

**LINK's Response to the Treasury consultation:
A Streamlined Approach to Payment Systems Regulation Consultation**

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Introduction

1. LINK is a not-for-profit company governed by an independent Board. It has a public interest objective to protect access to cash across the UK.
2. LINK sustains access to cash through maintaining the coverage of free-to-use cash machines as well as improving free access in deprived areas of the UK through the operation of its well-established financial inclusion programme.
3. As part of its work, LINK manages the UK's main cash machine (ATM) network. LINK's network connects the vast majority of both free and charging ATMs in the country and allows customers of banks and building societies (card issuers) that are LINK Members to make cash withdrawals and balance enquiries with their payment cards at almost all ATMs. All of the UK's major card issuers and ATM operators currently choose to become Members of LINK. LINK processes around 915 million cash withdrawals each year, dispensing around £80 billion in cash through a network of around 45,000 ATMs.
4. LINK's access to cash role also includes acting as a Coordination Body, having been designated as such by the Treasury on 24th May 2024. In this part of its role, LINK is notified by those Designated Firms that choose to participate in LINK's coordination arrangements of their intention to close branches, and LINK then assesses the impact of the closure on the local area. LINK also receives requests from communities (individuals and groups, including elected representatives) to review cash access.
5. Where LINK identifies a gap in cash access services that cause a significant impact on communities it recommends new cash facilities such as shared banking hubs and deposit services. To date, LINK has recommended new cash deposit and withdrawal services in approximately 290 communities. Responsibility for

implementing LINK's recommendations is with the bank or banks concerned, some of whom choose to use a bank-owned infrastructure company called Cash Access UK for implementation.

6. LINK is regulated by the Payment Systems Regulator (PSR), and by the Bank of England as a systemically important payment system and is designated as such by the Treasury. LINK is also designated by the Treasury and supervised by the Financial Conduct Authority (FCA) in its role as an industry Coordination Body, and is subject to the FCA's Access to Cash Sourcebook.

Executive Summary

7. LINK is pleased to respond to the Treasury's consultation on the proposed approach to payment systems regulation and welcomes the streamlining of the supporting regulatory framework that will result.
8. LINK supports the pragmatic approach being proposed. The payments sector is working on a range of vital reforms through the National Payments Vision. Scarce industry and authority capacity must be focused on these priority areas.
9. LINK is already regulated by both the FCA and PSR and expects that the effort required to deal with one streamlined regulator will be approximately halved. This is a useful efficiency.
10. LINK notes that the collaborative approach taken between the FCA, PSR and LINK on potentially overlapping areas such as the FCA's approach to access to cash legislation and the PSR's approach to Specific Direction 12 has been effective. Therefore, a collaborative approach going forward with just the FCA covering the various objectives has every prospect of also being successful. LINK intends to maintain its collaborative approach to payments regulation to support this.
11. LINK supports the proposal that the FCA should have a range of tools available to it and that those tools should include rule making powers as well as powers of direction. It is of course important that the tools be used flexibly and applied proportionately to achieve desired outcomes.
12. LINK's response to the specific questions raised in this Treasury consultation is included at Appendix 1.
13. Any request for further information relating to this response can be sent by email to risk@link.co.uk.

Ends

Appendix 1: LINK's Response to the Consultation Questions

Question	LINK Response
1. Do you agree with the government's proposal to seek to integrate the PSR's functions within the FCA's current legislative framework as set out above and to the extent practicable? If not, please explain why.	Yes: LINK agrees and is fully supportive of the proposal. Integrating the PSR's functions within the FCA's current framework in FSMA 2000 to the extent this is practicable is likely to cause the least disruption.
2. Do you agree with the government's proposal to retain a designation regime in the new regulatory framework? If not, please explain why	Yes: LINK agrees that the approach to designation in FSBRA 2013 generally works well, and that the right payment systems are currently designated. It is an approach familiar to and accepted by the industry.
3. Do you agree the FCA should have objectives and "have regard" requirements in relation to payment systems that are equivalent in scope and substance to the PSR's in FSBRA as set out in the above? If not, please explain why.	Yes: LINK considers that it is important for the 'have regard to' requirements be retained.
4. Do you agree with the government's proposal to integrate these objectives and "have regard" requirements within the FCA's current legislative framework as set out in the above and to the extent practicable? If not, please explain why.	Yes: LINK agrees. This approach supports continuity of regulation and is likely to cause the least disruption.
5. Do you agree with the government's proposal to apply the FCA's strategic objective and competitiveness and growth secondary objective when it acts in relation to payment systems? If not, please explain why.	Yes: Careful consideration should be given to how the MoU between the FCA and the Bank should be developed as part of this transition.
6. Do you agree the FCA should have powers when it acts in relation to payment systems that are equivalent in scope and substance to the PSR's powers in FSBRA as set out in the above? If not, please explain why.	Yes: See comments in the 'Executive Summary' section above. It is also important that the FCA exercises its new powers in a proportionate way in regulating the sector.
7. Do you agree with the government's proposal to integrate these powers within	Yes: LINK agrees. Again this approach supports continuity of

Question	LINK Response
the FCA's current legislative framework as set out in the above and to the extent practicable? If not, please explain why.	regulation and is likely to cause the least disruption.
8. Do you agree with the government's proposal to move to a single framework for governing access to payment systems? If not, please explain why	Yes.
9. Do you agree with the government's proposal to retain the existing definitions which are currently set out in Part 5 of FSBRA in the new framework as set out in the above? If not, please explain why.	Yes.
10. Do you agree with the government's proposed approach to the oversight and accountability provisions that would apply to the FCA when it acts in relation to payments systems as set out in the above? If not, please explain why.	Yes.