

Banks hand Post Office boost with new three-year cash access deal

The Post Office has struck a new three-year deal with Britain's biggest banks to provide cash to their customers after months of fraught negotiations.

Sky News has learnt that the Post Office will announce on Monday that it has secured an agreement with 30 banks and building societies enabling customers to withdraw cash at 11,500 counters across Britain.

The latest deal – known as Banking Framework 3 – will run from the beginning of next year until the end of 2025.

It was unclear on Friday what the precise commercial terms of the deal were, although The Times reported last year that the Post Office was seeking £800m from the syndicate of lenders, a one-third increase from the existing £600m agreement.

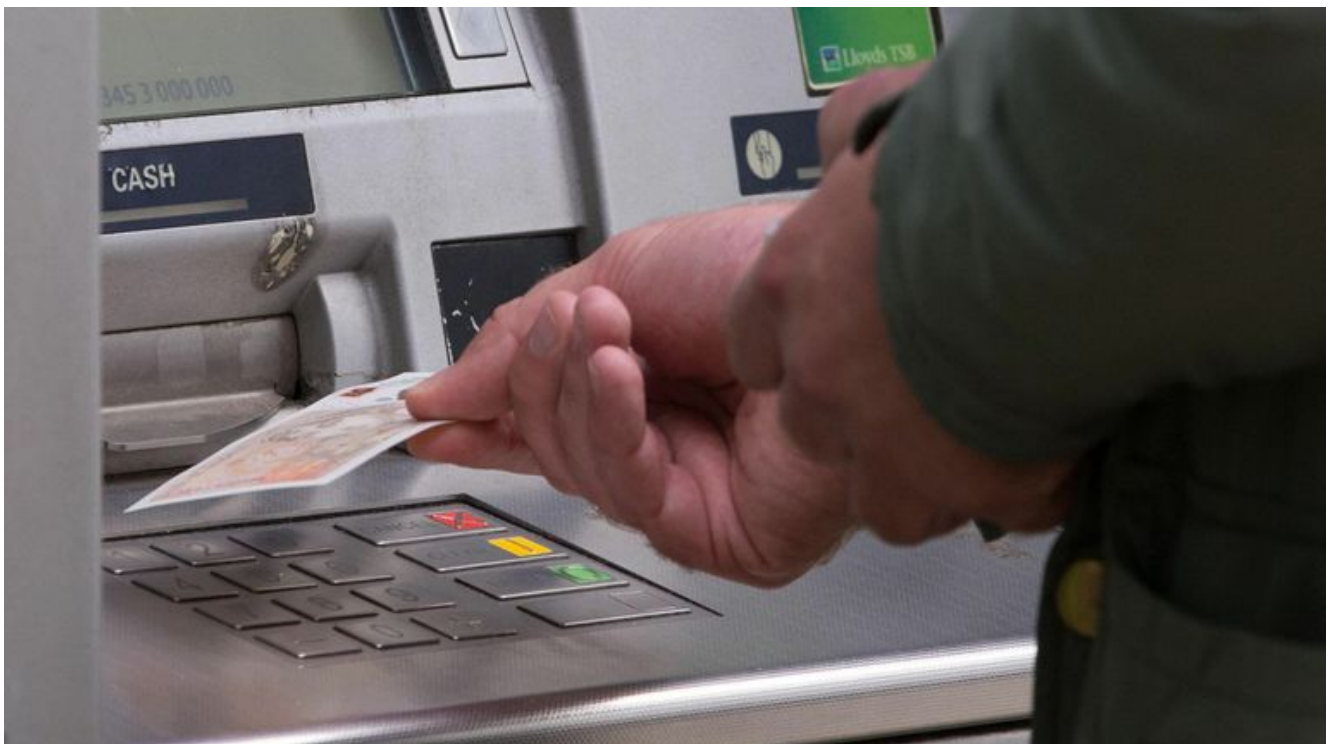


Image:

Access to cash from free ATMs and branches has been diminishing at a fast pace since the financial crisis. The deal between the major banks and the Post Office comes at a sensitive time during the debate about the cash requirements of consumers and small businesses in an increasingly digital economy.

Advertisement

Controversy surrounding the [closure of bank branches](#) has dogged the UK's biggest high street lenders, including Barclays, Lloyds Banking Group and the state-backed NatWest Group, for years, despite data showing that branch usage has declined sharply.

A recent agreement paved the way for the rollout of shared banking hubs – a project in which the Post Office will have a role running the counter service, but which was largely led by Barclays, according to industry sources.

More from Business



Mike Lynch loses \$5bn fraud case over sale of Autonomy to HP in 2011



Inflation rate for poorest households lags level facing high-earners, ONS says



COVID-19: Work from home tax break set to end after costs 'spiral to £500m' during pandemic

Barclays provoked fury in 2019 when it initially declined to sign up in full to the current banking framework.

Its then chief executive, Jes Staley, was forced into an abrupt U-turn.

Latest figures from the Post Office suggest that about £3bn is deposited at and withdrawn from Post Office branches each month

Some bank executives predicted on Friday that this would be the final 'banking framework' agreement to be struck between major lenders and the Post Office.

"Ongoing demand for cash is debatable and continues to fall rapidly," one said.

"Most people think cash will have largely disappeared in three years."

The Post Office and the banks contacted by Sky News declined to comment.