

# **LINK CONSUMER COMMITTEE**

## **2007/2008 Report**

*This report describes the work of the LINK Consumer Committee in the year to June 2008, and the Committee's assessment of the effectiveness with which the LINK ATM Scheme has met its consumer-interest objectives. It has been prepared and approved by the members of the Committee.*

## **Foreword from the Committee Chairman**

*The past year has been one of expansion and enhancement for the LINK ATM Scheme.*

*The free-to-use cash machine network has been considerably extended – rising to almost 38,000 ATMs in June 2008, from under 36,000 a year earlier.*

*Since the beginning of 2007, over 400 new free-to-use ATMs have been installed in specifically targeted lower-income communities that previously had no local free-to-use cash machine. This has brought local free-of-charge access to cash to almost 1 million people, and puts LINK and its members well within reach of the 600 ATM ambition which consumer representatives and government agreed would comprehensively address the need for free-of-charge cash access in the target communities.*

*There has also been an increase of around 700 in the number of pay-to-use cash machines, with the total number of pay-to-use ATMs standing at a little over 27,000 in June 2008. These pay-to-use ATMs extend cash access to places where it would not be economically viable to run a free-to-use machine, and thus provide an important service to consumers and local businesses.*

*Over the past year, signage on these pay-to-use cash machines has been transformed, with prominent large-font notification of charges on welcome screens, as well as deployment of clearer and more standardised external signs. These changes appear to have had an impact. The LINK ATM Scheme has not received a single complaint about lack of transparency at a cash machine where the new signage is in place. I am pleased that government has also recognised the progress made, with HM Treasury welcoming the improvements made and the clarity for consumers as to where a charge is applied.*

*Striking progress has therefore been made in respect of both the priority concerns that the Consumer Committee set out in its 2006/2007 report.*

*I would like to thank the members of the Committee. Each member has made an important contribution to discussions and debate over the past year. Particular thanks are owed to the consumer representatives who have provided such valuable input, perspective and advice to industry colleagues.*

*The job is not done. There are more free-to-use cash machines still to be deployed into target communities, and a second phase of the roll-out of enhanced signage across pay-to-use cash machines is due to complete over the next months. As the Committee looks forward to seeing these programmes through to completion, I am pleased to provide this report on the progress made so far.*

Dr Ken Andrew  
28 July 2007

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## THE ESTABLISHING AND PURPOSE OF THE COMMITTEE

The Consumer Committee was established by the LINK ATM Scheme in April 2006 to represent the interests of consumers and to advise the Scheme on consumer issues that relate to the LINK ATM network.<sup>1</sup>

The Committee is independent of the LINK ATM Network's other governing bodies, although two representatives from card-issuing banks and building societies and two from cash machine deployers that do not issue cards have places on the Committee alongside the external independent members.

### Members of the Committee

#### *The Chairman*

- **Doctor Ken Andrew** has had responsibility for businesses in over 28 countries around the world, most of these in the consumer financial services area. Dr Andrew also acts as independent non-executive chairman of LINK's Network Members Council which brings together the banks, building societies and cash machine deployers that participate in the LINK ATM Network and are therefore members of the "LINK ATM Scheme".

#### *Members*

The Committee is comprised of four or more independent members who represent consumer interests, two representatives from banks or building societies issuing LINK cards and two representatives from LINK Scheme members that deploy cash machines but are not card issuers.

The following served as members of the Committee between July 2007 and June 2008.

- **Margaret Bloom CBE**, an economist and Visiting Professor in the School of Law, King's College London. Margaret is a senior consultant for Freshfields Bruckhaus Deringer following her retirement from the OFT in 2003 where she was Director of Competition Enforcement. Margaret is also Deputy Chair of the Money Advice Trust.
- **Baroness (Anne) Gibson OBE of Market Rasen**, a Labour Member of the House of Lords, appointed as a life peer in 2000. Baroness Gibson has extensive experience in issues surrounding equality, health and safety and industrial relations.

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<sup>1</sup> The March 2005 Treasury Committee report on *Cash Machine Charges* recommended that consumer groups be invited to sit on LINK working groups so that their views could be taken into account. The creation of the Consumer Committee has been intended in part to meet that recommendation. In the OFT-published report of April 2006 (<http://www.of.gov.uk/news/press/2006/69-06>), the OFT-chaired Payment Systems Task Force (including HM Treasury, consumer organisations and representatives of the banking industry) welcomed LINK and its members' plans to include direct consumer representation in the LINK ATM Scheme's governance through this Consumer Committee.

- **Tony Herbert**, Social Policy Officer (Essential Services) at Citizens Advice
- **Nicola O'Reilly**, Senior Policy Advocate at the National Consumers Council
- **Ron Delnevo**, Managing Director at Bank Machine
- **David Hensley**, Senior Manager, Customer Services, at Alliance & Leicester plc
- **Mahmud Nawaz**, Head of Planning & and Operations, ATM Channel, Banking & Savings Operations, at HBOS plc  
*replaced in April 2007 by*
- **Nicola Bayliss**, Head of ATM Channel, at Lloyds TSB plc
- **Tim Wilder**, Managing Director, Calypso Europe Ltd and Triton Europe plc

### **The objectives of the Committee**

The Committee was established to provide advice on matters which affect cardholders' use of LINK cash machines to the Network Members Council which governs the LINK ATM network or "LINK ATM Scheme". Effectively all cash machines in the UK, both free-to-use and pay-to-use, are part of the LINK network.

