

LINK Consumer Council

Annual Report 2019



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LINK Consumer Council

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In figures

Statistics highlight that the decline in cash usage continues to be our biggest challenge

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Access to Cash Review

Actions arising from a LINK-commissioned independent review are under way

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Financial Inclusion

LINK and the Consumer Council will work together to target resources effectively in protecting cash access

If you are a consumer group or organisation that would like to know more about LINK or have any suggestions or feedback for the team, please get in touch.

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The Council is critical to support consumers

Since its inception in 2006, the Consumer Council has played a key role in supporting access to cash for the most deprived communities. I am proud to present this report of our work, at a crucial time for cash access. With significant changes in consumer behaviour, the UK's cash infrastructure is fragile, and the work of the Council continues to be important in ensuring strong initiatives are put in place to protect access to cash for those who need it.

While consumers are embracing new means of payment, there remains a substantial number of people who will continue to rely on cash for the foreseeable future. The independent Access to Cash Review raised the profile of this issue to ensure that consumers are firmly part of the debate, because, for many, cash is more than just a choice; it is a necessity, as other payment mechanisms do not meet their needs.

We are pleased that the Consumer Council's work on this issue has resulted in positive action from LINK to preserve access to cash for consumers. From improving the functionality of the LINK Locator App to include other cash access points, such as Post Offices and their opening times, to the recently announced new Community Requests initiative, the core purpose of the Council's work continues to be in support of these initiatives.

I would like to put on record my thanks to the Council for their work through the year. At the end of the year, long-standing members of the Council Teresa Pearce MP and Nigel Constable will stand down. Their contributions to the Council have been invaluable and comprehensively supported our work. Another valued colleague, Mary Buffee, who supported the Council as part of LINK's senior team, also left during 2019. All leave with our best wishes and sincere thanks.

We recently welcomed to the Council Nick Quin, LINK's new Head of Financial Inclusion, and, most recently, Martin Kearsley from the Post Office. Other new members will join us in 2020.

I look forward to working with the Consumer Council during 2020 to ensure that free access to cash is maintained where it is needed.

“The UK's cash infrastructure is fragile, and the work of the Council continues to be crucial in ensuring strong initiatives are put in place to protect access to cash.”


Tracey Graham

Chair,
LINK Consumer Council

About the Consumer Council

The LINK Consumer Council, established in 2006, consists of independent people and LINK Members, chaired by Independent Chair Tracey Graham.

The Council provides advice on consumer issues relating to the UK cash machine network, and represents consumer interests. Council members are regularly refreshed to ensure consumers' interests continue to be represented through the LINK scheme.

Independent members:



Tracey Graham –

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. Tracey is also the Chair of Investment Funds Direct Limited, a subsidiary company of the Royal London Group. In addition to these roles, 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 Visiting Professor at King's College London. Margaret has been a senior consultant for Freshfields Bruckhaus Deringer since retiring in 2003 from the Office of Fair Trading, where she was Director of Competition Enforcement. Margaret is also Vice Chair of the Professional Standards Council for Asset Based Finance and a member of the Access to Cash Review Panel.



Teresa Pearce MP –

The Member of Parliament for Erith and Thamesmead from 2010 until December 2019, Teresa was a Shadow Minister for Communities and Local Government.



Sian Williams –

Sian Williams is Director of the Financial Health Exchange at Toynbee Hall in London's East End, where she leads policy and practice programmes aimed at making money work better for people. Sian sits on a range of industry advisory groups, and is a Financial Inclusion Commissioner, a

member of the UK Financial Capability Strategy Board, the Payment Systems Regulator's Panel, and the New Payments Systems Operator End User Council, and a trustee for the Money Advice Trust.



Joe Lane – Principal Policy Manager for the Citizens Advice Bureau



Department for Work & Pensions

Helen Walker –

Representing the Department for Work and Pensions



Eimear Duffy –

Representing the Consumer Council of Northern Ireland



Martin Kearsley –

Representing the Post Office

Member representatives:

- **Nigel Constable** – from Notemachine
- **Tim Watkin-Rees** – from PayPoint
- **Tim Allen** – from Barclays
- **Adam Bailey** – from NatWest

New Head of Financial Inclusion for LINK

LINK has appointed a new Head of Financial Inclusion.

