



# LINK STRATEGIC PLAN

2025 — 2027







## CONTENTS

Introduction	page 3
Executive summary	page 4
Delivering satisfactory consumer access to cash	page 6
Delivering effective operational reliance and risk management	page 8
People and resources	page 12

## APPENDICES

Market analysis and forecast	page 14
Member summary	page 26
Review approach	page 27



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## INTRODUCTION

**This Strategic Plan sets out how LINK will manage the steady, structural decline in cash usage in a way that ensures consumers can still access their cash and the UK has a smooth transition from cash to digital payments.**

LINK's previous Strategic Plan was published in early 2020, refreshed in 2022 and covered a period of enormous change for LINK, the banking industry and access to cash. It included the Cash Action Group, the Access to Cash Pilots, the launch of Cash Access UK, the Financial Services and Markets Act and a significant realignment of LINK's focus to include channels other than ATMs, including cash at the till, banking hubs and LINK's role as Coordination Body. All this has been against a background of a 40% fall in ATM transactions since 2019.

This Plan, which covers the period 2025 through to the end of 2027, describes LINK's strategy for delivering sustainable access to cash while maintaining consumers' confidence in the network's safety and integrity, without which no payment system can survive. LINK will therefore manage its network to the highest levels of operational resilience, which entails a detailed understanding and management of risk.

LINK and indeed the whole end-to-end cash system in the UK, while regulated in a variety of ways, is not a utility but instead in a competitive market with organisations making decisions based on their own commercial interests. While LINK has been designated under the Financial Service and Markets Act 2023 to support access to cash, there is no inherent requirement for LINK to exist, and LINK's functions could be provided by other entities. LINK has to work in a way that deals with this reality. In particular, this means maintaining as Members the ATM card issuers and ATM deployers. Without its Members, LINK ceases to be the national ATM network and cannot deliver sustainable access to cash and support an inclusive transition from cash to digital payments.

This Strategic Plan sets out how LINK will address these challenges.

**“Ensuring consumers can still access their cash and the UK has a smooth transition from cash to digital payments.”**



# EXECUTIVE SUMMARY

**LINK's objective is to ensure consumers can continue to access cash for as long as they need it, protecting the network's footprint, managing it in a secure and effective way and helping to tackle financial inclusion.**

## Business Environment

UK consumers' demand for cash has been falling for some time and is likely to halve again in the next ten years. However, going forward LINK expects that there will still be significant cash use and a widespread need for access to that cash. In ten years' time, most people will still have some requirement for cash, even if it is infrequent and in some cases, just as a contingency against the failure of another payment system.

This cash will continue to be largely provided through ATMs. There will be significantly fewer ATMs than there are now, around 20,000 free-to-use as opposed to 36,000, but surplus and duplicated ATMs can be removed without affecting consumers' overall cash access. Through LINK's analysis and financial inclusion programmes, LINK will ensure that access to cash can be maintained in the long term.

## Strategic Components

LINK has two interdependent operational components to deliver its overall Objective.

### 1. Deliver satisfactory consumer access to cash

LINK will ensure that consumers' access to cash has the same geographical spread as existed in February 2018. Free-to-use ATMs will continue to be the most popular way to get cash but post offices, branch counters and banking hubs will all play their part. Every qualifying high street will have at least one of these ways of accessing cash and LINK will commission new infrastructure if necessary.

LINK will do this through a comprehensive set of initiatives and financial inclusion programmes, by paying premiums to maintain ATMs that otherwise would not be a viable and, where appropriate, subsidising the installation of new ATMs to replace those that have closed. LINK will continue to develop and enhance its existing expertise in assessing communities' need for financial services and being recognised as the authoritative organisation for access to cash.

LINK has taken on the role of Coordination Body, assessing the impact of bank branch closures on local communities and recommending new shared services. These new shared services are then delivered by Cash Access UK.

Declining cash use will be balanced by the rising use of non-cash payments and it is vital that all consumers are able to make this transition. LINK will continue to develop its expertise and participate in policy initiatives to promote financial and digital inclusion as they emerge, including CBDCs and stablecoin.

All this work will be within the framework of the LINK's network of excellent working relations with relevant stakeholders such as consumer groups, market participants, government and regulators.



## EXECUTIVE SUMMARY

### 2. Deliver effective operational resilience and risk management

Ensuring the highest levels of operational resilience is the other operational pillar for LINK. Without this, LINK's overall objective is undeliverable. LINK, as required by regulation, uses the best practice approach of separating the management of the operation, so called First Line, from risk management, known as Second Line. A further Third Line of independent oversight and assurance is provided by internal audit to the Board.

LINK will continue to ensure that the transaction switch will be available 99.99% of the time and has zero tolerance for any outages longer than two hours. Achievable but high targets for the core switch are rigorously embedded in LINK's binding agreement with Vocalink and extensive management processes are in place to ensure delivery.

LINK will continue to maintain robust oversight of its Members. Beyond the LINK Scheme itself, and the vital additional elements of Vocalink and settlement via the Bank of England, LINK will also continue in its broader task of ensuring robust oversight of all components of its supply chain and cross-cutting dependencies with other payment schemes.

LINK has significant regulatory responsibilities, given its status as a systemic risk manager. LINK's Risk and Compliance capability has grown over the last three years and regulatory expectations and obligations will continue to develop with the addition of the Financial Conduct Authority (FCA) as LINK's third regulator. LINK will therefore continue to evolve and enhance its risk management and compliance oversight, ensuring LINK continues to manage its risks effectively.

### Constraints

In pursuing its strategy LINK has to work within a number of constraints. No business is forced to join LINK. To deliver national access to cash LINK has to balance the interests of two broad constituencies of Members, the card issuers and the ATM deployers. The financial interests of these groups are opposed, with the former wanting to reduce their costs while the latter want to maximise their income. LINK has to continue to keep both groups broadly satisfied. If one or more significant Members chooses to leave LINK then the network could unravel very quickly.

LINK, perhaps uniquely, has three regulators and LINK has carefully to manage its relationship with each to ensure that regulation does not unduly hinder its operations, plans or long-term strategic objectives.

LINK is not the only entity which can manage the UK's transition to a low cash society. LINK is a not-for-profit company operating for the public good and it has no reason to perpetuate itself for its own sake. LINK has to ensure that the infrastructure and costs of providing cash remain acceptable to all stakeholders and that the UK's ATM Network does not become an expensive dinosaur which is no longer needed. LINK must therefore be flexible and imaginative, work with all its regulators, Members and wider stakeholders to ensure that the UK has the cash access it needs and that the wider questions of financial inclusion and migration to digital payments are effectively addressed.

### Resources

LINK has access to adequate resources to implement this Strategic Plan. LINK has no need to seek alternative revenue streams and given the current and anticipated regulatory obligations it will not need to acquire larger premises or to significantly increase its headcount. Beyond 2025, headcount and overall costs are expected to remain broadly flat in real terms.

### Actual and projected LINK headcount, transaction volumes and income

	Actual 2023	Forecast 2024	Budget 2025	Forecast 2026	Forecast 2027
LINK headcount	68	81	83	84	84
Transaction Volumes (million)	1,492	1,390	1,293	1,200	1,117
Total LINK income (£m)	£13.4	£14.2	£17.2	£17.8	£18.4



# DELIVERING SATISFACTORY CONSUMER ACCESS TO CASH

## 1. Access to Cash Strategy

**LINK has set out to support its members' access to cash objectives.**

The baseline free access to cash coverage that LINK has committed to is the footprint on 1st February 2018, when LINK implemented its revised interchange approach. This remains a credible position as coverage at that point was widely acknowledged as satisfactory. In a declining cash usage market, a good consumer outcome is to maintain rather than grow this footprint.

Maintaining this footprint is currently achieved through a range of LINK initiatives. These will be maintained, added to and adapted as necessary in order to meet consumers' access to cash needs.

The *Protected ATM initiative* protects all free ATMs that are a kilometre or more away from their nearest neighbour. This has been supplemented by a *High Street initiative* that commits LINK to ensuring every qualifying high street will have free cash access via an ATM or post office. A *Financial Inclusion Programme* has also been developed with a target that all Super Output Areas in the lower quartile of the Index of Multiple Deprivation that have a viable site, do actually have an ATM or post office access. A community *Request an ATM initiative* has also been implemented, designed to address any remaining gaps. LINK's *Consumer Council*, formed back in 2006, plays an important role in raising awareness of LINK's work and bringing consumer perspectives. The Council continues to be very supportive of this work.

These initiatives are further supported through the use of variable interchange, ie where interchange rates can be selected on a number of factors including deprivation, distance from another ATM, and local volumes. These are also reinforced by ATMs directly commissioned by LINK.

As well as ATMs, other cash access channels such as post offices, banking hubs and cash at the till are recognised by LINK as useful options. The Post Office is an important dependency as it is often the only available alternative and is currently the only operator of banking hubs. LINK will continue to review the channel mix on an ongoing basis and will make changes as necessary to deliver its strategy, as always supported by the LINK Consumer Council.

LINK is also the banking industry's Coordination Body, helping to maintain access to cash when infrastructure such as branches and other cash infrastructure closes or where communities request an assessment against the FCA-approved rules. LINK will meet these obligations effectively and to the satisfaction of the card issuers that have asked LINK to do this work. This is managed as a distinct initiative which allows the industry and FCA to oversee the work and develop the rules accordingly.

