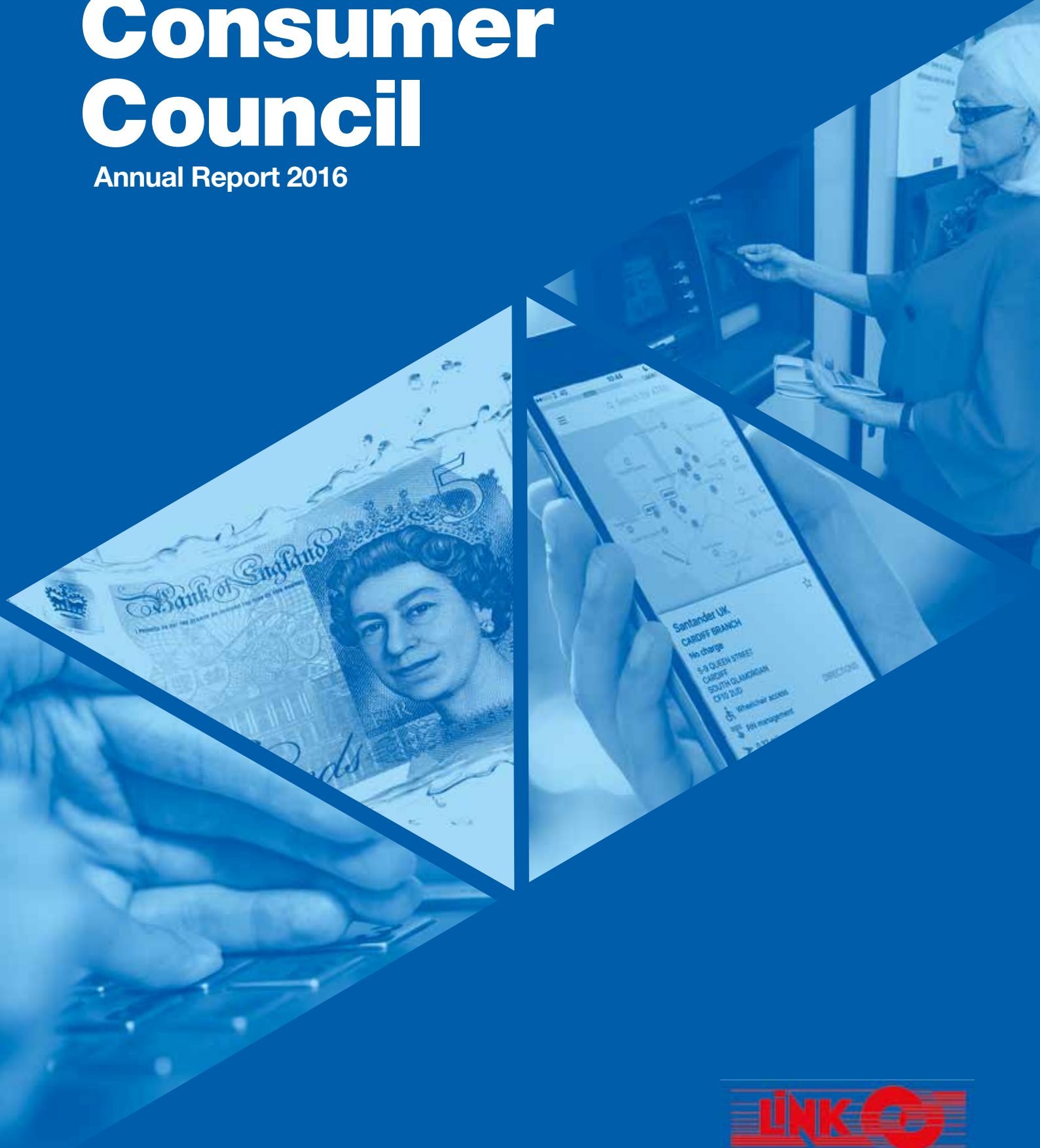


# LINK Consumer Council

Annual Report 2016



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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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# Using innovation to support consumers' access to cash

**T**he LINK Consumer Council continues to play a vital role in helping the national LINK Scheme meet the cash access needs of everyone in the UK. Despite the growth in alternative payment methods, cash remains important for almost all UK consumers, and is especially vital for many lower income groups. While cash usage is declining slowly, it accounts for about half of all payments, and will remain an important payment instrument in the UK for many years to come.

