



# LINK Consumer Council Annual Report 2020





# Contents

<b>Foreword</b> .....	<b>3</b>
<b>Financial Inclusion in numbers</b> .....	<b>4</b>
An overview of LINK's Financial Inclusion work	
<b>Impact of COVID-19 on cash withdrawals and usage</b> .....	<b>5</b>
Cash withdrawals declined during lockdown, with more vulnerable areas showing a higher cash dependency	
<b>Introducing the Counter Terminal Trial</b> .....	<b>6</b>
A trial running until April 2021 is allowing consumers to withdraw cash in shops without making a purchase	
<b>Access to cash</b> .....	<b>7-10</b>
During 2020, we have made good progress on maintaining and improving access to cash for consumers, and we will continue to do so	
<b>Legislation</b> .....	<b>10</b>
We will support the government on developing legislation on access to cash	
<b>About the Consumer Council</b> .....	<b>11-12</b>
A guide to who is on the LINK Consumer Council	

## Contact

**Nick Quin**

LINK Scheme Holdings Ltd, RSM Central Square,  
5th Floor, 29 Wellington Street, Leeds, LS1 4DL





# Playing a critical role to protect consumers



**LINK has continued to engage with consumers almost daily to review local cases and has so far installed over 40 ATMs in communities that had difficulties accessing cash.**

**This year has posed a series of unique challenges none of us planned for. We are proud of the work of the Consumer Council during the COVID-19 crisis to make sure consumers' cash needs continue to be met.**

ATM withdrawals fell by 10 per cent between 2018 and 2019, but this year saw ATM withdrawals drop an unprecedented 60 per cent during the first lockdown. It has been encouraging to see LINK's programmes working to ensure the coverage of free-to-use ATMs was maintained throughout this difficult time.

Cash usage isn't expected to return to pre-March levels, and this means the work LINK and the Consumer Council are doing to protect consumers has become even more important. We were pleased to see the Chancellor include a commitment to protect access to cash in the 2020 Budget, and we will support the government where we can to make sure appropriate legislation is brought forward.

LINK is playing a pivotal role in supporting consumers and maintaining access to cash where it is needed. This is done through existing financial inclusion programmes, and great progress is being made with updates and new initiatives to further improve LINK's impact.

During 2020, LINK increased the regularity with which it reviewed financial premiums paid to rural, remote and deprived ATMs to ensure these important ATMs were kept open and free to use for consumers. In cases where Protected ATMs have closed, LINK has visited the site and commissioned nine replacement ATMs, with more in the pipeline.

LINK has continued to engage with consumers almost daily to review local cases and has so far installed over 40 ATMs in communities that had difficulties accessing cash. It expects to install around 100 more.

We also continue to work closely with the Post Office to ensure that we make the most of our combined networks, including through the LINK online ATM Locator, which now shows the location of every ATM and Post Office.

We are excited to report on the launch of the Counter Terminal Trial, which enables consumers to access cash from retailers' tills for free at a variety of locations. The LINK Consumer Council has championed the pilot over the last two years, spearheading increased cash access and choice for consumers. If successful and supported by appropriate legislation, we are hopeful this will roll out to improve cash access for consumers across the UK.

I would like to thank the Council members for their continued support and contribution during these challenging times. I would also like to welcome Paul Maynard, MP for Blackpool North and Cleveleys, who will be joining us next year.

I look forward to working with colleagues on the Consumer Council during 2021 to ensure free access to cash is maintained where it is needed.

**Tracey Graham**

*Chair, Link Consumer Council*

# Financial Inclusion in numbers

**84%**

Consumers within 1km of a free-to-use ATM.

**£11 million**

Spending to keep low-transacting ATMs open through Low Volume Premiums.

**92%**

Deprived areas covered by a free-to-use ATM. A further 3% of deprived areas are covered by a Post Office.

**99.8%**

Retail centres with free-to-use ATM coverage. LINK is targeting the remaining 0.2%.

**44**

Free-to-use community ATMs directly commissioned by LINK in 2020.

