



**Protecting access
to cash**



REPORT CONTENT

LINK at a glance	page 3
Chairman's message	pages 4 & 5
Chief Executive's report	pages 6 & 7
Cash and ATM use	pages 8 & 9
LINK Board Members	pages 10 & 11
Senior Management Team	page 12
LINK Members	page 13
Key statistics	pages 14 & 15
Consumers	page 16
Consumer support	page 17
Managing systemic risk	page 18
Governance and regulation	page 19
Financial information	pages 20 - 23

Company Information:

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Company Number 10535808

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LINK AT A GLANCE

LINK's Strategic Plan

In early 2020 LINK set out its plan for the next three years; how LINK will manage the fall in cash usage in a way that ensures a smooth transition from cash to more digital payments. Since then, the country and indeed whole world has been in grip of the coronavirus crisis and cash use has fallen faster than expected, while the use of digital payments has increased dramatically. However, despite this acceleration of change the fundamentals remain the same and LINK's objectives remain unchanged.

LINK's Strategic Plan, updated in early 2023 to cover the period until end-2024, is still built around objectives that address the challenges that LINK will face. Delivering access to cash for UK consumers for as long as they need it is the focus of the access to cash objective. Maintaining confidence in the LINK Payment System is the focus of the operational resilience and risk management objectives. Retaining the support of large Members, without which LINK cannot exist, is the focus of the membership objective.

LINK's key objectives

- 1 Deliver satisfactory consumer access to cash in the UK
- 2 Ensure effective operational resilience of the LINK payment system
- 3 Ensure effective systemic risk management of the LINK payment system
- 4 Sustain a viable LINK membership

To support these objectives LINK, as a regulated systemic risk manager, has an extensive and sophisticated risk management approach that is subject to direct and detailed scrutiny by the Bank of England.

LINK is also regulated by the Payment Systems Regulator for optimal approaches to competition, innovation, and service users' interests and as specified in the new Financial Services and Markets Act, LINK may also come under the remit of the Financial Conduct Authority.

Finally, LINK must have the resources to meet its objectives. LINK had already stress tested its resource plan and, even with the additional impact and uncertainty of the coronavirus crisis, remains satisfied it can meet its future requirements under a wide range of scenarios.

LINK in numbers

The LINK Scheme is the national ATM network that connects virtually all the UK's ATMs. LINK's role is to provide UK consumers with universal access to cash in a safe, convenient and rapid manner.



50,000
ATMs



32
Members



100m+
UK issued cards

In 2022

£83bn
withdrawn

1.6bn
transactions

1.0bn
cash withdrawals

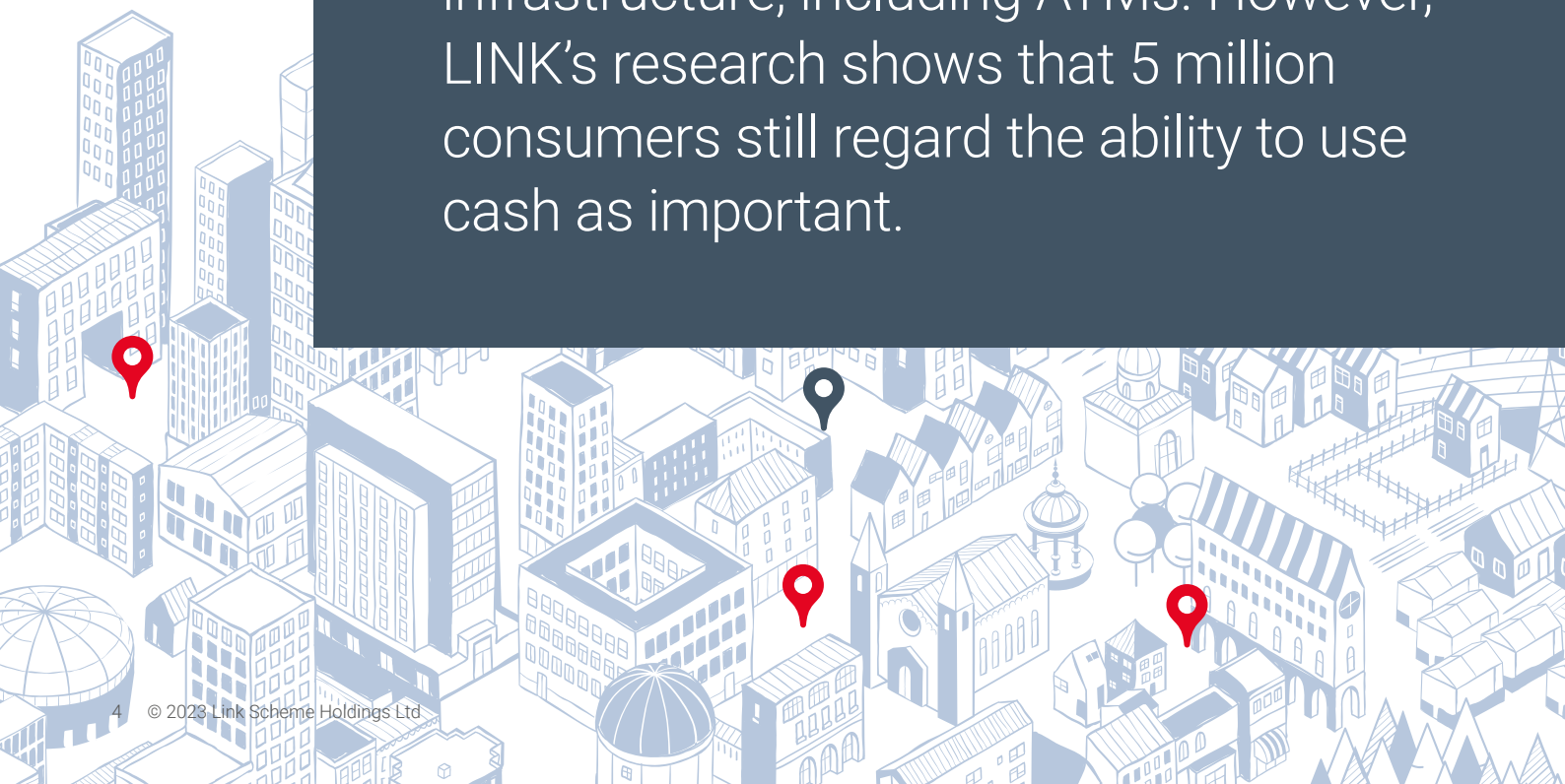
31m
average unique cards
used each month

PREPARING FOR REFORM



Chairman's message
Sir Mark Boleat

Cash usage in the UK continues its long-term decline as consumers increasingly choose to move to digital payments. The pandemic saw huge changes, with ATM use almost halving. As we move forward, 2023 is likely to see a further reduction in ATM transactions of around 5% when compared to last year. This suggests that the structural decline in cash use that we were seeing before the pandemic is starting once again. This will continue to put great pressure on the commercial providers of the cash infrastructure, including ATMs. However, LINK's research shows that 5 million consumers still regard the ability to use cash as important.