Nick Quin brings experience from the public and private sector and politics to the Programme.

As the LINK Financial Inclusion Programme has grown over the course of the last year, LINK has also recruited three new members of the Financial Inclusion team. Together, they will be providing excellent service to communities who need cash access, maintaining a dynamic database of financial inclusion machines, and working closely with the Consumer Council to preserve access to cash across the UK. ■



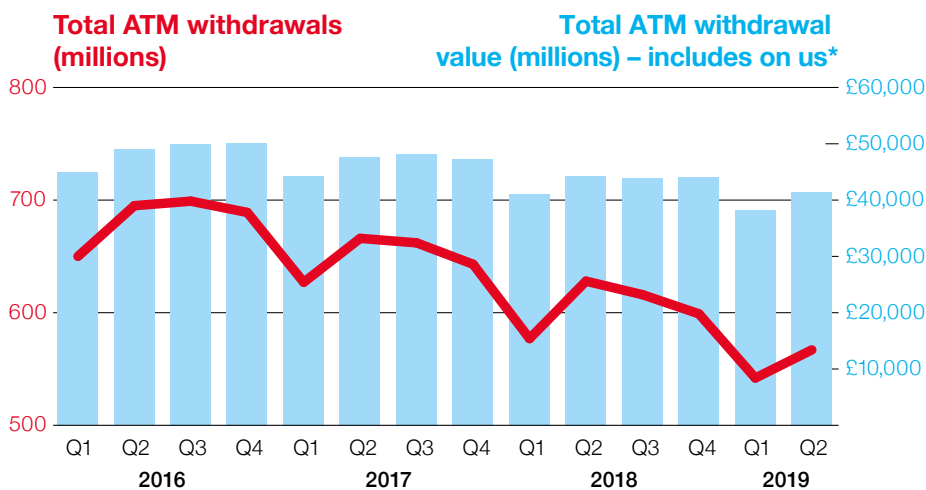
The Post Office joins the Consumer Council

The Post Office has been recognised as a key part of the UK's cash infrastructure. With more than 11,500 branches accessible by bank customers across the country, we are delighted to welcome the Post Office on to the Consumer Council. Martin Kearsley, the Director of Banking Services, will represent the Post Office at meetings. ■

