

LINK Retail Centre ATM Policy

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1. Retail Centre ATM 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 Financial Inclusion 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. LINK's specific Policy on Financial Inclusion in deprived areas is set out in a separate Financial Inclusion Policy.

As part of the reductions to Interchange fees announced by LINK on 31st 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 in an attempt to ensure 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 in January 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.

These measures are documented within LINK's Protected ATM Policy which sets out LINK's commitments in connection with the Payment Systems Regulator's Specific Direction 8 issued on 19th October 2018.

LINK recognises that, despite the existence of its Financial Inclusion and Protected ATM Policies, there will be some locations which do not qualify under the Policies, but where consumers may not be best served in terms of free access to cash. LINK is seeking to address these consumer needs through this new Retail Centre ATM Policy which represents an additional commitment in respect of free access to cash and covers:

- **Free Access to Cash at Retail Centres**
LINK is aware that there are some retail locations where the free market does not deliver the required result for consumers in terms of ensuring free access to cash. LINK has, therefore, developed a process for identifying relevant retail locations and establishing criteria to determine whether they qualify for the installation of a free-to-use ATM in order to ensure free access to cash. In those situations where the need for a free-to-use ATM is established, LINK will seek the installation and operation of a free-to-use ATM through Direct Commissioning. This will be funded by LINK Issuer Members.
- **Pilot Scheme for Requests by MPs and Councils**
LINK recognises the valuable insight that MPs and local Councils can provide based on their deep understanding of their local area. As LINK does periodically

receive requests from MPs and Councils for the installation of a free-to-use ATM in locations that do not meet LINK's criteria for Financial Inclusion, Protected ATMs, or Retail Centres, it intends to launch a pilot scheme to consider such requests and to identify whether there is a free access to cash issue. Under this pilot scheme, where LINK concludes that there is such an issue which it wishes to address, it will look to employ Direct Commissioning for the installation and operation of a free-to-use ATM in that location. LINK will then seek to evaluate the outcome of this ATM's installation

This Retail Centre ATM Policy document sets out LINK's Access to Cash Commitment relating to Retail Centres and the pilot scheme for requests from MPs and Councils. This Retail Centre ATM Policy is separate to and in addition to the Financial Inclusion Policy and Protected ATM Policy which remain unchanged.

2. Key Definitions

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 means the process of inviting Members to bid to install ATMs in specific locations.

Financial Inclusion Programme 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. Further information can be found in the Financial Inclusion Policy.

Issuing Member means a LINK Member that issues cards.

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. Further information can be found in the Protected ATM Policy.

Relevant Retailers means shops and non-retail services, such as:

- All convenience retailers (including bakers, grocers, butchers etc – but excluding cash & carry)
- All clothing and footwear retailers
- Department/Catalogue Stores, Stationery & Card Shops, Florists, Gift Shops, Pawnbrokers & Second-hand Shops, Discount/Charity Stores
- Chemists, Beauty Salons, Hairdressers
- Launderettes & Dry Cleaning, Shoe Repairs/Key Cutting, Bookmakers
- All eating and drinking outlets *except* Restaurants

Retail Centre means a group of shops and/or non-retail services that contains 5 or more Relevant Retailers.

Retail Centre Mid-Point means the weighted centre of the retail centre and the point that best reflects the true heart of a retail centre, based upon where the majority of retailers are located. This is particularly important in centres with a large physical area.

3. Free Access to Cash at Retail Centres

3.1 Overview

LINK has identified a set of objective criteria to be applied in order to identify those locations, that might qualify for assistance in order to ensure free access to cash. If LINK determines that any of these locations does not have free access to cash provision as set out below, it will seek the installation of a free-to-use ATM under Direct Commissioning. The Direct Commissioning process is the same as that followed to replace Protected ATMs and described in the Protected ATM Policy.

3.2 Criteria

To qualify for free access to cash under this commitment, a retail centre must contain a grouping of five or more Relevant Retailers.

A location will be considered to have free access to cash provision, if there is either a free-to-use ATM or a Post Office within 1km as the crow flies of the Retail Centre Mid Point, which will also be identified on the basis of objective criteria.

The 1km criterion 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. It is also used in the Protected ATM Policy. 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 distance. However, it is acknowledged that in certain circumstances "as the crow flies" does not 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 Councils) 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 is consistent and aligned with the Financial Inclusion and Protected ATM Policies.

3.3 Process

LINK has identified all locations qualifying as Retail Centres within the UK and will update this list of qualifying Retail Centres on an annual basis.

LINK will review the free-to-use ATM provision and Post Office locations against the list of qualifying Retail Centres. For those Retail Centres where LINK establishes that there is an absence of free access to cash provision via either a free-to-use ATM or a Post Office, LINK will seek the installation of a free-to-use ATM via Direct Commissioning in order to address this consumer need. This assessment will be refreshed on a periodic basis and at least once per year.

4. Pilot Scheme for Requests by MPs & Councils

As a result of requests received from time to time from MPs and Local Councils, LINK is aware that there is potentially a limited number of locations, where, as a result of their particular circumstances, there may be access to cash issues, but where other commitments do not apply. LINK recognises the valuable insight that MPs and Local Councils can provide based on their deep understanding of their local area. As a result, MPs and Councils are well placed to identify those locations which do not meet the objective eligibility criteria of Protected ATMs, Financial Inclusion or Retail Centres, but where an access to cash issue may exist.

This assessment is supported by Recommendation 1 of the Access to Cash Review Final Report which states: *“Local councils should be enabled to ‘bid’ to this body for local cash access and deposit facilities where they believe that their community needs services and meets the terms of the guarantee.”*

The Protected ATM Policy and Financial Inclusion Policies allow LINK to apply discretion in addressing locations where there could be a potential access to cash issue, by either applying the 1km rule flexibly (Protected ATM Policy) or subsidising a free-to-use ATM that makes a significant contribution to achieving financial inclusion (Financial Inclusion Policy). LINK will run a pilot scheme in relation to locations where it has received requests from MPs and/or Local Councils for a free-to-use ATM to be installed as a result of particular access to cash issues being raised. The pilot scheme will be based on a detailed assessment of those sites already notified to LINK by an MP and/or Local Council as having a potential access to cash issue. LINK has assessed all such sites notified to it in the 18 months up to August 2019. Based on that assessment, LINK anticipates bringing five sites into the trial, as this is the number of locations with evidence of a potential access to cash issue that have not been addressed by other commitments. Having completed the initial assessment, LINK will conduct a further detailed assessment of each of the five potential locations and determine whether to seek the installation and operation of a free-to-use ATM through Direct Commissioning. The pilot scheme will take place and be assessed during 2020.

Through this pilot scheme, LINK will gain further understanding of the different circumstances which can arise and which require access to cash issues to be addressed. LINK will also evaluate the usage of the new ATMs installed. On the basis of the pilot, LINK will then consider what further extension, if any, to its commitments to access to cash is appropriate.