Community Investment Coalition (CIC) newsletter, January 2018

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Campaign update

Following our round table in the Scottish Parliament last month, we are working on an action plan to build on the event and the cross party consensus that emerged around actions to tackle financial exclusion in Scotland. This consensus included recognition of the value of disclosure of bank lending data to understand local patterns of access to finance. The event took place at a time of rising concern about the closure of bank branches in Scotland. A high quality debate about this issue took place this month in the House of Commons. You can read the debate here.

CIC partner, Responsible Finance, hosted an event in the House of Lords for leaders from the micro-finance sector across Europe. Chaired by Lord Sharkey, this was another opportunity to discuss the value of data disclosure in identifying communities and businesses that struggle to access finance.
We also welcomed a new report from the **Federal Reserve Bank of Dallas** in which it stated that the Community Reinvestment Act (CRA) generated an estimated $5.88 Billion Annual Investment in Texas Communities. 'The CRA at 40: Law Remains a Cornerstone of Community Development' provides a quantitative and qualitative assessment of the CRA's impact on Texas communities. **Report author Emily Ryder Perlmeter**, a community development analyst stated:

"We used an established methodology for measuring bank reinvestment in dollars, but the CRA's impact is more than just raw dollars—it's about the stories of bank investment in underserved communities,"

"The CRA has not been a static piece of legislation. It has evolved over time, adapting to an increasingly complex world. Our analysis also captures the sentiment of the bankers who work directly with this regulation, helping us comprehend both the opportunities and challenges they face when providing loans, investments and services to low- and moderate-income communities."

The CRA was enacted in 1977 to combat discrimination in access to credit for residents of low- and moderate-income communities and ensure fairness in lending.

The report also addresses some of the common myths about the CRA, for example claims by its critics that the act incentivised banks to make the high-risk loans that caused the 2007 crisis.

Jennifer Tankard

Campaign Director

News

The Money Advice Trust called for a plan to be made for next Christmas as households feel the New Year debt hangover. **National Debtline** research estimated that 7.9 million people expect to fall behind on repayments in January as a result of Christmas, and findings show that 37% of Britons said they were putting Christmas presents on credit. **Joanna Elson OBE, chief executive of the Money Advice Trust,** the charity that runs National Debtline, said**:**

"After the celebrations of the Christmas period, January is a challenging time for many households with the impact of festive spending taking its toll on household budgets. With millions expecting to fall behind with their finances in January, we want people to be financially prepared for the year ahead."

The **BBC** reported that charities helping people in debt are bracing themselves for their busiest year yet as people begin receiving their post-Christmas credit and store card bills. Monday the 15th January, also known as 'Blue Monday' is traditionally associated with a rise in the number of people asking for help.

The Independent also reported that the number of people requesting charitable grants to pay for basic needs has surged by 244% since the government abolished its emergency grants scheme in 2013. The Local Government Association has said that because of the significant cuts to local authorities in recent years, the provision of crisis payments to those in need of support is proving a 'stretch too far' for many councils.

The **Money Advice Service** has launched a five-year debt commissioning strategy to ensure debt advice services target those most in need. The new approach aims to improve the quality of services delivered and consistency of client outcomes, with a particular focus on over-indebted people with dependent children, and those experiencing mental ill health. **Sheila Wheeler, Director of Debt Advice** at the Money Advice Service said:

"The needs of those with problem debt are at the heart of this five-year strategy. We were delighted with the level of input we received into the consultation process and pleased that there seems to be a consistent, industry wide appetite for change. We must build partnerships across the industry to deliver better immediate and longer-term outcomes for those most in need."

They also released a report which found that the **economic benefits of debt advice** could be up to £960 million in the UK. The link between debt problems and health issues is highlighted in its finding that debt advice provides up to £145 million in health benefits every year. In addition, the evidence suggests that debt advice could be responsible for productivity gains of up to £137 million, as debt has been found to be a significant barrier to people seeking employment.

In a blog, the **Joseph Rowntree Foundation** questioned whether new **Office for National Statistics (**ONS) figures showing an income rise for the bottom fifth of households can be squared with lived experiences. The statistics show that the incomes of these households, who are more or less on the poverty line, have risen by £1,800 since 2007.

