

# **LINK Policy on Protected ATMs**

**Version 4.0 (effective from 22nd June 2020)**

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## 1. Policy Overview & Objectives

LINK is committed to maintaining free access to cash in the UK. The LINK Financial Inclusion Programme, in operation since 2006, has led to the introduction of free ATM access to over 1,800 deprived areas in the UK. The Programme has operated by paying a premium on top of the normal cash withdrawal interchange rate to ATM Operators in these locations. In January 2018, LINK announced that the maximum premium payable to ATMs that are part of the Financial Inclusion Programme would be tripled.

As part of the reforms to the Interchange mechanism announced by LINK on 31<sup>st</sup> January 2018, LINK also announced two further measures to ensure the maintenance of a satisfactory geographical network of free-to-use ATMs:

- In December 2017 LINK announced that interchange fees on any free-to-use ATM 1km or more from the next free-to-use ATM would not be reduced ensuring that no ATMs in this category (defined as Protected ATMs) would close because of the reduction in interchange fees announced in January 2018.
- A general commitment to maintain an extensive footprint of free-to-use ATMs, maintaining the existing geographical coverage at the time of the interchange announcement 2018, involving a series of measures including Protected ATM Premiums.

Subsequently, LINK has introduced a further Low Volume Premium, thereby offering further incentives to prevent the closure of existing Protected ATMs.

This policy defines LINK's approach on Protected ATMs, one of the important measures LINK is taking in order to maintain free access to cash and addresses the requirements set by the Payment Systems Regulator in Specific Direction 8 issued on 19<sup>th</sup> October 2018. It does not set out LINK's specific policy on Financial Inclusion in deprived areas which is set out in a separate policy document.

It is noted that LINK may, in line with its access to cash objectives (as defined by the LINK Scheme and/or the LINK Board from time to time and including compliance with the requirements of Specific Direction 8), put in place contingency measures and procedures, in addition to the measures and procedures set out in this policy, to ensure its access to cash objectives are met in a timely and efficient manner. The implementation of these additional contingency measures and procedures may be funded by amounts paid by Network Members to LINK for the purpose of complying with the requirements of Specific Direction 8 and LINK's access to cash objectives.

## 2. Key Definitions

**ATM No Longer Transacting**<sup>1</sup> means any Protected ATM which has ceased to operate (other than where LINK has obtained confirmation that this is on a temporary basis), or any Protected ATM which switches to charging for withdrawals of cash on a part time or full-time basis, or any Protected ATM known to LINK to be scheduled to close within the next 12 weeks.

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<sup>1</sup> Equivalent to 'Lost ATM' as referred to in the PSR's Specific Direction 8 and in the previous version of this Protected ATMs policy.

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**ATM Operator** means any LINK Member that operates an ATM connected to the LINK Network. ATM Operators can themselves be issuers, or they may be Independent ATM Deployers (IADs).

**Direct Commissioning Agreement** has the meaning given to it in the Direct Commissioning Process.

**Direct Commissioning Process** means the process and policies of the same name which have been developed and implemented by LINK to request installation and operation of ATMs and to contract with an ATM Operator to this effect for the purposes of free access to cash and/or financial inclusion.

**Financial Inclusion Programme or FIP** means the initiative set up by LINK in 2006 and subsequently enhanced with the objective of improving free-to-use ATM access in the most deprived areas. A more detailed description of the programme and definitions of the areas are included in LINK's policy on financial inclusion.

**Low Volume Premium** means the additional premiums paid by card issuers to ATM Operators for cash withdrawal transactions at Protected ATMs (plus non-Protected ATMs that are part of LINK's Financial Inclusion Programme) subject to the eligibility criteria being met (see section 5.2.1). To be eligible, ATMs must be free-to-use, located more than 1km from the nearest free-to-use ATM and complete an average of less than 4,500 cash withdrawals per month based on the previous twelve months of operation.

**Member** means any current Member of the LINK Scheme. Not all Members are ATM Operators as some only issue cards and do not operate ATMs.

