



## Preserving access to cash in a changing world

LINK ATM Scheme – Graham Mott

# Agenda

1. Cash environment in the UK
2. How is LINK protecting access to cash?
3. What else could be done?

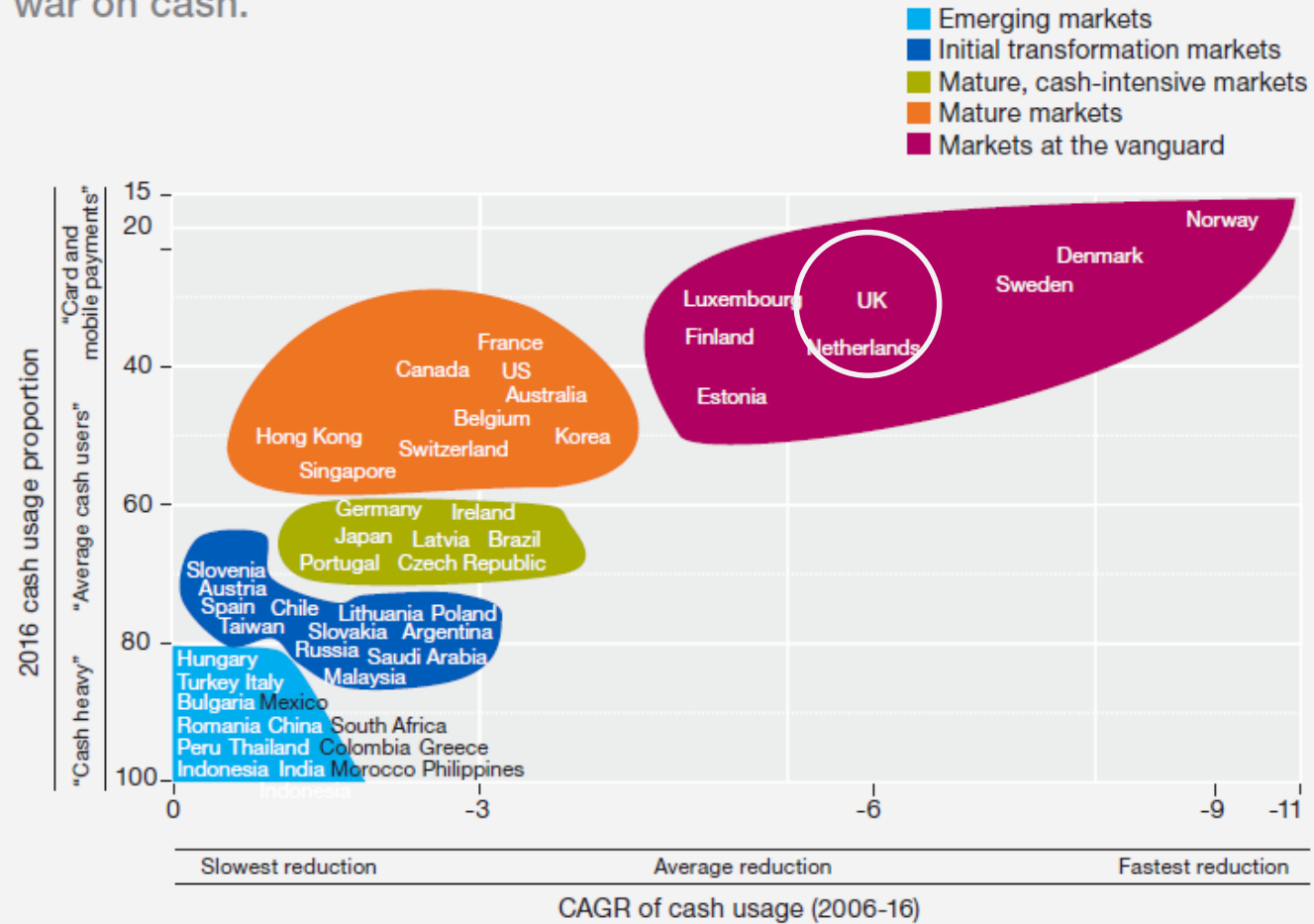


# Cash environment in the UK



# Position of the UK in global terms

Payments markets fall into five clusters based on their progress in the war on cash.

