

# **LINK Retail Centre ATM Policy**

**Version 3.0 (effective from 6<sup>th</sup> September 2021)**

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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 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 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 19<sup>th</sup> 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 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.

This Retail Centre ATM Policy is separate to and in addition to the Deprived ATM Policy, Protected ATM Policy and Community Request Policy, which remain unchanged.

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## 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

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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 a regular basis, no less frequently than every year.

LINK will review the free-to-use ATM provision and Post Office locations against the list of qualifying Retail Centres.

LINK will consider any community request which relates to a retail centre which does not have free access to cash under the terms of this policy. If LINK chooses to install an ATM

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in such a location, the site will be recorded as a Retail Centre primarily, though still recorded under the Community Request Policy as well.

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 visit the area to consider whether it can install a free-to-use ATM via Direct Commissioning in order to address this consumer need. LINK may choose not to install a free-to-use ATM under that process where there is no evident community detriment, as per the definition of the Protected ATM Policy. This may include areas which are not accessible to the general public, or retail centres which require customers to visit by car and therefore have less need for free access to cash.

### **3.4 Reporting Requirements**

LINK will maintain a list of qualifying retail centres, and their status of cash access. It will maintain a record of those it has considered under this Policy, and the action taken as a result.