



LINK Consumer Council

Annual Report 2013-2014



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Continued focus on improving inclusion and innovation



Demand for cash continues to be strong among UK consumers, with ATM use on the up. In the busiest month, May, the LINK network processed more than 282 million transactions, dispensing £11.6 billion. The Consumer Council has ensured that the millions of consumers that rely on cash machines are at the heart of what LINK does.

The LINK Council's focus in 2014 has been to improve and increase access to cash – what we call financial inclusion – and innovation.

People are benefiting from 68,600 ATMs, with free-to-use machines at an all-time high. This is strong evidence of consumers' continuing demand for easy and safe access to their cash and highlights the LINK Council's vital role facilitating this.

Financial inclusion

The LINK Council has enhanced its Financial Inclusion Programme to ensure consumers can access cash in more places, often working with local MPs. The LINK website now has an interactive map so that people can see any part of the LINK network, with the ability to search for convenient ATMs. Consumers can also suggest how access to local cash can be improved further.

This report outlines how the LINK Council has helped two specific consumer groups – people living in deprived inner city locations and the "Older Old" – with support from our consumer group members Citizens Advice, Toynbee Hall and Consumer Focus Northern Ireland.

Increasing innovation

There is potential for increased innovation through working with the new Payment Systems Regulator. The Council has been closely involved in advising how to develop these opportunities to address consumer needs in areas such as branch location and basic payment provision.

The underlying integrity of the LINK network remains our key priority. Fraud, cybercrime and system integrity have a serious impact on consumers. They are complex and evolving challenges. Performance in addressing these issues has been good, but there is no room for complacency.

Maintaining a safe and secure network is the foundation on which all other improvements are built.

The Consumer Council's support in all aspects of LINK's work has been invaluable. Thank you to every member for your commitment and energy in maintaining LINK's consumer focus.

Dr Ken Andrew
Chairman

Editor

Mary Buffee
MBuffee@link.co.uk
07903 498544

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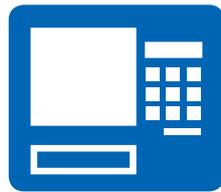
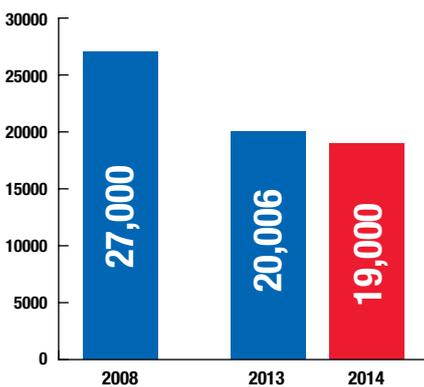
This report describes the work of the LINK Consumer Council in the 12 months from November 2013 and outlines the Council's assessment of the effectiveness with which the LINK Scheme has met its consumer-interest objectives. It has been prepared and approved by the members of the LINK Consumer Council.

A record-breaking year

Below are some of the key statistics from the past year that highlight how LINK is continually improving consumer cash access.

19,000

The number of pay-to-use machines. This figure continues to fall, down from a peak of 27,000 in 2008. Less than 3% of cash withdrawals now incur a charge.



68,600

The number of cash machines in the UK – an all-time high.

1,417

The number of areas out of 1,700 originally identified as problem/deprived areas that now have easy, free-to-access cash. There are now more than 900 ATMs in these areas. LINK and its members continue to work with consumer groups, MPs and local councils to identify suitable new locations.



£10 billion+

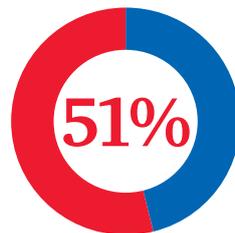


Despite the development of other digital payment methods, such as contactless and mobile, the amount of cash withdrawn from ATMs each month remains significant.



49,500

Free to use ATMs – a record number.



The percentage of remote (non-bank branch) free-to-use ATMs managed by Independent ATM Deployers (IADs). These organisations do not issue cards, like a bank or building society, focusing instead on providing ATM services to consumers. IADs now run five of the seven largest ATM LINK networks and 50% of all LINK ATMs.

December 2013

21

The busiest day for cash withdrawals. There were more than 13.8 million ATM transactions. Just after 1pm, LINK processed 20,000 transactions a minute.

Did you know...?

