

Banking Automation **BULLETIN**



Russia achieves ATM milestone

UK card fraud up 14% as National Fraud Strategy is launched

SEPA Direct Debit clarification leaves unanswered questions

US credit card market hit by the recession

Cross-border e-commerce still faces obstacles

Country profile: Lithuania



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The UK IAD squeeze

Provisional findings from RBR's latest European ATM research show a UK IAD sector under pressure. The three largest players, Hanco, NoteMachine and Payzone, have removed more

than 1,800 ATMs during 2008 – equivalent to 10% of their machines.

It should be pointed out that the next three players, Bank Machine, Cashbox and PayPoint, all increased their fleets last year, but nevertheless, such a sizeable fall in the number of ATMs managed by the three largest players is unprecedented. Part of the explanation, at least for NoteMachine and Payzone, lies in fleet rationalisation following their acquisitions of the TRM and Travelex ATM estates, respectively.

Perhaps more significant, however, are the inroads that banks have made into territory previously occupied by IADs. Bank of Ireland continues to expand its programme of placing free-to-use ATMs into post offices, replacing surcharging units. In addition, the introduction in 2007 of a higher interchange fee for cash withdrawals in low-income areas has resulted in several banks, most notably The Royal Bank of Scotland, increasing ATM deployment in such areas.

These additional bank deployments, to some extent combined with the effects of the general state of the economy, are squeezing the number of cash withdrawals at IAD machines – which have declined 10% over the past year.

The outlook for IADs is not as bleak as it may seem, however.

IADs have benefited for some time from the significant difference between their average surcharge and the cash withdrawal interchange fee. This differential, combined with their lower operating costs, still gives IADs a clear advantage over banks in many locations.

Some IADs have overstretched themselves, both in acquiring competitor estates and deploying into unprofitable areas. Fundamentally, however, there is market demand for ATMs in locations that banks do not serve, so there is also a future for the IADs that can best navigate the current downturn.

Dominic Hirsch, Editor

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