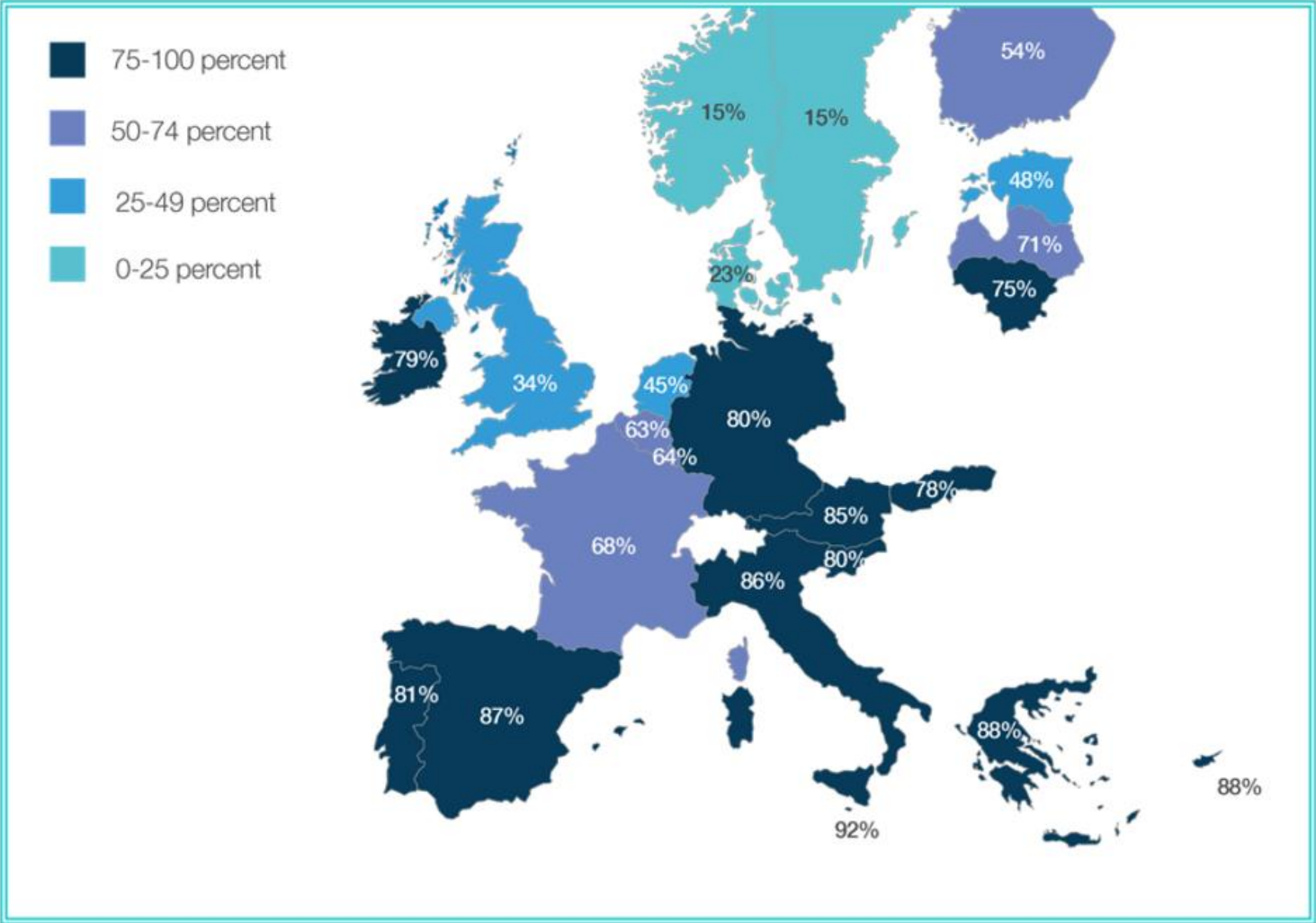


Source: BIS; central banks; ECB; Euromonitor; RBR; McKinsey Global Payments Map

The UK appears to be in the vanguard of a move from cash

Sweden, Norway and Denmark provide interesting case studies while Netherlands gives a good example of industry changes

