



**LINK
Consumer Council
Annual Report
2021**





Contents

- Foreword 3**
- Financial Inclusion in numbers 4**
- Landmark for Financial Inclusion as Cashback Without Purchase service launched 5**
- In-depth trial paves the way for Cashback Without Purchase rollout 6**
- COVID looms large in cash debate 7**
- LINK funds over 100 ATMs to serve communities 9**
- Free-to-use ATMs save communities up to £40k 10**
- Protecting the ATM footprint 11**
- About the Consumer Council 12**

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Despite a drop in cash usage, around five million people still rely on cash. For this reason, it is more important than ever that the industry comes together to support better cash access.

Free access to cash remains vital

2021 has been another year full of challenges and rapid change. I am proud of the continued work of the Consumer Council to respond to that change and deliver innovative solutions for consumers who need cash.

After a rapid drop in cash usage during the early months of the COVID-19 pandemic, people's habits have changed. Withdrawals from LINK cash machines are down more than 40% compared to before COVID-19, as people have chosen new ways to pay.

LINK does not expect cash to return to the levels seen before the pandemic. Despite this general trend, around five million people still rely on cash.

For this reason, it is more important than

ever that the industry comes together to support better cash access. And it is in that context we present the Consumer Council's Annual Report.

This year, we have delivered on a long-held ambition to provide cashback without a purchase, at retailers' tills. After championing the idea for many years, the Council has funded a successful trial and lobbied the government to enable legislation to make it a reality from winter 2021. It has been a pleasure working with LINK, PayPoint, Toynbee Hall and many other stakeholders on a vital project that will improve cash access for people who need it most.

While the Consumer Council has only met remotely this year, it has been able to

support LINK's work in protecting the ATM footprint and improving free cash access for communities across the country – work you can read about in this report.

We have welcomed new members to the Council this year. Paul Maynard MP, Rachel Beddow from Citizens Advice, Nick Wiles of PayPoint and Kerry Fern, representing the DWP, have all added new perspectives and expertise to our discussions. I would like to thank all our members for their hard work and input. As the landscape for cash access changes rapidly in the coming years, that expertise will continue to be vital to ensuring good outcomes for consumers.

Tracey Graham

Chair, Link Consumer Council

Financial Inclusion in numbers

99.8%

High streets have cash access within 1km.

£75m

Withdrawn from directly commissioned ATMs.

3,200

Protected ATMs.

£15m

Invested in crucial ATMs.

2,189

Deprived areas with good cash access.

100+

Remote and deprived ATMs commissioned by LINK to improve free access.

