

# Banking Automation **BULLETIN**

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Impact of financial markets turmoil on the ATM market

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Continued regulatory uncertainty an obstacle to SEPA

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Card fraud in France rises to €269 million

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Branch-led channel strategy – the gathering storm!

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## **Country profile: Hungary**

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## Impact of financial markets turmoil

I have been asked several times how the global credit crunch will impact the ATM market.

It is clear that the USA, where the credit crunch started, and other developed countries, are witnessing a massive restructuring of their banking markets. This is compounded by the increasing, and to some extent self-reinforcing threat of a major economic downturn. While the damage has been most extensive in investment banking, the mergers, acquisitions and bail-outs in the retail banking arena will leave a landscape that is vastly different from that of only a few months ago. Even those banks that have avoided the worst of the trouble are not immune to what is going on around them.

It is too early for the impact on banking automation to come through in hard statistics, but here is our outlook for the industry as of today:

- The growth in the ATM installed base in less developed markets will be largely unaffected because these countries are less exposed to the credit crunch, and still have a huge underlying need for ATMs to service their growing numbers of customers.
- The picture for ATM shipments to these markets is the same, as shipments are primarily driven by growth in the installed base.
- Growth in the ATM installed base in more mature markets has already slowed dramatically, so there is limited scope for further slowdown.
- These countries are however replacing large numbers of ATMs, often increasing functionality and modernising software as they do so. This is perhaps the area which will be most affected – banks going through mergers will put investment plans on hold, and others may delay replacements by a year or two in order to cut costs.
- There is also a danger that banks will scale back ambitious plans to move to more advanced (and expensive) solutions.
- One mitigating factor in more developed countries is that banks tend to have expenditure plans set in place several years in advance.
- On a positive note, it is likely that new opportunities will emerge – perhaps the most obvious is the increased use of ATM outsourcing.

The good news for all industry stakeholders is that the growth of ATMs and self-service devices over the past four decades has been driven more than anything by a desire to improve efficiency – this will be at least as true in the future as it has been in the past.

Dominic Hirsch, Editor

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**Editor** Dominic Hirsch

**Managing Editor** Morten Jorgensen

**Assistant Editors** Tomomi Kimura, Rob Walker

**Contributors** David Cavell, Daniel Dawson, Felix Kronabetter

**Subscriptions Manager** Susie Lens

**Advertising Manager** Felix Kronabetter

For all editorial and advertising enquiries:

Telephone: +44 20 8940 1398

Fax: +44 20 8940 1527

Email: bulletin@rbrlondon.com

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Retail Banking Research Ltd  
304 Sandycroft Road, Kew Gardens  
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