



# LINK Consumer Council

Annual Report 2018

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Information on a new LINK-commissioned independent review on cash access in the UK

If you are a consumer group or organisation that would like to know more about LINK or have any suggestions or feedback for the team, please get in touch.

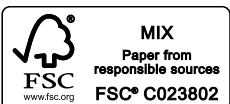


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# Maintaining access to cash is a priority

2018 has been a year of significant change in the way that consumers use cash. For the first time, LINK has seen an annual reduction in cash withdrawals (6%), as consumers more rapidly adopt other forms of payment, such as contactless. While cash is forecast to decline over the next decade, a critical part of LINK’s work will be to ensure that the many consumers who want or need to use cash can continue to access it in a safe, free and convenient way.

ATMs are expected to be the dominant form of cash access for years to come. Maintaining a substantial footprint of free ATMs is a priority for LINK and it values the Consumer Council’s support in this area. The Council has played a critical role this year in ensuring that LINK approaches its work on setting interchange and financial inclusion in a way that protects the excellent free coverage of ATMs that consumers enjoy today.

There have been a number of enhancements made to LINK’s work on financial inclusion this year, including a tripling of the subsidy for the most deprived areas of the UK and protecting the interchange for machines in the most remote and rural locations. This is to ensure that there is no commercial reason as a result of the reduction in interchange for why a deployer would remove a free-to-use ATM in an area where communities rely upon it. The Council has been an active contributor in bringing about these changes, having made a number of recommendations in this area to the LINK Board this year.

Ensuring that consumers can access cash for the longer term in a market that is in decline is a key part of LINK’s strategic thinking. The independent Access to Cash Review, outlined on page 7 of this report, is identifying options for retaining nationwide access to cash. The Council has input to this work and will continue to play an important role in the strategic direction of the industry.

I am delighted that so much progress has been made – and the contribution and support of the Council has been central to this. I would like to thank the Council for its continued support and commitment to consumers and I look forward to working with all its members in the coming year.

**“ Ensuring that consumers can access cash for the longer term in a market that is in decline is a key part of LINK’s strategic thinking.”**



*Tracey Graham*

**Tracey Graham**  
Chair,  
LINK Consumer Council

# What is the LINK Consumer Council?

The LINK Consumer Council, established in 2006, consists of independent people and representatives of LINK Members, chaired by LINK Board Director Tracey Graham.

The Council provides advice on consumer issues relating to the UK cash machine network, and represents consumer interests. Council members are regularly refreshed to ensure consumers' interests continue to be represented through the LINK Scheme.

## Independent members:



### Tracey Graham –

Tracey is a Non-Executive Director of Royal London Group, the largest mutual life insurance and pensions company in the UK, where she is Chair of the Remuneration Committee. Tracey is also the Chair of Investment Funds Direct Limited, a subsidiary company of the Royal London Group. In addition to these roles, Tracey is a Non-Executive Director of Ibstock plc (FTSE 250 Building Products), and a Non-Executive Director of ACAL plc (Small Cap Electronic Components).

Tracey was Chief Executive of Talaris Limited, having led a Management buyout in 2008 from De La Rue plc. She has also held senior positions in banking and insurance with HSBC and AXA Insurance.



### Lady (Margaret) Bloom

**CBE** – An economist and honorary Professor at King's College London. Margaret has been a senior consultant

for Freshfields Bruckhaus Deringer since retiring in 2003 from the Office of Fair Trading, where she was Director of Competition Enforcement. Margaret is also Vice Chair of the Professional Standards Council for Asset Based Finance, a Non-Executive Director of the Lending Standards Board and a member of the Access to Cash Review Panel.



### Teresa Pearce MP –

The MP for Erith & Thamesmead and a former member of the Treasury Select Committee and the

Work and Pensions Select Committee. Teresa is currently the Shadow Minister for Communities and Local Government.