The Government has recognised the need to protect cash and I welcome and support the relevant provisions in the *Financial Services and Markets Act* which has just become law. LINK will be key to supporting this, allowing the large card issuers to meet their new legislative responsibilities and ensuring the widespread provision of free-to-use cash infrastructure. I welcome the Treasury's subsequent Policy Statement on cash access as this will set the framework for securing cash access for years to come. With the Financial Conduct Authority (FCA) as LINK's lead regulator in this area, LINK will uniquely be overseen by the FCA, the Bank of England and the Payment Systems Regulator. LINK's role, ensuring the widespread availability of cash through facilities such as ATMs, cashback without purchase and the new shared banking hubs and deposit facilities, will ensure that every community across the UK is guaranteed good, free access to cash and the ability to make deposits. LINK is already working closely with the FCA and is fully engaged with communities across the UK to protect cash access, with the support of our bank, building society and deployer Network Members.

LINK is also working closely with its infrastructure provider Vocalink, part of the Mastercard Group, on ensuring the effective operation of the network. Infrastructure is useful only if it is operationally reliable and safe to use. Both LINK and Vocalink remain very conscious that, as a key national infrastructure, the ATM network is always at risk from threats such as a cyberattack, not only from criminal but even state-sponsored actors. Maintaining an exceptional level of operational resilience for the LINK network and continuing the very high levels of consumer safety when using ATMs are absolute priorities for LINK.

I would like to take this opportunity to thank my Board colleagues for their continued commitment and support. LINK and cash access is an area of rapid change and rightly of high consumer and political interest. This creates a challenging, but also rewarding, environment for the Board, and also for the staff.

I would also therefore like to pay tribute to all the staff of LINK whose dedication and focus has been unrelenting during a time of significant growth and change for the organisation. Cash availability is taken for granted by so many and the professionalism of the LINK Board and staff has been key to achieving that.

Mark Bullock



DEFENDING SAFE AND ACCESSIBLE ACCESS TO CASH



Chief Executive's report

John Howells

LINK processes over 5 million cash withdrawals and balance enquiries a day and ATMs account for over 92% of cash acquisition in the UK. Ensuring that the network runs safely and is easily available to all consumers remains our top priority. Cash is still a vital means of payment for millions of consumers, and LINK's own research shows that over 70% have used cash in the previous two weeks. Consumers value cash for its speed, simplicity, reliability and convenience and even privacy. Many won't leave home without it, or still make sure they keep a stash at home, even if it's "just for emergencies". Despite more and more consumers moving to digital payments, cash remains useful for most people and is still vital for a significant minority.

Ensuring consumers can continue to access their cash, in the face of an overall decline in cash use and increasing commercial pressures on the industry, is LINK's key objective and the absolute focus of LINK's Board, Senior Management Team and staff. Overall ATM coverage remains excellent, with LINK's network of over 49,000 covering the same area as back in 2018 when ATM use was almost double what it is now. This is despite there being around 35% fewer free-to-use ATMs. This requires careful analysis and planning and, if necessary, support through LINK's Financial Inclusion Programme to ensure consumers can still get the cash they need.

LINK's other key objective is operational resilience and ensuring that its secure, high volume, 24/7 payments network is available at all times. The sophisticated technology that underpins LINK, and the high performance of the 32 banks and deployers that make up the membership, has ensured that these stringent targets have been met consistently over the last year. This is not achieved by accident. A huge amount of planning, coordination and effort is needed. I am very grateful to LINK's Members who continue to make this possible.

I am immensely proud of how LINK's staff have continued to deliver outstanding work through a period of very significant change and growth. I would like to thank each and every one of them for their professionalism and energy. The increased focus on financial inclusion, and the growing role for LINK in helping to minimise the impact of branch closures on access to cash, and an ever-increasing focus on risk and resilience has meant that the team has continued to grow. Full time equivalent numbers are now 67. LINK operates a flexible hybrid working model, supported by new technology and employment practices to retain and attract staff and ensure that we can deliver for consumers regardless of challenges ahead. LINK aims to be an exemplary employer, offering highly rewarding careers rich with development opportunities and with a positive and diverse working environment for all staff, whether they are office-based in North Yorkshire or home-based, right across the UK.

The focus of the LINK team on maintaining access to cash requires close working with key suppliers and in particular with its infrastructure provider Vocalink, part of the Mastercard Group. LINK's very high level of operational resilience across the ATM network and our close partnership with Vocalink is core to this. The LINK team is determined to defend the network for as long as is needed and looks forward to continuing to work with industry, regulators and Government to deliver free access to cash across the UK.



CASH AND ATM USE

Graham Mott
 Director of Strategy, LINK

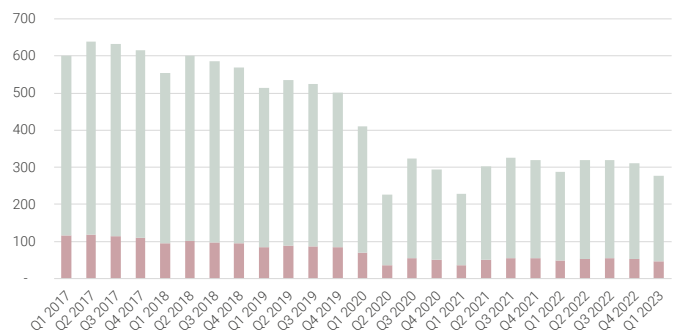
The COVID-19 pandemic saw ATM use fall by over 40% as some consumers fundamentally changed their use of cash, adopting cards, contactless, mobile payments and online shopping. ATM usage is still declining and this year ATM transaction volumes are expected to be down by 5% compared to 2022 while the total value of cash withdrawn is down by around 2%.

