

Money and Mental Health submission to HM Treasury's call for evidence: Access to Cash

Introduction

The Money and Mental Health Policy Institute is a research charity, established in 2016 by Martin Lewis to break the link between financial difficulty and mental health problems. The Institute's research and policy work is informed by our Research Community, a group of 5,000 people with lived experience of mental health problems or of caring for someone who does.

This written submission has been informed by this powerful, lived experience testimony, as well as our wider body of research. Unless otherwise specified, all quotes in this response are drawn directly from our Research Community. In particular, it makes use of a survey of 362 Research Community members, conducted 13- 24 November 2020, specifically on their experiences of accessing and using cash.

In this document, we respond to questions 2 and 4.

Background

- In any given year, one in four people will experience a mental health problem,¹ and over a lifetime this rises to nearly half the population². However, we do not always know when we are unwell, or receive treatment. Over a third (36%) of people with a common mental disorder have never received a diagnosis, and 62% are not currently receiving treatment.³
- Common symptoms of mental health problems, like low motivation, unreliable memory, limited concentration and reduced planning and problem-solving abilities, can make managing money significantly harder.⁴
- People with mental health problems are three and a half times more likely to be in problem debt as those without, and half (46%) of adults in problem debt also have a mental health problem.⁵
- The incomes of people with mental health problems are significantly lower than average, for people with common mental disorders like anxiety or depression this equates to an

¹ McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

² Mental Health Foundation. Fundamental facts about mental health. 2016.

³ McManus S et al. Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey 2014. NHS Digital. 2016.

⁴ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

⁵ Holkar M. Debt and mental health: a statistical update. Money and Mental Health Policy Institute. 2019.

income gap of £8,400.⁶ This can mean they have less savings to fall back on when their income drops.

- People with mental health problems can experience a range of difficulties accessing the benefits system, which can make it harder to claim entitlements.⁷

Summary

- Many people with mental health problems prefer to use cash over other payment methods because it can help them budget or stay in control of their spending.
- Not being able to access or use cash can have a negative impact on people with mental health problems, ranging from minor inconveniences to more significant financial and psychological harms.
- The coronavirus pandemic has led to a decline in the use of and acceptance of cash.
- Cashback is widely used and seen to be an easy and convenient way to withdraw cash. People with mental health problems did raise some concerns, particularly related to the need to make a purchase in order to get cashback and the need to interact with staff, which can be difficult when unwell.
- It is important that people with mental health problems continue to be able to access and use cash.

⁶ Bond N and D’Arcy C. Mind the income gap. Money and Mental Health Policy Institute. 2020.

⁷ Bond N, Braverman R and Evans K. The benefits assault course. Money and Mental Health Policy Institute. 2019.

Question 2: What is the potential for cashback to play a greater role in the provision of cash withdrawal facilities, and how can legislation facilitate further adoption of cashback?

Many people with mental health problems use cashback as a way to access their money. Our Research Community survey found that nearly four in ten respondents (38%) had received cashback in the twelve months up to March 2020.⁸ The survey responses outlined several advantages to using cashback. It allows those who live far away from a free ATM machine to withdraw cash without having to travel long distances. Others felt that it was an easy and convenient way to withdraw cash, and could be combined with shopping to reduce trips out of the house which can present difficulties for some people with mental health problems.

There were, however, three main problems highlighted by survey respondents in their experiences of using cashback. Some of these challenges will affect the majority of consumers, but others are specific to people with a mental health problem.

Firstly, as the call for evidence document highlights, consumers must make a purchase in order to get cashback in most shops. This requirement can be problematic for some people with mental health problems. For those living on tight budgets, making a purchase solely to use cashback could lead them to spend money on non-essentials in order to access their cash. Given people with mental health problems have lower incomes on average,⁹ this may put additional pressure on already stretched finances. The requirement to make a purchase can prove particularly challenging for people whose mental health problem leads to increased impulsivity. Accessing cashback at a till can lead to people spending more than they can afford in order to get cash.

“It’s too easy to withdraw money after you have spent more than intended on shopping.”
Expert by experience

A second problem identified by people with mental health problems is that the combination of a purchase and withdrawal using a card could cause difficulties in keeping track of spending. Money from card payments is often taken out of accounts at a later date and people may have only accounted for the cash amount that would be withdrawn, not the additional purchase. This can sometimes cause confusion for people with mental health problems who find it difficult to process information as a result of their health condition. For this reason, many people with mental health problems prefer to use cash as it can feel more tangible and give a clearer indication of spending.

⁸ Money and Mental Health survey. Base for this question: 357 people with lived experience of a mental health problem.

⁹ Bond N and D’Arcy C. Mind the income gap. Money and Mental Health Policy Institute. 2020.

