



Hindrances and Chances in IAD business in Europe

ESTA Meeting Brussels May 12th 2025

Agenda

1. IADs in Europe

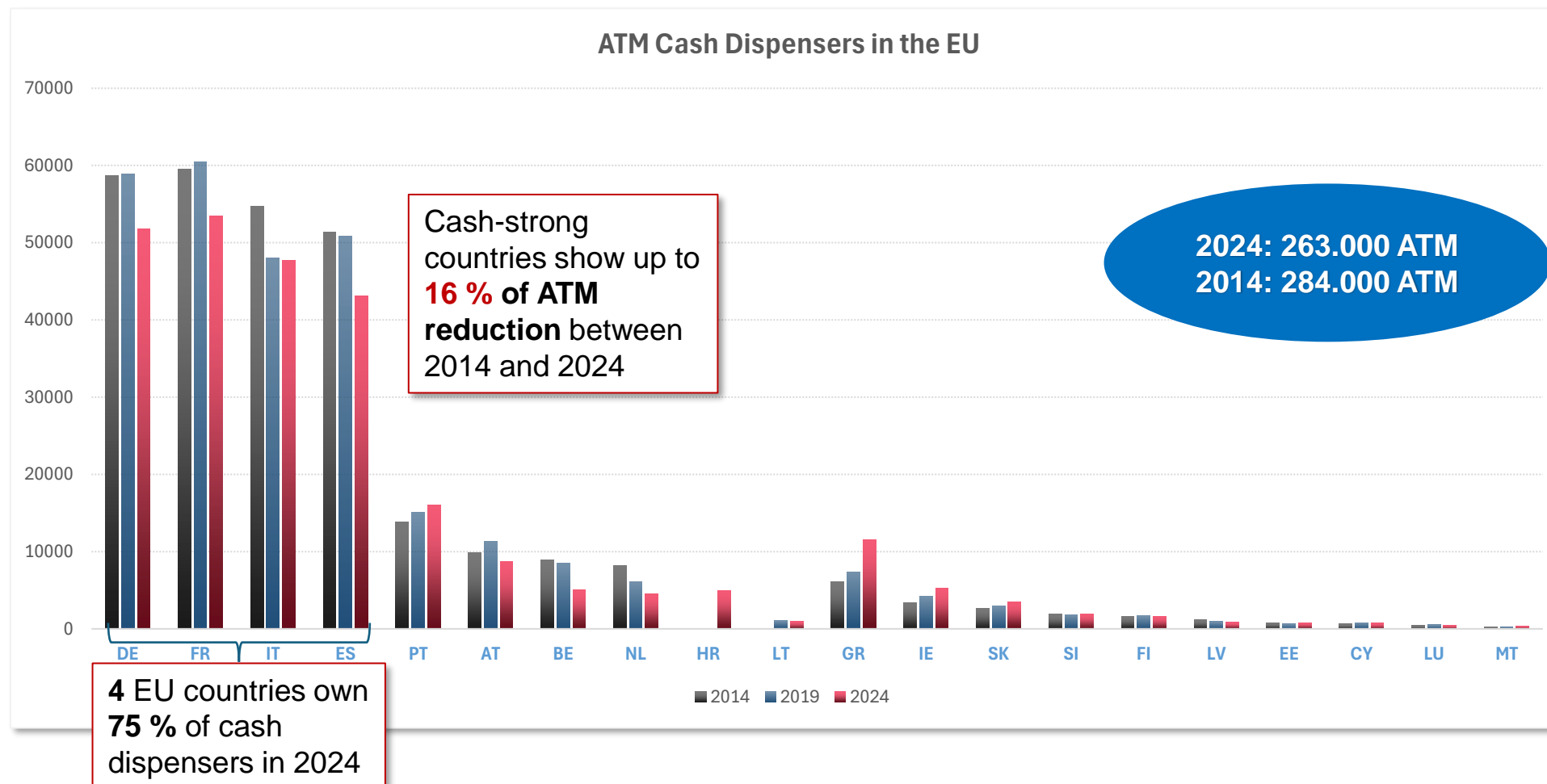
2. Hinderings for future growth of IAD operated ATM networks

1. Development of cost and fee income
2. Free (ICF-based) withdrawals support the erosion of ATM networks
3. Market failure: Antitrust and competition violations of Mastercard and Visa
4. State failure: Missing regulatory framework on ATM withdrawal fees
5. Consumer protection: incorrect judgement on the effects of surcharge and bank fees for withdrawals and deposits