# Share of cash payments carried out by households

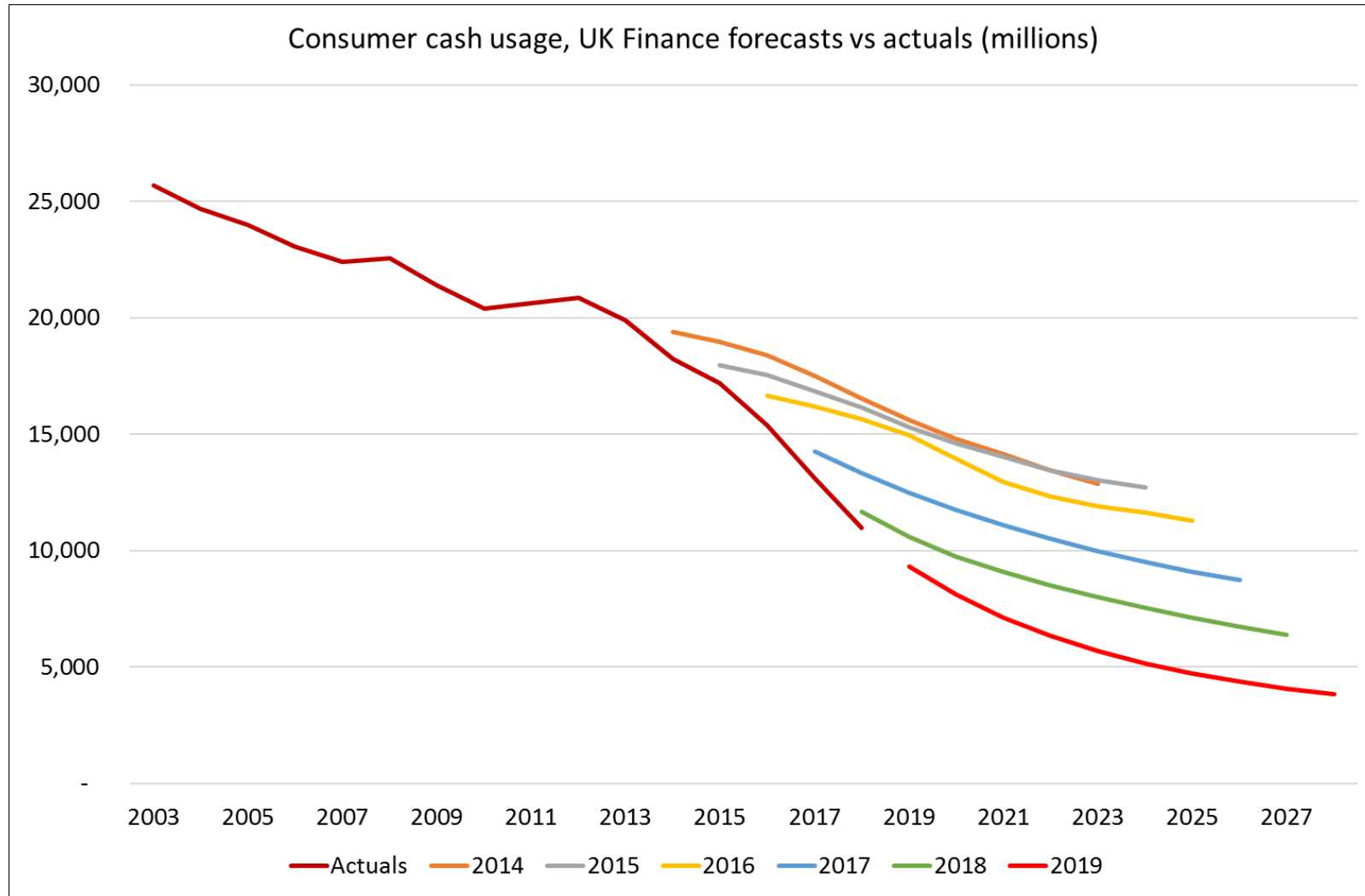


In the UK, as in other countries which are moving away from cash, it is pretty much possible to live without cash, especially in cities

Source: Access to Cash Review – Final Report



# The driver – cash payments in the UK



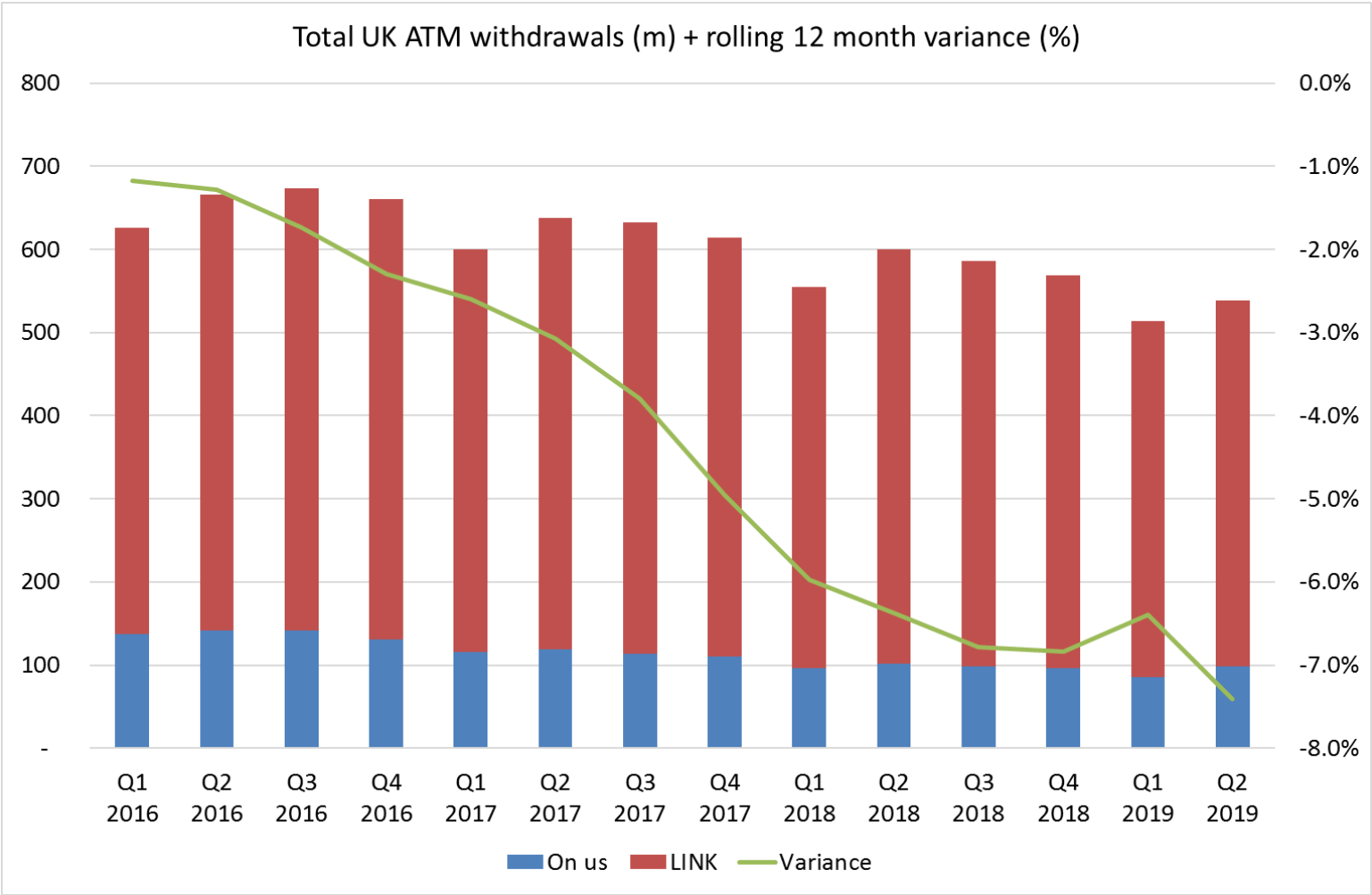
UKFinance show cash payments halving in the last 10 years and forecast to halve again in the next