**2006**

LINK's Consumer Council formed

**2018**

baseline free ATM network





## DELIVERING SATISFACTORY CONSUMER ACCESS TO CASH

### 2. Access to Cash Targets

**LINK will maintain the broad geographic footprint of access to cash, where it continues to be needed, for as long as it is needed.**

LINK, acting as the Coordination Body, will also assess all bank branch closures through the agreed time windows, applying the Cash Access Assessment Process to determine where new shared services are needed and using the service levels in place with the Participating Network Members. Delivery of the new services specified by LINK are then the responsibility of the participating financial institutions, currently delivered through Cash Access UK.

LINK will also respond to community requests for infrastructure such as ATMs and banking hubs and engage with communities to understand local circumstances and then make decisions about what is needed.

The current measures and timescales are:

- Maintenance of the free cash access footprint via Protected ATMs and post offices measured monthly via the Footprint Report which is published on the LINK website.
- Ensure that every qualifying high street has free access to cash measured annually against lists of Retail Centres produced by the location data specialists CACI, overlaid with free-to-use ATM and post office locations. LINK defines qualifying Retail Centres as any area that has five or more relevant retailers. Free access to cash can be via a free-to-use ATM or a post office and must be within one kilometre of the weighted mid-point of the retail centre.
- Promote free access to cash in deprived areas through the LINK Financial Inclusion Programme which supports the provision of free access to cash via ATMs and post offices or cash at the till in the most deprived communities in the UK. These are defined as the lowest quartile of Output Areas and Super Output Areas as measured by the Index of Multiple Deprivation. The target is that all deprived communities have free access to cash within one kilometre of their centre. Progress is reviewed and published monthly via the Financial Inclusion Dashboard.

- Recommend new shared services such as banking hubs where needed. The application of the Cash Access Assessment Process will determine where any new shared services are needed. LINK will complete all assessments accurately in accordance with the FCA rules and publish the recommendations promptly on the LINK website.
- Communities may also ask for help with access to cash, including banking hubs, directly from LINK. Each request is thoroughly assessed through a desktop review and, if possible, a telephone conversation or even a face-to-face meeting with the person making the request. These conversations are very effective in understanding the local situation and making sure the right decision is reached. This is then followed up by a site visit from LINK's field agent team as necessary.

### 3. Communication — Supporting Activities for Access to Cash

**Given LINK's public interest remit, it is vital to maintain public confidence in LINK's activities.**

This means that LINK's management of the footprint is supported by an extensive communication programme. The LINK Board informs its decisions through extensive engagement with consumers and through consumer research. The LINK Consumer Council and independent Community Cash Advisory Panel also work closely together and play a key role in providing insight. These groups will operate under a single chair from 2025. LINK will continue to engage with communities and consumers directly and further develop its expertise in consumer research to understand changing payment habits and the evolving needs relating to access to cash.

LINK operates in a very active political and consumer affairs environment. LINK's strategy is proactively to engage with all stakeholders and relevant media and to take a highly evidence-based approach. LINK employs specialist public relations, public affairs and research agencies to assist in the design and delivery of this plan and to support staff training.



**“**...LINK's research shows that, while most consumers are increasingly happy to use cards or phones for their day-to-day payments, they also want cash to continue as an option for payments.”

**Sir Mark Boleat, Chairman**





# DELIVERING EFFECTIVE OPERATIONAL RELIANCE AND RISK MANAGEMENT

## 1. Operational Resilience Strategy

LINK manages the network to high levels of operational resilience. This includes a detailed understanding and management of all system-wide risks, from operational resilience to cyber-attack. LINK follows best practice and separates the management of its operations from risk management and as this is a dynamic environment, with an ever-changing risk landscape, LINK's operational risk capability will be strengthened over the next three years.

While LINK is concerned with broad operational reliance across the LINK payment system and the other systems where there are dependencies, the focus thus far has been on LINK itself and its infrastructure provider Vocalink. Vocalink is vital to the operation of the whole LINK payment system and will remain the focus of much of LINK's operational resilience. However, the wider risk environment, beyond the LINK system itself, will get increased attention going forward as there are cross-cutting impacts on LINK and consumers' use of cash.

## 2. Operational Resilience Targets

The achievable and high targets for the core switch below are rigorously embedded in LINK's agreement with Vocalink alongside extensive management processes to ensure delivery:

- LINK expects the switch to be available to Members 99.99% of the time.
- LINK has zero tolerance for outages of the switch for longer than two hours.

In 2021, in accordance with regulatory expectations, LINK implemented its *Operational Resilience Framework*, having identified the transaction switching provided by Vocalink and the Bank of England settlement as its two *Important Business Services* along with the associated *Impact Tolerances* as decided by the LINK Board. LINK therefore tracks and monitors the performance of both Vocalink and Bank of England in delivering against the Impact Tolerances and, if necessary, will take action with either Vocalink or the Bank of England if an Impact Tolerance is breached. This will include tightening the Impact Tolerances if necessary.

LINK will continue to develop its robust oversight of its Members while at the same time ensuring participation in LINK remains attractive, noting that every participating organisation has an interest in being part of a systemically robust scheme. This will include consideration of the increasing concentration of the LINK Network, not only as ATM numbers fall, but as the ATMs are being run by an ever-smaller number of Members. This oversight includes Certified Service Bureau which provide third-party processing services for Members and which must comply with LINK's Rules. LINK has an uptime target that individual ATMs connected



**99.9%**  
LINK expects  
the switch to  
be available  
to Members

## DELIVERING EFFECTIVE OPERATIONAL RELIANCE AND RISK MANAGEMENT

to the switch will be available to use for 97% of the time in any seven-day period. Performance against this target is considered in conjunction with a Member's overall estate target.

Additional requirements have already been introduced around Protected, Financial Inclusion and Directly Commissioned ATMs, requiring Members to notify LINK of any such ATM that has failed to achieve 97% availability over specified periods of time. Once notified, the information is assessed by LINK and, where appropriate, addressed with the Member. LINK's obligations under FCA will evolve over time and LINK is likely to see an increased focus on these ATMs, which form an ever-increasing proportion of LINK ATMs as surplus and duplicated ATMs are removed.

LINK also needs to manage the availability of the overall estate of ATMs. ATMs connected to LINK accounting for 25% or more of total expected transactions must not be unavailable for more than a continuous six-hour period.

LINK's target is that total expected transactions must not fall below 75% of total expected numbers for more than a continuous period of six hours. This is in line with the structure of the Vocalink contract. It is a risk and Member-based approach and it effectively targets the largest and most impactful Members and will be further enhanced to account for the increased concentration among ATM operators.

This package of targets, coupled with enhanced supervision, is a credible platform for LINK to work from. Other targets, such as the ability to sustain cash access in the event of the failure of another payment system, will be added during the timeframe of this Plan.

### 3. Operational Resilience Supporting Activities

LINK has enhanced oversight of *Critical Infrastructure Providers*, Vocalink for the switch and the Bank of England for the execution of LINK settlement. The Vocalink service level agreement ensures that the system and services that it provides are resilient and operate in accordance with good industry practice. For the Bank of England's LINK Scheme settlement service, oversight is an ongoing activity, including the renewal of the RTGS settlement service, with supplier management meetings taking place each quarter. The migration of this to the ISO20022 message standard will require careful monitoring and evaluation through this Plan's timescale.

Robust oversight of LINK Members is a long-standing function and as LINK seeks to ensure that participation in LINK remains attractive, an important input is LINK's understanding of Members' current capability on operational resilience and their plans to enhance this. Card issuing Members are required to advise of their ability, as a contingency, to move processing to an alternative card scheme, while ATM deployers have to report on their ability to invoke Stand-In Processing in the event that their host platform is unavailable. Members' capacity in this area changes all the time and this will continue be assessed and reviewed on a regular basis.

LINK also maintains a comprehensive and robust *Recovery and Wind Down Plan* should it ever become necessary. This is a fundamental component of LINK's overall strategy and will continue to be developed in line with the Bank of England's requirements. It is reviewed annually and assessed against risks which cannot be recovered from if crystallised. These risks will continue be updated as LINK's threat landscape continues to evolve. These can be broad or a single point of failure.

### 4. Systemic Risk Management Strategy

As recognised *Financial Market Infrastructure*, LINK is required to be a responsible systemic risk manager. Risk management arrangements must be in place to ensure that the risks to the LINK payment system are monitored, measured and controlled.

LINK's approach to risk management is set out in the *Enterprise Risk Management Framework*. This will continue to be updated annually, overseen by the Risk Committee, and approved by the Board. It codifies the way in which LINK manages risk, setting out the Three Lines of Defence governance model, identifying key roles and responsibilities across the organisation, and establishing risk management processes. The Second Line Risk and Compliance function is responsible for its own delivery, but also for challenging First Line operational teams to ensure that the Risk Management Framework is being followed.

The Risk Committee, set up as part of LINK's first Strategic Plan, is now well established, reviewing the comprehensive reporting on LINK's risk profile. This capability will continue to be developed over the next three years.

“Ensuring consumers can continue to access their cash, in the face of an overall decline in cash use, is LINK's key objective.”

John Howells, CEO





## DELIVERING EFFECTIVE OPERATIONAL RELIANCE AND RISK MANAGEMENT

LINK is required to assess its observance of the applicable CPMI-IOSCO Principles, an international framework for payment systems set by the Committee on Payments and Market Infrastructures of the International Organization of Securities Commissions. This is evidenced by an annual submission to the Bank of England. For the next Strategic Plan period LINK will at least maintain its assessment against this framework and is planning to improve it.