3. Chances for IADs for a role in securing a basic cash supply in Europe

1. PSD3, PSR and Cash Regulation: EU wide regulatory framework urgently needed
2. Infringement investigation through DG Comp
3. EPI and Digital Euro: securing Independence
4. Enabling “Universal deposit” and building pooled networks
5. Building an EU-wide ATM Working Group

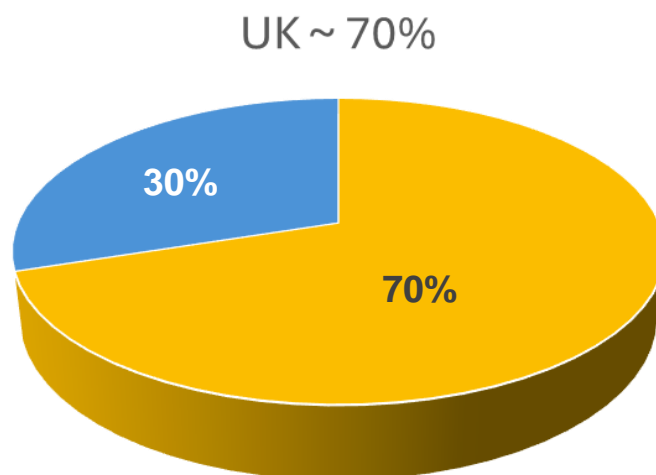
Rapidly decreasing number of ATMs in large EU countries



* Source: Data provided by European Central Bank and other sources

IADs already gained significant market shares in various markets

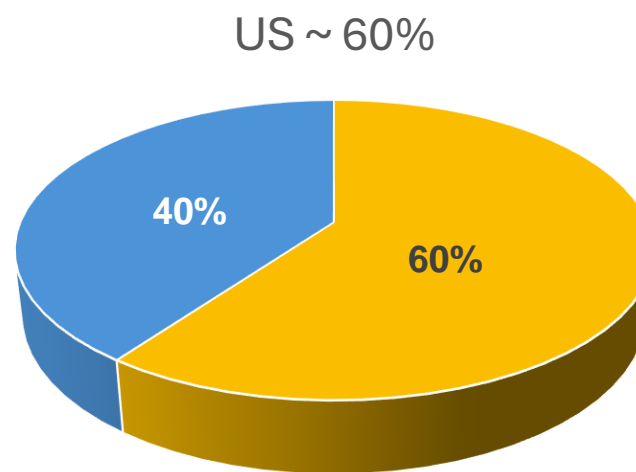
IAD market shares in UK, US and EU-20 in 2024*



