



The Decline of ATMs and its Impact on Cash Management Strategies

Sofia Sadiq, ATMIA
International Advocacy and Policy Manager

Topics



Decline of ATMs: Trends and Statistics



Impact on Cash Management



Challenges and opportunities posed by weakening cash infrastructure



Long/Short Term Strategies



Conclusion

Trends and Developments

- Continued Decline in Cash Usage: The trend of reduced cash usage is likely to continue
- Rise of Central Bank Digital Currencies (CBDCs): Several countries are exploring or developing their own CBDCs
- Enhanced Payment Technologies: The cash cycle might be influenced by advancements in payment technologies
- Increased Financial Inclusion. Efforts to promote financial inclusion may lead to more people gaining access to formal financial services
- Stricter Regulation and Reporting: Governments and financial institutions may implement tighter regulations to combat money laundering
- Security and Privacy Concerns: As digital payments become more prevalent, concerns about cybersecurity and data privacy may arise



ATMs play a key role in accessing cash, but COVID-19 has lasting impact on numbers



Most countries witnessed a drop in ATM numbers in 2021 as cashless payments gained further ground



With the worst impact of COVID-19 over, some deployers are renewing efforts to expand services



IADs and financial inclusion efforts drive limited recovery



RBR's Global ATM Markets and Forecasts to 2027 shows that the number of ATMs worldwide fell by 2% in 2021 to stand at 3.1 million machines



ATMs Play a Key Role in Accessing Cash

ATMs Usage Worldwide

- In 2021, the global ATM market is valued at approximately **\$17.9 billion**
- There are around **3.5 million** ATMs installed worldwide
- The average ATM withdrawal is **\$80**
- More than **50%** of banking transactions in India are conducted via ATMs
- ATM usage in the UK declined by around **43%** during the COVID-19 pandemic
- Around **94%** of bank branches in India have ATMs
- Japan has the world's highest number of ATMs per capita, with **127,978 ATMs** for 126 million people in 2018



2021 Was a More Stable Year

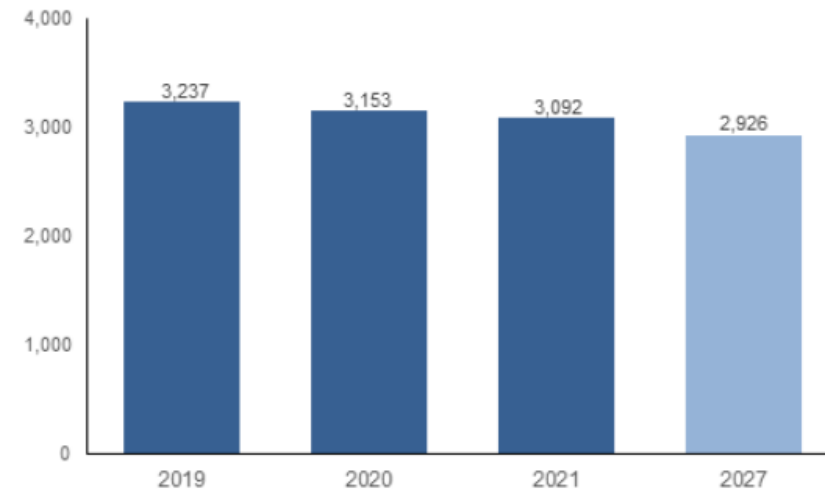
The USA and India saw increases in ATM numbers

