

## Letter from UK MPs to Chancellor requesting return to cost-based LINK interchange

The Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

26<sup>th</sup> May 2020

Dear Chancellor,

### Re: Act now to protect UK cash infrastructure by reviving free to use cash machines

We are writing to express our concerns about access to cash, both in the context of COVID-19 and in the longer-term, and to echo calls last week from campaigners, retailers and operators to revive free to use cash machines for local economies and communities.

We welcomed your Budget commitment to bring forward legislation to protect access to cash, but we are urging you to bring this action forward immediately. COVID-19 is threatening the collapse of this infrastructure and once it is gone it cannot be replaced.

Cash is a lifeline for many at the best of times and an important budgeting tool, particularly for the hundreds of thousands of vulnerable people that depend upon it to go about their daily lives. COVID-19 has highlighted the importance of cash, especially for those needing others to food shop on their behalf, whether elderly, vulnerable or self-isolating.

Last month, LINK announced it will guarantee that communities facing losing access to cash will have their free ATM replaced by a member of LINK. Whilst we welcome any measures which support access to cash, this will not address the root cause of why access to cash is declining. The measure is derisory, addressing only future ATM losses and not those that have already been lost or converted to pay to use. LINK's pledge will only protect ATMs for 12 months and, while LINK states this will benefit 3,800 ATMs, it will in reality only cover a small proportion of these machines which it considers 'critical.'

**Over the same weekend, campaigners and businesses wrote to you urging you to reverse the cuts made to the fee paid by banks to ATM providers for every cash withdrawal (the interchange fee).**

These cuts have saved banks £200 million since July 2018 when the first cut took place. LINK's new scheme, which will cost banks a mere £4 million, falls significantly short in filling this gap. With banks refusing to properly fund the ATM network, customers are losing out as free to use cash machines become unviable meaning operators must start charging. This is happening as banks increasingly withdraw their own frontline services and close branches across the UK.

In the short term, there must be a return to the original cost-study mechanism that set the interchange fee. Not only was this fair, it considered cash usage trends as part of its built in 'volume adjustment factor.' This is not just a simple solution, but one that would see an immediate impact. Cuts to the interchange fee have led to the growth of pay to use cash machines which have impacted less well-off consumers the most, paying £1 to £2 to withdraw £10 or £20, instead of their banks paying an interchange fee of c.40p (up from 25p) for a 'free' transaction. As overall ATM transactions have halved this would still be much less than the banks would have expected to pay immediately before the pandemic. This would also ensure the long-term viability of the UK's cash infrastructure.

**The UK's second largest ATM operator – NoteMachine – has committed to revert over 2,500 machines back to 'free' if the above happens, in turn, offering a significant stimulus to the local economy and reduce crowding into larger and more distant stores. If the rest of the market were to follow, this would mean a total of 5-6,000 machines turning back to free.**

NoteMachine ATMs that are now pay to use dispensed just shy of £1 billion post-COVID-19. When free, prior to COVID-19, they were dispensing £5.5 billion. That's £4.5 billion missing that could be injected back into local economies if these machines were converted back to free.

On behalf of our constituents and alongside consumer groups and business organisations, we remain committed to working with the government to ensure widespread, near universal, free access to cash during these uncertain times to ensure the most vulnerable don't suffer as a result and our local economies and communities' vitality is restored as best as possible.

Yours sincerely,

Margaret Ferrier, MP for Rutherglen and Hamilton West

David Mundell, MP for Dumfriesshire, Clydesdale and Tweeddale

Paul Maynard, MP for Blackpool North and Cleveleys

Sarah Champion, MP for Rotherham

Mohammad Yasin, MP for Bedford

Rosie Cooper, MP for West Lancashire

Ian Mearns, MP for Gateshead

Virendra Sharma, MP for Ealing Southall

Kate Osbourne, MP for Jarrow

Yvonne Fovargue, MP for Makerfield

Bell Ribeiro-Addy, MP for Streatham

Diana Johnson, MP for Kingston upon Hull North

Nick Smith, MP for Blaenau Gwent

Angela Eagle, MP for Wallasey

Liz Saville Roberts, MP for Dwyfor Meirionnydd

Jamie Stone, MP for Caithness, Sutherland and Easter Ross

Ed Davey, MP for Kingston and Surbiton

Alister Carmichael, MP for Orkney and Shetland

Wendy Chamberlain, MP for North East Fife

Daisy Cooper, MP for St Albans

Tim Farron, MP for Westmorland and Lonsdale

Wera Hobhouse, MP for Bath

Layla Moran, MP for Oxford West and Abingdon

Sarah Onley, MP for Richmond Park

Munira Wilson, MP for Twickenham

Christine Jardine, MP for Edinburgh West

Paul Girvan, MP for South Antrim

Kenny MacAskill, MP for East Lothian

Richard Thomson, MP for Gordon

Gavin Newlands, MP for Paisley and Renfrewshire North

John Nicolson, MP for Ochil and South Perthshire

Lisa Cameron, MP for East Kilbride, Strathaven and Lesmahagow

Ronnie Cowan, MP for Inverclyde

Alison Thewliss, MP for Glasgow Central

Drew Hendry, MP for Inverness, Nairn, Badenoch and Strathspey

Chris Stephens, MP for Glasgow South West

Patricia Gibson, MP for North Ayrshire and Arran