

PROTECTING ACCESS TO CASH

LINK ANNUAL REPORT 2023/2024



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Company Number 10535808

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**Designed on behalf
of LINK by:**
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LINK AT A GLANCE

LINK's Strategic Plan

In early 2020 LINK set out its plan for how LINK would manage the steady fall in consumers' cash usage in a way that ensures a smooth transition from cash to digital payments. Since then we have had the coronavirus crisis, a cost-of-living crisis, inflation and high interest rates, but despite the initial drop in cash and ATM use in 2020, cash use is now very close to where we would have expected it to be. Despite all these challenges the fundamentals remain, cash use is steadily declining, but it is still vital to some, valued by many and LINK's objectives remain the same.

The LINK Strategic Plan, updated in early 2023 to cover the period until end-2024, is built around objectives that address the challenges that LINK faces. Delivering access to cash for UK consumers for as long as they need it is the focus of the access to cash objective. Maintaining confidence in the LINK Payment System is the focus of the operational resilience and risk management objectives. Retaining the support of LINK's Members, without which LINK cannot exist, is the focus of the membership objective.

LINK's key objectives

- 1 Deliver satisfactory consumer access to cash in the UK
- 2 Ensure effective operational resilience of the LINK payment system
- 3 Ensure effective systemic risk management of the LINK payment system
- 4 Sustain a viable LINK membership


To support these objectives LINK, as a regulated systemic risk manager, has an extensive and sophisticated risk management approach that is subject to direct and detailed scrutiny by the Bank of England.

LINK is also regulated by the Payment Systems Regulator for optimal approaches to competition, innovation, and service users' interests and as specified in the 2023 Financial Services and Markets Act, LINK comes under the remit of the Financial Conduct Authority in respect of access to cash.

Finally, LINK must have the resources, financial and human, to meet its objectives. LINK regularly stress tests its resource plan and is satisfied it can meet its future requirements under a wide range of scenarios.

LINK in numbers

The LINK Scheme is the national ATM network that connects virtually all the UK's ATMs. LINK's role is to provide UK consumers with universal access to cash in a safe, convenient and rapid manner.

 **47,000**
ATMs

 **32**
Members

 **100M+**
UK issued cards

 **30M**
average unique cards
used each month

In 2023

£81BN
withdrawn

1.5BN
transactions

975M
cash withdrawals

PROTECTING ACCESS TO CASH

“...LINK's research shows that, while most consumers are increasingly happy to use cards or phones for their day-to-day payments, they also want cash to continue as an option for payments.”

Sir Mark Boleat
Chair

PROTECTING ACCESS TO CASH



Chair's message

Sir Mark Boleat

Cash usage in the UK continues its long-term decline as consumers increasingly move to digital payments.

Recent years have seen huge swings in ATM use but now ATM and cash use is very close to where it was forecast to be before COVID19. In 2024 we expect ATM transactions to be almost half of what they were in 2019 and that there will be a 7% reduction on 2023.

LINK expects the structural decline in cash use that we were seeing before the pandemic to continue for the next five to ten years at least. However, LINK's research shows that, while most consumers are increasingly happy to use cards or phones for their day-to-day payments, they also want cash to continue as an option for payments. And at least five million consumers are still dependent on cash. This will put great pressure on the commercial providers of the cash infrastructure, including ATMs.

LINK has had an increasing level of political engagement in recent years and we welcome this focus on our work. LINK is looking forward to working with the new government to deliver on its core function, maintaining consumers' access to cash.

The Financial Services and Markets Act 2023 was a milestone in protecting cash access. LINK will be key to delivering its objectives, ensuring card issuers can meet their legislative responsibilities and ensuring the widespread provision of free-to-use cash infrastructure. I welcome the Treasury's Policy Statement and LINK's Designation under the Act which sets the framework for securing cash access for many years to come. With the Financial Conduct Authority (FCA) as LINK's lead regulator in this area, LINK will uniquely be overseen by the FCA, the Bank of England and the Payment Systems Regulator. LINK's role, ensuring the widespread availability of cash through facilities such as ATMs, cashback without purchase, the shared banking hubs and the new "super ATM" deposit facilities, will ensure that every community across the UK is guaranteed good, free access to cash including the ability to make deposits.

LINK works closely with the FCA and continues to be fully engaged with communities across the UK to protect cash access, with the support of our bank, building society and deployer Network Members. We also partner closely with the industry's infrastructure company Cash Access UK to deliver shared services like banking hubs.



LINK is also working closely with its infrastructure provider Vocalink, part of the Mastercard Group, on ensuring the continued effective operation of the network. Infrastructure is useful only if it is operationally reliable and safe to use. Both LINK and Vocalink remain very conscious that, as a key national infrastructure, the ATM network is always at risk from physical threats but also from malicious intentions including a cyberattack, not only from criminal but potentially state-sponsored actors. Maintaining an exceptional level of operational resilience for the LINK network and continuing the very high levels of consumer safety when using ATMs are absolute priorities for LINK.

I would like to thank my Board colleagues for their continued commitment and support. LINK and cash access is an area of rapid change and rightly of high consumer and political interest. This creates a challenging, but also rewarding, environment for the Board and staff.

I would also therefore like to pay tribute to all the LINK staff whose dedication and focus continues to be unrelenting as we move ahead after a time of significant change for the organisation. Cash availability is taken for granted by so many and the professionalism of the LINK Board and staff has been key to achieving that.

Mark Boleat

RESILIENT CASH ACCESS FOR ALL

“Ensuring consumers can continue to access their cash, in the face of an overall decline in cash use and increasing commercial pressures on the industry, is LINK’s key objective...”

John Howells
Chief Executive Officer

RESILIENT CASH ACCESS FOR ALL



Chief Executive's report

John Howells

LINK processes an average of 4 million cash withdrawals and balance enquiries every day and ATMs account for around 90% of cash acquisition in the UK.

Ensuring that the network runs safely and is easily available to all consumers remains our top priority. Cash is still a vital means of payment for millions of consumers, and LINK's own research shows that over 70% have used cash in the previous two weeks. Consumers value cash for its speed, simplicity, reliability, convenience and privacy. Most people still don't leave home without it, or make sure they keep a stash at home, even if it's "just for emergencies". Despite more and more consumers moving to digital payments, cash remains an extremely popular payment option for most people and is still vital for a significant minority.