As newly appointed Independent Chairman, I am delighted to write the foreword for this annual report, which sets out the work of the Council over the past 12 months. I see my role as helping LINK maintain its clear consumer focus, and in particular dealing with the new challenges of how to innovate to maintain the cash access that consumers need, despite the likely reduction in volumes that we will see going forward. I also believe that maintaining LINK's strong track record on fraud protection is of vital importance, especially given the increasing risks of cybercrime.

As part of the Council's increasing focus on innovation, this year has seen the launch of plans to develop a LINK App, which will make it more convenient for people to access their cash on the go.

This report contains more details, and we expect to launch the LINK App in 2017.

The Council is also maintaining its focus on financial inclusion. The Financial Inclusion Programme, which improves free access to cash for consumers in the most deprived and rural locations in the UK, celebrated its 10-year anniversary this year. Since its launch, 1,824 areas across the UK have been provided with support to install a free-to-use ATM that would otherwise not have been commercially viable. This work continues to be of prime importance and the report sets out some of the new research conducted by Toynbee Hall and LINK to keep the Programme consumer-focused and effective.

In my first year as Chairman, I have conducted a review of the Consumer Council, which you can read about later in this report. This review has given me an opportunity to understand and explore the make-up of the Council and its areas of interest.

I have been incredibly impressed by the commitment of both the independent and LINK Members of the Council who drive its work and operation. I would particularly like to thank Dr Ken Andrew, who retired as Independent Chairman earlier this year, for his dedicated and effective leadership of the Council since its inception in 2006.

**This year has seen the launch of plans to develop a LINK App, which will make it more convenient for people to access cash on the go.**



*Tracey Graham*

**Tracey Graham**  
Independent Chairman of the  
Consumer Council

# What is the LINK Consumer Council?

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

The Council provides advice on consumer issues relating to the UK cash machine network, and represents consumer interests.

Council members change to ensure consumers' interests continue to be represented through the LINK scheme.

## The current Consumer Council

### Independent Chair:

**Tracey Graham** – A Non-Executive Director of Royal London Group, the largest mutual life insurer in the UK, where she is Chair of the Remuneration Committee. Tracey is also a Non-Executive Director of Istock plc (FTSE 250 Building Products), and a Non-Executive Director of ACAL plc (Small Cap Electronic Components). As well as chairing the LINK Consumer Council, Tracey is a Non-Executive Director of Link Scheme Ltd. Until 2010, Tracey was Chief Executive of Talaris Limited, where she led the company's management buy-out from De La Rue plc. She has also

held senior positions in banking and insurance with HSBC and AXA Insurance.

### Independent representatives:



#### Lady Margaret Bloom

**CBE** – An economist and Honorary 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 of the Asset Based Finance Association and a Director of the Lending Standards Board.



#### Teresa Pearce MP

– The MP for Erith & Thamesmead and a previous member of the Treasury Select Committee and the Work

and Pensions Select Committee. Teresa is currently the Shadow Minister for Communities and Local Government.



## Toynbee Hall

**Sian Williams** – from community action group Toynbee Hall.



**Eimear Duffy** – from the Consumer Council Northern Ireland.



**Pippa Lane** – from the Citizens Advice Bureau.

### Member representatives:

- **Tim Watkin-Rees** – from PayPoint
- **Adam Bailey** – from Royal Bank of Scotland Group
- **Nigel Constable** – from NoteMachine

## A decade of progress on Financial Inclusion

Over the past decade, the establishment and development of the LINK Financial Inclusion Programme has been critical to meeting the needs of the most vulnerable in society. Since the Programme's inception 10 years ago, over 1,500 areas across the country have benefited from a new free-to-use ATM that would otherwise not have been commercially viable.

Cash is an important payment method in the UK, with over 48 million people using cash machines. It is also particularly important for consumers in lower socioeconomic groups, as it allows them to budget more effectively.

LINK continues to develop the Financial Inclusion Programme. It has launched a number of online tools to enable consumers to access their cash more easily. It has also added 957 new sites as a result of independent research by respected charity Toynbee Hall. In the past couple of years, over a third of these new sites have also benefited from a free-to-use ATM. LINK and its Members remain committed to the Programme and will continue its work in future years.



LINK has a very strong consumer focus and free access to cash features highly on that agenda.