One of the biggest changes to cash will be in 2016, when a new polymer £5 note will be issued. Already used in more than 20 countries, polymer banknotes are cleaner and harder to forge compared with existing cotton/paper notes that have been in use for over a century. LINK is working closely with the Bank of England, ATM operators and equipment suppliers to ensure the process for issuing these new notes goes smoothly.



SUGGEST A SITE

Visit the LINK website, and see our *Suggest A Site* feature, where anyone can recommend a location for a new free-to-use ATM, and £5 note location feature

72% Percentage of ATMs across the UK that do not change customers for withdrawing cash.

1,000 Estimated number of UK communities that have only one bank branch. Source: CACI.

Over 80s The over-80s group is the fastest growing age group using ATMs worldwide.

Age concerns addressed through focus groups

Research shows older consumers encounter some challenges using ATMs. With the world’s population getting older – the over-80s group is the fastest growing age group – it is important to address these issues.

The Consumer Council asked LINK to do more research. So, with the help of Age UK and Bramley Elderly Action (a local Leeds charity), LINK organised detailed focus groups to explore the issues facing older people.

Working with Bramley, LINK put together a questionnaire about using ATMs. During a two-week trial, volunteers used a range of ATMs in their local area to assess how well the machines met their needs when it came to using the screens and buttons, and their security.

Zoe Ricketts, Volunteer Co-Ordinator, says: “The research was really valuable and a good opportunity for consumers to directly input to LINK’s work.”

The Council has given its feedback to LINK members, helped to educate this consumer group and promoted the *Suggest a Site* page on the LINK website (see page 5).

Help to stay safe at ATMs

Under the guidance of the LINK Council, a leaflet was produced, providing hints and tips on how to stay safe using ATMs, including being aware of anyone acting suspiciously around cashpoints and what to do if your card is retained by an ATM is now available. The leaflet has had a particularly positive response from consumers.



“The research was really valuable and a good opportunity for consumers to directly input to LINK’s work.”



LINK has supported several events to promote ATM safety. A good example is the work done with Horncastle police, who worked with LINK to put together the UK’s first advice session on crime at ATMs and using cash machines safely.

LINK’s Sarah Chalmers said “Security at ATMs is an issue, particularly for older people. They can be reluctant to use cash machines. Hopefully, the advice given, and our leaflets, will help.”



FOR MORE INFORMATION

You can download our Older Old leaflet at tinyurl.com/linkssafetytips

If you would like LINK to support an event in your local area, please contact us.



Safety and security tips at the ATM

1 Scan the ATM area before you approach it. Avoid using the ATM if there are suspicious looking individuals around.

2 Check that others keep a good distance from you. Stand close to the ATM and shield the keypad with when keying in your PIN.

3 Always keep a note of your card issuer or bank's contact details – in case your card is retained or your cash is not dispensed.

Putting consumers in control

Consumers can now see where to get easy and free access to their cash thanks to a new interactive map on the LINK website. They can also recommend new places for ATMs.

The online map enables anyone to look in detail at the ATM network in the UK, down to their local communities and individual streets.

Consumers told us they want to access smaller note denominations, such as £5 notes, particularly in deprived areas. Not only does the map show consumers where they can find an ATM, it enables them to search for one that provides £5 notes or has other helpful features such as wheelchair access and audio assistance.

These projects form part of the Council's critical focus on financial inclusion – ensuring that the LINK system meets the access needs of cash consumers.

A *Suggest a Site* form on the LINK website enables people to contact LINK about specific ATMs. To date, several hundred consumers have made recommendations.

FOR MORE INFORMATION

Read more and try out our online tools at tinyurl.com/financialinclusionareas



LINK's online mapping tool allows you to zoom in and out of your search location, indicating free-to-use (▲) and pay-to-use (■) ATMs. The purple shaded area shows a 1km boundary



Continuing the fight against crime and fraud

The Consumer Council plays a major role in reviewing the consumer impact of ATM fraud and crime, which continue to present challenges to the finance industry.

The number of incidents, financial losses and physical attacks continues to fall. Arrests, convictions and long sentences give a clear message that those involved will be dealt with severely. To help counter physical attacks, LINK supports the cross-industry ATM Security Working Group and publishes security guidelines to help ATM operators.

Fraud continues to be a concern.

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 liaises regularly with counterparts and law enforcement bodies across Europe 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.

What the research says...