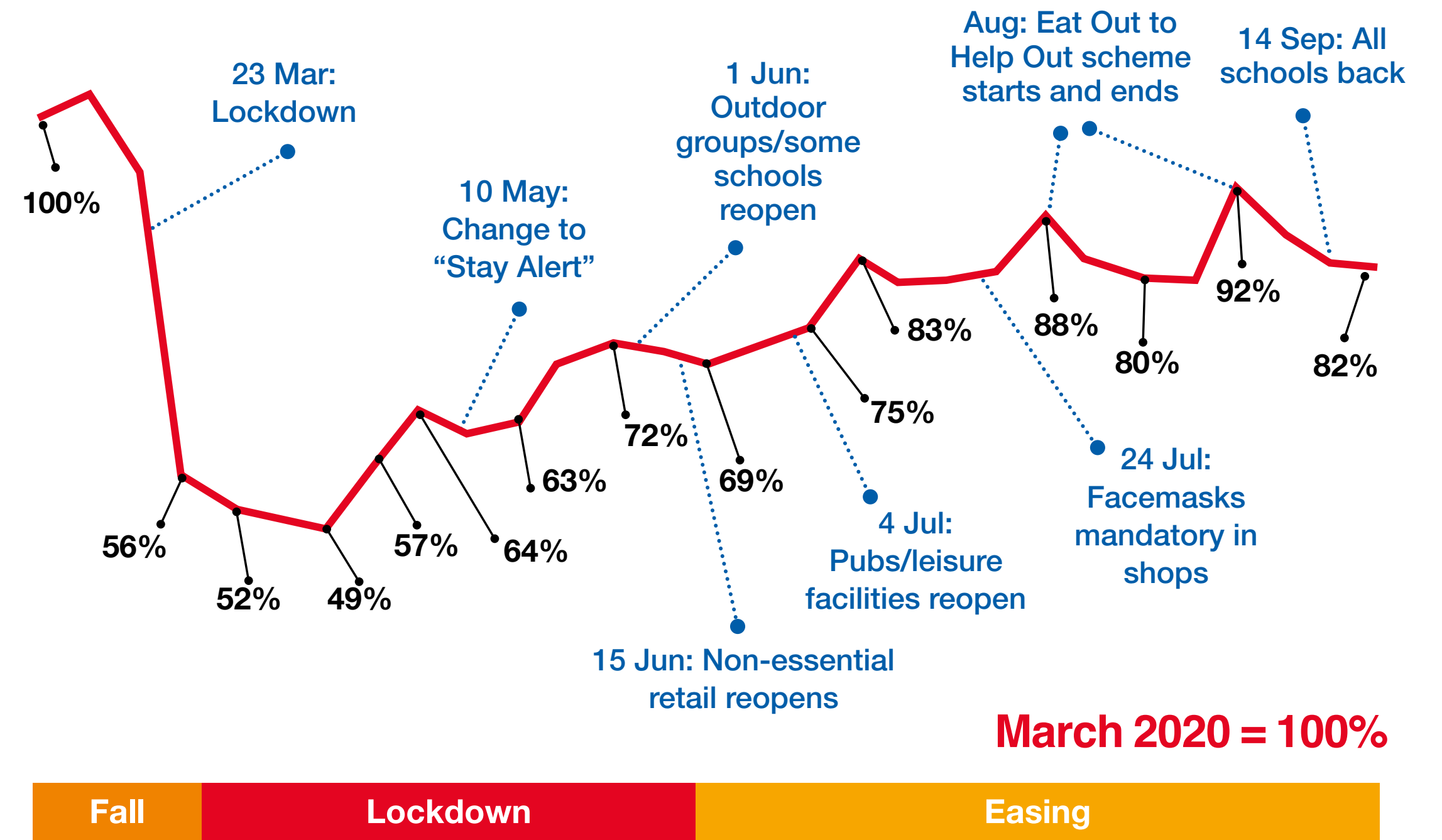
**3,051**

Number of protected ATMs.

**£12 million+**

Amount withdrawn at LINK directly commissioned free-to-use ATMs between October 2019 and September 2020.

## Value of withdrawals at ATMs in 2020





# Impact of coronavirus on consumers' cash usage

**The coronavirus crisis, while not over, has accelerated changes in how we live our lives – and cash usage is no exception.**

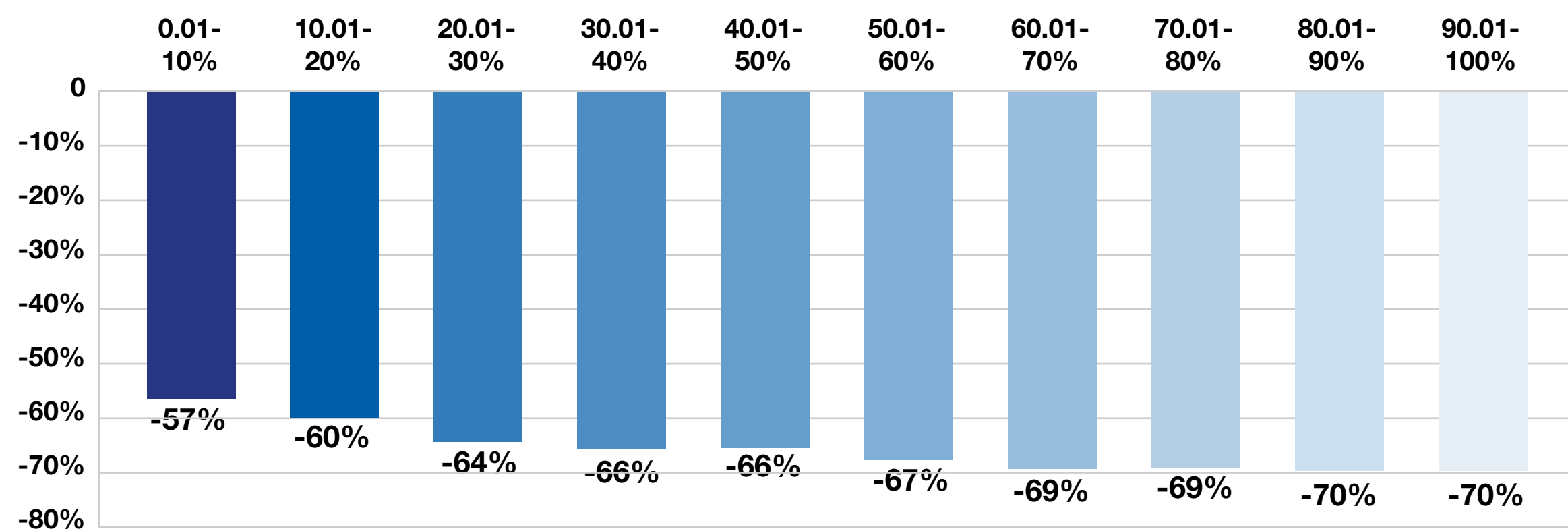
Cash withdrawals declined steeply during the early lockdown period and, while they recovered slightly as lockdown was eased, they seem unlikely to ever return to pre-COVID-19 levels.

