



# LINK Consumer Council

Annual Report 2014-2015



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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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*This report describes the work of the LINK Consumer Council in the 12 months from November 2014 and outlines the Council's assessment of the effectiveness with which the LINK Scheme has met its consumer-interest objectives. It has been prepared and approved by the members of the LINK Consumer Council.*

# Consumers see benefits in growth of ATM network

**T**he Consumer Council has played a critical role in 2015 through its continued support of our efforts to prioritise consumers' needs as we protect and develop the UK's cash machine network. Consumers' demand for cash shows few signs of diminishing in the short term, so it is imperative that the voice of the consumer is heard throughout the LINK Scheme.

This consumer demand is evidenced by a continued growth in the number of ATMs – surpassing 70,000 for the first time. The total value of cash withdrawn exceeds £10 billion a month and, at its busiest, LINK processes more than one million transactions an hour.

## Increased support to consumers on low incomes

The Consumer Council played an important role in the development of the LINK Financial Inclusion Programme in 2015, overseeing the commissioning of independent research by Toynbee Hall to understand whether consumers on low incomes face challenges in their day-to-day access to cash. This has led to a significant enhancement of the programme, with LINK Members unanimously supporting the incorporation of almost 1,000 new sites. Under the Council's guidance, progress on the programme has been positive and will continue throughout 2016.

## Industry and organisational changes

The establishment of the Payment Systems Regulator (PSR) in April has caused the payments industry to increase its focus on competition and innovation to meet the needs of service users. LINK has worked closely with the PSR to understand how the Scheme can support these objectives going forward. Research into the needs of different consumer segments and initiatives to meet their requirements have been key parts of the Council's work for a number of years. This year, initiatives for "older old" consumers have been delivered and we have researched the needs of young people, which will form part of the 2016 work plan.

In order to enhance our ability to innovate and compete for consumer benefit, LINK is also restructuring into a standalone company, Link Scheme Limited, with a focus on sustaining and developing the ATM network. This is an important milestone for LINK, and the Consumer Council has played a key role in providing guidance to the Scheme.

I would like to thank each and every one of the Council members for their drive in bringing the voice of the consumer into the Scheme this year, which has resulted in tangible benefits to consumers. This determination has led to a continuous focus on both consumer research and the delivery of change. As I will be standing down as Chairman of the Council in 2016, I want to thank all current and past members of the Council for their dedication and support. The Council has made a significant contribution to the Scheme's focus on consumers and I wish it the best for the future.



**Dr Ken Andrew**  
Chairman

# What is the LINK Consumer Council?

The LINK Consumer Council, established in 2006, consists of independent people and LINK Members, chaired by an independent Chairman, Dr Ken Andrew.

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

Council members are replaced periodically to ensure the opinions and interests of a broad range of consumers are represented through the LINK scheme.

## The current Consumer Council

### Independent members:

**Dr Ken Andrew** – Dr Andrew has had responsibility for businesses, mostly in the consumer financial services area, in 28 countries. He also acts as Chairman of LINK's Network Members Council, which brings together the banks, building societies and cash machine deployers that participate in the LINK ATM Network and are therefore members of the LINK Scheme.



### 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 a Director of the Lending Standards Board and Vice Chair of the Professional Standards Council of the Asset Based Finance Association.



### 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.

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



**Toynbee Hall**



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



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

### Member representatives:

- **Mike Bullough** from Loyds Banking Group
- **Tim Watkin-Rees** from PayPoint
- **Adam Bailey** from Royal Bank of Scotland Group
- **Nigel Constable** from NoteMachine

## Research is key to progressing support to all UK consumers

The Consumer Council commends the LINK Scheme for continuing to meet consumers' needs in providing universal access to cash across the UK. LINK continues to proactively work on researching and understanding the needs of different groups of consumers, of different ages, while pragmatically delivering initiatives that are in the interest of consumers.