Ensuring consumers can continue to access their cash, in the face of an overall decline in cash use and increasing commercial pressures on the industry, is LINK's key objective and the absolute focus of LINK's Board, Senior Management Team and staff. Overall ATM coverage remains excellent, with LINK's network of over 46,000 covering the same footprint as it did back in 2018 when ATM use was almost double what it is now. This is despite there being around 35% fewer free-to-use ATMs. This requires careful analysis and planning and, if necessary, support through LINK's Financial Inclusion Programme to ensure ATMs are in the right places and consumers can still get the cash they need.

LINK's other key objective is operational resilience, ensuring that its secure, high volume, 24/7 payments network is available at all times. The sophisticated technology that underpins LINK, and the high performance of the 32 banks and ATM deployers that make up the membership, has ensured that these stringent targets have been met consistently over the last year. This is not achieved by accident. A huge amount of planning, coordination and effort is needed. I am very grateful to LINK's Members who continue to make this possible.

I am also immensely proud of how LINK's staff have continued to deliver outstanding work. New colleagues, functions and processes have been integrated into a core-team of highly experienced ATM and payments experts to cement LINK's role as key part of the UK's payment infrastructure. I would like to thank each and every one of them for their professionalism and energy.

The relentless focus on financial inclusion, the vital role for LINK in helping to minimise the impact of branch closures on access to cash, and an ever more important focus on risk and resilience has meant that the LINK team is subject to ever more regulatory and indeed public scrutiny.

LINK continues to operate an effective flexible hybrid working model, supported by new technology and employment practices to retain and attract staff and ensure that we can deliver for consumers regardless of challenges ahead. LINK aims to be an exemplary employer, offering rewarding careers rich with development opportunities and with a positive and diverse working environment for all staff, whether they are office-based in North Yorkshire or home-based, right across the UK.

The focus of the LINK team on maintaining access to cash requires close working with key suppliers, in particular its infrastructure provider Vocalink, part of the Mastercard Group. LINK's very high level of operational resilience across the ATM network and our close partnership with Vocalink is core to this. The LINK team is determined to defend the network for as long as is needed and looks forward to continuing to work with industry, regulators and Government to deliver free access to cash across the UK.



CASH AND ATM FORECASTS

“Therefore, consumers using less cash, visiting ATMs less often, but taking out more cash when they do is the post-pandemic pattern.”

Graham Mott
Director of Strategy, LINK



Graham Mott
Director of Strategy, LINK

LINK's cash and ATM transaction forecasts remain consistent and in fact are very similar to those made before the pandemic. This perhaps highlights how even events which appear transformational at the time can sometimes only result in short term change to the longer term underlying macro-trend of a gradual, but inexorable, decline in cash use.

Cash use

While forecasts for consumers' use of cash into the 2030s in successive UK Finance reports move slightly up or down from year to year, this is largely due to changes in the short term which move the starting position, rather than any change in the trajectory. Currently these suggest that by 2033 there will be around 3.4 billion consumer cash payments, just over half what they were in 2023, and they will account for around 6% of consumer payments, compared to 14% in 2023. This also suggests that, while the rate of decline in cash usage will slow, even in 2033 there will still be a 5% year-on-year reduction in cash usage and that and a "floor" in cash use will not have been reached.

CASH AND ATM FORECASTS

ATM use

ATMs continue to dominate consumers’ cash acquisition, accounting for 91% by volume and 89% by value of all cash acquisition in 2023. This means that in the absence of any new technical innovation such as a new widely accepted person-to-person payment app, or some other transformational event, ATM transactions in 2033 will be 45% down on 2023’s and 75% down on what they were a decade ago. However, this also means there will still be significant demand for cash and over 800m ATM transactions a year.

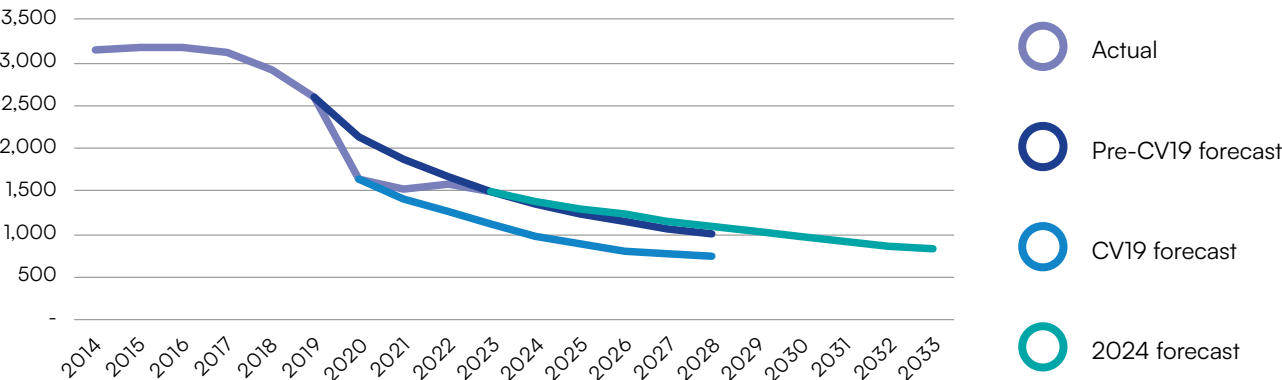
There are some variable factors at play when forecasting total ATM transactions which should not be forgotten, especially over a 10-year time horizon. Firstly, around 30% of total transactions are still balance enquires, which is not insignificant. While this ratio has remained broadly the same for many years, a collapse in balance enquiries, for example if consumers moved wholesale to some other channel, would have a significant effect on total ATM transactions.

Another potential variable is the average value of each cash withdrawal. Since the pandemic, the average withdrawal value has increased from £67 to £84 today. If this trend continues, then it is possible at least some consumers will be visiting ATMs less but still satisfying the forecast demand for cash payments that LINK is using as a guide. This could reduce the number of transactions further, even if the actual value of cash being dispensed and used by consumers remained as forecast.

