UK Finance

6 October 2025

Blair McDougall MP
Minister for Services, Small Business and Economic Transformation
Department for Business and Trade
Old Admiralty Building
London SW1A 2DY
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Dear Minister,

Re: Consultation on the Future of the Post Office – UK Finance Response

I am writing on behalf of UK Finance and our members in response to the Government's Green Paper on the Future of the Post Office. We welcome the Government's emphasis on long-term sustainability and accessibility, and we appreciate the opportunity to contribute sector insights to this important consultation. This letter constitutes a high-level and summary industry response, informed by engagement with our members. It consolidates key themes, observations, and areas that we believe merit further consideration as policy development progresses.

1. **Strategic engagement and governance**
   - Our members have highlighted the mutual dependency between the banking sector and the Post Office – particularly in relation to customer access and cash-handling volumes. Some members indicated that this relationship should be more formally reflected in the Post Office's governance arrangements or in the development of structured engagement channels. There is interest in how the Post Office's long-term model might embed more transparency, ongoing dialogue, and shared oversight with major service users and partners.
   - Some members also proposed establishing a more formalised mechanism for joint working between Post Office, Government, LINK, Cash Access UK, UK Finance, and the wider industry to support sustainable service delivery, performance transparency, and shared decision-making. However, members emphasised that any such engagement mechanism should not be interpreted as a call for a government mandate on the roles of banks or the Post Office in-service provision or funding. The Post Office Banking Framework Agreement remains a commercial relationship, and we support the government's position that this should continue.
   - We believe that improved openness between the Post Office and banking institutions will benefit communities, postmasters, and partners.
   - Members also noted the need for careful oversight of Post Office franchise operations, emphasising that consistency in service delivery and customer experience must be maintained under the new franchising approach.

2. **Universal Service Obligation (USO)**
   - The USO was a significant theme in member input. There was broad recognition that a baseline of geographic access – such as the current 1-mile urban / 3-mile rural expectation – remains important, particularly for customer assurance.

However, member engagement identified several areas that may merit further consideration in future models:

- *Flexibility and outcomes:* Future models might benefit from focussing on outcomes (such as guaranteed access) rather than fixed inputs (such as branch numbers or delivery types). While physical presence remains important, some members noted that customer access could be delivered in more than one way, and frameworks should retain this flexibility.
- *Definitions and measurement:* Members emphasised the importance of clarity around what constitutes coverage – including how models such as drop-and-collect, mobile services, or shared hubs are recognised.
- *Network access and coverage:* Members highlighted the importance of clear and consistent definitions of access points—including qualified outreach and automated solutions—and expressed support for outcomes-based coverage models informed by cold-spot triggers aligned to LINK and Cash Access UK standards.
- *Post Office closure risk and accountability*: Some members have highlighted the importance of ensuring that any future coverage model avoids unintended consequences when reshaping the Post Office network. For example, the closure of a Post Office branch could, under current arrangements, trigger the need for Cash Access UK to intervene and fill an access gap. As part of any future framework, it will be important that Post Office Limited maintains clear accountability for access outcomes as the coverage model evolves, to ensure that delivery responsibilities remain proportionate and that the wider system is not inadvertently burdened.
- *Cost considerations*: Several members reflected that if the current USO embeds infrastructure that is no longer commercially viable, this could have implications for funding models, including the potential for costs to be shifted towards customers.
- *Adaptability:* Members noted that customer needs and delivery models continue to evolve, and any future USO should be capable of responding to innovation and changing demand.

- There was broad support for a balanced approach – one that protects access while enabling long-term sustainability and proportionality.

3. Provider roles and market design

- Some members reflected that aspects of the Green Paper and wider narrative may give the impression that the Post Office will remain the sole or principal provider of access to cash and banking hubs. While the Post Office's current operational role is valued, members expressed strong support for a future model that enables plurality, competition, and innovation. There was concern that any move towards a statutory mandate for broader banking service provision through the Post Office could reduce flexibility, increase industry costs, and risk suboptimal outcomes for consumers. Instead, members advocate for an open and adaptable framework that allows for multiple delivery partners and evolves in line with customer needs and market developments.

4. Post Office role in wider cash infrastructure

- UK Finance received a range of perspectives on the nature of the Post Office – banking sector relationship. In-person access through the Post Office continues to

be vital for customers and small businesses who depend on direct service interactions.

- Whilst members recognise the Post Office network's role in supporting financial inclusion, it will be important that commercial arrangements with the banking sector remain viable and responsive to demand.
- Some members highlighted that the Post Office may seek an expanded remit in relation to national cash infrastructure. While the Post Office is viewed as a valued operational partner in the current system, members expressed clear support for Cash Access UK to remain the lead industry coordination and delivery body. There was a clear view that fully regulated banking institutions are best placed to deliver broader banking services, rather than expanding the Post Office's role into areas requiring specialist banking capabilities.
- Members also cautioned against extending the Access to Cash legislative framework into broader banking services, noting that such a move could dilute regulatory safeguards and undermine the specialist nature of banking provision. This reflects a wider desire for clarity of roles, particularly where shared or complementary delivery models are involved.
- Some members also noted the importance of developing a long-term sustainable model for wholesale cash infrastructure in collaboration with the Bank of England and other stakeholders, including the Post Office, as part of the wider transition to a less-cash society.

5. Efficiency and service modernisation

- Members consistently raised the importance of improving the efficiency of Post Office counter services – including through investment in automation – to support customer outcomes and commercial sustainability. A number of members noted that:
    - Higher operating costs may ultimately be passed on to banks, business customers, or end-consumers.
    - Increased charges could reduce the viability of cash services for SMEs, which may in turn accelerate the decline of cash acceptance.
    - Cost pressures within the current system could undermine the broader sustainability of cash infrastructure.
- Investment in service capability and modernisation was seen as an important enabler of a sustainable model which is fit for the future. The Post Office should increase automated self-service and adjust costs to maintain fair value.

We welcome the opportunity to contribute to this important consultation. Should it be helpful to officials, we would be pleased to discuss these matters further as Government considers the future framework for the Post Office.

Yours sincerely,

Eric Leenders
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UK Finance