

Payments Systems Regulator  
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To whom it may concern,

### **PSR – Call for views: First review of Specific Direction 12 (LINK)**

The Scottish Grocers' Federation (SGF) is a trade association for the Scottish Convenience store sector. There are 5,098 convenience stores in Scotland, which includes all the major symbol groups, co-ops and convenience multiples in Scotland. SGF promotes responsible community retailing and works with key stakeholders to encourage a greater understanding of the contribution convenience retailers make to Scotland's communities. In addition, Convenience stores are known to be economic multipliers and an important source of local employment, providing over 49,000 jobs in Scotland.

Convenience stores trade across all locations in Scotland, providing a core grocery offer and expanding range of services in response to changing consumer demands close to where people live. According to our Scottish Local Shop Report 2022, the valued services provided by local shops include **free-to-use cash machines (49%), cashback (70%), and charged cash machines (23%). It is also the case that 100% of stores offer cash as a payment method**, confirming that cash is still an essential aspect of trade for the convenience sector.

With the UK convenience sector expected to grow to £48.6bn by 2025, the sector is more relevant than ever to every type of customer and has key social benefits and is of key economic value to the economy. Over the last year, the UK convenience sector contributed over £9.7bn in GVA and over £9bn in taxes.

SGF welcomes the opportunity to respond to the first review of Specific Direction 12 (LINK).

### **PRS Consultation Parts 1-4**

1. How effective SD12 has been in ensuring appropriate policies and measures are in place to support the maintenance of a broad geographic spread of the FTU ATM LINK network in the UK and meet service-user needs.

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2. How well the requirements under SD12 have worked in practice in relation to maintaining and replacing protected ATMs.
3. Whether the monitoring requirements under section 8 of SD12 have led to sufficient transparency, if any of it is superfluous, or if any further aspects require monitoring.
4. Whether SD12 should remain in place, given some of the wider initiatives that have been introduced. These include, among others, the [Financial Services and Markets Bill](#).

## Parts 1&2

SGF welcomes the work carried out by LINK as part of their responsibilities and requirements as set out under SD12 to maintain, protect and expand the free-to-use ATM network in the UK and Scotland. In addition, SGF notes that the number of free-to-use machines in Scotland increased from 2,761 in January 2021 to 2,845 in January 2023. With a similar increase seen across the UK.

SGF acknowledges the work being carried out by LINK towards ensuring that communities can still access cash for free, for example, through the Financial Inclusion Programme and Retail Centre Policy. While closely monitoring the ongoing situation through the Access to Cash Review and Access to Cash in Rural Communities report.

However, SGF also notes that the percentage of convenience stores providing free to use cash machines in Scotland declined from 55% in 2020 to 49% in 2022 (Local Shop Reports 2020 and 2022), with the overall percentage providing cash machines saw a similar decline of 5% over the same period.

Free and reliable access to cash is still essential for many communities and the businesses that operate within them. Convenience stores across Scotland provide an essential local service for their communities. In many cases, free access to cash encourages footfall and is an important part of the offer available for customers. As well as encouraging people to shop locally, with a knock-on benefit for other local businesses and high street shopping centres. This is particularly true for many rural, remote, elderly and deprived communities. Including many vulnerable individuals and households.

SGF is not aware of any issues relating to free access to cash in specific locations or communities and welcomes the work that LINK has done to protect the network in Scotland.

Any move to reduce the number of free-to-use ATMs across convenience stores in Scotland, however, would raise serious concerns for convenience retail, SGF members and for many businesses in Scotland. In addition, this would result in many convenience stores being left at a competitive disadvantage to their larger counterparts and superstores. Regarding that concern, SGF believe that it is essential that ATM Operators also play their part in promoting and protecting the free-to-use network in for convenience stores in Scotland.

### Part 3.

SGF has no view on this matter and recognises the role of PSR in monitoring the performance of LINK and the ATM network across the UK. However, SGF notes that we are satisfied that the transparency of information which is provided by LINK via its website and other communication channels is clear, accessible, and open.

### Part 4.

SGF welcome the actions of the PSR and the UK Government in promoting and protecting the free-to-use ATM network. While we are content for the PSR to take the necessary actions to prevent unnecessary doubling up of provision, SGF would wish for specific instruction and policy commitments on FTU ATMs to continue.

Indeed, we continue to believe that more should be done by the PSR, LINK and the UK Government to secure the FTU ATM network for the long-term future. Equally, SGF would encourage further action from PSR, LINK and the UK Government to protect free access to cash in convenience stores, which are widely recognised as local economic multipliers and beneficial for their communities.

We trust that you will find our comments helpful and are happy to engage further with you on this important matter.

Yours sincerely

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