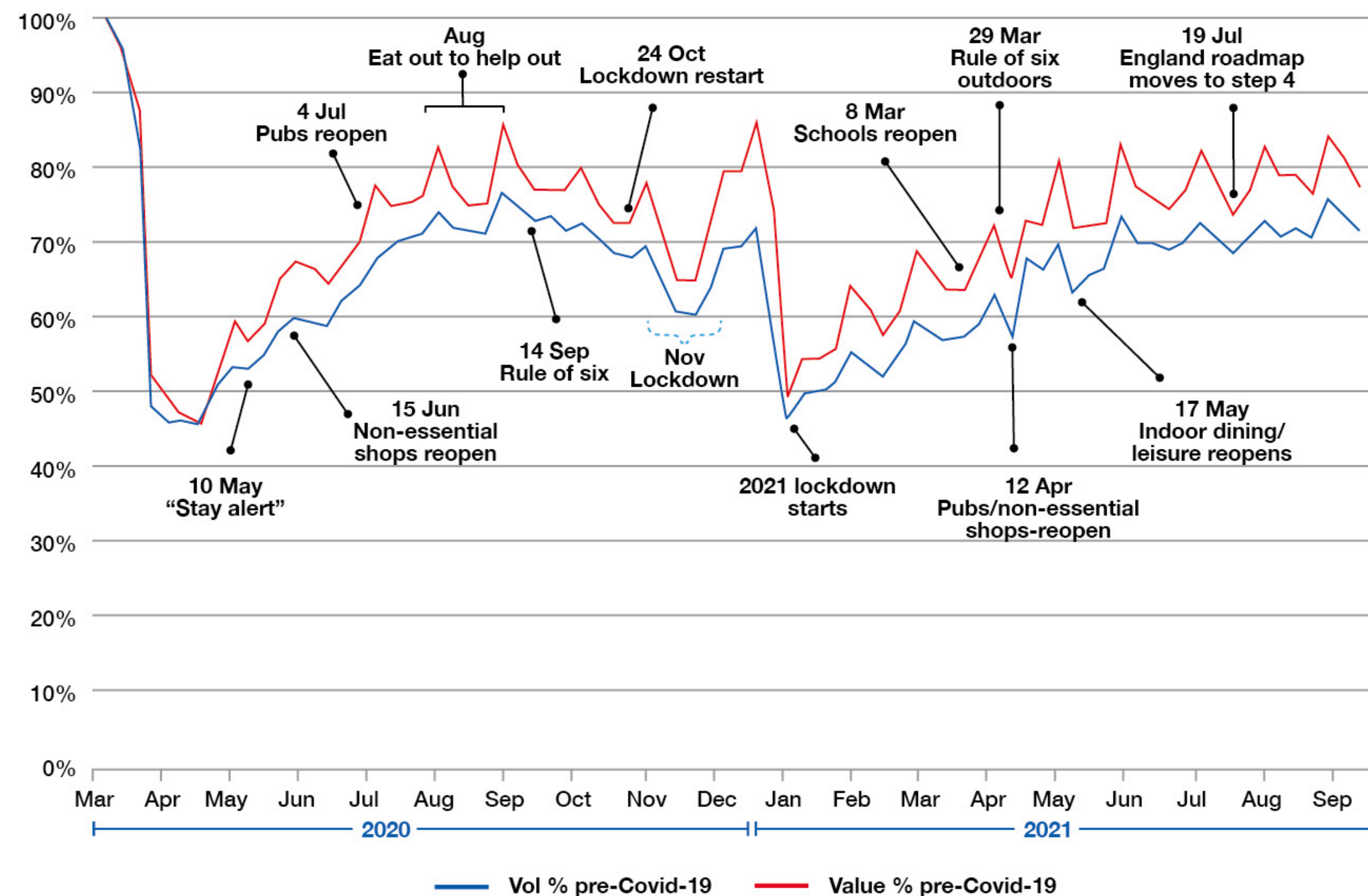
85.3%

Consumers live within 1km of a free ATM.

3,365

ATMs receive a financial inclusion subsidy.

Weekly volume and value percentage to pre-Covid-19



Landmark for Financial Inclusion as Cashback Without Purchase service launched

For many cash-users, withdrawing a round figure of £10 or £20 is second nature, but there are many others who need a much smaller and sometimes specific amount and are unable to access it – what has become known as “the £3.63 problem”.

Since its first meeting in 2006, the Consumer Council has focused on the needs of the most deprived consumers. It led calls for the rollout of £5 notes at ATMs from 2009 onwards and oversaw the introduction of LINK’s work in deprived areas. Since a landmark 2014 report from Toynbee Hall highlighted the consumers who couldn’t withdraw £5 from an ATM, the Council has tirelessly campaigned to take these developments further.

A huge amount of work has gone into resolving the £3.63 problem.

In 2019, the Council sponsored a year-long trial of the technology developed

by PayPoint to allow people to use retailers’ tills to withdraw cash. Based on the lessons of the trial and an extensive campaign, the Government passed an amendment to the Financial Services Bill tabled by Lord Holmes of Richmond, which would make cashback without a purchase a reality.

Thanks to LINK’s ATM switch, consumers can withdraw any amount up to £50 from their account from participating retailers’ tills. That isn’t limited to notes – and it can be as specific as £3.63.

LINK expects to see machines rolled out across the country in the coming months. It is hoped that this service will become a valuable additional cash access point – providing more convenient options to get cash out and ensuring that consumers who have small amounts left in their accounts can access it without travelling to their bank branch.



“”

Cashback without a purchase has the potential to be a valuable facility to cash users, and to play an important role in the UK’s cash infrastructure.

John Glen MP, Economic Secretary to the Treasury

In-depth trial paves the way for Cashback Without Purchase rollout

Any new service providing cash to consumers needs rigorous testing. Consumers need to be able to rely on the service if it is to succeed. Those running it need to know it works, and banks need to know it is safe.

The Consumer Council therefore funded and oversaw a detailed practical trial of the Counter Terminal service at 13 locations across the country. The trial was designed to test whether the service worked, and whether there was demand for it.