We have put in place a unique Financial Inclusion Programme that enables us to listen and take action where needed, to improve consumers' access to cash. Our progress has been demonstrable over the past decade and LINK and its Members remain committed to working towards financial inclusion for UK consumers."

**John Howells**, LINK CEO

# Record figures for ATMs

Although the number of cash withdrawals dipped slightly, the average transaction value for a withdrawal reached an all-time high. The total number of ATMs has grown and more than 1,400 free-to-use ATMs have been added to the network.

**£69**

The average transaction value for a cash withdrawal.



**£17.2bn**

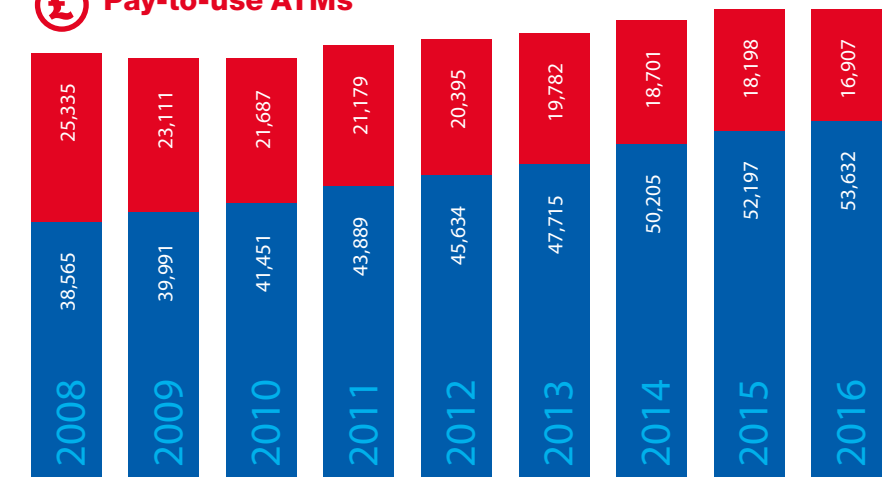
Amount of cash payments made by consumers in 2015; 57% of all spontaneous customer payments were made in cash.



**225m**

The number of plastic cards in issue for use at an ATM – an increase of 61 million since 2006.

## Pay-to-use ATMs



## Free-to-use ATMs

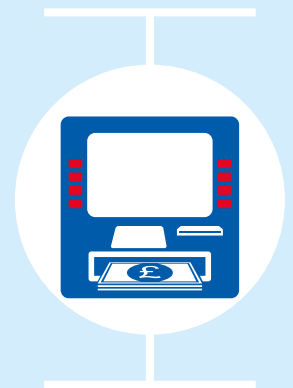
This growth has been driven by independent ATM deployers taking over off-site estates previously owned by banks and building societies and increasing the number of new free-to-use installations, typically at small convenience stores. The number of cash machines has also been driven by LINK initiatives, such as the Financial Inclusion Programme, which helps to increase the number of free-to-use cash machines in deprived areas.

**70,539**

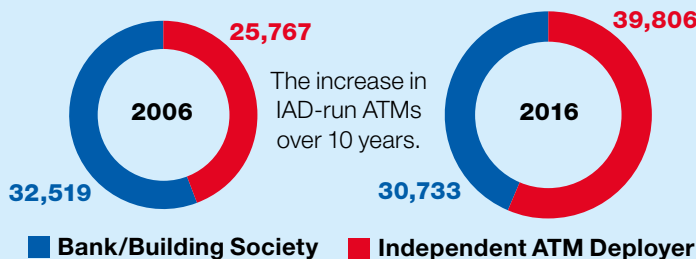
Total number of ATMs in the UK, a record high.

**2.064bn**

The number of cash withdrawals in 2015, an increase on 2.047 billion in 2014. The corresponding amount withdrawn grew at an annual rate of 2.6% to £194 billion.



**44% → 56%**



**32,059**

The number of convenience/supermarket ATMs in 2015, out of a total of 70,270 – up from 19,356 (out of a total of 58,286) in 2005, reflecting the changing needs of consumers.

