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Lloyds Banking Group announces pilot scheme to boost the number of retailers offering cashback

- **Lloyds will pay a fee to retailers for processing cashback transactions**
- **Aim to increase the number of places where customers can withdraw money**
- **Pilot will target those areas where consumers may struggle to access cash**

Lloyds Banking Group in partnership with Visa has today announced a new pilot scheme designed to boost access to cash, which will see local retailers paid to offer cashback to customers in their stores.

Currently business owners do not receive a fee when providing cashback to their customers. The new fee will offer more support to retailers and increase the number of places where people can withdraw their money.

This is not a substitute for ATMs or branches. The scheme is aimed at creating more availability where access to cash is challenging and customers will still have the choice to pay with their cards and mobile devices as they do today.

The cashback incentive will target areas of the UK where access to cash has been identified as being more difficult, such as rural or less-affluent areas which often rely on a very small number of ATMs.

It's hoped that the initiative will also give customers more reasons to visit local shops at a time of unprecedented challenges for British high streets.

Protecting access to cash

Despite the use of coins and notes declining significantly in recent years, millions of people across the country continue to rely on cash. This is especially true for certain groups in society such as the elderly.

For the vast majority of the population, cash remains easily accessible via 50,000+ free-to-use ATMs, 7,000+ bank branches and 11,500+ Post Offices. However, for those looking to access cash in more remote or isolated locations, the options available to withdraw money are often less convenient.

Meanwhile there are tens of thousands of local high street shops which have the infrastructure in place to offer a cashback service but may not see it as a viable option – especially without a purchase – as they do not receive a fee for providing cashback.

Vim Maru, Group Director Retail, Lloyds Banking Group said: *“Our new cashback pilot, in partnership with Visa, aims to increase the number of places where people can withdraw their money, particularly in those areas which are currently under-served by free-to-use ATMs where a customer’s access to cash may be more vulnerable.*”



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“The unlocked potential of cashback is obvious, as there are literally tens of thousands of local shops up and down our high streets that already have all the infrastructure in place to offer this service. We need to make it more viable for them offer cashback to all customers, whether making a purchase or not.”

“We’re excited to be launching our cashback incentive pilot this spring, and we hope that all banks and card companies will back the scheme and work alongside us and Visa to create a cashback system that rewards retailers and protects access to cash.”

Jeni Mundy, Managing Director, UK & Ireland, Visa, said: *“Although digital payments continue to grow in popularity across the UK, we know that many people still rely on cash to manage their day-to-day expenditure. This is why we’re extremely pleased to partner with Lloyds Banking Group to increase access to cash.*”

“This is another important measure to ensure that nobody is excluded from the financial system and underlines our commitment to working with our partners to give people a choice in how they pay – be that with cash, cards, mobile devices or other means.”

Lloyds Banking Group remains an active supporter of LINK’s programme for Protected ATMs, as well as their longstanding Financial Inclusion programme. However it also recognises the need for new and innovative solutions to ensure that access to cash is provided for consumers as and when they want to secure it.

Case study

Beccy’s Greengrocers is a small independent shop in Stockbridge, Hampshire, stocking quality fruit and vegetables, local free range eggs and fresh cut flowers. Since the start of the year Beccy has been actively promoting the availability of cashback in her shop, and is enthusiastic about the benefits it brings for customers and business owners alike.

Beccy said: *“I feel that offering cashback is an important thing to do for the town. There aren’t many other options around here, which can make it difficult for people who prefer to pay in cash. I find that a lot of my customers, especially those who are a bit older, really appreciate being able to deal with a human being when taking their money out.*”

“From a business point of view, anything that brings extra customers onto our high street is obviously very welcome. But there are also other benefits that aren’t as obvious, like paying out more cash from my till which means I don’t need to make as many trips to the bank to deposit my takings.”

How the new cashback incentive scheme will work

- Retailers will receive a fee to process cashback transactions. The value of this fee will be set in due course.
- Initially customers will still be required to make a purchase in line with current cashback rules. The intention is that retailers will soon be able to offer cashback without the need for a purchase.



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- Merchants will also be supported to advertise the cashback service in their premises to increase customer awareness. Where appropriate, grants will be available to support shop owners e.g. if they need to improve access to their store, or gain access to card machines.
- The focus of the scheme will initially be on those areas where access to cash has been identified as more challenging. These areas have been chosen based on assessments carried out as part of LINK's Protected ATM and Financial Inclusion programmes.
- The cashback fee will be available to suitable merchants in the target areas, such as local convenience stores and newsagents.

Pilot launching spring 2019

- As the new scheme is being piloted, it will initially roll out to a small number of selected Cardnet¹ merchants in the target areas.
- Lloyds Banking Group will pay all cashback transaction fees, regardless of the cardholder's bank.
- Following the pilot, the aim is that all merchants in the target areas will be able to earn fees for offering cashback.
- It is estimated that there are more than 50,000 merchants in the target areas who may be eligible to participate in the cashback scheme (based on analysis by Lloyds Banking Group and Visa).

ENDS

Notes to editors

- 1) Cardnet is Lloyds Banking Group's card payment acceptance service which helps businesses to take payment by credit or debit card in person, online and when the cardholder is not present.

Supporting information and statistics

- UK consumers use ATMs to take out over 90% of their cash (Access to Cash Review)
- Cashback currently accounts for just c.2% of cash withdrawals (Visa UK)
- Cash could fall to 16% of payments by 2027 from 34% today (UK Finance)
- Cash payments have fallen by a third in the last decade while the number of ATMs has risen by half in that period (LINK)
- 80% of free-to-use ATM are within 300m of another free-to-use machine (LINK)
- For 25 million people in Britain, or 47% of the population, living in a cashless society would present real challenges (Access to Cash Review)

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