“This is a very positive step and brings much needed innovation in access to cash.”

John Howells, LINK CEO

£700,000

Amount withdrawn from tills as part of a 12-month trial, with **£27.81** the average withdrawal.

A six-month trial commenced in October 2020 and was extended until October 2021 due to the ongoing lockdown restrictions in place over winter.

Over those 12 months, almost £700,000 was withdrawn from the tills in more than 25,000 transactions. The concept has proven popular with local consumers, and reliable to use.

The solution is a valuable addition to cash access in deprived areas. The average withdrawal

at a Counter Terminal is £27.81, significantly lower than at an ATM. Some 40% of the withdrawals have been for non-round amounts, a service an ATM cannot offer. And the location of stores has the potential to improve cash access to communities where it is difficult to install an ATM.

Over the coming year, LINK will monitor the rollout of counter terminals to make sure the service is reliable and promote it to consumers.

The Council is proud to have had a role in bringing this project to fruition, and will consider how these terminals can be incorporated into the Financial Inclusion Programme to support consumers in the most deprived areas as well.

Trial success

Of people who used the new service:

67%
of respondents found the service safe

59%
were happy to use it to support local retailers

47%
say they prefer it to an ATM.

Consumers from the trial said:

“It’s just so easy. It’s made life a lot easier – rather than having to go to the supermarket and [then] go somewhere else to try and pay everything.”

“You don’t need to spend money to get anything back. So it’s maybe saved you a couple of pounds, which, if you were having to do that constantly, does add up.”

“I would love to say that we don’t deal in coins, but obviously we’ve experienced a little bit of financial hardship, so coins sometimes do come into the equation... Yesterday, for instance, my electricity ran out, so I had to go and put £6 on the meter.”

COVID-19 looms large in cash debate

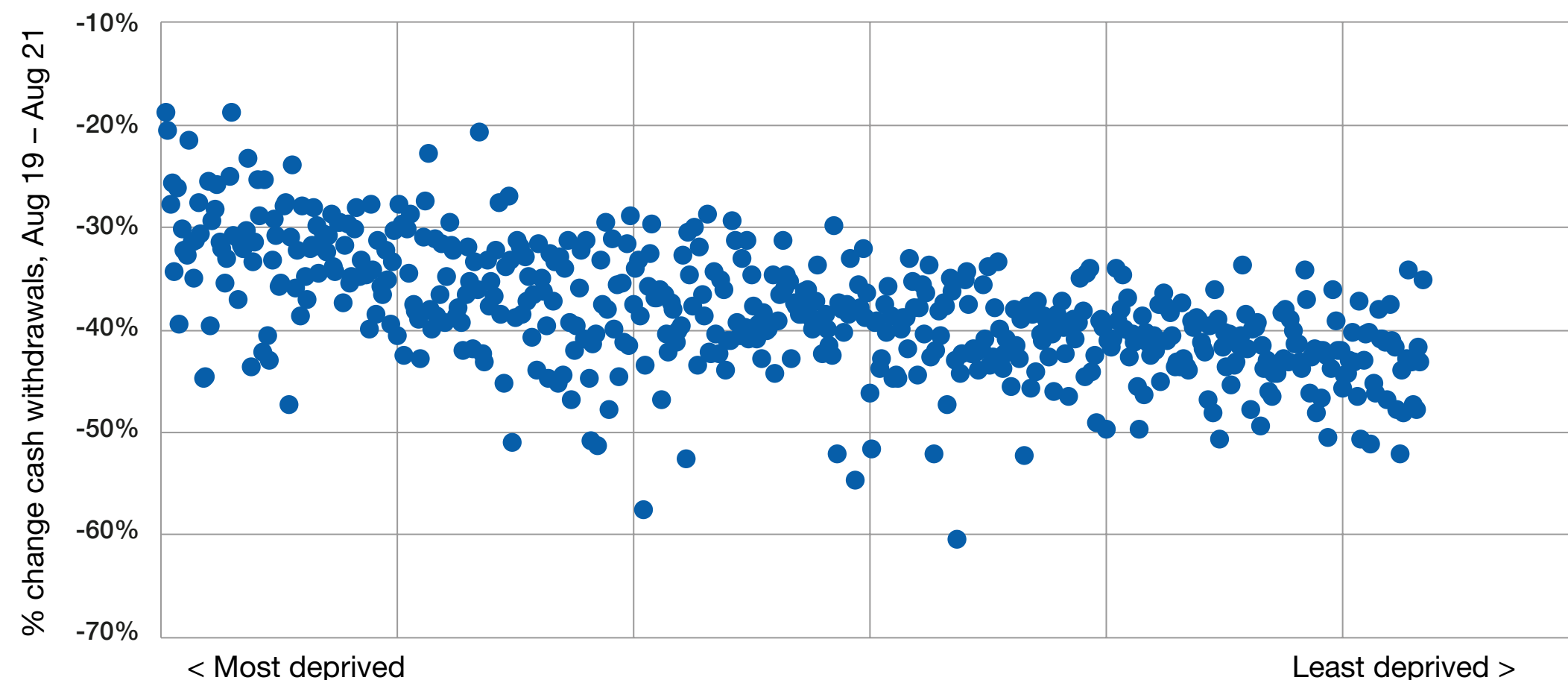
COVID-19 caused a sudden shift in our relationship with cash. As shops shut down, usage of the network dropped rapidly. At the height of the first lockdown, cash withdrawals at LINK ATMs were down as much as 80% in some areas.

