of credit unions.*

Financial literacy

Financial education has a major role in preventing Londoners from becoming financially excluded. Financial literacy is included in England’s national curriculum for secondary schools. However, this does not apply to academies or free schools, and it does not appear on the curriculum for primary schools. The Mayor should therefore encourage all schools in London to teach financial literacy. He should also work with the banking sector and other stakeholders to explore opportunities to develop financial literacy programmes for Londoners of all ages.

Recommendation: *As part of the financial inclusion strategy, the Mayor and Deputy Mayor should lobby the Department of Education to put financial literacy on the curriculum for all primary and secondary schools and encourage all schools in London to teach financial literacy.⁶*

⁶ Minority footnote from the GLA Conservatives: The GLA Conservatives do not support this Recommendation on the basis that: 1) Financial literacy is already on the National Curriculum for primary schools via its inclusion in the Maths curriculum; 2) it is not clear what precise information is missing from the current curriculum; 3) academy schools in

Recommendation: The Mayor and Deputy Mayor should work with the banking sector and other stakeholders such as charities and social enterprises to explore opportunities to develop financial literacy programmes for Londoners of all ages.

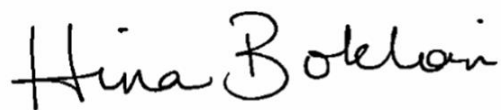
Women fleeing domestic abuse

The Committee heard that women fleeing domestic abuse are particularly vulnerable to financial exclusion. Sian Williams noted that ‘the first thing that we really must be able to do is restore access - and sole access - to someone’s account or their income... To do that, bank staff need to be trained to be able to have a really sensitive conversation because very often, unless a woman or a victim of domestic violence is already in a refuge or receiving specialised support, they are very unlikely to talk about it.’ It is vital that staff in bank branches are trained to deal with these circumstances and that good practice is shared amongst banks.

Recommendation: As part of their work to increase financial inclusion across London, the Mayor and Deputy Mayor should work with the banking sector to ensure that bank staff have been trained to support women fleeing domestic abuse and that good practice is shared across the sector.

The Committee would welcome a response to this letter by Friday 22 July 2022. Please send your response by email to the Committee’s clerk, Lauren Harvey (lauren.harvey@london.gov.uk).

Yours sincerely,



Hina Bokhari AM
Chair of the Economy Committee

London have control of their own curriculum and cannot be mandated in this way; 4) it is not set out here what should be removed from the school curriculum in order to make way for financial literacy.