LINK's Response to the Access to Banking Services Review

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https://www.gov.uk/government/calls-for-evidence/access-to-banking-services-review-call-for-evidence

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Introduction

LINK is a not-for-profit organisation operating in the public interest to safeguard nationwide access to cash.

As the operator of the UK's main cash machine network and the designated Coordination Body for access-to-cash services, LINK monitors bank branch closures and reviews community requests to determine where new shared services such as banking hubs are required in line with rules set by the Financial Conduct Authority (FCA).

LINK is regulated by the Bank of England, the Payment Systems Regulator, and the FCA.

This response sets out LINK's current role in assessing access to cash and responds to the themes in the consultation. LINK has carried out assessments to understand access to cash needs in communities across the UK since 2022. LINK will provide relevant data and insight to the Review as required to support good quality consumer outcomes.

Access to Cash

LINK has been working with the designated firms, the Post Office, Cash Access UK, UK Finance and consumer groups over the past seven years on access to cash. LINK's work is based on access to the deposit and withdrawal of notes and coins for both consumers and small business. Banking services delivered in banking hubs are a voluntary aspect of the system, not required by the legislation or the regulations.

The starting point for LINK's response to this Review is that access to cash is being managed effectively and sustainably in the consumer interest. The Review is right, however, to note the distinction between access to cash and access to in-person banking services.

Access to banking has many of the same hallmarks as access to cash but is not currently part of the scope of the FCA's Access to Cash rules. The legislation underpinning LINK's powers is specifically focused on access to cash, rather than banking services. The Financial Services and Markets Act 2023 provides a clear definition of cash access, and HM Treasury's Policy Statement sets out clear standards. This has been a successful framework for protecting access to cash as customer preferences change.

Customer needs and use of in-person banking services

Any work on in-person banking services must first define which services are essential.

Whilst LINK does not have a view on the substance of this question, the success of the access to cash work shows that a clear definition can drive industry co-ordination, data consistency and strong consumer outcomes. The access to cash framework is well understood by participants, who use the same data to understand the challenges and can collaborate through LINK and Cash Access UK to support consumers.

LINK receives feedback from members of the public and elected representatives about access to cash assessments. This feedback regularly mentions some core services, which should be considered when building the definition of access to in-person banking services:

- Account access
- Payments and transfers
- Fraud support
- Registration of deaths
- Powers of attorney

Feedback we receive makes it clear that these services may require in-person support because of a need for trust or reassurance, whether that is for everyday banking for consumers who are digitally excluded, or digital natives going through a significant life event like buying a house or dealing with a bereavement.

A second key consideration is how far people should reasonably travel to access in-person services. LINK's work on access to cash is focused on free cash access within 1 mile (in Urban locations) or 3 miles (in Rural locations) of where 95% of the population lives. An easy-to-understand rule of thumb that LINK sometime uses, is that people should be able to access cash where they get their milk. If you choose to live 30 minutes away from the nearest place to buy milk and other basic groceries, it is reasonable to travel that far to access cash. More complex face-to-face banking services may not need the same level of accessibility in time and distance. The Review may decide, for example, that it is reasonable to travel further to access in-person services as they are less likely to be a daily or weekly need.

Groups requiring in-person access

There is a clear correlation between the groups that require access to cash, and those that are digitally excluded. The overlap is noted by the FCA's Financial Lives Survey[1] and repeatedly in surveys carried out by LINK. Our research also shows that cash users are overwhelmingly likely to be deprived, digitally excluded or over the age of 65. The strongest indicator of cash-usage, as established by the Access to Cash Review in 2019,[2] is deprivation. Cost of living pressure has also been noted as a driver of cash usage as people budget in cash.[3] If these drivers are the same for in-person services, it is not a problem that will disappear as cohorts of people get older and pass away.

LINK's access to cash methodology specifically includes measures of deprivation, digital exclusion and age as inputs to the assessment process. A location that is more deprived and more digitally excluded is more likely to qualify for additional services as part of that assessment process.

[1] FCA Financial Lives Survey 2024, Financial Inclusion Section 4, Page 76, https://www.fca.org.uk/publication/financial-lives/fls-2024-financial-inclusion.pdf; FCA Financial Lives Survey 2024, Payments Section 4, Page 62.
[2] Access to Cash Review 2019, https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf.
[3] Bank of England, Knocked down during Lockdown, 2022, https://www.bankofengland.co.uk/quarterly-bulletin/2022/2022-q3/knocked-down-during-lockdown-the-return-of-cash.

