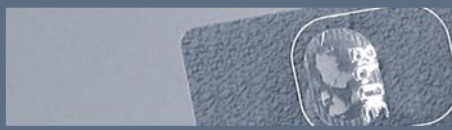


Banking Automation **BULLETIN**



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LINK guarantees an ATM on every high street in the UK

You have to have a degree of sympathy with LINK, the UK's cash machine network – customer

behaviour and the competitive environment around cash are evolving so rapidly that its initiatives are repeatedly being overrun by events.

It is hard to believe that as recently as 31st January 2018 LINK announced a series of four 5% ATM interchange fee cuts for domestic cash withdrawals. By mid-July of last year, the third and fourth of these cuts had been cancelled and postponed. Then on 23rd January this year, in response to the withdrawal of a large number of ATMs and concern about access to cash in remote and deprived areas, a new 'super premium' of up to £2.75 per withdrawal in certain locations was announced.

We now have a new intervention, announced on 30th August, which is by far the most dramatic to date – it will see LINK step in and directly commission free-to-use ATMs in communities threatened by the loss of their last ATM and without a Post Office counter. LINK has identified approximately 6,500 high streets (which it defines as retail centres with five or more qualifying retailers) and says that at present only ten have no free access to cash. In such locations LINK will run a competitive procurement process to have an ATM installed – it is running a restricted trial in four locations through 2020.

This initiative will be funded by the bank and building society members of LINK, which is notable because it is these same institutions that were pressing for a reduction in interchange fees in the first place – so in other words they are still funding cash withdrawals, but through a different mechanism. The surprising thing is that LINK has not gone for a purely interchange fees based solution and has chosen to intervene to actively commission ATM deployment.

LINK is not a state-owned entity, but it or its member-owners are clearly responding to government pressure to ensure access to cash is maintained. Will such initiatives become more common in other countries? Possibly, but actually stepping in to commission ATM deployment is a major strategy leap. Pressure on financial institutions to maintain deployment levels and/or increased interchange fees remain simpler solutions and the more likely for now.

Dominic Hirsch, Editor

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