ATM use has been on a downward trajectory for many years, well before the pandemic, and as the chart to the right shows, current ATM usage may not be that different from where we might have expected had the pandemic not occurred.

This phenomenon is seemingly repeated in other areas beyond ATMs. Examples are increasing use of digital payments, hybrid working patterns, increased use of online shopping, and increased use of contactless. All appear to have been accelerated by the pandemic. But now, a year or so on, perhaps we are, or will be shortly, not be far from where we would have been anyway.

The number of non-branch ATMs, both free-to-use and charging, saw a marked decline at the start of the pandemic as many of their host locations were closed during the lockdowns. Some of these locations disappeared forever but, overall, the number of free remote ATMs in locations like convenience stores, supermarkets and railway stations has now stabilised, with only a small (2.4%) reduction since January 2022.

Quarterly Total ATM Withdrawals (including On-Ups) (m)



(1) On-us is where someone uses an ATM which belongs to their own bank or building society.

LINK On-Ups

Branch ATMs by contrast have been declining steadily since before the pandemic as the branches themselves have been closing, although as LINK carefully checks, there is still free access to cash in these locations. Pay-to-use ATM numbers are also falling steadily, down 30% from 2020 and still falling, 10% down on January 2022. This appears to be a result of their host premises, often pubs and other leisure facilities either not needing an ATM as they are not accepting cash any more, or if they are, they aren't generating enough cash to keep the ATM replenished.

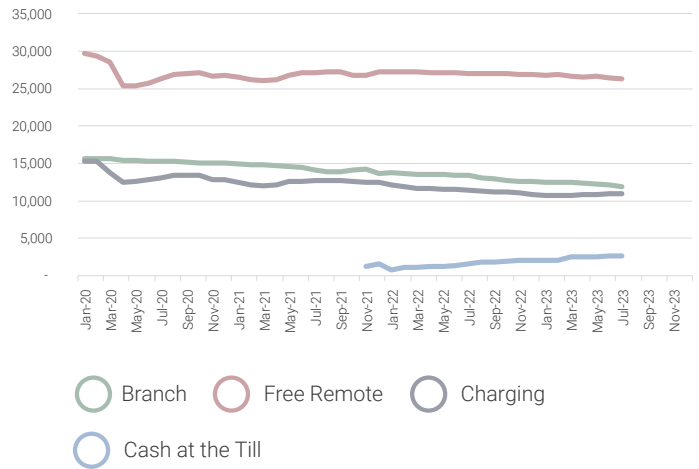
An area which has seen a permanent change is the average ATM cash withdrawal value. This increased dramatically during the first lockdown, from around £68 to over £85, but it has never returned to pre-pandemic levels and is still over £82.

Therefore, while consumers are using less cash overall, and visiting ATMs less often, they are taking out more cash when they do.

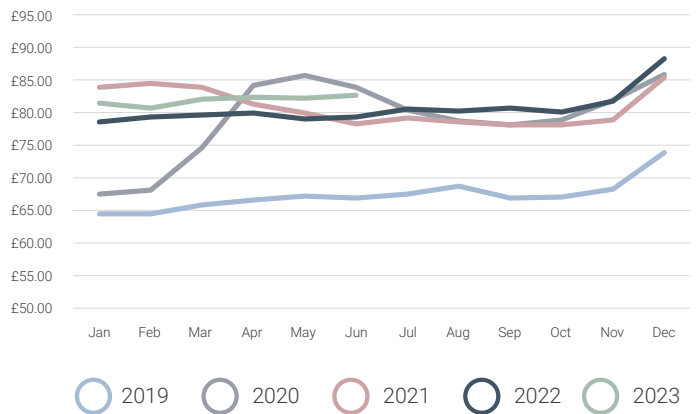
There may well be a number of reasons behind this. Consumers appear to be using less cash for small value spontaneous payments and therefore aren't taking out low values to just buy their lunch, buy a newspaper or go for a drink. The changes to many peoples' working patterns may be a factor here as well. Less commuting means less trips to the station and the opportunity to get cash as they pass the ATM. It is also possible that consumers are less worried about going out and about without cash. Having taken cash out and spent it, they may be prepared to wait longer for their next large weekly cash withdrawal and not bother with a smaller one to tide them over.

The proportion of balance enquiries was another area which saw change during the pandemic. For many years, balances were consistently around 31% of total transactions. Lockdowns, both in 2020 and early 2021, saw them rise up to 38% as consumers wanted to check how much cash they could take out, perhaps knowing they may not be visiting an ATM again for some time. In so called "normal" periods during the pandemic, the proportion of balances fall back and they are now almost exactly where they were before the pandemic, and indeed had been for many years before that. This may seem surprising as over this period there has been a huge increase in the use of mobile phones, bank banking apps and bank websites which allow easy access to balance information. This suggests that for some consumers at least, the ability to check their balance at an ATM remains a valuable service.

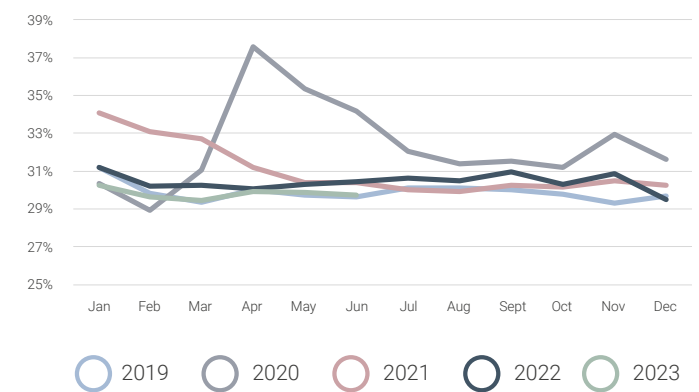
LINK ATMs and cash-at-the till locations



Average withdrawal value



Proportion of balance enquires



LINK BOARD MEMBERS



Sir Mark Boleat

[Director and Chair](#)

Sir Mark Boleat is Chair of Link Scheme Holdings Ltd. He is also Chair of the Board of the International Business and Diplomatic Exchange. He has previously been the Chair of the City of London's Policy and Resources Committee, and in this capacity was also Deputy Chair of TheCityUK (the promotional body for the UK finance industry) and the International Regulatory Strategy Group, a Vice Chair of London Councils and a Board Member of London and Partners. He has also chaired the Housing and Finance Institute and the Board of Governors of the City of London Academy Highbury Grove. Mark was awarded a knighthood for services to the financial services industry and local government in London in June 2017.



