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Banking Automation BULLETIN

ATM growth stalls as many banks withdraw machines

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RBR forecasts fall in global ATM installations for the first time, but it's not all bad news

The latest edition of RBR's global ATM market research (see page 2) is notable for one statistic more than any other – the number of ATMs is forecast to fall for the first time. The worldwide installed base peaked at 3.28 million units at end-2017 and is forecast to gradually decline through to end-2023 to 3.23 million.

The current woes of many of the world's ATM suppliers might suggest that this is not a huge surprise, but a few countries skew the figures and ATM markets in the majority of countries are still forecast to expand. The growth in the number of ATMs in China in the decade from 2007 to 2016, when the market exploded from 110,000 to 760,000 machines, always felt excessive, and the dramatic rise of AliPay and WeChat Pay over the past few years has caused the bubble to burst. Without the decline in China, the number of ATMs worldwide would actually still be growing.

While the mobile payment app giants explain the changes in China, it is payment cards (particularly contactless) and bank branch closures which explain the falls in Western Europe, where 13 out of 17 countries are forecast to experience a drop in ATM installations. In contrast, all the markets surveyed in the Middle East and Africa are forecast to grow, with an overall expansion of 20% by 2023. Here it is the traditional growth factors of increasing banked populations, greater wealth and improved infrastructure which are driving the development.

Research into ATM shipments published by RBR earlier this year documented a dramatic fall in shipments in 2017. This study suggests that the decline was to a large extent a one-off, although a new baseline of lower annual ATM shipments is predicted. This implies that ATMs are not being replaced with new units as frequently as in the past, either because they can be operated for longer or because they are being upgraded or replaced with refurbished machines.

While changes to the installed base and shipments are important, there are numerous accompanying trends emerging – more advanced ATMs (particularly with recycling modules) continue to be rolled out, more institutions are outsourcing some or all of their ATM management to third parties and the number of ATMs deployed by IADs continues to grow strongly to fill gaps created by branch closures and consolidation.

More than anything, what the new research shows is that while the ATM industry has changed dramatically over the past 12-24 months, there are still plenty of opportunities for deployers and suppliers alike.

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