

Link Scheme Compliance Report

- General Direction 3
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Form B – General Direction 3

a) Self-assessment by the operator on compliance of its access requirements contained in regulation 97 of the PSR 2009 throughout the relevant period.	
<p><i>I) Please provide a statement as to whether you consider that you have complied with the obligation contained in regulation 97 of the PSR 2009 throughout the relevant period.</i></p> <p><i>You should cross-refer to a statement of compliance from a responsible person in this regard.</i></p>	<p>It is the view of Link Scheme Ltd that "LINK Scheme" is compliant with the requirements of Regulation 97 of the PSR 2009.</p> <p>The covering letter with this submission contains a statement of compliance from the CEO.</p>
<p><i>II) Please provide us with an explanation and evidence as to why you consider that your access requirements mean that you have complied with the obligation contained in regulation 97 of the PSR 2009.</i></p>	<p>Regulation 97 requires Payment System Operators to be objective, proportionate and non-discriminatory in its governance of access to payment systems.</p> <p>Membership of LINK Scheme is open to any organisation that meets the relevant defined access criteria set out at Para 1.3 of Appendix 1(A) to the Members Agreement (Operating Rules) as attached (Confidential). Membership is conditional (unless otherwise agreed between the relevant Network Member and Link Scheme Ltd) on the continued compliance with such criteria by the Network Member. To safeguard the LINK Scheme and its Members against unnecessary risk, no person shall be entitled to become a Network Member unless they meet such criteria.</p> <p>In considering the requirements of Regulations 97; objectivity, proportionality and non-discrimination:</p> <ol style="list-style-type: none"> 1. Objectivity <p>The access criteria above are applied to all Membership applications to ensure consistency in deciding who may or may not be a Member of LINK Scheme. The process of application is managed by the Scheme Executive (part of Link Scheme Ltd) to ensure that no undue influence is placed applications from existing Members either individually or collectively. No Member application has ever been</p>

	<p>refused.</p> <p>2. Proportionality</p> <p>The access criteria are designed to promote wide access to participants to enable them to enjoy the benefits of being a Member, and to enable organisations to provide a valuable contribution to the overall objectives of the Scheme whilst not introducing unacceptable risk to the Scheme or its Members. For example, Members are only required to be able to access (as opposed to have their own) a suitable Bank of England RTGS account through which to conduct settlement.</p> <p>We believe this represents a proportional approach to access in that it balances the needs to minimise risk while not introducing unduly onerous or restrictive expectations on organisations seeking to become Members of LINK.</p> <p>3. Non-discrimination</p> <p>The access criteria are applied in a consistent manner without favour or discrimination and in doing so provide an opportunity for a broad spectrum of organisations to take part in the Scheme.</p> <p>not prevent, restrict or inhibit access or participation more than is necessary to— (i) safeguard against specific risks such as settlement risk, operational risk or business risk; or (ii) protect the financial and operational stability of the payment system.</p> <p>Settlement risk can be managed by collateralisation where required. When assessing the need for collateralisation the key factors taken into consideration are:</p> <ul style="list-style-type: none"> i. whether the organisation is going to issue cards into the Scheme and therefore introduce Settlement risk and ii. whether the organisation is an established financial services entity with a good credit rating or in start-up. <p>Operational and business risks are controlled in a consistent manner across all Members as part of the Switching and Settlement Agreement and the Members Agreement.</p> <p>The Members Agreement governs the participation of Members, which are predominantly in the UK, but the Scheme also has one overseas Member.</p>
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	<p>When considering whether to approve the membership application for an overseas organisation, the Scheme Executive extends its risks assessment to include FATF and OFAC checks, in addition to the usual validation of regulatory licence, credit checks and director checks (where appropriate).</p> <p>The Members Agreement contains rules including Operating Rules that enable management of operational stability of the payment system. All Members become party to the Agreement and there is therefore a consistent approach.</p> <p>Rules or conditions governing access to, or participation in, a payment system which, in respect of payment service providers, payment service users or other payment systems—</p> <p style="padding-left: 40px;"> (a) restrict effective participation in other payment systems; (b) discriminate (whether directly or indirectly) between— (i) different authorised payment institutions, or (ii) different small payment institutions, in relation to the rights, obligations or entitlements of participants in the payment system; or (c) impose any restrictions on the basis that a person is not of a particular institutional status, are prohibited. </p> <p>There are no restrictions and most LINK Members are also part of other systems notably VISA and MasterCard.</p> <p>All Members join on the same terms (Switching and Settlement Agreement and Members Agreement and associated schedules and appendices).</p>
<p><i>III) Please highlight any changes that have been made to the access requirements over the relevant period. Where changes have been made, please explain how they better meet the obligation contained in regulation 97 of the PSR 2009 and how they addressed any relevant concerns or focus areas we have identified.</i></p>	<p>The criteria for access to the LINK Scheme is subject to regular review in line with regulatory requirements and opportunities through the active monitoring of various channels for regulatory updates such as European Payments Council, European Card Payments Association, HM Treasury, Bank of England and Payment System Regulator together with other UK and European industry bodies.</p> <p>From this monitoring, any regulatory requirements and opportunities to enhance access criteria are reviewed by LINK's Chief Operating Office and as necessary with key stakeholders taking into account appropriate legal advice.</p> <p>Although the governance of the LINK Scheme is currently subject to independent review as detailed</p>

