

Scope of this Submission

The Financial Inclusion Strategy states that it will:

- *Secure access to banking services through the rollout of 350 in-person banking hubs and cross-government work with industry to support digital inclusion (page 3, Digital Inclusion and Access to Banking).*

LINK's evidence will focus on this aspect of the Financial Inclusion Strategy.

Executive Summary

1. LINK estimates that the UK is moving rapidly to having 1,000-1,500 traditional bank branches and 400-500 banking hubs. This is a realistic platform to deliver national face-to face-banking services, so long as it is done in a commercially sustainable way and has a satisfactory base level of banking services on offer to the public. Therefore, the Financial Inclusion Strategy's plan to use a national network of banking hubs to support inclusive banking has a credible foundation to build from.
2. Regardless of any longer-term plans, LINK notes that some stakeholders believe there could be merit short term in fine tuning access to cash criteria. The upcoming Financial Conduct Authority (FCA) review of the access to cash rules may provide a good opportunity to do that. While it is up to the banks and FCA to set the rules, LINK's modelling is that small changes to the rules on a voluntary basis could address issues in communities where there is good access to cash, but concerns about access to more complex banking services. The Financial Inclusion Strategy helpfully points to this FCA review.
3. Any financial inclusion strategy that relies on the broad deployment of banking hubs will need to consider how sustainable the current access to cash model is, given that there is no legal or regulatory requirement to offer banking hubs or services beyond cash access.
4. LINK's view is that the access to cash legislation and implementation is broadly working well. The Government's targets are being exceeded. Issues with access to cash deposits and withdrawals are low. There are, however, concerns about access to more complex banking services in some communities.
5. Should the Post Office Banking Framework cease, the provision of banking hubs will require a new supplier. That supplier would likely need to rely on a much higher level of automation than used by the current banking hubs provided by the Post Office. Any plans to develop a national network of banking hubs to support a Financial Inclusion Strategy will need to address this point.
6. Given the linkage between decline in cash use for payments, the work of maintaining access to cash for some time, the role of banking hubs, the position of the Post Office, and the need for a sustainable funding model, the National Payment Vision delivery work could usefully consider these matters as it works to develop the UK's approach to digital payments.

About LINK

1. LINK is a not-for-profit company limited by guarantee and with a public interest remit. Although it is owned by the banks and ATM deployers that use its services, it has an independent Board and is regulated by the Bank of England, FCA and Payment Systems Regulator. This means that, while it generally needs the agreement of its owners for what it does (for example, agreeing criteria for the location of banking hubs) it can argue for actions as it sees fit and regulators can require actions in line with their substantial regulatory powers over payment systems.
2. LINK does not own ATMs, issue bank cards or run infrastructure. Rather, it operates the network that allows ATMs to join together across the UK and accept bank cards. It also operates the rules that determine how communities are provided with access to cash when they lose facilities such as a last bank branch.
3. LINK is not a monopoly. ATM operators and banks also use the ATM commercial networks provided by VISA and Mastercard for international transactions and credit cards. Unlike VISA and Mastercard, LINK operates an extensive Financial Inclusion Programme that ensures that every high street in the UK has access to cash via a free ATM if there are no other bank branches or post offices nearby. This Financial Inclusion Programme has been in place for over twenty years. LINK's Members pay for most of LINK's costs, including for the Financial Inclusion Programme.
4. ATM deployers choose to use LINK because it is commercially more attractive and they receive higher fees from the banks for running free ATMs. Banks choose to use LINK, even though it is more expensive than the VISA and Mastercard alternatives, because they see a number of benefits, including LINK's Financial Inclusion Programme. This means that the larger banks with established branch networks, a customer base who need access to cash, and a desire or obligation to support access to cash, tend to be members of LINK (the high street banks).
5. Digital banks, with fewer requirements to offer or support cash, tend not to be involved with LINK and instead use the VISA or Mastercard ATM networks.
6. LINK's Financial Inclusion Programme is hence the key reason why LINK exists in the UK and is its unique competitive advantage over VISA and Mastercard.
7. LINK also acts as a Coordination Body for those banks regulated under access to cash legislation and administers the rules that determine which communities get access to cash shared services, such as bank hubs, when they lose facilities such as a last branch in town. These rules are overseen by the FCA and agreed with the Designated firms.
8. LINK processed around 1.3 billion transactions in 2025 and dispensed £76.7 billion in cash from around 44,000 ATMs connected to its network. This is almost all of the free and charging ATMs in the UK.
9. To date, LINK has recommended almost 250 banking hubs. These facilities are then set up by a bank-owned company called Cash Access UK, and operated by its banking hub supplier the Post Office.