The development of the Financial Inclusion Programme this year has been a particular highlight, following independent research by Toynbee Hall on the availability of ATMs and the needs of the most vulnerable in society. The Council believes this is tangible evidence of areas where the Council can work with LINK Members to improve access to cash for these communities.

The Council members look forward to continuing to work with LINK on these recommendations in 2016.



# More ATMs where needed

With cash remaining the main source of payment for consumers in 2014 and the total amount of cash withdrawals continuing to rise, it is no surprise that the number of ATMs has reached an all-time high.

## ATMs in 2015:

74%

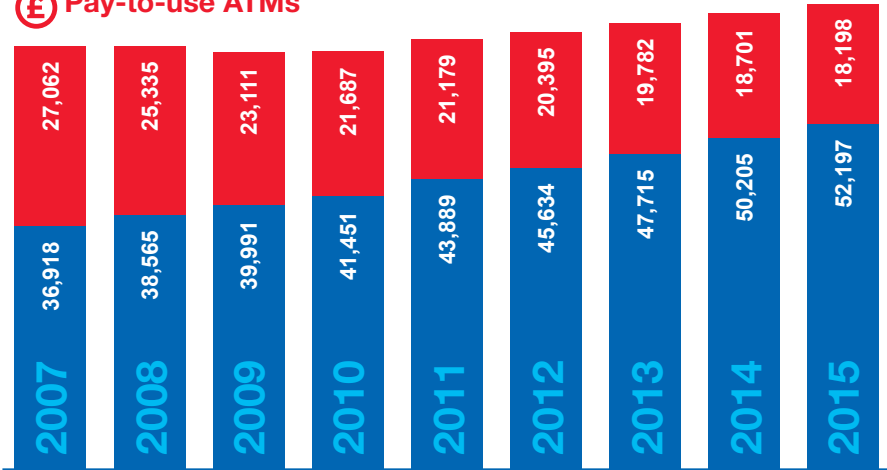
Free-to-use ATMs  
(up from 58% in 2007) ↑



26%

Pay-to-use ATMs  
(down from 42% in 2007) ↓

### Pay-to-use ATMs



### Free-to-use ATMs

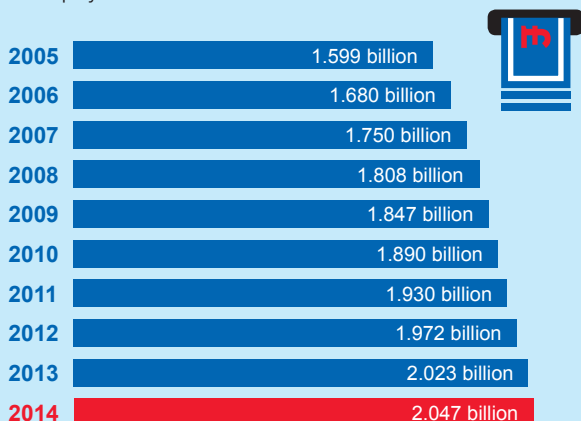


70,395

Total number of ATMs in the UK, as of September 2015 – a new record.

## Total number of withdrawal transactions

Free/pay-to-use combined



Unsurprisingly, the busiest month of 2014 for LINK transactions was December – with more than **277 million transactions** during this festive period. The busiest day was Friday 19 December (**13,789,885 transactions**).



12.13pm,  
24th December



Busiest minute of 2014, with **20,339 transactions**



91%

Percentage of consumers who use ATMs every month – with more than **54%** using ATMs at least once a week.



52%

Consumer payments made in cash during 2014 – larger than any other type of payment.



957

Number of new communities in deprived areas without free access to cash added to LINK's Financial Inclusion Programme in 2015. Already, free-to-use ATMs have been established in more than **250** of these areas.

# Research helps expand Financial Inclusion Programme

Research conducted by Toynbee Hall has identified almost 1,000 new deprived communities without free access to cash, and LINK Members have agreed to add these areas to LINK’s Financial Inclusion Programme.