**Protected ATM** means any free-to-use ATM that is located 1km or more "as the crow flies" from the next free-to-use ATM. Any ATM meeting this criterion on 1<sup>st</sup> February 2018 is given Protected status. In addition to this, any free-to-use ATM that existed on 1<sup>st</sup> February 2018 and did not meet Protected status at that time but no longer has a free-to-use ATM within 1km will be added to the Protected ATM list. Updates to the Protected ATM list will be made monthly with effect from November 2018.

While ATM Operators are reminded of the need to ensure the location information they provide to LINK is correct, if it is discovered that an ATM has been defined as Protected or Not Protected in error (for example due to an incorrect address for the machine itself or its neighbour) then that ATM is added or removed from the list of Protected ATMs and the ATM Operator is notified. The correct level of interchange is applied from that point onwards but historic corrections are not made.

**Protected ATM Premium** means a premium paid above the Protected Rate of Interchange on cash withdrawal transactions only to provide a commercial incentive to ATM Operators to maintain an existing Protected ATM or replace a Protected ATM that has permanently closed or switched to pay-to-use.

**Protected Rate of Interchange** means the rate of Interchange for both cash and non-cash transactions that is paid to Protected ATMs as reflected in the LINK Rate Card document that contains further details of interchange fees.

### 3. Application of the Protected ATM Policy

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Where a Protected ATM is lost, LINK is committed to replacing that ATM (subject to it not falling within the criteria outlined in section 4 which details circumstances in which an ATM will not be replaced.). This section sets out some practical considerations in respect of how the policy is applied.

### **3.1 Dynamic Protection of ATMs**

LINK's initial list of Protected ATMs was compiled as at 1 February 2018, with any ATMs meeting the above definition on that date being given Protected status. However, LINK recognises that circumstances change and that as existing free-to-use ATMs close or change from free-to use to pay-to-use, new ATMs will fall under the above definition and therefore qualify for Protected ATM status.

Any ATM which fell into the category of Protected ATM and appeared on the original list of Protected ATMs will continue to be treated as Protected (unless it was originally identified as a Protected ATM in error as described in section 2), regardless of whether circumstances change such that it no longer meets the criteria. This is because there is considerable change in the status of some ATMs over time and ATM Operators would be unable to respond to the incentives of premiums if these could be withdrawn unpredictably. In addition, any ATMs which through changing circumstances now meet the definition, are added to the list of Protected ATMs monthly and qualify for Protected status so long as a free-to-use ATM existed in that location in February 2018.

LINK maintains a database of ATMs. All ATMs in the LINK database are geocoded with Longitude and Latitude data (under licence from an external provider) which is more precise at plotting locations than post codes and allows LINK to determine more accurately whether any given ATM qualifies for Protected status.

Each month LINK determines which machines are active (defined as having conducted a cash withdrawal transaction in the previous month) and using the location data runs a report that provides information on the number of Protected ATMs no longer transacting.

When an ATM newly comes into the Protected category because its nearby ATM is no longer transacting, LINK checks with the ATM Operator whether the ATM that is no longer transacting has closed permanently or temporarily. If the ATM Operator informs LINK that the closure is permanent, the remaining ATM becomes a Protected ATM and will begin to receive the Protected Rate of Interchange from the following month. If the ATM qualifies for Low Volume Premium based on its previous twelve months cash withdrawals, and the outlined eligibility criteria, these are also applied from the same point.

Monthly, or as otherwise requested by the Payment Systems Regulator, LINK produces and publishes a "Footprint Report" that contains, amongst other data, information on the total number of Protected ATMs, how this has changed since the previous report, and the actions LINK is taking to secure their replacement or continued operation if they have closed or switched to pay-to-use.

### **3.2 Applying the 1 km Rule Flexibly**

The 1km criterion used to identify a Protected ATM was originally established as part of the Financial Inclusion Programme developed by LINK's Consumer Council, comprising both representatives of Members of LINK and independent representatives of consumer organisations. It was felt to be a reasonable distance and has been used consistently since 2006. The criterion is well understood and generally accepted by ATM Operators and consumer organisations.