These statistics show a different picture to other government datasets and the experiences of those finding it harder and harder to make their incomes stretch to cover the basics. Looking at the **Households Below Average Income** dataset produced by **the Department for Work and Pensions** they find a different picture. Real income growth, taking into account rising inflation, for the poorest fifth of households for the same period was £600 a year. In addition, when taking into account housing costs, increasing rent has meant that the increase in real incomes for the poorest fifth in the eight years to 2015/16 is mostly wiped out.

Their analysis also broke down the statistics to the period from 2010/11 to 2015/16, in which the bottom fifth saw slower income growth than everyone else.

On 22nd January the **Financial Conduct Authority** (FCA) launched a consultation on widening small and medium sized enterprise (SME) access to the Financial Ombudsman Service. This followed a review of the protections available to SMEs as users of financial services. Currently only individual customers and around 5.5 million micro-enterprises can access the Ombudsman if they have a dispute with a financial services firm. This means businesses who cannot access the Ombudsman would need to take the firm to court.

The FCA believes that many smaller businesses would struggle to do this in practice. It proposes widening the access to the Financial Ombudsman by changing the eligibility criteria. This would mean that businesses with fewer than 50 employees, annual turnover below £6.5 million and an annual balance sheet below £5 million would become eligible. **Andrew Bailey**, Chief Executive at the FCA, said:

"It is important for everyone, including financial services firms, that there is an effective dispute resolution mechanism for businesses. Our evidence suggests some small businesses currently find it hard to achieve a fair outcome in disputes with financial services firms because court action is not a realistic option for them. We have considered what could be done within our powers and the remit of the Financial Ombudsman Service to improve this situation and are proposing to expand access to the Ombudsman."

The **Federation of Small businesses** (FSB) National Chairman, **Mike Cherry**, responded with disappointment to the proposals. He said that the paper is largely silent on the question of bringing more ‘unregulated activities’ into the Ombudsman’s scope, such as lending to small businesses. He also asked why disputes from business owners whose firms haven’t survived are not considered as part of the consultation. He went on:

"There are many critical reforms needed that go beyond a simple change in the Ombudsman's definition of 'eligible complainant'. We'll be shining a light on those as we respond to this paper in the coming weeks.

Parliamentary Activity

The Government has launched a consultation on how County Court Judgements (CCJs) are issued after concerns were raised that some rogue companies were deliberately sending claims to consumers using incorrect addresses. The number of CCJs has risen by almost two thirds in the past four years, with over a million issued in 2016. Credit ratings can be devastated, and issues may only come to light years later when an individual's application for a mortgage, loan or car on finance is rejected. The consultation will seek formal evidence on the scale of the problem and consult on how best to protect consumers and businesses.

An early day motion was called regarding insurance cover for people with mental ill health. **The Guardian** newspaper revealed evidence of people with mental health problems being denied access to insurance, including life insurance. Some people who have suffered mental health issues are charged high premiums, whilst others are outright refused.
The sponsors of the motion believe that these are inappropriate practices that seriously discriminate against people with mental ill health. They have called for the Financial Conduct Authority to investigate such policies, and the Government to consider a change in the law. The motion states that this injustice needs to be addressed to ensure insurance policies do not unfairly discriminate against those who suffer or in the past have suffered from mental illness.

House of Commons

Questions and Answers

In December, **Bill Esterson MP** asked the **Chancellor of the Exchequer** what assessment his Department has made on the effect of the proposal by the LINK network to reduce interchange fees. He also asked whether an assessment has been made on the effect of that proposal alongside the reduction in the availability of banks, and what progress has been made on the commitment to engage with the LINK network and its members to ensure widespread access to free cash is maintained.

Stephen Barclay MP responded to the question, stating that the Government recognises the importance of widespread free access to cash. However, it has not made any formal assessment of the potential effect of LINK's proposals to reduce interchange fees, either in isolation or in combination with bank branch closures. The Payment Systems Regulator (PSR) is monitoring developments within ATM provision, and is conducting ongoing internal work on the impact of changes on ATM provision. The Government is also engaging regularly with LINK and its members, and has been assured that the industry is committed to maintaining an extensive network of free to use cash machines, and ensuring the present geographical spread of ATMs is maintained. He went on:

"LINK intend to bolster their Financial Inclusion Programme, which ensures the provision of ATMs in areas of deprivation, where demand would not otherwise make one viable, and have recently also committed to protecting all free-to-use ATMs which are a kilometre or more from the next nearest

free-to-use ATM. The Government expects this additional commitment to be of particular benefit to rural areas."

