

16th November 2021

Access to Cash Project Team
Payment Systems Regulator
12 Endeavor Square
London
E20 1JN

Dear Access to Cash Project Team

ACS Submission: Specific Direction: Protected ATMs 2018: LINK

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Payment Systems Regulator about its draft Strategic Direction for LINK. ACS represents over 33,500 local shops and petrol forecourt sites including Co-op, BP, McColls and thousands of independent retailers, many of which trade under brands such as Spar, Budgens and Nisa.

Convenience retailers are responding to changing consumer demands for payment services and investing to offer contactless and mobile payments (both available in 85% of stores)ⁱ. Convenience stores are also a valuable source of cash access, providing free-to-use (49%) and pay-to-use (23%) ATMs, Post Offices (24%) and cashback (70%)ⁱⁱ. Two-thirds (65%) of transactions were paid via cash in independent convenience stores in July 2021, although this figure will vary per store based on location and customer demographicsⁱⁱⁱ. ACS believes payments choice should be driven by consumer demand and ensuring a diverse and resilient payments market. ATMs are the only suitable national infrastructure for access to cash and overwhelmingly preferred by consumers and retailers for privacy and security reasons^{iv}.

LINK's ATM Footprint Report reinforces the need for the PSR to closely monitor management of the free-to-use ATM network. The report shows 13% of protected ATMs are no longer transacting, 90% of which no longer provide free access to cash on a permanent basis^v. The high turnover of closed protected ATMs demonstrates the need for an efficient and more transparent ATM Replacement Procedure. Publicly available monthly reports on the ATM Replacement Procedure should be produced in an accessible and standardised format.

There also needs to be more transparency on direct commissioning and interchange premium policies until at least 2025, to provide medium-term certainty for operators to invest and retailers to host new sites. These policies have had limited effect because most trading ATMs require a viable and reliable commercial offer for a host convenience retailer. An independently set interchange fee would be the optimum way to provide certainty for retailers considering hosting an ATM. The sudden and unilateral switch of many ATMs from

free-to-use to pay-to-use by operators and wider trends on cash use have made retailers wary of taking on ATMs, reiterating the need for medium-term guarantees on premiums.

Paragraph 5.1.4 should specify criteria for determining acceptable alternative cash access points. These should replicate the definition of a qualifying cash access point, as is set to be defined by the FCA after access to cash legislation gives it overall responsibility on access to cash. The PSR should discuss exact criteria with the FCA for the purposes of this Direction, which should cover:

- **Security** – especially important for business cash deposit facilities.
- **Sustainability** – not subject to non-time bound or short-term commercial agreements.
- **Sufficiency** – can handle local demand for cash transactions and volumes.
- **Accessibility** – for disabled and vulnerable consumers.
- **Availability** – is not subject to restricted opening hours (e.g. available early mornings to late evenings).

Issuing a new Specific Direction on LINK will prove a positive contribution towards a nationwide ATM network and broader government objectives on access to cash. A Specific Direction is required to encourage LINK to act in the interests of payment users over reducing network costs for banking members. For more information on this submission, please contact ACS Public Affairs Manager Steve Dowling via steve.dowling@acs.org.uk.

Your sincerely,



James Lowman
Chief Executive

ⁱ ACS Local Shop Report 2021

ⁱⁱ ACS Local Shop Report 2021

ⁱⁱⁱ Evolution of Payments in the UK's Independent Convenience Stores. The Retail Data Partnership. August 2021

^{iv} Britain Thinks. [Access to cash research with consumers and small businesses](#) July 2019.

^v <https://www.link.co.uk/media/1828/atm-footprint-report-september-2021.pdf>