	<p>in Form C GD4, it is not expected that this review will directly impact the current open access nature of the Scheme, but should changes be considered then we would expect to discuss these with PSR first.</p> <p>In considering PSR feedback on areas for further focus resulting from the LINK 2015 Access Compliance Report, LINK Scheme Executive would like to highlight the following:</p> <p>A. Public Disclosure of Access Requirements –</p> <p>In accordance with the requirements of General Direction 3.2 the LINK access criteria are publically available via the LINK and Link Scheme Ltd websites and can be found as follows;</p> <p>LINK Scheme website: http://www.link.co.uk/about-link/joining/applying-for-membership/</p> <p>Link Scheme Ltd website: http://www.linkschemeltd.co.uk/ Please note that this website has been developed as a continuous scroll page with the access criteria held under the “About us” heading</p> <p>For reference, the access requirements are also contained at Para 1.3 of Appendix 1(A) of the Members Agreement (Operating Rules) (confidential) which is attached to this report.</p> <p>B. Fee Requirements – <i>PSR would like LINK to understand any changes to access criteria required as a result of the Interchange Fee Regulation (IFR) with the exception of Article 7 Separation of payment card scheme and processing entities.</i></p> <p>LINK is deemed to be out of scope of the IFR. Cash withdrawals at automatic teller machines are specifically noted as being out of scope of Chapter II Interchange Fees and all other Articles are considered to refer to payment transactions taken place at a Merchant/Point of Sale. LINK has however initiated its own Independent Economic Review into Interchange and the PSR is being separately updated on progress.</p> <p>C. Technical & Operating Requirements – <i>PSR are interested to understand how the LINK Governance Review will investigate making access criteria more proportionate and risk based?</i></p> <p>We do not expect the Independent Governance Review to change access.</p>
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	<p>Link Scheme Ltd is a voluntary contributor to the Payment Strategy Forum’s “Simplifying Access to Markets” (SAM) working group and whilst we believe LINK is already structured in a manner that minimises cost and complexity for service users (LINK’s Members and consumers), and delivers high quality, highly resilient, yet low cost/economically efficient access to its system, we are keen to support this work and to hear others’ ideas.</p> <p>We do believe that there are useful discussions being developed in the other SAM workstreams, including ISOCC and Horizon Scanning, and are already engaged in this work.</p> <p>The Interbank System Operators’ Coordination Committee (ISOCC) members, with LINK and Paym have initiated a project to address the ten detriments identified by the PSF’s Simplified Access to Markets Working Group. The project is funded by the Schemes and a Project Manager has been appointed. A stakeholder group of new challenger and existing PSPs has been assembled who are providing guidance and reviewing output to ensure it is fit for purpose. This group has agreed the principles to be used to create the output.</p> <p>The project is working on the following detriments; common terminology, eligibility criteria, Scheme comparisons and the categorisation of Participants, for the remainder of 2016. This will allow time to organise the work of the more complex detriments in 2017.</p> <p>During 2017 the Common & Consistent PSO Participation Model & Rules Project will be tackling the more complex detriments of Engagement, On-Boarding and Document, Assurance and Rules. This work will need to work with the recently announced governance changes for the Payment Scheme Operators to ensure goal congruence and efficient implementation. Central Project funding is being secured with the ISOCC members and LINK for 2017.</p> <p>LINK does not believe that it should move to a common industry standard, as this will risk undermining the Scheme’s competitive position and not bring any clear benefits.</p> <p style="padding-left: 40px;">D. On Boarding Process</p> <p>The LINK Scheme Executive is currently developing an On-boarding process in line with guidance provided within the PSR Access and Governance Report 2015. Our approach to supporting access to LINK Scheme balances the need to provide relevant information to help PSP’s make informed decisions whether LINK Scheme is an appropriate PSO for their business whilst recognising that LINK operates in a competitive environment amongst other card payment systems. We maintain a library of collateral from which information can be included within a bespoke On-boarding pack to support</p>
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Membership enquiries. Any provision of Scheme information will always be proportionate to the needs of the prospective Member and be dependent on the stage of application, whilst seeking to safeguard proprietary Scheme information.