Since then, we have seen usage increase as the economy has re-opened. But we are

unlikely to see transactions return to 2019 levels. People have got used to new ways of paying. Withdrawals are currently around 40% lower than they were in 2019.

With Brits taking out £100m less per day than they did in 2019, the network is more fragile than ever, and continues to require support. ▶

The graph below shows that the wealthiest areas have seen the largest sustained drop in cash withdrawals due to the pandemic



English constituencies ranked by deprivation



Shadow Secretary of State for Business, Energy and Industrial Strategy Ed Miliband visits a shop in Doncaster

COVID-19 looms large in cash debate

The upheaval of COVID-19 turbocharged the uptake of digital payments, online shopping and the decline of cash. But the picture isn't the same everywhere. It is clearer than ever that the most deprived communities continue to rely on cash the most. While usage of ATMs in the most deprived areas

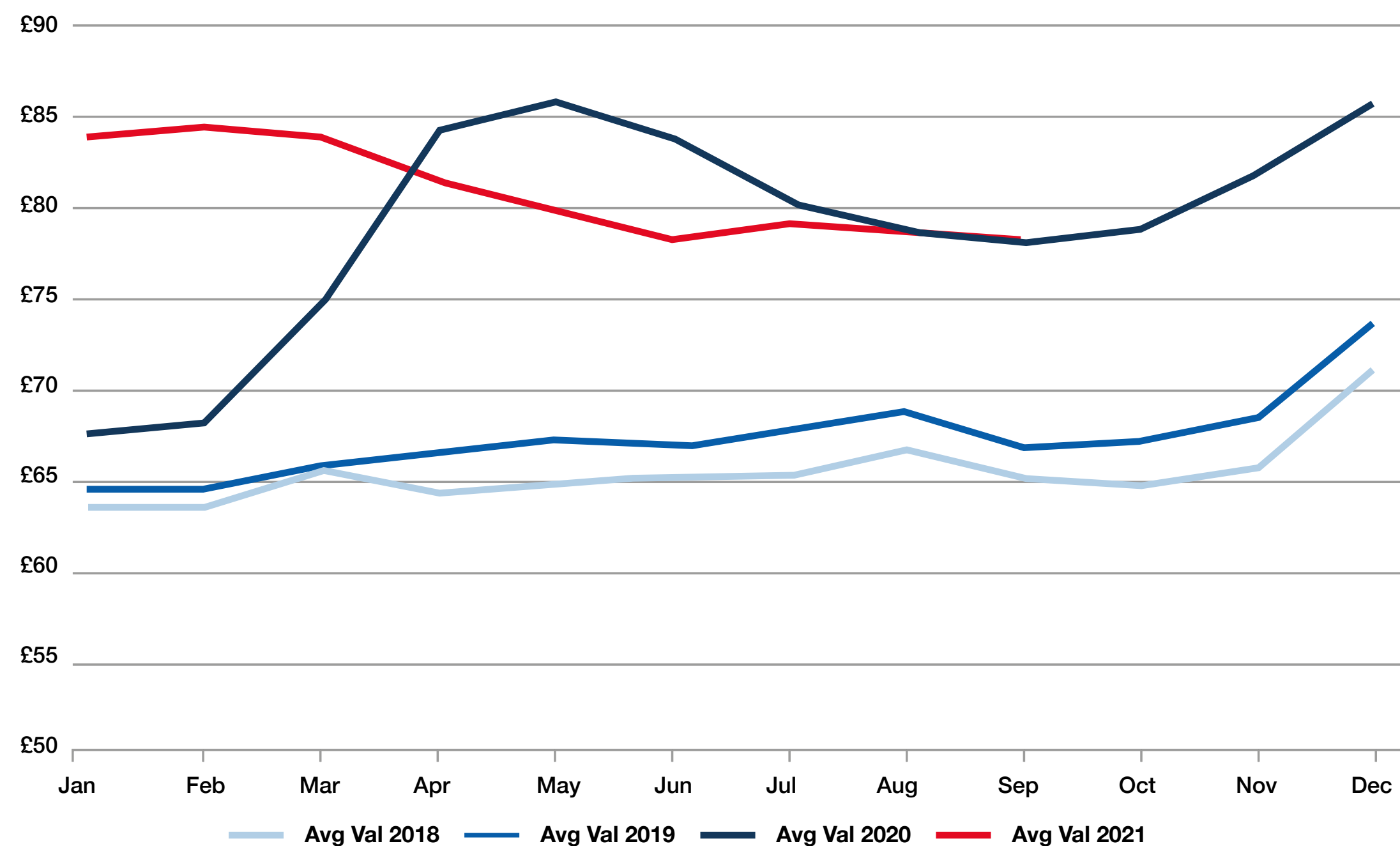
of the country is now around 20% down on pre-pandemic levels, the average across the country is around 40%.