■ IADs ■ Banks

100% = 46.182 ATMs

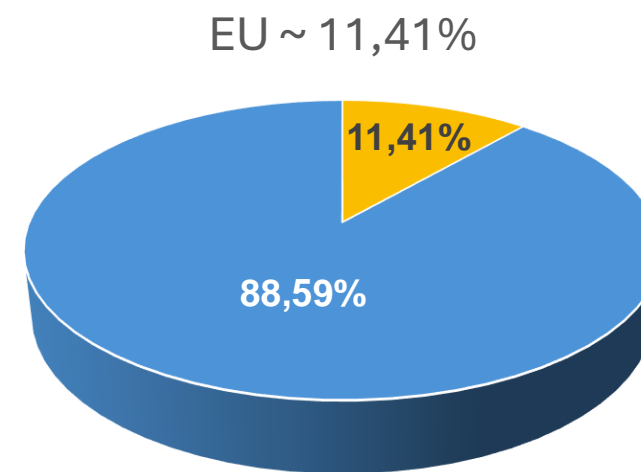
** NCR Atleos, LINK network*



■ IADs ■ Banks

100% = 450.000 ATMs

** NCR Atleos , CapitalOne Research*



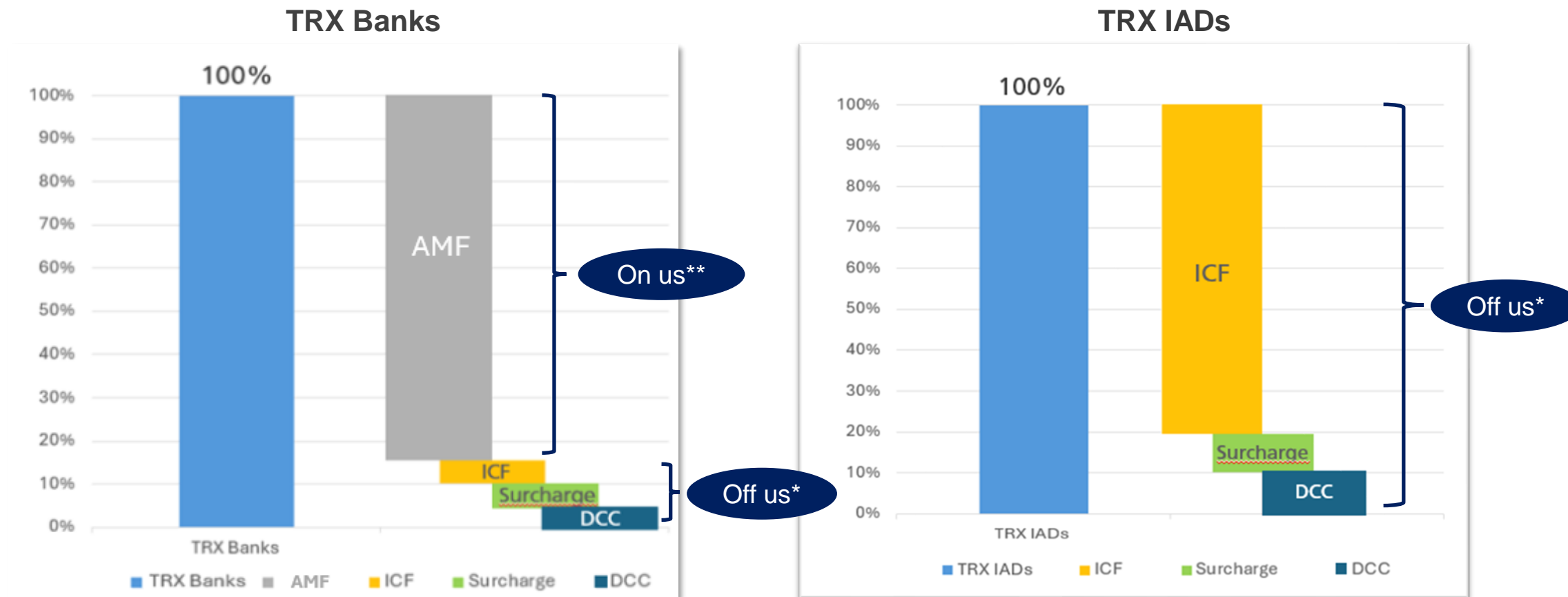
■ IADs ■ Banks

100% = 263.000 ATMs

** ECB and other sources*

In Europe, Interchange (ICF) is the dominant income stream for IADs

Income streams of banks and IADs – schematic illustration



*Off us: 3rd Party cardholders

** On us: Account Management Fee

Effective surcharging in the EU possible in 12 countries*

Surcharging (“Direct Access Fee”, DAF) from Mastercard and Visa per 10.10.2024

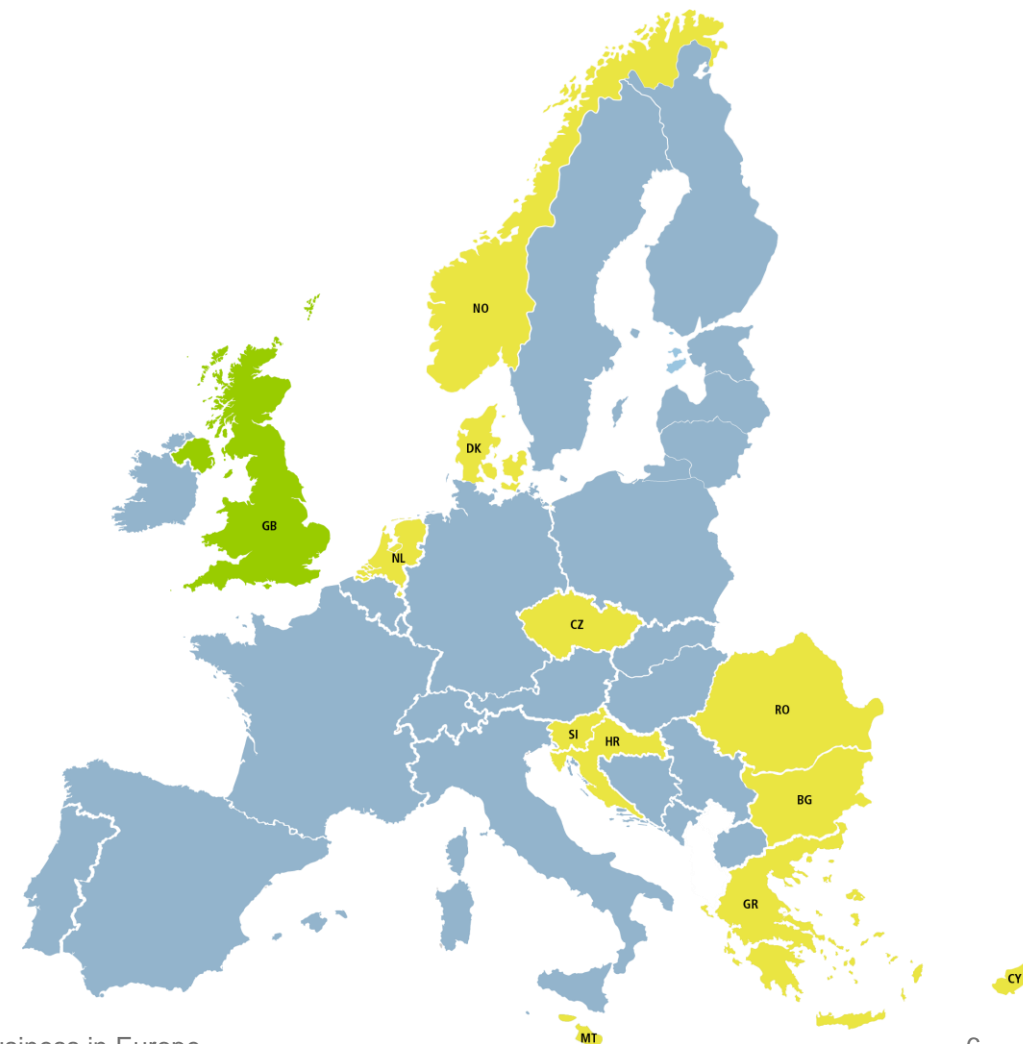
- Surcharge only allowed by Mastercard
>> **ICF** as resulting fee
- Surcharge equally allowed by Mastercard and Visa
>> **Surcharge** as resulting fee
- Surcharge allowed by Mastercard and Visa
– Non EU

Poland: DAF stopped before introduction in June 2025
Germany: DAF stopped before introduction in February 2015

* Surcharging only possible, if permitted simultaneously by Mastercard and Visa (“Non Discrimination Rule”)

Source:

- Mastercard Revised Standards for ATM Surcharging on Domestic Transactions in Countries in the European Economic Area and the United Kingdom, 4.17. Access Fees
- Visa Member Bulletin 29.02.2024



Surcharging only permitted, if in compliance with Visa / Mastercard general terms and conditions

General Terms and Conditions from **Visa** („Visa Rules“)



