

Banking Automation **BULLETIN**



Financial inclusion at the heart of growth in MEA banking

Challenger banks face their own challenges

Card usage for e-commerce spending soars worldwide

Collaboration rules in digital identity

Diminishing influence of cash and ATMs across the Nordics

**Country profile:
Turkey**

Banking Automation

BULLETIN



UK interchange fee proposals threaten IADs and ATM provision

Proposals to cut ATM interchange fees in the UK by 20% over four years have been put forward for consultation by LINK, the UK ATM network operator. The LINK Board argues that the current interchange methodology results in an interchange cost that is “around 30% higher than what it would be under the rates of at least one major competitor for the same number of transactions” and that this results in a “threat to the competitive position of LINK”.

There is a belief among LINK Members that there are too many ATMs in the UK. They argue that the “cost of ATM provision in the UK should be falling”. In particular they are keen to prevent what they see as cost over-recovery leading to over-deployment.

LINK is concerned that banks could move their business to the international card schemes, which are offering lower interchange fees. In the past, ATM interchange was a zero-sum game as banks were both issuers and acquirers, but because most UK banks have reduced or removed their off-site ATMs, and independent ATM deployers (IADs) now own the vast majority of such ATMs, this is no longer the case.

Headlines such as “Bank cost-cutting threatens free cash machines” and “Interchange fees cut could threaten free-to-use ATM network” may be dramatic, but if these proposals go through, it seems inevitable that the number of ATMs in the UK, especially ATMs deployed by IADs, will fall.

LINK has said that it is “mindful of its public interest remit and of the obligations placed on it as a regulated payment system operator” and has been keen to emphasise its “Members’ commitment to consumers and financial inclusion”. It already has a financial inclusion programme, which it is proposing to strengthen, to ensure customers always have relatively close access to free ATMs. While these measures will ensure a basic level of provision remains, it does not change the likelihood that overall deployment and customer convenience will be reduced.

At one level, banks would seem to be within their rights to take actions to reduce the costs of providing ATM access. The problem, however, is that by offering free ATM withdrawals to both customers and non-customers, it is difficult for IADs to charge for cash withdrawals. This means IADs are forced to rely on interchange fees as their source of income, and reducing interchange fees reduces the number of viable sites.

It will be interesting to see how the payment systems operator views the situation. The UK’s culture of ‘free banking’ lies at the heart of this issue – while free banking is generally popular, in this case it is distorting the market to the detriment of certain types of ATM deployer and consumers.

Dominic Hirsch, Editor

2 MEA CARDS AND ATMS

Financial inclusion at the heart of growth in MEA banking

4 AURIGA PERSPECTIVE

Harnessing the power of FinTech: special forces in the battle of branch banking

6 BANKS AND FINTECHS

Challenger banks face their own challenges

8 NORDIC BANKING

Diminishing influence of cash and ATMs across the Nordics

10 DIGITAL BANK IDENTITY

Collaboration rules in digital identity

12 WORLDWIDE PAYMENTS FRAUD

Unpredictable fraud still threatening e-commerce

13 GLOBAL E-COMMERCE

Card usage for e-commerce spending soars worldwide

14 BANKING INNOVATION

The pros and cons of banks’ technological innovations

16 NEWS BULLETIN

Banking, ATM and payments news

17 COUNTRY PROFILE

ATM and cards intelligence on Turkey

21 CONFERENCE DIARY

Upcoming industry events from around the world

Editor Dominic Hirsch

Managing Editor Morten Jorgensen

Assistant Editor Tomomi Kimura

Contributors Jane Adams, Terry Appiasei, Emily Beeby, Beatriz Benito, Antonella Comes, Alison Ebbage, Tom Ikonen, Thomas Madden

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

Advertisers in this issue:

Auriga www.aurigaspa.com

Diebold Nixdorf www.DieboldNixdorf.com

GMV www.gmv.com

Spinnaker www.spinnaker.co.uk

Annual subscription (12 issues):

Printed and electronic (1-5 users) £1,500

Printed and electronic (6+ users) £3,000

Follow us: [in](https://www.linkedin.com/company/rbrlondon) [tw](https://twitter.com/RBRLondon) @RBRLondon

ISSN 1748-5304

RBR

393 Richmond Road

London TW1 2EF, United Kingdom

Banking Automation **BULLETIN**

Regular topics include:

- ATM hardware and software
- Biometrics
- Branch transformation
- Cash usage and management
- Contactless and mobile payments
- Deposit and recycling
- EMV and smart cards
- Fintech innovation
- Interchange and merchant fees
- ISO/IAD activity
- Merchant acquiring and EFTPOS
- Non-cash payments
- Omni-channel integration
- Outsourcing and managed services
- Payment card issuance and processing
- Payment systems
- Regulatory developments
- Security and fraud
- Self-service banking
- Teller automation



A unique source of news and analysis of key issues in banking automation, cards and payments

- Independent and authoritative insights from industry experts
- Detailed country profiles including proprietary ATM and cards market data in every issue
- Exclusive extracts from RBR's industry-leading market research reports
- Comprehensive industry conference diary
- Read by senior executives in over 100 countries worldwide

Published by RBR since 1979

The Bulletin keeps you on top of your industry agenda – can you afford not to subscribe?

For more information about subscribing or advertising please visit www.rbrlondon.com/bulletin

ORDER FORM: Banking Automation Bulletin

■ Please select one of the following subscription offers:

	1 year (12 issues)	2 years (24 issues) – save 15%	3 years (36 issues) – save 20%
Standard licence (1-5 users)*	<input type="checkbox"/> £1500	<input type="checkbox"/> £2550	<input type="checkbox"/> £3600
Multi-user licence (6+ users + intranet)*	<input type="checkbox"/> £3000	<input type="checkbox"/> £5100	<input type="checkbox"/> £7200

* Includes digital edition plus one printed copy

Please send me information about advertising and advertorial opportunities

■ Payment method:

Please invoice me or By payment card Amex Diners Club Discover JCB Mastercard Visa

Card number Expires Total amount payable

Cardholder name Cardholder signature

■ Your details:

Title (Mr, Ms, Dr) First name Surname
Position/Department Company
Address Postcode Country
Tel Email VAT (TVA) number

Please complete and return this form to: **RBR** 393 Richmond Road, London TW1 2EF, UK

Tel: +44 20 8831 7300 Fax: +44 20 8831 7301 subscriptions@rbrlondon.com www.rbrlondon.com/bulletin