

Banking Automation **BULLETIN**



ATM growth in western Europe slows

Cheque imaging and electronic clearing underway in Canada

China's payment card market no longer fragile

UK's Chip-and-PIN Programme fails to meet original targets

Canada takes small step towards EMV with relaxed implementation deadline

Country profile: France



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EDITORIAL

Charging for cash

As we go to print, a British Government Committee (Treasury Select Committee) is kicking off an investigation into charges for cash withdrawals at ATMs in the UK. The media has delighted in attacking cash machine charges in recent months.

At a macro level it is hard to see that consumers are suffering from the increasing numbers of surcharging ATMs, as there are now more free ATMs in the UK than at any time in the past (31,000 of 55,000 machines). Many other countries would be pleased to experience the same level of improvement in ATM provision that has occurred in the UK in the four years since surcharging has been allowed.

The deployers of surcharging ATMs have come in for particular criticism, most of it unfounded:

- For independent ATM deployers (IADs), unlike banks, dispensing cash is their main business and it is only reasonable that they should charge for their services (consumers also seem to accept this point).
- In the case of financial institutions, the only bank that deploys a significant number of surcharging ATMs is Alliance & Leicester (A&L). While A&L now deploys 1,100 surcharging machines, it has also substantially increased the number of its free ATMs – from 470 in 1999 to 1,400 today.

If there is an issue for debate here, it is not whether organisations should be allowed to charge for placing ATMs in locations where they would otherwise not be deployed, but the bigger question of bank provision of ATMs.

It seems to have been almost forgotten by media commentators that until the year 2000, customers were charged 'disloyalty fees' for using the majority of ATMs in the UK. These disloyalty fees were dropped as part of a sensible reform of charging for cash withdrawals that would have seen a move from disloyalty fees to surcharging. The reforms were stopped part way through due to a public outcry, but will eventually need to be completed. Perhaps this is what the current discussions should really be about.

Dominic Hirsch

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Annual subscription (10 issues):
£490 (€735) printed only
£735 (€1,100) electronic and printed

ISSN 1351-5543



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Surrey TW9 3NG, United Kingdom

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