John Howells

[Director and Chief Executive Officer](#)

John is CEO of Link Scheme Holdings Ltd and an Executive Director. He is also a Commissioner for the Financial Inclusion Commission, and a Non-Executive Director and Chair of the Risk Committee for MedCo, the medical report system. Prior to LINK, John held a number of senior roles with Gemini Consulting and Capgemini. His early career was with Lloyds Bank.



The Rt. Hon. the Lord Hunt of Wirral MBE (David Hunt)

[Senior Non-Executive Director and Chair of the Remuneration and Nominations Committee](#)

Lord Hunt is Chair of the Financial Services Division of the international commercial law firm DAC Beachcroft LLP. David Hunt has been a parliamentarian for over 40 years, first as MP for Wirral, then Wirral West, from 1976-1997. He was a Minister in successive Governments for 16 years and a member of the Cabinets of both Margaret Thatcher and John Major. He became a life peer in 1997. He is Chair of the House of Lords Secondary Legislation Scrutiny Committee.



John Gill

[Director and Chair of the Risk Committee](#)

John is also a Non-Executive Director and Chair of the Audit and Risk Committee for Quilter Investment Platform Limited and Quilter Life & Pensions Limited.



Tracey Graham

[Director and Chair of the LINK Consumer Council](#)

Tracey is also a Non-Executive Director of Close Brothers plc, discoverIE plc (Senior Independent Director), and Nationwide Building Society (Senior Independent Director).



Bill Raynal

[Director](#)

Bill is an experienced banker having spent over 30 years with RBS Group where he was part of the wider Group Executive Team. Latterly, Bill was Chief Operating Officer of YourCash Europe Limited, an independent ATM deployer operating ATMs across Europe.



David Rigney

[Director and Chair of the Audit Committee](#)

David has considerable experience as an Executive and Non-Executive Director. He was a main Board Executive Director at Nationwide Building Society and Chairman of BACS. He has also held Non-Executive Director roles in Central Government and in the Energy, Financial Services and Sport sectors.



Chris Davis

[Director](#)

In addition to his role at LINK Chris is Managing Director of Ireland & Senior Partner BOI at Kyndryl and Chairman of DVCP. He has over 30 years banking and financial services experience and is a Certified Bank Director and is SMF accredited.

SENIOR MANAGEMENT TEAM

John Howells

Director and Chief Executive Officer

John is CEO of Link Scheme Holdings Ltd and an Executive Director. He is also a Commissioner for the Financial Inclusion Commission, and a Non-Executive Director and Chair of the Risk Committee for MedCo, the medical report system. Prior to LINK, John held a number of senior roles with Gemini Consulting and Capgemini. His early career was with Lloyds Bank.

Deanne Clifton

Chief Operating Officer

Deanne is LINK's COO, responsible for LINK's operational services and performance of its payment system. She was previously a Director at EY in its Financial Services practice.

Mike Knight

Finance Director

Mike is a qualified Chartered Accountant and has an extensive business career in both SMEs and large corporates.

Graham Mott

Director of Strategy

Graham's role covers external relations, public relations, public affairs, and strategic issues like interchange, industry initiatives such as polymer, fraud management, and physical ATM crime.

Adrian Roberts

Chief Commercial Officer

Adrian is responsible for innovation and development of industry structure for LINK. He was previously the Director of the UK ATM Business at the Bank of Ireland Group where he was responsible for over 2,700 ATMs. Adrian is a former LINK Board Director.

Tom Sleight

Chief Risk Officer

Tom is responsible for risk management and regulatory compliance. He is a qualified solicitor, and was previously Risk and Compliance Director at TransUnion operations area.

Sue Wallace

Chief Scheme Development Officer

Sue is LINK's Chief Scheme Development Officer and has over 40 years' experience of working in payments, having previously held senior roles at Barclaycard and Vocalink and now specialising in scheme governance and development.



LINK MEMBERS

LINK currently has 32 Members consisting banks, building societies, the Post Office and Independent ATM Operators.