**Helen Walker** – from the Department for Work and Pensions.



**Sian Williams** – from community action group Toynbee Hall.



**Eimear Duffy** – from The Consumer Council Northern Ireland.



**Joe Lane** – from Citizens Advice.

## Member representatives:

- **Tim Allen** – from Barclays
- **Adam Bailey** – from NatWest
- **Nigel Constable** – from NoteMachine
- **Tim Watkin-Rees** – from PayPoint

## Transaction value and volume on the decline

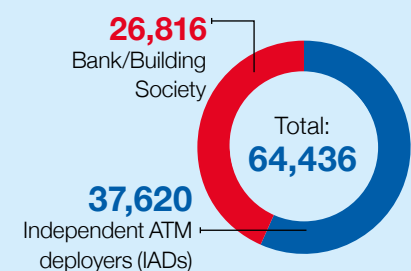
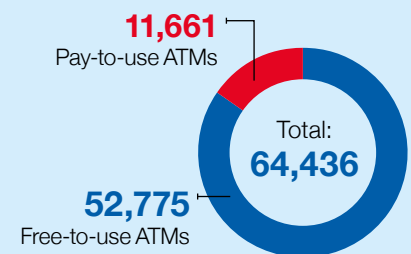
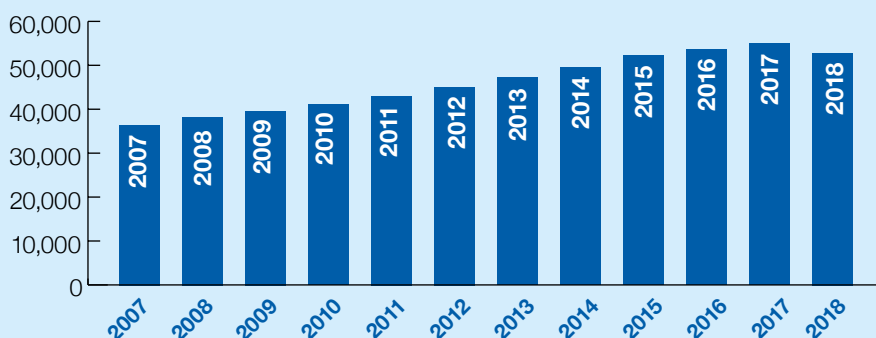
**2,446m**

Number of LINK transactions, Jan-Oct 2018 – down from 2,595.97 million during Jan-Oct 2017 (a drop of 149.51 million)

**£104m**

Total value of LINK transactions, Jan-Oct 2018 – down from £107,411 million during Jan-Oct 2017

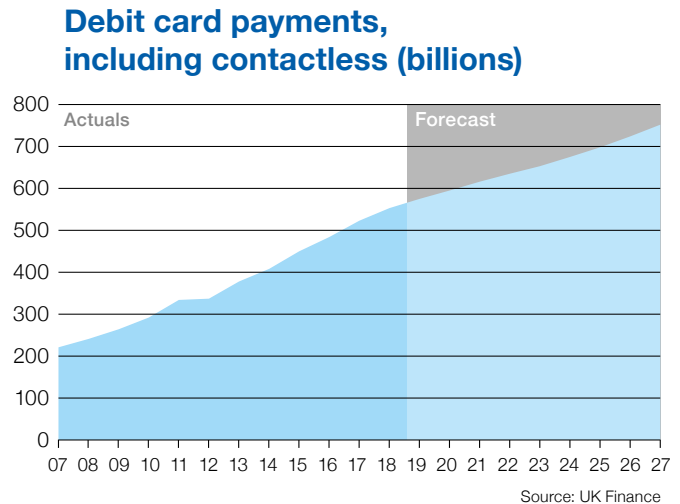
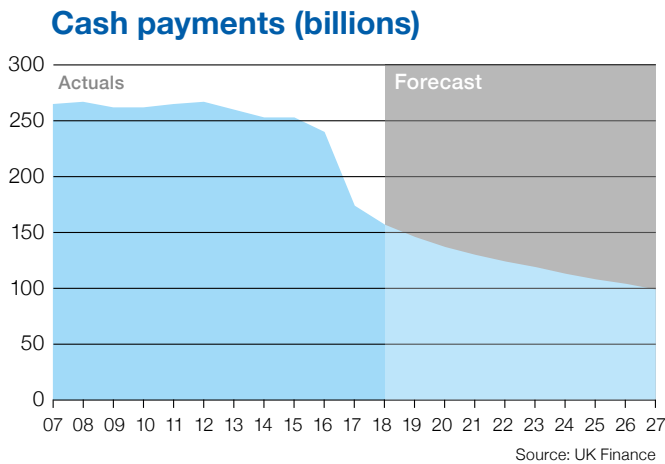
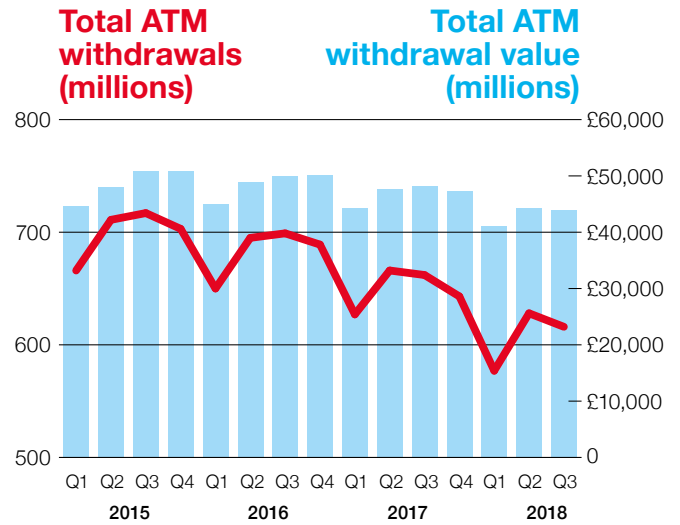
### The rise and decline of free-to-use ATMs