LINK ATM TRANSACTIONS
ACTUAL AND FORECAST (M)

	Actual	Forecast pre-pandemic	Forecast during COVID pandemic	2024 Forecast
2014	3,150			
2015	3,163			
2016	3,171			
2017	3,105			
2018	2,918			
2019	2,608	2,608		
2020	1,643	2,133	1,643	
2021	1,522	1,876	1,419	
2022	1,587	1,669	1,273	
2023	1,492	1,494	1,114	1,492
2024		1,354	987	1,390
2025		1,241	885	1,293
2026		1,147	814	1,224
2027		1,070	765	1,157
2028		1,005	734	1,090
2029				1,027
2030				969
2031				916
2032				868
2033				824

LINK ATM TRANSACTIONS ACTUAL AND FORECAST (M£)



CASH AND ATM FORECASTS

ATM numbers

Protecting consumers' access to ATMs is vital and perhaps the key long-term objective for LINK and its Board. This will be achieved by maintaining the same broad geographic spread of ATMs that we had in 2018 and by maintaining, or indeed in some instances improving, free access to cash across the UK. However, this doesn't mean that the total number of ATMs should remain the same. There are many areas which have a lot of ATMs and can manage perfectly well with fewer, for example, the multiple ATMs seen outside some supermarkets, banks of ATMs in railway stations or high streets where there still are lots of ATMs clustered together. Some of these redundant ATMs can disappear, but every high street and every suitable community will still have free access to cash, through carefully planned and located ATMs or, for example, a post office counter. This is still happening with 96.5% of the UK population living within 2km of a cash access point and 99.8% living within 5km, figures which have actually slightly improved in the past five years.

The ATM network can be split into two main segments, free-to-use, either in branches or so-called remote sites like supermarkets, convenience stores and railway stations, and pay-to-use which are all remote.

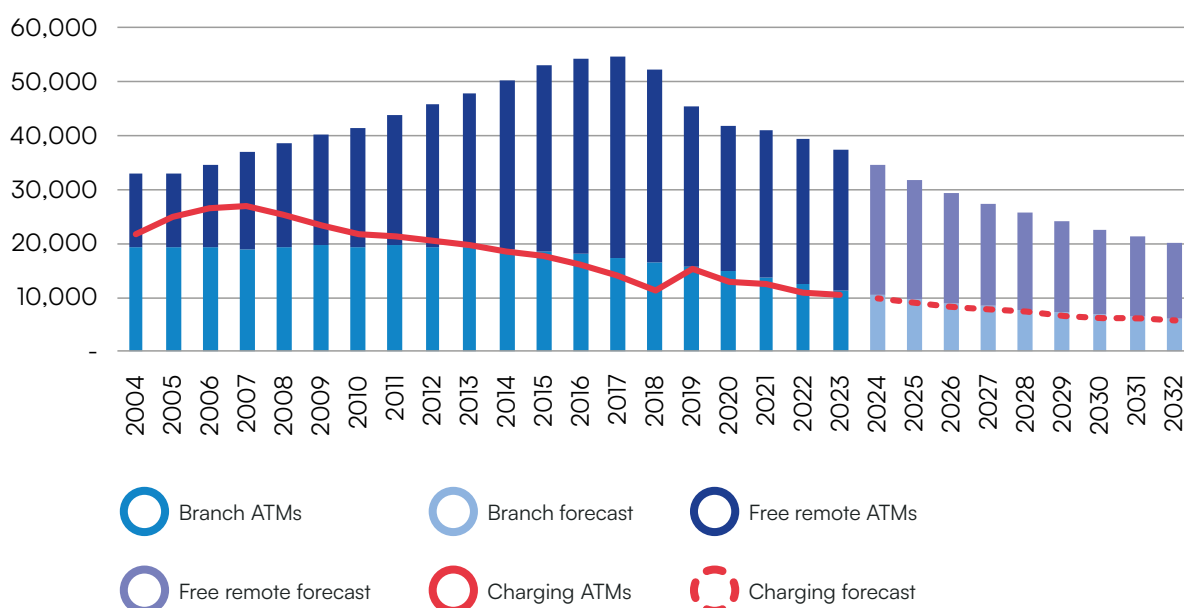
Free ATMs

There are currently around 36,500 free-to-use ATMs in the UK, of which 10,500 are in branches and 26,000 are remote. The total number of free machines has fallen by around 6% in the past year and by 19% since January 2020. LINK is currently forecasting there to be around 20,000 free-to-use ATMs in 2032. This will still be enough to maintain consumer cash access across the UK and LINK will ensure that these ATMs are in the right locations, if necessary by subsidising some machines and even directly managing other ATMs' installation and ongoing management.

Pay to Use ATMs

Excepting a blip in 2019, the number of charging, pay-to-use ATMs has been in steady decline for many years and LINK expects this trend to continue. Consumers' free access to cash remains, and will remain, good. While there may be occasions where people want to pay for cash for convenience or to spend locally (for example an ATM in a pub), the number of locations which don't accept card payments is getting smaller all the time and therefore the number of occasions when consumers need cash and there isn't a free ATM available will be getting less and less. This also affects potential ATM hosts. As they accept less cash, there is less need for a pay-to-use ATM on site and they may not be accepting enough cash to keep the ATM replenished.

ATM NUMBERS





“...LINK will ensure that these ATMs are in the right locations, if necessary by subsidising some machines and even directly managing other ATMs’ installation and ongoing management.”

Graham Mott
Director of Strategy, LINK

LINK BOARD MEMBERS



Sir Mark Boleat
Director and Chair

Sir Mark Boleat is Chair of Link Scheme Holdings Ltd. He is also Chair of the Board of the International Business and Diplomatic Exchange. He has previously been the Chair of the City of London's Policy and Resources Committee, and in this capacity was also Deputy Chair of TheCityUK (the promotional body for the UK finance industry) and the International Regulatory Strategy Group, a Vice Chair of London Councils and a Board Member of London and Partners. He has also chaired the Housing and Finance Institute and the Board of Governors of the City of London Academy Highbury Grove. Mark was awarded a knighthood for services to the financial services industry and local government in London in June 2017.