6.4.1.1 of the Visa Rules (latest public version from 19 October 2024) **prohibits a direct access fee** on a domestic ATM Transaction **unless** the Transaction is an ATM Deposit Transaction or **applicable laws or regulations expressly require** that an ATM Acquirer be permitted to impose an Access Fee.

In Europe this rule **does not apply for Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Greece, Malta, Netherlands, Norway, Romania and Slovenia**.

The **explicit permission** of a single incident is generally **not provided for in German** (or other European countries') **legislation**.

→ **Surcharges are prohibited in all European countries that are not exempted from the rule**

Surcharging only permitted, if in compliance with Visa / Mastercard general terms and conditions

General Terms and Conditions from **Mastercard** („Mastercard Rules“)



- **(Non Discrimination rule):** 3.6 of the Mastercard Rules (latest public version from 09 January 2025) prohibits discrimination of a card from Mastercard in relation to cards from any other ATM network so that banks and IADs are indirectly also prohibited to surcharge transactions with Mastercard cards.
- **Surcharges** are equally **not allowed for ATM transactions** with **domestic debit cards**.
- The **Honor all Cards Rule** (1.5.4.2 of the Visa Rules and 5.11.1 of the Mastercard Rules) requires the IAD to accept all cards issued by the Visa or Mastercard respectively