The Financial Inclusion Programme was set up in 2006 to support consumers in deprived areas of the UK without access to a free-to-use ATM. LINK Members, with the support of the Consumer Council, have focused on resolving free cash access within the 1,694 communities initially identified. To date, 1,478 of these areas (87 per cent) now have free access, thanks to more than 900 new free-to-use ATMs.

In 2015, under Consumer Council guidance, LINK engaged Toynbee Hall to ascertain whether consumers on low incomes still face difficulties finding free access to cash.

The research uncovered 957 small deprived communities that didn’t have a free ATM, and Toynbee Hall recommended these be brought into the Financial Inclusion Programme. LINK Members have since worked with consumer groups, local government, MPs and Members to progress resolving these additional sites and, already, 257 have access to a free-to-use ATM.

### Ensuring affordable access to cash

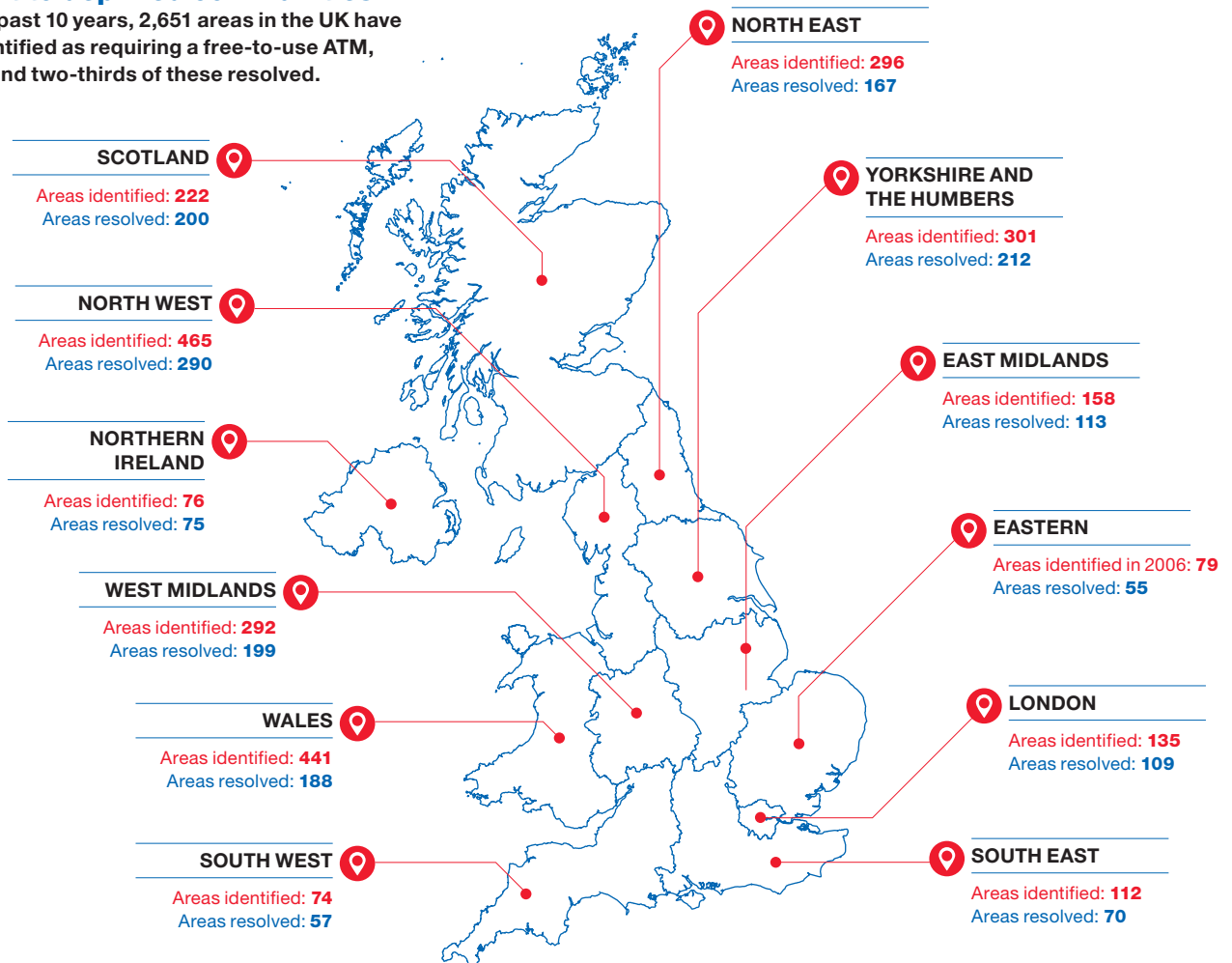
Sian Williams, Head of National Services at Toynbee Hall, said: “Good financial health requires not only individual capability, but also an enabling financial ecosystem. I have been consistently impressed with LINK’s willingness to review how ATM services can be improved to ensure that everyone has reliable and affordable access to their cash.