It is important, however, to not restrict services to particular groups. Despite a huge decline in cash usage, £76.7bn was still withdrawn across the UK in 2025, over £1,300 per adult.[4] Only 10% of people report that they are "cashless". Cash is required universally for the resilience of the payment system. While this need is not as acute for banking services, life events and changes in circumstance could drive a large proportion of the population to look for in-person support to access these services at some point.

Geographic Variations

LINK has assessed the closure of 2,200 bank branches since 2022. Of them, 90.1% have closed in urban areas, 9.9% have closed in rural areas. The branch network today remains more concentrated in urban areas. In urban areas, LINK is confident that the overwhelming majority of communities have good access to both cash services and in-person banking services through a combination of bank branches, building societies, banking hubs, ATMs and post offices.

Rural locations often fall into the medium size definition of LINK's assessment framework, with over 50 cash-relevant retailers and a population of over 5,000 people. The Post Office and the UK's free ATM network provide essential access to cash in rural locations for the majority of SMEs and consumers. LINK believes that the current FCA Access to Cash Rules are sufficient to ensure that good access to cash provision remains in place in response to any changes to local provision.

However, LINK notes that access to banking in rural locations is often a key issue experienced by local residents and raised by concerned MPs. LINK believes that, even though the need for banking is less frequent than the need for cash for many consumers, there is an opportunity for the industry to collaborate with LINK on the current assessment processes to support consumers to access basic banking services. Factors such as frequency of access, the "milk test" distance to an access to in-person banking services, and geographical barriers should all be considered when reviewing a community for access to banking.

Current provision and market trends

As noted above, LINK has assessed over 2,200 bank branch closures since 2022. When it comes to cash services, this is being driven by consumer choices to take-up digital payment methods rather than cash. LINK believes that the Post Office network, and the banking hubs which are operational, are playing a key role in supporting cash access across the UK.

One aspect of the current market that is working well is the approach to assessing gaps in cash access. Despite a 50% reduction in cash usage, and a significant reduction in the cash infrastructure since 2019, over 96% of the population live within the Government's tolerance for cash access – the same as in 2019.

The centrally co-ordinated approach to identifying gaps and rectifying them is a good framework for any geographically targeted measures for in-person banking services. Since 2022, we have recommended over 280 banking hubs and improvements to services in many more communities as well.

Future trajectory and innovation

LINK has worked with the industry to understand the trajectory of bank branch closures. Given the continued shift towards digital banking, LINK believes that branches will continue

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[4] https://www.link.co.uk/news/average-uk-adult-withdrew-1-352-from-atms-in-2025.

to close across the UK. In five to ten years, we expect that the branch network will be more focused on city centres, supported by a substantial network of banking hubs in market towns and suburbs.

Given people still want to access trusted in-person support, especially for key life events, it is critical that face-to-face support remains in place and accessible. There is no credible tool to replace face-to-face access for many consumers.

However, a key question is what is reasonable to ask consumers to do to access that additional support, particularly from rural areas. Any services with continued face-to-face services need to be sustainable.

A key question to answer is how this network is funded. The UK has a free-to-access banking model, and the cost of this infrastructure currently falls on the traditional providers of retail banking services. LINK's view is that this work is not a competitive space for the industry and requires a collaborative solution.

Cross-cutting themes

As noted above, the framework applied to manage access to cash is a strong model to follow in considering the future of face-to-face banking on the high street. It has taken the shared challenge of access to cash and managed it in the public interest, sharing costs across designated firms. We believe this is a world-leading approach to managing access to cash. For example, the framework which has since been followed in Ireland.

Any successful approach to fair geographic distribution of in-person services should see assessments of communities' need for banking support undertaken alongside access to cash services. This would simplify processes, drive consistency, and ensure that outcomes are easy to understand by both communities and participants in the system.

Conclusion

LINK welcomes this Review, and highlights the following:

- The effectiveness of the current access to cash approach.
- The need for a clear definition of "banking services" to drive industry co-operation and engagement.
- LINK's data on geography of in-person access and the requirements of vulnerable consumers to access in-person services.
- LINK's recommendation that any geographic assessments required as a result of this work run in parallel with LINK's cash access assessments to drive consistency and clarity. LINK is of course happy to support that.

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