While we are visiting cash machines less often, we are taking out more cash each time we go. Since the pandemic hit, the average withdrawal is more than £10 higher at LINK's ATMs than in 2019.



nenetus/stock.adobe.com

Average withdrawal value



Over 100 machines installed in communities needing free access to cash

LINK has now funded over 100 free-to-use cash machines in communities that previously struggled to access cash.

As well as replacing over 30 machines that closed and required replacement, LINK has continued listening to communities across the country.

In the two years since LINK opened up a direct channel for consumers to complain about gaps in coverage, more than 4,000 people have been in touch.

LINK has spoken to consumers and identified existing locations for them and, where there has been a problem, visited to learn about the issue in more detail.

As a result of this work, over 70 communities now have free cash access that didn't before.

Nick Quin, Head of Financial

Inclusion, said: "We've learned so much from speaking to people from across the country. It's developed our work immensely, and we're so proud to have supported communities in need. People have highlighted issues we would never see on a map, and we've been able to help others in so many ways.

"We'll keep listening to communities and responding where we can."

Interactive map of work published

LINK has published [an interactive map featuring the communities where it has funded a new free ATM](#). This shows the location of the 100+ machines installed so far through LINK's direct commissioning activity.

Cullen

[Click on the thumbnail picture above to view the photo gallery](#)

Free-to-use ATMs save communities up to £40k

LINK's ATMs are proving to be a lifeline for communities. Whether installed in villages, busy high streets or suburban centres, they are making a real difference to people's lives.

Over £75 million has now been withdrawn from those machines. In many cases, people would previously have had to either pay for cash access or travel to get cash.

This is a significant benefit to local communities.

LINK's research has shown that some communities are saving as much as £40,000 in withdrawal fees thanks to free-to-use cash machines. Several have been installed in deprived communities.

One year on from the installation of a machine in Croxteth, local Cllr Anthony Lavelle said: "I'm proud that our campaign, with the support of LINK, has secured a free-to-use machine in our community and I've heard from people

first-hand about the positive impact this change has had on their finances. Some people locally used the machine up to five times a week when it was charging £2 to withdraw your own money – £10 to some people is a lot of money and losing it to a machine for no good reason only causes further hardship and keeps people pitted in poverty.

"Communities like Croxteth rightly deserve to have a free cash machine and I'm glad that we have managed to remove the barrier and give residents access without having to pay for it."

The machines are good for the high street too. [LINK worked with Barclays to replace a charging ATM on Bishopthorpe Road in York](#), in a move welcomed by local shopkeepers.

Alice Hildred, of the Bishy Weigh store, said "If you've got to go into a multinational to get cashback, people are just going to stay there and do



A free-to-use ATM on Bishopthorpe Road in York will make a huge difference to independent shops

their shopping. This way, people have got that choice to support their local independents."

