

# ICL Pathway

## Diary Note

**TO:** Keith Todd, Sir M. Butler, Richard Christou, Stefan Reisenfeld, George Hall  
Kieran McGuirk, John Bennett, Mike Coombs

**From:** Liam Foley

**Date:** 20<sup>th</sup> July 1998

**Re:** **Banking meeting with Frank Field - Friday 17<sup>th</sup> July 1998**

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This meeting took place for one hour on Friday lunchtime in Frank Field's office. It was informal with a sandwich lunch provided. The attendance list is below.

1. Frank Field opened the meeting by stressing that Social Exclusion was seen by this government as a key issue. This included financial exclusion. His question to the group was: "How can we extend the banking system to be truly universal?" The government will be bringing forward proposals in the autumn to answer this question.
2. Elaine Kempson from Bristol University who has been undertaking a study review explained that there was no simple solution and the group split into two:
  - people who have opted out of the banking system because of redundancy, etc. and
  - people who are on the margin and have never been in the banking system
3. The real reason people operated in cash was for CONTROL. They have to manage within a very tight budget and cash is the way to do it. The BBA covered the changing environment: falling costs of transactions, more telephone banking, fewer customers visiting a branch and increased use of technology.
4. There was definite uncertainty over what was really meant by Universal Banking. The bankers all pointed out that there was no shortage of product supply - almost all banks now had accounts which did not give access to credit and did not allow overdrafts. However, equally all the banks are driven by their shareholders and so expect to make a profit so any concept of social banking was not a runner.
5. Stuart Sweetman pointed out that what the minister was looking for could be provided by POCL with automation of the branches (a not very veiled reference to Horizon but well put across). Stuart was backed up by Girobank, Co-op bank and Lloyds/TSB, all clients of POCL!. Customers want control, want cash and get it now through the post office.
6. Bank of Scotland mentioned the SOLO card which allows a bank account which cannot go overdrawn and is not refused to anybody.
7. Susan Rice (US citizen) was asked about the experience in USA. She mentioned that when benefit was first tested through ACT, crime at ATMs rose but benefit was now paid through the banking network.

8. Frank Field asked about trends over the next ten years and the general view was that technology and telephone banking would play an increased role BUT it was also pointed out that this may fuel 'social exclusion' rather than solve it.

In summary, Frank Field thanked everyone for their input and invited private submissions if people had ideas to share that they did not want to reveal in open forum. He confirmed his view that over the next ten years, more people would be involved in banking but that universal banking would not happen if the Post Office wasn't involved.

Overall, this was a positive meeting from our viewpoint (and from POCL & Girobank after the meeting). Frank Field is being briefed by DSS who are definitely now anti-card. My information keeps pointing to two main factors: the concerns over accuracy of the data and the concerns over the performance of CAPS. Sarah Graham is a thorn in our side.

I am not sure if the Post Office have been overplaying the Financial Services card (as mentioned in John Bennett's note today). Everybody, including POCL, has maintained the view that you cannot achieve a one-for-one transaction replacement. POCL have never said (to my knowledge and I have shared our presentations with them) that 'front end banking' will replace BA business. I caution against accepting David Sibbick's word per se. We need to keep convincing David that the payment card is GOOD.

#### **ACTIONS:**

We must keep up the pressure on the political front:

- Social Security select committee are now visiting Feltham on Monday next, 27<sup>th</sup>. I will lead on this session with help from George Hall

#### **Action: LF/GH**

- I have asked Colin Baker, Gen. Sec. of the Federation to up the political momentum
- I have asked Stuart Sweetman to do the same. I also spoke to Stuart about the need for us to be joined up or at least informed about the political activities of the other. He agreed but I doubt if anything will come of this
- Stuart Sweetman has agreed to get in contact with Elaine Kempson. I will do so as well

#### **Action: LF**

- George Hall should invite the Social Exclusion unit to Feltham

#### **Action: GH**

- We need to find out more about Sarah Graham and from where she is coming. Action with me.

#### **Action: LF**

- Share the Frank Field presentation with David Sibbick.

#### **Action: KMcG**

I welcome any comments on the above or other possible actions.

Regards

Liam

List of attendees:

Susan Rice	Bank of Scotland
John Caine	A & L, Girobank
Mervyn Pebelty	Co-op Bank
Gary Marsh	Halifax
Gordon Pell	Lloyds/TSB
Philip Kerkin	Midland
Andrew Blessley	Nat West
Jack Queen	Clydesdale
Roger Miles	British Bankers Assoc.
Elaine Kempson	Univ. of Bristol
Sally Greengross	Age Concern
Stuart Sweetman	POCL
Liam Foley	ICL
Sarah Graham	PFD Special Projects
Ken Davenport	COBAP, DSS
Ruth Calder	PFD Special Projects
Amanda Jordan	Social Exclusion Unit
David Sibbick	Dti