The independent members of the Committee in particular are asked to represent the interests of consumers in their advice and recommendations to the Network Members Council, and in their review of LINK ATM Scheme policies and practices.<sup>2</sup> They are asked to assess the effectiveness with which the Network Members Council has fulfilled its objectives to:

- listen to and take account of the interests of cardholders;
- provide universal acceptance of cards in cash machines in the UK (and potentially Europe);
- provide transparency on direct charging at cash machines;
- ensure clarity of branding so that customers know who is responsible for each cash machine that they use and;
- ensure that customers have secure, reliable, access to their cash at cash machines.

The Consumer Committee does not have executive responsibility for running the LINK network.

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<sup>2</sup> The Committee is not responsible for individual cardholder complaints, which should be addressed to the relevant member of the LINK Scheme i.e. the bank or building society which has issued the card used in the cash machine, or, as appropriate, the LINK member which operates the cash machine. The Committee may, however, choose to investigate concerns evident from consumer complaints. See Annex 2 for a description of how and to where complaints should be made.

## REPORT ON THE WORK OF THE COMMITTEE AND LINK ATM SCHEME IN 2007/2008

### Financial inclusion and access to free-of-charge cash withdrawals

#### *Background*

In May 2006, the then Economic Secretary to the Treasury Ivan Lewis established an ATM Working Group under the chairmanship of John McFall MP, Chairman of Parliament's Treasury Committee. One of the objectives of the Working Group was to identify whether significant gaps existed in the free-to-use ATM network (particularly in lower-income areas), and whether there were any trends in the availability of free-to-use cash machines. There was particular concern that free-to-use machines might be becoming concentrated in busier town centres but disappearing from lower-footfall locations.

Comparison of LINK data on cash machine distribution with government-produced data on deprivation<sup>3</sup> showed that around 84% of areas in the lowest quartile of the deprivation indices<sup>4</sup> did have free-to-use cash machines. This left, however, a significant number of relatively deprived areas without convenient access to free-to-use ATMs. The ATM Working Group concluded that around 600 new free-to-use cash machines would address cash access issues in these target areas.

Although the overall number of free-to-use cash machines had increased slightly in the years prior to the ATM Working Group's report, there had been Parliamentary concern that this was due to larger numbers of free-to-use machines clustered in busy locations while free-to-use machines in lower-footfall and less prosperous areas were being replaced by pay-to-use ATMs. LINK figures confirmed that although the total number of free-to-use cash machines had increased in the first quarter of 2006, the number of solo machines more than one kilometre from the next nearest free-to-use machine had decreased very slightly. The number of free-to-use ATMs decommissioned or converted to charging was tiny compared with the total of over 30,000 free cash machines, and it was not possible to distinguish a decisive trend. The analysis showed, however, that rising overall numbers of free machines did not necessarily indicate that access to free-to-use cash machines was genuinely expanding.

#### *Changes in the free-to-use ATM network in 2007*

Further to the Consumer Committee's suggestion, the LINK scheme now publishes on its website regular and detailed data on changes in the free-to-use ATM estate. Figures for 2007 show the significant expansion in the number of free-to-use ATMs over the year – increasing by over 2,000 machines. The number of cases where pay-to-use ATMs were converted to free-to-use (237 cases) significantly outweighs the number of cases where a free-to-use cash machine was replaced by a pay-to-use

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<sup>3</sup> This analysis was shared with the ATM Working Group and is set out in detail in the report of the Working Group, *Cash machines – meeting consumer needs*, 13 December 2006. See Chapter 2, pages 9 to 12 of the report available at:

[http://www.hm-treasury.gov.uk/documents/financial\\_services/financial\\_inclusion](http://www.hm-treasury.gov.uk/documents/financial_services/financial_inclusion)

<sup>4</sup> <http://www.communities.gov.uk/index.asp?id=1128444>

machine (109 cases). The data also show that the free-to-use ATM estate has not only expanded in terms of number of ATMs, but also in terms of the distribution of the ATM estate.

### *Supporting financial inclusion*

In December 2006, the LINK ATM Scheme changed its rules so that free-to-use cash machines in lower-income areas otherwise without free-to-use ATMs would receive a higher rate of income per transaction from card issuing banks. This “financial inclusion premium” is intended to give a lasting incentive for cash machine operators to deploy and maintain free-to-use cash machines in these critical areas.

At the same time, a number of LINK’s cash machine operators – both banks, and independent ATM operators who have traditionally been associated largely with pay-to-use machines – undertook to deploy several hundred new free-to-use machines in these target areas.

Both steps represented a major commitment by LINK ATM operators and LINK card issuers to support financial inclusion in lower-income communities by expanding the free-to-use ATM network.

