

Banking Automation **BULLETIN**



How is COVID-19 impacting ATM transactions?

European cards market sustained by debit and contactless issuing

Mobile money in Africa – temporary solution or sustainable option?

SMEs – the next battleground in the war for customers?

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How is COVID-19 impacting ATM transactions?

In the week ending 5th April there were 20.3 million cash withdrawals worth £1.0 billion made in the UK,

falls of 61% and 57% compared to the same week the year before, and 55% and 53% down compared to the first week in March. In other words, ATM transactions in 2020 were already down this year, but they have fallen by more than 50% in the past month. The greater fall in number compared to value of withdrawals indicates an increase in the average amount withdrawn.

The COVID-19 crisis has caused similar behaviour in other countries, typically with falls of 20-50% in ATM usage. The variation is dependent on a number of factors, first and foremost the timing and extent of government restrictions. There are however other factors at play, including the mix of expenditure in different countries – some segments such as grocery and pharmacies have seen a boost in sales, but general retailers, restaurants, leisure, hotels and many others have been hit hard. People in less-developed countries spend a higher share of their income on grocery, for example, so use of cash will fall less in those markets. Locations of ATMs are also a factor – countries such as the USA and Australia which have a significant share of IAD machines in 'inside off-site' locations will find large numbers of ATMs no longer accessible.

Dramatic falls in ATM usage are inevitable in the current environment and correlate with the restrictions. Similarly, an increase in online delivery has shifted a share of cash transactions to cards.

A topic which is harder to quantify and much more controversial is the extent to which retailer and consumer behaviour has changed to promote cards, particularly contactless, ahead of cash. The cash lobby is up in arms, arguing that the damage caused by limiting cash usage is far greater than the health risks posed by paying with or accepting cash – they have a point, but you can understand why merchants and customers are tempted to take actions which even in a very small way might help reduce cases of COVID-19.

There are exceptions to the gloomy outlook for ATMs during the current crisis. In Brazil, for example, people due to receive a so-called 'coronavoucher', a special benefit payment of BRL 600 (\$114) per month to some of the country's poorest citizens, will be able to access the funds via ATMs. There is also an opportunity for ATMs to play a greater role in money remittance, with many counters likely to remain closed for a period of time. Similarly, with many bank branches shut, the crisis emphasises the role that ATMs can play in carrying out transactions that might otherwise have been carried out face-to-face. Perhaps this is a useful reminder that ATMs need to continue to evolve to stay relevant.

Dominic Hirsch, Editor

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Editor Dominic Hirsch

Managing Editor Morten Jorgensen

Assistant Editor Tomomi Kimura

Contributors Jerome Amara, Jeni Bloomfield, Eleanor Duerden, Alison Ebbage, Alex Kirk, Felix Kronabetter, Amita Mistry, Laura Raus, Josh Swarbrick

Subscriptions Manager Abigail Milne

For all editorial and advertising enquiries:

Telephone: +44 20 8831 7300 Fax: +44 20 8831 7301

Email: bulletin@rbrlondon.com

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