

Financial Conduct Authority: Access to Cash

LINK's response to the FCA's consultation on Access to Cash (CP23/29) which was published on 8th December 2023.

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Introduction

1. LINK is a not-for-profit company governed by an independent Board. It has a public interest objective to protect access to cash across the UK.
2. LINK sustains access to cash through maintaining the coverage of free-to-use ATMs in remote and rural locations as well as improving free access in deprived areas of the UK through the operation of its well-established financial inclusion programme.
3. As part of its work, LINK manages the UK's main cash machine (ATM) network. LINK's network connects the vast majority of ATMs (both free and charging) in the country and allows customers of banks and building societies (card issuers) that are LINK Members to make cash withdrawals and balance enquiries with their payment cards at almost all ATMs. All of the UK's major card issuers and ATM operators currently choose to become Members of LINK. LINK processes around 1.5 billion transactions and dispenses £7 billion in cash each year through a network of around 48,000 ATMs.
4. LINK's access to cash role is currently supported by a voluntary commitment from the UK's banking industry. In the role of co-ordinating body, LINK is notified by participating banks of their intention to close branches and assesses the impact on these communities. LINK also receives requests from communities to review cash access. Where certain criteria are met, LINK recommends new cash facilities such as shared banking hubs and deposit services. To date, LINK has recommended approximately 200 new cash facilities. Responsibility for implementing the recommendations is with a bank-owned infrastructure company called Cash Access UK (CAUK).
5. LINK is regulated by the Payment Systems Regulator (PSR), and by the Bank of England (the Bank) as a systemically important payment system and is designated as such by the Treasury (HMT). If LINK is designated by the Treasury as an industry co-ordination body, LINK will also be subject to the Financial Conduct Authority's (FCA's) Access to Cash Sourcebook and supervision by the FCA.
6. Although cash is in long term decline in the UK, it still plays a significant role in many peoples' lives. There were six billion consumer cash payments in the UK in 2021 (17%

of all payments), a fall of 1.7% from 2020, second after debit cards (55%) and above direct debit (12%) credit and charge cards (10%) and Faster Payments (3%)¹. Around 43.4 million people used cash machines in 2021, with 51% of cash machine users withdrawing cash at least once a month. Cash machines are by far the most common method of acquiring cash, accounting for 93% of all cash acquired in 2021². LINK is committed to protecting access to cash for as long as is needed by consumers.

7. As detailed in the response below, LINK supports the proposals set out in the FCA Consultation Paper (CP23/29) on Access to Cash which will both develop the current voluntary arrangements and also put them on a statutory footing which will create clear obligations for the banks and benefit consumers, SMEs and communities across the UK.

LINK's Response to the Consultation Questions

1. Do you agree with the proposed 'trigger events' for a cash access assessment resulting from a closure of or material reduction/change to a service? Are there any additional trigger events we should consider?

LINK agrees that a broad range of cash access assessment triggers is the best way to enable designated entities effectively to assess evolving local cash needs. LINK's views on each of the triggers is set out below. LINK does not think that there are any additional trigger events that should be considered.

Closures of/or material reductions/ changes to the provision of cash access services at, an existing facility trigger.

LINK agrees with this trigger and notes the following points:

- LINK's existing monthly footprint assessment captures all closures and material changes to ATMs, such as a change from a free to a pay-to-use ATM. This is reported to the PSR under Specific Direction 12 (SD12). Where gaps in coverage arise, these are addressed through LINK's "direct commissioning process" of free-to-use ATMs.
- In most cases, LINK is only able to assess Post Office and Independent ATM Deployer (IAD) ATM closures once these have occurred.
- More detail of when a closure should be treated as permanent rather than temporary would be helpful. Based on our experience as the voluntary co-ordinating body, LINK suggests that temporary closures caused by unexpected incidents such as fires and floods should be assessed differently from closures resulting from decisions by non-designated third parties such as Postmasters. In the first instance, LINK would suggest that the period of inactivity should be up to three months and in the second instance it should be up to six months.

¹ UK Finance: UK Payment Markets Summary 2022.

² Ibid.

- Clarity of when a reduction in opening hours should be considered as “significant” would be helpful.

Receipt of a cash access request trigger.

LINK agrees that local communities are well placed to highlight gaps in cash access and, since 2021, LINK has been welcoming requests for reviews from local communities. LINK also agrees that for efficiency, any request scheme should only be available to those who can evidence that they have sufficient interest in the provision of the services in the area.

Withdrawal of a designated firm from a shared services facility trigger.

LINK agrees that designated firms that leave the designated co-ordination body should provide sufficient prior notice of this event to the designated co-ordination body and to the FCA.