US IADs re-opened ATMs shuttered by the pandemic

In India, deployers extended their networks into more rural areas

Globally, the number of IAD-deployed ATMs increased by 5%

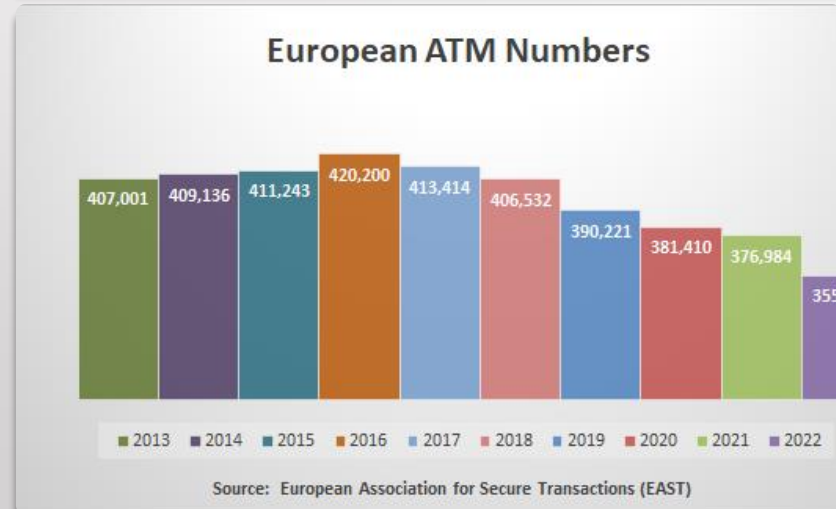
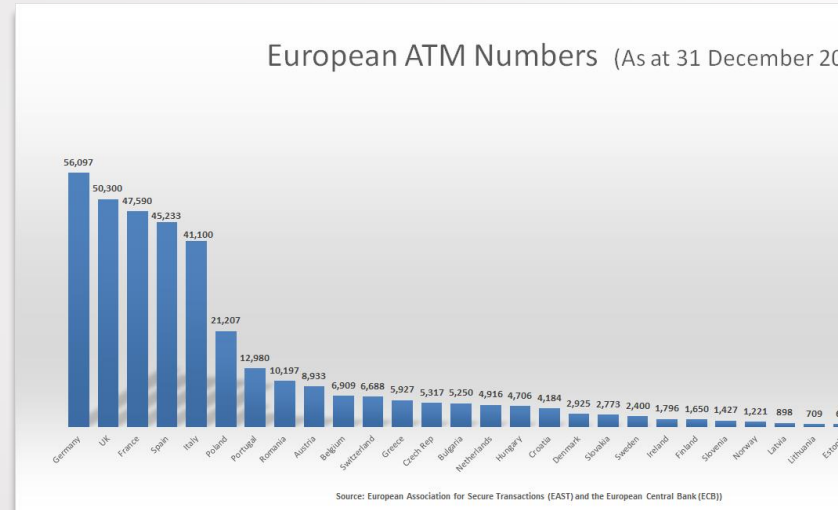
Global installed base (thousands), 2019, 2020, 2021 and 2027 (forecast)



Source: Global ATM Markets and Forecasts to 2027 (RBR)

ATM Numbers Falling in Europe

- In many European countries ATM numbers are falling as non-cash payments increase and cash payments decline



Europe has seen a 2% decrease in ATMs since 2021, with the number of ATMs per 10,000 people ranging from 12.8 to 2.1.

Gitnux

Member Update – Spain

Spanish banks face a tough task jump starting returns forcing many banks to undercut each other to lure clients in an overcrowded market while cutting costs.

Cash withdrawal fees are the latest front, pitting banks against each other, as large lenders announce increased ATM charges for competitors' customers.

Rural areas in Spain reluctant to go digital, making cash an important universal service.

Member Update – UK

Cost of cash on top of the base rate has gone up, benefitting the big banks

- Independent ATM Deployers providing a significant number of ATMS in the UK.

A recent Bank of England report, he said, noted that 90% of cash comes out of ATMs.

Consumers are still going to the supermarkets to take out cash, with the closing of bank branches in the country

Charities, such as Age UK have raised their concerns with policy makers. encouraging a strong service to provide access to cash in the country.

The Financial Markets Bill, currently going through Parliament, does not go far enough to address cash access issues at both a national and local level.