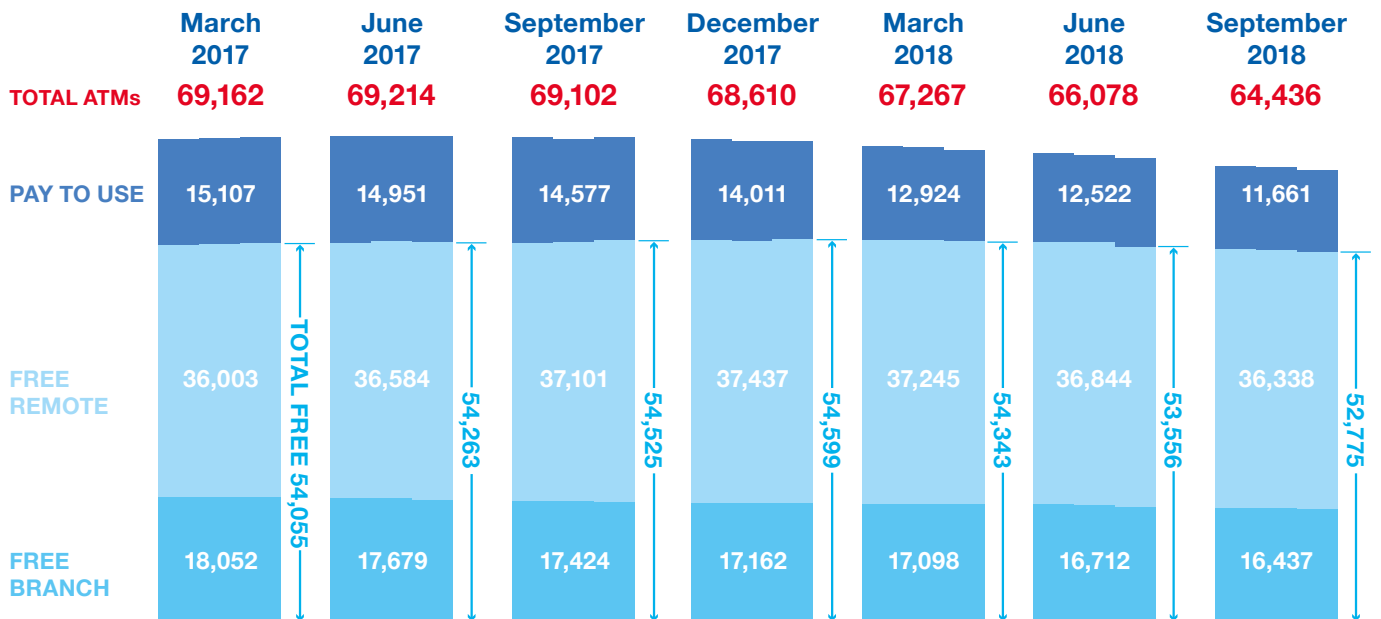
All stats as of September in each dated year

# Declining cash usage for payments is the challenge

Data from the past two years suggests cash usage is on the decline – and the forecast is that this trend will continue.



## ATM numbers over the last two years





- ▲ Financial Inclusion ATMs
- ▲ Protected ATMs

## Enhancements to Financial Inclusion Programme to protect consumer access

In 2018, LINK made the commitment to protect the excellent coverage of free machines that UK consumers enjoy today by announcing a number of changes to the Financial Inclusion Programme.

