

Banking Automation **BULLETIN**



ATM numbers fall, as Chinese electronic payments take off

Progress on Open Banking despite data liability concerns

Are shared branches the new normal for branch banking?

Will fintech solve or worsen problem of financial inclusion?

ATM shipments fall but demand for automated deposit rises

Country profile: Vietnam

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Don't let China skew the global ATM picture

RBR suggested last year that the number of ATMs worldwide had peaked in 2017, and its latest research into the global ATM market confirms that this was indeed the case (see page 12). The overall decline of 1.3% was relatively modest, and excluding the 50,000 fall in the installed base in China, the total would still be growing. China is having the same impact on RBR's forecasts, where the number of ATMs installed worldwide is forecast to drop by 0.8% between 2018 and 2024, but excluding China is forecast to grow by 3.8%.

The bursting of China's ATM bubble and remarkably rapid adoption of non-cash payments is spectacular, but focusing too heavily on one country risks missing what is happening elsewhere. India, long touted as the next China when it comes to growth in ATMs, had its own wobble last year – despite being nowhere near fulfilling its ATM potential, the market grew by just 0.3%, as deployers have found that low ATM interchange fees make profitable ATM operations difficult, especially in more rural areas. Having resisted pressure to increase interchange fees for some time, the Reserve Bank of India has finally announced a review which is expected to report within two months.

RBR's research shows that 28 of the 63 largest ATM markets shrank last year – mainly in Europe and North America, and generally by low single digit percentages. In more developed ATM markets, a number of factors, in particular growth of contactless and mobile payments, bank consolidation and branch closures, and changing economics for independent ATM deployers have led to withdrawal of ATMs. There is also increasing interest in ATM sharing and pooling, which will put downward pressure on installations going forward.

Interestingly, when the list is expanded to include the 110 largest ATM markets, the equivalent figures show that only 37 countries saw a fall in the number of ATMs. In other words, in the vast majority of smaller countries around the world, the number of ATMs continues to increase. It is not that these countries do not also have downward pressure on ATMs – in particular from digital banking – but that these continue to be outweighed by the traditional growth drivers of economic expansion, growing banked populations, bank efficiency and consumer demand for convenience. Perhaps the message that stands out from the latest global research more than any other is that you cannot consider the global ATM market as a single market – more than ever it is a set of surprisingly different markets, each with its own unique set of challenges and opportunities.

Dominic Hirsch, Editor

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