

The Rt Hon. Nicky Morgan MP
Chair of the Treasury Committee
House of Commons Committee Office
14 Tothill Street
London
SW1H 9NB

30 November 2017

Dear Ms Morgan,

I am writing to you following your letter to the Chairman of LINK, which sought to understand the potential impact of the LINK Board's proposal to reduce interchange fees. As the economic regulator of LINK, I would like to update you on how we are responding to these recent developments.

In line with our statutory duties, our primary focus in all of this is to make sure that we have an ATM network that continues to serve the needs of UK consumers. The widespread free-to-use network we have today is clearly a valuable part of this. We want to see that that provision continues to be provided effectively and efficiently, meeting the evolving needs of consumers. We are monitoring this situation very closely and will step in if anything looks like it will jeopardise those consumer needs.

We know that consumers value the ability to access cash through a widely spread geographic network of ATMs. It is important for LINK to consider whether its interchange fees encourage an ATM system that meets that need, while also providing value for money for consumers.

We have been clear with LINK that we expect it to consider the impact on consumers when forming its decision. Indeed, I am about to meet with Link, and will follow up the points from that meeting in writing to reinforce these messages.

LINK's consultation on interchange runs until 30 November 2017. We understand that Link intends to make a final decision by 31 January 2018, and implement that decision by April 2018.

Following the closure of Link's consultation, we will also engage further to understand how it intends to take into account the feedback it receives, and assess the implications of its proposals for the provision of ATMs.

Additionally, as we set out in our letter to the Treasury Committee on 20 February 2017, we have had a programme of work to help us further understand the characteristics of the ATM market. We have also been engaging with the largest banks and independent ATM operators to understand their views. We have previously asked the largest banks for their views on the impact on their customers of changes in the interchange, with their customer needs being front of mind in this thinking.

We continue to monitor the situation very closely. If we consider that any decision LINK makes regarding interchange is not consistent with our statutory objectives, and particularly the interests of users and consumers, we have powers that would allow us to intervene to address such concerns.

I hope you find this information useful but should you want any further information, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Hannah Nixon". The signature is written in a cursive, flowing style.

Hannah Nixon
Managing Director