“It's generally convenient, but it interferes with budgeting as it's harder to keep track of.”

Expert by experience

Third, having to go to a shop to access cash can cause difficulties for people with mental health problems. Several respondents to our survey felt that getting cashback was not private enough, and caused worries over security. Many people with a mental health problem, for instance those who experience social anxiety or agoraphobia, can find it difficult to go to public areas and sometimes experience panic attacks in such situations.

“It also requires interaction with store staff to request it. There are days when I am unable to enter public buildings or to interact with strangers. An ATM is much easier to cope with.”

Expert by experience

Beyond these three main concerns, a handful of respondents raised other issues. Some felt that the limit on the amount that can be withdrawn using cashback was too small for their needs. While others mentioned that the patchy provision of cashback meant they still had to travel further to access cash.

On balance, respondents were positive about cashback. If it is to become an enhanced part of the UK's cash infrastructure, however, the problems identified above should be carefully considered in order to ensure people with mental health problems aren't disadvantaged. Requiring cashback to be offered without a purchase would negate the problems linked to having to spend money to access cash. It would not, however, help those who struggle to control impulses in shops or track their spending, or find it hard to be in such a public place. It would, therefore, be important to continue to have other ways that people can easily withdraw cash.

Question 4: What are the key factors and considerations for maintaining cash acceptance in the UK?

In recent years, there has been a growing focus on the movement to a cashless society in the UK. Much of this has been centred on the needs of businesses who accept cash, but there has also been discussion of the needs of groups in society who prefer to use cash. One such group is people with mental health problems who might prefer to use cash rather than digital payments as it helps them budget or stay in control of spending. For this group, there are three key factors and considerations that should be taken into account: the reasons why they use cash, the impact of going without cash, and the changes caused by the pandemic.

The reasons why people with mental health problems use cash

In previous research we have conducted on this issue, we found that a significant proportion of respondents (41%) often pay with cash and 5% rely exclusively on cash.¹⁰ In our survey to inform this response, respondents were more likely to agree they preferred paying by cash in shops than to disagree (44% to 33%).¹¹

There are a variety of reasons why people with mental health problems would use cash and many are directly related to common symptoms of their condition. Firstly, people with mental health problems are more likely to be on lower incomes¹² or in problem debt.¹³ This means that keeping to a budget is very important. This is made more challenging for some people experiencing mental health problems, as they can struggle with processing or remembering information when unwell.¹⁴ Many people with mental health problems prefer to use cash as it can make it easier to know how much money is available, what has been spent and what is left over. Seven in ten (72%) respondents to our survey agreed that cash helped them to budget.¹⁵ It can conversely be more difficult to keep up with outgoings when paying by card because people have to check their balances and payments are not always taken out immediately.

“Having cash in my purse shows me how much I have to spend, whereas via my bank card online I have to check my bank’s app to get an up to date balance.”

Expert by experience

We heard from several Research Community respondents who felt that expenditure using cash was more tangible than paying with a card. Some respondents told us using cash helped them to better grasp the financial value of goods and consider spending decisions more carefully. In recent research, we have found that forms of online spending such as gambling and shopping can feel less like ‘real money’ for people with mental health problems, and that this often leads to problems with overspending.¹⁶

This view of online expenditure is not the only factor that contributes to people with mental health problems sometimes struggling to control their spending. For some, difficulties thinking through financial decisions can be problematic, while others can struggle to control their impulses when unwell. Seven in ten (72%) respondents to our survey agreed that they find it

¹⁰ Holkar M. Access to Cash: Cashed Out: Attitudes among people with mental health problems to cash and digital payments. Money and Mental Health Policy Institute. 2018.

¹¹ Money and Mental Health survey. Base for this question: 355 people with lived experience of a mental health problem.

¹² Bond N and D’Arcy C. Mind the income gap. Money and Mental Health Policy Institute. 2020.

¹³ Holkar M. Debt and mental health: a statistical update. Money and Mental Health Policy Institute. 2019.

¹⁴ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2020.

¹⁵ Money and Mental Health survey. Base for this question: 343 people with lived experience of a mental health problem.

¹⁶ Holkar M and Lees C. A safer bet? Money and Mental Health Policy Institute. 2020; Holkar M and Lees C. Convenience at a cost. Money and Mental Health Policy Institute. 2020.

easier to control their spending when using cash.¹⁷ Many respondents felt that they had a greater ability to think through purchases when using cash compared to other payment methods.

“Limits your spending, makes you realise what you have left to spend. Keeps you in control of your money.”

