

Financial Conduct Authority: Access to Cash

**LINK's response to the FCA's Quarterly Consultation Paper No. 45 (CP24/18)
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Introduction

1. LINK is a not-for-profit company governed by an independent Board. It has a public interest objective to protect access to cash across the UK.
2. LINK sustains access to cash through maintaining the coverage of free-to-use ATMs in remote and rural locations as well as improving free access in deprived areas of the UK through the operation of its well-established financial inclusion programme.
3. As part of its work, LINK manages the UK's main cash machine (ATM) network. LINK's network connects the vast majority of ATMs (both free and charging) in the country and allows customers of banks and building societies (card issuers) that are LINK Members to make cash withdrawals and balance enquiries with their payment cards at almost all ATMs. All of the UK's major card issuers and ATM operators currently choose to become Members of LINK. LINK processes around 1.5 billion transactions and dispenses £7 billion in cash each year through a network of around 48,000 ATMs.
4. LINK's access to cash role also includes acting as a Coordination Body, having been designated as such by the Treasury on 24th May 2024. In this part of its role, LINK is notified by those Designated Firms that choose to participate in LINK's coordination arrangements of their intention to close branches, and LINK then assesses the impact of the closure on the local area. LINK also receives requests from communities (individuals and groups, including elected representatives) to review cash access. Where LINK identifies a gap in cash access services that cause a significant impact on communities it recommends new cash facilities such as shared banking hubs and deposit services. To date, LINK has recommended new cash deposit and withdrawal services in approximately 290 communities. Responsibility for implementing LINK's recommendations is with the bank or banks concerned, some of whom choose to use a bank-owned infrastructure company called Cash Access UK for implementation.
5. LINK is regulated by the Payment Systems Regulator (PSR), and by the Bank of England (the Bank) as a systemically important payment system and is designated as such by the Treasury. LINK is also designated by the Treasury and supervised by the Financial Conduct Authority in its role as an industry Coordination Body, and is subject to the FCA's Access to Cash Sourcebook.

LINK's Response to the Consultation Question

Question 2.1: Do you have any comments on the proposed amendment to the Handbook definition of 'firm'?

As the only firm currently designated as a Coordination Body, LINK considers it a sensible approach to bring Coordination Bodies within the FCA's enforcement regime.

The proposed change to the FCA's Glossary of definitions will provide certainty that designated Coordination Bodies satisfy the Handbook definition of a 'firm' and in turn ensure that the Enforcement Guidance (EG) and Decision Procedure and Penalties Manual (DEPP) apply equally to a designated firm and to a designated Coordination Body.

However, while in principle LINK is supportive of the proposed change, in practice LINK has some concerns. This is because LINK does not yet know how the FCA intends to regulate LINK outside of the Access to Cash Sourcebook (ATCS) provisions, and is not therefore clearly sighted on what the application of the EG and DEPP means for the LINK Board and its Senior Management Team, in the wider context of the FCA Handbook.

Currently, LINK is clear on its obligation to comply with the rules and guidance as set out in the FCA's ATCS, and considers that it is both fair and appropriate that the FCA is able to enforce those obligations in the event of LINK's non-compliance. However, LINK cannot be expected to agree to or comment upon the appropriateness of the application of the EG and DEPP when it does not know what other sections of the FCA Handbook (if any) will apply to LINK, in its Coordination Body role, that the FCA can enforce against.

While LINK has already formally requested guidance from FCA supervisors (February 2024) on any wider application of the FCA Handbook, that gap is still to be closed.

In summary, LINK is not arguing against the concept of enforcement being applied for failure to comply with its ATCS obligations. However, LINK does need to better understand how the FCA intends to regulate LINK outside of the ATCS provisions and be clearly sighted on the obligations placed on the LINK Board and Senior Management Team in order to provide a full and comprehensive view on the proposal consulted upon in CP24/18.

Ends.