Development of the detailed On-boarding pack is ongoing and we are on target to have it available to prospective Members by the end of 2016. The following high level process provides an insight into current thinking.



b) Details of all occasions in the relevant period when an expression of interest in potentially securing direct access or direct technical access has been made and details of the operator's response to, and outcome of, such expression of interest.				
<i>I) Information for publication on new members and demand for access.</i>	<i>Number of Expressions of interest</i>	<i>Number of signed letters of intent</i>	<i>Number of new members/direct participants during reporting period</i>	<i>Number of members/direct participants</i>
	➤ 16	➤ 3	➤ 1	➤ 38
<i>II) Confidential information on demand for access.</i>	There have been a number of requests for access to LINK Scheme during this reporting period. All participation is direct and therefore the interest has been from organisations wishing to become either Issuing Members, Acquiring Members (ATM Operator), or both. A complete list of all requests is detailed in confidential annex 1 .			
c) Details of all occasions in the relevant period when an enquiry or objection regarding potential changes to the access requirements has been made to the operator and details of the operator's response to, and outcome of, such enquiry or objection.				
<i>I) Number of enquires made to change access requirements.</i>	There have been no enquiries regarding the defined access requirements during this reporting period.			
<i>II) Please provide a general explanation of the process that is followed to deal with these enquires.</i>	There is a dedicated senior manager responsible for progressing all applications in line with the criterial set out above. Final approval is delegated by the Link Scheme Ltd Board to the LINK Scheme Executive.			
<i>III) Number of objections made to any proposed changes.</i>	There have been no challenges to the defined access requirements during this reporting period.			

<i>IV) Please provide a general explanation of the process that is followed to deal with these objections.</i>	There is a dedicated senior manager responsible for dealing with objections. Objections received will be escalated to the CEO in the first instance and then the Link Scheme Ltd Board. The PSR will be engaged if felt necessary by the Board.
<i>V) Confidential information on enquiries and objections.</i>	There were no enquiries or challenges during the reporting period to include within the confidential annex 2 . It is therefore left blank.
d) Details of all occasions in the relevant period when the operator has engaged with, and considered, the views of payment service providers and other interested parties on the operation and effectiveness of its access requirements.	
<i>I) Please provide a general explanation of the process you follow to engage with interested parties.</i>	LINK is a competitive scheme and is regulated by the PSR and the Bank. Therefore, access requirements are reviewed from the perspective of all of these aspects. We intend to be fully compliant with all regulation. In terms of competitiveness, our feedback is that LINK's access requirements are competitive versus other schemes and this is kept under active review. Please refer to Confidential Annex 5 for further detail.
<i>II) Confidential information on views expressed relating to the operation and effectiveness of the access requirements.</i>	There has been no requirement to review access criteria during the reporting period. Confidential annex 3 is therefore left blank.
e) Details of any anticipated operator review, or engagement with payment service providers and other interested parties, that the operator plans to take over the following 12-month period in relation to its access requirements.	
<i>If you are currently reviewing</i>	There are no changes to the LINK Scheme access or the process for assessing access criteria under