LINK uses “as the crow flies” as a consistent, robust and reliable means of measuring the distance between ATMs. However, it is acknowledged that in certain circumstances “as the crow flies” doesn’t accurately reflect local circumstances, for example where there is a barrier (including a road, river, railway line or area that has restricted access by the public) that has a significant adverse impact on a community’s ability to access cash.

In such circumstances and when brought to LINK’s attention by a community or a community representative, LINK investigates each case individually, assessing the specific situation on the ground, with input from local community representatives (for example, MPs or local councillors) being the most important factor in understanding the situation and how to respond to it. LINK considers that communities and their representatives are best placed to understand the unique circumstances in their areas, hence it is appropriate to rely on them to bring these matters to its attention for investigation.

Following an investigation by LINK during which location specific factors such as roads, rivers and railways lines without crossings are considered, where there is a significant adverse impact on a community’s ability to access cash, the 1km “as the crow flies” rule is applied flexibly. This may then result in a closed (or scheduled to close) free-to-use ATM where there is another free-to-use ATM within less than 1km “as the crow flies” being replaced (retained) and supported by interchange premiums. Where the local circumstances are complex, LINK takes advice from its independent Consumer Council to find a resolution.

This is implemented by promoting a feedback mechanism via the LINK website through which communities and their representatives can contact LINK to request that an area is investigated with a view to applying the 1km rule flexibly. LINK keeps a record of each application, including the decision made and the rationale, to ensure consistency in decisions. These records are shared regularly with the Consumer Council.

#### **4. Circumstances in which LINK won’t Replace a Protected ATM**

There are certain circumstances in which LINK does not seek to replace a Protected ATM, as outlined below.

##### **4.1 Alternative Free Access to Cash - Post Offices & Non-LINK ATMs**

There are over 11,600 Post Offices in the UK, often in the heart of communities, which are a vital part of local infrastructure providing a comprehensive range of services, including financial services. In 2017, Post Office branches handled over 110 million transactions for bank customers.

Cash can be obtained via a non-LINK transaction at any Post Office counter. Cardholders of issuers are entitled to undertake the two main ATM transactions of cash withdrawal and balance enquiry at Post Office counters free of charge. This transaction utilises the same Chip and PIN method of authentication used at ATMs.

When a Protected ATM ceases to operate, or LINK is notified by an ATM Operator that a Protected ATM is closing in the next 12 weeks, or has switched to charging for the withdrawal of cash on a full or part time basis, LINK uses the online Post Office locator tool at <https://www.royalmail.com/branch-finder> as its source to manually to determine if there is a Post Office (mobile Post Offices excluded) within 1km of the Protected ATM. If there is, and the location is open a minimum of 5 days per week, it is classed as an adequate substitute for a closed Protected ATM.

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LINK therefore considers that the Post Office, subject to the criteria outlined above, is a reasonable substitute for an ATM and that it could be inefficient for LINK to incentivise cash withdrawal services in these areas.

LINK is aware that there are some free-to-use ATMs that are not part of the LINK network. LINK is also aware that almost all cards currently accepted at LINK ATMs are also accepted at non-LINK ATMs. Therefore, when LINK becomes aware that there is a non-LINK ATM where the ATM Operator does not charge the user a fee, then the closed LINK Protected ATM is not targeted for replacement.

#### **4.2 No Public Access**

Some of the ATMs identified as Protected are situated in private premises that are not accessible to the general public. Other than a person who is entitled to be in those premises, no other people may have the right to enter to use the ATM or will be charged a fee to enter the premises to use that ATM. Most commonly, such premises are large offices, with the owner or occupier considering that it is providing a service to those working at the office by providing the facility. Other examples are military premises and locations where the general public needs to pay a fee to enter or sites such a private club.

LINK is committed to maintaining free access to cash for the general public. When an ATM closes that is in a restricted area such as army barracks, workplace offices or private clubs and there is little or no impact on the general public, LINK considers it inappropriate to subsidise a replacement ATM. In these circumstances, the employer or owner of the premises can reinstall a free-to-use ATM at any time through normal commercial arrangements with any ATM Operator.