“When our research showed pockets where significant numbers of low-income households lacked adequate provision, and were more likely to have to pay to access their cash, LINK quickly rose to the challenge. There is still work to do to, but LINK’s speedy and effective response is making a difference to the financial health of households across the UK.”

Over the past decade, the Consumer Council’s support has been integral to the establishment and development of the Financial Inclusion Programme to ensure it continues to meet the needs of the most vulnerable consumers in society. The Consumer Council plays a key role in overseeing progress and advising the Scheme on how this work can be expedited. LINK Members contribute up to £1 million a year to subsidise these ATMs so they can be provided free of charge.

## Support to deprived communities

Over the past 10 years, 2,651 areas in the UK have been identified as requiring a free-to-use ATM, with around two-thirds of these resolved.



# New polymer bank notes will provide added security

Bank notes to be issued in 2016 will be harder to counterfeit.

The next notes issued by the Bank of England will be printed on a more durable polymer material that is harder to fake.

Following the Bank's research and testing, its next run of £5, £10 and £20 banknotes will be printed on polymer, which has better counterfeit resilience, and is more durable and cleaner than a cotton-based paper banknote.

Consumers will see the £5 note first, from autumn 2016, and the Bank of England is committed to working collaboratively with the industry, including LINK and its Members, to support a smooth transition.

In addition to this, from next year consumers will see polymer notes in ATMs in Scotland as all Scottish

issuers have publicly announced their intention to issue a smaller, polymer £5.

The change is the next evolution of banknotes, which have been issued by the Bank of England for more than 300 years. These have evolved from handwritten paper notes signed by the Bank's cashiers in the 17th century to the high-quality paper printed banknotes containing a range of complex security features seen today.

## + For more information

Keep up to date with developments on the Bank of England's website: [bankofengland.co.uk/banknotes](http://bankofengland.co.uk/banknotes)



### What will polymer notes look and feel like?

Polymer is a thin and flexible material that can be easily fitted into wallets and purses. The full details of the design for the new notes will be released closer to the issue dates, but they will retain the traditional design of existing notes – a portrait of Her Majesty the Queen on the front and historic characters on the back, e.g. the £5 note will feature Winston Churchill, the £10 note Jane Austin. The new versions will be about 15 per cent smaller than the current cotton-based paper banknotes.

## Continuing the fight against crime and fraud

**Graham Mott, LINK's Head of Strategy & External Relations, reflects on the need to maintain a firm focus on fraud.**



ATM fraud and crime is a never-ending battle for our industry. The Council plays a major role in reviewing the impact on consumers. Cybercrime is a new front in this campaign and LINK and its Members are focused firmly on the challenge, with the support of the Bank of England and other regulators.