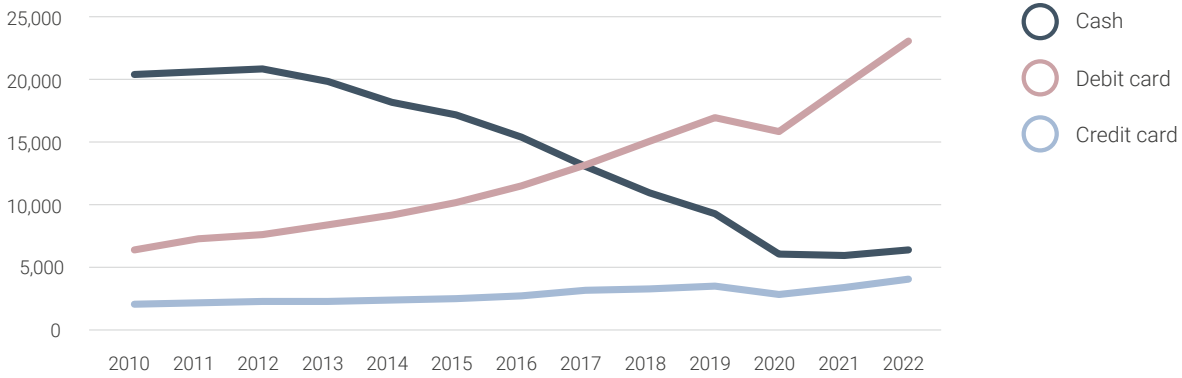
LINK Members June 2023

	Branch ATMs (Free-to-use)	Remote ATMs (Free-to-use)	Remote ATMs (Pay-to-use)	Total ATMs
AIB Group	8	5		13
American Express				Card issuer only
Bank of Ireland	39			39
Bank of Scotland	346			346
Barclays Bank	12	2		14
Barclays Bank UK	1,054	1,341		2,395
Cardtronics		9,334	5,904	15,238
ChangeGroup	1	310	79	390
Citibank	4			4
Clydesdale Bank	127			127
Cooperative Bank				Card issuer only
Coventry Building Society	44	5		49
Cumberland Building Society	20			20
G4S	1	2		3
Halifax	1,331			1,331
Handelsbanken				Card issuer only
HSBC UK	1,030	8		1,038
Lloyds Bank	1,636			1,636
Metro Bank				Card issuer only
Nationwide Building Society	1,246			1,246
NatWest	2,214	3,563		5,777
Northern Bank	84			84
NoteMachine	317	5,289	3,225	8,831
PayPoint		2,133	1,230	3,363
Post Office	45	1,333		1,378
Sainsbury's Bank		1,373		1,373
Santander	1,668	4		1,672
Tesco Personal Finance				Card issuer only
Travelex		145	171	316
TSB Bank	636			636
Yorkshire Bank	195			195
Yorkshire Building Society				Card issuer only
YourCash		1,540	338	1,878
Total LINK ATMs	12,076	26,387	10,947	49,410

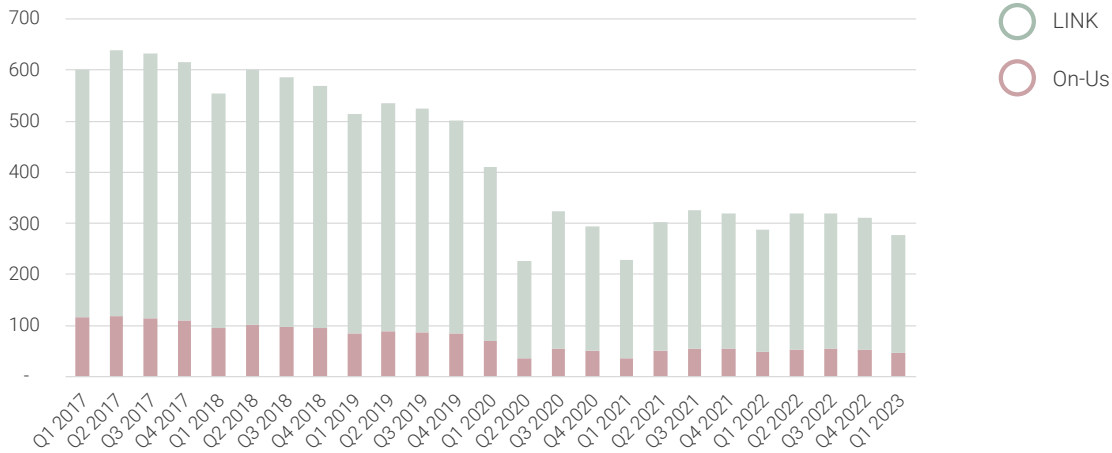
STATISTICS SUMMARY

LINK provides weekly and monthly updates.
 See the LINK website
<https://www.link.co.uk/about/statistics-and-trends>

Total Payments (Source: UK Finance - UK Payment Markets 2023)

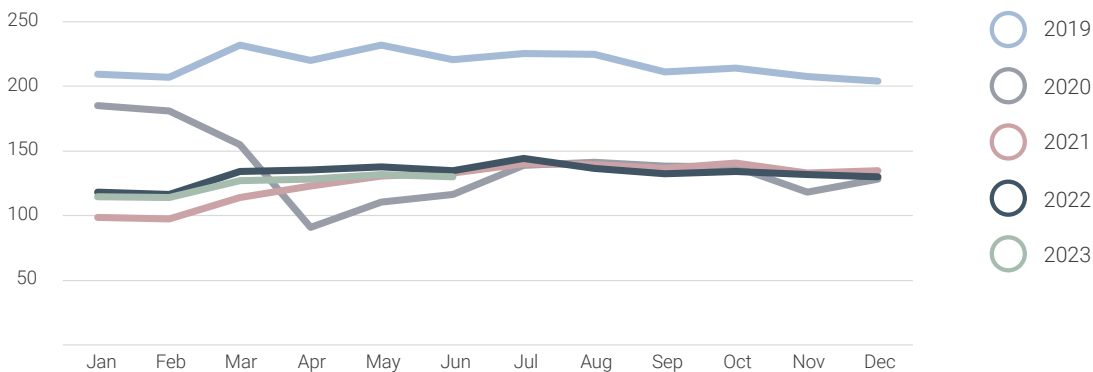


Quarterly Total ATM Withdrawals (including On-Ups) (m)



(1) On-us is where someone uses an ATM which belongs to their own bank or building society.

Monthly LINK transaction volumes (millions)

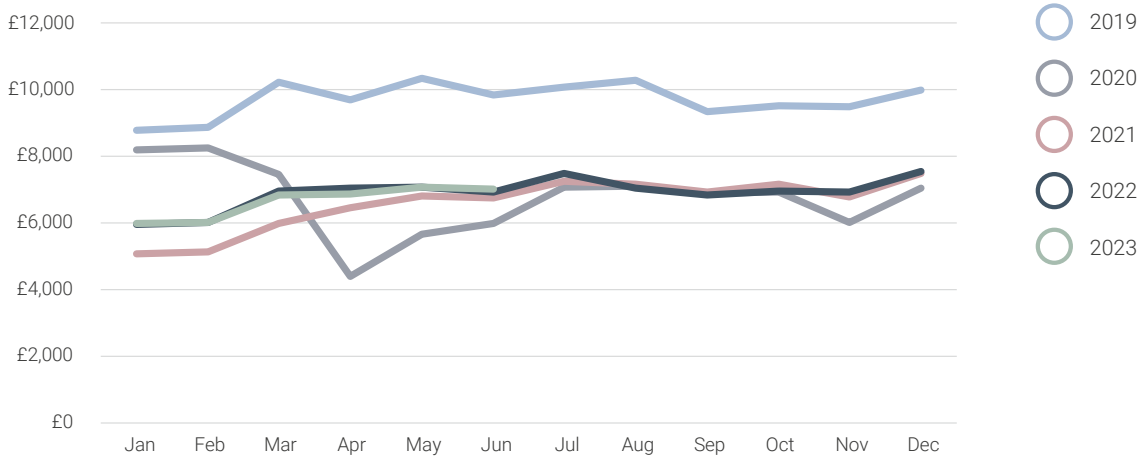


LINK also regularly posts updates on Twitter and LinkedIn.