When LINK becomes aware that a Protected ATM has ceased to operate, is known to be closing in the next 12 weeks or has switched to charging for the withdrawal of cash on a full or part time basis, it firstly checks for Post Offices and if the location does not have access to a Post Office it checks for No Public Access.

The location is then viewed on Google Maps Street View to determine the type of location the ATM is located at. If the Protected ATM is accessible or the building itself appears to be inaccessible but it can be clearly determined that the ATM is externally facing and therefore accessible by the public, it falls into the targeted for replacement category. Otherwise the ATM is deemed as having "No Public Access" and is not replaced.

#### **4.3 Security Concerns Exist**

LINK considers the safety of ATM users and retail staff and the security of the ATM and the hosting retailer to be of paramount importance.

If a Protected ATM closes because of a security reason such as an actual or attempted raid, robbery or other criminal activity which has caused either one or both the retailer and ATM Operator to judge replacement of the ATM in that location to be unsafe, and there are no other potential site hosts nearby, LINK does not pursue a replacement until that risk assessment improves, such that it is felt a replacement ATM can be deployed safely.

In some cases, mitigating actions can be taken to reduce the risk of replacing the ATM such as improving security lighting, CCTV or installing bollards. In these cases, replacement of the ATM might be delayed while these enabling works are planned and

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carried out. In other cases, there might not be a mitigating action that can be taken that reduces the residual risk to a level where it becomes acceptable to the retailer and/or ATM Operator or their insurers.

LINK reviews these sites annually, and more frequently on an ad hoc basis if LINK is notified of changes to circumstances locally which are likely to have improved the security assessment, by contacting the most recent ATM Operator for that location and requesting an update on its security assessment.

#### **4.4 Lack of Community Detriment**

LINK is committed to balancing the local needs of communities and protecting the network's geographical footprint, with the overall costs of the ATM network. Some Protected ATMs are situated in remote locations with no local community, while others are close to much more convenient ATMs which happen to be just over 1km away.

Therefore, if a Protected ATM closes without resulting in a detriment to consumers, LINK will not seek to replace it.

This decision will only be taken after an investigation carried out by LINK, which must include a site visit to the affected area to ascertain the impact on the local community which will be documented following the site visit and recorded by the Financial Inclusion team.

LINK will approach these site visits in the same way as it evaluates community requests for ATMs. This recognises that each community is unique and LINK will take into account a wide range of inputs including but not limited to the local population, conversations with local residents, deprivation, retail activity and topography which will be documented in a site visit report.

Any decision not to replace a Protected ATM must be authorised by two LINK senior managers, balancing the needs of the local community with the overall costs of the ATM network. These decisions will be recorded and stored appropriately.

This scenario is expected to be used infrequently and by exception. Its application will be informed by experience from the local engagement process.

### **5. LINK's Approach to Maintaining Protected ATMs**

LINK recognises the important service that ATMs in rural, remote and deprived areas provide to communities where there are limited alternative means to access cash without paying a fee. Hence, LINK recognises the importance of maintaining the network of Protected ATMs and monitors these closely.

Where LINK is notified by an ATM Operator that a Protected ATM is intended for closure, being converted to pay-to-use or has been closed, LINK takes a series of practical steps to either prevent closure or conversion to pay-to use, or to replace the closed ATM. However, before considering these steps, it is helpful to consider the market context, as this has a practical bearing on the action LINK can take.

#### **5.1 Market Context**

LINK operates within a complex and rapidly changing marketplace, therefore maintaining the network of Protected ATMs is not a straightforward matter.

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LINK was established to enable payment cards issued by a bank, building society or other card issuer to be used in a nationwide network of ATMs operated by both card issuers and ATM Operators. LINK provides a switching and settlement service between the card issuers and the ATM Operators. It has comprehensive policies, procedures and systems to manage the Network. However, it does not own or operate any ATMs and currently has neither the powers nor the expertise to do so. LINK is therefore reliant on actions taken by ATM Operators to maintain the geographical coverage of ATMs.

The LINK system has not been designed to give accurate information on the precise location of ATMs or when they start or cease operating as this information is not necessary for the smooth operation of the LINK Network. To-date, LINK has obtained the location information needed through a number of manual, resource-intensive workarounds. Whilst effective, these take time and resource to run.