They could be less than 10% of consumer payments in 10 years

Source: UK Finance – UK Payment Markets 2019



# ATM total ATM withdrawals

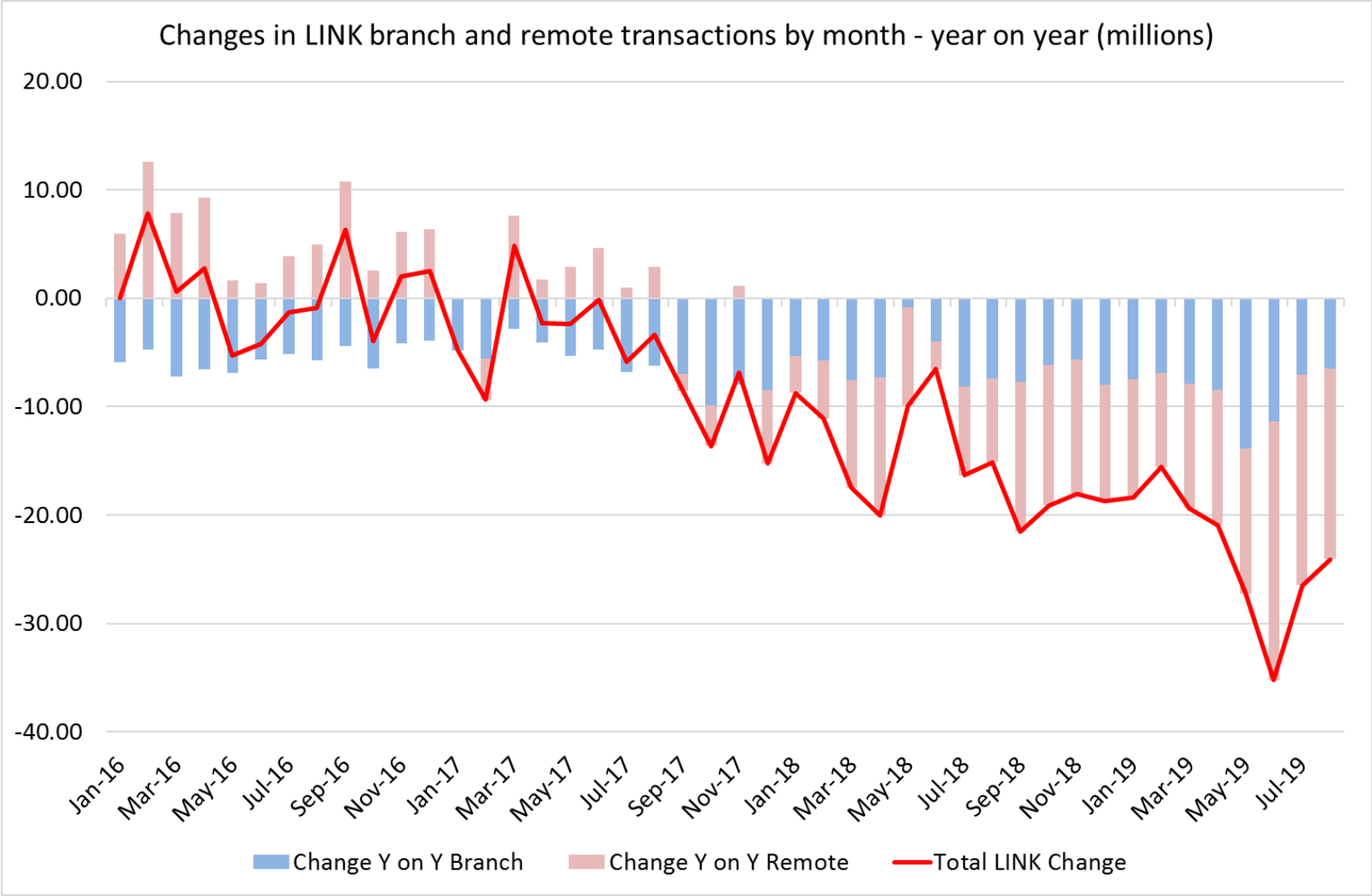


Including on-us the UK is showing significant falls in ATM use

Source: Pay UK



# LINK ATM withdrawal volumes

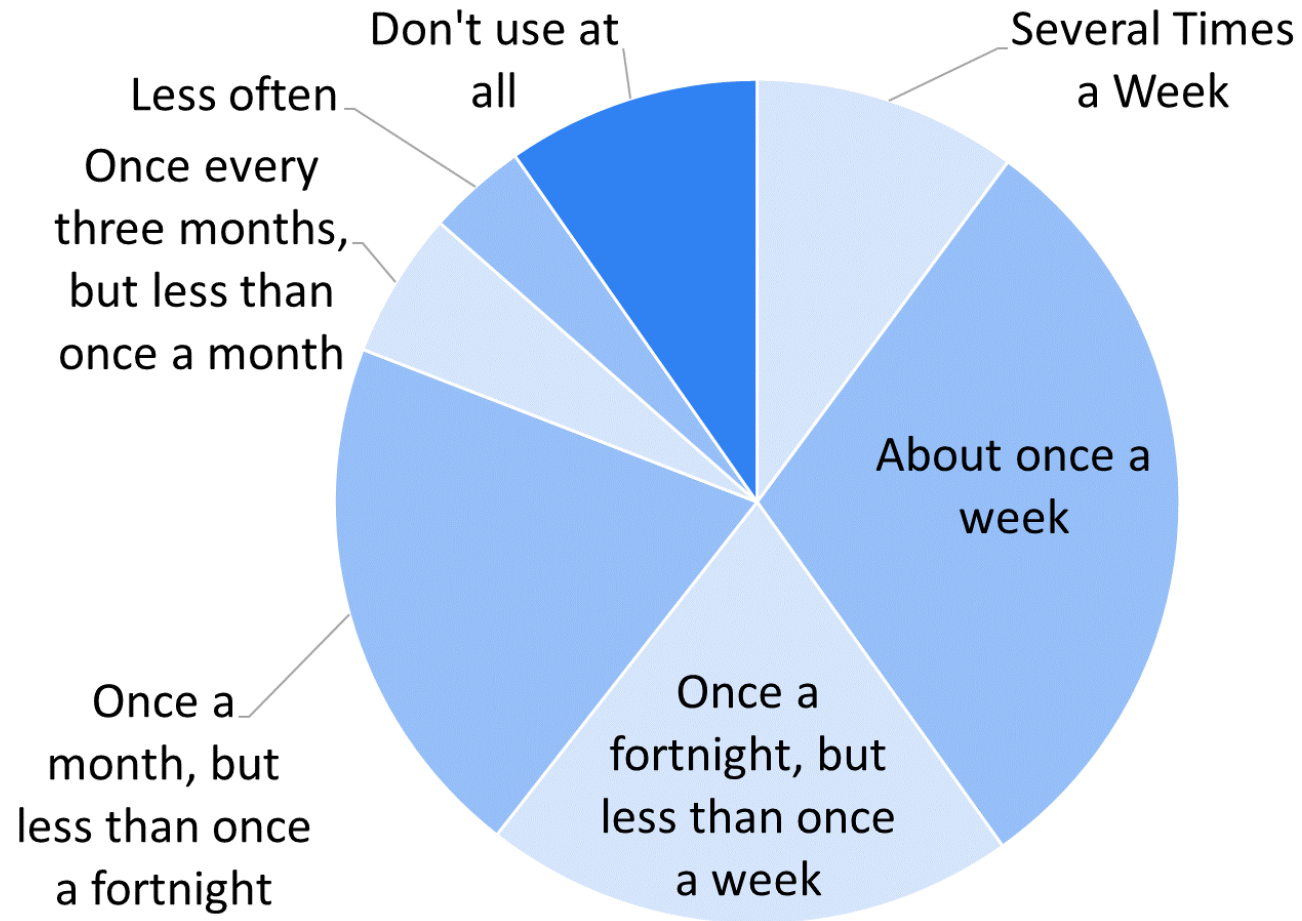


Until mid 2017 reductions in branch were balanced by increases in remote ATMs.