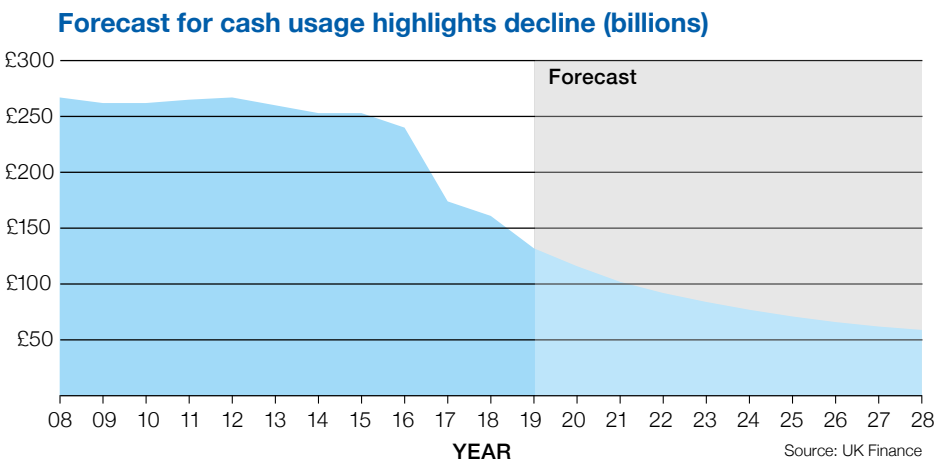


Consumers continue to use less cash

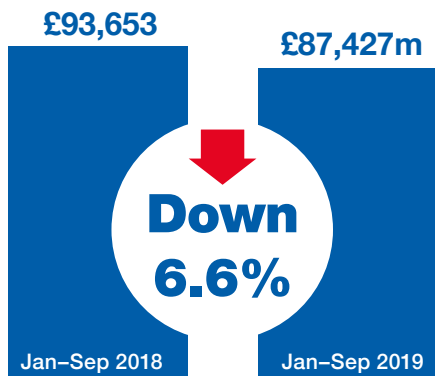
Data from the past two years suggests cash usage is on the decline – and the forecast is that this trend will continue.



*On us' is where someone uses an ATM that belongs to their own bank or building society



Total value of LINK transactions



2008

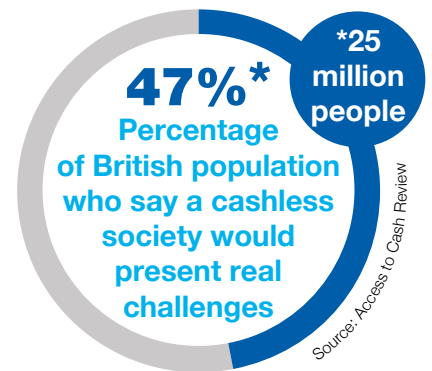
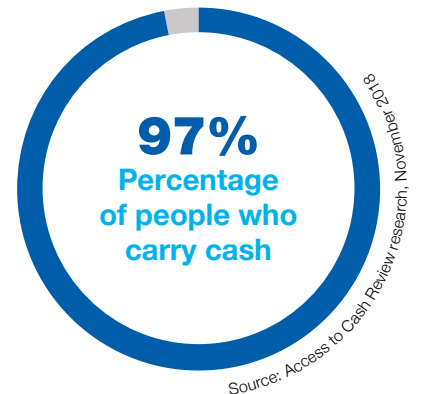
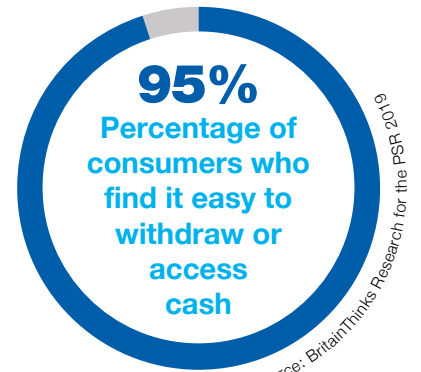
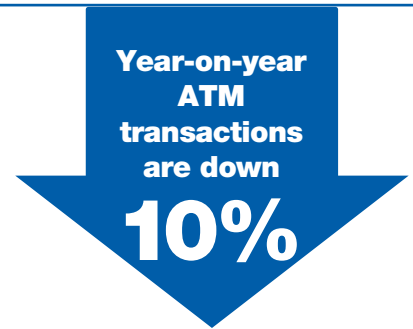


For every **£1** spent in the UK in 2008, **60p** was in cash.

2018



For every **£1** spent in the UK in 2018, just **28p** was in cash.



Community requests for cash access

In October 2019, LINK launched a scheme for communities to request ATM access.

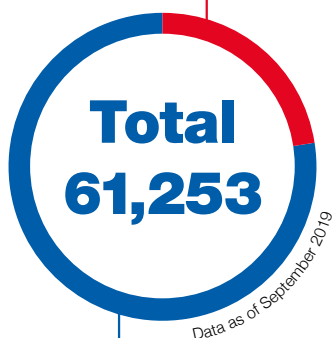
John Howells, Chief Executive of LINK, said: "The UK has excellent free-to-use cash machine coverage. But we know that some communities don't have the access they need.

"As the number of cash machines drops, we're determined that no community is left behind, and will investigate any issues raised with us. We've heard from communities across the country and encourage anyone who feels there is an issue locally to get in touch."

If you need improved cash access locally, find out more about the Community Access to Cash Initiative at link.co.uk. Read more about the Financial Inclusion Programme on page 7.