### Tripling of the subsidy

LINK has subsidised operators who maintain free-to-use ATMs in the most deprived areas across the UK since the introduction of the Programme in 2006. As a result, over 1,800 deprived areas now have free access to cash using the 10 pence subsidy. In July, LINK introduced a tripling of the subsidy of up to 30 pence to increase the resolution rate of these sites.

### Protected ATM

LINK has also taken steps to protect cash access in the most remote and rural locations by keeping the rate of interchange unchanged to ensure that there isn't a commercial reason for operators to remove ATMs. The LINK Board has committed to do whatever it takes to protect these machines and has established a significant level of reporting and monitoring to assess the situation. If a Protected ATM is at risk of closing and there is no other alternative access to cash available, LINK will apply further subsidies to save that machine.

# 2,365

Number of protected ATMs across the UK.

## £3 million

Amount LINK is forecast to spend each year on financial inclusion, vs £800,000 prior to mid-2018 developments.

**i**

### New Financial Inclusion feedback form

A new *Suggest a Site* form has been created to enable LINK to hear from community representatives about areas to be considered for protection.

[www.link.co.uk/consumers/suggest/suggest-an-atm-for-protected-status/](http://www.link.co.uk/consumers/suggest/suggest-an-atm-for-protected-status/)

## LINK extends its commitment for Financial Inclusion in 2019

The LINK Board, supported by the LINK Consumer Council, has agreed to implement further financial support for free machines under the Financial Inclusion Programme.

To support continued free access to cash in the remote, rural and deprived areas in the UK, LINK is introducing substantial premiums from spring 2019 to support those machines where transactions volumes are low and may be at risk of closure. This will protect the current coverage, as well as improving access in the most deprived areas that do not have free access today.