Laura Smith MP asked the **Chancellor of the Exchequer** whether he plans to bring forward legislative proposals for a total cost cap on credit cards of 100% of the original sum borrowed.
John Glen MP responded that the regulation of consumer credit is a matter for the **Financial Conduct Authority** (FCA). It has strong powers to cap all forms of consumer credit if they feel it necessary to protect consumers. It considers its other proposals as more likely to address consumer harm, therefore is not proposing a price cap on credit cards. The FCA's extensive Credit Card Market Study identified concerns about persistent credit card debt. It is consulting on remedies, and proposals include a voluntary industry agreement to give customers more control over credit limit increases, and remedies to encouraging customers to repay more quickly.

Discussing support provision around Universal Credit, **Anneliese Dodds MP** asked the **Secretary of State for Work and Pensions** what steps his Department is taking to ensure that staff are aware of support available locally, and that conversations during the initial stages of a universal credit claim include reference to that support.

Alok Sharma MP responded that accessing digital, budgeting and other support is discussed with customers at the initial claim stage and throughout the journey, where a need is identified. Budgeting advice specifically is offered to all Universal Credit claimants when they make a new claim. This service is provided by external organisations such as a local authority, Citizens Advice Bureau or Money Advice Service. Department for Work and Pensions staff are made aware of the specialist help available within their area, including information on services and support and referral arrangements, via the District Provision Tool.

Trends in Household Debt Debate

On household debt, **Kate Green MP** asked what assessment the department made of the trends in the level of household debt since 2010. She pointed to the **Institute of Fiscal Studies** (IFS) report, launched on 16th January (see below, in Reports and Research), which showed that debt is a problem for a significant minority of low income householders. She asked if the minister accepted that imposing a freeze on benefits when inflation is at 3% would make things even tougher for these families.
In response, **John Glen MP** pointed to the £49 million spent by the **Money Advice Service** last year giving 440,000 free-to-client sessions to assist people in difficulty.

Stephen Crabb MP talked about the fact that the UK has the second highest level of household debt in the G8. He commented that "on our high streets, loan sharks are masquerading as household goods stores."

Sir Desmond Swayne MP asked when will the incentive for people to save exceed the incentives to borrow?

Kirsty Blackman MP said that for many of the people she met with, personal debt was their biggest worry. She pointed to the IFS report, which showed a third of those on the lowest incomes are in persistent debt, and asked what the Government is doing to improve their financial position. She also talked about the fact that from next year, people earning less than £26,000 in England will pay more income tax than they would if they lived in Scotland.

John Glen talked about the six week breathing space proposals which his party (Con) has committed to in its manifesto, the eighth successive duty freeze, and how they have increased the national living wage above the inflation rate. **Robert Courts MP** added that the lowest paid have had a 7% pay increase in real-terms since 2015.

Anneliese Dodds MP asked if the minister acknowledged that the reasons why a quarter of people on low incomes are currently experiencing significant problems with arrears or debt repayment are:

- the Government not taking on board Labour's programme to rein in credit card debt;
- the fact that changes to the tax threshold have been outweighed for the poorest people by alterations to social security.

John Glen closed the debate saying that the transformation the national living wage has brought to people's lives must be acknowledged, and the Government's willingness to increase it above inflation. He also noted that interest payments as a proportion of income are currently at the lowest on record.

Banks and Communities Debate

On 11th January, **Martin Whitfield MP** held a debate to consider the role of banks and their responsibility to the communities they serve. The debate was partly a response to the Royal Bank of Scotland's decision to close 259 branches, which will leave many communities with no face-to-face banking provision.

The debate went beyond the recent closures to ask about the relationship between retail banking and the communities they serve.

Stephanie Peacock MP asked about the consequences of branch closures, such as financial exclusion and isolation. She asked if it would be useful for banks to have the results of research into such issues before they start local branch closures.

