



Treasury Committee

House of Commons, Committee Office, London SW1A 0AA

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Sir Mark Boleat
LINK Scheme Ltd.
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27 November 2017

Dear Sir Mark,

In November the LINK Board launched a consultation on its proposed approach to setting interchange fees. This prompted reports that the changes may lead to a significant reduction in the number of free-to-use ATMs in the UK. This would clearly be of concern to the Treasury Committee, not least given the Committee's interest in financial inclusion and ATM provision in the past.

I note that LINK has stated the proposals will maintain the existing geographical spread of ATMs, whilst constraining the trend of ATMs being deployed side-by-side. I also note the LINK Board's public commitment to retaining free access to cash for as long as is required by consumers.

It seems intuitive that a 20% reduction in the interchange fee received by an ATM operator may mean that some machines are no longer economically viable. However, I understand that LINK's Financial Inclusion Programme is designed to ensure that subsidies are provided where an ATM is not viable, but its closure would lead to consumer detriment.

To allow the Committee to understand the potential impact of the LINK Board's proposals, I would be grateful if you could answer the following questions.

1. The LINK Board has stated that it is difficult to precisely answer questions on the impact of the proposals on the number of ATMs in the UK, as this depends on LINK members' business models (which are confidential). What assurances can you provide to the Committee that the proposals will preserve the existing geographic spread of ATMs, and will have no negative impact on financial inclusion?
2. How many ATMs do you project will close as a result of the proposals?
3. What arrangements have you put in place to monitor ATM closures and the introduction of ATM fees, and to prevent closures and/or fees that would lead to consumer detriment?
4. What action will LINK take if the changes fail to maintain a geographical spread of ATMs that is consistent with consumers' needs?

5. What is LINK's process for determining whether the closure of a given ATM will lead to consumer detriment?
6. Only certain areas qualify for subsidies as part of the Financial Inclusion Programme. How can LINK prevent the closure of an ATM in an area that doesn't qualify for a subsidy, but whose closure would nevertheless lead to consumer detriment?
7. What engagement have you had with the Payment Systems Regulator and HM Treasury in developing these proposals?

I will be placing this letter, and your reply in due course, into the public domain.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nicky Morgan', with a long horizontal flourish extending to the right.

The Rt Hon. Nicky Morgan MP
Chair of the Treasury Committee