<p><i>your access requirements, please include a description of that work. You should explain the aim of the work (and how it relates to the General Direction 3 obligation), the progress that has been made to date, the way in which stakeholders have informed the work and the expected completion date.</i></p>	<p>review at this time.</p>
<p><i>If you are planning to review your access requirements in the next 12 months, please include a description of the planned work. You should explain the aim of the work (and how it related to the General Direction 2 obligation), the way in which stakeholders will be engaged in the work, the planned stages of the project and the expected completion date.</i></p>	<p>Following the restructure within the LINK Scheme, recognition by the Bank of England and the recently published consultation on Governance for Recognised Payment Systems, we consider a review of the process for assessing access criteria may be appropriate.</p> <p>We have not yet progressed to a planning phase for the project although our initial view is that stakeholder engagement will be defined by the Link Scheme Ltd Board.</p> <p>We would expect such a review to complete within the first half of 2017.</p>
<p>f) Details of any anticipated future developments that the operator considers may require or justify material updates or changes to its access requirements.</p>	
<p>Please provide an explanation of the anticipated future developments you have identified.</p>	<p>There are no planned developments beyond early stage evaluation.</p> <p>Early stage evaluations take place regularly for various ideas. LINK Scheme has during this reporting period begun to consider the potential for verifying payment transactions by use of an online PIN via means other than at a fixed ATM, e.g mobile device. LINK Members have also engaged the Scheme Executive to investigate the potential adoption of contactless transaction at ATM's These innovation activities are in a very early evaluation phase but, if progressed, could present opportunities to broaden access to the LINK Scheme by introducing new non-card based PSP's to the benefits of the LINK Scheme. We also have an early stage evaluation for POS transactions at Post Office Counters,</p>

	which could provide additional POS processing choice for PSP's.
Please provide an explanation of how any of these developments could have an impact on your access requirements.	It is too early to say if any of these concepts will proceed.

Form C - General Direction 4

a) self-assessment by the <i>operator</i> on compliance throughout the relevant 12-month period with the obligation in General Direction 4.1 (requirement to ensure that there is appropriate representation of the interests of service-users in the operator's govern body's decision-making process).	
<p><i>I) Please provide a statement as to whether you consider that you have complied with the obligation in Direction 4.1.</i></p> <p><i>You should cross-refer to a statement of compliance from your responsible person.</i></p>	<p>Link Scheme Ltd (LSL) considers consumers and Member PSPs to be the Service Users of the LINK Scheme and therefore in our view LSL is compliant with the PSR's requirement that there is appropriate representation of their interests in its decision making.</p> <p>The covering letter with this submission contains a statement of compliance from the CEO.</p>
<p><i>II) Please provide us with an explanation and evidence as to why you consider that your governance arrangements and internal processes mean that there is appropriate representation of the interests of service-users in the operator's governing body's decision-making processes.</i></p>	<p>LINK's service users are considered to be:</p> <ul style="list-style-type: none"> • All UK consumers making use of ATMs which statistics show is over 95% of the UK consumer base. • Member PSPs – LINK's Members include almost all ATM Issuers and Acquirers in the UK. • Certified Service Bureau (CSB), meaning an organisation that provides processing services for one or more Network Members of the LINK Scheme. <p>LINK's key objective is to be the ATM network of choice for consumers and Members. This means that understanding the needs of consumers and Members in detail for access to cash and how this varies across the various segments that comprise the UK consumer base is a core objective for LINK.</p> <p>This is built into the Scheme's structures in four ways.</p> <ol style="list-style-type: none"> 1. Link Scheme Ltd Board that places service users at the heart of how the company organises itself strategically.

2. Consumer engagement through an independent **LINK Consumer Council** that brings consumer representation and thinking into the heart of LINK's decision making. This Council also oversees research, consumer analysis and consumer stakeholder engagement to ensure that LINK keeps well informed on consumer needs and requirements. Examples of how this research is used by LINK can be found in 2 Below.
3. A set of **consumer engagement and communication tools** that ensure rapid feedback from service users to allow for continuous improvement of the consumer proposition, and proactive output to consumers to help them understand how LINK is responding to their needs.
4. The **LINK Financial Inclusion Programme** that ensures good coverage of free-to-use ATMs for consumers across less well-off areas through an industry subsidy.
5. A **Network Members Council** that provides equal representation to all Members.

Each of these is described in turn below, with supporting evidence.

1. Link Scheme Ltd Board

Over the last 18 months LINK has undertaken a review of governance which has been conducted by an independent panel and led by Lord David Hunt. The panel put forward a number of recommendations in the Independent Governance Review (IGR) which were unanimously agreed to at the Network Members Council Meeting held in October 2015. Since this date LINK has been focused on implementation these changes, many of which ensures engagement and input from service users. A copy of the IGR is attached (confidential) to this submission.

