



THE UK'S CASH MACHINE NETWORK

LINK MONTHLY REPORT

April 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 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 had a short video update in April when the CEO reported how cash usage has stabilised at volumes about 40% below pre-COVID levels but with around 10m consumers still making use to a significant extent of cash for payments. The LINK Chairman and CEO are due to meet the Bank of England’s FMI’s supervision team on 12th April.

LINK continues to put a lot of effort into people planning and as across the industry, retention remains a key area of focus for the LINK management team. 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.

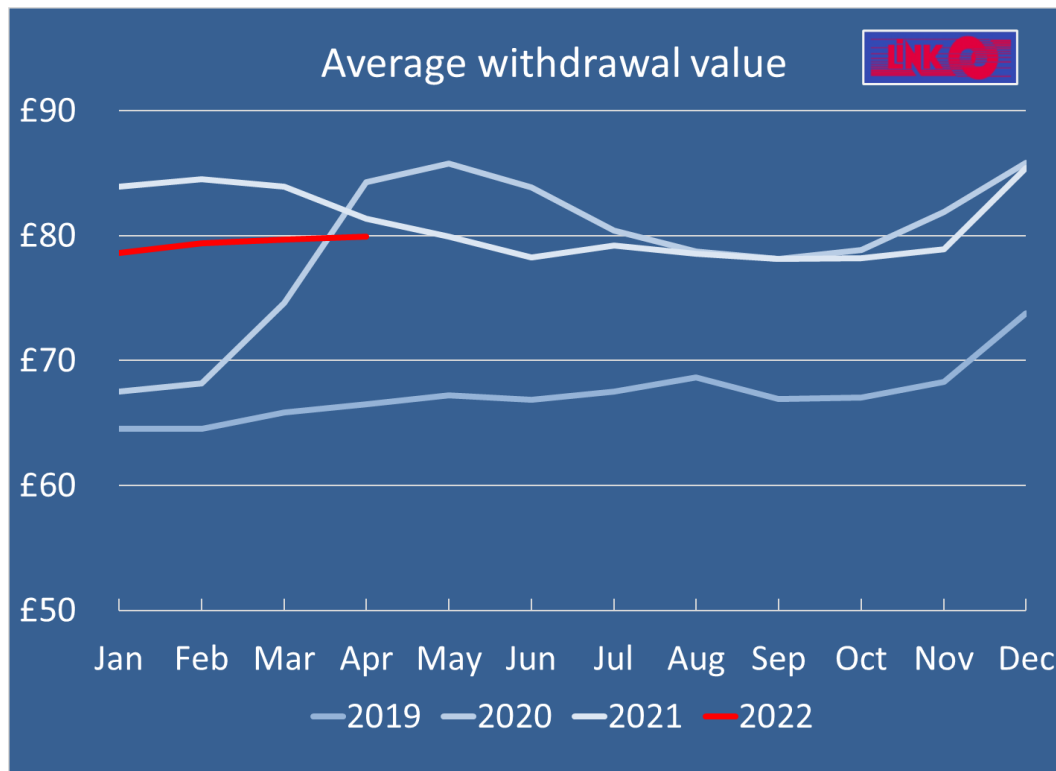
2. LINK VOLUMES AND VALUES

April’s 135 million transactions were 10% higher than 2021’s when there were still COVID19 restrictions, but 38% down on April 2019, 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 | 134 | 135 | | | | | | | | | |

In April over £7bn was withdrawn, up from £6.4bn in April 2021.

| 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 | £6,952 | £7,047 | | | | | | | | | |



The average withdrawal value in April February was £79.91 almost identical to the previous month, slightly down on 2021, but well above the pre-pandemic average of around £65. The average value may continue to fall as consumers have more opportunities to make spontaneous low value cash withdrawals now COVID-19 restrictions have eased.

3. LINK RSA RESEARCH: - Ten million UK adults say they would struggle in a cashless society

New research published by The RSA, sponsored by LINK, shows how a sudden shift to a cashless society would leave millions without the capabilities to engage in a digital economy and the control many have over managing their finances. The report can be downloaded from the LINK website, www.link.co.uk or [here](#).

'The Cash Census: Britain's relationship with cash and digital payments' is the most comprehensive and up to date report since the independent Access to Cash Review concluded in 2019 that the UK was not ready to go cashless. The new research highlights that while a significant number of people rarely use cash and embrace a digital future, almost half the population (48%) say a cashless society would be problematic highlighting concerns around the ability to control finances and debt, digital fraud, privacy and increased isolation. The research was funded by LINK, the UK's Cash Access and ATM Network.

While cash use has been declining for over 15 years with people increasingly choosing alternatives including contactless cards and mobile payments, the shift towards digital was turbocharged throughout the Covid-19 pandemic. During this time, the UK saw a significant fall in ATM withdrawals and cash use as businesses encouraged non-cash payments, traditionally 'high cash use' sectors such as pubs and restaurants temporarily closed and many customers choosing to shop online or becoming more comfortable to use alternatives to cash.