### *Progress on implementation*

Considerable progress has been achieved since these commitments were made in December 2006. By end-June 2008, LINK cash machine operators had installed 419 new free-to-use cash machines in the identified target areas. Bank of Ireland, Co-operative Bank, HBOS and RBS / Hanco as well as independent ATM deployer Bank Machine account for the majority of the new free-to-use ATMs.

A further 143 sites have been identified for new ATMs although installation has not yet been completed, giving a total of 562 deployments. ATMs in these sites will bring local free-of-charge access to cash through an ATM to around one and a quarter million people previously without that access.

A number of cash machine operators are continuing to look for and examine potential sites, such that further progress towards the target of 600 new ATMs seems likely. The ATM Working Group recognised that there would be some areas where it was unlikely to be feasible to deploy a cash machine on account of highly scattered populations or lack of suitable premises. Detailed examination of the areas identified in the initial statistical exercise has confirmed this, but has not yet suggested that such areas are so numerous as to make the 600 target unachievable.

A further aim of the financial inclusion premium has been to help safeguard some cash machines that are the “last-free-to-use-ATM-in-town” in target lower-income communities. This appears, so far, to have been successful. Since the premium was introduced, none of these last-ATM-in-town cash machines has been decommissioned despite considerable churn elsewhere in the free-to-use ATM estate outside the target communities.

The headline numbers on the success of the programme have, however, concealed a considerable variation by region.

**Table 1: Progress on roll-out of free-to-use ATMs across major cities**

City	Percentage of target areas with new free-to-use ATM
Newcastle	81%
Leeds	72%
Glasgow	71%
Cardiff	67%
Manchester	36%
Liverpool	31%
Birmingham	30%

Lower-income communities in the West Midlands and North West have fared poorly compared with those in the North East, Scotland and Wales. If the success achieved in the North East had been achieved in other cities in the table, almost 100,000 extra people would have access to a new free-to-use ATM, with 50,000 of these in Birmingham. LINK ATM operators believe that the attitudes of local planners and police authorities to ATM planning applications have been a key factor in the variation.

Not all cash machines require planning permission. Planning consent is generally unnecessary for internal ATMs. But ATMs provide a better service for the community, and may be economically more viable if they are through-the-wall, and therefore visible and accessible to cardholders 24 hours a day. Most of the new cash machines deployed as part of the financial inclusion initiative have required planning permission. The issue of planning was raised in the ATM Working Group’s 2006 report in which John McFall MP called for “a joined-up policy for planning permissions between central Government, local authorities and the police”, noting that this would be “essential” if the ambition to provide significantly more communities with access to free-to-use cash machines was to be achieved in a timely and cost-effective manner. While this joined up approach has been achieved in some areas, resulting in a significant improvement in access to free-to-use ATMs, it has not been apparent in others.

LINK ATM operators have reported a wide variety of experience with regard to co-operation from the police and local authorities on planning applications. There have been positive examples where police and ATM operators have worked together to resolve crime risk issues. In Dewsbury, West Yorkshire, for example, a police liaison officer had worked with HBOS to address security concerns that had initially persuaded Kirklees Council to refuse planning permission for a new free-to-use ATM in a target area. The application was then granted.

In another case, in Barnet, London, crime fears were the basis for refusal of retrospective planning permission on an ATM, though crime actually fell in the year following the installation of the ATM, perhaps partly because of the additional crime prevention measures put in place when the ATM was installed. Public pressure



eventually resulted in an invitation to reapply for planning permission, and the application was granted conditional on there being CCTV at the site. ATM operators on LINK's Consumer Committee produced other examples of ATM planning applications. In one case in Birmingham, the City Council refused to grant planning permission for a Bank Machine ATM owing to an objection from the West Midlands Police that the ATM would be "an instant crime generator". On appeal, however, the Planning Inspector noted that there was "no direct evidence of any crimes associated with the use of the ATM", and the application was granted. In one case in Manchester, the police had said they would not support any application for an ATM in a particular location notwithstanding offers from the ATM operator to consider crime prevention measures that the police might suggest.

In April, following discussion in the LINK Consumer Committee, the Chairman of the Committee wrote to Hazel Blears MP, Secretary of State at the Department for Communities and Local Government, and also to the Home Office, highlighting the variation in success and asking for assistance in ensuring the "joined-up approach by DCLG, local authorities and police forces" that the ATM Working Group had called for. Disappointingly, the Department for Communities and Local Government has so far declined to engage in discussion and no reply has been received from the Home Office.

The other area where progress has been slow has been Northern Ireland. Although five new free-to-use cash machines have been deployed, many of the areas in Northern Ireland identified as being without free-to-use ATMs appear very rural and do not have population centres which might provide suitable locations for siting an ATM. Careful examination of the target areas in the province suggests that around 40% are unlikely ever to get a qualifying ATM, either because they are too rural and without population centres or because the population in these areas is concentrated on the boundary of another area which already has a free-to-use machine. Northern Bank, along with other LINK members, is continuing to work with the LINK Scheme to look more closely at the remaining gaps in the free-to-use ATM network in Northern Ireland and how these can best be addressed.