The ATM market is dynamic with ATMs opening and closing at the rate of hundreds each month. This happens partly in response to changing demand. For example, the completion of a new shopping centre, business park or office complex will create substantial new footfall and ATM Operators will react quickly by installing ATMs. Conversely, if a shopping centre is in the process of being redeveloped or reduced in size such that footfall is reduced then ATM Operators may decide to remove some of their ATMs. Some remote ATMs are in convenience stores or petrol stations. From time-to-time these change hands or are refitted and an ATM can be taken out of operation for a period of months while this occurs. ATM Operators may have contracts both with individual retailers and with groups of retailers to install and maintain ATMs in their premises. This involves a direct initial negotiation and then a renegotiation at the end of the rent period, typically between three and five years. The parties are not always able to reach agreement, in which case ATMs may be closed at short notice and some retailers may go on to negotiate a different contract with another ATM Operator.

ATMs can either be free-standing within premises or through-the-wall to the outside of a building. If there is no satisfactory location available due to space, planning, security or no willing retailer to house one then it is not possible to have an ATM.

## **5.2 LINK's Approach to Preserving Existing Protected ATMs**

Where LINK is notified by an ATM Operator that a Protected ATM is intended for closure or being converted to pay-to use, due to low transaction volumes challenging its economic viability, LINK aims to prevent this from happening. LINK recognises that it is preferable to prevent Protected ATMs from closing rather than seek to replace them following closure or a change to pay-to-use as this avoids gaps in service provision for consumers and, by avoiding costs associated with removal and reinstallation, is likely to be more cost effective.

In order to prevent Protected ATMs which are no longer economically viable, or which may become so in the short term, from closing or being converted to pay-to-use, LINK offers operators of Protected ATMs with low transaction volumes an additional Low Volume Premium (effective from 1<sup>st</sup> April 2019):

### **5.2.1 Low Volume Premiums**

Payment of Low Volume Premiums is applicable to Protected ATMs that complete less than 4,500 cash withdrawals per month, based on an average taken over the preceding 12-month period (or if the ATM has been transacting for less than 12 months, the average of the months it has been live). The premiums are paid monthly through the established Interchange mechanism and only cash withdrawal transactions qualify for the premium.

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There are six levels of premium available to Protected ATMs and the applicable premium is applied based on the monthly average of cash withdrawals. Premiums paid are highest for those Protected ATMs with the lowest cash withdrawal volumes, and reduce as withdrawal volumes increase. The Premiums applicable from 1<sup>st</sup> April 2019 are included in appendix 1 and LINK may vary these Premiums as part of its ongoing review of the effectiveness of this policy. Premiums are paid in addition to the relevant rate of interchange. In contrast with section 4.1, a Protected ATM remains eligible for Low Volume Premiums regardless of whether or not there is a Post Office or non-LINK ATM within 1km. However, Low Volume Premiums are not payable if an ATM does not have public access.

LINK reviews usage levels at eligible Protected ATMs annually (in March) based on the previous twelve months' transactions and adjusts the premiums paid accordingly. However, where it has become apparent that withdrawal volumes have changed significantly and where a change to the level of premium being paid is thought to be appropriate, the Low Volume Premium for a Protected ATM may be adjusted before the next annual review, at LINK's discretion.

LINK views Low Volume Premiums as a pragmatic step to address an immediate risk to the free-to-use ATM network. LINK will therefore review the effectiveness of these premiums on a regular basis and considers changes as appropriate.

### **5.3 LINK's Approach to ATM Replacement**

When it has been identified that a Protected ATM has permanently closed, switched to charging for the withdrawal of cash or is scheduled to close, LINK takes the following steps:

#### **5.3.1 Offer of Financial Incentives – Protected ATM Scheduled to Close**

Where an ATM Operator has confirmed to LINK that a Protected ATM is scheduled to close or convert to a pay-to-use ATM, further commercial incentives might be offered to encourage the continued operation of a free-to-use ATM in that location. If the ATM has not yet permanently closed and through discussions with the ATM Operator, economic viability is identified to be the cause of closure (despite Low Volume Premiums being paid where applicable), LINK will offer an additional Protected ATM Premium on a per cash withdrawal basis to supplement the existing Protected Rate of Interchange and any Low Volume Premiums. The size of this premium will depend on the average volume of cash withdrawals at that ATM for the preceding twelve months. The current premiums are detailed in appendix 2.

