

Banking Automation **BULLETIN**



Costs drive global ATM deployment

Card spending overtakes cash in the UK

German debit card market evolving on multiple fronts

Driving evolution by challenging traditional branch banking paradigms

Profound change in the US cards industry

Country profile: Estonia



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EDITORIAL

Surcharging in Mexico

The ATM surcharging revolution in North America is working its way southwards this month with its introduction into Mexico. Will the country receive the same boost to its cash dispensing market as

was witnessed by its North American neighbours? The US market has grown from 150,000 to 390,000 units over the eight years surcharging has been in place, and the Canadian market from 18,000 to 45,000 over the same period.

Mexico's first ATM was deployed in 1972, and the country is now the world's 13th largest ATM market with 21,000 machines, most of which are deployed by banks. One independent deployer already operates in the country and a rush of new entrants, particularly from north of the border, is expected in the coming months.

With only 200 ATMs per million people (compared to over 1,300 in both Canada and the USA) there would appear to be huge potential in the Mexican market. While the number of bank deployed ATMs is expected to increase further, the rate of growth has slowed and any significant expansion is likely to come from the independent sector.

Life will not be easy for new entrants. Independent deployers will require sponsorship into a national ATM network by a local bank, which could inhibit growth. The UK IAD market only started to grow significantly once direct access to LINK became possible, and independent deployment in the Netherlands, where IADs must still be sponsored, has been slow to develop. In Mexico, general opposition by the banking sector and low disposable incomes will offer further challenges.

Our verdict? The large potential combined with economic incentives provided by surcharging will be strong enough to ensure substantial growth in the Mexican ATM market, but not to the same extent as in the USA and Canada – we expect 30,000 ATMs on the ground by 2009.

Dominic Hirsch

2 GLOBAL ATM MARKET

Costs drive global ATM deployment

3 ATMIA CONFERENCE

Security and business issues targeted at Dalhousie conference

5 UK PAYMENTS

Card spending overtakes cash

6 PAYMENT CARDS IN GERMANY

Debit card market evolving on multiple fronts

8 SELF-SERVICE UNIVERSE

NCR roadshow hits Athens

9 REVITALISING BRANCH BANKING

Driving evolution by challenging traditional branch banking paradigms

12 US PAYMENT CARDS

Profound change in the US cards industry

13 NEWS BULLETIN

Banking, ATM and payments news

16 COUNTRY PROFILE

ATM and cards intelligence on Estonia

20 CONFERENCE DIARY

Upcoming industry events from around the world

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Annual subscription (10 issues):

£490 (€735) printed

£735 (€1,100) electronic and printed

ISSN 1351-5543



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Surrey TW9 3NG, United Kingdom

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