



THE UK'S CASH MACHINE NETWORK

LINK MONTHLY REPORT

February 2022



1. KEY ACTIVITIES

LINK is the UK's Cash Access and ATM Network and connects virtually all the UK's ATMs and provides communities with access to cash through services such as cashback at retailers' tills, enhanced Post Offices and Banking Hubs. LINK continues to operate to its usual high standard and remains well positioned to support UK consumers' access to cash needs through effective risk management and high levels of operational resilience. LINK is working closely with its infrastructure provider and Network Members, all of whom continue to perform well.

The LINK Board met in person in early February when the CEO outlined how ATM use was still 30-35% below pre-pandemic levels and was not expected to return. The Board was pleased to hear how the cash at the till development was progressing with the numbers of transactions and participating merchants increasing. LINK's Head of Information Security and Technology gave the Board a detailed review of how LINK's security defences are being further enhanced and the Board carefully considered the Key Risks Report and how LINK's Financial Inclusion Programme and engagement with wider programmes continues to develop. The Head of HR gave a summary report to the Board, noting that LINK office is now open for hybrid working and feedback from staff remained positive. There are no commercial or operational issues causing concern and LINK and its various service providers continue to perform to the expected very high standard.

2. LINK VOLUMES AND VALUES

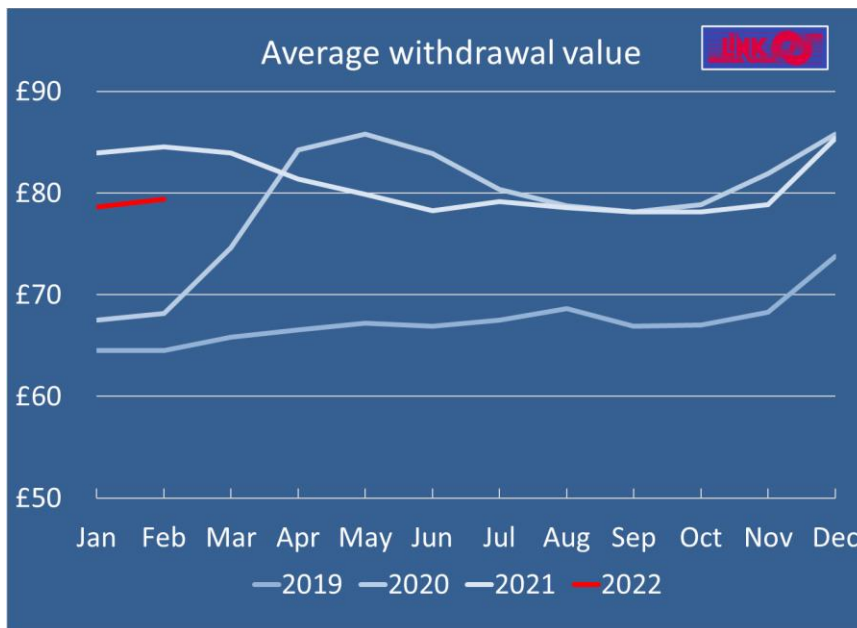
February's overall 117 million transactions were 19% higher than 2021's when we were in lockdown but 36% down on 2020, which was just before the start of the pandemic.

LINK Transaction Volumes (millions)													
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2019	209	207	232	220	232	221	226	225	211	214	208	204	2,608
2020	185	181	155	91	110	117	139	141	139	138	118	129	1,643
2021	99	97	114	123	131	133	140	140	137	141	133	135	1522
2022	118	117											

In February just over £6bn was withdrawn, up from £5.9bn in January.

LINK Transaction Values (£millions)													
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2019	£8,788	£8,859	£10,211	£9,701	£10,354	£9,837	£10,070	£10,271	£9,336	£9,512	£9,494	£9,985	£116,417
2020	£8,182	£8,258	£7,450	£4,399	£5,664	£5,972	£7,076	£7,105	£6,903	£6,939	£6,016	£7,044	£81,010
2021	£5,062	£5,127	£5,995	£6,446	£6,809	£6,757	£7,242	£7,177	£6,928	£7,156	£6,785	£7,478	£78,960
2022	£5,946	£6,018											

The average withdrawal value in February was £79.38, down on £84.52 in 2021 but well above the pre-pandemic average of around £65, see chart below. The average value may continue to fall as consumers have more opportunities to make spontaneous low value cash withdrawals as COVID-19 restrictions are eased.



3. LINK RESEARCH:

LINK did its first COVID-19 research two years ago, before the first lockdown and LINK has just published its latest research looking at the pandemic’s effect on consumers’ attitudes to cash. See <https://www.link.co.uk/about/news/cash-habits/>. The first survey was conducted during the first week of March 2020, when the idea that we were shortly facing a national lockdown seemed remote and most people (80%) had not yet changed their behaviour when it came to cash. Of those which had, 9% were buying more staple foods, 8% buying more ‘other supplies’ (toilet paper, batteries etc.) and only 4% said they were avoiding cash and using contactless payments and cards more. Over three-quarters (77%) said they did not think COVID-19 was going to change their use of cash in the next six months.