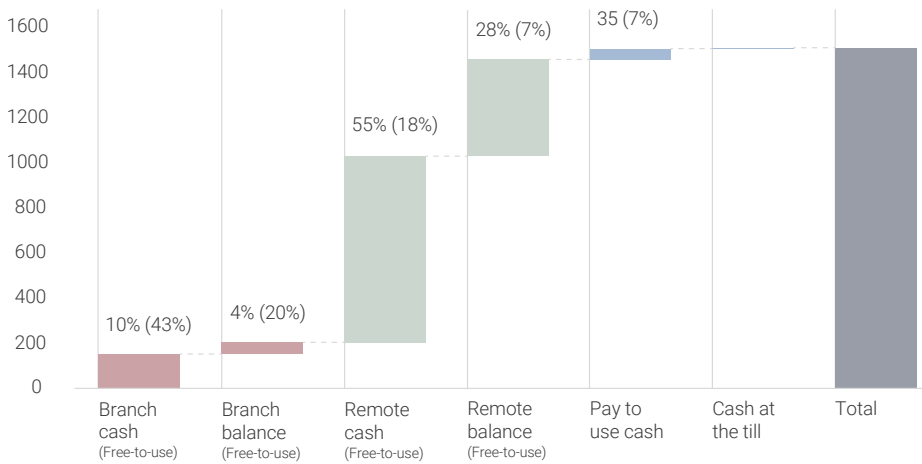
[LINK Scheme@LINK_ATM_Scheme](https://twitter.com/LINK_ATM_Scheme)

www.linkedin.com/company/link-atm-scheme

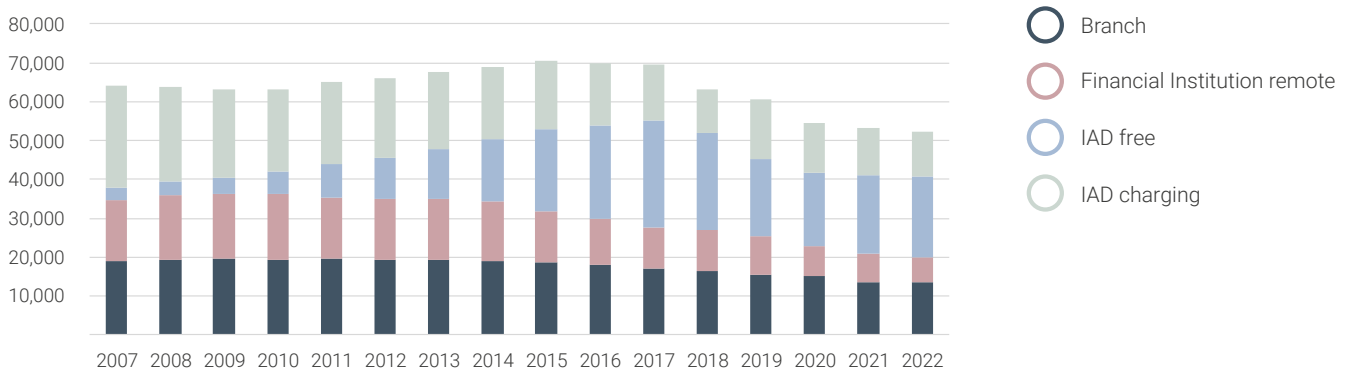
Monthly LINK transaction values (millions)



LINK Transaction Summary 2022 (millions) - Proportion of transactions and change to 2021



Year end ATM numbers



CONSUMERS

LINK's Financial Inclusion Programme

LINK's Financial Inclusion Programme ensures that, as the UK continues to become more digital, access to cash remains convenient for consumers.

Financial inclusion in numbers

99.8%

High streets have cash access within 1km

£8m+

per month being withdrawn from Directly Commissioned ATMs

3,400

Protected ATMs

£16m

Invested in subsidising critical ATMs

2,300

Deprived areas with good cash access

100+

Remote and deprived ATMs commissioned by LINK

3,400 ATMs receive a financial inclusion subsidy

Since 2006, LINK's Financial Inclusion Programme has focused on free access to cash in the most deprived and remote areas of the country. To do that, it subsidises 3,400 ATMs, monitors 8,000 high streets, and speaks to consumers across the country about their cash access needs.

As cash use continues to decline, and many consumers opt to pay using other methods, that work grows in importance. The number of ATMs on the high street continues to decline, but LINK's continued investment in its Financial Inclusion Programme will ensure the network serves communities with free access to cash.

There remains good access to cash across the country. 99.8% of high streets have free access to cash within 1km, and LINK's support has invested in new ATMs in over 100 locations. Over 4,000 consumers have talked to LINK about cash in their area, and many thousands use the cash locator regularly to find the best way for them to access their cash locally.

Access to Cash Legislation

While the ongoing work of the Financial Inclusion Programme is supporting consumers, it is based on voluntary support from LINK's Members. LINK has therefore continued to work with Government, MPs, stakeholders and the industry as a whole to support access to cash legislation which will secure the achievements made to date, and protect access to cash for as long as it is needed.

LINK welcomes the new Financial Services and Markets Act and is looking forward to working with the FCA to protect consumers over the long-term.

Over 100 community-requested ATMs installed

LINK's fund to support communities struggling to access cash has now been used over 100 times. Whenever an issue is raised, LINK investigates it in detail and is able to directly commission new cash services where there is an issue. Having spoken to over 4,500 people, LINK has funded over 100 ATMs to serve those communities. The 100th opened in July 2022 in Birmingham, supporting residents who previously were likely to pay to access their cash.