Similarly, LINK is required to comply with the Payment Systems Regulator's (PSR) General Directions and Specific Directions. LINK continues to monitor delivery against those requirements to ensure LINK remains compliant and that the annual PSR compliance return can be fully evidenced.

As LINK is now regulated by the FCA, the risk and compliance team has completed, along with operations, a detailed review of the applicable FCA rules, and has recommended and will oversee specific changes to ensure compliance with those rules as they become binding. Operationalising these plans and monitoring their effectiveness will be a key focus for the next three years, especially as the rules themselves are likely to evolve in the light of experience.

In addition LINK also has a well-established horizon scanning approach, looking to the medium and long term to ensure that any approaching regulatory, industry or wider risks are highlighted and addressed.

These actions will ensure LINK continues to meet all its applicable regulatory obligations and effectively manages key risks as they change through the Strategic Plan timeframe and indeed beyond.

### 5. Business Resilience Framework

LINK developed a detailed *Business Resilience Framework*, owned and overseen by the Second Line risk management function. The Framework is designed to bring all operational-based resilience disciplines together, to oversee resilience management holistically, and support LINK's systemic risk responsibilities.

Although Second Line owns this, First Line operational teams are responsible for the majority of the actions that underpin LINK's approach to business resilience management. In order to deliver effective operational reliance and risk management, Second Line will therefore continue to enhance this Framework and oversee and challenge, where necessary, the operational First Line management, to ensure that all resilience activities are effectively completed within agreed timescales and to appropriate standards.

### 6. Third-Party Management

Effective management of third parties is vital to enable LINK to discharge its responsibilities as a systemic risk manager. A *Supplier Procurement and Management Policy* and supporting manual was introduced by LINK in July 2022, aligned to the requirements set out in the IOSCO Principles for Financial Market Infrastructures. In February 2023, the Bank published the outsourcing and third-party risk management part of its Code of Practice and a supporting Supervisory Statement. As a result, LINK's existing Supplier Procurement and Management Policy was replaced by the *Outsourcing and Third-Party Risk Management Policy* and the Third-Party Management Committee now acts as a control gate for the onboarding of new third parties and their ongoing management. This initiative is an ongoing process and will continue to develop the reporting on key third parties to the Risk Committee.









# PEOPLE AND RESOURCES

## People

LINK relies on a motivated team of specialist staff to do its work. The company therefore has a suite of best practice human resource management approaches in place, including for recruitment and retention, performance management and operational HR. There is a well-established hybrid and remote working arrangement. LINK is committed to supporting diversity in all of its work and is a living wage employer.

LINK's employees are passionate about protecting access to cash on the UK's high streets and are proud of LINK's role as a crucial part of the UK's financial infrastructure. The company works hard to be a fair, equal and inclusive employer and continues to invest in the personal development of its employees. This includes apprenticeship, secondments and talent development programmes. LINK also continues to invest in employee health and wellbeing. Some examples of the initiatives in this area include a mental health first aiders programme, and activities such as a well-being hour, and walks for mental health.

LINK's staff benefit from regular business insight events, social and volunteering events and initiatives focused on community, consumer needs and inclusion. Staff turnover is well within industry norms and LINK's own expectations. LINK recruits from across the North Yorkshire area and nationally for field and remote staff and does not anticipate issues in whatever recruitment is necessary in future.

## Resources

LINK is a not-for-profit company limited by guarantee. Its costs are almost entirely met by the card issuing Members through a per transaction fee, cash calls to support access to cash activities and all Members paying a small flat membership fee.

LINK Members also other pay fees, including to Vocalink for providing the switching infrastructure and the Bank of England for settlement.

The Strategic Plan is only concerned with the Scheme costs below. In managing LINK's financial resources the internal finance function is overseen by the Board Audit Committee. This Committee will continue to monitor the integrity of the financial statements, financial controls, and any other formal announcement relating to financial performance. This includes reviewing and reporting to the Board on significant financial reporting issues and any matters communicated to it by LINK's External Audit.



## PEOPLE AND RESOURCES

### ACTUAL AND PROJECTED LINK HEADCOUNT, TRANSACTION VOLUMES, INCOME AND EXPENDITURE

	Actual 2023	Forecast 2024	Budget 2025	Forecast 2026	Forecast 2027
LINK headcount	68	81	83	84	84
LINK Membership Fee (per month)	£2,187	£2,296	£2,388	£2,460	£2,533
Transaction Fee (pence per transaction)	0.692	0.727	0.94	1.13	1.25
Transaction Volumes pa (m)	1,492	1,390	1,293	1,200	1,117
<b>LINK Scheme Income £m</b>					
Membership Fees	£0.8	£0.9	£0.9	£0.9	£1.0
Transaction Fees	£10.3	£10.1	£12.2	£13.5	£13.9
Members Calls	£2.0	£3.2	£4.1	£3.3	£3.5
Other	£0.2	£0.0	£0.0	£0.0	£0.0
<b>Total Income (net of interest)</b>	<b>£13.4</b>	<b>£14.2</b>	<b>£17.2</b>	<b>£17.8</b>	<b>£18.4</b>
<b>Scheme Expenditure £m</b>					
Operating Expenditure	£11.8	£12.8	£13.7	£14.8	£15.3
Expenditure funded by Calls	£2.0	£3.2	£4.1	£3.3	£3.5
Other	£0.1				
<b>Total Expenditure</b>	<b>£14.0</b>	<b>£16.0</b>	<b>£17.7</b>	<b>£18.2</b>	<b>£18.8</b>

Note rounding may affect totals

LINK Scheme costs have grown over recent years as LINK has become subject to greater regulatory oversight and taken on more responsibilities, for example, as the Coordination Body.

LINK future costs have been forecast on the assumption that events do not change dramatically over the three years of the Strategic Plan from the current situation, for example, the existing resources such as staff and premises are already set up to do the work required. This means that beyond the 2025 budget, the headcount is assumed almost flat throughout the rest of the period under consideration and the existing office can accommodate this number of staff under the now well-established hybrid working model. Other costs are broadly assumed to rise in line with inflation. LINK makes heavy use of outsourced providers in all functional areas, for example, IT, HR, Finance, Legal and Infrastructure, so business as usual scaling, whether up or down, is straightforward.

At present, the LINK costs represent a relatively small proportion, around 5%, of the overall costs of providing free cash access across the UK.



# MARKET ANALYSIS AND FORECAST

1. Introduction
2. Current position
3. Consumers' cash use and forecasts
4. ATM transaction forecasts
5. ATM number forecasts
6. IAD marketplace
7. Cash at the till/cashback
8. Branches

## 1. Introduction

**In developing this Strategic Plan, LINK has, as in previous plans, assumed that, in general, existing trends will continue.**

Large impact but unlikely events that may increase or decrease cash use are not considered, although LINK has arrangements to handle them in line with its role as a Systemic Risk Manager. This may seem presumptive given that the COVID-19 pandemic occurred since the previous plan was produced, but as shall be seen, cash and ATM usage is now pretty where it would have been expected without the pandemic.

It is therefore assumed that the ATM and cash markets will remain broadly the same as at present, current trends will continue and that there will be no transformative changes to markets, policy or legislation either to protect or eliminate cash, for example, the widespread introduction of ATM charging, or the collapse of LINK into multiple competing schemes.

These forecasts therefore closely match those made before the pandemic, such as in the widely respected *Access to Cash Review 2019*, commissioned by LINK and delivered independently by a panel chaired by Natalie Ceeney CBE, which described how cash usage is likely to drop from the current three out of ten payments to one in ten within a decade.



## MARKET ANALYSIS AND FORECAST

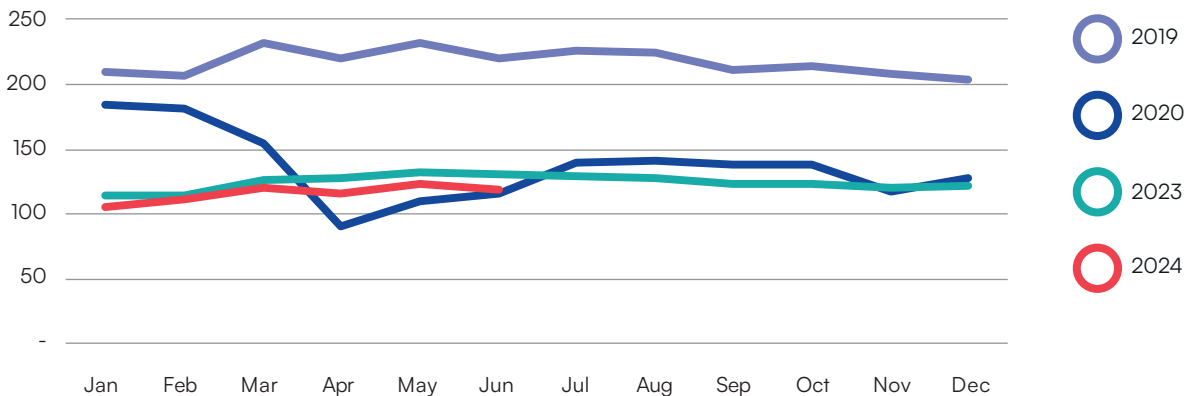
### 2. Current position

In 2023, total LINK transactions fell by 6.0% on 2022 and by 42.8% on pre-pandemic 2019. To the end of June 2024, transaction volumes, which include balances enquires and rejected transactions, are 6.7% down on 2023 and 47.3% down on 2019.