- A large number of consumers and small and medium-sized enterprises (SMEs) still rely on bank branches. **27%** of consumers on lower incomes use branch counter services for basic payment activity. HM Treasury with Policis, *Realising Banking Inclusion: The Achievements and Challenges*

- **Two-thirds** of the **4 million** SMEs in the UK visit a bank branch at least **weekly**. OFT, *Review of Barriers to Entry, Expansion and Exit in Retail Banking*

Innovation is key to improving services and lowering costs

The bank branch network continues to play a vital role in supporting the UK economy – but we need to innovate to meet demand through a better network.

There are 11,000 bank and building society branches in the UK but consumer demand for their services has reduced sharply in recent years and this is expected to continue.

Retail location specialist CACI estimates there are at least 3,500 bank branches that are not economically viable – putting at least one-third of the existing branch network at risk of closure.

Many consumers and small businesses rely on bank branches. This means there is often strong and understandable resistance to closures, especially where the branch under threat is the last in the area.

CACI highlights nearly 1,000 communities where only one bank branch is left; and also more than 400 places with multiple branches, but barely enough business to support just one.

Addressing the challenges

The answer is a trusted and low-cost alternative to a traditional bank branch so that consumers and small businesses can access the services they need, while cutting the huge cost of sustaining an out-of-date bank branch network.

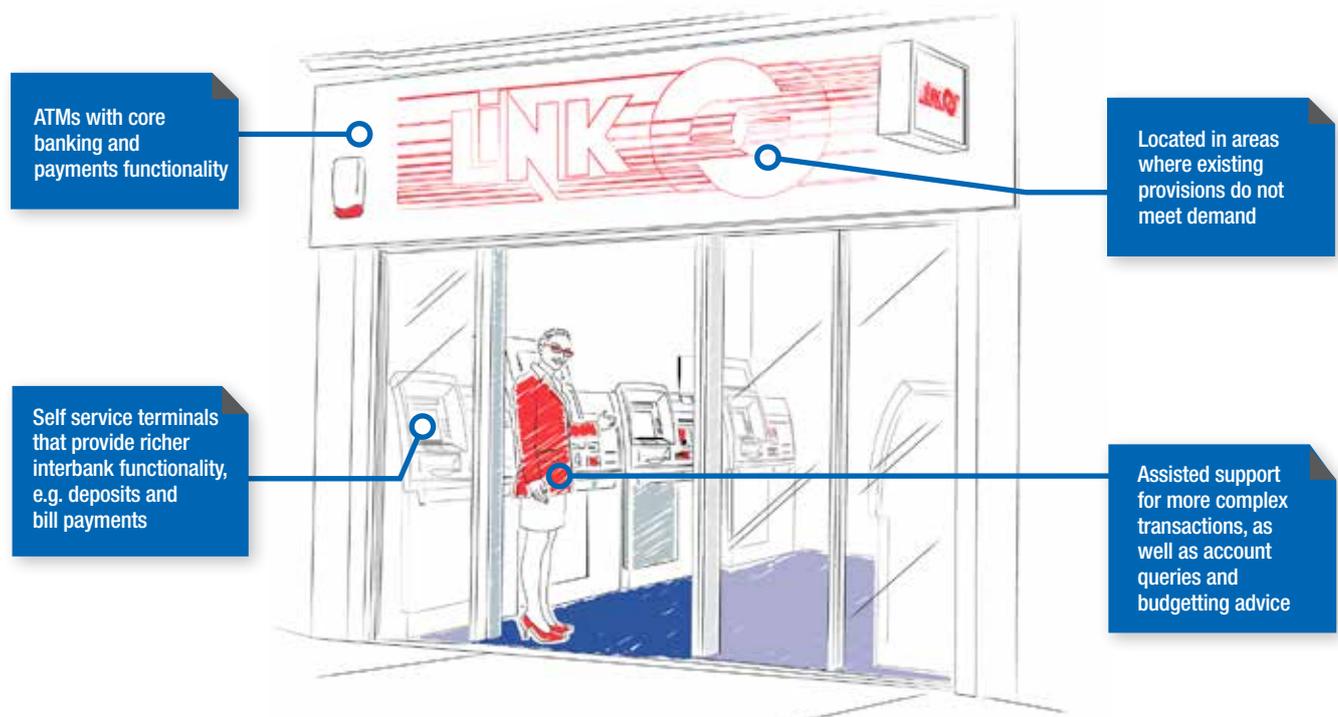
LINK already delivers a national network connecting 68,600 safe and easy-to-use ATMs – providing universal access to cash withdrawals.