The key changes that more effectively address the needs of services users are expended in further detail below;

- A new Link Scheme Ltd Board which comprises of both new independent Directors recruited for their consumer credentials and Member Directors which represent the needs of their

	<p>consumers (both issuing and acquiring consumers).</p> <ul style="list-style-type: none"> • The appointment of a new Independent Chairman in February 2016 of the LINK Consumer Council, separate to that of the NMC or LSL Board. • A full review of the LINK Consumer Council to ensure it continues to effectively fulfil the role of representing consumer needs in the work of LINK. <p>The PSR continues to be kept closely briefed on the progress LINK is making on implementing the recommendations of the IGR by the Scheme’s Independent Chairman (Dr Ken Andrew) and CEO (John Howells).</p> <p>Performance of Link Scheme Ltd. LINK agrees an annual strategic Scorecard with the LSL Board and the NMC that sets out the strategic objectives for the Scheme. These are reviewed formally at the end of the year. This Scorecard is focused on delivering a competitive universal access to cash offer for consumers and Members and places consumer interest at the heart of the Scheme.</p> <p>The top level Scorecard objective recognises that LINK is a competitive Scheme that needs to attract Members to maintain its universal access to cash proposition to consumers. The objective is defined as “Ensure that LINK provides the most attractive ATM Scheme in the UK for consumers, members and potential new joiners”. Attractive is defined in terms of “value for money, ease of engagement, and ability to support innovation more effectively than competitors”. The latest LINK Scheme Objectives 2016 “Scorecard” (confidential) is attached, together with the detailed LINK Scheme Objectives 2015 Assessment (confidential) as evidence of its operation at the heart of LINK. Both the future Scorecard and the assessment are approved formally by the LSL Board.</p> <p>The objectives are grouped in to major themes: Competition, Innovation, Service Users/Operations/Compliance and Risk Objectives. Detailed objectives and targets are then set by the Scheme against each theme. CEO reporting at the NMC, and other key forums are also under these themes to ensure that they are the focus of the Scheme.</p> <p>2. LINK Consumer Council</p>
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	<p>LINK operates an independent LINK Consumer Council whose role is to provide strong and independent advice to LINK to ensure that consumer's views and needs are represented. The Terms of Reference Consumer Council are attached.</p> <p>The Independent Governance Review welcomed the work of the LINK Consumer Council, and noted the positive feedback that it receives across a broad range of stakeholders. However, it recommended that the Independent Chairman of the Council should be different to the Independent Chairman of the LINK Scheme and Tracey Graham was appointed as the new Independent Chairman of the Council in February 2016. At the same time the LSL Board agreed that the Consumer Council will become a sub-committee of the LSL Board and report to the Board on Consumer issues. The Independent Governance Review also recommended a review to ensure that it is optimised in terms of its ability to continue to represent the views of consumers through its membership, its interaction with the PSR, and its interaction with other parts of the payments industry. This review is underway and intends to report its findings and recommendations to the LSL Board in the winter.</p> <p>Currently, the Council includes as members, consumer organisations and independents, as well as four NMC members elected by the NMC to represent the issuer and acquirer communities. Current independents are Teresa Pearce MP and Lady Margaret Bloom. The current consumer organisation members are Toynbee Hall, Citizen's Advice, and Consumer Council Northern Ireland. The Member representatives are NoteMachine, PayPoint, and Royal Bank of Scotland (the fourth position is vacant pending the results of the review mentioned above). The Scheme Executive also attends. Meetings are held quarterly. Whilst the Council cannot take decisions for the Scheme, it does have the right to communicate its views and make recommendations to the LSL Board and the NMC, and to publically publish an annual report on its assessment of LINK's consumer performance. The minutes of each meeting are shared with the LSL Board and NMC. The last 4 sets of minutes are attached along with the last two Consumer Council annual reports. The Consumer Council annual report represents a key mechanism for publishing feedback to consumers and consumer organisations.</p> <p>LINK also operates to a set of Consumer Principles that are described further at</p>
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<http://www.link.co.uk/financial-inclusion/consumer-principles/>. These Consumer Principles are to help guide the Scheme's decision-making.

In 2014 LINK commissioned Toynbee Hall to undertake independent market research into consumer access to ATMs. The research aimed to help LINK and its members understand whether particular groups of consumers might experience detriment as a result of having to use pay-to-use ATMs, as well as the causes and scale of any such detriment. The results of this research were considered by the LINK Consumer Council and recommended changes were put to the NMC. These changes included improvements to the Financial Inclusion Programme along with the addition of 957 new sites that would qualify for a subsidy. These changes were unanimously agreed by the NMC and to date over a third of these sites have been resolved.