#### LINK TRANSACTION VOLUMES (M)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2019	209	207	232	220	232	221	226	225	211	214	208	204	2,608
2020	185	181	155	91	110	117	139	141	139	138	118	129	1,643
2021	99	97	114	123	131	133	140	140	137	141	133	135	1,522
2022	118	117	134	135	138	135	144	137	132	134	132	130	1,587
2023	115	114	127	128	132	130	129	128	124	123	121	122	1,492
2024	106	111	120	115	124	120							696

#### MONTHLY VOLUMES (M)



The total value of LINK cash withdrawals in 2023 fell by 1.7% on 2022 and by 30.1% on pre-pandemic 2019. 2024, to end of June, is 1.1% down on 2023 and 31.8% down on 2019. The difference between the rates of change for volumes and values is because the average withdrawal value has significantly increased, from £67.28 in 2019 to £83.48 in 2023.

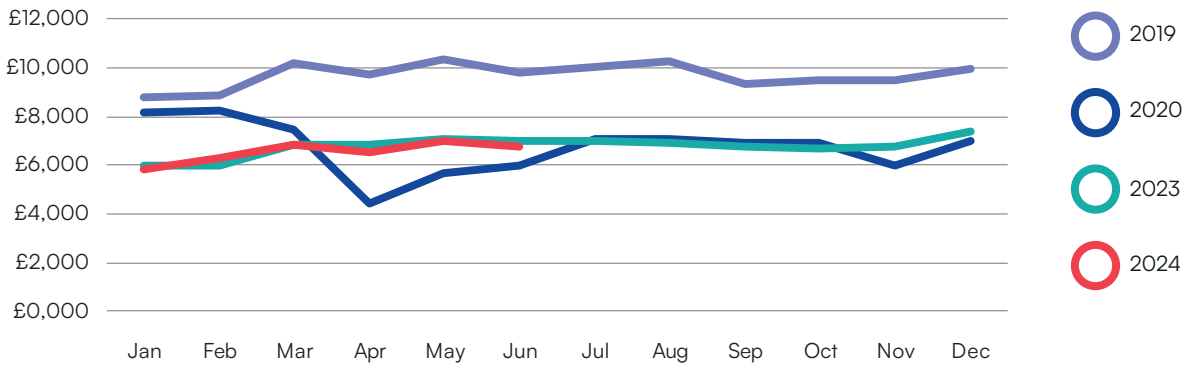
#### LINK TRANSACTION VALUES (£M)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2019	£8,788	£8,859	£10,211	£9,701	£10,354	£9,837	£10,070	£10,271	£9,336	£9,512	£9,494	£9,985	£116,417
2020	£8,182	£8,258	£7,450	£4,399	£5,664	£5,972	£7,076	£7,105	£6,903	£6,939	£6,016	£7,044	£81,010
2021	£5,062	£5,127	£5,995	£6,446	£6,809	£6,757	£7,242	£7,177	£6,928	£7,156	£6,785	£7,478	£78,960
2022	£5,946	£6,018	£6,952	£7,047	£7,065	£6,921	£7,481	£7,054	£6,848	£6,959	£6,932	£7,558	£82,781
2023	£5,979	£6,022	£6,837	£6,883	£7,063	£7,016	£7,025	£6,931	£6,743	£6,673	£6,780	£7,435	£81,389
2024	£5,864	£6,279	£6,882	£6,511	£7,032	£6,791							£39,360



# MARKET ANALYSIS AND FORECAST

## MONTHLY VALUES (M)

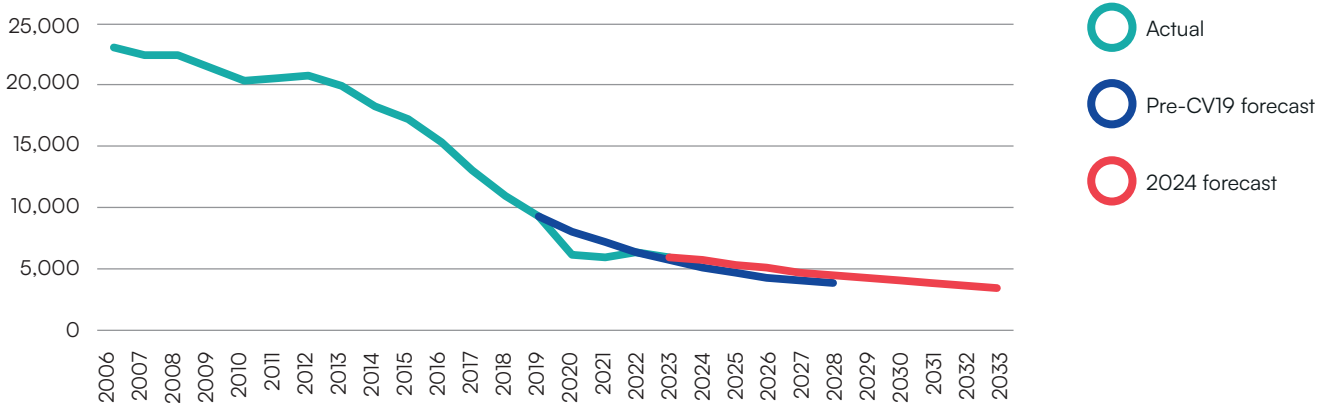


### 3. Consumers' cash use and forecasts

LINK uses the cash usage forecasts published by UK Finance in UK Payment Markets<sup>1</sup> to support its own strategic planning. These forecasts have been prepared for many years and cover the following 10 years. Due to the impact of COVID-19, no forecasts were made in 2020 or 2021. LINK is using the latest forecast published in 2024 which covers the period until 2033.

This suggests that by 2033 there will be around 3.4 billion consumer cash payments, around half what they were in 2023, and that they would account for 6% of consumer payments, compared to 12% in 2023. This forecast also suggests that, while the rate of decline in cash usage will slow, even in 2033 there will still be a 5% year-on-year reduction in cash usage and a flat "floor" in cash use will not have been reached.

## CONSUMER CASH PAYMENTS (M)



In the past, UK Finance has underestimated the decline in cash payments, probably because it underrated the impact of contactless, but 2024's forecast for cash payments has actually increased again and slightly from the pre-pandemic 2019's as well. This is because of a higher starting point in 2023 than had originally been anticipated.

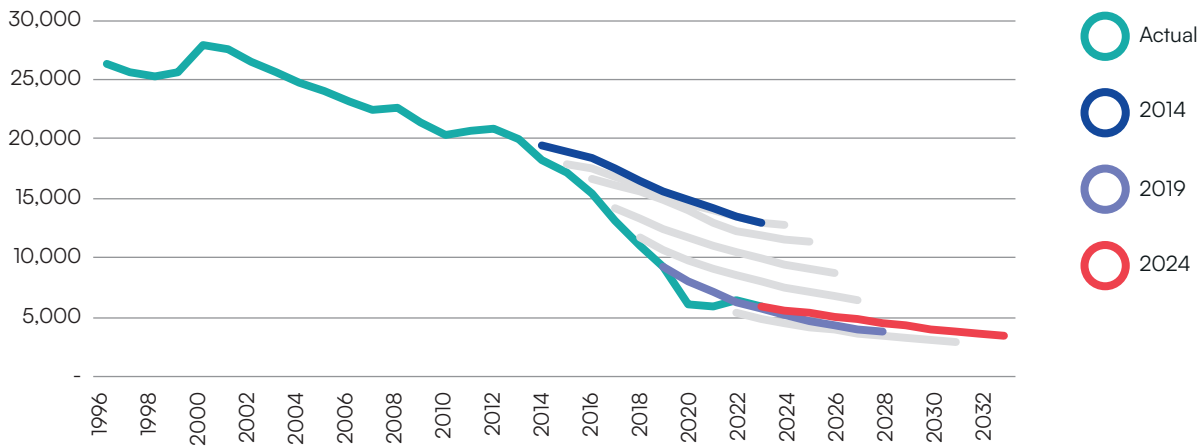


**3.4BN**  
 In 2033 there will be 3.4 billion consumer cash payments, half what they were in 2023



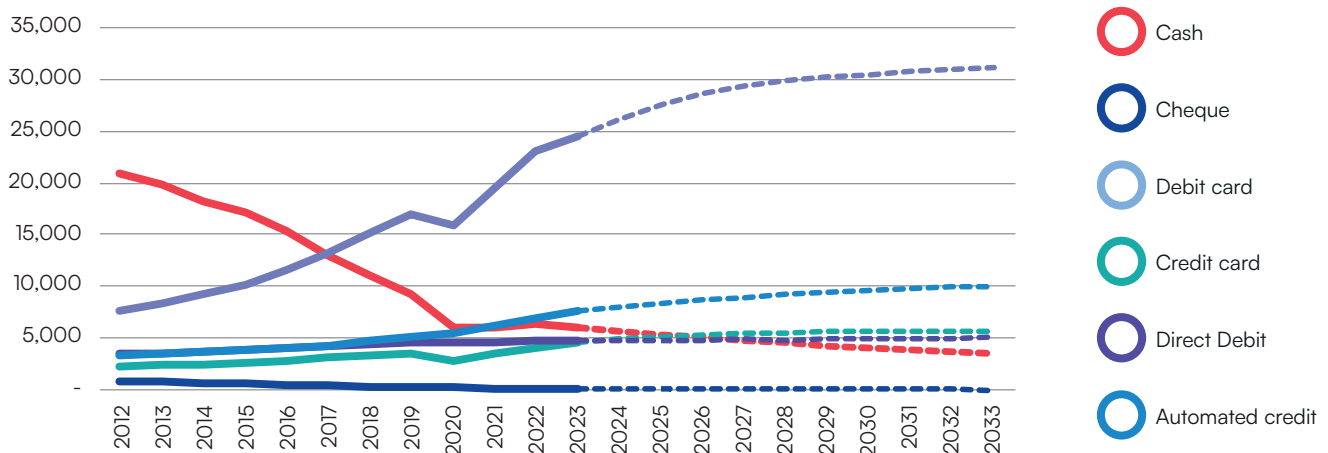
## MARKET ANALYSIS AND FORECAST

UK CONSUMER CASH USAGE, UK FINANCE FORECASTS VS ACTUALS (M)



Looking at wider payment channels, the forecasts are broadly consistent with total payments increasing over the next 10 years, the exceptions being cash and cheques which will decline further to only 66 million or less than 1% of what they were back in 2012.

