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Bank of England to Monitor Cash Acceptance Amid Decline Concerns

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The Bank of England has announced plans to monitor the acceptance of physical cash across the UK, responding to concerns about its declining use and the risks of financial exclusion. This action follows a Treasury Committee report that highlighted the risks of a cashless society, especially for vulnerable groups who may be excluded from digital payments. The initiative signals a recognition of the need to protect those who rely on cash, though the current Labour government's approach has raised questions about whether enough is being done.

To track cash usage, the Bank of England introduced a new question in its quarterly consumer surveys starting in January 2025. The question aims to gauge the impact of businesses refusing cash payments. According to the Bank's official statement, "The Bank of England regularly collects data on consumers' payment preferences, including the consumer experience of cash acceptance. In January, the Bank expanded this data collection with a new question seeking to understand the impact of a business refusing cash on individuals." According to the Bank's early findings, 8% of consumers had to visit another store when faced with a cash-free business, while 6% gave up on the purchase altogether. These figures come from the Bank of England's 2025 quarterly survey.

The Treasury Committee's report, published in January 2025, warned that the decline in cash acceptance could create a two-tier society, disproportionately affecting groups such as the elderly, people with learning disabilities, and survivors of domestic abuse. The report noted that sectors like public transport and local government services are increasingly moving towards cashless systems, leaving some individuals struggling to access essential services. For example, witnesses told the committee that cash acceptance has declined in areas like parking, public transport, and local government services, creating barriers for those without access to digital payments.

Despite these concerns, the Labour government has not committed to mandating cash acceptance in private businesses. In a January 2025 Treasury Committee hearing, Economic Secretary to the Treasury Emma Reynolds confirmed that the government has "no plans" to force businesses to accept cash, regardless of the transaction size. This stance has drawn criticism, with the committee arguing that stronger measures may be necessary if cash-dependent individuals are to be adequately supported. The absence of regulatory intervention risks leaving the most vulnerable exposed, since businesses in the UK are legally allowed to refuse cash as long as this is clear before a transaction takes place.

Dame Meg Hillier, chair of the Treasury Committee, welcomed the Bank of England's monitoring efforts but called for further action. In a recent statement, she said, "The commitment from the Bank of England to continue monitoring cash acceptance is a positive first step, but given the government agrees with our views in the main, we expect to see further positive measures on protecting the most vulnerable when they publish their Financial Inclusion Strategy." Her comments highlight the need for stronger policies to

prevent a growing divide between those who can navigate a cashless world and those who cannot.

The Bank of England's surveys will continue to provide data on cash acceptance levels, complementing reports from organisations such as UK Finance and the Financial Conduct Authority. However, without concrete policies to address the decline, the government's approach may fall short of protecting those who rely on physical cash. As the UK moves towards an increasingly digital economy, the challenge remains to balance technological progress with the needs of all citizens, ensuring no one is left behind.

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