John Howells
Director
and Chief Executive Officer

John is CEO of Link Scheme Holdings Ltd and an Executive Director. He is also a Commissioner for the Financial Inclusion Commission, and a Non-Executive Director and Chair of the Risk Committee for MedCo, the medical report system. Prior to LINK, John held a number of senior roles with Gemini Consulting and Capgemini. His early career was with Lloyds Bank.



The Rt. Hon. the Lord Hunt of Wirral MBE (David Hunt)
Senior Non-Executive Director
and Chair of the Remuneration
and Nominations Committee

Lord Hunt is Chair of the Financial Services Division of the international commercial law firm DAC Beachcroft LLP. David Hunt has been a parliamentarian for over 40 years, first as MP for Wirral, then Wirral West, from 1976-1997. He was a Minister in successive Governments for 16 years and a member of the Cabinets of both Margaret Thatcher and John Major. He became a life peer in 1997.



Chris Davis
Director

In addition to his role at LINK, Chris is Managing Director of Ireland and Senior Partner Bank of Ireland at Kyndryl and Chairman of Deal Value Creation Partners. He has over 30 years banking and financial services experience and is a Certified Bank Director and is Senior Management Functions accredited.



LINK BOARD MEMBERS



John Gill
Director and Chair of the
Risk Committee

John is also a Non-Executive Director and Chair of the Audit and Risk Committee for Quilter Investment Platform Limited and Quilter Life & Pensions Limited.



Tracey Graham
Director and Chair of the
LINK Consumer Council

Tracey is also a Non-Executive Director of Close Brothers plc, discoverIE plc (Senior Independent Director) Nationwide Building Society (Senior Independent Director).



Bill Raynal
Director

Bill is an experienced banker having spent over 30 years with RBS Group where he was part of the wider Group Executive Team. Latterly, Bill was Chief Operating Officer of YourCash Europe Limited, an independent ATM deployer operating ATMs across Europe.



David Rigney
Director

David has considerable experience as an Executive and Non-Executive Director. He was a main Board Executive Director at Nationwide Building Society and Chairman of BACS. He has also held Non-Executive Director roles in Central Government and in the Energy, Financial Services and Sport sectors.



SENIOR MANAGEMENT TEAM

John Howells

Director and Chief Executive Officer

John is CEO of Link Scheme Holdings Ltd and an Executive Director. He is also a Commissioner for the Financial Inclusion Commission, and a Non- Executive Director and Chair of the Risk Committee for MedCo, the medical report system. Prior to LINK, John held a number of senior roles with Gemini Consulting and Capgemini. His early career was with Lloyds Bank.

Adrian Roberts

Deputy CEO

Adrian is the Deputy CEO at LINK. Prior to joining LINK, he was the Director of the ATM business at Bank of Ireland and before that held various senior executive roles at Nationwide Building Society.

Chris Ashton

Chief Commercial Officer

Chris is responsible for innovation and development of industry structure for LINK. Prior to joining LINK, he was the Senior Manager for the Community Access to Cash Pilots, that successfully created and trialled the Banking Hub model.

Deanne Clifton

Chief Operating Officer

Deanne is responsible for LINK's operational services and performance of its payment system. Prior to joining LINK, she was a Director at EY in its Financial Services practice leading regulatory and technology transformation programmes.

Mike Knight

Finance Director

Mike is a qualified Chartered Accountant and has an extensive business career in both SMEs and large corporates.

Graham Mott

Director of Strategy

Graham is LINK's Strategy Director, responsible for market analysis, industry and Member engagement, PR, cross-industry fraud management and tackling physical ATM crime. He was formerly Head of ATMs at Santander.

Tom Sleight

Chief Risk Officer

Tom heads the Second Line Risk and Compliance function, and is responsible for risk management, regulatory compliance, policy management, third party management, business resilience and data protection (acting as LINK's Data Protection Officer). He is a qualified solicitor with over 20 years' regulatory experience.

Sue Wallace

Chief Scheme Development Officer

Sue is LINK's Chief Scheme Development Officer and has over 40 years' experience of working in payments, having previously held senior roles at Barclaycard and Vocalink and now specialising in scheme governance and development.



PEOPLE AND CULTURE

LINK is passionate about protecting cash access for UK communities, and is proud of its role as a crucial part of the UK's financial infrastructure. LINK's team is made up of motivated and highly skilled people and LINK offers the opportunity to work with a purpose, fair salaries and benefits, and is a living wage employer. LINK is also committed to supporting physical and mental health wellbeing with a private health scheme and volunteer Mental Health First Aiders throughout the organisation.

Work with a purpose

LINK's work has enormous reach. Its network reliably handles millions of transactions and billions of pounds through the UK's cash machines. At the same time, LINK's Financial Inclusion Programme protects free cash access where it is needed. People working at LINK have a direct positive impact on communities up and down the country and make a big difference to anyone who uses cash.

What LINK's people say

“LINK's culture makes employees feel valued both professionally and personally and encourages a good work/life balance with a focus on wellbeing. There is an outstanding level of trust and respect from the management team which is highly motivating.”

Alison

“LINK have provided me with amazing support during my apprenticeship. As an apprentice, I was given a plethora of hands-on experience within projects that helped to bolster the functionality and security for my colleagues at LINK and offered me great experiences.”

Jack



LINK MEMBERS

“Our network welcomes members from across the UK’s financial services industry.”

24hr
cash
withdrawals

Free cash
withdrawals

Free Cash
withdrawals

LINK MEMBERS

LINK currently has 32 Members consisting of banks, building societies, the Post Office and Independent ATM Operators.