TOTAL PAYMENTS AND FORECASTS (M)



Cash use could decline more quickly than this forecast, driven by issues like reduced cash acceptance, changes to the ATM network which reduced free cash access, broad acceptance of an app-based payment system like Swish or Venmo or concerted efforts to migrate high cash use consumer segments over to digital payments.

In 2021, the Bank of England reported that over five million adults rely on cash in their day-to-day lives<sup>2</sup>, while UK Finance reports that around 1.5 million people mainly used cash for their day-to-day payments, just 2.6% of the adult population, and that while these people prefer to use cash when paying for things, they are not necessarily unwilling or unable to use other methods of payment<sup>3</sup>. The majority of this group have a debit card, for example, but still choose cash. This, along with cash use being widespread across all the socio-economic groups (see table below) suggests that cash use remains embedded across a wide range of people and there is not a well-defined group of cash users whose changing behaviour alone would significantly reduce cash use.

<sup>2</sup> Bank of England, Update on the future of wholesale cash-distribution in the UK 2021

<sup>3</sup> Ibid





## MARKET ANALYSIS AND FORECAST

### PROPORTION OF ANNUAL PAYMENTS MADE ON AVERAGE USING DIFFERENT METHODS BY ADULTS IN EACH SOCIO-ECONOMIC GROUP IN 2023<sup>4</sup>

Socio-Economic Group	AB	C1	C2	D	E
Cash	11%	14%	15%	19%	15%
Cheque	0.1%	0.1%	0.1%	0.1%	0.2%
Debit Card	57%	60%	57%	55%	67%
Credit Card	13%	11%	10%	10%	7%
Faster Payments	5%	2%	2%	2%	3%
Standing Order	1.3%	1.1%	1.3%	1.3%	0.8%
Direct Debit	11%	10%	14%	12%	7%
Other inc Prepaid and PayPal	1%	1%	1%	1%	1%

It is of course also possible that cash use may not decline as quickly as forecast. In the aftermath of the pandemic there was a theory, particularly among cash's supporters, that COVID-19 had effectively migrated all those away from cash who wanted to or were able to, leaving a hard core of cash users whose behaviour was not going to change. In other words, if a global pandemic wasn't enough to change their behaviour, then nothing was. While it is still possible that there is something in this, the ATM usage figures from 2024 suggest that, instead, the pattern of a steady decline in cash usage experienced before the pandemic in 2019 has become reestablished.

Finally, there is the effect of average payment values and here there are two main drivers. Firstly, cards, especially via contactless or mobile, are being increasingly used for low value purchases. Cards being used for low values will bring down average card values and push up the average for cash as it will no longer have a monopoly on low value payments. Then there is the effect of inflation, which will have had little impact from 2012 to 2022, but will have had an effect in 2023 and early 2024 and potentially going forward. Here, the different payment mix for each channel will make a difference. Cash payments, used for purchases such as food and entertainment, may be suffering higher inflation than, for example, large value items which are more often paid for with a card.

### AVERAGE VALUES FOR DIFFERENT PAYMENT CHANNELS, OVER TIME

Average value	Cash	Debit card	Credit card
2013	£13.06	£45.23	£61.27
2023	£14.21	£31.56	£46.23
2033	£12.31	£30.92	£38.80

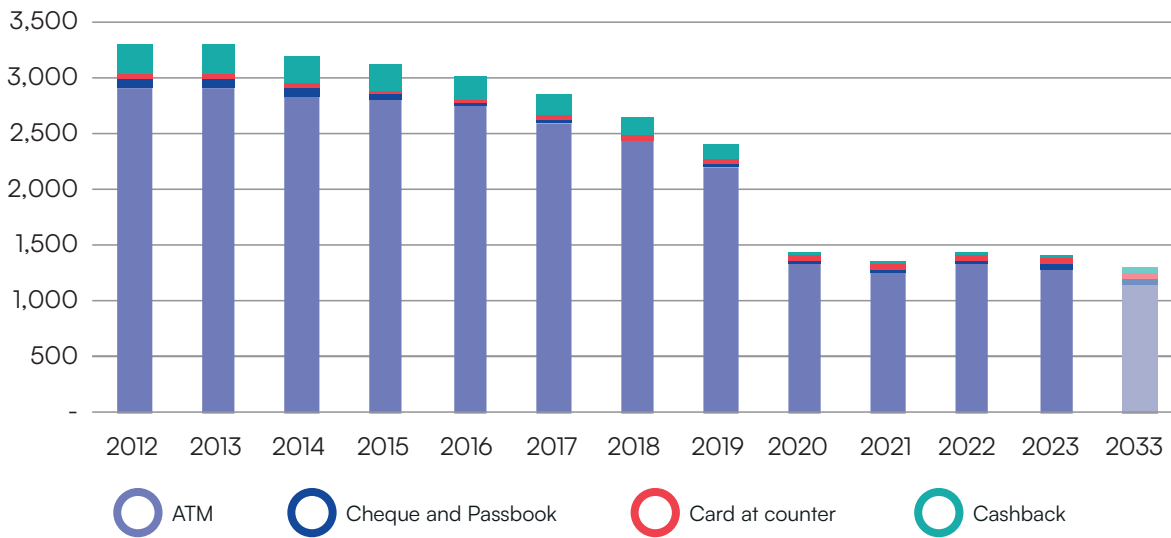
There are other factors at play, for example, home working gives less opportunity for low value or spontaneous payments such as lunch or a snack and more bulk online shopping, especially for things like food and even home meal deliveries like Deliveroo, all of which will be card-based. Lastly, it should be remembered that cash payments are by their very nature not recorded and sometimes even obscured and therefore the data sampling may not be as consistent as for cards and electronic payments.

# MARKET ANALYSIS AND FORECAST

## 4. ATM transaction forecasts

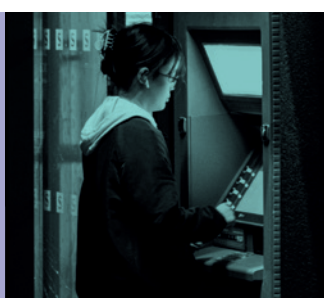
ATMs continue to dominate consumers’ cash acquisition, accounting for 91% by volume and 89% by value of all cash acquisition in 2023<sup>5</sup>. Indeed, these proportions have increased from 88% and 84%, respectively in 2012.

TOTAL CASH ACQUISITION BY CHANNEL INCLUDING 2033 FORECAST (M)



However it should also be remembered that consumers use different channels in different ways, face-to-face interactions being more usual for high value withdrawals where the cash will be used for a specific purpose or where the value exceeds daily limits for ATM withdrawals, whereas cashback or LINK’s cash at the till is more likely to be used for lower values and to fund short term day-to-day spending.

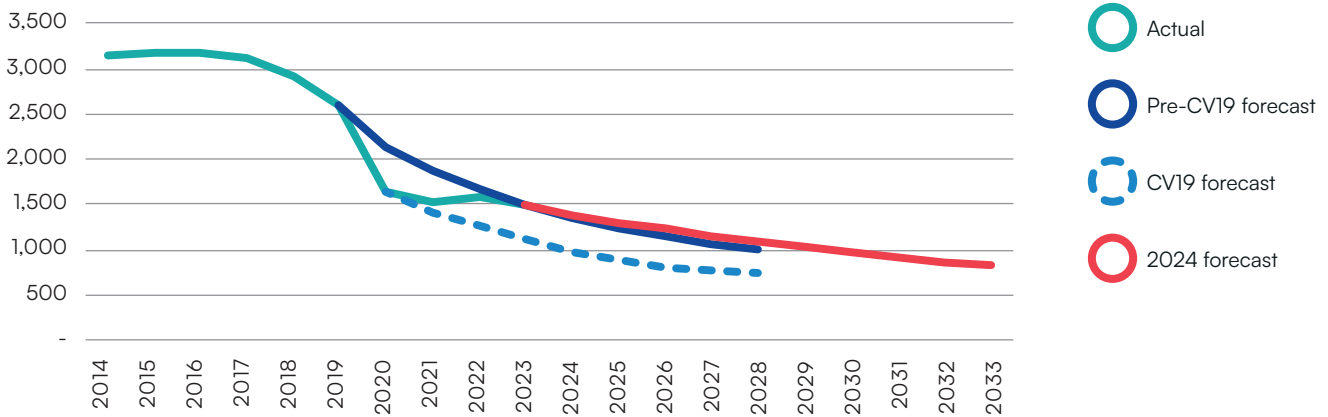
Average value of cash withdrawals 2022	
LINK cash at the till	£24
Debit card cashback	£61
ATM (inc on-us)	£89
Passbook	£127
Counter using card	£173
Cheque encashment	£278 <sup>6</sup>





## MARKET ANALYSIS AND FORECAST

### LINK TRANSACTIONS (M)



It therefore seems appropriate to base LINK’s ATM transaction forecasts as shown above, on changes in consumer cash payments. There seem few opportunities to migrate significant cash acquisition volumes either from or to other channels such as over the counter or cashback, even though they provide a valuable service for some consumers in particular circumstances.