Cash Usage is falling, but access remains critical

10. Access to cash in the UK is in long term decline. The usage of cash for payments is falling at 5-10% per annum. Cash is used for 9% of payments today according to [UK Finance](#), down from 60% a decade ago. By the early 2030s, LINK expects this to be below 5%. The UK is becoming a very low cash use country.

11. The £76.7 billion withdrawn from LINK ATMs in 2025 was 4% lower than in 2024. The 1.27 billion transactions recorded across the year were 8% lower than in 2024.
12. People may be visiting cash machines less often and some are relying exclusively on a digital wallet, but cash continues to be a vital budgeting tool for millions. Although this group is diverse, low income and age are strong indicators and the group includes a high number of vulnerable consumers.
13. Some 87% of cash withdrawals on the high street are made via ATMs. LINK transactions represent 77% of all ATM transactions, most of the remainder is where consumers use their own bank or building society's ATM (where no third-party network like LINK is required).
14. Because the provision of cash access is a commercial activity rather than a national utility, without intervention, access to cash points such as ATMs and branches would close in an uncontrolled manner as volumes dropped. More remote and less well-off communities would close first as they are less active. For that reason, the Government has recently legislated to protect access to cash and has obliged the high street banks to provide a minimum level of cash access. LINK is the organisation chosen by the regulated banks to manage the system that maintains this minimum level of access to cash infrastructure.
15. The target set by the Government is that at least 95% of people are within a reasonable distance (specified by the FCA as one mile in urban areas and three miles in rural areas) of free deposits and withdrawals of cash. At present, 96% of the UK lives within that set reasonable distance.
16. LINK's view is that the access to cash legislation and implementation is broadly working well. The Government's targets are being exceeded. Issues with access to cash deposits and withdrawals are low. There are, however, concerns about access to more complex banking services in some communities.

Banking Hubs

17. As stated in the Financial Inclusion Strategy, the large banks have agreed with the Government to deploy at least 350 banking hubs in this parliamentary term.
18. Based on the current rate of branch closures and the current set of rules agreed with the banks and the FCA, LINK expects the 350 target to be exceeded within this parliamentary term. 400 - 500 is a plausible range.
19. The final number will depend on the number of bank branches closed. In 2022, there were 5,352 bank branches open. As of today, that number has reduced to 3,143 branches making the total number of branched closes 2,209. 388 closed in 2025. This closure rate is a commercial matter but the historic trend would suggest that 300-500 closures a year for the next few years is plausible. If the larger bank brands maintain a branch in each of the UK's 200 largest towns, then 1,000-1,500 branches and 500 shared branches is a realistic end point.
- 20. An end point of 1,000-1,500 branches and 400 - 500 shared branches is a realistic platform to deliver national face to face banking services, so long as it is commercially sustainable and has a satisfactory base level of services on offer to the public. Therefore, the Financial Inclusion Strategy's plan to use a national network of banking hubs has a credible foundation to build from.**
- 21. Regardless of longer-term plans, LINK notes that some stakeholders believe there could be merit short term in fine tuning the criteria to deal with some issues raised, and the upcoming FCA review of the access to cash rules may**

provide a good opportunity to do that. While it is up to the banks and FCA, LINK's modelling is that small changes to the rules could deal with around half of the constituencies with issues while only increasing the overall number of banking hubs to be deployed by less than 5%. The Financial Inclusion Strategy helpfully points to this FCA review.