Expert by experience

Some respondents felt that cash was preferable to other payment methods because they saw it as more secure. This was partly related to the physical nature of cash, allowing them to literally keep an eye on it. When using other payment methods, some respondents were fearful of cyber attacks or their data being used against them.¹⁸

The impact of going without cash

We heard from Research Community respondents about the impact that not having access to or being able to use cash had had on them, ranging from mild inconvenience to more serious financial and psychological harms.

A significant minority of respondents to our survey had struggled to access or use cash. In the twelve months to March 2020, 29% of respondents had struggled to find a place to withdraw cash.¹⁹ Only four in ten respondents (40%) agreed that it is easy to get hold of cash and nearly the same proportion (37%) disagreed.²⁰ Even when respondents were able to access cash, spending it was not always straightforward. Nearly a quarter (23%) reported that they had been unable to pay by cash in a shop.²¹

For many respondents, being unable to access or use cash was frustrating but did not cause lasting harm. Instead, they had to go further afield to withdraw cash or buy something, or abandon the purchase. Some had to ask a friend or family member to pay for them instead; while several respondents were able to pay this back easily, for others this caused tension. While for some the item they were unable to purchase using cash was non-essential, for others they intended to use cash to buy an essential item which they then had to go without.

¹⁷ Money and Mental Health survey. Base for this question: 341 people with lived experience of a mental health problem.

¹⁸ See also Holkar M. Access to Cash: Cashed Out: Attitudes among people with mental health problems to cash and digital payments. Money and Mental Health Policy Institute. 2018.

¹⁹ Money and Mental Health survey. Base for this question: 357 people with lived experience of a mental health problem.

²⁰ Money and Mental Health survey. Base for this question: 336 people with lived experience of a mental health problem.

²¹ Money and Mental Health survey. Base for this question: 357 people with lived experience of a mental health problem.

“Stopped me making a purchase. Left me without food.”

Expert by experience

Not everyone, however, was able to quickly move on from the experience. Several respondents told us that not being able to pay by cash in a shop negatively affected their mental health. For some, it made them anxious and stressed, while for others the experience of being told they couldn't pay by cash left them feeling embarrassed and judged. Some people with mental health problems can have difficulties remembering key pieces of information, such as their PIN number, which can add to the stress when made to pay by card.

“It is very depressing. I had this same experience with the bank. You can feel like you are not wanted because you are not rich.”

Expert by experience

“Was really embarrassing. Felt bullied into using a payment method I wasn't happy using & it messed my budget up.”

Expert by experience

Not being able to access or use cash can also have a financial impact. Not being able to use cash and instead being made to use another payment method can make it difficult to know how much was spent and can have knock on effects on someone's ability to budget. This can be especially difficult for those who had only budgeted the cash they had withdrawn and the spending on their card went beyond what they could afford.

“It's a nuisance as I run my weekly spending based on a cash withdrawal of my budget, and it means I don't have all my records in one place when I reconcile at the end of the week.”

Expert by experience

For some though, it went beyond not being able to budget but made them feel like they were not in control of their money and that they had lost agency. If action is not taken to preserve access to cash, there is a real risk that many more vulnerable people will be put into this situation and exposed to such harms.

“I either had to pay to get to my own money, use a card or go without - denying me agency of my own money.”