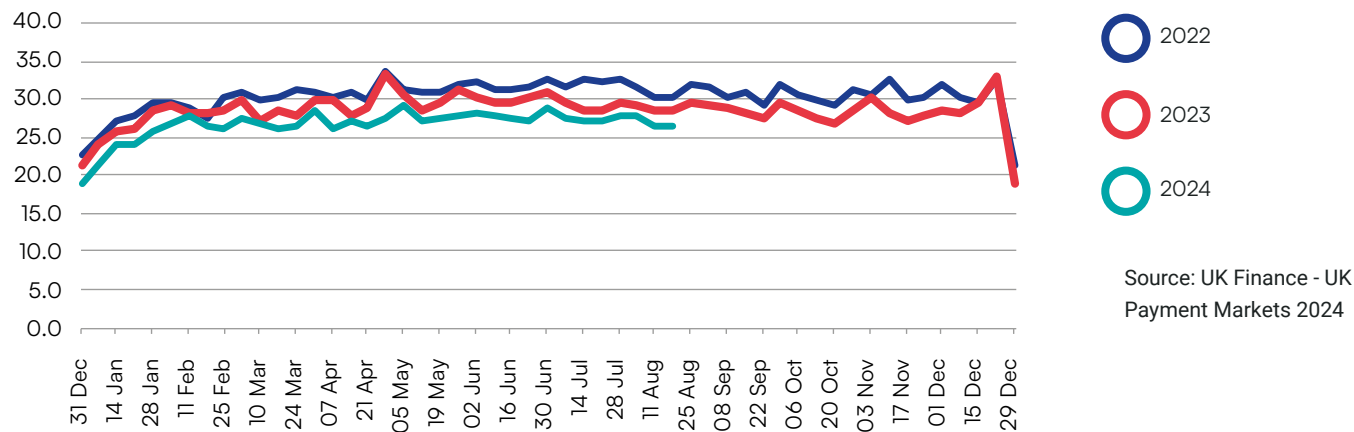
LINK MEMBERS JUNE 2024

	Branch	Remote (Free to Use)	Remote (Pay to Use)	Total
AIB Group	8	5		13
American Express Europe				Card Issuer Only
Bank of Ireland	40			40
Bank of Scotland	306			306
Barclays Bank UK	680	205		885
Barclays International	10	2		12
Cardtronics	1,301	10,093	4,883	16,277
ChangeGroup		332	72	404
Citibank				Card Issuer Only
Clydesdale Bank	117			117
Cooperative Bank				Card Issuer Only
Coventry Building Society	44	5		49
Cumberland Building Society	2			2
G4S Cash Solutions		1		1
Halifax	1,176			1,176
Handelsbanken				Card Issuer Only
HSBC	1,114	4		1,118
Lloyds Bank	1,492			1,492
Metro Bank				Card Issuer Only
Nationwide Building Society	1,261			1,261
NatWest	1,930	3,480		5,410
Northern Bank	75			75
NoteMachine	299	5,045	3,085	8,429
PayPoint		2,175	1,179	3,354
Post Office	43	1,322		1,365
Sainsbury's Bank		1,417		1,417
Santander				Card Issuer Only
Tesco Personal Finance				Card Issuer Only
Travelex		116	191	307
TSB Bank	637			637
Yorkshire Bank	181			181
Yorkshire Building Society				Card Issuer Only
YourCash		1,554	369	1,923
Total	10,716	25,756	9,779	46,251

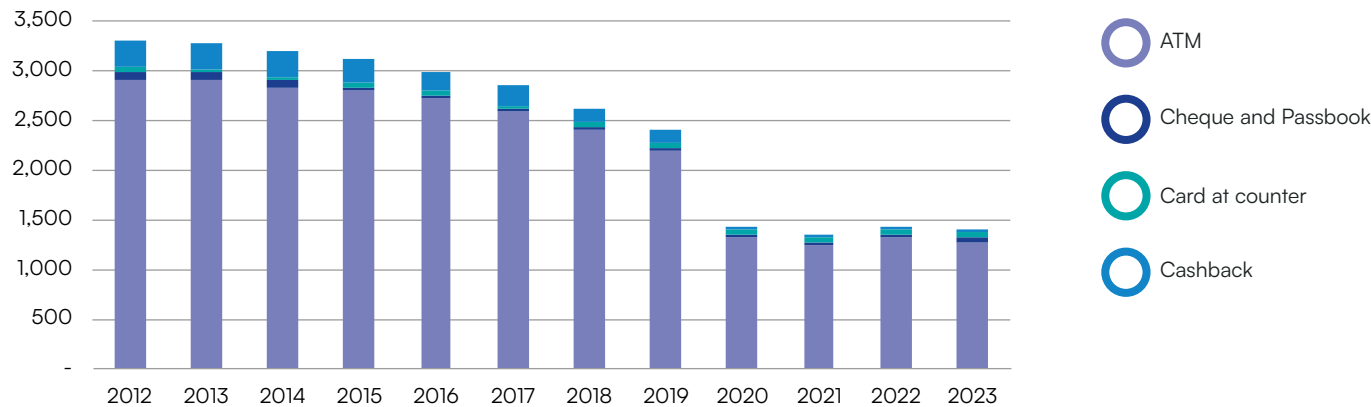
KEY STATISTICS

LINK provides weekly and monthly updates.
See the LINK website
<https://www.link.co.uk/about/statistics-and-trends>

WEEKLY TRANSACTION VOLUMES (M)



TOTAL CASH ACQUISITION VOLUME (M£)



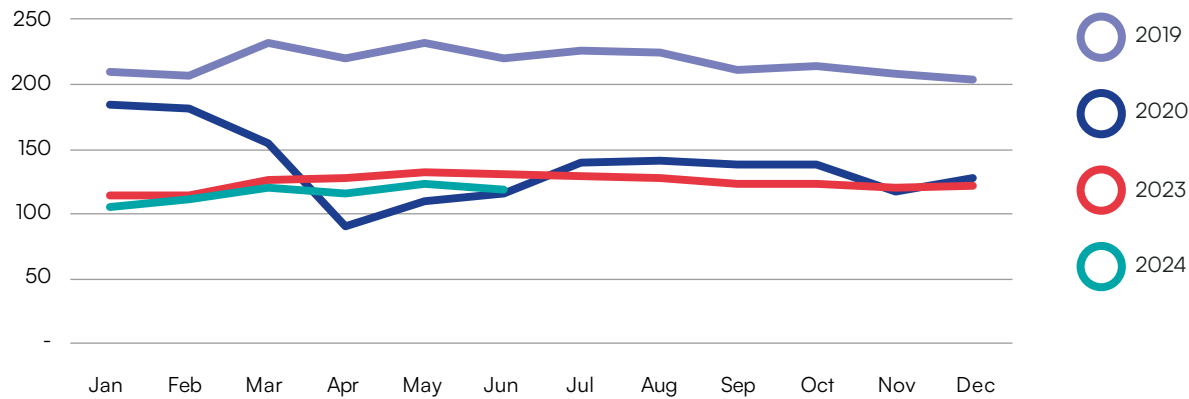
KEY STATISTICS

LINK also regularly posts updates on X and LinkedIn.