*The Committee's assessment of the work of the LINK ATM Scheme on financial inclusion*

The Committee welcomes the substantial and continued progress made over 2007 / 2008 in deploying new free-to-use cash machines in the target areas identified.

Committee Members are disappointed, however, at the limited progress in a few areas, particularly given that access to cash is fundamental to the economic vibrancy and regeneration of local communities. The Committee urges the government to encourage police and planning authorities in these areas to work with ATM operators to facilitate the installation of free-to-use cash machines in communities currently without them.

With the proportion of total cash in circulation that is distributed through ATMs expected to rise steadily to around 85% in the next decade, and with the gradual decline in alternative cash sources such as the Post Office network, it is critically important that local authorities consider the provision of suitable and secure sites for

cash machines as part of their development and regeneration planning. There were a number of important suggestions in this regard in the report of the ATM Working Group chaired by John McFall, and the Consumer Committee urges that these be given full weight and importance.

## **Transparency of signage**

### *Background*

In 2006, the ATM Working Group established by HM Treasury asked LINK's Consumer Committee to look at the transparency of signage at cash machines, to examine evidence on the efficacy of the signage then in place and to propose how an "at-a-glance" standard of signage could be achieved.

The Committee found evidence of significant variation across pay-to-use cash machine operators in respect of whether their charging notices were being observed by consumers. This indicated that some styles of notice were significantly more effective than others. Survey work also showed that on-screen notices, providing they were sufficiently prominent, were much more effective than stickers or labels on the outside casing of cash machines.<sup>5</sup>

Assessing this evidence, the Consumer Committee proposed a new set of signage rules that built on the good practice established by some pay-to-use ATM operators.

These changes included:

- increasing the minimum font size of on-screen notices to point 32 for screens over 200mm wide, point 26 for screens between 170mm and 200mm wide, and point 18 for screens less than 170mm wide;
- standardising and modestly changing the wording of charging notices to enhance clarity and consumer understanding;
- increasing the minimum font size of external casing notices from 14 point to 24 point;
- standardising the colour and design of external notices so that they were either black or dark blue text on a white background, with black or dark blue border, or black text on a yellow background with black border.

Examples of signs compliant with these rules are included in Annex 1.

These changes were agreed unanimously in the ATM Working Group in December 2006. In the same month, LINK Members agreed, again unanimously, that they should be incorporated into the Scheme rules.

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<sup>5</sup> The Committee also recognised that screen notices were easier for cash machine operators to maintain than casing notices given that they were under the control of the operator and were not subject to vandalism or removal.

The Committee has been conscious that the costs of implementing the new rules will ultimately be borne by the users of pay-to-use cash machines, and that a relatively gradual implementation, which would significantly reduce the costs of change without long-term loss of benefits, was likely to benefit consumers more than an abrupt change.

The Committee therefore agreed that all ATMs which could download new screen notices remotely should do so by end-June 2007, while for those requiring a visit from an engineer a longer time scale, until end-2007, was reasonable. Moreover, the Committee recognised that around 12,000 ATMs supplied by a particular ATM manufacturer did not have the software required to meet the letter of the new rules. At the same time, the screen design of these ATMs, embedded in the existing software, ensured that relatively clear notices on charges were already displayed. The Committee suspended setting a deadline for upgrade of these ATMs until new software was available.

The Committee also proposed a deadline of end-2007 for meeting the enhanced external signage requirements, while allowing three members that already had external signage which exceeded the new minimum font size (Hanco, Cashbox and Cash4All) a later deadline of end-2008 for deploying new external signs.

These proposed deadlines were incorporated into the LINK Scheme Rules.

*Progress on implementation*

All pay-to-use ATM operators have achieved the enhancements to on-screen signage required of them by end-2007. Most operators completed the required upgrades to their on-screen and external signage by the end-2007 deadline (see Table 2). Two pay-to-use operators had largely completed their enhancement work by this date, but had a very small number of machines outstanding at end-year, and finished work at the remaining few in January and February 2008 respectively. Two further operators missed the deadline by several months. Those operators who failed to meet the deadline were required to pay an escalating level of damages which were put towards the costs of signage policing and enforcement work by the LINK ATM Scheme. It was also made clear to all ATM operators that continued non-compliance with LINK Scheme rules on signage could result in disconnection from the LINK network.

**Table 2: Implementation of new on-screen signage at pay-to-use ATMs**

<b>ATM operator</b>	<b>Completion date</b>
Alliance & Leicester	March 2007
Cashbox	June 2007
Calypso / Infocash	August 2007
Omnicash	November 2007
PayPoint	November 2007
Bank Machine	December 2007
Note Machine	January 2008
Hanco	February 2008
Cardpoint	May 2008
Cash4All	July 2008

As noted above, a significant number of ATMs were initially unable to meet the letter of the new on-screen signage rules due to software limitations, and were therefore exempted from the requirement to meet end-2007 deadlines. In late 2007, the manufacturer of these ATMs made available new software that enables them fully to comply with the rules. Recognising that the operators of these ATMs need to arrange engineer visits to all 12,000 machines in order for the new software to be loaded, the Consumer Committee proposed to the LINK Scheme that an end-2008 target should be set for bringing these remaining ATMs into compliance. This date was agreed by the LINK Scheme at the April 2008 meeting of the Network Members Council. By end-June 2008, each of the members deploying this type of ATM had a programme to upgrade them underway.