Chris Davies MP questioned the protocol for closures, asking whether the policy that banks have to go through is strong enough. **Martin Whitfield** backed this, and asked whether it is genuine consultation, or an economic decision that is taken and implemented irrespective of the evidence gathered at the consultation.

Chris Davies asked for an investigation of the bank's view of the relationship between them and the communities they serve. He said that deposit banking has been a foundation of society from the beginning, and was built on trust, not pure profit. **Martin Whitfield** responded:

"We have reached a tipping point now – a point of no return – where the Government must step in with practical solutions to stop future closures and to address the fragmenting relationship with banks."

He went on to say the 2015 access to banking protocol that spoke highly of financial inclusion and local engagement from big banks fell short of any statutory protections. Similarly, government attempts to replace banks with Post offices was not viable as it would be an extra burden on an already stretched workforce. Whilst the mobile branch services were welcomed, they risked continuing to fracture trust. The solution might work in one place, but will not work in another.

The advent of online banking has been transformative and will continue, which there is no objection to. However, bank's must consider broadband blackspots and digital inclusion when they plan closures, as well as the impact of shifting consumer services from face-to-face banking to online services.

He said that evidence shows banks want to move quickly away from the physical movement of cash to online and electronic transfer. However, this change must be transitioned at a similar rate to a drive to remove cash from society. 2.7 million people in the UK still rely entirely on cash, and the free-to use cashpoint machines at risk of closure will vanish first from communities where individuals rely most on cash for budgeting. Similarly, the challenge on banking cash for small and medium-sized businesses is increasing. **Ged Killen MP** quoted figures showing:

"Lending to small businesses in a given postcode area fell by almost two thirds following a bank branch closure. Lending for small businesses grows on average from one quarter to the next by 2.13%. However, after a closure, growth falls to 0.79%—a reduction of 63%."

Mr Paul Sweeney MP asked "does he also recognise that the programme of closures seems to target disproportionately the poorest communities in our society?". He spoke about his constituency, in which closures have taken place in the poorest communities, whilst banks remain fully represented in the wealthy parts.

Martin Whitfield responded:

"There is a serious question to be asked about which communities the banks are changing their model of banking for. Is it for the most vulnerable? Is it those who are stuck on the wrong side of the digital divide? Certainly, the evidence shows that bank closures have hit hardest in communities that have below average incomes.

"The relationship of trust that once existed between the bank manager and the individual is in serious danger of being lost to an algorithmic financial model."

He told the House that very recently, banks looked to their communities to save them, and communities stepped up. Communities are now looking to the banks to save the high streets. **A social responsibility clause is needed so communities have an integral and valued role, and trust can be re-established.**

Patricia Gibson MP added:

"Banks have shown and are showing increasingly that they have no sense of service to our communities. It is time for the UK Government to establish and enforce a guaranteed minimum level of service provision for essential banking services that recognises the importance of continued access to banking for our local communities."

Jonathan Reynolds MP expressed his confusion at the fact the UK hosted the most successful and global financial sector in the world, yet at the same time had such high levels of financial exclusion. He went on to say how crucial it is that technology is used for the benefit of all consumers, rather than creating a pared down, automated banking sector that leaves vulnerable customers without the support they need.

The debate closed with **John Glen** stating that banks are much more than bricks and mortar. The Government is committed to supporting the industry's 'Access to banking standard', which commits to providing a minimum of three months' notice for bank branch closures.

RBS Global Restructuring Group and SMEs Debate

Shadow treasury minister **Clive Lewis MP** led a debate on the treatment of small and medium-sized enterprises by RBS' Global Restructuring Group.

Martin Whitfield MP reminded the House of the debate (above) during which MPs had looked at banks' responsibility towards communities. He said that the debate "has shown how society's trust in our banks is very much at a crossroads."

Clive Lewis raised the example of a constituent who had bought an interest rate-hedging product from RBS and subsequently "lost everything" when the business was placed into the hands of the Global Restructuring Group (GRG). He told the House that the clear majority of the 16,000 SMEs put into the GRG from 2008 were liquidated, contending this showed that "far from being an intensive care unit, it was more like an abattoir" and no attempt was made to make the businesses viable again.