22. The legislation which underpins this work, the Financial Services and Markets Act 2023, only covers access to cash and does not cover access to banking services, despite a general view that banking hubs are required as part of it. The legislation is neutral on how cash is provided and does not refer to specific concepts such as banking hubs.
23. However, the banks in scope of the access to cash regulation have voluntarily decided to provide banking hubs as a key shared service to meet their access to cash obligations. The banking services that are provided in addition to access to cash are not required by the legislation. The 350 target is a voluntary agreement between the banks and the Government.
24. Banking hubs have proven very popular with MPs and their constituents. The Financial Inclusion Strategy notes the key role that banking hubs are making in supporting financial inclusion.
- 25. Any financial inclusion strategy that relies on the broad deployment of banking hubs will need to consider how sustainable this is given that there is no legal or regulatory requirement to support this.**

Role of the Post Office

26. Every post office provides cash withdrawal and cash deposit facilities, and basic banking services such as bill payments. The service is called the "Post Office Counter service".
27. Although a payment system, it is unregulated and not considered systemic. This is a substantial network as there are over 10,000 post offices across the UK.
28. The Post Office also provides a substantial cash infrastructure of armoured cars and cash distribution facilities.
29. The effective operation of cash as a payment facility relies on the cash infrastructure – both public facing and behind the scenes – provided by a handful of large organisations including the Post Office. For example, every post office branch, even a remote and rural one, gets a regular cash delivery/collection and this sustains a viable cash supply across the UK.
30. The banks choose to make the Post Office Counter Service available to their commercial and corporate customers through a commercial arrangement known as the Banking Framework. The current deal has been signed and runs for five years.
31. Without the agreement of the banks, there would be no Post Office Counter Service under current arrangements.
32. There are reports that some of the banks wish to diversify away from the Post Office for cash services and it has also been reported that this service costs the banks many hundreds of millions of pounds a year to the banks.
33. The Post Office also provides Cash Access UK with all of its banking hubs. A banking hub at the moment is a Post Office Counter with just a Post Office Counter Service, and a meeting room for consumers to meet with bankers.

34. There are not currently any other suppliers able to provide a face-to-face counter service which meets the same standard. Doing so is challenging as it requires a carefully controlled national network of high street outlets that can meet the UK's extensive money laundering regulations.
35. The Royal Mail Group is reported to be setting up a national network of Royal Mail shops that offer postal and counter services to compete with the Post Office. LINK understands that this will also offer some form of cash withdrawal and deposit service involving the use of customer apps on smart phones and counter terminal administered by store staff.
36. The Post Office's revenues are very dependent on the money received from the Banking Framework. The Post Office's long-term strategy (as set out in the current Green Paper) is based on this revenue stream continuing and growing. How the current position with a short-term contract can be put on a sustainable basis to support this is not set out in the Green Paper.
- 37. Should the Post Office Banking Framework cease, the provision of banking hubs would require a new supplier. That supplier would likely need to rely on a much higher level of automation than the current banking hubs provided by the Post Office. Any plans to develop a national network of banking hubs to support a Financial Inclusion Strategy will need to address this point.**

Digital Payments Inclusion

38. The Financial Inclusion Strategy highlights the need for digital payments inclusion and emphasised the role of industry innovation through initiatives such as The Connection Project to achieve this.
39. LINK's view is that, while access to cash can be maintained for many years, the decline in acceptance of cash by shops, and the increasing reliance on digital payments to access the best products and tariffs, will eventually place cash-dependent consumers at a considerable disadvantage unless they are also willing and able to use digital payments.
40. LINK also considers that the responsibility to improve digital payments inclusion lies with a broader group than just the high street banks. In particular, other participants in digital payments such as the large fintech platforms and payment companies would seem to have a responsibility to contribute.
41. LINK agrees with the Financial Inclusion Strategy's focus on improving digital payments inclusion.
42. LINK notes that the Financial Inclusion Strategy sets out how the National Payments Vision work underway under the leadership of the Treasury will oversee this.
- 43. Given the linkage between decline in cash use for payments, the work of maintaining access to cash for some time, the role of banking hubs, the position of the Post Office, and the need for a sustainable funding model, the National Payment Vision delivery work could usefully consider these matters as it works to develop the UK's approach to digital payments.**

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