

# ACMO

Association of Cash Machine Operators  
Buchanan House, 3 St James's Square, London SW1Y 4JU.

## Consultation on the National Payments Plan: ACMO response

The Association of Cash Machine Operators (ACMO) welcomes the opportunity to respond to the Payments Council consultation on the National Payments Plan. ACMO represents the ATM operators providing and cash and other services that are independent from banks and financial institutions.

ACMO supports the ethos of the National Payments Plan which is to ensure that the payment system is open, accountable and transparent.

Because cash machines are so vital in the availability and delivery of cash, cash machine operators which are independent from banks and financial institutions inhabit a unique position in this market place and ACMO members are keen to input to all discussions around the National Payments Plan.

In responding to the consultation, ACMO members are keen to emphasise that:

- Cash will continue to be the preferred payment method for certain demographic groups alongside the growing popularity of electronic payments and other payment methods
- The National Payments Plan, and the Payments Council should not favour one payment type over another.

We have responded to specific questions below. For any questions on ACMO's response, please contact Ron Delnevo, ACMO Chair, on the details above, or Fran Cooke [\\_\\_\\_\\_\\_](#).

### USE OF CASH

Q8. The Payments Council believes that the National Payments Plan should be developed on the assumption that cash will remain a major payment method for the foreseeable future. Do you agree?

*Absolutely – the Payments Council's own research shows that the concept put forward by some card companies that 'cash is dead' is far from true. The use of cash for personal payments, particularly for those under £300 or so, is and will remain higher than that of any other payment method, as stated in the preamble to this consultation.*

*Furthermore, the fact that the proportion of cash delivered by cash machines has doubled in the last ten years (which could conceivably increase as both post office and bank branches continue to close), renders the cash machine industry a vital delivery mechanism for small amounts of cash.*

*Because of the 'nature' of cash as a payment method, it will always be a popular choice for certain demographic groups, particularly as it appears that cheques will soon be unacceptable as a payment method. Cash is a familiar, fast and secure payment*

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*method, which many consumers find more 'tangible' than a debit card and therefore easier to keep track of spending on a day to day basis.*

Q9. Should the issues of the supply and quality of notes and coin in circulation be within the scope of the National Payments Plan? If so, how should they be addressed?

*The increasing prevalence of ATMs, and the preference amongst consumers for using ATMs rather than counters for access to their cash, sets high standards for the quality of bank notes in circulation. ATMs can only distribute the highest levels of quality of bank notes. At present, the supply of high quality notes is not a problem, except five pound notes, and with the growth of ATM transactions ACMO members would call upon the Payments Council to ensure that supply levels increase in line with demand. We understand that it is the preference of the Bank of England to increase the supply of five pound notes in circulation. ACMO members would fully support this initiative, but success would rest upon the quality of five pound notes increasingly significantly to facilitate this.*

*We believe that there should be an holistic approach when looking at cash circulation – and the ATM industry should be involved in any discussions taking place – which makes it wholly appropriate for the National Payments Plan to be involved with notes circulation.*

Q10. What other actions, if any, should there be in the National Payments Plan in regard to cash?

*ACMO believes that the National Payments Plan should recognise the inherent benefits of cash as a payment method and should not, just because the technologies are available, endorse methods such as contactless cards over cash.*

## CASH MACHINES

Q16. What opportunities would you identify to exploit the ATM infrastructure for non-cash transactions? How should these be reflected in the National Payments Plan?

*Obviously there are commercial sensitivities surrounding possible innovations, but as a general comment, services such as mobile phone top-ups, foreign exchange and wider banking services are already available, whilst a range of other payment options and other technology aided services are close to coming to market.*

*For consumers to enjoy the benefits of competition and innovation, payment systems must be fair, accountable and transparent.*

*It is our strongly held view that the structure of the LINK Payments scheme is far from ideal, and we will look to the OFT and the Payments Council to ensure that Article 28 of the Payment Service Directive is enforced in its entirety.*

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*One issue of key concern is LINK's monopoly of the card payment scheme, through which it sets the ATM operating rules. This role gives it significant advantages in proprietary markets, including in ATM processing services, advantages that LINK realizes by fine tuning operating rules to its own commercial benefit.*

*This is just one example of a number of practices that stem from a structure that any objective observer would deem is inappropriate.*

## CONTACTLESS CARDS

Q23 Do you agree that at the present stage of market development the contactless and prepaid card sectors are best left to initiatives from individual payment service providers and the card schemes?