£5m withdrawn per month from retailers' tills

Since 2021, consumers have been able to access cash through selected retailers' tills. The service, cash at the till, has grown increasingly popular, and now provides over £5m a month.

Enabling people to take out small amounts of notes and coins, the service has been particularly valuable in deprived and remote communities, and forms part of LINK's work to provide access to cash in deprived areas. Over 40 of the locations are supporting LINK's work with deprived communities.

Cash at the till locations will play a vital role in cash access as the network as a whole continues to change.

Promoting access to cash

While the cash access network remains strong, not everyone knows where their nearest free ATM is. Many people don't know that they can take cash out at their local Post Office.

LINK has therefore run targeted advertising campaigns to reach those consumers who rely on cash, and make sure they know where they can take cash out for free. Reaching millions of people over radio, social media and via mailouts to houses, LINK has promoted the ways people can access their cash for free.

Co-ordinating industry response to bank branch closures

Since January 2022, LINK has tracked bank branch closures, and recommended shared services to support local communities where no services remain.

This work has resulted in LINK recommending over 100 shared services for towns which no longer have a bank branch. The work builds on lessons from LINK's Financial Inclusion Programme, and has the potential to create a national chain of shared banking hubs providing access to cash on the high street for as long as it is needed.

CONSUMER SUPPORT

Cash Locator launched

With the introduction of LINK Cashback Without Purchase, the ATM Locator has been renamed the Cash Locator.

Available to download on the LINK website, the locator now lets people see where their nearest ATM, Post Office or Cashback Without Purchase location is. The locator has also been updated to make it easier for people to highlight issues in their local area and ask for LINK’s support.



LINK takes up the role as the Co-ordinating Body for Access to Cash

In January 2022, at the request of the High Street banks, LINK took up the role of the Co-ordinating Body tasked with ensuring that access to cash is retained across the UK.

Using criteria developed by the Cash Action Group, LINK assesses all communities where bank branches close to ensure that adequate access to cash remains and where necessary, recommends a delivery body to commission new services such as shared banking hubs.

Since July 2022, consumers have been able to ask LINK to make an assessment of their community and commission new services where necessary.



Consumer Council

The LINK Consumer Council has been acting as the guardian of access to cash since 2006. It provides advice on consumer issues relating to cash and payment preferences and ensures LINK’s work is targeted at consumers. The work of the Consumer Council in protecting the interest of consumers is more important than ever, with falls in the overall demand for cash, accelerated by the coronavirus crisis, making the UK’s ATM network more fragile than ever before.

- Tracey Graham**, Chair and LINK Non-Executive Director
- Sian Williams**, Toynbee Hall
- Lady Margaret Bloom CBE**
- Tim Allen**, Barclays
- Adam Bailey**, NatWest
- Scott Kennerley**, Consumer Council of Northern Ireland
- Kerry Fearn**, Department for Work and Pensions
- Iain Gibson**, Sainsbury’s Bank
- Martin Kearsley**, Post Office
- Paul Maynard MP**
- Scott Kennerley**, Consumer Council of Northern Ireland
- Nick Wiles**, PayPoint
- Chris Brooks**, Age UK



LINK
Consumer Council

MANAGING SYSTEMIC RISK

LINK has a well-developed Three Lines of Defence approach to maintaining operational performance and managing risk. This comprises a First Line operations function, a Second Line risk management and compliance function, and an independent Third Line Internal Audit function. The Board Risk Committee supports the Board in oversight.

LINK manages risk through an Enterprise Risk Management Framework (ERMF), to ensure the consistent identification and management of risk across the organisation. Acknowledging the importance of maintaining a resilient payment system, the ERMF is supported by a Business Resilience Framework (BRF), which sets the high-level approach to, and expectations for, managing resilience of day-to-day operations. The BRF includes, but is not limited to, operational resilience, business continuity, disaster recovery and supplier management.

The systemic management of both risk and resilience ensures LINK understands and manages risk, identifies potential vulnerabilities of systems and processes, and develops adequate recovery and response plans and strategies should a disruption or unforeseen incident take place.



GOVERNANCE AND REGULATION

As a payment systems operator, LINK is regulated by the Payment Systems Regulator (PSR), the Bank of England, and shortly, by the Financial Conduct Authority (FCA). The PSR is concerned with ensuring that LINK meets the needs of its service users, and aims to promote competition and innovation. The Bank's focus is on ensuring that LINK manages systemic integrity effectively. Both regulators work closely with the LINK Board and management team.

LINK manages its internal governance through a Board, which is comprised of the CEO and a number of independent non-executive directors with a wealth of payments and financial services experience. The Board is supported by three committees - the Risk Committee, Audit Committee, and the Remuneration and Nominations Committee.



LINK Board members

Sir Mark Boleat, Director and Chair
John Howells, Director and Chief Executive Officer
The Rt. Hon. the Lord Hunt of Wirral MBE (David Hunt), Senior Non-Executive Director and Chair of the Remuneration and Nominations Committee
John Gill, Director and Chair of the Risk Committee
Tracey Graham, Director and Chair of the LINK Consumer Council
Bill Raynal, Director
David Rigney, Director and Chair of the Audit Committee
Chris Davis, Director

(See pages 10 and 11 for full biographies)

Audit Committee members

David Rigney (Chair)
 John Gill
 Bill Raynal
 Chris Davis

Remuneration and Nominations Committee members

Lord David Hunt (Chair)
 Sir Mark Boleat
 Tracey Graham
 David Rigney

Risk Committee members

John Gill (Chair)
 Sir Mark Boleat
 Bill Raynal
 David Rigney

FINANCIAL STATEMENTS

Background

Link Scheme Holdings Ltd ("LSHL") is a company limited by guarantee without share capital. Its guarantors are the LINK network members. The company is responsible for the running of the LINK Scheme through its wholly owned subsidiary, Link Scheme Ltd ("LSL"). LINK is a not-for-profit organisation with a public interest remit. It works closely with the Treasury and its two regulators, the Bank of England and the Payment Systems Regulator, to maintain access to cash for UK consumers as long as it is needed.