*The Committee's assessment of the work of the LINK ATM Scheme on transparency*

The Committee considers that a considerable improvement in transparency of signage at pay-to-use ATMs has been achieved. It is particularly pleasing that, during the year under review, the LINK ATM Scheme has not received a single complaint in respect of transparency of signage at an ATM that has been upgraded to the new standards.<sup>6</sup> The improvement in signage has also been recognised by government. In July 2008, HM Treasury welcomed the improvements made, noting that it is clear to consumers when a charge is applied for withdrawing cash.

The Committee is pleased that the majority of ATM operators brought their signage into compliance with the new rules by the agreed deadline of end-2007, and recognises that this was a substantial programme of work for these ATM operators. The Committee regrets, however, that a couple of ATM operators were slow to begin implementation of the new signage rules and therefore missed the date by some months. This contrasted with other operators who rolled out new signage well before deadlines came into force.

The measures to improve signage appear to have been successful and to have achieved the results that the Committee hoped for – with consumers clearly aware where charges apply. The Committee also accepts, however, that for some cardholders, convenience and speed are more important than price, and that – notwithstanding the enhanced standards of transparency and the requirement in the LINK rules for a cardholder specifically to confirm acceptance of a charge before completing a transaction – some cardholders may take little interest in the notices provided to them.

**Other issues considered by the Committee**

*Foreign-currency dispensing cash machines*

In December 2006, the LINK ATM Scheme agreed rules permitting cash machines dispensing euro and other foreign currencies to connect to the LINK network. This

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<sup>6</sup> The Scheme received one complaint in early 2008, but this referred to an ATM that had missed the end-2007 deadline.

followed discussion in the Consumer Committee of the appropriate rules around transparency of information shown to the cardholder in such transactions.

Drawing on the lessons from transparency of charges at sterling cash machines, rules were agreed that require customers to be given clear on-screen and on-receipt information on exchange rates, as well as on-screen and on-receipt and external notices about any commission charged. Customers must further be asked to confirm acceptance of all the charges before completing the transaction. The transparency rules put in place ensure that cardholders are given considerably more information than they would receive if withdrawing foreign currency from an overseas cash machine that is not connected to the LINK network (in which case the cardholder generally has no information given to him or her at the time of the transaction on the exchange rate used or charges levied – although UK card issuers do provide upfront information on fees in account terms and conditions).

The first LINK euro cash machines were deployed in 2006 in a number of Tesco stores, while RBS began a deployment of euro cash machines at selected Natwest and RBS branches in 2007. Travelex and Raphaels Bank (ICE) have now deployed foreign currency dispensing cash machines at various international travel terminals and other locations, while the Bank of Ireland has deployed foreign-currency ATMs in a number of Post Office branches. All LINK cardholders with sterling accounts are now able to use the new service following the implementation of technical changes across the LINK network. By end-June 2008, just over 200 foreign-currency-dispensing ATMs had been deployed in the UK on the LINK network.

#### *Other innovation*

Mobile phone top up has now become a standard offering at most LINK cash machines, with all five of the largest retail banks offering the service following HBOS going live in April 2008.

LINK Scheme members and the Consumer Committee have considered whether there might be demand for other top-up functionality at ATMs, for example top up of pre-paid cards, including perhaps Oyster, or demand to pay certain charges or bills, such as the London congestion charge. The Scheme has been implementing network-wide changes that will enable support of a wider-variety of such non-cash transactions in the future. Both industry and independent members of the Committee consider, however, that consumers' main demand from cash machines is likely to remain quick and easy access to cash. Cardholders want to minimise their own waiting time, and are uncomfortable using a cash machine for any length of time if there is a queue behind them.

Another important potential area of innovation that the Consumer Committee has considered is increasing the degree of interconnectivity with other ATM networks. This can allow more foreign cardholders to use the LINK network, and help to enable UK cardholders to use their cards overseas for more transaction types (e.g. balance enquiry or mobile phone top up) and at more locations (though most LINK cards are co-branded with Visa or MasterCard and can already be used quite widely abroad). One pilot programme has already been successfully implemented, and, from July 2007, holders of US Discover cards have been able to use the LINK network.

## *Fraud*

The Consumer Committee has looked closely at the risk of fraud at UK cash machines, in particular the risk that card details could be captured through “skimming” and PIN numbers captured through use of covert cameras or other surveillance.

The number of skimming incidents is very small compared with the number of cash machines and the number of cash machine transactions. When a card is successfully skimmed, the PIN captured and funds fraudulently withdrawn from the cardholder’s account, this can, however, cause considerable distress to the account holder. Many ATM operators have therefore invested significant resource in skimming counter-measures at those cash machines vulnerable to this form of attack.<sup>7</sup> This appears to have been successful in keeping the number of attacks at a low level. Perhaps as a result of the investment made to protect cash machines, there are far fewer skimming attacks at cash machines than at point-of-sale card readers.