Arrests, convictions and long sentences give a clear message that those involved will be dealt with severely. Despite this, the number of incidents, financial losses and damage from physical attacks continues to cause concern. At LINK, we are committed to doing all we can to counter this issue. LINK supports the cross-industry ATM Security Working Group and publishes security guidelines to help ATM operators. In May, LINK hosted a physical ATM crime conference for police officers to raise awareness and support communication between the industry and law enforcement groups.

Even though the number of attacks and losses continues to decline, we will not relax in our focus on fraud. Criminals are showing they are prepared to 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.

"We are always promoting that customers should protect their PIN at all times and always report any suspicious behaviour or unexpected transactions to the police or their bank or building society as soon as possible."

**“Even though the number of attacks and losses continues to decline, we will not relax in our focus on fraud.”**

## + For more information

Read more about cash machine and cardholder security on our website, [link.co.uk](http://link.co.uk), under Cardholders > Security



## Cash still vital to young people

Around a quarter of young people in the UK between the ages of 16 and 21 find it hard to stick to budgets they set themselves.

The Consumer Council commissioned research in 2015 to better understand the role that cash plays in young people's lives and to evaluate their opinions of access to cash.

The research is being analysed, but initial findings show that;

- **79%** of young consumers have a budget
- **73%** find it hard to stick to their budget, but they have developed a range of strategies to help them manage this money challenge
- young consumers' money management strategies draw on the strengths of different payment

types, with **87%** using cash regularly and **85%** using cards regularly.

The research is being shared with stakeholders who work with young people to understand where the Council and LINK can better deliver consumers' needs in 2016.

Each year, the Consumer Council focuses its research on understanding the specific payment needs and use of cash of different segments of UK consumers on their payment needs and use of cash. In 2014, the Council focused on the needs of the "older old" in conjunction with Age UK and Bramley Elderly Action. This led to the development of consumer educational material and online tools around security.

## LINK CEO debates poverty premium



John Howells, CEO of LINK, took part in a "smoking room" debate on the poverty premium. Chaired by newsreader Jon Snow, the event at Toynbee Hall welcomed a range of people from different industries and organisations to examine how the poorest in society pay more for essential goods and services. John highlighted LINK's work on the Financial Inclusion Programme as an example of how organisations can contribute towards alleviating the poverty premium.

## New regulator to focus on innovation, competition and service user benefits

The Payment Systems Regulator (PSR) was formally established in April 2015 to ensure that UK payment systems deliver innovation and competition to meet consumers' needs. The PSR has established a Strategy Forum and Panel to help to achieve its objectives. LINK is a member of the Panel. The Consumer Council has proactively supported these developments and will work with LINK throughout 2016 to understand their ongoing impact.

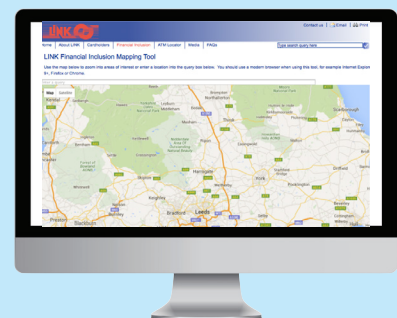
## Improved online tools to better support consumers

The Council has played a key role in developing online tools for stakeholders and consumers. The following can be found on the LINK website:

An **ATM locator** that enables consumers to search for their nearest machine. An advanced search function identifies ATMs with specific functionalities, such as £5 note dispense and audio assistance for the partially sighted or blind.

A **Financial Inclusion Mapping Tool** – this shows the provision of machines in different parts of the UK and where there are areas resolved or outstanding under the Financial Inclusion Programme.

**Suggest a site** – there are a range of ways that the public can get in touch with the Scheme to suggest, for example, security improvements, new sites for ATMs or which machines should be adapted to dispense £5 notes.



 For more information

These can be found at [www.link.co.uk](http://www.link.co.uk)

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