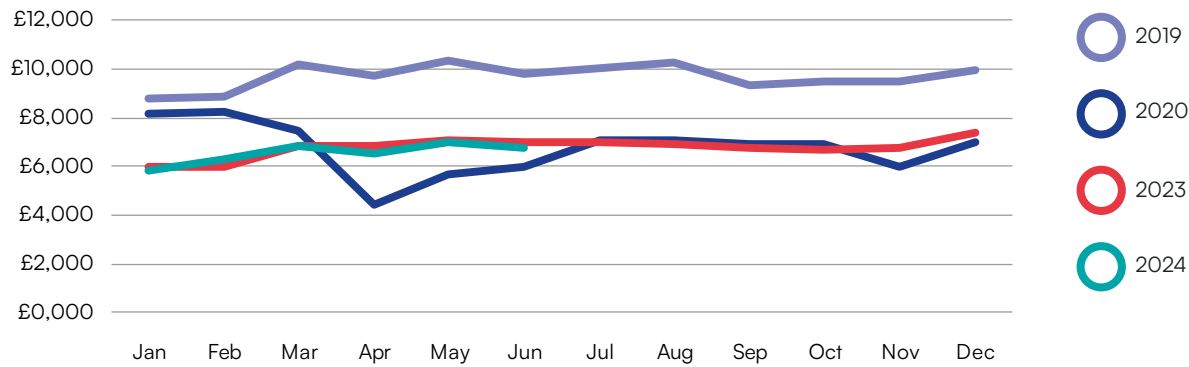
[LINK Scheme@LINK_ATM_Scheme](#)

www.linkedin.com/company/link-atm-scheme

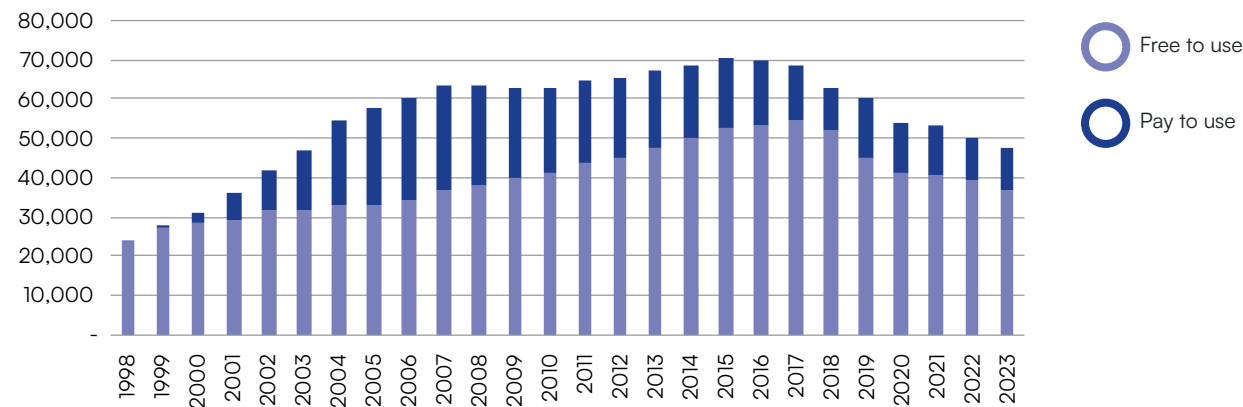
MONTHLY LINK TRANSACTION VOLUMES (M£)



MONTHLY LINK TRANSACTION VALUES (M£)



YEAR-END ATM NUMBERS



CONSUMERS

LINK’s Financial Inclusion Programme

In a world that is becoming dominated by digital payments, LINK’s Financial Inclusion Programme ensures that consumers can continue to access cash for as long as they need it.

99.8%	of high streets have cash access within 1km
£12m+	per month being withdrawn from Directly Commissioned ATMs
£17m	invested in subsidising critical ATMs
2,300	deprived areas with good cash access
3,500	protected ATMs
180+	remote and deprived ATMs directly commissioned by LINK
3,600	ATMs receive a financial inclusion subsidy

Directly Commissioned ATMs are ATMs which LINK funds directly, in areas with previously inadequate levels of free cash access.

Protected ATMs receive an increased transaction fee to ensure that the geographic spread of the network is protected.

As cash use continues to decline, protecting free cash access is increasingly important — particularly for the most vulnerable in society. Five million people still rely on cash every day and many households on low incomes have used it to budget during the cost-of-living crisis. Cash remains valued even by consumers who do not heavily rely on it.

LINK’s Financial Inclusion Programme ensures free access to cash in the most deprived and remote areas of the country. To do that, it subsidises 3,600 ATMs in places where it would not otherwise be profitable to operate them, monitors 8,000 high streets, and speaks to consumers and their elected representatives across the country about their cash access needs.

As the number of ATMs on the high street continues to decline, LINK has ensured that the geographic spread of the network and overall level of coverage has been maintained.

There remains good access to cash across the country, with 99.8% of high streets having free access to cash within 1km. LINK has invested in new ATMs in over 180 locations and almost 5,000 consumers have talked to LINK about cash in their area.





Cash access protected in legislation

LINK has worked with politicians, regulators and other stakeholders across the industry over several years to support appropriate regulatory protections for cash access in legislation. This work culminated in the passage of the Financial Services and Market Act 2023 which achieved Royal Assent in August.

The Act will ensure that cash access is protected for as long as it is needed, enabling a smooth transition to a society dominated by digital payments. LINK welcomes the Financial Conduct Authority's new regulatory powers and is looking forward to working with it to protect consumers over the long-term.

Co-ordinating industry response to bank branch closures

In January 2022, at the request of the High Street banks, LINK took up the role as an independent Coordination body tasked with ensuring that access to cash is retained across the UK.

LINK assesses all communities where bank branches close to ensure that adequate access to cash remains and, where necessary, recommends that a delivery body called Cash Access UK commissions new services such as shared banking hubs. The criteria applied were developed by the Cash Action Group and are now regulated by the FCA. In 2023/24 LINK assessed 595 bank branch closures.

