

SUMMER DIRECTIVE 1984

Dear Observer,

Some of you may have seen newspaper reports that we are running out of funds. This is not quite as bad as it sounds. In 1981 we were able to get off the ground with a grant of £7,000 from Granada TV and we have had considerable help from the Manpower Services Commission. As we fully expected these two sources are now coming to an end and we have been very busy over the last months looking for new sources of support - it is certainly my ambition to carry on.

Money-chasing, combined with the examination season in the university has prevented me from replying myself to all the replies to the Spring Directive although you may think it a considerable advantage to receive Dorothy Sheridan's handwriting instead of mine. The Summer Directive is in two parts, and part one is sponsored by SA3 (Social Analysis and Anthropology) and Maxwell Stamp Associates, economic consultants - as always please take the questions as suggestions and guides for your report. There are ten YES/NO type questions at the end of the Directive.

Part 2 of this Directive relates to the state of the nation. I am extremely grateful to those who spontaneously wrote about the Tisdall affair, various aspects of the miners' strike and Libya. Obviously we cannot predict important events that occur after a Directive has been posted, it is very valuable indeed to have these experiences and reactions on record. Recent recruits might care to take note that they should not feel limited to the Directive only.

Finally, we are refunding postage with this Directive. It's a big operation nowadays and we hope that we have not made any mistakes - please let us know if we have.

If we have enclosed an acknowledgement card, I apologise if it is late. Through no fault of ours, we weren't able to post this as early as we had hoped.

PART 1

1. Anybody over forty is likely to remember a time when cheque books were usually kept at home and we rarely paid over the counter with a cheque. In the last twenty years the use of cheque books has increased enormously and now, if advertising is anything to go by, it looks as though the pressure is on to replace even cheque books with credit cards. How do you stand on this?

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2. Memories that go back still further will remember the phrase 'buying on the nevernever,' now called credit. What do you think about credit buying and how much do you do it? Some do it systematically not only for the purchase of household goods but they also maintain credit accounts for clothes etc. Other people buy things on this basis occasionally, and others never - on any account! If you have bought anything 'on terms' do you have regrets about it, or on the other hand regret now that you didn't buy something on credit? As opposed to a cheque card (See 3 below), do you have a credit card, and if so, do you use it for its intended purpose, or only to back up your cheques? How often do you use it and do you use it mostly for certain things eg petrol. Whether you have one or not, do you think that credit cards are a good thing?

3. It appears that only about half the households in this country have bank accounts as compared with 80%-90% on the continent. Why do you suppose this is? If you don't use a bank would you say why, and what, if anything, you use instead? In the last few years, the building societies have been advertising their own banking services. If you have moved your current account from a bank to a building society, what advantages had you in mind? If you thought about it but decided not to, what were your reasons? Are you, by any chance, one of those who keep more than one current account, eg in a bank, in a building society and the Post Office? What are the advantages? What influences you in your choice of where to bank - cost, interest rates, Saturday opening, proximity to home, personal contact? Do you use different institutions for different purposes - one for saving, another for ready cash withdrawal and a third for payments by cheque?

Suppose that Woolworths or Marks and Spencer were to open a banking service along the lines described in point 3 of the white paper, would it attract you?

Do you have a cash-point card and, if you do, do you use it a lot or rarely? Do you use it only when the bank is closed or also when it is crowded? Do you find the system reliable?

Have you had experience of Direct Debit charge cards here or abroad? What do you think of them?

The advertised image of the bank is one thing and your experience is another. Do you, have you discussed major personal or family decisions, eg house purchase savings, investments, with your bank manager? Or do you normally discuss these in the family, or seek the advice of friends or people at work who seem knowledgeable, or some financial expert?

3.(cont). Can you save, and do you? If so by what method, and do you save for a 'rainy day' or for some specific purpose? Do you go for short or long term savings or both? Do you shop around and compare the advantages of different savings schemes? Are you a regular or a casual saver? In general have you an attitude towards savings such as 'It's not worth it beyond a calculated limit for specific purposes' or, on the other hand, 'One should try and save every penny'. Under this head, recollections of earlier and still surviving savings schemes would be very welcome, such as mutual or friendly societies.

4. A man in my own town of Lewes tried to pay his rates with cash recently and found that 'the system' didn't allow for that sort of thing. Have you similar experiences of old fashioned cash being driven out? On a similar tack it seems possible that by the year 2000 (only sixteen years to go) our society will be divided between those who won't need to use cash at all and the poorer section who won't be able to use anything else. Can you report any early signs of this? I am told that in some parts of the USA you are a non-person if you don't have a credit card!

5 . The enclosed white sheet gives informatin on likely future changes in banking. How much of the information in it did you know already? How do you feel about the changes? In particular, and apart from the question of cost, do you like the idea of Prestel home banking (See white paper section 2b) and if you do, is there any aspect of it that attracts you more than another - the banking bit, shopping, or travel arrangements? In general do you have views about the effects of computerisation on your own life, your children's future, and society at large.