Pay to use ATMs
13,796



2,500
Number of community requests for cash access

Free to use ATMs
47,457

The Post Office added to ATM Locator App

The Consumer Council has worked to ensure that consumers have the right information about accessing cash. By adding the Post Office network to the ATM Locator App in 2019, that information is more complete than ever. The Post Office network will continue to play a vital role in free cash access, and the Consumer Council is determined to support it as part of the UK's cash infrastructure.

500,000
Number of times the LINK ATM Locator and Locator App has been used in 2019



2028



For every £1 spent in the UK in 2028, less than 10p will be in cash.

Review lays down gauntlet to protect consumers

Government and industry must act now to avoid “sleepwalking into a cashless society”.

It is clearer than ever that the way we use cash is changing. Consumers are choosing to buy online, pay with contactless cards and embrace digital payments.

The marketplace is evolving in response, with the number of ATMs dropping and businesses adopting non-cash payments.

However, while reducing cash usage in favour of the convenience of digital payments is a conscious choice for many, this is often not the case for those in rural areas or who are dependent on cash for day-to-day living.

It is absolutely vital, therefore, that market changes are managed effectively to protect

consumers. The Council therefore welcomes the introduction and recommendations of the independent Access to Cash Review, which took a compelling look into the UK’s advancement towards a cashless society, making a series of recommendations to ensure we do not “sleepwalk into a cashless society” and that no one is left behind.

The review changed the debate around cash and brought a remarkable consensus among firms, regulators, politicians and consumer groups on the need for action. A wide range of actions to tackle the issues raised by the review has started. Over the coming year, the Consumer Council will ensure that those measures are prioritised and co-ordinated. We will work to make sure that all consumers are protected – not just those who shout the loudest or are most able to adapt.

Huw Merriman, MP for Bexhill and Battle, has lobbied banks and building societies to provide free ATM services in every high street with a community of more than 5,000 people. He told his local newspaper: “LINK’s commitment to getting a cashpoint back into every high street in the UK with funding from banks and building societies, who are closing many of their branches, is a fantastic response to my call for legislation to make sure this happens.”

Recommendations from the Access to Cash Review

1. Guarantee access to cash
2. Ensure cash remains widely accepted
3. Create a more efficient, effective and resilient wholesale cash infrastructure
4. Make digital payments an option for everyone
5. Ensure joined-up oversight and regulation of cash



Direct Commissioning in action

When the village of Ardington in Oxfordshire lost its only cash machine, people had to rely on a car to access the nearest machine in Wantage. Since August, however, a new machine has been up and running – the first to be funded as part of LINK’s Direct Commissioning process.

Since then, machines have been installed in Elham in Kent, Bracknell, Berkshire and further machines are being negotiated with operators.

This is proof that the commercial incentives to install machines will protect access to cash for consumers across the country. With a range of other measures in place, we expect to see more machines installed over the coming year. ■