This work has resulted in LINK recommending over 250 new shared services since January 2022, including banking hubs and deposit solutions for areas which no longer have a bank branch. LINK expects a national network of shared banking hubs to be built in the coming years, providing access to cash for as long as it is needed and supporting local high streets to thrive.

£5.5m withdrawn per month from retailers' tills

Since 2021, consumers have been able to access cash through selected retailers' tills. The service, cash at the till, has grown increasingly popular, and now provides over £5.5m a month.

Enabling people to take out small amounts of notes and coins, the service has been particularly valuable in deprived and remote communities, with over 40 cash at the till locations supporting LINK's work in deprived areas. The average amount withdrawn through this service is £24.23, compared to £84.40 from ATMs.

CONSUMER SUPPORT

“There is a huge crossover between people who are digitally excluded and people who still rely on cash.”



CONSUMER SUPPORT

Promoting free access to cash

The cash access network remains strong, but not everyone knows where their nearest free ATM is. Many others don't know about cash at the till or that they can take cash out at their local post office.

LINK's Cash Locator can be downloaded as an app and will show where the most convenient ways to access cash for free are, whether that's at an ATM, post office or cash at the till terminal.

LINK has run advertising campaigns targeting consumers who rely on cash to promote the LINK Cash Locator, reaching millions of people via social media, mailouts and on the radio.

Community request scheme

Anyone concerned about cash access in their area can contact LINK and LINK will assess the current level of services and the needs of the local community. Where the existing services are insufficient, LINK can recommend a banking hub, deposit services or a new ATM.

LINK has funded over 125 ATMs and recommended over 50 banking hubs as a result of community requests.

Since adopting the Coordination Body role for branch closures, LINK has seen increasing numbers of elected representatives getting in touch about cash and banking provision in their area.

50+

Banking hubs as a result of community requests

Consumer Council

The LINK Consumer Council has been acting as the guardian of access to cash since 2006. Comprising industry experts and independent representatives, it provides advice on consumer issues relating to cash and payment preferences and ensures that LINK's work is effective at supporting consumers. The work of the Consumer Council in protecting the interest of consumers is more important than ever, given falls in the overall demand for cash and the number of bank branch closures in recent years.

Digital inclusion

People are voting with their feet and choosing to use digital ways to bank, shopping online, and paying with contactless. But the reality is that digital alternatives don't work for everyone.

There is a huge crossover between people who are digitally excluded and people who still rely on cash, so LINK has piloted digital inclusion projects in Wales, Northern Ireland and Devon. LINK has worked with grassroots community organisations to deliver basic digital skills to people who aren't confident getting online - supporting hundreds of people with data, online safety and simple advice about e-mails, passwords and online shopping.

There needs to be a concerted national effort to make sure everyone can access digital safely, securely and confidently.

New website launched

LINK's new website is a one-stop shop for all things cash. Consumers, businesses and elected representatives will find all the information they need on cash usage, the Cash Locator, LINK's community request scheme and banking hubs, all in a much more accessible consumer-friendly format. [Take a look at www.link.co.uk](https://www.link.co.uk)



Tracey Graham, Chair and LINK Non-Executive Director
Tim Allen, Barclays
Adam Bailey, NatWest
Lady Margaret Bloom CBE
Ross Borkett, Post Office
Sean Breen, Consumer Council Northern Ireland
Christopher Brooks, Age UK
Iain Gibson, Sainsbury's Bank
Paul Maynard MP
Nick Wiles, PayPoint
Sian Williams, Switchback
 Council members during reporting period

MANAGING SYSTEMIC RISK

LINK has a well-developed Three Lines of Defence approach to maintaining operational performance and managing risk.

This comprises a First Line operations function, a Second Line risk management and compliance function, and an independent Third Line internal audit function. The Board Risk Committee supports the Board in risk oversight.

LINK manages risk through an Enterprise Risk Management Framework (ERMF), to ensure the consistent identification and management of risk across the organisation. Acknowledging the importance of maintaining a resilient payment system, the ERMF is supported by a Business Resilience Framework (BRF), which sets the high-level approach to, and expectations for, managing resilience of day-to-day operations. The BRF includes, but is not limited to, operational resilience, business continuity, disaster recovery and third-party risk management.

The systemic management of both risk and resilience ensures that LINK understands and manages risk, identifies potential vulnerabilities of systems and processes, and develops adequate recovery and response plans and strategies should a disruption or unforeseen incident take place.

“LINK manages risk through an Enterprise Risk Management Framework, to ensure the consistent identification and management of risk across the organisation.”



GOVERNANCE AND REGULATION

As a payment systems operator and Coordination Body, LINK is regulated by the Payment Systems Regulator (PSR), the Bank of England (Bank), and the Financial Conduct Authority (FCA).

The PSR is concerned with ensuring that LINK meets the needs of its service users, and aims to promote competition and innovation. The Bank's focus is on ensuring that LINK manages systemic integrity effectively. The FCA supervises LINK in its role as a Designated Coordination Body for cash access services. All regulators work closely with the LINK Board and management team.

LINK manages its internal governance through a Board, which is comprised of the CEO and a number of independent non-executive directors with a wealth of payments and financial services experience. The Board is supported by three committees - the Risk Committee, Audit Committee, and the Remuneration and Nominations Committee.

LINK Board members

Sir Mark Boleat, Director and Chair
John Howells, Director and Chief Executive Officer
The Rt. Hon. the Lord Hunt of Wirral MBE (David Hunt), Senior Non-Executive Director and Chair of the Remuneration and Nominations Committee
Chris Davis, Director
John Gill, Director and Chair of the Risk Committee
Tracey Graham, Director and Chair of the LINK Consumer Council
Bill Raynal, Director
David Rigney, Director and Chair of the Audit Committee

(See pages 12 and 13 for full biographies)

Audit Committee members

David Rigney (Chair)
 Chris Davis
 John Gill
 Bill Raynal

Remuneration and Nominations Committee members

Lord David Hunt (Chair)
 Sir Mark Boleat
 Tracey Graham
 David Rigney

Risk Committee members

John Gill (Chair)
 Sir Mark Boleat
 Bill Raynal
 David Rigney

Committee members correct for reporting period. Please see website for current committee members.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

LINK is a not-for-profit organisation with a public interest remit. It works closely with the Treasury and its regulators, the Bank of England, the Payment Systems Regulator and the Financial Conduct Authority, to maintain access to cash for UK consumers as long as it is needed.

