

# Cash: Financial Crime and Financial Inclusion

## Meeting note

### Introduction

Taking lessons learned from multi-stakeholder working in 2023, the Joffe Trust further tested the value and appetite for bringing experts from different fields together to inform better financial crime responses.

In December 2023, the Joffe Trust convened a panel discussion with experts from the worlds of financial crime, financial inclusion and cash management. We observed that policies in each area seriously impact and at times constrain the others. But experts from across these areas did not seem to meet much together. The event had two key aims: firstly to allow experts and participants to learn from each other in a positive environment; and secondly to test how useful this sort of discussion is.

Panel speakers included senior officials from the Post Office, HMRC alongside civil society. The 30 participants included representatives from major banks, financial innovators, academics, parliament and civil society.

#### *Event Invitation*

Over recent years greater attention and resources have been allocated to fighting economic crime and illicit finance. As part of this, there has been an increased focus on the role of cash as a means to launder money. This has resulted in measures to limit cash deposits and for some to call for a cashless society. The rise in popularity of digital payments has led to cash being used significantly less for day-to-day payments. However, for millions of people, cash remains an important payment method and means to budget and control spending. The cost of living crisis has demonstrated the importance of cash in people's lives. It's therefore important that measures to combat financial crime and illicit finance do not hinder the ability of citizens to use cash, which after all, is public money, as and when they wish to do so.

This event will provide insights into both sides of the debate and ask whether the focus needs to be expanded to ensure how payments in general can be made safer for consumers and businesses. With expert speakers and plenty for discussion with attendees, this invite only event is for those working in economic crime, financial inclusion and the cash and payments industry.

### Discussion

Key topics covered include:

1. **Understanding cash use** - whilst cash is in decline it is not dead yet. Decline is in fact slowing and continued use is not simply a sign of stubborn older users or abuse by criminals. Research shows that cash continues to be important because it has qualities that electronic payments have not yet been able to offer and that to gain

acceptance payments need to improve the identification process, certainty around payments and replicate the abacus effect of cash. Understanding the real importance of cash in people's lives can help financial crime and payments professionals invest time in developing solutions that work for cash users rather than simply calling for the faster phase out of cash.

2. **Cash v Electronic Payments** - there was a nuanced discussion around the relative risks of cash and electronic payments from a financial crime perspective. Participants highlighted the fact that we sometimes talk about cash risk in a way that lets electronic payments off the hook – there's plenty more that can be done to design these better as well.
3. **Diversity and discrimination** – the panellists shared how varied cash use was and how this presented an even greater challenge to effective and inclusive policy making in this space. We talked about large variations between geographic location, age, income and ethnicity. This highlighted unintended consequences which can entrench financial exclusion and discriminate against already underserved groups.
4. **Shared commitment** – the panellists all recognised both the importance of tackling financial crime and the importance of doing so in a way that did not exacerbate exclusion or cause discrimination. Whilst acknowledging the real challenge to doing this well the panel saw practical opportunities to do it better. Easy actions included involving relevant experts and stakeholders from different specialisms at an earlier state in policy development. More challenging steps include ensuring that there is sufficient resource and prioritisation to take decisions that might be more nuanced and costly to implement but which deliver benefits to inclusion and reduce discrimination.

## Conclusion

This discussion was an initial introduction to the intersections of cash, financial crime and financial inclusion. It demonstrated the value of building personal connections across sectors, in pursuit of shared aims. Some of the relationships developed are expected to generate real value for better policy outcomes in future.

For the Joffe Trust, the event confirmed the value of bringing together stakeholders from different perspectives who have common interests in fighting financial crime – especially including those who may not always be in the room when financial crime policy is made. We will continue to bring unusual suspects together in this field and would love to hear ideas for more work in this area or similar events with different interest groups.