

'Bank accounts for all' in Budget

**UK banks would be legally obliged to provide a basic bank account to every citizen under plans in Wednesday's Budget, the BBC has learned.**

The BBC's Business Editor Robert Peston said the move was the Treasury's latest action to tackle "financial exclusion".

Some poorer and disadvantaged people are unable to access financial services that are available to the majority.

There are 1.75 million adults with no access to a transactional bank account, according to a Treasury task force.

The British Bankers Association (BBA) put a different slant on the figures.

"Everybody can have a bank account if they want one, unless (and this is rare) the law says they can't," it said.

"In recent years UK banks have worked with the government to cut financial exclusion, halving the number of households without a bank account," a BBA spokesman added.

### **Bureaucratic burden?**

The latest move to ensure poor people have access to banking services follows the introduction by the banking industry of a commitment to "universal" banking in 2003.

Since then, about eight million people have opened basic bank accounts.

### **" Britain's banks are unlikely to welcome the legislation "**

Robert Peston, BBC Business Editor

Typically they let customers receive pension and benefit payments, provide a debit card and let people set up direct debits.

But they do not offer overdrafts and usually do not let people have cheque books either.

Many of those who are still without a bank account at all are retired, or below the age when National Insurance is payable. More than half are among the poorest fifth of the population.

"Chancellor Alistair Darling is convinced gaining access to a bank account enhances an individual's ability to find permanent employment - although the connection is not straightforwardly obvious," said our correspondent.

He added: "Britain's banks are unlikely to welcome the legislation forcing them to provide a basic account to anyone with a provable residential address.

"They will probably see it as a bureaucratic burden and will point out that they have already made great strides to increase the availability of basic bank accounts: the number of unbanked individuals has halved since 2002."

### **'Universal service'**

"If this is confirmed in the Budget tomorrow, UK banks would be required to comply with what is known as a universal service obligation, with consumers who are refused access able to appeal and obtain redress," according to the Financial Inclusion Centre.

The centre said that not having access to a bank account and direct debit facilities meant the most vulnerable consumers had to pay more for basic services such as utilities.

"Access to a properly functional bank account is a necessity for consumers to participate in society," it said.

Mick McAteer, director of The Financial Inclusion Centre, the not-for-profit think tank said: "We warmly welcome the proposal to provide consumers with a legal right of access to a basic bank account."

"Millions of households in the UK are already blighted by financial exclusion, but the ongoing financial crisis is fundamentally reshaping financial markets with the risk that growing numbers face being excluded from the basic services that most of us take for granted," he added.

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