The introduction of Chip and PIN, and the upgrade of all UK cash machines to read chip cards, has meanwhile made it practically impossible successfully to use a skimmed and cloned card to extract funds fraudulently from an ATM in the UK (unless the skimmed card has only a magnetic stripe and no chip). Fraudsters have, however, continued to use cards skimmed in the UK at cash machines in those overseas countries where Chip and PIN has not yet been deployed.

## *Co-operation with the Payments Council*

The LINK Consumer Committee has sought to provide full input to the consultation on a National Payments Plan that took place over winter 2007 / 2008, and to co-ordinate its work with that of the recently established Payments Council wherever appropriate.

Stephen Locke, one of the independent Directors of the Payments Council, and Chairman of the Payments Council Consumer User Forum, accepted an invitation to attend one of the LINK Consumer Committee’s meetings in order to set out the work of the Payments Council. There is also regular contact between the Payments Council secretariat and the LINK Scheme Executive.

Following their public consultation, the Payments Council concluded in respect of ATM and debit card issues, that “competition appears to be driving the ATM market forward” and that no Payments Council intervention in that market is required.

Almost all respondents to the consultation agreed that the National Payments Plan should be based on the assumption that cash will remain a major payment method for the foreseeable future. Given that around 70% of the UK’s cash was dispensed via ATMs in 2007, and that this proportion is expected to increase to around 85% in the

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<sup>7</sup> Counter-measures include changing design so that it is more difficult to fit skimming equipment and adding devices which cause skimming equipment to fail. Some cash machines, such as those inside bank branches or retail premises, are, however, most unlikely to be subject to skimming attacks because of the difficulty for criminals of placing skimming equipment on the ATM without either themselves or their equipment being noticed.

next decade,<sup>8</sup> the preservation of universal acceptance of cards in all UK ATMs – the core function of the LINK network – will not diminish in importance. Recognising the particular importance of access to cash to the objective of enabling financial inclusion, the Payments Council was called upon in the consultation to support the ongoing work to expand the free-to-use ATM network.

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<sup>8</sup> *UK Cash & Cash Machines*, APACS, May 2008.

## **Overall assessment by the Committee of the LINK ATM Scheme's performance against consumer-interest objectives**

In its annual report, the Committee is asked to assess the effectiveness with which the Network Members Council has fulfilled its objectives to:

- listen to and take account of the interests of cardholders;
- provide universal acceptance of cards in cash machines in the UK (and potentially Europe);
- provide transparency on direct charging at cash machines;
- ensure clarity of branding so that customers know who is responsible for each cash machine that they use and;
- ensure that customers have secure, reliable, access to their cash at cash machines.

The Committee considers that the LINK Scheme has continued to take consumer concerns into account in its policies on ATM location, interchange, signage, fraud counter-measures and innovation.

Universal acceptance of cards in cash machines in the UK has been maintained, while the number and spread of both free-to-use and pay-to-use cash machines has further increased, with new machines of both types of ATM contributing to a significant expansion of the network and easier access to cash in many areas of the UK. The targeted programme to install free-to-use cash machines in lower-income communities that did not previously have them has achieved considerable success, with further progress expected.

Considerable progress has been made in bringing signage on all pay-to-use cash machines up to the standards of the best. In previous years there had been a notable volume of complaints about lack of signage transparency on some operators' machines. The absence of such complaints in 2008 indicates that measures to improve signage have been successful and that the enhancement work is achieving the results that the Committee hoped for.

The Committee is pleased that the majority of ATM operators brought their signage into compliance with the new rules by the agreed deadline of end-2007, and recognises that this was a substantial programme of work for these ATM operators. The Committee was disappointed that a couple of ATM operators missed the deadline by some months: one of these converting the last of its ATMs only in May 2008 and the second failing to complete its upgrade until the beginning of July 2008.

The Scheme and its members have continued to focus on ensuring cardholder security at cash machines, with LINK members reviewing their policies on fraud counter-measures and making considerable investment in anti-skimming technologies at UK cash machines. The Committee notes that the number of skimming attacks is very



small compared with the number of cash machines and the number of cash machine transactions, and has remained at a similar level compared with the previous year. Where fraudsters do, however, succeed in finding weak spots and successfully mount skimming attacks, this causes real distress to the cardholder. The work to protect cardholders from this threat is of continuing importance.

The Committee notes that a high level of network availability has been maintained, with no network-wide loss of service. The Committee is not aware of any concerns about reliability of the LINK network.

## PRIORITIES FOR THE COMMITTEE IN 2008 / 2009

The Committee envisages that its priority areas of work in 2008 / 2009 will include at least four main strands.

