

Note of meeting hosted by LINK

Attendees:

LINK	APPG	Others
John Hardy, Chief Executive Edwin Latter, Card Scheme Director Graham Mott, Head of Planning and Development John Pinniger, External Relations Adviser	John Greenway Baroness Turner Lord Hunt Bill Olnier Theresa Villiers	David Worsfold David Morey (PwC)

LINK provided the Group with information regarding:

1. Key facts and figures

- LINK comprises 53 member companies in the ATM sharing arrangement
- These companies account for some 65%+ of all transactions (in total there are some 4 billion transactions p.a.) conducted through UK ATMs
- Whilst some 40% of all ATMs now levy a charge on customers, these machines only account for some 3½ % of ATM transactions
- There are now 57,000 ATMs in the UK
- It costs the owner of a 'through the wall' ATM some £24,000 to £25,000 p.a. to run; and that the annual cost of running ATMs is £1.4 billion in total
- ATM-related fraud is increasing and currently runs at some £70 million p.a. This compares to some £350 million dispensed by ATMs each day; some 2½ % of new chip and pin cards delivered over the last year have been 'lost' in the post

2. ATM charging

- The number of ATMs changing from being free to charging is relatively modest – about 300 over the past year (another 200 ATMs were changed from charging to free)
- The main driver in determining whether a machine charges or not is the volume of transactions the machine can generate - by and large it is a purely financial decision; in some rural areas, the level of usage may not warrant the provision of free ATMs
- Many new charging ATMs are sited in pubs / clubs etc
- In areas where only charging ATMs are sited, an alternative is the availability of cash through the Post Office (although this scheme is limited to only those that bank with certain banks)
- There is a requirement that all (LINK) ATMs clearly indicate that the ATM is a charging one (included on the 'idle screen' and then the exact charge level is displayed in the screen flows, allowing the customer not to proceed with a transaction if desired)
- The LINK operating rules are designed to ensure there is no double charging (ATM fee and a bank fee for withdrawal of cash on the card)

- Accordingly, charging is entirely transparent and it is for customers to determine whether to use charging ATMs

3. Payment clearing

- LINK technology can offer variable clearing times, including immediate and the banks are currently considering using this

4. Future strategy

- LINK strategy is to expand into Europe

APPG view

The Group supports the use of technology to provide savings/benefits to consumers, such as improved payment clearing and encourages the banking industry to take up the opportunity

Actions agreed

LINK agreed to prepare a brief summary paper for the Group regarding statistical information on the number/usage of ATM machines. This should be available within a couple of weeks and will be circulated to the Group.

DL Morey
20 October 2005