

Banking Automation **BULLETIN**



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UK payments reform shows direction of things to come

European Commission finds lack of competition in European card markets

Electronic payments: ECB survey highlights e-product barriers

Growth expected in global smart card shipments

Country profile: Ukraine



Banking Automation

BULLETIN



The resilience of cash

There are a number of articles circulating that are forecasting the demise of cash and the impact this will have on the ATM sector. The *Bulletin* maintains more than

just a passing interest in both topics, so this month's editorial throws our perspective into the ring.

Predictions of a cashless society are nothing new – futurologists have been forswearing the end of notes and coins for several decades. The *Bulletin's* parent company Retail Banking Research published an analysis of the issue back in 1998, and while payments technology has certainly moved forward since then, and alternative technologies will slowly erode spending with cash, the underlying reasons why cash will not disappear any time soon remain:

- The amount of cash in circulation in most countries is flat or still increasing;
- Alternative payment technologies are not accessible to huge swathes of the world's population;
- People like using cash, and the black (and grey) economy continues to flourish.

The error of previous predictions has been a failure to recognise that cash and alternative payment methods can happily co-exist for long periods of time. Payment cards have been hugely successful in many sectors in many countries, and contactless cards and mobile payments may well have buoyant futures, but the empirical link to the death of cash is weak.

What does this mean for the ATM industry? Countries with high use of cash and low penetration of ATMs – of which there are many – will continue to deploy ATMs for the foreseeable future. More developed ATM markets will witness a more complex evolution which will vary by country, but will encompass further deployment into the off-site and convenience sectors, increased use of advanced hardware to provide services such as automated deposits, and more sophisticated software solutions, enabling greater personalisation of the ATM.

And our final prediction – people will continue to forecast the demise of both cash and ATMs for many years to come.

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