An Executive Summary & full report can be downloaded from the link.co.uk website:

<http://www.link.co.uk/financial-inclusion/consumer-news/>

Other such research recently conducted includes gathering feedback from elderly consumers "Older-Old" to understand whether there are any specific issues they experience in using ATM's. In conjunction with Age UK and Bramley Elderly Action in Leeds, LINK conducted consumer focus groups and field studies. The results of which helped LINK Members make changes at some ATM's to improve safety and security. This research also prompted the development of a feedback tool on link.co.uk to enable consumers to suggest a site for improving customer security & a "Tips to keep you safe at the ATM" pamphlet which is actively promoted by Age UK.

<http://www.link.co.uk/cardholders/security/>

3. Consumer Engagement and Communication Tools

LINK provides a range of consumer engagement and communication tools designed to help service users make best use of the ATM network, and provide feedback to the Scheme on any issues and ways to improve. The Consumer Council plays a key role in advising NMC on how to develop its communication and engagement toolkit as evidenced by the prominence of these matters in the attached Council minutes and annual reports. These tools include:

- An ATM locator to help consumers and consumer organisations find ATMs, and which identifies key information such as whether a machine is free or charging. It also has specific functionality information that addresses consumer need e.g. whether an ATM has audio

	<p>assistance for partially sighted or blind consumers.</p> <ul style="list-style-type: none"> • A suggest a site facility to allow consumers to nominate sites for new ATMs. There are also additional suggest a sites to request an ATM to dispense £5 notes and to improve security, both of which have been launched to address direct customer feedback through research. • A financial inclusion analysis tool that shows all ATMs via an interactive map, and includes analysis tools to identify gaps in coverage with the opportunity to identify areas that are particularly deprived. • Guidance on security and PIN protection. • Availability of services such as Charity Giving ATMs and £5 Note dispensing ATMs. <p>All of these can be found at http://www.link.co.uk. There are also contact details for raising issues or complaints with LINK which are responded to within 24 working hours and monitored 7 days a week. LINK receives approximately 800 such contacts each year representing a tiny fraction of the over 2 billion cash withdrawals each year. These are broken down broadly as follows:</p> <ul style="list-style-type: none"> • 60% relating to suggestions for new locations. • 25% complaints or consumer issues. • 15% technical questions relating to data or police queries. <p>LINK is continuously looking for ways to improve the tools it makes available to consumers, direct research and input from the Consumer Council and other stakeholders supports this work. In 2016/17 LINK is working on the development of a LINK App which will enable customers to more easily find machine location data on the move along with providing advice and guidance in important areas such as personal security and fraud.</p> <p>4. Financial Inclusion Programme</p> <p>Since 2006, LINK has been operating a Financial Inclusion Programme that is an important component of enhancing service user representation as it provides an industry subsidy to support free-to-use ATMs in less well-off areas that would otherwise not have sufficient footfall to support a free machine.</p> <p>The Programme is based on an ongoing analysis of areas which are relatively deprived and which have no easy access to a free-to-use ATM. To determine this, Super Output Areas (SOAs) are used.</p>
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	<p>Those which are in the lower quartile for the Index of Multiple Deprivation (published by the ONS or equivalent) and which do not have a free-to-use ATM, either within them or within 1km of their centre, are designated Target Areas.</p> <p>In order to incentivise ATM operators to install a machine in these areas, a new free-to-use ATM will receive a 10p premium on the normal cash withdrawal interchange rate, equivalent to a 26% premium, based on 2015 interchange. This means that, in effect, all card issuer Members whose customers are using these Financial Inclusion ATMs are paying additional interchange costs to support them. The cost of this additional interchange is around £880,000 per year.</p> <p>There has been significant progress throughout the Programme and 1,503 SOAs are now resolved out of an initial total of 1,694, through 958 new ATMs, (some areas are adjacent, so a single ATM can resolve more than one Target Area). Progress continues to be made as new business models and continued competition for new locations allows sites which would previously be unviable, even with the premium, to be successful ATM locations. It is anticipated though that 100% of areas will never be completed due to constraints over suitable premises and in some cases very scattered rural populations.</p> <p>There have been a number of changes to the Programme since its inception. Most recent of which is in 2014 LINK engaged Toynbee Hall to carry out independent analysis of financial inclusion and, using slightly different criteria, (more than 25% of consumers who were in receipt of government benefits) and smaller Output Areas (OAs), a further 957 Output Areas were added to the target list. OAs are significantly smaller than the original SOAs (around 5:1) and there are overlaps with the original Programme. However, they do provide a more granular analysis and ATMs installed in them qualify in exactly the same way as the original Programme which is still ongoing. 324 of these OAs have subsequently been resolved by new free-to-use ATMs.</p> <p>In summary, the LINK Financial Inclusion Programme is considered a success, it received strong positive feedback from the Consumer Council and a number of MPs where the Scheme Executive uses the Programme to improve access to cash to certain constituencies. The LINK Scheme Executive report progress to the LINK Consumer Council on a regular basis and these form part of its annual report. Updates are also published on the LINK website at</p>
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	<p>http://www.link.co.uk/financial-inclusion/</p> <p>5. Network Members Council</p> <p>Member interests as service users are represented via the Network Members Council or NMC. The NMC allows all Members equal representation on the same terms and its operation is defined in the Members Agreement that sets out the governance of LINK.</p>
<p><i>III) Please explain the process that you have in place to collect service users' views (e.g. forms/user groups, surveys and research, meetings and request, consultation).</i></p>	<p>LINK has a number of mechanisms to collect views from service users, these include;</p> <ol style="list-style-type: none"> 1. The Consumer Council plays a key role in advising LINK on the views of consumers. The Independent Chairman, Independent members, and consumer groups outlined in the section above not only provide direct input with their experience and knowledge but they also oversee an annual work plan which regularly includes research into specific user needs. 2. LINK research conducted over the last few years includes; <ul style="list-style-type: none"> ▪ the role of cash in the needs of the youth segment ▪ consumer preferences for balance enquiries ▪ specific consumer challenges on financial inclusion ▪ design of ATMs in local communities, jointly with a LINK-sponsored PhD at Central St Martins ▪ research into how technology can improve consumers access to cash. 3. Link Scheme Ltd also employs the role of Head of Consumer Affairs in its senior management team, currently held by Mary Buffee. A key part of that role is proactive engagement and communication on consumer matters with consumers and stakeholders. The Head of Consumer Affairs has responsibility for the Consumer Council, the various consumer engagement approaches, and for consumer communication in general. A dedicated resource enables an extensive ongoing programme of engagement on consumer matters with consumer organisations, politicians, policy makers, and media. For example, over the last