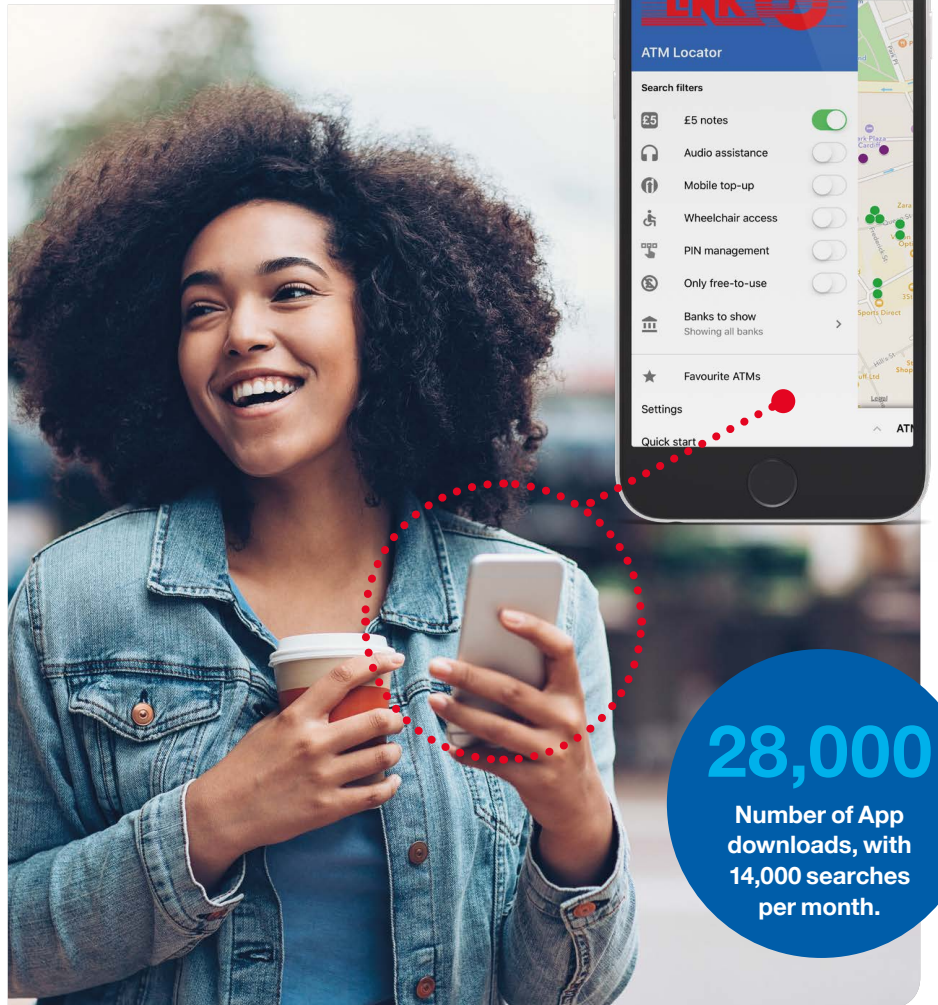
## Successful roll-out of polymer

**The polymer £5 and £10 notes have now been successfully introduced to consumers, delivering a number of benefits.**

First, the polymer banknotes, coupled with leading-edge security features, will deliver a step change in counterfeit resilience. Second, polymer banknotes are stronger and more durable, meaning they will last at least two-and-a-half times longer than cotton-paper banknotes. And third, the new banknotes are cleaner, and the public will enjoy the benefit of better-quality banknotes in their pockets.

A new Bank of England £20 banknote, featuring J.M.W. Turner, selected from a list proposed by the public, will be launched in 2020. In October 2018, it was announced that the £50 note, of which there are 330 million, worth £16.5 billion in circulation, will also be polymer in due course.

The roll-out of polymer banknotes in Scotland continues in line with Bank of England plans, and Northern Ireland will see the large-scale introduction of polymer notes for the first time in 2019. ■



# 28,000

Number of App downloads, with 14,000 searches per month.

## LINK App improved to help consumers access cash

The LINK App is a part of LINK's efforts to deliver innovative solutions to consumers.

**T**he LINK App is a key tool available to every consumer in the UK for free to find easy access to cash. It can be found and downloaded from the App Store.

Throughout 2018, LINK has invested in improving the quality of data it holds on the location of ATMs across the country to ensure they are accurately plotted on the locator map.

This development has been made in

response to feedback from consumers and will ensure that they can more easily find an ATM from the directions provided by the App.

LINK is also working with the Post Office to add locations for its cash-over-the-counter service. The aim is to include this information on the App in 2019, broadening the information consumers have at their fingertips and providing over 11,500 more outlets where consumers can access their money for free using their LINK card. ■



# The future of cash – a turning point for the industry

A new Access to Cash Review, commissioned by LINK in July 2018, will look at how access to cash should be developed.

**T**he results of a new review of access to cash will be a key ingredient in shaping LINK's long-term vision for the next five to 15 years.

The Access to Cash Review comes as cash usage has declined rapidly in recent years, with growing concerns about the sustainability of the supporting cash infrastructure. Chaired by Natalie Ceeney CBE, the Review is due to report in early 2019.

The independent Review brings together experts from consumer champion organisations, such as Age UK, Toynbee Hall and Fairer Finance, as well as industry experts, to examine the future needs of consumers across the UK for cash. It has been commissioned by, and is being funded by, LINK, the UK's largest cash network, but is completely independent from it. Two members of the Consumer Council are also part of the panel conducting the Review, and the Council is making its own contribution to the work.

The Review has spent several months gathering information through a widespread call for evidence, consumer and regional workshops, and analysis of experiences overseas, and has

involved individuals, consumer groups, community representatives, small businesses and industry. The Review is also gathering evidence on the current trends of cash usage in the UK, the role cash plays among different groups of consumers – including those with disabilities and lower income levels, and the elderly – and geographic variations, including the different roles of cash in rural communities and urban areas.

The Access to Cash Review will include recommendations on how the UK should best respond to the challenges and the opportunities of consumers' evolving relationship with cash. ■

**i** **For more information:**  
Further details can be found at  
[www.accesstocash.org.uk](http://www.accesstocash.org.uk)



## ATM fraud and crime continues to present challenges

**Physical attacks on ATMs continue to cause concern as they have real impacts on local communities and their access to cash. This is despite continuing arrests, convictions and long sentences, which give a clear message that those involved will be dealt with severely.**

ATM fraud continues to be a focus, although the number of attacks that result in losses for consumers is declining. The whole industry continues to work together to counter these threats, and the Council oversees key issues on fraud and crime from a consumer perspective ■

**CrimeStoppers.**  
Speak up. Stay safe.

**i** **Contact:**

LINK continues to work with Crimestoppers. Anyone who sees anything suspicious should call Crimestoppers on **0800 555 111**.



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