It should, however, be noted that 30% of ATM transactions are balance enquires, which is not insignificant. While this ratio has remained broadly stable for many years, any major fall in balance enquiries would have a significant effect on total transactions and on the Members who rely on balances’ interchange income.

The other potential factor is the value of cash dispensed. Since the start of the pandemic, the average withdrawal value has jumped from £67 in 2019 to £84 today. If this trend continues, then it is possible that in the long term at least some consumers will be visiting ATMs less often in order to satisfy the forecast demand for cash payments we are using as a guide. However, there are other factors in play. Post-pandemic, the average value has continued to rise, although more slowly, by 3% between 2022 and 2023, a rate of increase less than inflation. Hence, although consumers were taking out more cash each time, this value was in fact going to buy them less goods and services than before. In summary, it appears that the post-pandemic the average withdrawal value, at least at current levels, is not going to have much impact on total ATM transactions.

## 5. ATM number forecasts

### Total free ATMs

Overall, the current position is close to the most recent forecast. The current estimate of free-to-use ATMs for 2032 is around 20,000, and pay-to-use ATMs around 5,600. It should be noted that some caution should be applied to these as there are a lot of factors which could affect them, some which are noted under each constituency below. In particular, the actions of individual market participants could have a significant impact. Important factors include the profitability of various ATM estates, the nature of commercial arrangements between ATM operators and hosts, the wider strategic objectives of some IADs, the pace of branch closures and the scope and nature of the various financial inclusion programmes. In addition, some major structural changes, for example, a change in interchange, regulation banning charging ATMs, the emergence of a rival scheme or global/political events, could affect these forecasts.

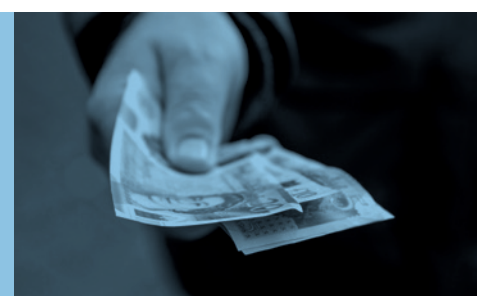


“...visiting ATMs less often, but taking out more cash when they do.”

**Graham Mott**  
Director of Strategy, LINK

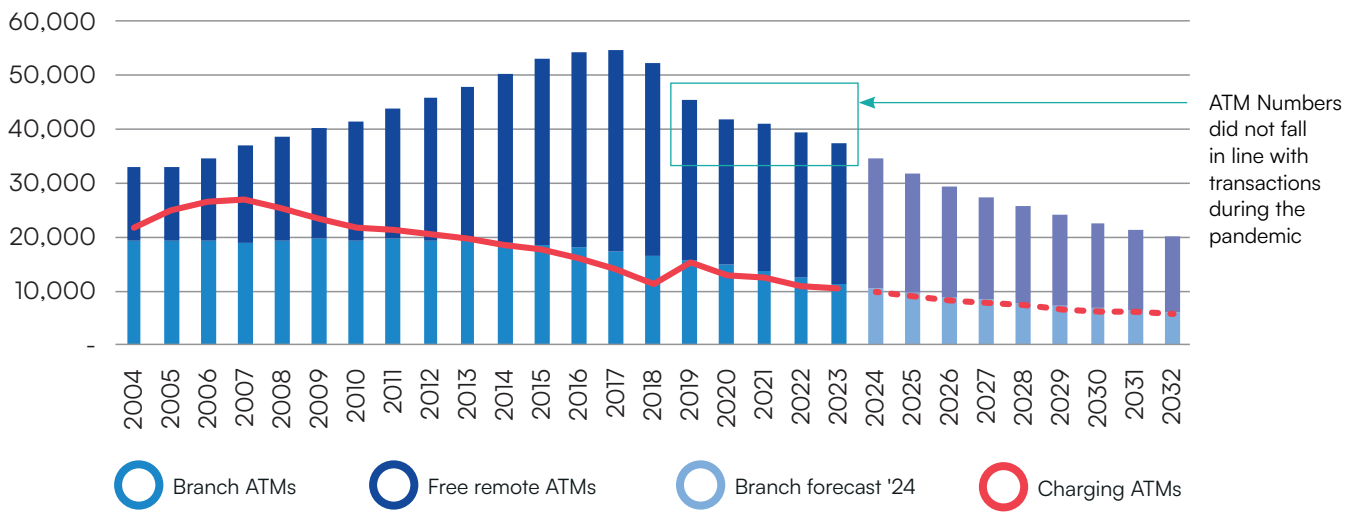
**30%**  
of ATM transactions are balance enquires

**20,000**  
free-to-use ATMs in 2032



# MARKET ANALYSIS AND FORECAST

## ATM NUMBERS ACTUALS AND FORECASTS



### Free-to-use remote ATMs

The current forecast for free-to-use remote ATMs is to fall from 25,907 at the end of 2023 to around 14,000 in 2032, a fall of around 45%. This forecast has changed significantly since 2019 as the number of ATMs has not fallen in line with the expected fall in transactions. Indeed, after an initial fall in 2020, ATM numbers have declined only very slowly, despite the large fall in transactions. Free-to-use remote ATMs remain above the forecasts made in 2022, hence the upward realignment for 2024 onward from a new baseline.

However, this area is the most difficult to forecast as factors affecting ATMs numbers include:

- The nature of the commercial relationships between ATM operators and third-party hosts and hosts' willingness or interest in having ATMs and/or accepting reduced ATM rental income.
- ATM operators' ability to manage costs, e.g. cost savings from other suppliers, bring services in-house or realise economies of scale.
- The degree to which there is a lag between falling transactions and an ATM's removal.
- The degree to which ATMs are run at a loss because of the customer service value to the operator, for example at supermarket sites, and the degree to which they are prepared to cross-subsidise poorly performing ATMs from busier locations to offer a consistent service.
- How long contracts have to run and the ability of ATM operators to break them early.
- The migration of transactions from closed bank branch locations to IAD-operated remote sites, boosting their usage.

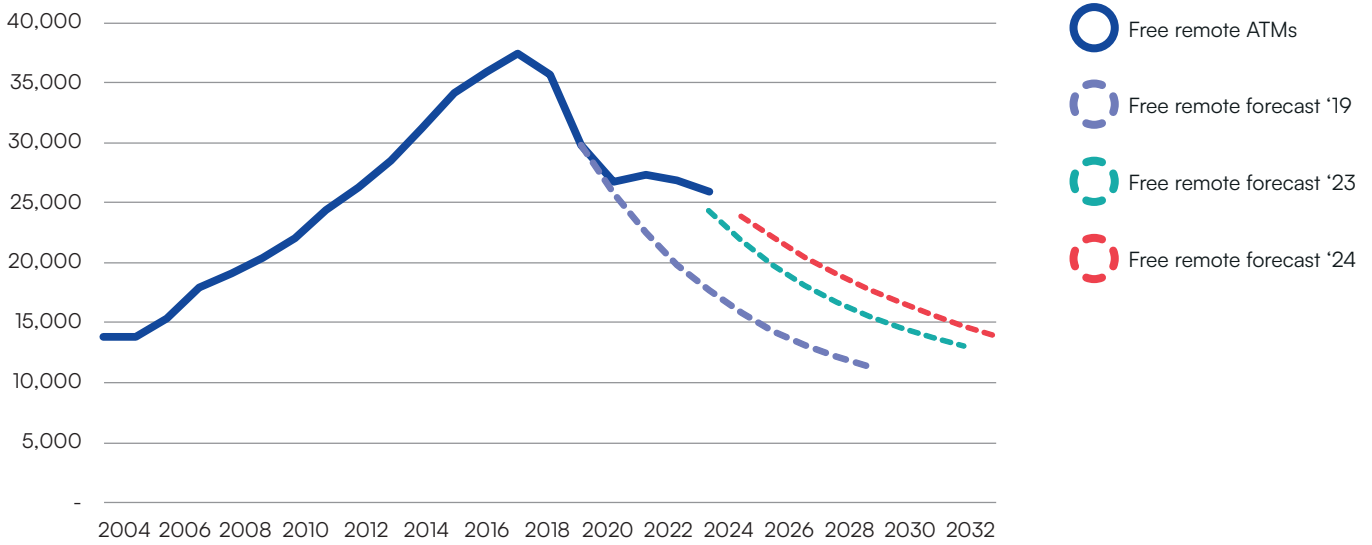
Lastly, LINK is subsidising almost 3,500 of the most vulnerable remote ATMs through its Financial Inclusion Programmes and this reduces the effect of falling volumes.