*ACMO members welcome all innovations in payment services, including contactless cards as a replacement for cash. Ultimately it will be consumers that decide the fate of contactless cards and cash, and all we request is that the Payments Council does not favour one method of payment over another. All individual payment service providers have commercial incentives to develop new payment methods, and the Payments Council will only retain its independent stature if it remains neutral as the market innovates in payment services. .*

Q24 What support, if any, could the National Payments Plan offer to the development of contactless cards? In particular, is further action needed to ensure that the standards for contactless cards meet the needs of all sectors of users?

*See answer to Q.23 above.*

Q25 What support, if any, can the National Payments Plan offer to the development of prepaid cards?

*See answer to Q.23 above.*

## INNOVATIONS

Q34 What other payment innovations requiring action at industry level should be considered by the Payments Council?

*See answer to Q16 above.*

## FINANCIAL INCLUSION

Q37 What role can the Payments Council play in promoting financial inclusion?

Q38 What other bodies should it work with to deliver this role?

*The Payments Council should encourage both HM Treasury and the payments systems in the UK to look at holistic approaches to financial inclusion when it comes to access to*

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*financial services. The independent ATM estate is potentially a valuable asset that policy makers should be looking towards in order to allow access to cash in remote or deprived areas.*

*ACMO members are always keen to be involved with discussions around financial inclusion, and have presented initiatives which would enable more free-to-use cash machines to be available to more consumers, but this was rejected by the financial institutions who would have to cover these costs.*

*Finally, it should be noted that, contrary to popular belief, research commissioned by the Financial Inclusion Taskforce published in 2006 found that the majority of users of charging cash machines were in the higher income bracket: "Other groups that showed an over-representation of charging ATM use were those on higher household incomes (23% of those earning £30,000+ compared with 14% of those earning less than £10,000 pa); and private renters (25% compared with 15% owners)."<sup>1</sup>*

## SECURITY

Q41 How can the National Payments Plan assist with issues of customer authentication? To what extent do these need to be addressed across the payments sector?

*The security and integrity of Personal Identification Numbers are of concern to ACMO members. As the market develops a question worth asking is that if contactless card / prepaid cards do not need PIN authentication for low level transactions, should a PIN still be required for cash machine transactions under a certain limit (and with no additional banking services)?*

*Every care over security and integrity of personal data should be taken into account when new technologies are introduced in payments systems.*

Q46 What role should the Payments Council play in raising the profile of fraud and security issues and in lobbying government and public authorities?

*ACMO believes that, apart from making the obvious point that there is no such thing as a victimless crime, it is imperative that security concerns do not lead the way to a limit in secure access to cash – as it is consumers who will suffer in the end.*

## TRANSPARENCY OF COSTS

Q49 Would you support an initiative, led by the Payments Council, to establish a better understanding of the costs of UK payments? If so, how do you think this should be taken forward? What supporting information do you think would be relevant for such an exercise?

*As per the answer to Q8 above, we believe that payments systems should aim to be transparent in their charging and costing. There is a misleading impression amongst the*

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<sup>1</sup> [http://www.financialinclusion-taskforce.org.uk/PDFs/access\\_to\\_financial\\_services\\_report\\_final.pdf](http://www.financialinclusion-taskforce.org.uk/PDFs/access_to_financial_services_report_final.pdf)

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*general public (and some policy makers) that the provision of cash should be free for everyone, all of the time, with no consideration of the costs of providing this service. It is often forgotten financial institutions are able to offer free-to-use cash machines most of the time, because costs are made up from other areas of their business models such as interest and bank charges. Provision of cash should be viewed as a vital service, which is now provided by a niche and expert industry, and the ATM industry should therefore be involved at discussions around the provision of cash at all levels.*