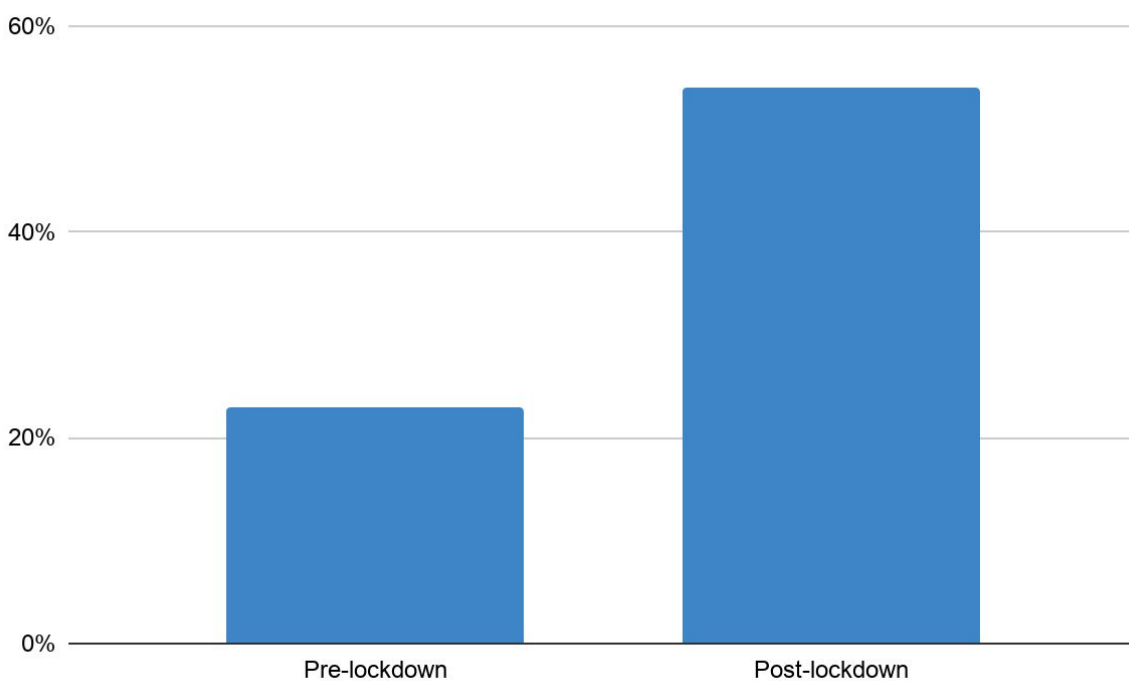
Expert by experience

Changes since the beginning of the pandemic

The call for evidence document makes reference to the immediate changes brought on by COVID-19 and social distancing measures. It is likely that the pandemic has accelerated the move away from cash and that some changes, such as concerns over the cleanliness of cash, may be long-lasting and difficult to undo.

Among our Research Community respondents, four in ten survey respondents (42%) had found it harder to get hold of cash since lockdown began.²² Partially as a result of these difficulties, eight in ten (79%) have used cash less since the beginning of lockdown in March.²³ Research Community respondents gave two main reasons for this decline in cash use. Firstly, fewer shops have been accepting cash. As Figure 1 shows, the percentage of respondents who had been unable to pay for something in cash has risen to over half (54%) since lockdown began in March 2020, compared to 23% before lockdown. Other respondents told us that their closest cash machine had been closed to public use to limit the spread of the virus and this had made it harder to access cash.

Figure 1: Percentage of Research Community respondents who have tried to pay for something using cash and been told that the shop didn't accept it



Source: Money and Mental Health Survey. Bases for the columns vary from 357 to 355 people with lived experience of a mental health problem.

²² Money and Mental Health survey. Base for this question: 329 people with lived experience of a mental health problem.

²³ Money and Mental Health survey. Base for this question: 348 people with lived experience of a mental health problem.

The second reason given for the decline is that people are less confident in using cash due to safety concerns around the spread of the virus. Six in ten (57%) respondents agreed that they felt less confident using cash since lockdown began in March.²⁴

“A lot of shops have been encouraging using a contactless method to pay, and, especially at the start of all of this, I felt that was the safest way to pay for things, even though it wasn't often the most convenient way to pay for me.”

Expert by experience

Concerns over spreading the virus and the decline in acceptance have also had an impact on the use of cashback. While 38% of Research Community respondents had used cashback before lockdown in March, this declined to less than one in five (17%) saying they had done so since lockdown began.²⁵

Not being able to pay for items using cash has had similar impacts on people with mental health problems as explored above. For many it has made it harder to budget and control their spending.

The increase in the limit for contactless payments has also had some impact. Having to pay by card instead of cash can make it harder for those who struggle to control their impulses to limit their spending.

“With the limit of contactless payment being raised (I understand why this has been done) again it is so easy to overspend and make more impulse purchases.”

Expert by experience

Survey respondents told us how not being able to use or access cash during the pandemic had negatively impacted their mental health, causing stress and anxiety over being rejected from paying with cash.

“A lot of shops (supermarkets included) have signs up saying contactless only or contactless preferred. This makes you feel you can't use cash and am embarrassed to try in case I am refused (would stress me out/ make the experience so much worse and would affect my mental health).”

Expert by experience

²⁴ Money and Mental Health survey. Base for this question: 341 people with lived experience of a mental health problem.

²⁵ Money and Mental Health survey. Base for this question: 355 people with lived experience of a mental health problem.

Before the pandemic, some people who used cash felt they were being judged for this choice and since the pandemic this feeling has been expanded to being seen as people who are willingly spreading the virus. This can cause distress for people who rely on cash to budget and can lead them to using digital payments that don't work well for their needs.

"Sometimes cashiers look at you as if you are passing them poison when paying with cash"

Expert by experience

Conclusion

Many people with mental health problems use cash because it allows them to budget and stay in control of their spending. While digital payments have become more widely used in recent years, they can pose problems for people with mental health problems such as spending feeling less like real money or it being difficult to keep track of spending. It is essential that the government maintains both access to and acceptance of cash to help those, including vulnerable people, who need to use it. At the same time, digital payment methods need to be designed with the needs of vulnerable consumers in mind to help those who find themselves unable to access cash. When creating future legislation on maintaining access to cash, it is important that the voices of vulnerable people are heard, understood and acted upon.