

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

9<sup>th</sup> April 2020

Dear Chancellor,

**Re: COVID-19: Campaigners, retailers and operator call to revive free to use cash machines for local economies and communities**

We are writing to express our concern about access to cash in the context of COVID-19, and to call on your immediate intervention to ensure all ATMs can operate on a free to use basis.

We welcomed your commitment to bring forward legislation to protect access to cash at the Budget, but we cannot afford to wait any longer. An emergency intervention to stabilise the market in the short-term and that sees the ATM network properly funded, is needed urgently.

Never has cash been so important, particularly for the hundreds of thousands of vulnerable people that depend upon it to go about their daily lives. This is particularly so in rural areas which have a much older population and where public transport is extremely limited and where alternative cash point facilities can be many miles away. Access to cash is quite literally a lifeline for those needing others to food shop on their behalf, whether elderly, vulnerable or self-isolating. Careful budgeting, for which cash is by far the best payment method, is hugely important as employees and the self-employed and sole traders (both of the latter being present in large numbers in rural areas) lose income. That's why acting now can protect both these people and retailers - large and small - across the UK that rely on cash machines to generate the footfall that ultimately helps keep them profitable.

Already on the brink of collapse, COVID-19 has compounded the fragility of the UK's ATM infrastructure. As pointed out by NoteMachine, the second largest provider of ATMs in the UK, there has been more than a 50% reduction in cash withdrawal volumes in the last two weeks due to many sectors having to close their doors. While cash withdrawals from machines have reduced by 50%, each individual withdrawal has on average increased by 16.5%. Alongside these huge ATM withdrawal reductions, however, overall retail footfall has fallen by 75%. Consequently, cash is becoming far more important in this greatly reduced payment market.

Revenues have fallen by more than 50% for all ATM operators against a largely fixed cost operating base, meaning many ATMs will now need to be removed or converted to pay to use at a much greater cost to the consumer. This is having a major impact on local retailers who no longer have an ATM and made worse by the fact many have seen their local bank branch close or previously free to use local cash machines start charging consumers. This means less transactions and consumers' economic activity being directed elsewhere at a time when local communities need this activity the most.

Unlike other industries, the ATM network cannot simply shut up shop and wait for the situation to improve. People depend on access to cash, which is why its funding and, therefore, continuity, is so critical.

**The cuts made to the fee paid by banks to ATM providers every cash withdrawal (the interchange fee) must be reversed.**

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.

**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.**

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' vitality is restored as best as possible.

Yours sincerely,

**Graham Biggs**

*Chief Executive of the Rural Services Network*

**Fran Boait**

*Executive Director of Positive Money*

**Theodora Hadjimichael**

*Chief Executive of Responsible Finance*

**James Lowman**

*Chief Executive of the Association of Convenience Stores*

**Brian Madderson**

*Chairman of the Petrol Retailers Association*

**Stuart Reddish**

*National President of the Federation of Independent Retailers*

**Peter McNamara**

*Chief Executive of NoteMachine*