→ **Surcharges are prohibited in all European countries that are not exempted from the rule**

Violation of antitrust follow. Art. 101 (1) TFEU and abusive behaviour according Art. 102 TFEU

Analysis of the antitrust infringement and abusive behavior

Art. 101 (1) TFEU

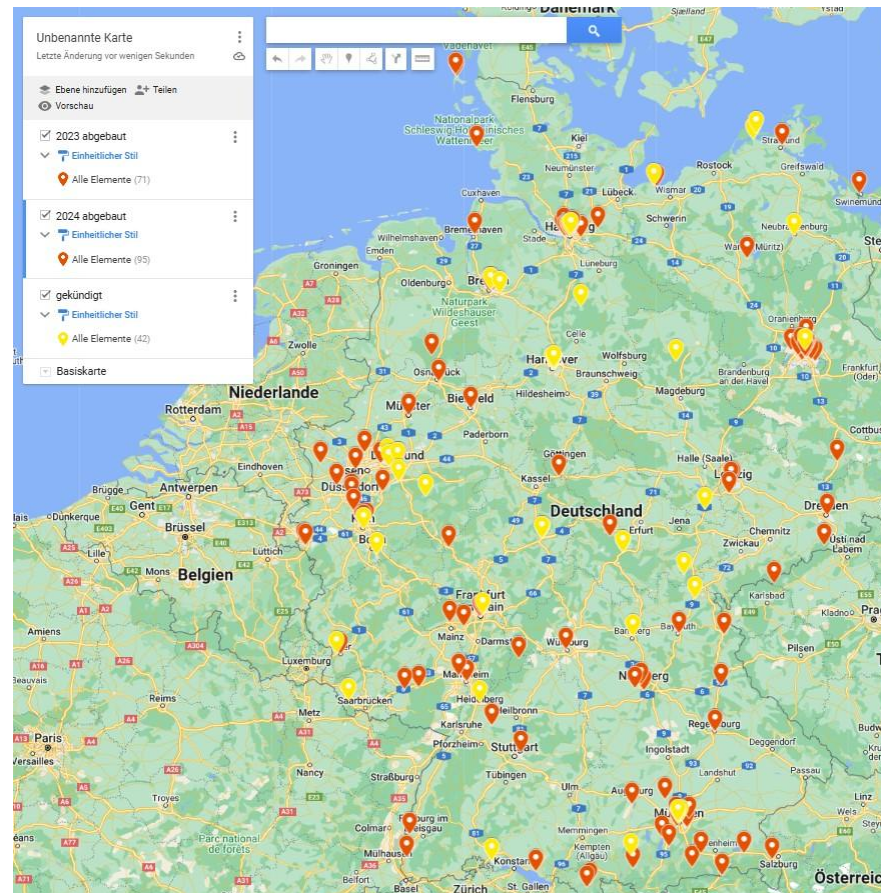
- The prohibition of surcharges by Visa and Mastercard and the resulting interference in third-party agreements is a **violation of antitrust** law pursuant to Article 101 (1) of the Treaty on the Functioning of the European Union ("**TFEU**").
- Visa restrict ATM operators in their freedom of action about fees for domestic and non-domestic cash withdrawals. Since the fee is set uniformly, competition between ATM operators is eliminated.

Art. 102 TFEU

- **The prohibition of surcharges** by Visa and Mastercard and the resulting interference in third-party agreements **is abusive** within the meaning of Article 102 TFEU
- Visa and Mastercard unite over 90% of the credit card system market. By forcing licensees to accept the general terms and conditions they are unfairly hindering ATM operators
- Visa and Mastercard dominate not only the credit card network market, but also the market for (third-party) cash withdrawals from ATMs and directly obstruct ATM operators in their own pricing policy.

Unprofitable ATMs of IADs lead to approx. 1.000 deinstallations in 2023/24

Deinstallations from IC Cash and other IADs in Germany 2023 / 24



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A Market oriented approach within PSR /PSD3 can secure cash infrastructure in an early stage

Levels of market intervention to secure cash infrastructure

ATMs as a public good

State will pay in some way for the infrastructure to cover cost and to support the availability of ATMs e.g. in rural areas.

See France, Austria, Australia, New Zealand...