Richard Bothamley, owner of Setting the Scene florist, added: "Now I can

truthfully say, 'Well, you can go across the road and get a tenner', where before it was an embarrassment because it was so expensive – it was more than a bunch of daffodils!"

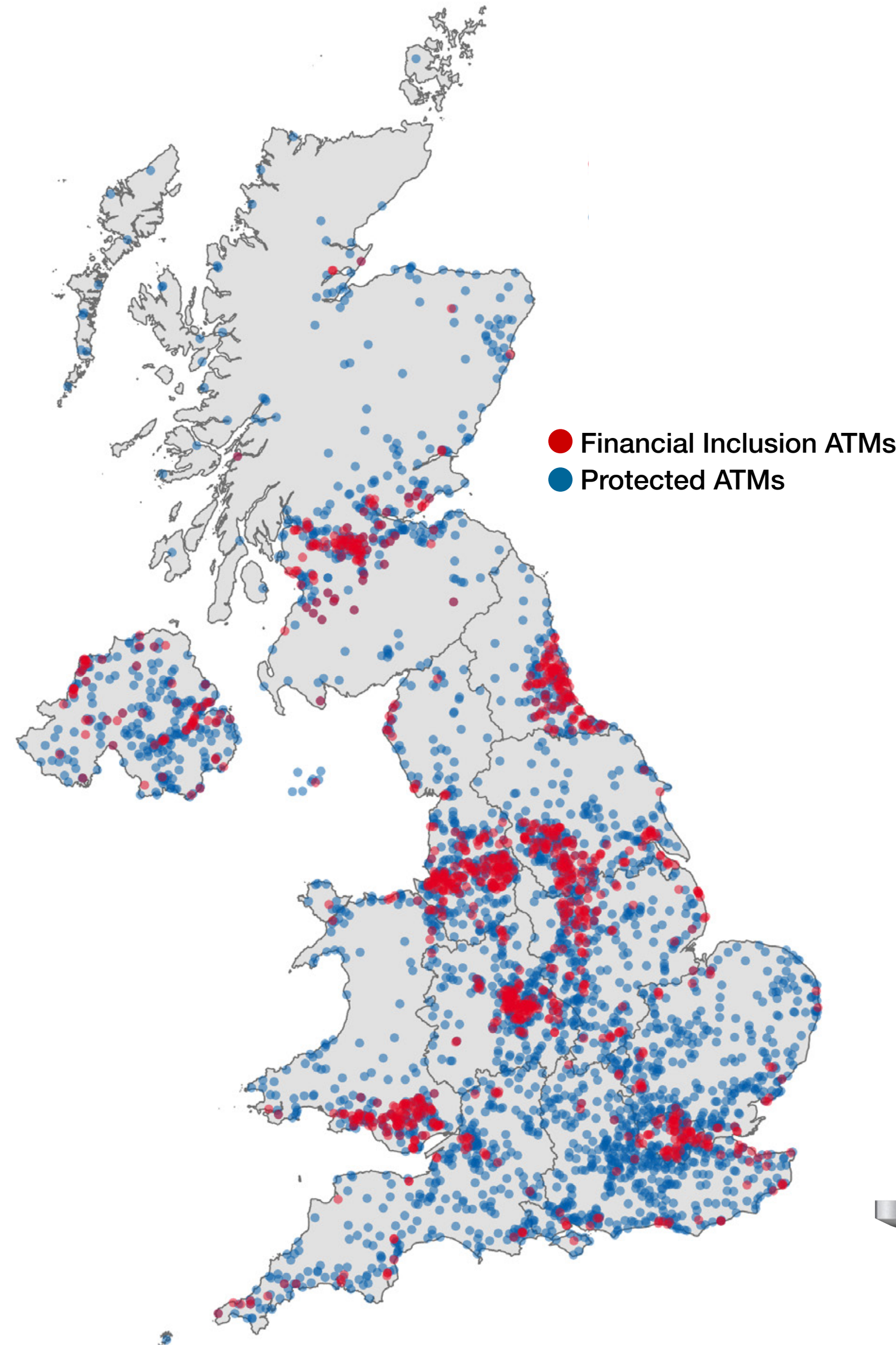
Protecting the ATM footprint

Since 2018, LINK has been tasked with preserving the geographic spread of ATMs. To do that, it protects free-to-use ATMs that have no alternative for one kilometre and subsidises those in specific deprived areas.