Although the decline in cash withdrawals was substantial, it's clear that not all consumers reduced their cash usage to the same extent. Consumers in deprived areas continued to withdraw cash more during lockdown than those in higher income areas. This reinforces the fact that, in lower income areas, there is still a higher dependency on cash.

While some consumers adapted to digital transactions, around 10 per cent of people surveyed mentioned they were having difficulties keeping track of their finances when using card.<sup>1</sup>

The Consumer Council has championed access to cash for the most deprived communities in the UK, and these figures are a stark reminder of the importance of this work. The Consumer Council remains committed to ensuring consumers' needs are prioritised by LINK in this period of change.

**Percentage drop in cash withdrawals year-on-year by IMD banding<sup>2</sup>  
(April 2019 – April 2020)**



<sup>1</sup>Based on YouGov surveys conducted during 12 weeks between March and June 2020.

<sup>2</sup>The lower the Index of Multiple Deprivation (IMD) percentage, the more deprived the area.





# Consumer Council funds trial of cash withdrawals from retail terminals

**Consumers in four towns around the UK are able to withdraw cash from shops without making a purchase as part of a six-month trial that may result in the scheme rolling out nationwide.**

Around 90 per cent of cash withdrawals are made at ATMs<sup>1</sup>, but, given the rapid move away from cash, it is more important than ever that there is a multi-channel approach that allows consumers to withdraw cash easily, for free, in a way that suits them.

The Consumer Council was delighted to see the Counter Terminal Trial start in October 2020, having championed and promoted the idea for the past two years.

The trial will allow consumers to withdraw cash from PayPoint terminals in shops without making a purchase or paying a fee. It will run until April 2021.

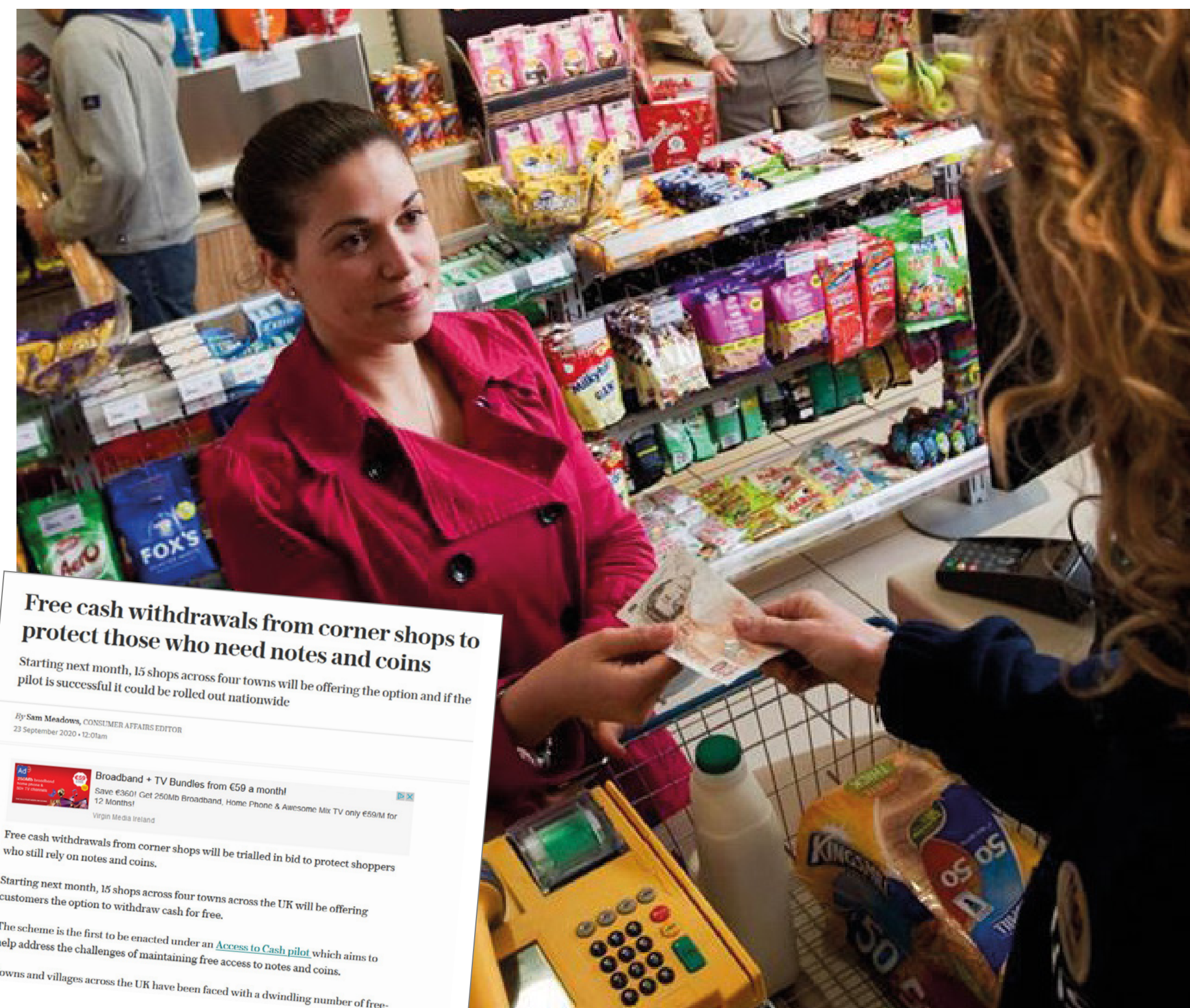
The trial runs alongside the Community Access to Cash Pilots, led by UK Finance

and chaired by Natalie Ceeney CBE. It is being piloted in shops in Burslem, Hay-on-Wye, Cambuslang and Denny. Consumers at these shops can withdraw precise amounts rather than be restricted to the denominations of notes dispensed by ATMs.