As outlined above, wherever possible, LINK tries to prevent closure as this is the least disruptive option for the community affected and is also generally the most cost effective. ATM Operators are required to comply with any requirements in the Members' Agreement to notify LINK if any Protected ATM permanently closes or is to be converted to a PTU ATM.

LINK maintains a record of instances where a Member has provided notice of the closure of an ATM, the reason given for the closure and, if a Protected ATM, the premium that was offered to try to prevent closure and a record of whether this was accepted by the ATM Operator.

#### **5.3.2 Offer of Financial Incentives Unsuccessful – Direct Commissioning**

If it becomes apparent that the offer of the Protected ATM Premium is not effective in incentivising ATM Operators to retain a Protected ATM, LINK operates a clearly developed

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mitigation plan as an alternative to Protected ATM Premiums. LINK therefore attempts to directly commission a replacement ATM from an ATM Operator in accordance with the Direct Commissioning Process. This is only progressed when it is confirmed that the ATM has permanently closed or converted to pay to use.

All Members are written to periodically with a list of locations where FTU ATMs are needed and invited to bid for a contract to install and operate them on a site by site or group of ATMs basis. To ensure openness and fairness, all Members, including those that are not currently ATM Operators, receive this communication from LINK, although they are not compelled to respond.

Before LINK invites Members to bid it makes an additional check to see whether the area has been resolved or had a new Post Office in the intervening period. LINK may (at its discretion) also carry out an initial site visit to identify whether there is a potential host site and willing site owner. LINK may also seek to establish an indicative level of rent with the potential retailer or site owner (but with no legally binding commitment on either LINK or the relevant retailer/site owner). Following the additional check and/or any initial site visit, if the location is reported as resolved or not being replaced, it will not be circulated to Members as an ATM qualifying for the Direct Commissioning Process.

Members that are interested in an opportunity to bid for a contract to install and operate FTU ATMs can reply to LINK's invitation to bid for an ATM or group of ATMs (as applicable) with a bid to install and operate that ATM or group of ATMs (as applicable) for a set period, likely to be five years. The bid is the sum payable by LINK to the Member to install and operate a FTU ATM although interchange continues to be paid in addition on a per transaction basis.

LINK recognises that there may be situations where, during the first round bid process described above (**First Round**), it has either received no bids or the bid(s) that have been received do not represent best value in LINK's opinion. In such a case, LINK may, at its sole discretion, invite a further round of bids (**Second Round**) from Members by way of a further invitation to bid for the contract to install and operate the ATMs or group of ATMs (as applicable) which has been subject to the First Round process. The Second Round process will constitute a new and separate bidding process to the First Round, and any bids submitted by Members during the First Round in respect of any ATMs or group of ATMs (as applicable) will cease to be valid on the earlier of the issuance of the invitation to bid in the Second Round to Members in respect of that ATM, or group of ATMs (as applicable) and the Acceptance Period (as defined in the Direct Commissioning Process). All Members are eligible to participate in the Second Round, even if they did not participate in the First Round.

In respect of each of the First Round and, where applicable, the Second Round, provided that bids meet the required standards, the contract to install and operate the ATM or group of ATMs (as applicable) is awarded on the basis of the best value bid. LINK may, at its absolute discretion, not accept any bids in respect of any ATM or group of ATMs which is the subject of a First Round and/or a Second Round.

Basic standards and specifications for the installation are provided to all Members to ensure consistency in scope, functionality and quality, meaning that price is expected to be the main determining factor. Given that the primary objective is to provide a community with free access to cash, detailed ATM type and specification is not considered relevant so long as the ATM is fully compliant with all applicable standards and is able to complete a cash withdrawal and balance enquiry transaction. The detailed obligations of the Member are included in the Direct Commissioning Agreement. LINK reserves the right to modify

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the details of this approach to deliver the best outcome for consumers and the optimal commercial solution for LINK.