Despite his focus on RBS, he said that the crisis spanned the banking sector and was due to a systemic failure. At its height, the GRG held assets of £90 billion. He purported that since most of the companies it dealt with didn't return to mainstream banking "it may be the largest theft, anywhere, ever". He continued to say that the role of solicitors, insolvency practitioners, the Treasury and the Government required scrutiny. This episode showed that the current system is not fit for purpose. However, he added:

"Those of us who support this motion are not calling for extensive regulation. We are, however, calling for accountability, transparency and justice, because without proper transparent accountability there can be no trust."

He also called for an inquiry to examine the protections afforded to businesses during their life cycle, and a tribunal system to be set up to deal with financial disputes. He said that these ideas are supported by Andrew Bailey of the Financial Conduct Authority.

Nicky Morgan MP criticised the FCA's approach following the publication of the Tomlinson report. She also said RBS' refusal to accept the conclusions of the report was disappointing. She contended that the affair had profoundly shaken confidence in the concept of bank lending, and that this would have consequences for the country's financial infrastructure.

The behaviour of Lloyds Banking Group towards a constituent was the focus of **Jo Stevens' MP**, who said the gross power imbalance between banks and their customers institutionalised injustice.

The FCA's conclusion that RBS had not set out to artificially engineer SMEs into the GRG was described as "absolute balderdash" by the Treasury Select Committee member **Alister Jack MP**.

Norman Lamb MP also criticised the response of the FCA and said it was potentially complicit in the cover-up. He said the review showed the "rotten culture" prevalent in banking at the time. He added that the FCA's treatment of whistle-blowers showed the need for greater protection for those willing to break ranks.

Adrian Bailey MP described the GRG as "Orwellian" and said that the interaction between the FCA and the Treasury Select Committee had shown him that further regulation was necessary.

Bob Stewart MP added that "financial institutions have been allowed to run riot with demands for personal guarantees in all aspects of business."

Stephen Kerr MP noted his past role as a junior bank officer at RBS. He described a culture "that, I am afraid, is institutionalised and industry-wide." He went on to say there was a gap in funding support for SMEs in the UK.

Ged Killen MP echoed the calls being made, stating:

"We need an affordable, accessible dispute resolution process. It needs to be a completely independent system that sits outside the regulatory structure and has the knowledge and power to deal with the complex disputes that will be brought before it".

Christian Matheson MP backed calls being made but added that after listening to the debate, he felt "that there has to be much greater involvement of the police in what are clearly criminal conspiracies—particularly, perhaps, in relation to agreements between valuers and the banks to drive down the values of properties".

Opposition whip **Chris Elmore MP** felt that "the banking industry exists to support [SMEs], but the widespread malpractice that plagues the sector has shown that the banks fail those responsibilities catastrophically." He said he was composing a cross-party letter that would go to the Treasury Committee and call for a fuller and wider inquiry into the malpractices of the banking sector.

Shadow business, energy and industrial strategy minister **Bill Esterson MP** began by saying when Carillion had gone bust at the start of the week, "it struck me that there were similarities with the way that RBS treated its small business customers". He urged banks to commit to long term support for suppliers. MPs heard that the next Labour Government would introduce a network of regional development banks to support smaller firms. He added "but those firms also need the help of the traditional banking sector and they need it now."

When pressed about making sure action was taken, **John Glen MP** said:

"I think the FCA understands, in the light of today's debate, where the pressure is leading to and what action we will need to take if its response is not effective".

"…on GRG, it is right that we should wait for the conclusion of the FCA's investigation of the matters arising from its skilled persons report before determining what further action needs to be taken."

The work of the Payment Systems Regulator

The **House of Commons Treasury Committee** questioned witnesses from the **Payment Systems Regulator** (PSR) focusing on the potential closures of LINK cash machines, fraud in the payments system and the impact of new technology on payments system architecture. A summary of the questioning on the potential closures of LINK cash machines is below.

Nicky Morgan MP asked the PSR to assess the proposals regarding reform of the LINK ATM network through interchange fee reductions.