LINK does this by paying additional interchange to protected ATMs, and providing low volume premiums of up to £2.75 to ATMs that have low numbers of transactions.

During COVID-19, the way we use cash changed rapidly, but the ATM network remained robust and resilient. Despite this rapid shift and the impact it has on the network, LINK's financial inclusion incentives continue to support thousands of communities across the country.

Over the past three years, the number of free ATMs has reduced by 25%. However, there remains good access to cash across the country. LINK's financial inclusion work is a key reason behind the fact that over 85% of people live within one kilometre of a free cash machine, as it supports ATMs that may otherwise be under threat of removal.



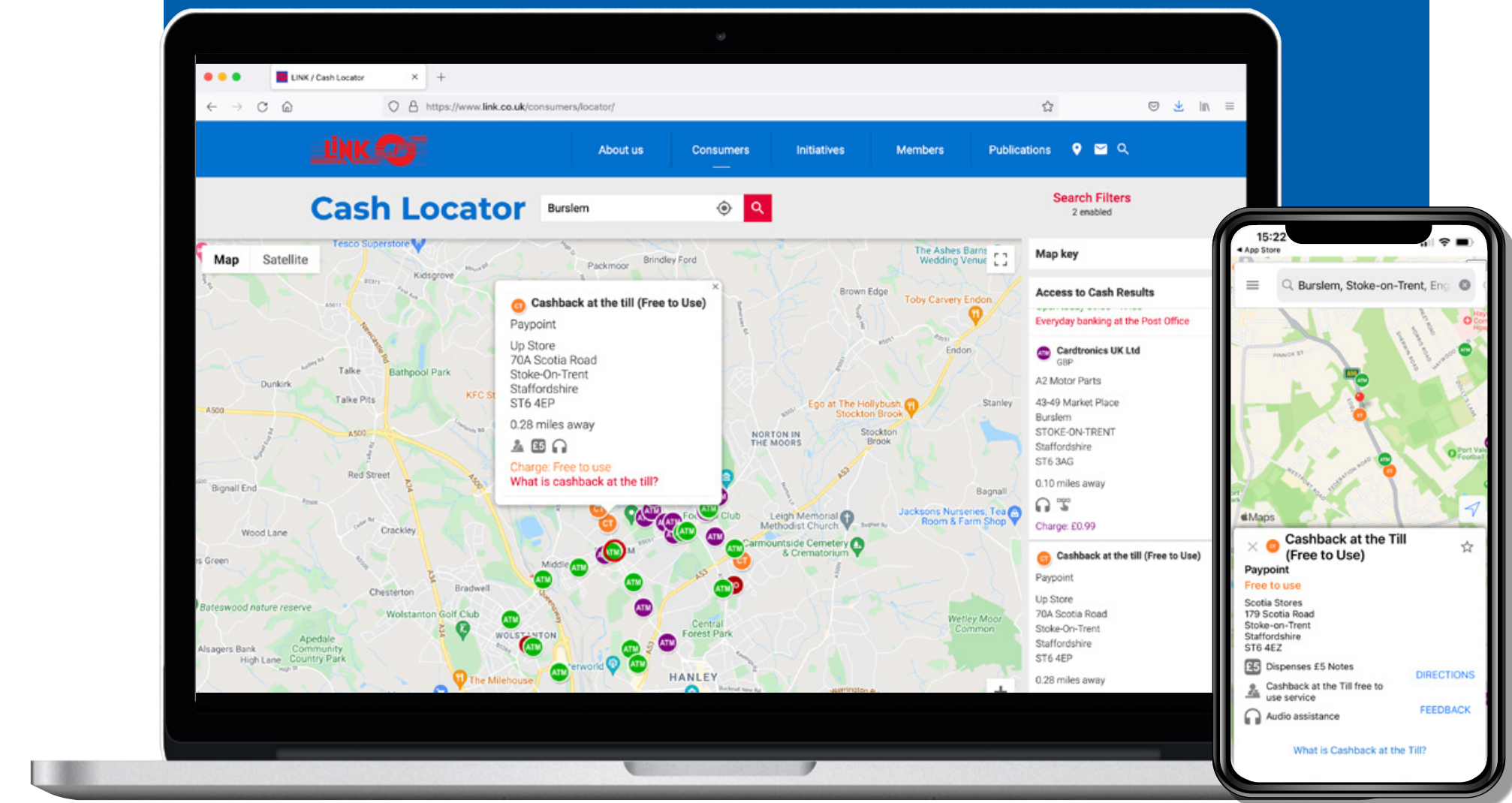
Cash Locator launched

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

Available to download as an App or on the [LINK website](https://www.link.co.uk/consumers/locator/), 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.