*1. Monitoring further progress on widening access to free-of-charge cash withdrawals in lower-income areas*

In its December 2006 report, the ATM Working Group chaired by John McFall MP, estimated that around 600 new free-to-use ATMs would address gaps in free-of-charge access to cash in lower-income communities across the United Kingdom. By end-June 2008, 419 had been installed, with a further 143 under contract. The Committee will continue to monitor progress towards the overall target.

*2. Monitoring the implementation and enforcement of new signage rules*

While the first and main phase of the roll-out of new on-screen and external charging notices is complete, a second phase of work on a particular make of pay-to-use ATMs is due to complete by end-2008. Especially given the late completion by some ATM operators of the phase one work, the Committee will take a close interest in progress towards completion of the programme.

*3. Fraud risk*

The Committee has been closely involved in discussions on the risk of fraud at cash machines, principally the capture of card details and cloning of cards, and will continue to take a close interest in the success of measures further to reduce this risk.

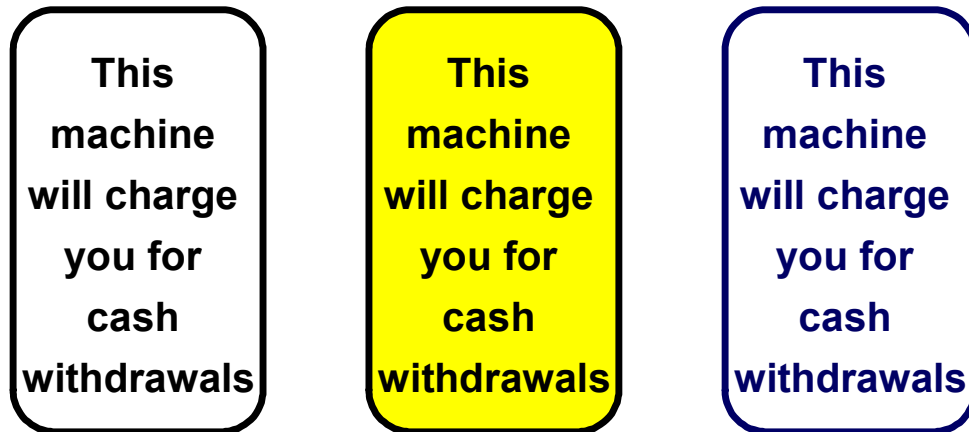
*4. Innovation*

The Committee will continue to take an interest in potential innovation in the ATM network, including possible new transaction types such as payment of the congestion charge or further “top-up” transactions.

The Committee will also look at issues arising from regulatory developments and issues raised by ATM users with their banks and ATM operators.

## Annex 1: Examples of new on-screen and ATM casing signage

### Casing signage



Note: these signs are smaller than they would appear on a cash machine. The minimum font size is 24, and the text must be in bold.

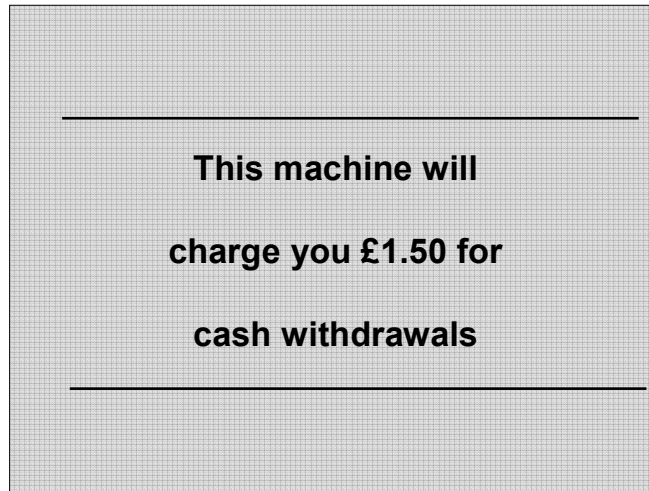
### On-screen signage

#### Small screen



For small screens (width less than 170mm) the minimum font size is 18, and the message must cover 70% of the screen.