Retailers are remunerated for providing this service by the banks who issue the debit cards, and they may also benefit from lower banking fees by recycling their takings.

The Consumer Council has invested over £1 million in establishing the pilot and, if it is successful, will be pressing the government to introduce the legislation necessary to roll out the programme nationally.

Lewis Alcraft, Chief Operating Officer of PayPoint, said: “We’re delighted to be part of the pilot scheme as we look to protect access to cash for the millions of consumers that continue to rely on it. Additionally, this scheme will bring even greater value and footfall to the participating PayPoint retailers.”

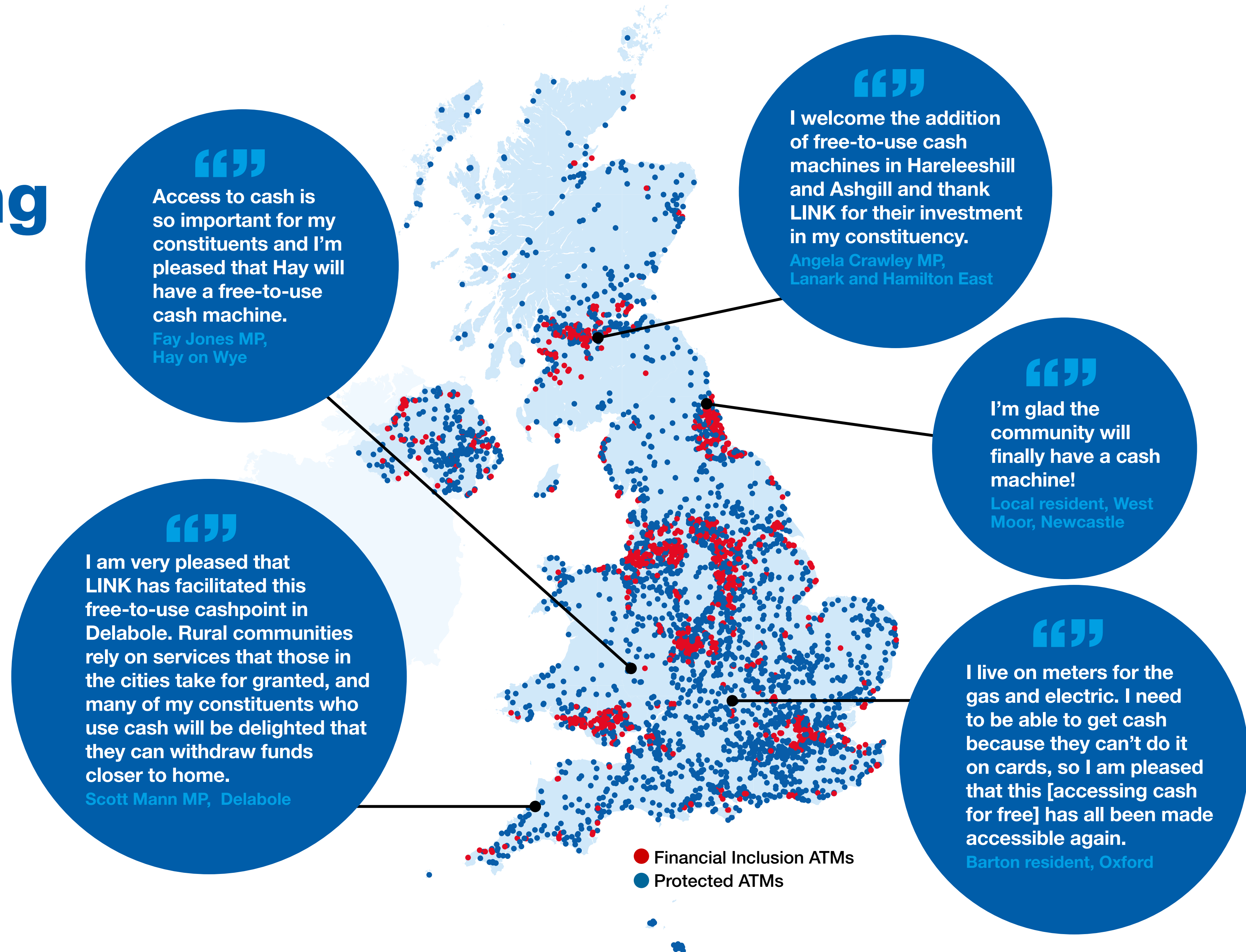


<sup>1</sup>Access to Cash Review, 2019, [www.accesstocash.org.uk](http://www.accesstocash.org.uk)



