

# Banking Automation **BULLETIN**

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## **Are Chinese ATM manufacturers a threat to Diebold Nixdorf and NCR?**

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Top four ATM markets make up half of the world total

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Dutch banks step up ATM security in wake of attacks

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Growing use of biometrics at ATMs and unattended kiosks

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The GDPR – Risk management and opportunity knock

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## **Country profile: Czechia**

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## Banking Automation

## BULLETIN



## Are Chinese ATM manufacturers a threat to Diebold Nixdorf and NCR?

The *Bulletin* has discussed on many occasions the role that China is playing in driving the global ATM market, but has spent less time analysing individual Chinese manufacturers. Local suppliers have continued to gain market share in China, partly because of their competitive pricing, but at least as importantly because of regulations requiring banks to purchase an increasing share of their equipment from domestic manufacturers.

Guangzhou-based GRG Banking is the best known of the Chinese manufacturers – it has been producing ATMs since 1999, and is now the 5<sup>th</sup> largest manufacturer in terms of ATMs installed around the world. 88% of its ATMs are found in its home market, but it has nearly 9,000 units in Iran, and at least 900 in India, South Africa, Turkey and Vietnam. Two other Chinese manufacturers have quietly been gaining share – Yihua, the world's 7<sup>th</sup> largest, and Kingteller, the 9<sup>th</sup>. All three Chinese manufacturers have been growing their ATM installed bases by more than 20% per year over the past four years.

RBR is often asked if the Chinese suppliers are a threat to the large western manufacturers Diebold Nixdorf and NCR. Both companies have continued to expand their global presence, but only slowly in recent years. They have certainly been impacted by the Chinese manufacturers; however, primarily by limiting opportunities in the key Chinese market, rather than by taking share off them in other countries. The modest recent installed base growth of the western manufacturers has more to do with the challenges of expanding a large base – the recently formed Diebold Nixdorf has over a million ATMs deployed around the world – and with changes to branch networks in the more mature retail banking markets in Europe and North America.

Will Chinese manufacturers be a greater threat going forward? There is no question that all ATM manufacturers, and not just western ones, are under constant pressure to reduce the cost of their machines, but this does not automatically mean lower-cost suppliers have an advantage. RBR's research has consistently shown that western banks view cost as only one of their purchasing criteria, with issues such as reliability, service and support being at least as important.

The greatest threat to western ATM suppliers does not come from China, but from the rapidly changing retail banking sector. These changes are by no means all negative, and increasing complexity plays to their strengths, but require suppliers that are able to adapt. This is the real challenge facing Diebold Nixdorf and NCR.

Dominic Hirsch, Editor

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**Editor** Dominic Hirsch

**Managing Editor** Morten Jorgensen

**Assistant Editor** Tomomi Kimura

**Contributors** Stan Abbott, Rowan Berridge, Alison Ebbage, Alan Goode, Chris Herbert, Joanne Kumire, Bernd Redecker, Stephen Reinhardt, Joerg Reuter, Michael Steinbach

**Subscriptions Manager** Abigail Milne

**Advertising Managers** Amanda Hardy, Felix Kronabetter

For all editorial and advertising enquiries:

Telephone: +44 20 8831 7300 Fax: +44 20 8831 7301

Email: [bulletin@rbrlondon.com](mailto:bulletin@rbrlondon.com)

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393 Richmond Road  
London TW1 2EF, United Kingdom

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