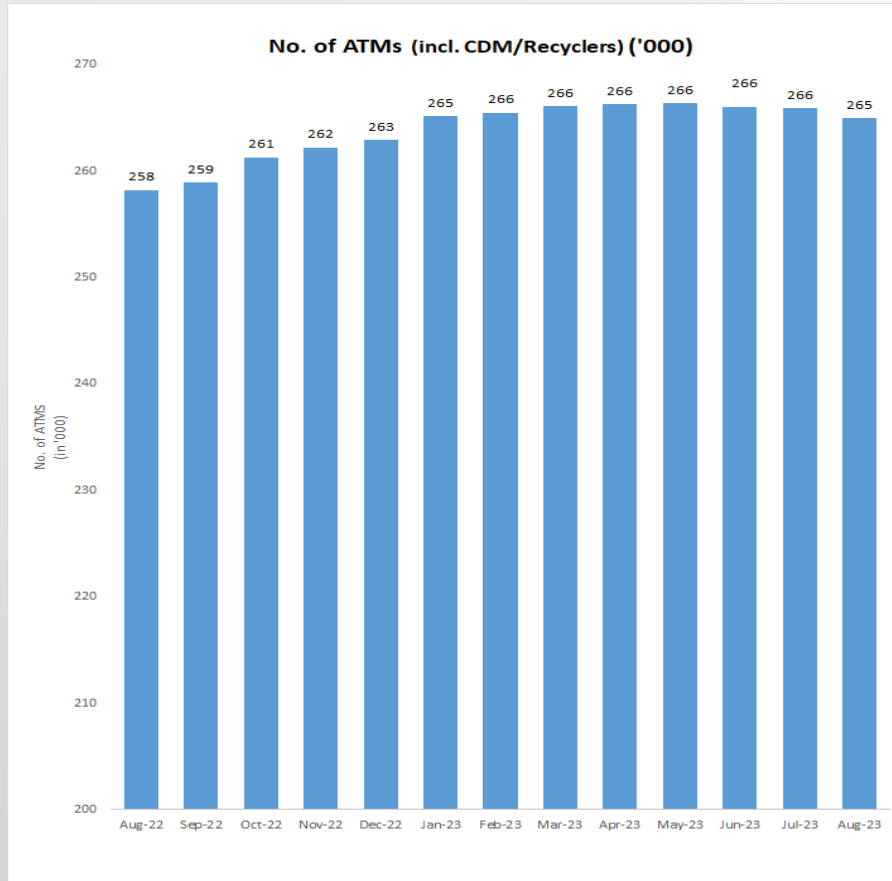
Use of ATMs in US Likely to Keep Dropping

- The availability of ATMs may have peaked at 470,000 units scattered across the U.S. in 2019, with a fall-off since then to 462,000 in 2020 and an estimated 456,000 last year,
- The automated tellers are disappearing in tandem with banks closing local branches.
- Between 2015 and 2019, ATMs kept popping up across the U.S., rising 8% from 434,000 to 470,000 machines during that period, according to Euromonitor.
- After a significant dip in 2020, the U.S. ATM population grew by about 21,000 terminals from 2021 to the end of 2022.
- ATMIA now estimates the total number of active ATMs to be between 520,000 and 540,000.

Member Update – Africa

- Although cash is still king in Africa, a McKinsey survey suggests that its supremacy is likely to be challenged in the coming years
- E-payments are gaining momentum.
- With banks and nonbank players alike innovating to reduce friction in domestic and cross-border payments and deliver much-needed new solutions to consumers and businesses
- Africa's domestic e-payments market is expected to see revenues grow by approximately 20 percent per year, reaching around \$40 billion by 2025

ATMs in India



Source:

<https://www.npci.org.in/what-we-do/nfs/product-statistics/volumes>

Total ATMs / CRM / Recyclers : 264, 990
(includes ATMs by WLAO)

Total ATMs by WLAO : 34,784

CRM / Recyclers : ~ 40,000

Factors Contributing to the Decline of ATMs

Rise of Digital Payments

The growing popularity of mobile wallets, only online banking, and contactless payments has reduced the need for physical cash and ATM access.

Cost Reduction Efforts

Banks and financial institutions are closing down underutilized ATMs to save on maintenance, security, and operational costs.

Changing Consumer Behavior

Younger generations are increasingly comfortable with digital payment methods, leading to a decrease in ATM usage.

The Cash Conundrum

As the global economy evolves, the usage of cash is declining, yet the costs associated with cash handling are rising. Financial institutions face a complex challenge in managing these changing dynamics effectively.



Decline in Cash Usage



1

Reduced Reliance

People are using cash less frequently for daily transactions, opting for digital alternatives like contactless cards and mobile wallets.

2

Pandemic Impact

The pandemic accelerated the shift away from cash as concerns over disease transmission led to a surge in digital payment adoption.

3

Generational Trends

Younger generations, in particular, are more comfortable with and prefer digital payment methods over physical cash.

Challenges Posed by Weakening Cash Infrastructure



Access Issues

The decline in cash infrastructure, such as ATMs and bank branches, can make it more difficult for some individuals to access physical cash, particularly in remote or underserved areas.

Financial Inclusion

The shift towards digital payments may exclude certain groups, such as the unbanked or underbanked, who may have limited access to digital financial services.

Privacy Concerns

The increased use of digital payments raises concerns about privacy and the potential for greater surveillance and data collection by financial institutions and governments.

Impact on Cash Management Strategies

Reduced Cash Handling

With fewer ATMs, businesses and financial institutions must adapt their cash management strategies to handle decreased cash flow and storage requirements.