Direct commissioning of ATMs is funded by the card issuing Members of LINK.

Once LINK has accepted a bid from a Member in relation to a specific site or sites then that Member is expected to install the free-to-use ATM (acting as an ATM Operator) as soon as practically possible and in accordance with the terms of the Direct Commissioning Agreement. LINK recognises that a number of activities must be completed before an installation such as a site survey, security assessment and potential security upgrades such as lighting or CCTV, potential planning permission and ordering of a comms line, and that these actions may take some time. In these circumstances, the installing Member is required to provide regular progress reports (usually fortnightly) to LINK. LINK expects the majority of directly commissioned ATMs to be live within six months from LINK accepting a bid.

Any ATMs deployed through direct commissioning are not owned or operated by LINK. LINK is not involved in any contract between the ATM Operator and its retailer hosts or suppliers. The ATM Operator must:

- i) provide an ATM that is fully compliant with the standards set by LINK;
- ii) ensure that the ATM provides a consistently high level of service availability for users; and
- iii) submit a monthly performance report to LINK for each directly commissioned ATM.

Full details of direct commissioning, standards and obligations are set out in the Direct Commissioning Agreement between LINK and the ATM Operator and the provisions of this policy are without prejudice to the terms of that agreement which shall in any event prevail in the event of any conflict or inconsistency.

Should another ATM Operator install a free-to-use ATM in the same area during the Direct Commissioning period, that ATM is not immediately eligible for Protected ATM Interchange or Low Volume Premium. LINK still honours its commitment to the Member that has successfully bid under Direct Commissioning if that Member goes on to install a free-to-use publicly accessible ATM within 1km of the previous site in accordance with the relevant Direct Commissioning Agreement with that Member. If the successful Member does not go on to so install an ATM under Direct Commissioning, the ATM installed by the ATM Operator in the same area during the intervening period will become eligible for applicable Protected ATM Interchange and Low Volume Premium. This eligibility will be unaffected if the new ATM location is within 1km of another free-to use ATM, so long as it is still within 1km of the original Protected ATM. The ATM will not be eligible for any payments under Direct Commissioning, as it was not installed by the successful bidder.

### **5.3.3 Direct Commissioning – No Host Site or Willing Site Owner**

If there is no potential host site and/or willing site owner identified by LINK during any initial site visit, or there is no potential host site and/or willing site owner that is acceptable to any participating ATM Operator to host an ATM (despite LINK offering funding via a direct commissioning approach), then a final assessment is undertaken by LINK to understand if there is an access to cash issue within the community caused by the loss of the Protected ATM, and if so, what other options may be available to provide support. At its discretion, LINK may consider alternative actions that it deems appropriate for that location with consideration to the objective of protecting free access to cash. Where any such alternative action is taken, LINK will advise the PSR and consider whether this action should be

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formally brought into this Policy as a standard additional measure. This may result in a decision by LINK not to replace the Protected ATM if there is no viable way of doing so.

In all cases where a Protected ATM location is unresolved through an adequate Post Office substitute, Protected ATM Interchange & Premiums, or Direct Commissioning, the location will remain eligible for Protected ATM Interchange & Low Volume Premium should a qualifying ATM be installed in the future.

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**Appendix 1 – Low Volume Premiums**