However, while ATM use will never return to pre-pandemic levels, the research shows the percentage of the population wholly reliant on cash is unchanged. In fact, one in five people, equating to 10 million people said they would struggle in a cashless society, mirroring similar numbers from the Access to Cash Review.

For the first time, the research has segmented the UK adult population into five groups based upon attitudes and behaviours around cash and digital payments. These include:

- Cash dependents: An older segment that have a strong preference for cash. (10 million adults);
- Cash keepers: A younger segment that like the security of having cash (12m)
- Cashless sceptics: The oldest segment whose scepticism about a cashless society runs deep. (12m)
- Cash occasionals: A younger segment that prefer to manage their money digitally but use cash occasionally or in emergencies. (9m)
- Cashless converts: A segment that strongly prefers digital payments and don't see many benefits to cash. (11m)

The research suggests that the majority of customers who are increasingly going cashless and embracing digital were doing so already. The pandemic has only sped up this process. For many cash dependents, cash keepers and cashless sceptics, there is still a strong attachment to cash and one in seven of the population (8 million people) was using cash more because of the pandemic.

Cash remains especially vital for those on low incomes and is used by 15 million people to budget. During the pandemic, the three parliamentary constituencies that saw the smallest reduction in ATM uses (Liverpool Walton, Bradford South and Birmingham Hodge Hill) are among the highest areas of deprivation across the UK. Cash also plays an important part for many groups, especially the elderly, who are more likely to visit bank branches and post offices in person as an important way to connect to their community. Cash users in rural and remote locations are concerned that poor broadband and mobile connectivity will make it harder for them to go fully digital.

The research shows that for some there are still huge barriers using digital payments and that while there are many digital tools available, they simply do not work for some

people. This includes concerns that forcing people on to digital can lead to a loss of control over their finances risking spiralling debts.

Overall, 23 million people say that using cash makes them feel more in control of their finances. This finding may reflect wider concerns about fraud and using technology with almost two-thirds (64%) concerned about fraud when making payments and 57% concerned about privacy.

As part of its recommendations, the report puts forward several policy suggestions. These include:

- The urgent need to introduce legislation, overseen by the Financial Conduct Authority (FCA) to ensure everyone can continue to access cash near to where they work and live and to protect the commercial cash system.
- Encouraging further innovation in SME cash deposits to ensure it remains viable for businesses to accept cash.
- Essential government services (both local and national) such as school dinners, council tax and utilities should ensure people wishing to pay by cash can do so.
- Digital education needs to advance so all young people develop skills to manage their money digitally. The financial services industry can play a critical role here by working in partnership with charities.
- The government must increase the speed of its national broadband and 4/5G roll out ensuring no region is left behind. The internet should be recognised as an essential utility and clearer rules should be established to protect people from being disconnected.

Mark Hall from the RSA, and the author of the report: *“For millions of people, their relationship with cash is critical to the way they manage their weekly budget. Despite online banking and shopping becoming more common, our research shows the percentage of the population wholly reliant on cash is unchanged in the past three years. It’s vital that the dash to digital doesn’t disenfranchise anyone, especially with the cost-of-living crisis putting such significant strain on family finances right now.”*

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. 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. The reduction in branch ATM numbers is a result of overall branch closures rather than a reduction in ATMs per branch. LINK carefully monitors such closures to ensure there are still suitable ATMs nearby.

| 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 | 13,557 | 13,548 | | | | | | | | |
| Free Remote | 27,245 | 27,178 | 27,243 | 27,128 | | | | | | | | |
| Total Free | 40,956 | 40,789 | 40,800 | 40,676 | | | | | | | | |
| Pay to use | 12,083 | 11,824 | 11,671 | 11,606 | | | | | | | | |
| Total ATMs | 53,039 | 52,613 | 52,471 | 52,282 | | | | | | | | |
| Bank and Building Societies | 20,721 | 20,252 | 19,878 | 19,828 | | | | | | | | |
| Non Card Issuers | 32,318 | 32,361 | 32,593 | 32,454 | | | | | | | | |
| Total ATMs | 53,039 | 52,613 | 52,471 | 52,282 | | | | | | | | |

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, 87 lost free-to-use ATMs have been targeted for replacement and resolved, 35 through Direct Commissioning, 19 through Premiums and the remaining 33 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.

| February 2022 | Monthly change | |
|-----------------------------------|----------------|----------|
| Total Protected ATMs | 3232 | 2 |
| Live ATMs | 2827 | 2 |
| ATMs No Longer Transacting | 405 | 6 |
| Temporarily out of action | 21 | 7 |

| | | |
|--|------------|-----------|
| Investigations with operator underway | 6 | 3 |
| ATMs Confirmed as Closed | 378 | 4 |
| ATMs not being replaced (a) | 322 | 5 |
| ATMs Targeted for Replacement | 56 | -1 |
| LINK Members offered premiums for replacement | 10 | 0 |
| LINK directly commissioning a replacement | 35 | 2 |
| Resolution not Possible (b) | 39 | 3 |
| ATMs previously targeted for replacement and now resolved (c) | 87 | 3 |

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.