2. Do you agree that our proposals will enhance communities’ ability to proactively address cash access concerns in their areas?

Yes, LINK welcomes a regulatory framework that formalises how cash access requests are submitted and assessed.

LINK understands that the intention is to maintain existing coverage and not to extend coverage to residential areas with nowhere to spend cash. However, as drafted, there does not appear to be a mechanism to reject requests for assessments from residents of residential locations which have never had cash access. LINK suggests that this is addressed by clarifying 5.3.3 G (1) to include wording to enable the assessment to consider the extent to which there are places to spend cash, as the intent is not to extend cash access to predominantly residential areas.

3. Should there be other events that should **not trigger a cash access assessment? If so, what are they?**

No. LINK agrees with the circumstances proposed in the consultation where an assessment does not have to be undertaken.

4. Do you consider that 8 weeks will be sufficient time to gather information and complete a cash access assessment? If not, please set out an alternative with reasons?

LINK agrees that cash access assessments should be completed in a thorough and timely manner. We note that LINK has completed over 1,000 such assessments since commencing its role as the voluntary co-ordinating body and these currently

take approximately 12-weeks which is the review period agreed under the current voluntary process.

LINK continues to explore ways to speed up the review stages using data and new technology. However, the process can require:

- Bespoke data to be collected on each site.
- Engagement with the requestor to seek additional information or clarification on the information submitted. The time taken to complete this depends on how quickly the requestor responds.
- Onsite consultations with local stakeholders, which can also take time to arrange. For example, MPs are typically only available on a Friday in their constituency.

Therefore, to support good consumer outcomes, LINK considers that a 12-week review period continues to be an appropriate timeframe, to deliver a robust assessment decision.

5. Do you agree with our transitional period of 3 months?

If it is not possible to retain the current 12-week review period, LINK agrees there should be a transitional period of at least 3 months where the current 12-week review period continues to apply.

6. Do you agree with the approach of establishing a local area by reference to the addresses of those who could be affected by a deficiency? Are there any other factors designated entities should be required to take into account when establishing the local area to be used in assessments?

LINK agrees with the approach of establishing a local area by reference to the addresses of those who could be affected by a deficiency and does not believe there are any other factors to take into account when establishing the local area to be used in assessments.

LINK supports the principle of keeping distances under review to accommodate changes in cash use over time.

7. Are there any additional factors that should be considered by designated entities in the Step 1 assessment process? Please detail what and why they are important to understanding if a local cash access deficiency exists?

LINK does not believe there are any additional factors that should be considered in the Step 1 assessment process.

8. Do you agree with our last branch in town proposal?

LINK agrees with the last branch in town proposal that there must be one bank left as well as a second cash facility such as an appropriate post office, and where there is only one bank left that does not offer business banking, there needs to be two options for SME customers.

9. Are there other proposals for the last branch in town we should consider?

LINK does not believe that other proposals for the last branch in town are necessary.

10. Do you agree with our proposals for Step 2 of the assessment process and the factors designated entities should take into account in establishing if a local deficiency causes or would cause significant impacts?

LINK agrees with the proposals for Step 2 of the assessment process.

11. Do you think there are additional factors that designated firms should consider? If so, what would these be?

LINK does not think there are additional factors that designated firms should consider in Step 2.

12. Do you agree with our proposed requirement for designated entities to publish and periodically review their policies and procedures around cash access assessments? Are there other ways the accountability and transparency of the assessment process could be enhanced?

LINK agrees with the proposed requirement for designated entities to publish and periodically review their policies and procedures around cash access assessments. LINK is not currently aware of other ways that could enhance the accountability and transparency of the assessment process.

13. Do you agree that only those with a sufficient interest in the outcome of the assessment in a local area can ask for a review and do you agree that we should allow 21 days after the publication of an assessment to request a review?

LINK agrees that only those with sufficient interest in the outcome of the assessment in a local area should be able to ask for a review, and that this should be limited to within 21 days after the publication of an assessment.

14. Do you consider 8 weeks to be sufficient time to complete a review of a cash access assessment? If not, please state why and what you would consider a reasonable timeframe.

As set out in the response to Question 4 above, LINK does not consider that 8 weeks will always be sufficient to complete a thorough and robust cash access assessment. LINK considers that the continuation of the current 12-week period would be a reasonable timeframe.

15. Do you agree with our approach to holding all designated firms responsible for providing additional cash access services identified in the assessment undertaken by or for them? If not, how do you think accountability for delivering those services should be divided amongst individual firms?

LINK considers this to be a matter for the FCA and the designated firms.