# Direct commissioning in action

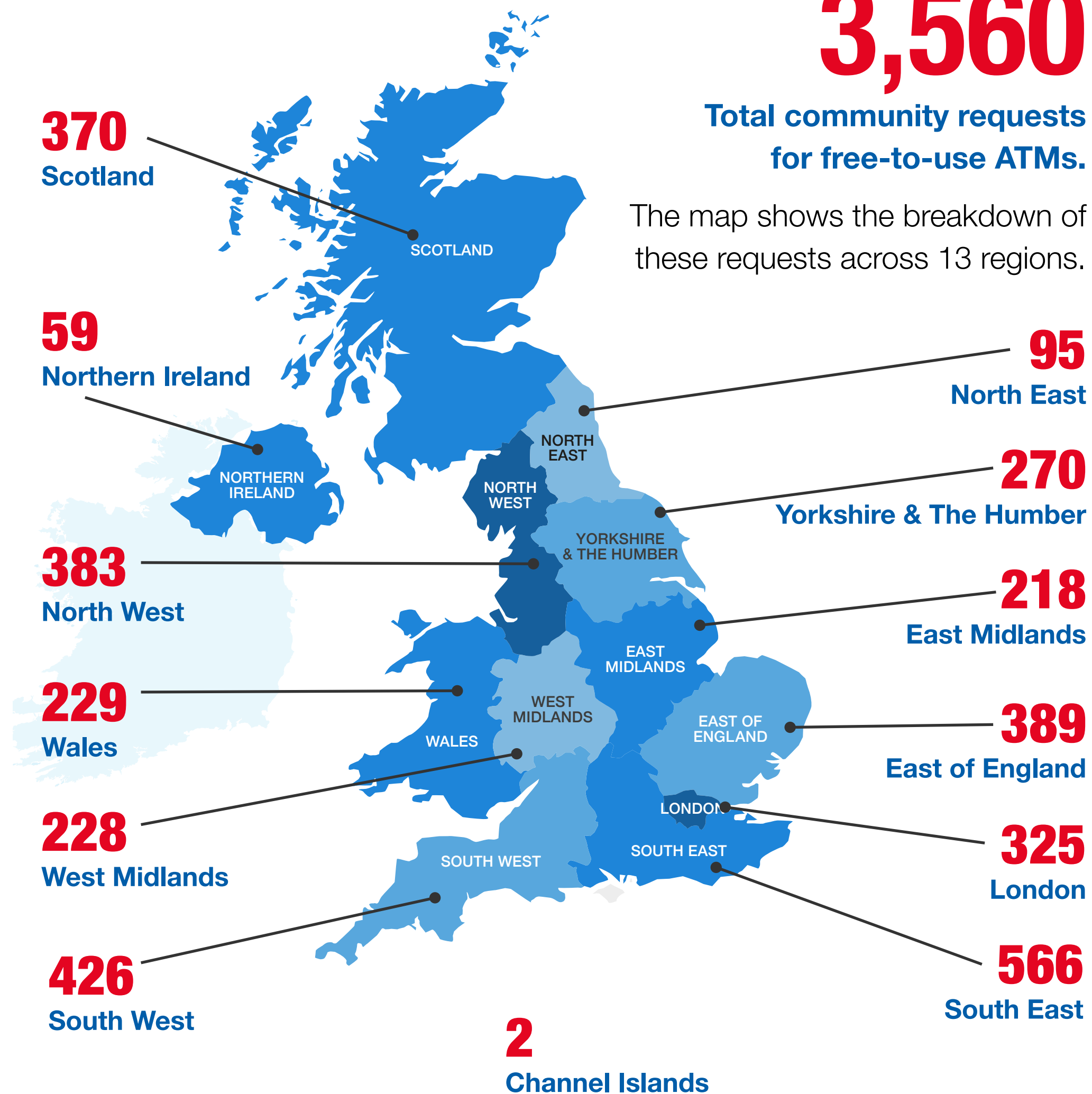
Throughout 2020, LINK has continued funding ATMs in communities that need it the most. Despite a pause due to COVID-19, once the first lockdown ended, LINK swiftly resumed visiting sites all over the UK and has installed over 40 free-to-use cash machines.



# 3,560

Total community requests for free-to-use ATMs.

The map shows the breakdown of these requests across 13 regions.