# Frequency of ATM visits UK 2018

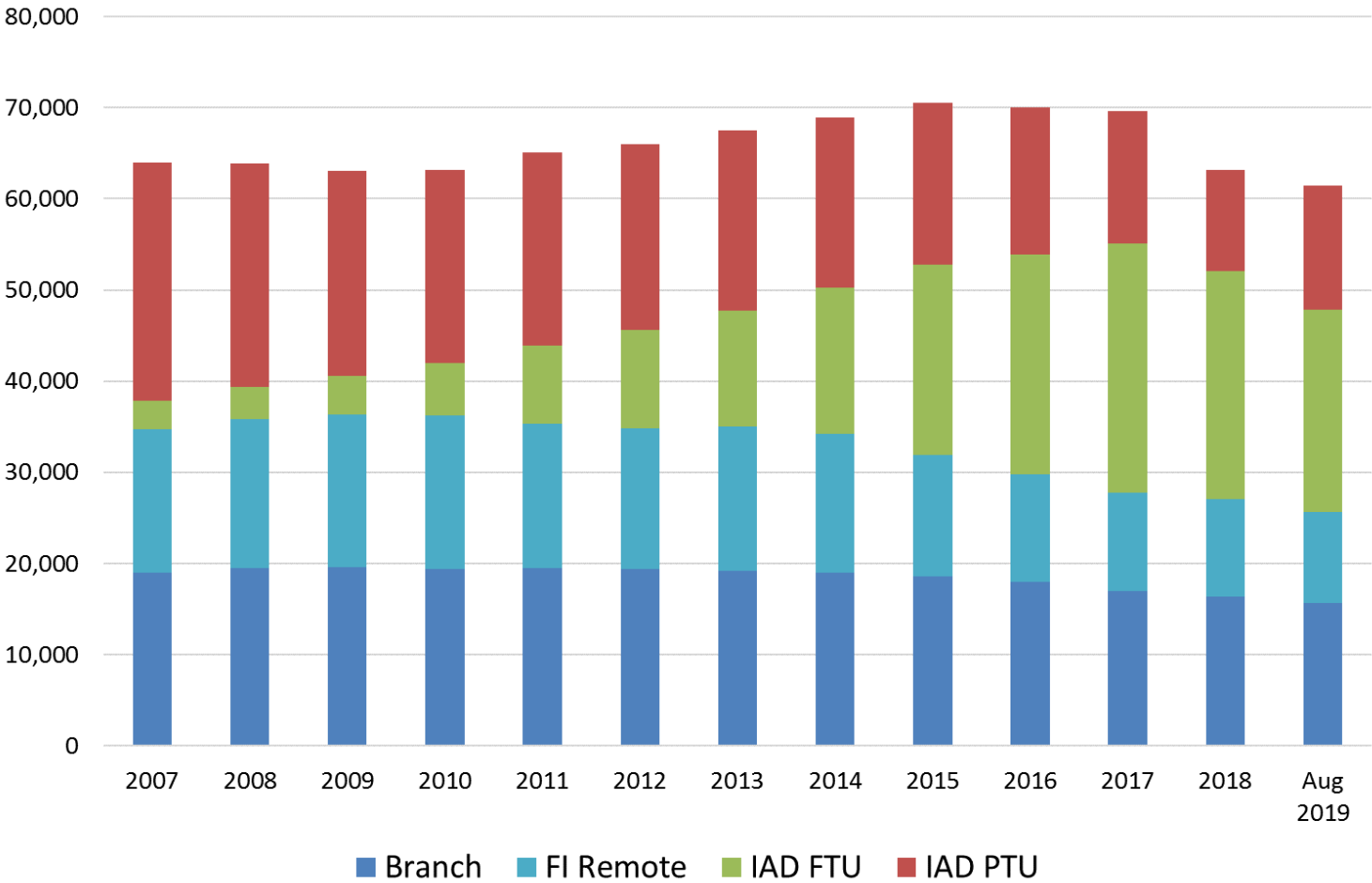


Less than 50% of people are using ATMs once a week or more

Source: UK Finance



# LINK ATM Numbers and transactions per ATM



Average per ATM per month year to end August				
Branch	Cash		Balance	
2018	1,788	-7%	675	-8%
2019	1,528	-15%	527	-22%
Non Branch	Cash		Balance	
2018	3,419	-5%	1,738	-7%
2019	3,489	2%	1,730	0%

Pay to Use	Cash	
2018	310	9%
2019	429	38%

All ATMs	Transactions	
2018	3,690	-2%
2019	3,552	-4%



# How is LINK protecting access to cash?



# Independent Access to Cash Review

Chair Natalie Ceeney CBE  
Eight member independent panel

Report in March 2019  
[www.accesstocash.org.uk](http://www.accesstocash.org.uk)

## Recommendations

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.



