



April 2024

Introduction

1. Specific Direction 12 (SD12) came into force on 3rd March 2022. [Specific Direction 12 | Payment Systems Regulator \(psr.org.uk\)](https://www.psr.org.uk).
2. Section 8(4) of SD12 requires LINK to produce a report every 12 months outlining the considerations being given to enhancing the resilience of LINK's ATM Replacement Procedure, and a timeframe which specifies when these considerations will be implemented:
 - *The operator of LINK must provide the PSR with a report every 12 months which outlines the considerations given to enhancing resilience of the ATM Replacement Procedure, and a timeframe which specifies when these considerations will be implemented.*
3. LINK's Board considers that LINK's ATM Replacement Procedure, including the Direct Commissioning process, continues to be effective. There has been no material change since the last Annual Report on the Resilience of the LINK ATM Replacement Procedure, published in July 2023. There is not a requirement at present for a provider of last resort (POLR).

Summary

4. LINK has operated a Financial Inclusion Programme since 2006. This has been developed over time to include new commitments to protect access to cash, including the Protected ATM Policy which is regulated by the PSR through SD12.
5. As part of LINK's approach to deliver on these commitments and to ensure free access to cash where it is needed, LINK uses a mechanism known as Direct Commissioning. Direct Commissioning enables LINK to incentivise the deployment of free-to-use ATMs through a tender process. Under Direct Commissioning, LINK Members can bid for contracts with LINK to install and operate a free-to-use ATM for typically a five-year period at a location determined by LINK. In exchange, the successful bidder is paid the value of its bid in instalments over the term in addition to interchange at the prevailing rate.
6. LINK carefully monitors the Direct Commissioning approach as this is the procedure through which it replaces ATMs. Direct Commissioning relies on effective participation in the underlying competitive process from the LINK membership. At present, the LINK Board is satisfied that the Direct Commissioning process remains effective and that a POLR is not required.

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