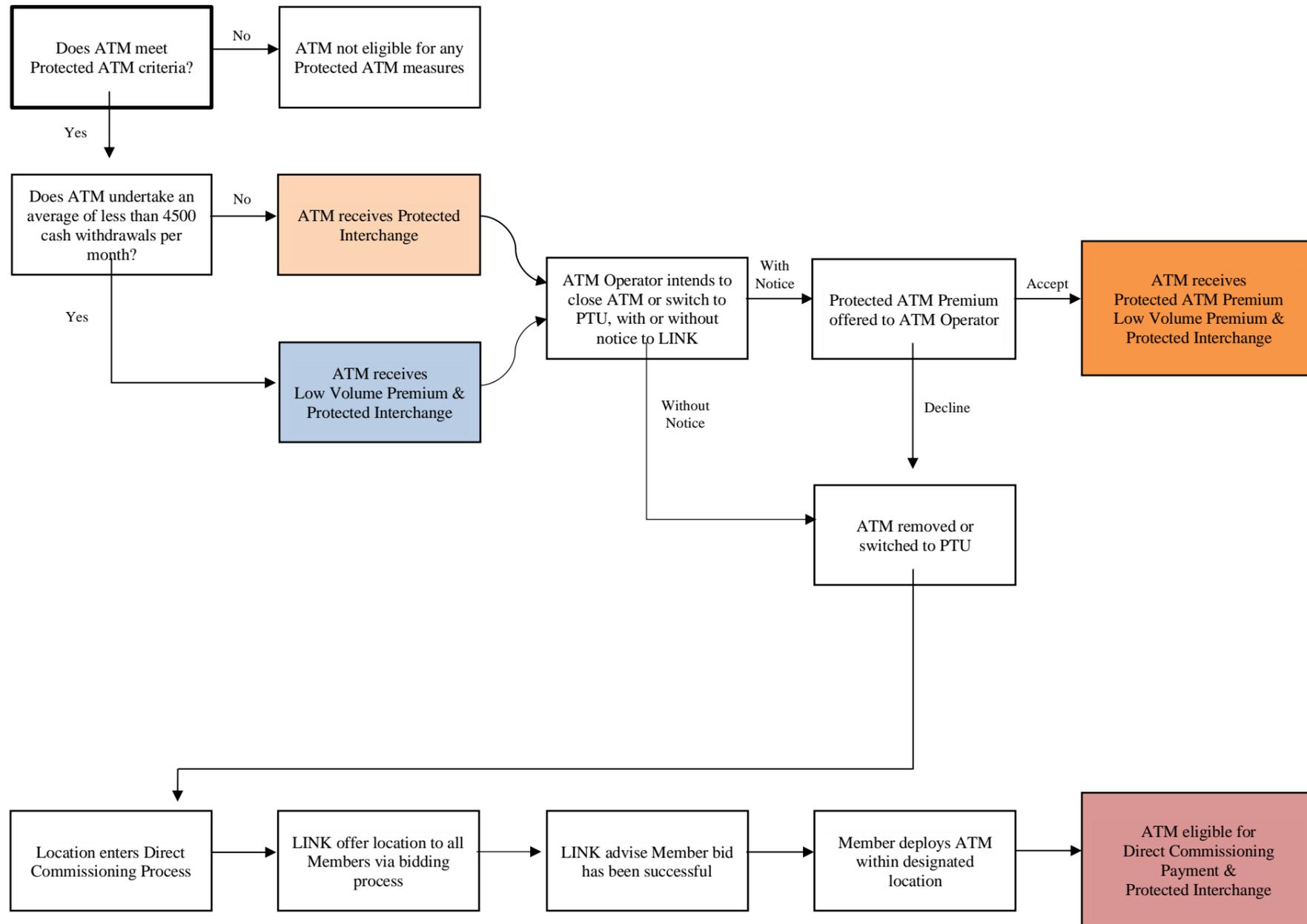
Average Number of Monthly Cash Withdrawals	Enhanced Premium per Cash Withdrawal
0 - 199	£2.75
200 - 399	£0.81
400 - 599	£0.43
600 - 1500	£0.30
1501 - 3000	£0.20
3001 – 4500	£0.10
4501+	£0.00

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**Appendix 2 – Protected ATM Premiums**

Cash withdrawals per month	Protected ATM Premium per cash withdrawal
1-1500	30p
1501-3000	20p
3001-4500	10p
4501+	0p

Appendix 3 - Commercial Incentives for Protected ATMs



**Note:** this is a high level summary representation of the Protected ATM Policy only which has been included for illustrative purposes only. In the event of any conflict or inconsistency between the policy and this appendix, the wording of the policy at all times takes precedence.