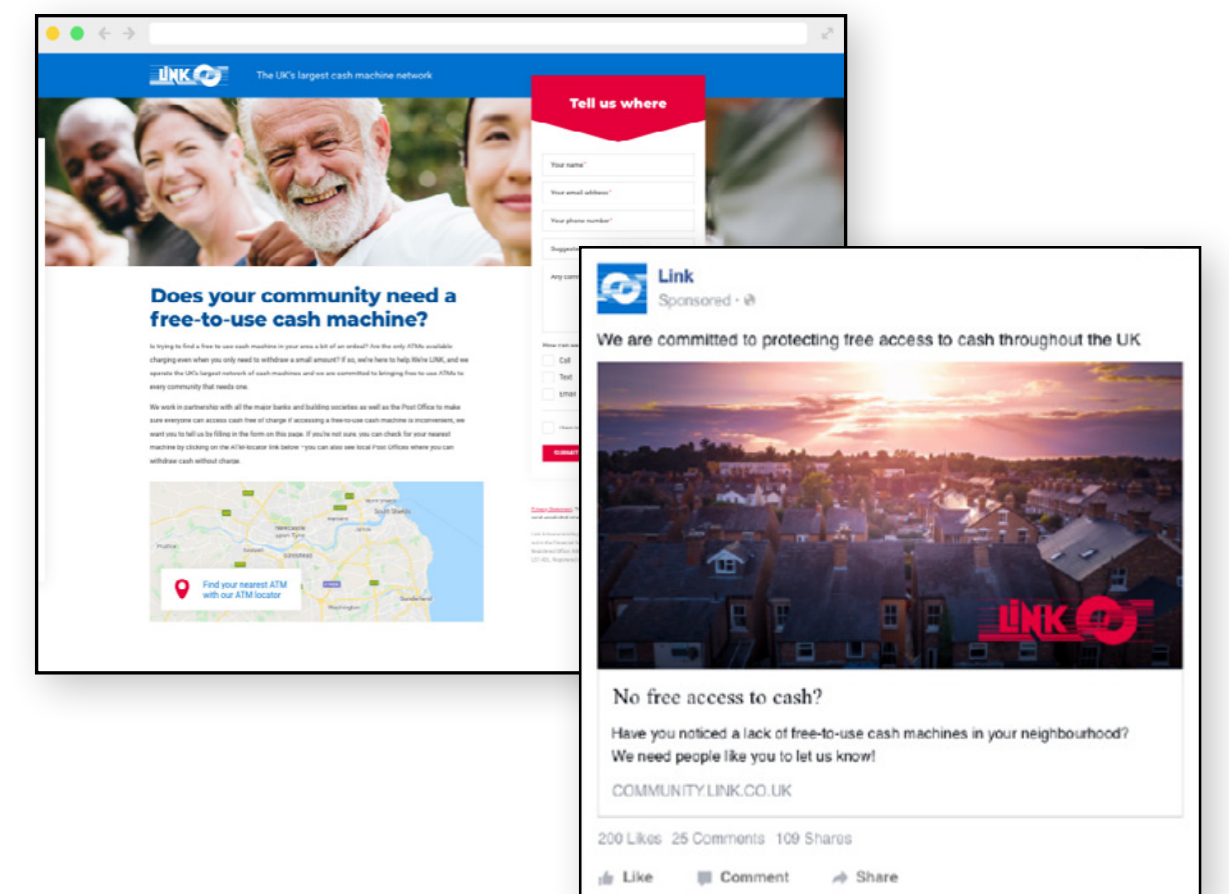
In October 2019, LINK launched a Community Requests Initiative to invite consumers to request access to cash if they need it.

One year later, LINK has responded to thousands of consumers, visited over **250** communities, funded over **40** ATMs and improved local free access to cash for over **250,000** people.

We encourage anyone who has issues accessing cash in their communities to contact LINK at: [link.co.uk/consumers/request-access-to-cash/](https://link.co.uk/consumers/request-access-to-cash/)

## Social media campaign reaches deprived areas

LINK is piloting a social media campaign to promote the Community Requests Initiative, to ensure that all communities know they can request access to cash. The campaign, using social media advertising, is currently being trialled in the North East, having reached over 30,000 people and generated a series of new requests. If successful, the campaign will be rolled out to other areas to ensure consumers' voices from all around the country are heard.