# Professor Russel Griggs - Access to Cash in Rural Communities



## Recommendations

- Rural communities need to be listened to
- Government to expand 'learning' programs that help people use internet
- Bring more low-income consumers standard banking services
- Highlight digital's positives and negatives in terms fraud
- Encourage cashback
- Post Office services promoted more, not just when branches are closed
- Improve counter services at Post Offices, especially deposits
- Develop rural universal cash collection for SMEs
- Vulnerable peoples' needs should be better known and addressed

LINK is committed to protecting free access to cash for as long as consumers want it.

- **LINK subsidises ATMs in the most deprived areas which don't have an ATM in them or within 1km**
  - LINK's original Financial Inclusion programme, launched in 2006 when 1,694 Super Output Areas in deprived areas were identified.
  - Expanded in 2015 by 957 areas with support of Toynbee Hall to include areas with high numbers of benefit claimants. A further 112 Scottish sites were added in September 2019
  - 2,763 areas in scope, 1,831 now have an ATM
- **LINK protects free-to-use ATMs that don't have another ATM within 1km.**
  - Covers 2,660 ATMs and 44 (1.6%) are targeted for replacement, if there are no nearby alternatives such as a Post Office, LINK will offer premiums to operators to encourage the installation of a new machine or directly commission an ATM where premiums have not worked