About the Consumer Council



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. In addition, Tracey is a Non-Executive Director of Ibstock plc (FTSE 250 Building Products), and a Non-Executive Director of discoverIE plc (Small Cap Electronic Components). Tracey is also a Member of the City of London Court of Common Council.



Lady Margaret Bloom CBE

An economist and Honorary Professor at King's College London.

Margaret is also Vice Chair of the Invoice Finance and Asset Based Lending Professional Standards Council, a member of the Access to Cash Review Panel and on the Community Access to Cash Pilots Board.



Eimear Duffy

Eimear represents the Consumer Council of Northern Ireland. Her expertise focuses on consumer representation, financial consumer issues, policy and outreach.



Sian Williams

Sian is Director of Innovation and Policy at Toynbee Hall in London's East End, where she

leads work to ensure people with lived experience of exclusion and hardship are involved in shaping policy and practice solutions. Sian has led Toynbee Hall's financial inclusion and wellbeing work since 2009. She is Chair of Positive Money, Vice-Chair of the Financial Inclusion Commission and a Non-Exec Director of the Financial Inclusion Forum. Sian also represents the interests of people at risk of exclusion on the Pay. UK End User Council, the UK Finance Consumer Advisory Group, and Cash Action Group.



Martin Kearsley

Martin is Cash and Banking Director at the Post Office and has more than 40 years' experience in

financial service IT businesses. The Post Office delivers a vital piece of the national access to cash infrastructure, and Martin manages all aspects of Post Office cash services in travel, ATM, POCa and cash banking across the Post Office network. He represents the Post Office on both the CACP programme and the Cash Action Group, and liaises with HM Treasury on Post Office cash strategy.



Iain Gibson

Iain is Head of ATMs at Sainsbury's Bank, with over 35 years of banking experience, previously

holding a number of customer-facing roles at Bank of Scotland and Lloyds Banking Group. Iain is a member of the UK Access to Cash Action Group, the community access to cash pilot board and Link Network Member Advisory Group.



Tim Allen

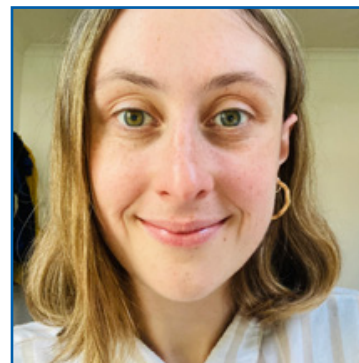
Tim is Director, Access to Cash and Branch Services at Barclays, where he has over 20 years' experience.



Adam Bailey

Adam is Head of ATM Self Service Operations for NatWest Group. He has 20 years of experience

in the cash and ATM marketplace and is accountable for the bank's ATM estate, Branch cash automation and the operations of ATMs at Tesco stores. Adam is also the Chair of the UK Finance Cash Policy Committee.



Rachel Beddow

Rachel Beddow leads Citizens Advice's policy and advocacy work in debt and housing. She's interested

in how we help people and communities recover from the pandemic, how we build better systems and support for those who are struggling, and how we can bring people and frontline experts into the design of policy solutions.



Nick Wiles

Nick joined PayPoint in 2009 and became Chief Executive in May 2020 having previously carried

out the roles of Chairman and Executive Chairman of the Company. Before joining PayPoint, Nick held senior positions at Nomura, Cazenove and Mercury Asset Management alongside various non-executive director appointments. At PayPoint, Nick is responsible for the day-to-day leadership and operational management of the PayPoint Group.



Kerry Fern

Kerry is the Financial Inclusion Lead in the Department for Work and Pensions. She has

a history of working with disadvantaged groups and in matters relating to financial inclusion.



Paul Maynard MP

Paul is the Member of Parliament for Blackpool North & Cleveleys and has served as a Transport,

Justice Minister, and Government Whip. Paul's constituency is the 2nd most deprived Conservative held seat in the country. Paul campaigns for better financial resilience and in keeping access to cash.



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