Although LINK transaction volumes in 2022 of 1.6bn were up 4% on the previous year, with early 2021 impacted by the lockdown, this still represents a decline of 39% below pre-pandemic 2019 levels. This illustrates just how much consumers' use of cash has changed over recent years with the resulting commercial stress on the existing infrastructure and declining cash acceptance. However, it is worth noting that an average of approximately £7bn per month was withdrawn through ATMs in 2022 so, despite the inexorable move to digital methods for making payments, millions of consumers are still using cash.

Because of the uncertainty as to the level of cash usage post pandemic, LINK had prepared the 2022 budget in the Summer of 2021 based on conservative assumptions of transaction volumes, and hence fee income. In the event, actual volumes exceeded budget by a sizeable amount and a post-tax surplus of £1,897,539 (2021 - £683,654) was generated. This retained surplus, plus the annual adjustment to capital reserves from members in accordance with the CPMI-IOSCO Principles for Financial Market Infrastructures, has resulted in an increase to the group's capital and reserves to £10,212,176 at 31 December 2022 from £7,693,802 at the end of 2021. This represents a further improvement to the group's financial position and LINK's overall financial resilience.

The Company's financial statements, included within the Report and Financial Statements, are audited by the Company's auditor, PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds LS1 4DL. A copy of the Company's Report and Financial Statements are available upon request from the Company's registered office address.

Summary statement of comprehensive income for the year ending 31 December 2022

	2022	2021
	£	£
Turnover	15,065,806	12,947,860
Administrative expenses	(12,809,236)	(12,219,873)
Operating profit	2,256,570	727,987
Interest receivable and similar income	87,685	6,005
Profit before taxation	2,344,255	733,992
Tax on profit	(446,716)	(50,338)
Profit and total comprehensive income for the financial year	1,897,539	683,654

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

Turnover

Turnover consists of monthly fees charged to members by virtue of their membership of the LINK Scheme and fees for specific projects as agreed by the members from time to time. Monthly fee turnover is recognised in the period to which it relates. Specific project turnover is recognised on an accruals basis and is matched with the expenditure in the period in which it is incurred.

All turnover is shown net of VAT and other sales-related taxes.

Deferred income - Development Fund

Under the Framework Agreement dated 6 April 2017 between Mastercard UK HoldCo Limited ("Mastercard"), VocaLink Holdings Ltd, VocaLink Limited (together "Vocalink") and Link Scheme Ltd, the parties agreed to implement certain remedies in order to satisfy the Competition and Markets Authority ("CMA") that, following the acquisition of Vocalink by Mastercard, the competition of the LINK Scheme network would not be substantially lessened. In addition, Mastercard agreed to make a payment of £2 million to the Group to establish a Development Fund for the purposes of developing and implementing innovative products and services relating to the LINK network. If the Group does not adhere to the conditions regarding the use of the Development Fund, then the Group will be liable to pay the appropriate funds back to Mastercard.

Turnover in relation to the Development Fund is recognised on an accruals basis and matched with the expenditure in the period in which it is incurred. Any costs incurred and allocated against the Development Fund is accounted for in the appropriate manner according to their nature.

An analysis of the Group's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by class of business		
Membership fees	11,882,246	9,520,700
Members' funding calls - specific projects	2,764,160	3,257,872
Other, including Development Fund	419,400	169,288
	15,065,806	12,947,860

Summary statement of financial position as at 31 December 2022

	£	2022 £	£	2021 £
Fixed assets				
Tangible assets		45,634		100,862
Current assets				
Debtors	1,787,251		1,099,381	
Cash at bank and in hand	21,729,020		17,835,783	
		23,516,271		18,935,164
Creditors: amounts falling due within one year		(11,119,164)		(9,117,786)
Net current assets		12,397,107		9,817,378
Total assets less current liabilities		12,442,741		9,918,240
Creditors: amounts falling due after more than one year		(2,230,565)		(2,222,847)
Provisions for liabilities		-		(1,591)
Net assets		10,212,176		7,693,802
Capital and reserves				
Capital contribution reserve		9,407,494		8,786,659
Profit and loss reserves		804,682		(1,092,857)
Total equity		10,212,176		7,693,802

Summary statement of changes in equity for the year ended 31 December 2022

The total equity of the Company at 31 December 2022 of £10,212,176 was derived from capital contributions of £9,407,494 plus the retained cumulative net surplus of £804,682

The cumulative capital contributions came from three sources:

- As part of the restructuring of the LINK Scheme in 2016 "advance payments" of VocaLink Limited's discount against the future payment processing fees it would charge to Members under its agreement for the provision of switching and settlement services were made to Link Scheme Ltd. Part of these advance payments were used to fund start up and transaction costs, particularly legal fees, incurred by Link Scheme Ltd in the setting up of the new arrangements between the various parties. The total of the advance payments made to the company for this purpose was £3,485,700.
- In addition, under the restructuring arrangements with VocaLink Limited in 2016, the surplus of the Scheme accumulated over its years of operation within that entity was to be transferred over to Link Scheme Ltd. The total amount transferred from VocaLink Limited was £825,514.
- In accordance with The Committee on Payments and Market Infrastructures and the Board of the International Organization of Securities Commission (CPMI-IOSCO) Principles for Financial Market Infrastructures, the company must hold a reserve of at least 50% of operational expenditure. As such, in the years from 2017 to 2021 calls totalling £4,475,445 were received and recognised as capital contributions. A further £620,835 has been received and recognised in 2022 (2021: £802,033). The value of this reserve will be considered annually and amended in line with operational expenditure.

	Capital contribution reserve £	Profit and loss reserves £	Total equity £
Balance at 1 January 2021	7,984,626	(1,776,511)	6,208,115
Year ended 31 December 2021:			
Loss and total comprehensive expense for the year	-	683,654	683,654
Capital contribution transfers	802,033	-	802,033
Balance at 31 December 2021	8,786,659	(1,092,857)	7,693,802
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	1,897,539	1,897,539
Capital contribution transfers	620,835	-	620,835
Balance at 31 December 2022	9,407,494	804,682	10,212,176



If you would like to know more about LINK or have any suggestions or feedback, please get in touch.

www.link.co.uk/contact-us

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