Increased Digital Transactions

The decline in ATM usage shifts the focus towards managing and securing digital payment methods, requiring new tools and processes.

Prioritize inclusivity

The banking industry's digitalization efforts must prioritize inclusivity to ensure accessibility for all members of society.

ATMs: Convenient Access to Cash

ATMs: Instant Cash Withdrawals

Automated Teller Machines (ATMs) provide users with immediate access to cash, allowing them to withdraw funds at their convenience without relying on banking hours.

CDMs: Seamless Cash Deposits

Cash Deposit Machines (CDMs) enable customers to easily deposit cash into their accounts, streamlining the process and eliminating the need for manual teller interactions.

Integrated Banking Services

Modern ATMs and CDMs offer a range of integrated banking services, including balance inquiries, fund transfers, and bill payments, empowering users to manage their finances efficiently.

Optimizing Distribution Networks



Data-Driven Decisions

Utilizing advanced analytics to balance the usage of branches and ATMs, considering factors like transaction-based costs and location-based maintenance.

Enhancing Accessibility

Maintaining accessibility, especially in underserved areas, through strategic network adjustments and investments in modern technology.

1

2

3

Evaluating Impact

Carefully assessing the impact of network changes on both costs and revenue to ensure optimal performance.

Revolutionize Your Cash Management

Convenient Access

Immediate cash withdrawals and deposits through ATMs and CDMs

Enhanced Security

Robust security measures to protect against fraud and theft

Seamless Integration

Integrated banking services for efficient financial management

Shared utility model for cash handling - A promising solution

1

Minimized Risk

ATMs and CDMs reduce the need to carry large amounts of physical cash, mitigating the risks of theft, fraud, and other security issues.

2

User-Friendly Interfaces

Intuitive and responsive user interfaces make cash management solutions easy to navigate, ensuring a smooth and efficient user experience.

3

Accessibility for All

These solutions are designed to cater to the needs of users with disabilities, promoting financial inclusion and accessibility for all.

4

Multi-Bank Connectivity

The ability to access multiple bank accounts through a single ATM or CDM enhances the convenience and versatility of cash management solutions.

Transforming Cash Management: Developing Partnerships



Industry-Leading Expertise

The collaboration between NCR, a renowned leader in ATM technology, and Wavetec, a trusted provider of financial solutions, combines unparalleled expertise to deliver best-in-class cash management services.

ATM Pooling

ATM pooling can leverage Aurigas WWS Cash Management solution to maximise the operational efficiencies and improve customer experience.

Driving Financial Inclusion

By expanding the accessibility and reliability of cash management services, this collaboration aims to promote financial inclusivity and empower individuals and businesses across Pakistan.



The Evolution of Cash Management Through Technology: Today and Tomorrow

- **Better Forecasting:** AI refines cash demand predictions using historical data and real-time monitoring, reducing risks and optimizing cash levels.
- **Cash Replenishment Transformation:** AI enables dynamic scheduling based on demand forecasts, efficiency metrics, and cost considerations, leading to resource efficiency and cost reduction.
- **Operational Insights:** AI analyzes ATM networks to optimize locations, services, and cash levels, improving operational profitability.
- **Adaptive Pricing:** AI-driven adaptive pricing considers transaction volumes, locations, and time-of-day patterns to maximize profitability while remaining competitive.

•Source: Auriga

Empowering Financial Inclusion



Accessibility

Strategically placed ATMs and CDMs ensure that cash management solutions are easily accessible to individuals, regardless of their location or mobility.



Security

Robust security measures integrated into these solutions protect users from fraud, theft, and other financial risks, fostering a secure cash management ecosystem.



Innovation

Leveraging the latest technological advancements, cash management solutions continue to evolve, delivering enhanced functionality and user experience.



Inclusivity

By catering to the needs of diverse users, including those with disabilities, cash management solutions promote financial inclusion and equal access to financial services.

The Evolving Landscape of Automated Banking

- Efficiency Boost
- Cost Reduction and Cash Handling
- Operational Savings
- Security Enhancement
- Customer Experience and Flexibility
- Advantages for Small Businesses
- Overall Customer Satisfaction



Conclusion and Future Outlook

The weakening of cash infrastructure is a complex and multifaceted trend that will continue to reshape the payment landscape. Navigating this transformation will require a balanced approach that addresses the needs of both businesses and consumers, while ensuring financial inclusion and data privacy.





Questions?



Contact



Sofia.Sadiq@atmia.com



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