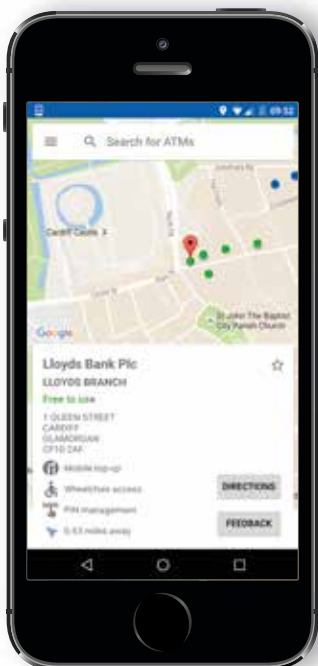
**2%**

Percentage of cash withdrawals that incurred a charge in 2016, down from 4.5% in 2006. In 2016, charging ATMs represented 24% of the overall estate (16,907 out of 70,539 ATMs), down from 25% (in Dec 2015).

# Council develops a LINK App to improve access to cash for consumers



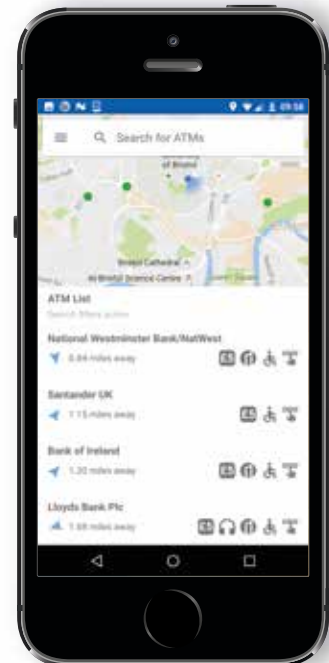
**Mary Buffee, Head of Consumer Affairs, shares news of a new LINK App that will help consumers find the best and nearest ATM for their needs.**



In response to the changing needs of consumers, the LINK Consumer Council has commissioned work to build an App to improve the way ATM users access cash. The App, which will launch in early 2017, will be available to consumers free of charge and will provide the following range of tools and information:

- **Search functionality** – Consumers will be able to find the location of all 70,000 ATMs in the UK. The functionality will provide customers with maps and directions to their nearest ATM.
- **Advanced search** – There will also be an advanced search functionality to enable consumers with specific needs to look for ATMs based on particular criteria, for example an ATM belonging to a particular bank provider or an ATM that provides £5 notes. We know that accessing £5 notes is important for consumers, particularly those who like to budget in cash or are on low income. In addition, consumers who are blind or partially sighted will be able to look for their nearest ATM with audio assistance.
- **Favourites and alerts** – The App will provide customers with the opportunity to save their 'favourites' and set alerts for when they are nearby to remind them to get cash when they need it.

- **Guidance** – Customers will be able to access helpful information on important topics such as how to stay safe at an ATM and protect their PIN.
- **Feedback** – Quick feedback buttons will be made available so you can keep us informed of what you think of individual ATMs.



**“**I am excited that we are developing an App that puts consumers at the heart of its design, making access to cash on the move so much more convenient for all UK consumers. Please do look out for the App in 2017 where it will be available to download to your smartphone.”

**Mary Buffee, Head of Consumer Affairs**



# Continuing the fight against crime and fraud

**T**he Council plays a major role in reviewing the consumer impact of ATM fraud and crime, which continue to present challenges to the ATM industry.

The number of incidents, financial losses and damage from physical attacks continues to cause concern even though arrests, convictions and long sentences give a clear message that those involved will be dealt with severely.

To help counter physical attacks, LINK supports the cross-industry ATM Security Working Group and it also runs and chairs the European Expert Group on Physical ATM Crime. This is an international group that brings together law enforcement bodies, ATM operators and scheme operators and technical experts to share intelligence and knowledge on techniques and preventative measures. LINK has hosted physical ATM crime conferences for police officers to raise awareness and support law enforcement/industry communication. Plans are currently being developed for another event in 2017.

ATM fraud continues to be a concern, although the number of attacks and losses that impact on customers continues to decline. Criminals are showing they are prepared to work across international borders and invest time and resources to find weaknesses in the system. The whole industry continues to work together to counter these threats. LINK actively liaises with counterparts, technical experts and law enforcement bodies across Europe and the wider world to share intelligence and information as widely as possible.