In many countries, ATMs provide broader services including cash, coin and cheque deposits. A national network of self-service machines that can provide a similar range of services could solve the challenge of providing consumers and SMEs with services they need in a safe and low-cost way.

Reaching new locations

These machines could also offer services in new locations. Over half of the UK's major out-of-town centres have no bank branch despite attracting a large number of visitors. ATMs can provide services in these places for the millions of consumers who shop and work there.

LINK's Member organisations are exploring these opportunities as part of an increased focus on innovation, competition, and consumer benefit that the new Payment Systems Regulator has been set up to oversee. The Council welcomes this positive step.





A significant number of LINK Members continue to work with the Royal National Institute of Blind People (RNIB) to roll out speech-enabled functionality at their ATMs for blind or partially sighted consumers.

80%

Percentage of deprived target areas where access to cash was a problem that now have free-to-use ATMs.

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 change to ensure consumers interests continue to be 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 over 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 Visiting Professor at King's

College London. Margaret has been a senior consultant for Freshfields Bruckhaus Deringer since retiring from the Office of Fair Trading. She is also a Deputy Chair of the Money Advice Trust, Vice Chair of the ABFA Professional Standards Council and a Director of the Lending Standards Board.

Teresa Pearce MP – The MP for Erith & Thamesmead and a member of the Treasury Select Committee and the Work and Pensions Select Committee.

Sian Williams – from community action group Toynbee Hall.

Caroline Mooney – from the Consumer Council Northern Ireland.

Pippa Lane – from the Citizens Advice.

Member representatives:

- **Mike Bullough** from Lloyds Banking Group
- **Seamus Smith** from PayPoint
- **Stewart Gow** from Tesco
- **Nigel Constable** from Note Machine

Financial Inclusion success

The LINK Financial Inclusion Programme continues to make good progress: over 80% of the most deprived areas where access to cash was a problem now have free-to-use ATMs. Under the Council's guidance, LINK engaged community action group Toynbee Hall to conduct independent research in response to a call by Frank Field, MP for Birkenhead, to investigate ATM charges. In 2015, the Council and LINK Members will take forward recommendations on how LINK can improve its work on Financial Inclusion.

There are a number of industry changes on the horizon with the introduction of polymer notes and the application of business rates to ATMs that mean that the Council will need to continue to provide insight to Members to ensure the continued positive work in this area.

Working with MPs

The LINK scheme continues to work with MPs in their constituencies to address specific access to cash issues. One of the many success stories for 2013, highlighted by the local media, was a new free-to-use ATM in Grangetown, a particularly deprived area of Redcar. Ian Swales, MP for Redcar, commented: "Having worked for so long on this, I am grateful that a machine has finally been installed. In this day and age, access to facilities like this is a vital part of everyday life and I really hope that this machine will be a positive improvement for my constituents."

Welcoming regulation

The new Payment Systems Regulator (PSR) and its focus on increasing competition and innovation for customer benefit is a welcome development for the Council. LINK expects to be regulated by the PSR in 2015 along with other major commercial and interbank payment schemes.

A flagship programme

The Consumer Council commends the LINK scheme for meeting consumers' needs in providing universal access to cash in 2014.

We applaud LINK's commitment to inclusion which is a vital area of financial services. LINK will be one of the critical payment systems regulated by the new Payment Systems Regulator from 2015.

The potential areas of innovation are exciting and we look forward to continuing to work with LINK to develop these. We are also keen to see the continued focus on consumer protection in areas such as system integrity and fraud prevention.

"LINK's Financial Inclusion Programme is exceptional, focusing uniquely on the needs of excluded people while remaining highly practical," said Sian Williams from LINK consumer group member Toynbee Hall. "Mapping access gaps and the Suggest a Site service empowers communities and has led to progress in increasing the number of free-to-use ATMs in the UK.

"Our experience of working with the LINK team has been extremely positive. They are committed to working with industry and consumer representatives to do the right thing and increase inclusion. We think of LINK as a flagship programme."



Toynbee Hall

LINK

4 Cardale Park
Harrogate
North Yorkshire
HG3 1RY

www.link.co.uk