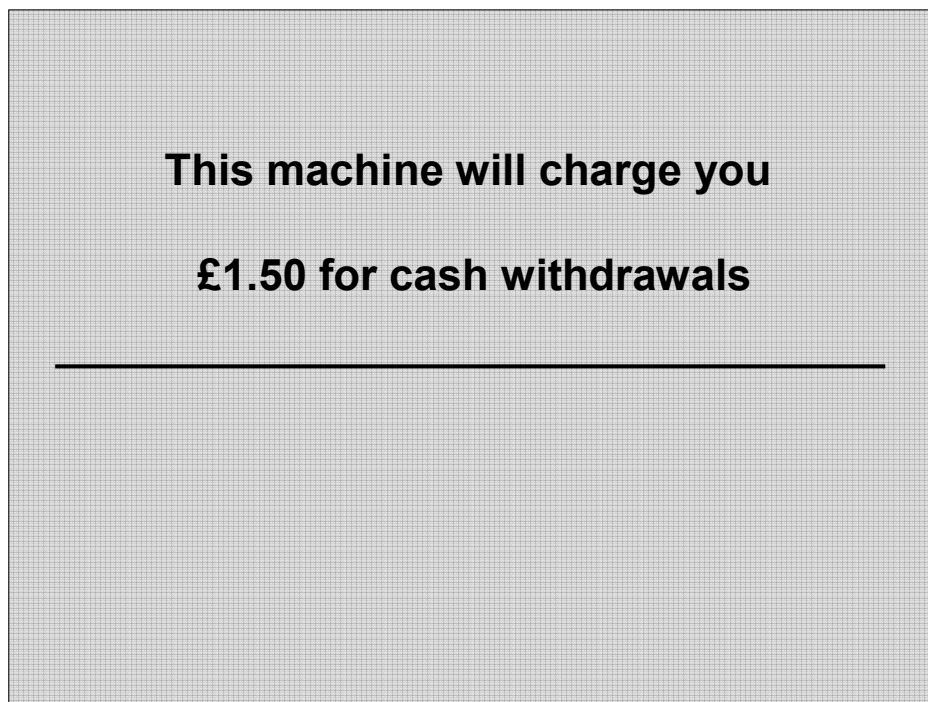
### Medium sized screen



For medium-sized screens (between 171mm and 200mm wide) the minimum font size is 26, and the message must cover 60% of the screen.

### Large screen

For large screens (over 200mm wide), the minimum font size is 32 and the message must cover 50% of the screen.



For screens of all sizes, sentence case should be used where possible. The message should be placed in the middle or at the top of the screen.

## **Annex 2: Complaints procedures**

### **Non-dispense, partial dispense, card capture and unrecognised transactions**

If a cardholder believes that they have not received the cash they requested from a cash machine despite their account being debited (non-dispense), that they have received only a part of the cash they requested despite being debited for the full amount (partial dispense), if their card is retained by a cash machine (card capture) or if there is a cash machine transaction on their bank statement that they do not recognise they should contact their card issuer with whom they hold the card account. In most cases the card issuer will be a bank or building society. The card issuer will then raise the issue with the cash machine operator on the cardholder's behalf.

The customer should have the details of the transaction to hand, i.e. the date, the time, the amount debited, the location of the cash machine and the name of the cash machine operator (this will be displayed on the casing of the cash machine and will be a bank, building society or independent ATM operator) and any receipt provided.

To protect cardholder security, the cash machine operator and anyone else who might be thought to have access to the cash machine (for example the site operator or landlord) is not able to return directly to the cardholder any cards which have been retained by the machine.

### **Signage on the cash machine**

If a cardholder considers that signage on a cash machine is missing, inaccurate, misleading or that it may not satisfy LINK's rules<sup>9</sup> they should contact the cash machine operator. The name of the cash machine operator will be displayed on the machine. The LINK website also has details of all LINK Scheme members at:

[http://www.link.co.uk/atm/mn\\_member\\_websites.html](http://www.link.co.uk/atm/mn_member_websites.html)

In addition cardholders may report signage issues directly to LINK through the LINK website by completing the short reporting form at:

<http://www.link.co.uk/cabreport/Questionnaire.php>

or via the Contact-Us section of the LINK website at:

[http://www.link.co.uk/contact/mn\\_contact.html](http://www.link.co.uk/contact/mn_contact.html)

or by telephone on:

01423 356205

### **Suspicious devices attached to the cash machine**

If anything looks unusual or suspicious about the cash machine indicating that it might have been tampered with, or if the cash machine appears to have any attachments to the card slot or key pad, the customer should not use it, but inform the cash machine operator, the site operator if present (e.g. bank branch staff if the machine is in a bank branch, or sales staff if the machine is in a retail premises), their card issuer or the police. They should not try and remove any devices attached to the machine.

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<sup>9</sup> LINK rules require notification of any charges that the cash machine operator may apply to the transaction on both the casing of the machine and on the screen of the machine before the transaction starts. The rules also require that the cash machine operator asks the customer to confirm acceptance of the specific charge before completing the transaction.

### **LINK foreign-currency cash machines**

Where a cardholder purchases foreign currency through a LINK cash machine, any queries over the amount of currency dispensed, the exchange rate applied, or any commission charged should be directed to the cash machine operator whose details will be displayed on the machine.

The cardholder will be asked to confirm acceptance of the sterling amount debited from their account before completing the transaction, and this will also be recorded on the receipt provided to the cardholder. If the cardholder believes that the amount confirmed and accepted differs from the amount actually debited, they should contact their card issuer.

### **LINK Consumer Committee**

The LINK Standing Committee on Consumer Issues has been established to represent the interests of consumers and advise LINK Scheme members on consumer issues that relate to the LINK ATM network and LINK ATM Scheme rules.

The Committee is not responsible for individual cardholder complaints. These should be addressed to the relevant card issuer, cash machine operator or LINK ATM Scheme as set out above. The Committee may, however, choose to raise with LINK and its members concerns evident from consumer complaints. Members of the public or any interested body may draw an issue to the attention of the Committee by contacting the LINK Scheme Executive through the LINK website at:

[http://www.link.co.uk/contact/mn\\_contact.html](http://www.link.co.uk/contact/mn_contact.html)

or by telephone at 01423 356205.