

Banking Automation **BULLETIN**



Deposit automation and recycling drives revenues in ATM sector

Domestic cards account for 28% of European card spend

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Efforts to unify fragmented Russian CIT sector

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Deposit automation and recycling drives revenues as ATM unit growth slows

As reported in the *Bulletin* in October, growth in the global ATM market is gradually slowing down – at least in terms of ATMs deployed. In a number of more mature markets, the number of ATMs has even started to fall.

Installed base is of course only one way to analyse the market, and ATM shipments, and more specifically replacement units, are becoming ever more important given the large number of machines already deployed around the world. When an ATM is replaced, it is, at the very least, upgraded to a higher performance unit (larger screen, faster processor etc.), but often enhanced in other ways too. According to brand new research from RBR (see page 2), cash dispensers are often replaced by ATMs with advanced deposit functionality.

For customers, such technology reduces the need to queue at a teller counter to make deposits, and is more convenient in other ways too – deposits can usually be made outside of regular banking hours and are more anonymous.

Banks benefit from automated deposit and recycling technology through reduced cash handling costs. Bank of America CEO Brian Moynihan is reported to have said at a conference just last week, “Roughly 10% of Bank of America’s costs come from moving coins, currency and cheques throughout the banking system”.

For ATM suppliers, the growing popularity of deposit and recycling ATMs is welcome news, given the downward pressure on like-for-like prices and the aforementioned slowing installed base growth. RBR’s research shows that the number of automated deposit ATMs grew by a healthy 12% last year, compared to 2% for non-deposit ATMs.

There is still plenty of potential too – there were 1.2 million automated deposit terminals installed by the end of 2015, leaving over 2 million ATMs which do not yet have the functionality. RBR forecasts an additional 0.5 million such terminals will be deployed over the next five years.

Deposit and recycling technology has been around for some years now, which means there is also a healthy replacement market for these machines. Again, this is often not like-for-like replacements. Half of the current base of automated deposit terminals do not recycle banknotes. As the business case for recycling ATMs continues to improve, this share of recycling units is forecast to grow.

It may be becoming more difficult for ATM suppliers to increase unit sales, but growing revenues should not be quite so hard.

Dominic Hirsch, Editor

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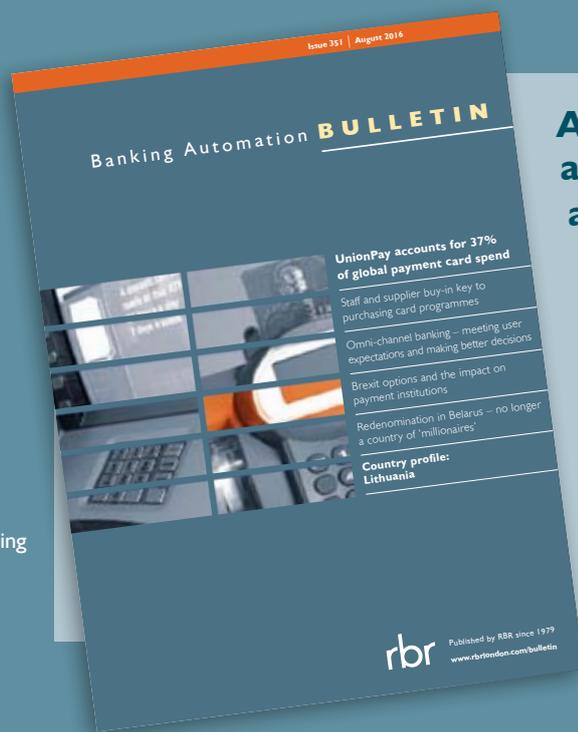
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