	<p>year meetings with approximately ten MPs and Councillors on local community cash access matters.</p> <p>4. NMC provided a single equal representation forum for Member's to govern the Scheme and input their views. Any Member can ask for items to be raised at Network Member Council meetings via:</p> <ol style="list-style-type: none"> a. As AOB items highlighted prior to the meeting b. Submission of papers to be tabled at the meeting. <p>All Members are on NMC and have equal representation (although the mechanism for voting on decisions is based proportionally on processed volumes).</p>
<p><i>IV) Please explain the process that you have in place to ensure these views are represented at board level (eg INED, service users represented on the board, board sub-committees).</i></p> <p><i>Give examples of views that have been considered by the board and the outcome of that consideration.</i></p>	<p>The LSL Board comprises both independent Directors recruited for their consumer credentials and Member Directors drawn from across various Member constituencies (both issuing and acquiring consumers). There are 4 Independent Non-Executive Directors including the Chairman, 3 Member Non-Executive Directors, and one Executive Director (the LINK Scheme CEO) on the Board. The LSL Board hence comprises of 8 Directors in total. Link is a competitive Scheme and the Board's duty is to the company and maximising its attractiveness to PSPs and consumers. The Member Non-Executive Directors are drawn from across the diverse membership to provide balanced input to the Board, and a Director's duty is to the company and not to the constituency or a particular Member organisation.</p> <p>The LINK Consumer Council is a subcommittee of the LSL Board and reports progress line with its regular meetings. The Council became a sub-committee of the Board in February 2016. The Council is chaired by an independent Chair, Tracey Graham who is one of the Independent Non-Executive Directors on the LSL Board. Tracey was appointed as at the Council's meeting in March and Chaired her first meeting in June. Following the Council's meeting, Tracey Graham provided an overview to LSL Board at its subsequent meeting (attached), outlining the current topics and issues that are being considered on the consumer agenda to provide the Board with an opportunity to engage and comments on the work of the Council. This process will continue for future Board meetings.</p>
<p><i>V) Please explain the process that you have in place to ensure that service-users get general</i></p>	<p>The Consumer Council became a formal subcommittee of the Board earlier in 2016. Before that, it fed back directly to NMC. Feedback is via the minutes which are provided to Board and NMC. Specific feedback can also be provided.</p>