By mid-summer 2020 (when restrictions were lifted for the first time) over 75% of people were saying they were using less cash since the start of the pandemic and 80% said it would reduce their cash use in future. However, while cash use had fallen, it had not disappeared and 53% of people still said they had used cash in the past two weeks with 22% using it in a convenience store, 17% in a supermarket, 12% paying friends and family.

In August 2020, LINK started asking about consumers' experience of cash acceptance, where they had wanted to use cash but could not (25%) and whether they had walked away as a result (13%).

This year's research showed that the number of consumers using cash in the last two weeks has now increased to 73% and the locations which are showing increasing usage are supermarkets, other retail locations, services like hairdressing and most especially pubs. This may be a result of those locations starting to accept cash once again, or at least not actively discouraging it. Locations which have shown very little change are convenience stores (by far the most popular location throughout), fuel, DIY stores and parking.

4. ATM NUMBERS

ATM coverage across the UK in 2021 remained broadly stable and in line with LINK's strategy and Financial Inclusion Programme objectives. Many ATMs closed during the pandemic due to social distancing or the closure of the premises which housed them. As restrictions have eased, a number of these machines have reopened. It seems likely that some locations, like pubs, where a lot of people paid in cash and used to have quite a few pay-to-use ATMs, are now accepting less cash and as a result may no longer need on-site ATMs.

LINK ATM Numbers by Type and Owner 2021												
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Branch	14,917	14,827	14,801	14,752	14,627	14,450	14,056	13,905	13,836	14,137	14,638	13,655
Free Remote	26,541	26,233	26,038	26,229	26,747	27,061	27,078	27,205	27,280	26,720	26,293	27,287
Total Free	41,458	41,060	40,839	40,981	41,374	41,511	41,134	41,110	41,116	40,857	40,931	40,942
Pay to use	12,491	12,156	12,023	12,140	12,587	12,616	12,725	12,699	12,653	12,600	12,483	12,456
Total ATMs	53,949	53,216	52,862	53,121	53,961	54,127	53,859	53,809	53,769	53,457	53,414	53,398
Bank and Building Societies	22,801	22,660	22,614	22,456	22,287	22,109	21,752	21,654	21,584	21,386	20,996	20,935
Non Card Issuers	31,148	30,556	30,248	30,665	31,674	32,018	32,107	32,155	32,185	32,071	32,418	32,463
Total ATMs	53,949	53,216	52,862	53,121	53,961	54,127	53,859	53,809	53,769	53,457	53,414	53,398

LINK ATM Numbers by Type and Owner 2022												
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Branch	13,711	13,611										
Free Remote	27,245	27,178										
Total Free	40,956	40,789										
Pay to use	12,083	11,824										
Total ATMs	53,039	52,613										
Bank and Building Societies	20,721	20,252										
Non Card Issuers	32,318	32,361										
Total ATMs	53,039	52,613										

Looking back further, ATM numbers have been falling since their high point in 2017. However, LINK's Financial Inclusion Programme has been very effective in ensuring that consumers still have good free access to cash through the LINK ATM Network. Free-to-use ATM numbers are currently close to where they were in 2010.

5. MAINTAINING ACCESS TO CASH

LINK’s Financial Inclusion Programme continues to be effective in maintaining free access to cash for consumers in rural, remote and deprived communities across the UK.

To-date, 84 lost free-to-use ATMs have been targeted for replacement and resolved, 33 through Direct Commissioning, 19 through Premiums and the remaining 32 by regular installation programmes.

Overall, over 3,500 ATMs get a subsidy as part of LINK’s work on financial inclusion. LINK is now using social media to further raise awareness of the initiative and continues to welcome requests for ATMs. Please see the LINK website for more details <https://www.link.co.uk/consumers/request-access-to-cash/>.

6. LINK FOOTPRINT REPORT

LINK is committed to maintaining free access to cash for many years to come through an extensive network of ATMs, which covers the same area as it did on 1st February 2018. This includes Protected ATMs which are machines 1km or more away from another free ATM and are therefore considered vital by LINK for their local community. These Protected ATMs are analysed every month and the changes are summarised below.

January 2022		Monthly change
Total Protected ATMs	3230	10
Live ATMs	2825	4
ATMs No Longer Transacting	405	6
Temporarily out of action	28	4
Investigations with operator underway	3	-1
ATMs Confirmed as Closed	374	3
ATMs not being replaced (a)	317	9
ATMs Targeted for Replacement	57	-6
LINK Members offered premiums for replacement	10	0
LINK directly commissioning a replacement	33	2
Resolution not Possible (b)	36	-1
ATMs previously targeted for replacement and now resolved (c)	84	4

Notes - LINK Footprint Report

(a) ATMs are not replaced where consumers have free access to cash over the counter from a nearby post office, where the site was not accessible to the public, where there are security concerns, or where there is assessed to be no community detriment following a site visit by LINK.

(b) Where it is not currently possible to replace a Protected ATM for reasons such as no suitable premises within 1km, no willing site owners to host an ATM or no operator willing to deploy an ATM. LINK may still consider alternative actions and these sites remain on file.

(c) Sites which were targeted for replacement through the Programme and now have free access to cash via an ATM, whether through Premiums, Direct Commissioning or through the free competitive market.