16. Do you agree with our proposal to hold designated firms responsible for delivering services across their entire area of designation, including where they have a minimal footprint?

LINK considers this to be a matter for the FCA and the designated firms.

17. Do you agree with our proposal not to require designated firms to deliver services aimed at customer groups they do not already serve (for example, not requiring firms who do not provide business current accounts to their customers to deliver services for SMEs)?

LINK agrees with the proposal not to require designated firms to deliver services aimed at customer groups they do not already serve.

18. Do you agree with our approach to cashback without a purchase and if not, why?

LINK believes that cashback without a purchase can provide a useful service in some communities. However, LINK also agrees that cashback without a purchase should only be considered as a solution where it can clearly be shown that there is a consistency of service and the ability to offer balance enquiries.

19. Do you consider these timescales to be reasonable? If not, what do you consider to be reasonable?

LINK considers it important for new cash access services to be delivered in a timely manner but notes that delivery of new services can be a complex undertaking that requires careful planning. For example, new ATMs can involve planning permission, which in itself can take in excess of 12 weeks (longer if objections are put forward) and the installation of new BT communication lines which also take 12-14 weeks. Installation of new ATMs can also require the coordination of multiple suppliers and involve building work. LINK notes that the average time taken to deliver a directly commissioned ATM is 296 days. For these reasons, LINK does not consider these timeframes to be reasonable and suggests organisations should be required to apply reasonable endeavours to deliver new services as quickly as possible, bearing in mind the specific circumstances of a given location.

20. Do our proposals strike the right balance between being outcomes-based and having the right level of detail? If not, could they be changed to better deliver cash access outcomes?

LINK welcomes these outcome-focused rules, which are not prescriptive around channel or venue, and provide designated entities with flexibility to provide additional services in a way that meets changing local needs.

21. Is there any other information which should be published for consumers and SMEs?

LINK agrees that providing consumers with accurate and timely information on cash access facilities is important. LINK believes that the rules proposed in the consultation strike the right balance.

22. Are there any other opportunities and formats designated firms could use to communicate to customers about where they can access cash?

LINK's Cash Locator tool currently shows the location of all ATMs, post offices, banking hubs and retailers offering cash at the till. This is available on the LINK website and through the free LINK app. LINK welcomes designated firms directing their customers to this tool and is happy for links to this tool to be provided by banks/building societies.

23. Do you agree with our approach to designated entities raising awareness of the cash access request scheme?

LINK considers it important that stakeholders are aware of the cash access request scheme and therefore agrees with the approach set out in this consultation.

24. Do you agree with our proposals for publishing information about the outcomes of cash access assessments? If you believe there is further information that designated entities should provide, please give details.

LINK agrees with the proposals for publishing assessment criteria and information about the outcomes of cash access assessments subject to, for example, confidentiality, any competition, data protection and other legal considerations.

25. Do you agree with our proposals for publishing information about additional cash access facilities? If you believe there is further information that designated entities should provide, please give details.

LINK agrees with the proposals to publish comprehensive information about additional cash access facilities.

26. Do you agree with our proposals for sharing information on the closure of a facility? If you believe there are other stakeholders that designated entities should engage with, please give details.

LINK agrees with the proposals for sharing information on the closure of a facility.

27. Are there any barriers to designated firms providing the suggested data? If so, is there any other information we could gather from designated firms to help us to understand the availability of cash access services?

LINK is unaware of any barriers to designated firms providing the suggested data.

28. Are there any barriers to these non-designated firms or non-regulated entities providing the suggested data?

LINK is unaware of any barriers to non-designated firms or non-regulated entities providing the suggested data.

29. Do you agree with our approach to gathering information about assessments, reviews, delivery of services and complaints related to our access to cash rules?

LINK agrees with the proposed approach to gathering information about assessments, reviews, delivery of services and complaints related to these access to cash rules.

30. Do you have any comments on how complaints about our proposed access to cash rules will be handled?

As per the current process, LINK expects the co-ordination body to continue to receive any complaints relating to cash access assessments and to have processes in place for investigating and responding to these complaints including a process for escalation to an independent assessor.

31. Do you agree with our proposal to not provide a private right of action for breaches of our access to cash rules?

LINK agrees that it is reasonable for the private right of action not to apply, recognising that (i) access to cash is provided to local communities, not any one individual; and (ii) the new rules would require all designated firms to be responsible for the delivery of any new solutions.

32. Do you have any comments on our cost benefit analysis, including our analysis of costs and benefits to firms, consumers, and the market?

No.

33. Do you have any comments on the assumptions used in our analysis of the costs and benefits to firms, consumers, and the market?

No.

Ends.