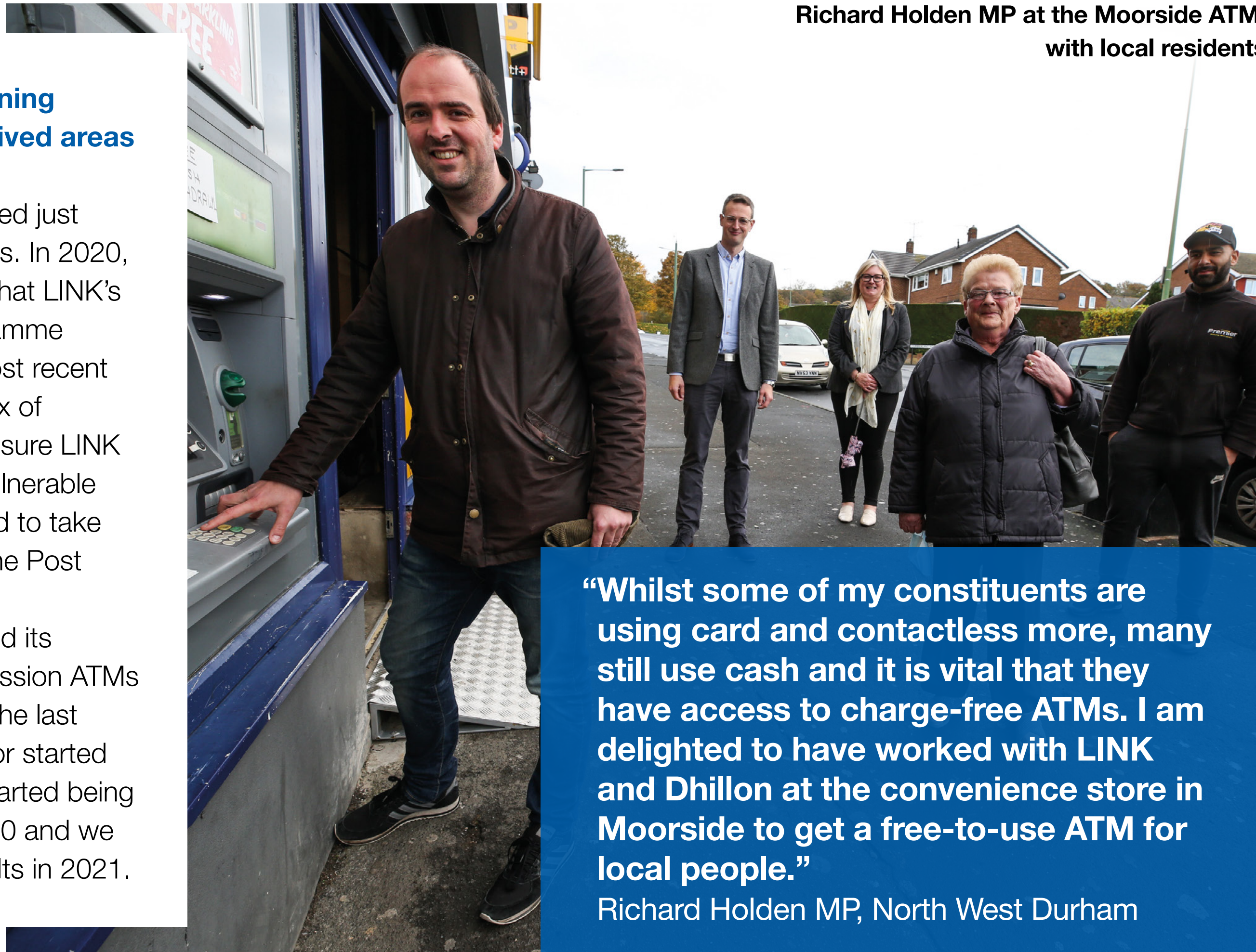


# Updated support for deprived areas

**LINK has been maintaining access to cash in deprived areas since 2006.**

COVID-19 has reinforced just how important this work is. In 2020, we were pleased to see that LINK's Financial Inclusion Programme was updated with the most recent information from the Index of Multiple Deprivation to ensure LINK is supporting the most vulnerable consumers in the UK, and to take into account the role of the Post Office in cash access.

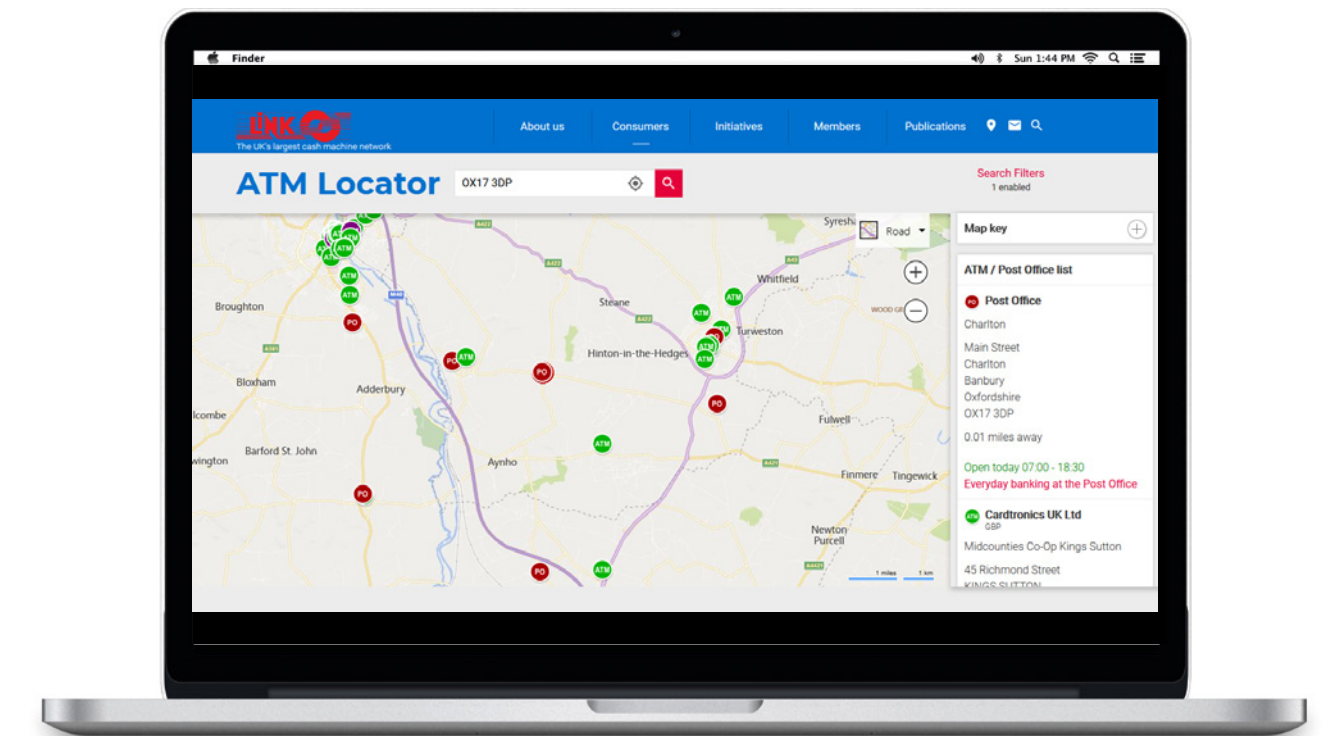
LINK has also increased its powers to directly commission ATMs in deprived areas where the last ATM has been removed or started charging. This initiative started being piloted in September 2020 and we hope to see positive results in 2021.



