

Minutes

Wholesale Distribution Steering Group (WDSG)

16 December 2019

Location: **Bank of England, Threadneedle St, London EC2R 8AH (Room 1X)**

Attendees: **Bank of England:** Sarah John (Chair), Martin Etheridge, Mark McLintock, Ronan McClintock

UK Finance: Russell Saunders, Eric Leenders, Philip Mind

Barclays: Tim Leydon (Alternate)

Lloyds Banking Group: Otto Benz

Virgin Money UK: Dougie Belmore (by phone)

Royal Bank of Scotland: Richard Talbot

Santander: Robert White

Post Office: Russell Hancock (by phone)

HM Treasury: Derek Dunne (Alternate)

KPMG: Simon Walker, Oliver Kirby-Johnson

Apologies: Tim Allen (Barclays) Kevin McMullan (Danske Bank), Mario Pisani (HMT), Sue Yarham (HSBC), John Garrett (First Trust Bank), Julie Fitzgibbon (Bank of Ireland)

Item

1. Standing agenda items

- **November 2019 minutes:**

The group agreed the November 2019 minutes, and approved their publication.

- **Sharing information on stakeholder engagement:**

No updates were noted.

2. Industry Forum

The Bank of England hosted an industry forum on the 18 November as an opportunity to present the Wholesale Cash Distribution (WCD) work undertaken to date to the wider cash stakeholder community. The presentations included:

1. Response to the Access to Cash Review (ACR) published in February 2019, including the formation of the Joint Authorities Cash Strategy group (JACS), the Wholesale Distribution Steering Group (WDSG) and the Industry Steering Group (ISG).

2. The design work led by the ISG with KPMG as lead consultants to develop a more effective, resilient and sustainable end-state cash distribution model for the UK.
3. A review of the success criteria against which all potential end-state models will be assessed.

The Bank of England and other attendees reported some very positive feedback received from a number of participants. Members agreed to assess the value of holding another forum event in due course.

3. Project Progress

KPMG provided a progress report on their work plan for developing the future cash distribution model. This included a preliminary results of their financial and commercial modelling. The following points were covered:

1. A successful ISG meeting had been held the previous week which had helped identify some gaps in the data analysis. ISG would continue to guide KPMG to refine their analysis over the coming weeks.
2. The group noted the importance of the assumptions about the overall size of the operation of any utility, and sought assurances of the appropriate geographical distribution of cash centres to deliver resilience. This could also affect the number of retail CiT journeys (out of scope) and thus the environmental impact of cash distribution.
3. The group noted that it would be important to have a consensus view on the appropriate counterfactual models against which the end-state models should be assessed. Members agreed to use their subject matter expertise to support KPMG's analysis of relevant counterfactuals.
4. The group discussed the need to make realistic assumptions regarding the time period over which consolidation could occur, noting the operational complexity of doing so. It was agreed that the time period of analysis could be extended if it would take longer to consolidate.
5. The group discussed the need to make assumptions of the efficiency gains possible in a utility model.

It was agreed KPMG should present further progress to WDSG in January 2020, acknowledging that not all of the data analysis will be complete by then.

4. Review outstanding actions

Actions were reviewed and closed where applicable.

5. AOB

None.