Hannah Nixon, managing director at the PSR, said that it was 'very concerned' after reading the LINK consultation document that the impacts on consumers had not been thought through. She said that LINK needed to commit to maintaining geographically remote ATMs and to filling existing gaps in the market. The PSR can insist on a moratorium for the proposals. She said that if the PSR felt LINK had not put in place mechanisms regarding unanticipated impact, they would be directed to do more work to understand this.

Nixon went on to say that PSR research suggests interchange fees are not the only variable impacting the profitability of an ATM, and it is impossible to come up with a perfect answer on what the interchange fee should be. She added that remote ATMs came under pressure most quickly.

Nicky Morgan asked at what point the PSR would decide to step in and force a moratorium and a return of plans for the consultation. She also asked if the banks felt the maintenance of LINK machines was damaging their bottom lines.

John Griffith-Jones, Chairman at PSR replied that if there was a systemic problem on a geographical or financial inclusion issue, the PSR would intervene. **Nixon** added that because of the increase in the ATM network but flat demand, the PSR supported plans to make the network more efficient.

Nicky Morgan said at the end of the session that the Committee would monitor the situation carefully, and could call the witnesses back on the issue.

Reports and Research

The comparison and switching service **uSwitch** warned that Christmas debt will be haunting Brits well into the new year. Their research showed one in four consumers will carry an average credit card debt of £452 into 2018. Half of respondents believe that they will be paying off their Christmas debt next December, and 1 in 10 people are still paying off debt from Christmas 2016. USwitch is encouraging consumers to take action now to ensure they have time to align their finances.

The **House of Commons Library** released its economic indicators for household debt, which showed that Q3 2017 was the first quarter in over a year and a half to see a fall of household debt as a % of disposable income. It is now 138% of disposable income. Individual insolvencies in England and Wales increased by 11% from the previous quarter, and was up 8% on the same period in 2016.

CIC attended the **Institute for Fiscal Studies** report launch Problem debt and low-income households, based on research funded by the **Joseph Rowntree Foundation**. The report found that whilst most household debts look manageable, a quarter of very low-income households have high debt repayments or are behind on bills or repayments. 10% of the lowest income households are spending more than a quarter of their income on unsecured debt repayments, and one sixth of these are in arrears on repayments or bills. The research also found that 60% of unsecured debt is held by households with above-average incomes.

At the launch the **Money Advice Trust** urged caution at the findings, which appeared to show that a large number of households in debt also hold savings elsewhere. They said it was important not to jump to the conclusion that everyone has a safety fund.

Citizens Advice Chief Executive Gillian Guy responded to the report:

"Borrowing can help people manage unexpected expenses, but stretched household budgets mean some people are taking on debts they cannot afford just to make ends meet.

"People can be pushed further into debt by irresponsible lending practices such as credit card companies handing people credit limit rises they've not asked for, or rent-to-own and other high-cost creditors that lend to people who can't afford the repayments.

"We must do everything we can to stop expensive credit dragging people into a debt spiral, which is why the Financial Conduct Authority should cap all forms of high-cost credit so no one pays back more than twice what they borrowed."

Charity **Turn2us** found that one in five people on a low income are using the most expensive form of credit to buy essential household appliances, such as a fridge or washing machine. It found that 60% of people on low incomes turn to more expensive forms of credit as they do not have the means to pay up front or access to affordable credit. Highlighting the importance of increased awareness of grants to help people purchase household appliances, Simon Hopkins, Chief Executive of Turn2us, said:

"Household appliances are not a luxury – people who are struggling should not have to go without a cooker or washing machine. It's genuinely worrying that so many people coming to us are getting into debt to purchase them when there are numerous grants available for these exact circumstances.

"With £300m in charitable grants available in the UK, it's vital that people in a financial crisis are aware of this help so that they don't miss out on support that they could be receiving and end up living without a cooker or fridge, or using credit to purchase them."

The Bank of England's quarterly Credit Conditions Survey was issued for 2017 Q4. Whilst the availability of secured credit to households was unchanged in the three months to mid-December, the availability of unsecured credit was reported to have decreased. Credit scoring criteria for granting unsecured loan applications had tightened again and was expected to tighten further in the coming months.