Finally ten questions (you can either return this page with your replies, Or at the end of your report simply with the question number and your reply).

1. If you have a current account with a bank, building society or other is it near your home or place of work?
2. If you are married and have a current bank account, do you have a joint account/separate accounts/joint and separate account(s)
3. Do you have Standing Orders at your bank? None/less than 5/more than 5?
4. Do you pay anything, eg rates, by Direct Debit? Yes/No
5. Do you have any 'budget accounts' for payment of quarterly bills? Yes/No
6. Do you check bank statements against your own records? Never/Occasionally/Always
7. Is there a cost difference for the customer in using a cash-point card? Yes/No/Don't Know
8. Do you have a home computer? Yes/No
9. Do you have access to Prestel? Yes/No
10. If you answered YES to Question 9, do you have a home banking connection? Yes/No

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PART 2

Not all the following topics are going to interest everybody - please take your pick. On these subjects comments overheard are often very revealing of public opinion.

1. There are many aspects to the miners' strike: comment and especially first-hand observations on any of them would be valuable.
2. Observers in Liverpool: please keep ears and eyes open on developments over the next few weeks. More generally do people understand what rate-capping is all about and its effects?
3. Reports from those involved and those affected by teachers' unions' action over the next few weeks would be welcome.
4. Also, reports please on first-hand experiences and observations of the rail-strike threatened at the time of posting.
5. Elections for the European Parliament occur in June. DO you know the date. Do other people? Will you vote? Will others?
6. How are we affected by the new train timetables? In some areas the changes are almost negligible, elsewhere more severe.
7. Reports on reactions to visits by Prime Minister Botha and President Reagan.

ELECTRONIC INNOVATIONS IN BANKING

CASH POINT CARDS

1. Electronic cash-dispensing machines are already widespread in Britain. Most of them are still inside banks or through their walls. They enable people to draw out cash at any time of the day or night from their accounts. To do this they are given a special card and number; when the card is placed in the cash-dispensing machine and the appropriate numbers pressed, the requested cash is presented to the customer and the account is immediately debited for that amount.

Despite the obvious convenience of these machines for the public and for banks, which can in this way cut down on their overheads, there is evidence of widespread public resistance to their use and many people seem to prefer to use conventional methods of cashing cheques in a bank.

DIRECT DEBIT/ HOME BANKING

2. The principle involved in the working of cash-points can be extended to other financial operations. So far only two limited experiments have been tried.

(a) Direct debit cards This is a new way of paying for goods and replaces cash. The customer's card goes into the machine on the shop counter which electronically and instantly debits the customer's bank account and credits the shop. The disadvantage is that the customer loses the days and sometimes weeks of credit which result from cheque or credit card payments. If this system were widely adopted, and it is technically quite feasible, it could bring about a major change in finance comparable to the introduction of cheques to replace cash payments. The effects of this could be that paper and coin currency could become obsolete!

(b) Personal Home-Banking This works by electronic transfer through viewdata (Prestel). Any TV set can be linked with the BBC television/British Telecom service of Prestel and Prestel has access to other computer links including those in the banking world. By means of a special keyboard plugged into the aerial socket of your TV set and a link-up made by British Telecom to your telephone, your TV set is converted into a type of cable TV network that enables you to send and receive electronic signals and pictures. When you press your keyboard buttons, the signals go through your TV set, down your telephone, into the national network of computers and are returned in the same way.

Recently one of the building societies in this country, in conjunction with a bank, offered investors a variety of services which will give you some idea of the scope of view data: it enables you to see your up-to-date account statement on your TV screen; you can transfer funds from one account to another and pay your household bills sitting in your armchair at home; you can shop via the TV and receive Prestel information on news, the stockmarket, rail/coach/air timetables, etc.

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Personal Home-Banking (cont) Another Prestel service which has been recently introduced is aimed at farmers and enables them to calculate such things as animal feed formula and workers' wages on screen.

Picture Prestel should soon be available: this will enable viewers to see pictures of goods available for purchase, including houses. The logical extension to this will be the two-way picture enabling homelink owners to see each other on screen and to conduct their business transactions from home.

The consequences of such innovations if they are widely adopted, are immense: offices, as we know them today, may become unnecessary and people can work from home. This will have repercussions for family life, public transport, the property market.

FINANCIAL SUPERMARKET

3. The development of high street banks, building societies, etc. into "financial supermarkets" where clients can obtain a much wider range of financial services than are currently available from these institutions. For example, in the future banks, in addition to savings and current account services may have desks concerned specifically with:

- Stockbroking Services
- Insurance Services
- Life Assurance
- Tax Planning
- Estate Agencies
- Direct Mailing
- Pensions
- Travel