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Chair of the Economy Infrastructure and Skills Committee  
National Assembly for Wales  
Cardiff Bay  
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Dear Chair

I am writing to you in response to the Committee's Access to Banking report published in October. I would like to take this opportunity to thank the Committee for the opportunity to present both written and oral evidence during the inquiry.

The report rightly recognises the complexities involved in maintaining appropriate access to cash, and provides helpful and additional insight, and a clearer picture of the situation in Wales.

As I said to the Committee on the 27 June, we are committed to ensuring that everyone has a good choice of how to make payments in ways that work for them, and we see cash continuing to play an important role for the foreseeable future. I have set out a summary of our work in line the Committee recommendations.

### **Joint Authorities Cash Strategy (JACS) Group<sup>1</sup>**

Finding long-term solutions requires government and other regulators to work together with industry. We are very pleased to be working collaboratively with other authorities as a member of the Treasury established Joint Authorities Cash Strategy (JACS) Group to help ensure a coordinated and aligned approach to our initiatives, to deliver a sustainable end-to-end cash infrastructure. The JACS Group is also supporting coordination between our work and industry initiatives in this area. The Group's members continue to meet with key stakeholders and plan to publish an update in due course. We note that the Welsh Government has accepted the Committee's recommendation and plans to engage with JACS Group members. We have written to the Minister offering to help with anything specifically relating to our work in this area.

### **ATM network<sup>2</sup>**

There are lots of ways people can access cash, but most people today prefer to use ATMs. As people use cash less and less, we expect the number of free-to-use (FTU) ATMs to decrease over time. However, it is important that, as this happens, people's ability to access cash is protected where it is needed.

As the regulator of LINK, the operator of the UK's largest ATM network, the PSR has been working hard to make sure that the ATM network continues to meet people's cash access needs. Last year we issued Specific Direction 8, which holds LINK to account for the public commitments it made in January 2018 to ensure that there is a broad geographic spread of FTU ATMs.

This direction required LINK to put a range of policies and measures in place to meet that commitment. LINK subsequently published the Protected ATM policy, which includes measures to maintain free ATMs more than 1km from their nearest free ATM and to replace these where they have closed and no adequate alternative is

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<sup>1</sup> Relevant to recommendations 1 and 6

<sup>2</sup> Relevant to recommendations 2 and 7

available. LINK's current policy considers a Post Office branch that is open five days a week to be a suitable alternative.

To ensure that it is working as well as it can, we are currently reviewing this direction. We plan to publish the outcome of our review in early 2020.

### Community engagement and new initiatives<sup>3</sup>

The payments landscape is rapidly changing, as is people's need for cash. It is also affected by a wide range of factors including social deprivation, geographic location, and digital inclusion. We have been actively considering how these needs can best be understood and tracked over time so we can design solutions that work for everyone.

Strong community engagement must be at the heart of reforms to the cash system. We were therefore pleased to see that LINK has acknowledged this and launched a scheme allowing local communities to apply for an ATM in their area<sup>4</sup>. We understand that LINK has already received a large number of requests and is reaching out to these communities to better understand their access issues and how they can be resolved.

Alongside this, UK Finance will launch the payment industry's Community Access to Cash Initiative in Spring 2020. This will provide grants to local communities for non-ATM access solutions<sup>5</sup>.

These are encouraging first steps, but we would like to see them go further. A comprehensive community engagement scheme allowing local communities to raise problems with cash, applied throughout the UK, could deliver real benefits in understanding changing needs and finding local solutions to meet them.

We are actively monitoring these new local community initiatives to learn how people's cash access needs are changing, and whether these initiatives are finding ways to ensure those needs are met. In particular we want to see whether innovative alternatives to ATMs may meet local community needs. That may include Post Offices, but could also include schemes like cashback at retailers, as well as new services that link consumers with merchants who can provide cashback. As we work towards a longer term sustainable model for cash access, the role of communities, active engagement with local consumers and a targeted approach to meeting their needs will remain critical.

I hope you and the Committee find this update on our work useful. We look forward to continuing to engage with the Committee and the Welsh Government, and I would be happy to keep the Committee updated on the work in this vital area.

Yours sincerely



Chris Hemsley  
Managing Director

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<sup>3</sup> Relevant to recommendations 3, 4, 7, 8, 11 and 14

<sup>4</sup> <https://www.link.co.uk/consumers/request-access-to-cash/>

<sup>5</sup> <https://www.ukfinance.org.uk/press/press-releases/uk-banking-and-finance-industry-update-local-access-cash>