<p><i>and specific feedback from the board and understand the rationale for the board's decisions.</i></p> <p><i>Give examples of such feedback being provided.</i></p>	<p>Decisions made by the LSL Board that have a consumer impact are fed back, along with their rationale, directly to the LINK Consumer Council via a CEO update at the Council's regular quarterly meetings. The minutes of the LSL Board are available on the LINK website for any stakeholder to read and queries can be raised directly with the LINK Scheme Executive.</p>
<p><i>VI) Please highlight any changes that have been made to your governance arrangements and internal processes over the relevant period. Where changes have been made, please explain how they better meet the obligation in General Direction 4.1.</i></p>	<p>There have been the following changes to governance arrangements and internal processes over the period;</p> <ul style="list-style-type: none"> • The establishment of a new LSL Board – this includes the appointment of Independent Non-Executive Directors who have been selected based on their ability to represent user needs. In addition to this Member Non-Executive Directors have also been appointed that that are drawn from different constituencies of Members across issuers and acquirers. This ensures that the Board has balanced input from across all parts of the diverse membership. This Board now comprises a majority of independent Directors. • Appointment new LINK Consumer Council Chairman as recommended by the IGR. This Chairman is Independent of LINK and different to the Chair of LSL Board and the NMC. • Establishing the Consumer Council as a subcommittee of the LSL Board. The Council now formally reports to the Board quarterly on the status of the strategic objective of delivery increasing innovation and inclusion for service users. This provides an opportunity to engage the Board in the plans and progress of the Council and see any relevant feedback. • Initiation of a review of the Consumer Council by the new Independent Chairman to ensure it can effectively delivery service user needs in the future (see below). • Initiation of work to set up the Operator as a Company Limited by Guarantee. • All the above is part of implementing the Independent Governance Review.
<p><i>VII) Please provide examples of how this service user representation is captured in the decisions of your board when performing its functions and duties.</i></p> <p><i>For example – How do you ensure that your strategy</i></p>	<p>Service Users are represented in the LINK Scorecard, with a specific objective to 'drive increasing innovation and inclusion for end users', this includes a number of initiatives including the work with the LINK Consumer Council.</p> <p>This Scorecard is set and agreed by the Operator Link Scheme Ltd (LSL) before the start of each year. They form the basis of the objectives of the CEO and the senior Scheme staff.</p>

<i>captures service-user needs?</i>	
b) Details of all occasions in the relevant 12-month period when the operator has engaged with, and considered, the views of service-users (including indirect payment service providers) and other interested parties on the effectiveness of the representation of the interests of service-users in its decision-making processes of its governing body.	
<i>I) Confidential information on engagement with service-users.</i>	The primary engagement has been with PSP Service Users via the Independent Governance Review which is a confidential document included at confidential annex 4 .
c) details of any anticipated review, or engagement with service-users (including indirect payment service providers) and other interested parties, that the operator plans to take over the following 12-month period in the representation of the interests of service-users in its decision-making processes of its governing body.	
<i>If you are currently reviewing or changing your engagement with service-users please include a description of that work. You should explain the aim of the work (and how it relates to the General Direction 4 obligation and any relevant concerns or focus areas we have identified), the progress that has been made to date, the way in which stakeholders have informed the work and the expected completion date.</i>	<p>LINK's consumer focus is not planned to diminish over the next year. The current Scheme plans include:</p> <ul style="list-style-type: none"> • Launch of an ATM App to improve access to cash for all UK consumers and provide tools they can use on the move including an ATM Locator, establishing prompts for favourite ATMs and providing advice and guidance on key topics such as personal security and fraud • Continued implementation of the work by Toynbee Hall into inclusion. • focus on Northern Ireland inclusion to identify deprived areas with unmet cash access needs and development of the Financial Inclusion Programme. <p>The Chairman of the LINK Consumer Council is currently reviewing engagement with service users as part of the review of the Council recommended by the IGR see detail below).</p> <p>The Independent Governance Review implementation will also continue over the coming months.</p>
<i>If you are planning to review or change your engagement with service users in the next 12 months please include a description of the planned work.</i>	The Independent Governance Review implementation will also continue over the coming months. As noted above, the primary change will be the setting up of the Operator as a Company Limited by Guarantee.

You should explain the aim of the work (and how it related to the General Direction 4 obligation), the way in which stakeholders will be engaged in the work, the planned stages of the project and the expected completion date.