## MARKET ANALYSIS AND FORECAST

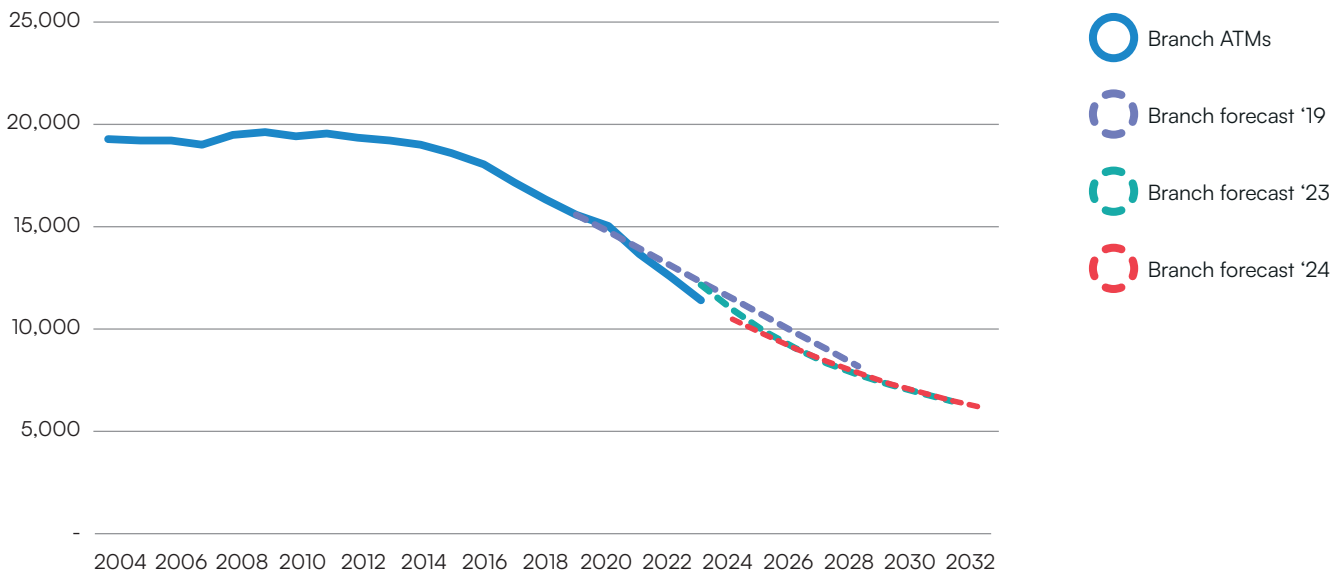
### FREE TO USE REMOTE ATMs



### Branch ATMs

In contrast to remote sites, the forecasts for branch ATMs have been relatively stable as they are driven by the number of branches. Given branch closures seem likely to continue, the trend below remains plausible, although there are factors which could affect this, for example, a change in the rate of closures or if banks made a significant investment in new LINK connected deposit/ATM terminals, thereby increasing the number of devices in the remaining branches.

### BRANCH ATMs



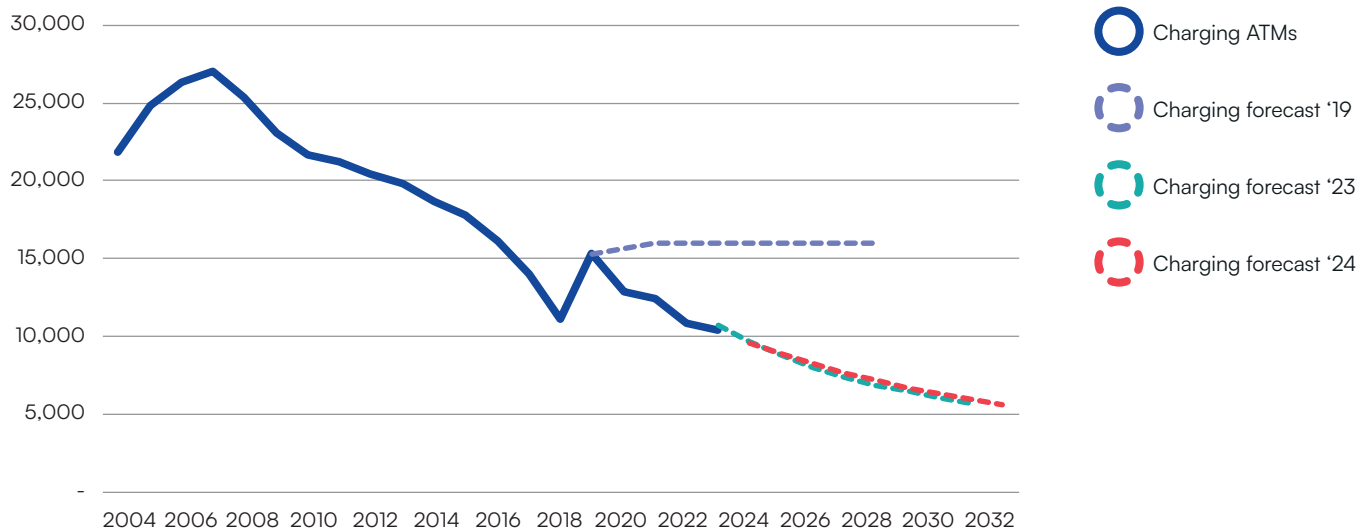
### Pay-to-use ATMs

The forecast for the number of pay-to-use ATMs was changed fundamentally by the experience of the COVID-19 pandemic. Before then, the assumption was that the number of charging ATMs would be sustained, despite a reduction in usage, because the ATM operators and host locations could simply increase the fees to counter any reduction in volumes. Experience suggests that there is low price elasticity for ATM withdrawals. Once the customer is prepared to pay a fee, the actual value does not make much difference and fees could be increased with little overall effect on usage. However, there is a limit to this low elasticity and at or above £2.00 usage drops off sharply as this is simply more than consumers are prepared to pay. ATMs which do charge £2.00 or more are typically in specialist locations like clubs, casinos or mobile ATMs at festivals and the like.

## MARKET ANALYSIS AND FORECAST

Pay-to-use numbers markedly increased in 2019 as operators made a concerted efforts to convert machines to charging or install new ones and this was the baseline for the old forecast. Once COVID hit, the number of pay-to-use locations fell, firstly as premises closed for lockdowns but then, unlike free remote machine locations, they never recovered, and the number of pay-to-use machines has continued to fall steadily ever since. The reason for this does not appear to be that the fees cannot be increased to cover reduced usage, rather that the volume of cash spent is not enough to warrant having an ATM on site, they don't take enough cash to keep the ATM replenished, or even that they are no longer accepting cash at all. Pubs, for example, were common locations for pay-to-use ATMs as it meant if customers ran out of cash, they didn't have to leave to get more, and then move onto another pub. The ATM forecast was therefore readjusted to reflect overall cash usage, like free remote machines and at this stage this is still on track.

### PAY TO USE ATMs



### Summary

The following table shows how the previous forecasts from 2019 and 2023 compared to the actual year-end figures.

	Branch ATMs			Free Remote			Total Free			Pay to use		
Forecast 2019	12,264	872	-7%	17,644	-8,263	47%	29,907	-7,392	25%	21,804	11,392	-52%
Forecast 2023	12,139	747	-6%	24,355	-1,552	6%	36,493	-806	2%	10,753	341	-3%
Actual (end 2023)	11,392			25,907			37,299			10,412		

## 6. IAD marketplace

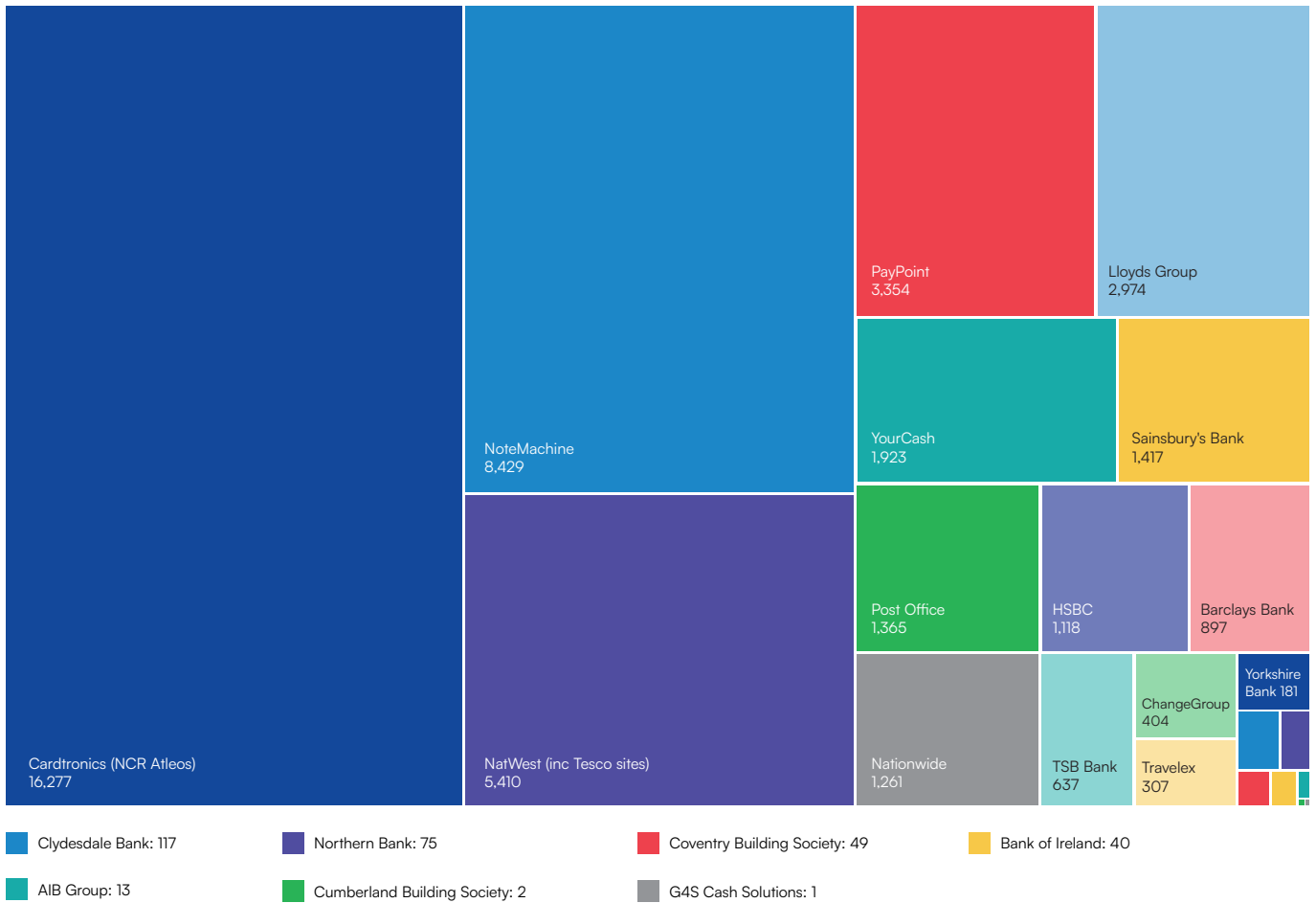
Independent ATM operators (IADs) are playing an ever-greater role in UK cash distribution. Launched in 1998, IADs originally focused on pay-to-use ATMs and do still operate all these machines. However, they are increasingly looking to high volume locations which can be serviced and replenished using their own in-house cash-in transit and maintenance services.