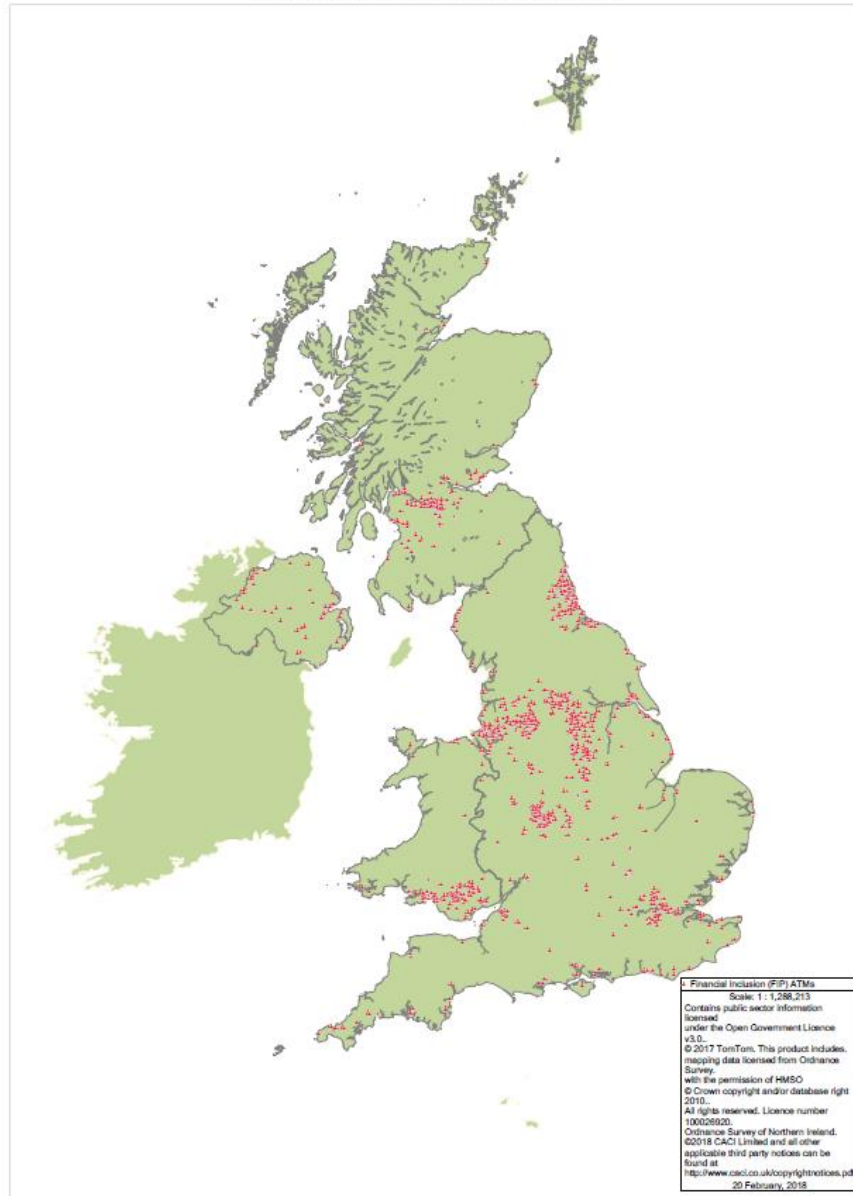
# Deprived areas and 1km programme

Original programme built around deprived areas

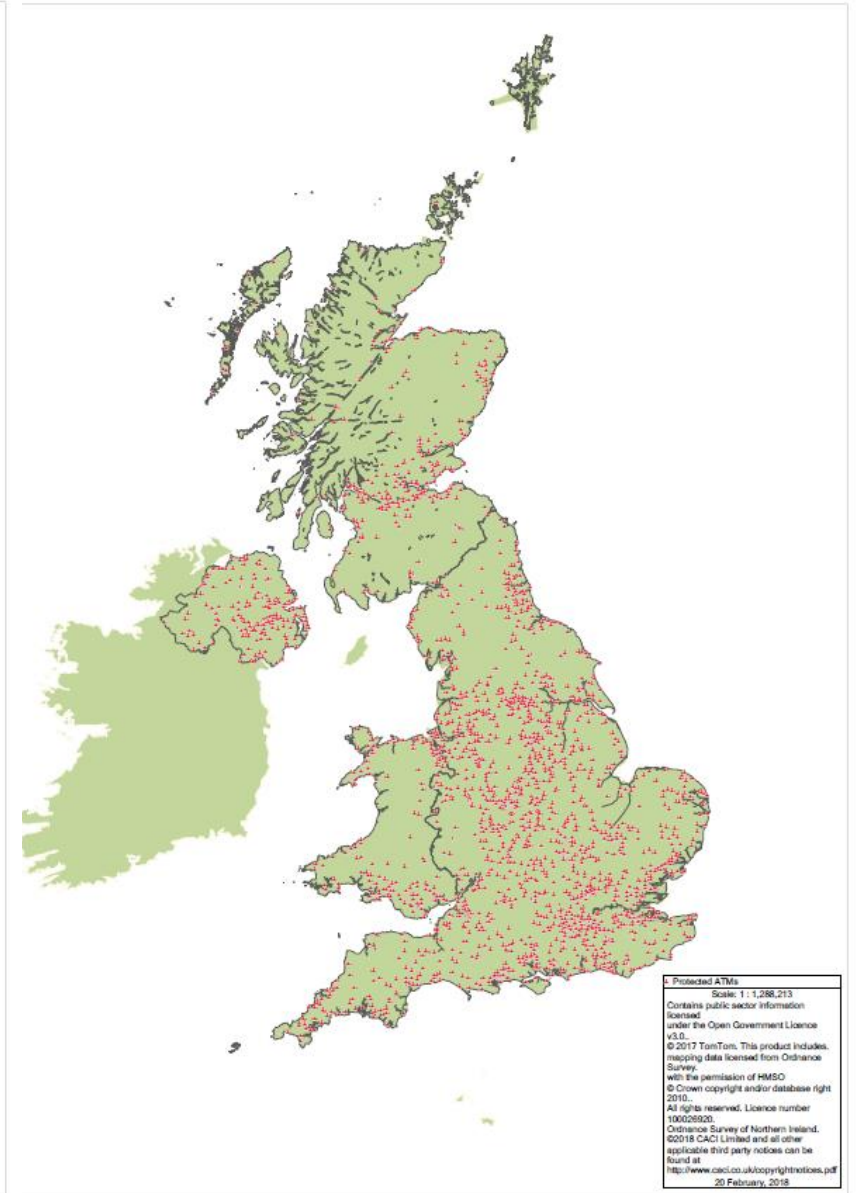
Concentrated in cities and urban areas

1km protected ATMs are more rural

Current Financial Inclusion ATMs



1km Protected ATMs



# LINK directly commissions ATMs

- **LINK ensures every high street across the UK has a free ATM or Post Office within 1km of its centre.**
  - There are around 6,800 such high streets in the UK and only 8 do not have free cash access. LINK will run competitive procurement process to have ATMs installed in these 8 locations
- **LINK directly commissions ATMs in locations where specific issues have been identified.**
  - 5 new pilot sites in Battle, Bungay, Nuneaton, Tywyn in Wales, and Durness in Scotland. ATMs will be funded by a levy on LINK's bank and building society members
  - More sites that will get a free ATM have already been identified such as Deal, Ebbw Vale, Margate, Middleton, Wilmslow and York



# October 2019

## LINK launches delivery fund so all communities can get access to a free ATM

- **New initiative allows consumers to request a free ATM in their community directly from LINK**
- Local communities can apply through their MP, local council, or request help directly from LINK for support for free access to cash.
- LINK will fund the new ATM directly.
- Website for applications to be launched 31 October



# Industry-wide Community Access to Cash



- UK Finance announces grants and industry guidance for communities to improve access to cash and the adoption of alternative solutions where an ATM is not appropriate or required. For example,
  - digital education awareness programmes,
  - driving community cashback
  - helping local communities to connect with partners who can help increase awareness of, and access to, available secure cash provision.
- Applications via LINK's website from 31 October 2019 to 31 January 2020
- The assessment and award of grants by a UKFinance Award Committee chaired by Natalie Ceeney



# What else could be done?



# What else do we want and could be done?

- Deposits across the LINK Scheme
- Shared branches
- Enhanced cashback
- Support for Post Office counter access
- Right to use cash?





Thank you for all the  
help and support