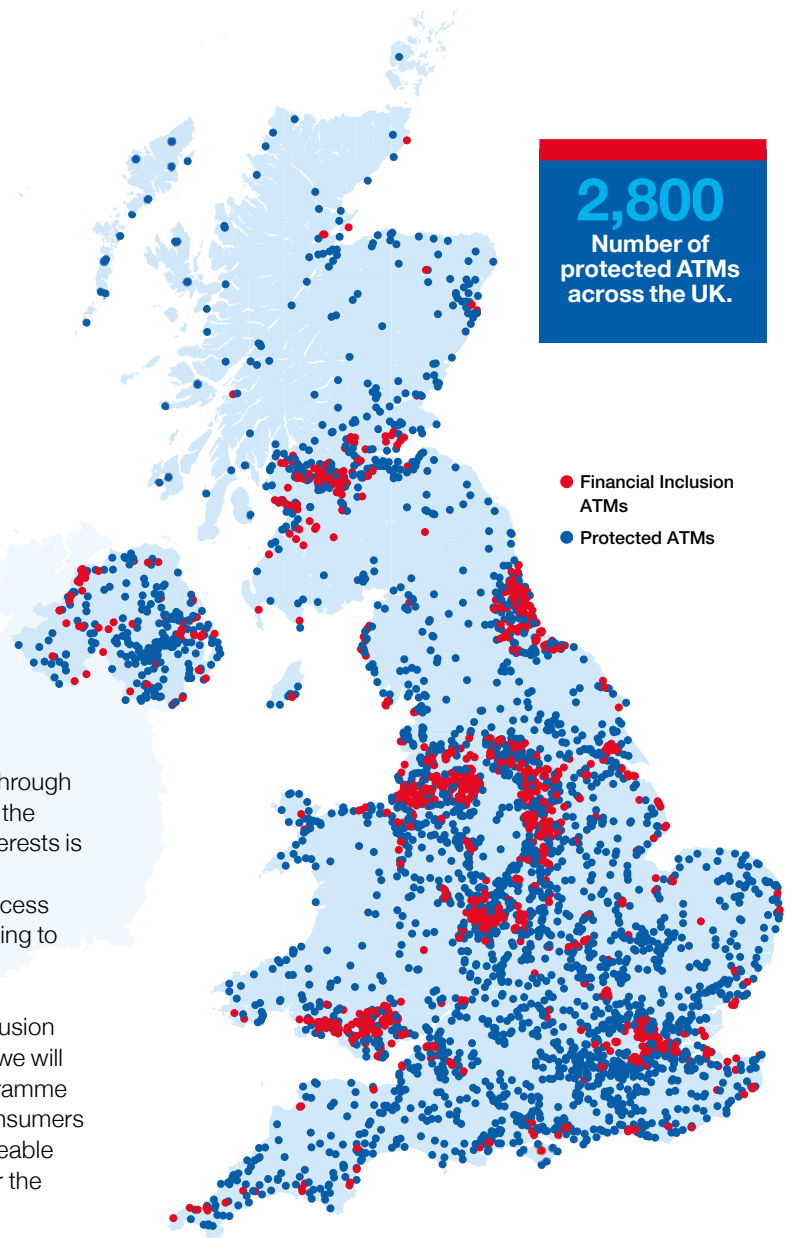
Financial Inclusion – an evolving programme

The Consumer Council has been acting as the guardian of cash access since 2006. Although consumer preferences have changed substantially since then – the first banking app didn't exist in 2006 – 17 per cent of people still use cash heavily and are expected to continue doing so.

Consumers today enjoy comprehensive access to cash through a reliable and extensive network. But as cash usage drops, the work of the Consumer Council in protecting consumers' interests is more important than ever.

So we welcome LINK's new measures to protect cash access across the country. LINK's focus on communities and listening to their needs is a welcome step in supporting cash access everywhere that needs it.

It is vital that the resources dedicated to the Financial Inclusion Programme are targeted effectively. Over the coming year, we will work closely with LINK to review the framework of the programme – targeting resources most effectively in order to ensure consumers in deprived areas remain able to access cash for the foreseeable future. We will also make sure that the cash network is fit for the future, and not too costly to maintain.



Three initiatives that are making a difference

1 Community Access to Cash Initiative. Giving communities a say in accessing cash, this fund invites people to submit suggestions for new ATM locations, and is backed up by £1 million from banks and building societies.

2 High Street Commitment. LINK has promised to preserve access to cash for around 6,500 high streets across the country. It will step in where cash access is lost.

3 Low Volume Premiums. Over 2,000 machines with low transactions receive higher rates of interchange, designed to keep them commercially viable.



Continuing to drive down fraud and ATM crime

ATMs continue to be a safe way for consumers to access their cash. Nevertheless, ATM crime and fraud remain an issue for the industry and local communities. LINK maintains a strong commitment to working with the industry to protect consumers against becoming victims of crime.

It is vital that consumers continue to be aware of how to stay safe when using a cash machine. To support awareness and help keep consumers safe when accessing cash, LINK makes security tips and advice available through its LINK ATM Locator App and online at link.co.uk/consumers/security/.



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