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### First Review of Specific Direction 12: Call for Views

#### LINK's response to the Payment Systems Regulator's call for views on the First Review of Specific Direction 12 in March 2023

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Contact: John Howells, LINK CEO  
e-mail: [jhowells@link.co.uk](mailto:jhowells@link.co.uk)  
Mobile: 07974 326 390  
Web: [www.link.co.uk](http://www.link.co.uk)

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### Executive Summary

1. Throughout the period that Specific Direction 8 (SD8) and Specific Direction 12 (SD12) have been in force, LINK's commitments have worked well for consumers and have protected free access to cash including throughout the coronavirus crisis. The PSR's general support and engagement over the period has been helpful in achieving this.
2. While SD12 does not directly affect LINK's commitments, it does provide a focus for the PSR's engagement with LINK. It also provides some clarity for LINK's membership on the PSR's priorities. LINK's membership can find it easier to meet funding calls if they are aligned to a regulatory requirement contained in a Specific Direction.
3. Given the Government's intention to legislate to support cash through the Financial Services and Markets Bill, LINK believes that this could be an appropriate point to retire SD12.

### About LINK

4. LINK Scheme Holdings Ltd (LINK) manages the UK's main cash dispenser (ATM) network and is a central part of the UK's cash infrastructure.
5. LINK's network connects the vast majority of ATMs (both free and charging) in the country, and allows customers of banks and building societies (card issuers) who are LINK Members to make cash withdrawals and balance enquiries with their payment card at almost every ATM. All major card issuers and ATM operators currently choose to become Members of LINK. This helps ensure that consumers in the UK have the choice of accessing cash should they wish to.
6. Cash continues to be in long-term decline in the UK. LINK ATM transactions are down 3% compared to the same period last year and 38% down on pre-pandemic levels. LINK has continued to manage the network through that long-term decline and remains committed to protecting free access to cash for as long as it is needed.
7. The LINK network is based on a highly resilient real-time high-volume infrastructure, currently supplied by Vocalink. LINK is the network operator, and the systemic risk manager.
8. LINK is regulated by the PSR and the Bank of England and values a collaborative and strategic relationship with both. One effect of the Financial Services and Markets Bill,

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should it become law, will be that LINK will also be regulated by the Financial Conduct Authority.

### **LINK's General Feedback to the PSR on Specific Direction 12**

9. Since the introduction of SD8 (then followed by SD12), LINK has reported to the PSR formally on a monthly basis on the various requirements.
10. At each review of SD8, the PSR concluded that LINK's delivery of its commitments to preserve access to cash had been effective.
11. While LINK has set its own commitments including those relating to reporting on a voluntary basis, the PSR's general support and engagement over the period has been helpful in achieving this.
12. SD12 also provides some clarity for LINK's membership on the PSR's priorities. LINK's membership can find it easier to meet funding calls if they are aligned to a regulatory requirement contained in a Specific Direction.

### **Question 1: How effective SD12 has been in ensuring appropriate policies and measures are in place to support the maintenance of a broad geographic spread of the FTU ATM LINK network in the UK and meet service-user needs.**

13. LINK's commitments have worked effectively for consumers by maintaining the broad geographic spread of the free-to-use cash network and LINK has met all the requirements contained within SD12. However, given that LINK sets its commitments itself on a voluntary basis and without direction from the PSR, SD12 has itself had no direct impact on LINK's commitments or on protecting free-to-use ATMs.
14. LINK publishes a monthly "Footprint Report" that tracks the Protected ATM network and, at the time of writing, there are 18 areas where LINK is actively seeking a replacement for a closed Protected ATM, out of a network of over 3,300 Protected locations. Over 100 closed Protected ATM locations have been resolved, either through the free market or through LINK action (either Direct Commissioning or the offer of Premiums). It is reasonable to assume that many of those communities where LINK's activity has secured a replacement ATM would not have free cash access today were it not for LINK's work.
15. LINK remains committed to the geographic spread of the free access to cash network and will continue to implement Policies to protect it for as long as it is needed.

### **Question 2: How well the requirements under SD12 have worked in practice in relation to maintaining and replacing Protected ATMs.**

16. The most important consideration is that, over the period that SD8 and SD12 have been in force, LINK's commitments have worked well for consumers and have protected free access to cash, including throughout the coronavirus crisis. The PSR's general support and engagement has been helpful in achieving this.
17. However, as noted above, given that LINK sets its commitments on a voluntary basis and without regulatory direction, the requirements under SD12 have no direct impact on LINK's work to maintain and replace Protected ATMs.

### **Question 3: Whether the monitoring requirements under section 8 of SD12 have led to sufficient transparency, if any of it is superfluous, or if any further aspects require monitoring.**

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18. LINK considers transparency to be important and publishes a “Footprint Report” monthly that meets the requirements of SD12. However, LINK publishes this material on a voluntary basis and would do so regardless of whether SD12 existed or not.
19. Given there are very limited requests for further information, LINK concludes that sufficient transparency is being provided. LINK also notes that, due to the competitive nature of Direct Commissioning, there is some data such as that relating to bids that is commercially sensitive and cannot be made public.

**Question 4: Whether SD12 should remain in place, given some of the wider initiatives that have been introduced. These include, among others, the [Financial Services and Markets Bill](#).**

20. LINK’s voluntary commitments have ensured continued satisfactory free access to cash. LINK will continue to deliver on the commitments it has made for as long as consumers need them.
21. Given the Government’s intention to legislate to support cash through the Financial Services and Markets Bill, LINK’s view is that this could be an appropriate point to retire SD12.

**-ENDS-**