## Safety at the ATM: top tips

The LINK Consumer Council always advises customers to protect their PIN at all times and report any suspicious behaviour or unexpected transactions to the police or their bank or building society as soon as possible. LINK makes the following suggestions to help customers keep safe at ATMs:

- **Scan the whole ATM area** before you approach it. Avoid using the ATM if there are suspicious-looking individuals around.
- **Check to see if anything looks unusual** or suspicious about the ATM that suggests it might have been tampered with.
- **If it appears to have any attachments to the card slot**, cash slot or key pad, do not use it and, if possible, alert nearby staff or call the police.
- **Stand close to the ATM** and shield the keypad with your hand when keying in your PIN.
- **If your card gets jammed or retained by the machine** or no cash comes out, report this immediately to your bank or building society, ideally using your mobile phone while you are still in front of the machine.
- **Check that others in the queue keep a good distance from you.**
- **Keep your PIN secret.** Never reveal your PIN to anyone – not to someone claiming to be from your bank or the police, and especially not to a “helpful” stranger.
- **Be especially cautious if strangers try to distract you** or offer to help at an ATM, even if your card is stuck or you are experiencing difficulty with the transaction.
- **Regularly check your account balance** against your statement.

**Mark Carney, Governor of the Bank of England, launches the new polymer £5 note (below right) at Blenheim Palace, September 2016**



## Roll-out of £5 polymer notes



**Graham Mott, LINK's Head of Strategy & External Relations, explains the benefits of the new polymer banknote – and developments since the new £5 note was launched.**

September 2016 saw the introduction of the first Bank of England polymer banknote with the new £5 note.

This was the culmination of a long process and careful planning that started in September 2013 when the Bank of England announced a public consultation and a further industry consultation on using polymer banknotes for the £5 and £10. This proved positive and the Bank has announced that new £10 and £20 notes will follow the £5 note. In Scotland, RBS, Clydesdale and the Bank of Scotland all issued a new polymer £5 in 2016, and will roll out the £10 in 2017.

The new polymer banknotes will deliver three benefits. First, the polymer banknotes, coupled with leading-edge security features, will deliver a step change in counterfeit resilience. Second, polymer banknotes will be stronger and more durable, meaning they will last at least two-and-a-half times longer than cotton-paper banknotes. And third, the new banknotes will be cleaner, and the public will enjoy the benefit of better-quality banknotes in their pockets.

Launching a new banknote is a considerable challenge for the ATM industry as all 5,000 ATMs that dispense £5 notes needed modification, and careful planning and testing was required. To facilitate this, the Bank of England established an ATM Working Group, chaired by LINK, which brought together ATM operators, equipment manufacturers and key service suppliers who are involved in ATM replenishment and servicing.

The launch itself took place at Blenheim Palace on 13 September and, since then ATMs have been dispensing the new notes to the public. This was well received, with positive media coverage and consumer feedback. To date, over 5,000 £5 note ATMs have been converted and

around 20% of the actual £5 notes in circulation are now polymer. This is on schedule and, by Christmas, more than half of notes will be in the new design.

In early summer 2017, the old £5 notes will be withdrawn and the Bank of England will launch a new polymer £10 banknote featuring Jane Austen shortly after. A new £20 banknote, featuring J.M.W. Turner, selected from a list proposed by the public, will be launched by 2020.

**5,000+**  
Number of £5-note-issuing ATMs that have been converted to issue the new polymer note.

## New Chairman reviews the work of the Consumer Council

The new Consumer Council Chairman, Tracey Graham, has this year conducted a full review of the Council and the report can be found via the link below. Tracey has considered the Council's work, its membership, role with industry and the regulators, and its governance. As a result, the membership of the council will be expanded, and there will be an increased focus on working with the other schemes on consumer issues.



**+** For more information

To read the full report, visit [link.co.uk](http://link.co.uk)

## Recognition of LINK by the Bank of England

In 2016, LINK became regulated by the Bank of England as well as the Payment Systems Regulator. Regulation by the Bank happens for payment systems that are "systemically important" and whose effective operation is considered vital to the UK economy. Other organisations regulated in this way include Faster Payments, BACS, CHAPS and Visa.

## LINK appoints new directors to its company board

Link Scheme Ltd appointed a number of new Directors to its Board in 2016. Tracey Graham and Liz Richards joined the Board at the start of the year as Independent Non-Executive Directors, bringing the total number of independents on the Board to four out of eight Directors in total, including the Chairman. Read more about Link Scheme Ltd at [linkschemeLtd.co.uk](http://linkschemeLtd.co.uk)

## Council approves the consumer focus of the LINK Scheme

This report describes the work of the LINK Consumer Council in 2016 and outlines the Council's assessment of the LINK Scheme's consumer interest objectives. The Council confirms its approval of the effectiveness of the Scheme's consumer focus.

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