Lenders reported that demand for secured lending and re-mortgaging increased significantly. Conversely, demand for unsecured lending was reported to have significantly fallen - the first material fall since 2015.

The Financial Conduct Authority (FCA) published an insight Who's driving consumer credit growth? in partnership with the Bank of England, based on an analysis of credit reference agency data for 1 in 10 UK consumers. The analysis found three particular insights:

- Credit growth has not been driven by subprime borrowers.
- People without mortgages have mainly driven credit growth.
- Consumers remain indebted for longer than product level data implies.

Contrary to the previous view of the Bank that lenders' consumer credit portfolios turn over relatively quickly, it shows that whilst a consumer might clear their debt on one product, it is not uncommon for them to remain in debt as they transfer balances, take out new credit products or draw down on existing credit lines. This means that unless the borrower population changes significantly, it is possible that the risk of consumer harm is simply shifting from one part of the market to another. The findings highlight the importance of regularly examining the financial health of people and their debt holistically.

The Money Charity released its January 2018 Money Statistics report which found that real term wages continued to slump in the UK. The statistics show that real term regular pay fell 0.4% between August and October 2017. The trend is worrying as it means more and more people are receiving less income compared to inflation. It also may be affecting other statistics reported, which found total credit card debt in November 2017 was up £2.1 billion from the last year, and average people contacting Citizens Advice with debt problems in November was up by 241 per day. **Steph Hayter,** Acting CEO of **The Money Charity** says:

"The fall in real term wages is a concern for us. Workers need to be paid enough to be able to keep up with the rising costs of living, and be able to save some amount of money for any unforeseen financial shocks. The effects of the decline in wages appear to be felt in the money advice sector, with more enquiries for debt advice charities. This is a pivotal time for us to improve people's financial capability through the work we do to help people make the most of what they have"

Which? warned that communities face further strain accessing cash. On 19th January it released research identifying over 200 communities in Britain with poor ATM provision or no cash machines at all. It suggests that these communities might be hardest hit by the proposals from **LINK** to lower its fees by 20%.

Which? also used LINK data to identify local authorities with higher proportions of fee-charging ATMs. It found over half of all machines in Cherwell (57%) already charged a fee. This is followed by the Shetland Islands (56%), North Warwickshire (52%), Purbeck (47%) and Great Yarmouth (43%). **Which?** is concerned that the latest proposals could result in consumers struggling to access free withdrawals with mainly fee-charging machines remaining.

Which? wants the needs of consumers to be put first, rather than pressure from some banks to cut costs, and discourage use of cash, leading to a situation where accessing cash becomes a problem. **Which?** also wants the Payment Systems Regulator to conduct an urgent review to fully evaluate the impact that these changes could have on consumers, millions of whom rely on the free-to-use network to access cash, including looking at alternative options for protecting consumers.

The **Federation of Small Businesses** (FSB) responded that the UK's cash machine network is already failing small businesses. **Mike Cherry**, FSB National Chairman said:

"Small firms now find themselves between a rock and a hard place when it comes to customer payments. On the one hand, unable to recover the various costs they incur when processing card payments. On the other, faced with customers who are finding it harder and harder to access cash because of an increasingly threatened bank branch and cash machine network."

The **London Assembly** launched its report Short changed: the financial health of Londoners on 8th January with an insightful event attended by CIC, whose tweet was featured on the report launch home page. The report found that despite being a leading global financial centre, many Londoners struggle to access quality and affordable financial services. More and more people turning to high-cost credit providers to make ends meet. It placed emphasis on the vulnerability of young people to economic uncertainty and the challenges faced by London's smaller businesses. It called on the Mayor to step up to explore new ideas and innovations to support the financial health and wellbeing of Londoners, such as the commission of an annual household survey on financial activity to better grasp London's 'underbanked' communities.

Events

CIC partner **Responsible Finance** has opened sales of tickets to its **annual conference 2018**. The two-day event will take place at the prestigious Glasgow City Chambers on March 20th and 21st, and is the biggest gathering of the industry committed to fair and responsible finance.

The main event of the conference will be the Citi Microentrepreneurship Awards dinner, which will celebrate the achievements of responsible finance providers and the entrepreneurs they support. Please follow the link for more information and to secure your place.