

Banking Automation **BULLETIN**



Demand for cash continues to drive global ATM markets

Further ATM sharing leads to market contraction in Brazil

Contactless cards make rapid gains in Germany

Demystifying tokenisation – what banks need to know

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Country profile: Bulgaria

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ATM density a good guide to potential, but far from perfect

Our lead article this month (page 2) provides further analysis from RBR's annual study of the global ATM

market. The research shows healthy growth of the worldwide ATM installed base, which is expected to reach over four million units by the end of the decade, but masks wide regional variation, with Asia-Pacific and Middle East and Africa growing by 8-9% per annum and other regions expanding by less than 1.5% annually.

Regional analysis itself hides wide differences between countries – this is most evident in Asia-Pacific which contains, for example, countries such as South Korea and Japan as well as those on the Indian sub-continent. With this in mind, I thought I would dig further into RBR's country forecasts to see whether growth rates were consistent with what might be expected by comparing to ATM density.

RBR uses several ATM density measures in its research (ATMs to population, bank branches, GDP and geographic area), but growth forecasts correlate most strongly with ATM density to population. Bangladesh is a country to watch – it has the lowest ATM density of any of the 64 countries covered in RBR's study and is the only one where the ATM market is predicted to grow by over 20% per year through the end of the decade. Many countries fit this pattern, with high growth also forecast in Nigeria, India, Pakistan, Egypt and Kenya, for example. There are exceptions, however, such as China and Iran, and to a lesser extent Saudi Arabia, Turkey and Thailand, where RBR continues to forecast strong expansion despite ATM densities increasing rapidly over recent years and reaching levels which, if considered alone, would indicate a slowdown.

At the other end of the spectrum, as should be expected, countries with high ATM densities, such as Portugal, Spain and Australia, are forecast to see slower growth or even slight falls in ATM numbers. Again there are exceptions however, most notably in Finland and Sweden, where despite relatively low ATM density to population, ATM numbers are forecast to fall by 2-3% per year.

So what does this tell us about how to identify where to expect future ATM growth? The simple answer is that ATM density is an excellent starting point but must be overlaid by a whole host of factors such as economic activity, regulation, bank competition, security, role of cash, payment card acceptance and, going forward, mobile payments.

Dominic Hirsch, Editor

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ISSN 1748-5304

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