Having generated a surplus in 2022, LINK utilised part of this amount to reduce overall member fees in 2023, thereby budgeting at a sizeable deficit. In the event, increasing interest rates generated much higher than budgeted interest income on LINK's cash balances and offset the planned operational deficit to the extent that the final loss for the financial year was just £80,425 (2022 profit: £1,897,539). The resulting small reduction in reserves was more than offset by the annual adjustment to capital from Members in accordance with the CPMI-IOSCO Principles for Financial Market Infrastructures, which for 2023 was £1,052,812. The group's total capital and reserves therefore increased to £11,184,563 at 31st December 2023 from £10,212,176 at 31st December 2022, representing a further improvement to the group's financial position and LINK's overall financial resilience.

LINK's financial statements in the period, included within the Report and Financial Statements, are audited by the Company's auditor, PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds LS1 4DL. A copy of the Company's Report and Financial Statements are available upon request from the Company's registered office address.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Turnover	13,364,814	15,065,806
Administrative expenses	(13,984,470)	(12,809,236)
Operating (loss)/profit	(619,656)	2,256,570
Interest receivable and similar income	538,047	87,685
(Loss)/profit before taxation	(81,609)	2,344,255
Tax on (loss)/profit	1,184	(446,716)
(Loss)/profit for the financial year	(80,425)	1,897,539

FINANCIAL STATEMENTS

Turnover

Turnover consists of monthly fees charged to Members by virtue of their membership of the LINK Scheme and fees for specific projects as agreed by the Members from time to time. Monthly fee turnover is recognised in the period to which it relates. Specific project turnover is recognised on an accruals basis and is matched with the expenditure in the period in which it is incurred. All turnover is shown net of VAT and other sales related taxes.

Deferred income - Development Fund

Under the Framework Agreement dated 6th April 2017 between Mastercard UK HoldCo Limited ("Mastercard"), Vocalink Holdings Ltd, Vocalink Limited (together "Vocalink") and Link Scheme Ltd, the parties agreed to implement certain remedies in order to satisfy the Competition and Markets Authority ("CMA") that, following the acquisition of Vocalink by Mastercard, the competition of the LINK Scheme network would not be substantially lessened. In addition, Mastercard agreed to make a payment of £2 million to the group to establish a Development Fund for the purposes of developing and implementing innovative products and services relating to the LINK network. If the group does not adhere to the conditions regarding the use of the development fund, then the group will be liable to pay the appropriate funds back to Mastercard.

Turnover in relation to the Development Fund is recognised on an accruals basis and matched with the expenditure in the period in which it is incurred. Any costs incurred and allocated against the Development Fund is accounted for in the appropriate manner according to their nature. The development fund was fully utilised in 2023.

AN ANALYSIS OF THE GROUP'S TURNOVER IS AS FOLLOWS:

	2023 £	2022 £
Turnover analysed by class of business		
Membership fees	11,167,658	11,882,246
Members' funding calls — specific projects	2,034,940	2,764,160
Other including Development Fund	162,216	419,400
	<u>13,364,814</u>	<u>15,065,806</u>

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	2023	2022
	£	£
Fixed assets		
Tangible assets	237,932	45,634
Current assets		
Debtors	1,952,862	1,787,251
Cash at bank and in hand	24,456,415	21,729,020
	26,409,277	23,516,271
Creditors: amounts falling due within one year	(13,387,099)	(11,119,164)
Net current assets	13,022,178	12,397,107
Total assets less current liabilities	13,260,110	12,442,741
Creditors: amounts falling due after more than one year	(2,041,927)	(2,230,565)
Provisions for liabilities	(33,620)	-
Net assets	11,184,563	10,212,176
Capital and reserves		
Capital contribution reserve	10,460,306	9,407,494
Profit and loss account	724,257	804,682
Total equity	11,184,563	10,212,176

FINANCIAL STATEMENTS

Summary statement of changes in equity for the year ended 31st December 2023

The total equity of the Company at 31 December 2023 of £11,184,563 was derived from capital contributions of £10,460,306 plus the retained cumulative net surplus of £724,257

The cumulative capital contributions came from three sources

As part of the restructuring of the LINK Scheme in 2016, “advance payments” of Vocalink Limited’s discount against the future payment processing fees it would charge to Members under its agreement for the provision of switching and settlement services were made to Link Scheme Ltd. Part of these advance payments were used to fund start up and transaction costs, particularly legal fees, incurred by Link Scheme Ltd in the setting up of the new arrangements between the various parties. The total of the advance payments made to the company for this purpose was £3,485,700.

In addition, under the restructuring arrangements with Vocalink Limited in 2016, the surplus of the Scheme accumulated over its years of operation within that entity was to be transferred over to Link Scheme Ltd. The total amount transferred from Vocalink Limited was £825,514.

In accordance with The Committee on Payments and Market Infrastructures and the Board of the International Organization of Securities Commission (CPMI-IOSCO) Principles for Financial Market Infrastructures, the company must hold a reserve of at least 50% of operational expenditure. As such, in the years from 2017 to 2022 calls totalling £5,096,280 were received and recognised as capital contributions. A further £1,052,812 has been received and recognised in 2023 (2022: £620,835). The value of this reserve will be considered annually and amended in line with operational expenditure.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Capital contribution reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2022	8,786,659	(1,092,857)	7,693,802
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	1,897,539	1,897,539
Capital contribution	620,835	-	620,835
Balance at 31 December 2022	9,407,494	804,682	10,212,176
Year ended 31 December 2023:			
Loss and total comprehensive expense for the year	-	(80,425)	(80,425)
Capital contribution	1,052,812	-	1,052,812
Balance at 31 December 2023	10,460,306	724,257	11,184,563

CONTACT INFORMATION

If you would like to know more about LINK or have any suggestions or feedback, please get in touch.

www.link.co.uk/contact-us

www.link.co.uk