IADs now operate around 67% of LINK ATMs and accounted for 57% of 2023's total acquired transactions.



# MARKET ANALYSIS AND FORECAST

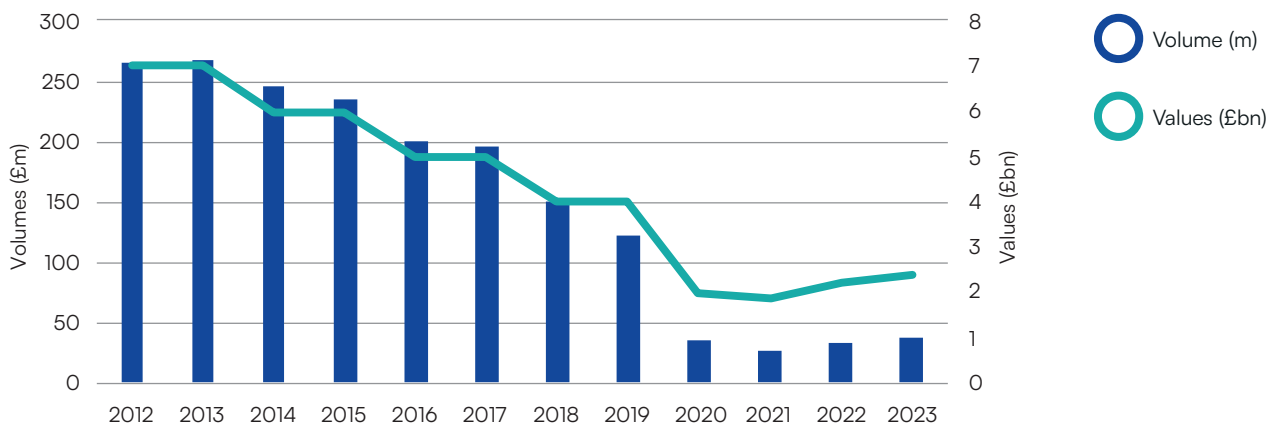
## TOTAL ATMs END 2023



## 7. Cash at the till/cashback

Cashback is a well-established and widespread cash access channel. The *Access to Cash Review* estimating that there were over 50,000 locations offering the service, including over half of convenience stores. However, total cashback usage has been falling steadily for some time, accelerated by the pandemic and is only now picking up slowly. This meant that in 2023, cashback accounted for only 2.6% of cash acquisition volumes, down from 8.1% in 2013 and as a proportion of total value was 1.5%, down from 3.0%<sup>7</sup>.

### CASHBACK VOLUMES AND VALUES



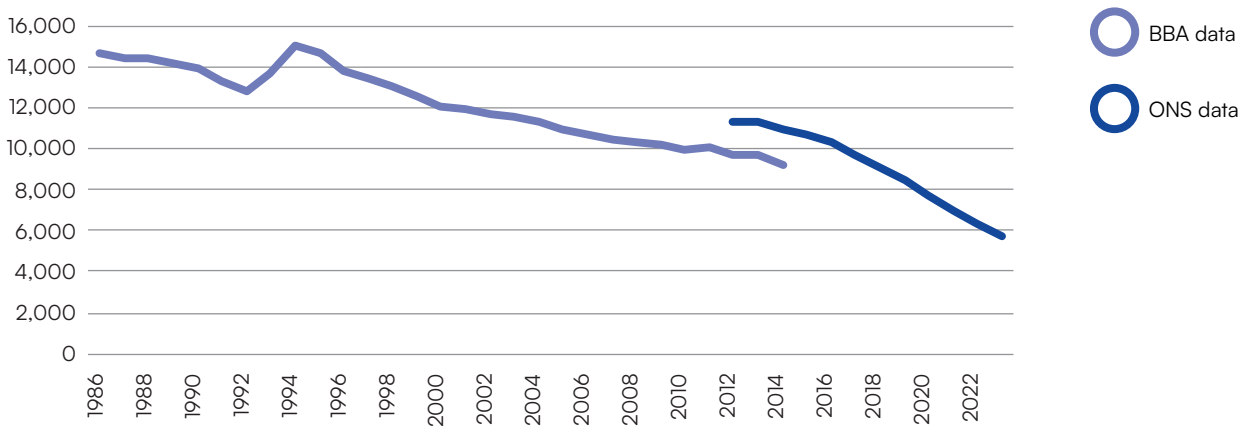
## MARKET ANALYSIS AND FORECAST

LINK’s cash at the till service was launched in October 2021 and, as no purchase is required to withdraw cash, it addresses one of the perceived barriers to cashback’s use. Growing steadily, the LINK service now processes around 60,000 transactions a week although it is still offered only through one Member. LINK’s own analysis shows that almost half of withdrawals were for values other than multiples of £5 or £10, illustrating how cashback fulfils an important role and is valued by the consumers who use it, in particular the ability to withdraw cash in denominations other than that offered by ATMs.

### 8. Branches

While there are some slightly odd discrepancies in the historic data, bank branch numbers have fallen dramatically in recent years, by 50% since 2012 and 9% in the past year alone. While the banks do not provide any long-term forecasts on branch numbers, on the current trends total branches could fall from the current 5,000 to around 1,000 by the end of the decade.

#### BANK BRANCHES IN UK



As the recent report in the House of Commons Library<sup>8</sup> notes, while high-street banks have traditionally delivered their services through physical branch networks, business and technological changes have allowed them to offer more efficient — and generally online — methods of operating. In 2018, the FCA noted that banks were making savings from closing branches and predicted that the trend would continue with changes to technology and customer behaviour. This trend was only reinforced by COVID-19, notably a move away from physical interaction.





## MEMBER SUMMARY

### MEMBER SUMMARY JUNE 2024

	Branch	Remote (Free to Use)	Remote (Pay to Use)	Total
AlB Group	8	5		13
American Express Europe				Card Issuer Only
Bank of Ireland	40			40
Bank of Scotland	306			306
Barclays Bank UK	680	205		885
Barclays International	10	2		12
Cardtronics	1,301	10,093	4,883	16,277
ChangeGroup		332	72	404
Citibank				Card Issuer Only
Clydesdale Bank	117			117
Cooperative Bank				Card Issuer Only
Coventry Building Society	44	5		49
Cumberland Building Society	2			2
G4S Cash Solutions		1		1
Halifax	1,176			1,176
Handelsbanken				Card Issuer Only
HSBC	1,114	4		1,118
Lloyds Bank	1,492			1,492
Metro Bank				Card Issuer Only
Nationwide Building Society	1,261			1,261
NatWest	1,930	3,480		5,410
Northern Bank	75			75
NoteMachine	299	5,045	3,085	8,429
PayPoint		2,175	1,179	3,354
Post Office	43	1,322		1,365
Sainsbury's Bank		1,417		1,417
Santander				Card Issuer Only
Tesco Personal Finance				Card Issuer Only
Travelex		116	191	307
TSB Bank	637			637
Yorkshire Bank	181			181
Yorkshire Building Society				Card Issuer Only
YourCash		1,554	369	1,923
<b>Total</b>	<b>10,716</b>	<b>25,756</b>	<b>9,779</b>	<b>46,251</b>

## REVIEW APPROACH

LINK's Board will review this Plan annually at or around the time of the December Board meeting. The review will be managed by LINK's Director of Strategy on behalf of the CEO.

Previous versions of the Plan contained a Scorecard with specific targets. However, over the three-to-five-year period of the Plan these specific measures become increasingly irrelevant as time went by.

Now, the intention is to:

**Review progress against LINK's overall objective.**

**Review progress against delivering satisfactory access to cash and operational reliance and risk management.**

**Assess if any changes are needed to maintain access to cash as markets develop.**

**Assess if the approach to delivering risk management remains satisfactory.**

The results of the review will be considered and finalised by the Board, along with the agreement of any actions. An annual Strategy Event will be held later each year to allow for the more detailed development of LINK's Strategy.

This will all be reported to LINK's various regulators in the usual manner.

*LINK's Board will review this Plan annually.*



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](http://www.link.co.uk/contact-us)  
[www.link.co.uk](http://www.link.co.uk)

