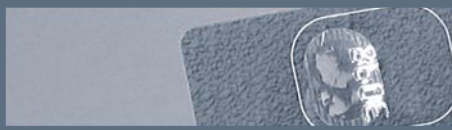


Banking Automation **BULLETIN**



Challenging 2017 for vendors as global ATM shipments fall 19%

Bendigo Bank: 20 years of successful branch franchising

A variety of approaches to European merchant processing

Data analytics enhances customer experience

Post Bank reinvigorates Russian branch banking

**Country profile:
South Korea**

Banking Automation

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Was last year's dramatic fall in ATM shipments a blip or a trend?

RBR's analysis of the global ATM market shows a dramatic 19% fall in ATM shipments last year – see page 2. This is the third year running that the number of shipments has fallen, but the size of the drop in 2017 was much larger than previously. The greatest decreases have been seen in Asia-Pacific, which is also where most of the huge expansion in ATM shipments occurred over the past decade. The latest figures essentially bring the market back to where it was in 2007, before the boom occurred.

It is tempting to link the fall in ATM shipments directly to the pressure on cash and the rapid growth in electronic payments, but, as always, the picture is more complex. China and India have both seen heavy declines, but for completely different reasons; in China the popularity of mobile solutions such as WeChat Pay and Alipay have spooked the banks, while in India deployers are struggling to build a business case for deployment, despite strong underlying demand for cash. Such variation between countries is not restricted to Asia. In Europe, France and the UK witnessed large falls, while Germany was flat and Italy and Turkey significantly ramped up shipments. In Latin America, Brazil bucked a trend of lower shipments to record its first increase in five years.

Analysis of the types of units shipped is of particular interest. The share of shipments made up of recyclers increased to 41% as deposit and recycling technology penetrates into new markets and represents an ever-increasing share of replacement machines.

Given the diverse geographic and cultural contexts for cash and payments, it is difficult to succinctly characterise what is happening – more than anything it is uncertainty that has held back ATM shipments. Continued growth in non-cash payments and ongoing changes to branch networks have created an environment where banks are reluctant to invest. High reliability, the option to upgrade rather than replace and the ability to shift ATMs from storage all help facilitate a strategy of 'wait and see'.

For suppliers this makes for a tough environment. Those with software propositions are trying to grow software revenue – a strategy which is consistent with banks' increasingly sophisticated digital banking propositions. Similarly, a greater share of revenues is coming from service, including professional and managed services, as banks gradually relinquish control of their ATM fleets.

The pressure on ATM shipments will continue while the future of retail banking remains uncertain, but 2017 may well mark the year that the ATM market corrected towards a more sustainable future.

Dominic Hirsch, Editor

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