**Richard Holden MP at the Moorside ATM, with local residents**

**“Whilst some of my constituents are using card and contactless more, many still use cash and it is vital that they have access to charge-free ATMs. I am delighted to have worked with LINK and Dhillon at the convenience store in Moorside to get a free-to-use ATM for local people.”**

Richard Holden MP, North West Durham



## Post Office sites now on desktop ATM Locator

LINK has worked with the Post Office to include Post Office sites on the web version of the ATM Locator for the first time. This will help ensure consumers have the right information about local cash access options.

**Visit: [link.co.uk/atmlocatorapp](https://link.co.uk/atmlocatorapp)**



# Consumer Council welcomes proposed legislation

The Chancellor's commitment in the March Budget to develop legislation on access to cash was welcomed by the Consumer Council, and could not have come at a better time.

We are keen to see the government develop the legislation to make the cash infrastructure sustainable while the UK transitions towards a more digital society, and we responded to the government's consultation in November.

You can read our response to this news at [link.co.uk/initiatives/consumer-council/](https://link.co.uk/initiatives/consumer-council/)

The engagement between regulators and the industry is also necessary and welcome. It's encouraging to see the Payment Systems Regulator, Financial Conduct Authority and Bank of England interact with the industry to identify and propose solutions.



## Review of Low Volume Premiums

**The fact that consumers are withdrawing less cash puts some ATMs at risk of closing or converting to pay-to-use.**

LINK has subsidised low-transacting ATMs since 2018, to protect ATMs in remote, rural or deprived areas.

In light of COVID-19, LINK introduced an urgent review to assess the financial premiums awarded to these ATMs in response to the rapid fall in withdrawals. More than £11 million has been invested this year to allow remote, rural and deprived ATMs to remain financially viable and available for consumers.

According to the PSR, 99 per cent of the UK remained within three miles of cash access throughout the pandemic<sup>1</sup>.

<sup>1</sup>Access to cash during COVID-19, the PSR: [psr.org.uk/psr-focus/access-to-cash/access-to-cash-during-covid-19-identifying-and-managing-temporary-gaps-in-provision](https://psr.org.uk/psr-focus/access-to-cash/access-to-cash-during-covid-19-identifying-and-managing-temporary-gaps-in-provision)



# 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

Tracey is 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. In addition, 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 Honorary Professor at King's College London. Margaret is also Vice Chair of the Invoice Finance and Asset Based Lending Professional Standards Council, a member of the Access to Cash Review Panel and on the Community Access to Cash Pilots Board.



### Sian Williams

Sian is Director of Innovation and Policy at Toynbee Hall in London's East End, where she leads work to ensure people with lived experience of exclusion and hardship are directly involved in shaping policy and practice solutions. Sian has led Toynbee Hall's UK-wide financial inclusion and wellbeing work since 2009. She is Chair of think tank Positive Money, Vice-Chair of the Financial Inclusion Commission and a Non-Exec Director of the Financial Inclusion Forum. Sian also represents the interests of people at risk of exclusion on the Pay.UK End User Council and the UK Finance Consumer Advisory Group.



## Independent members



### Joe Lane

Joe is Policy Manager at Citizens Advice and leads the organisation's work on household finances and financial services. He has led projects to improve consumer credit markets and the way debt is collected.

financial services. He has led projects to improve consumer credit markets and the way debt is collected.



### Helen Walker

Helen is a Deputy Director in Department of Work and Pensions. She is a career civil servant with more than 30 years' experience in policy development and implementation. She currently leads DWP's Life Events and Disadvantage Division.

more than 30 years' experience in policy development and implementation. She currently leads DWP's Life Events and Disadvantage Division.



### Eimear Duffy

Eimear represents the Consumer Council of Northern Ireland. Her expertise focuses on consumer representation, financial consumer issues, policy and outreach.

consumer representation, financial consumer issues, policy and outreach.



### Martin Kearsley

Martin is Cash and Banking Director at the Post Office and has more than 40 years' experience in financial service

IT businesses. The Post Office delivers a vital piece of the national access to cash infrastructure, and Martin represents the Post Office on the FCA Access to Cash Steering Group, and liaises with HM Treasury on Post Office cash strategy.



### Iain Gibson

Iain is Head of ATMs at Sainsbury's Bank, with over 35 years of banking experience, previously

holding a number of customer-facing roles at Bank of Scotland and Lloyds Banking Group. Iain is a member of the UK Access to Cash working group, the community access to cash pilot board and Link Network Member Advisory Group.



### Tim Watkin-Rees

Tim was a founder of PayPoint plc 25 years ago, having previously worked for Lloyds Bank, KPMG

Management Consultants and Nexus (now ATOS) as a retail banking and payments specialist. At PayPoint, Tim has headed business development in building the UK's leading cash-over-the-counter bill payment

network, a 4,000 strong ATM network within LINK, the Collect+ parcel service and many other successful payment and retail services.



### Tim Allen

Tim is Director, Access to Cash and Branch Services at Barclays, where he has over 20 years' experience.



### Adam Bailey

Adam is Head of Cash Operational Strategy for NatWest Group. He has 19 years of experience

in the cash and ATM marketplace and is accountable for the bank's cash industry and regulatory compliance. Adam leads NatWest Group cash strategy. Adam is also a member of the UK Finance Cash Policy Committee.





**LINK**

RSM

5th Floor

Central Square

Leeds

LS1 4DL

**[link.co.uk](http://link.co.uk)**