



## Introduction

1. [Specific Direction 12 \(SD12\)](#) from the Payment Systems Regulator (PSR) came into force on 3<sup>rd</sup> March 2022.
2. Section 8(4) of SD12 requires LINK to produce a report every 12 months outlining the considerations being given to enhancing the resilience of LINK's ATM Replacement Procedure, and a timeframe which specifies when these considerations will be implemented:  
*“The operator of LINK must provide the PSR with a report every 12 months which outlines the considerations given to enhancing resilience of the ATM Replacement Procedure, and a timeframe which specifies when these considerations will be implemented.”*
3. To-date, LINK has complied with the requirements of Section 8(4) of SD12 by the provision of regular verbal and written reports to the PSR on its approach to managing reliance since SD12 came into force. These reports included updates on the possible development of a Provider of Last Resort (**POLR**). However, the LINK Board now wishes also to summarise the position in a single written report on an annual basis. This report is the first such annual summary. LINK intends to provide similar annual updates for as long as is required by the PSR.

## Summary

4. LINK has operated a Financial Inclusion Programme since 2006. This has been developed over time to include new commitments to protect access to cash, including the Protected ATM Policy which is regulated by the PSR through SD12.
5. As part of LINK's approach to deliver on these commitments and to ensure free access to cash where it is needed, LINK uses a mechanism known as **Direct Commissioning**. Direct Commissioning enables LINK to incentivise the deployment of free-to-use ATMs through a tender process. Under Direct Commissioning, LINK Members can bid for contracts with LINK to install and operate a free-to-use ATM for typically a five-year period at a location determined by LINK. In exchange, the successful bidder is paid the value of its bid in instalments over the term in addition to interchange at the prevailing rate.
6. LINK carefully monitors the Direct Commissioning approach as this is the procedure through which it replaces ATMs. Direct Commissioning relies on effective participation in the underlying competitive process from the LINK membership. As the deployer market consolidates, this may become increasingly at risk. LINK considers that at some point a POLR (i.e. a back-up entity or process which would implement ATMs if Direct Commissioning fails) may need to be established to improve the resilience of Direct Commissioning. However, at present the LINK Board is satisfied that the Direct Commissioning process remains effective and that a POLR is not yet required. The detailed analysis supporting this conclusion has been provided to the PSR but is commercially sensitive so has not been published.
7. LINK believes it is prudent to explore the development of a POLR and notes that a POLR could be delivered by either LINK or Cash Access UK (**CAUK**). LINK plans to investigate POLR options with CAUK over the next year and will report progress to the PSR in next year's report.

**-ENDS-**