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Expansion by IADs outpaces bank ATM growth in major markets

Growth in independent ATM estates and sharing agreements as banks seek cost efficiencies and consolidate their ATM channels

Banks rationalise their ATM networks

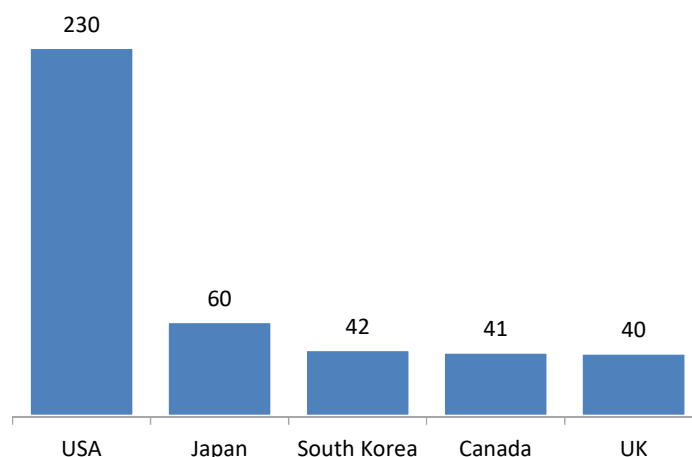
RBR's *Global ATM Market and Forecasts to 2022* report shows that independent ATM deployers (IADs) accounted for one in six ATMs worldwide at the end of 2016. Five markets – the USA, Japan, South Korea, Canada and the UK – are home to over 80% of the world's IAD terminals, and with the exception of Canada, it is the non-bank ATM sector which is growing fastest in each case.

According to RBR's research, other major markets that saw impressive growth in the number of IAD ATMs include Poland – where smaller banks have sold their ATM fleets to IADs – and Germany, where several banks are reducing both their branch networks and ATM estates.

Tight regulations have traditionally limited IAD activity – particularly in Asia-Pacific – and such deployers are still prohibited in certain countries, including Russia. Nevertheless, banking authorities in developing markets such as India and Argentina see IAD ATMs as part of a wider strategy to facilitate access to financial services.

The largest proportion of non-bank ATMs is in Canada, where they account for 65% of all terminals; it is also above 50% in Israel, Australia, the UK and the USA. In North America, the sustained removal of bank ATMs from off-site locations and the sale or outsourcing of sections of banks' off-site ATM fleets will provide further opportunities for IAD expansion. Indeed, RBR forecasts that the share of IAD ATMs will grow between 2016 and 2022 in virtually all markets where non-bank deployers are present.

Largest IAD markets, 2016 (IAD ATMs, thousand)



Source: Global ATM Market and Forecasts to 2022 (RBR)

ATM sharing agreements becoming more common

As for bank ATMs, RBR's research found that bilateral and multilateral sharing agreements between individual deployers are increasingly prevalent. Banks in countries such as Spain and Mexico have increased customer convenience by offering their customers the same transaction rates at other banks' ATMs as at their own. This improves efficiency by reducing their need to invest in expanding their own ATM fleets. In Russia, participation in ATM sharing agreements has been driven by falling ATM interchange rates, as reduced profitability means that banks have less incentive to enlarge their own estates.

ATM pooling a logical development in certain markets

Banks sometimes cut costs by co-operating to offer shared off-site ATMs. In Brazil, for example, TecBan operates 20,000 non-branch ATMs in partnership with six major banks, in locations which previously hosted multiple bank terminals.

In markets where customer demand for cash withdrawals has declined significantly, full ATM pooling may be the preferred option. In Finland, banks do not deploy ATMs directly; instead, Automatia (jointly-owned by a number of banks) operates the majority of the country's ATMs. Sweden has moved in the same direction, with three quarters of bank ATMs shared via Bankomat's ATM pooling arrangement. Banks in the Netherlands also have plans to pool their ATMs, as they re-evaluate their ATM fleets in the face of the growing popularity of cashless payments.

RBR's Rowan Berridge, who led the research, commented: "*Many markets across the globe have seen increases in IAD deployment, sharing agreements and ATM pooling. We expect these trends to be sustained, as banks focus on enhancing the cost efficiency of ATM services*".

Notes to editors

These figures and insights are based on RBR's study, *Global ATM Market and Forecasts to 2022*. For more information about this report or to discuss the findings in more detail please email Rowan Berridge (rowan.berridge@rbrblondon.com) or call +44 20 8831 7311.

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