Central banks take an active role in steering

State or **Central banks take an active role in steering banks and or CITs and / or taking over costs.**

See Netherlands, Austria, Hungary..

Market oriented approach

State secures free and fair pricing and free competition, also in relation to other methods of payment, ATM deployers decide themselves, if and where to install new ATMs

→ **PSR** amendment can **support** a **Market oriented approach** within a very short period of time

→ **PSR** amendment is an effective way to prohibit dismantling of ATMs

Proposed legislation in PSR of “ATM Working Group” and “Deutsche Kreditwirtschaft” (German Banking Assc.)

Current proposal*

Article 28

3. The payee shall not request charges for the use of payment

3a. When an operator of an automatic teller machine (ATM) is authorised as a credit institution or payment service provider in the Union, and provides cash withdrawal services, that operator shall provide or make available information about any fixed fee applicable at the initiation of the withdrawal process, specifically at or before the moment the user's card is inserted into, or tapped against, the ATM. Any such fixed fee shall be displayed in monetary value and ensure that the user is informed in a transparent, distinguishable and understandable way of any fixed fees charged by that ATM operator for the cash withdrawal, regardless of the provenance of the ATM card used.

* https://www.europarl.europa.eu/doceo/document/TA-9-2024-0298_EN.html#title2

Our position

Article 28

3. The payee shall not request charges for the use of payment

3a. When an operator of an automatic teller machine (ATM) is authorised as a credit institution, payment service provider **or ATM deployer¹** in the Union, and provides cash withdrawal services, that operator shall provide or make available information about any fixed fee **charged by that ATM operator** applicable at the initiation of the withdrawal process, specifically at or before the moment the user's card is inserted into, or tapped against, the ATM. Any such fixed fee shall be displayed in monetary value and ensure that the user is informed in a transparent, distinguishable and understandable way of any fixed fees charged by that ATM operator for the cash withdrawal, regardless of the provenance of the ATM card used. **ATM operators have the option to agree on a cash withdrawal charge with the user of the ATM (cardholder) directly. This withdrawal charge must be displayed by the ATM in a transparent, distinguishable and understandable way with the option to the cardholder to cancel free of charge before the withdrawal is made. In case of a cash withdrawal charge from the cardholder no additional fee may be charged to the card-issuing credit institution for that cash withdrawal to avoid double charging by the ATM operator.**

¹ Art 28 must be applicable for alle ATM operator. ATM deployer' means operators of automated teller machines who do not hold payment accounts. Definition under Article 3 (54).

Analysis of effective measurements

- The EU Commission, **Directorate General for Competition** is the competent authority to deal with this matter and to effectively discourage Visa and Mastercard to continue their anticompetitive behaviour.
- Visa will not change its behaviour without an explicit decision by the competent authorities or a change in the national law explicitly allowing surcharges.
- The infringement caused harm in several member states as the prohibition concerns non-domestic and indirectly also domestic cards from Visa and Mastercard in several member states (all member states that are not explicitly excluded in the Visa Rules).
- Without **official proceedings by Directorate-General for Competition**, there is a high risk that the ban will not be lifted soon.

EPI and Digital Euro: securing Independence

European Payment Initiative (**EPI**) failed in the first round, but urgently needed to become independent from US based Payment Schemes





- **Independency** from Mastercard's and Visa's **acquiring framework** with intransparent general terms and admissions, fee and cost structures, fines, American or UK based places of jurisdiction
- Independency from high cost for entering in European markets with up to 100.000 Euro for each card scheme for each country, for each Bank, IAD, ...
- Independency from American data center, where all European payment transactions with Mastercard and Visa cards are processed

WERU and other national Instant Payment Systems will probably fill the gap EPI has left so far.

- **Developing a framework between Digital and Cash:** securing a fee structure for withdrawals from a Digital wallet to cash.
- Free of cost in the draft of the Cash regulation (Legal tender)

Banks are pooling ATMs and Recyclers, but only for their own customers

ATM pool networks

Pool	Participating banks	Number ATM / CDM
<i>Sweden</i> 	Nordea, Handelsbanken, Swedbank, SEB, Danske Bank	Currently 1.300 ATMs (Originally 2.400 ATMs)
<i>France</i> 	BNP Paribas, Société Générale, Crédit Mutuel, CIC	Target 2026: 7.000 ATMs
<i>Belgium</i> 	Belfius, BNP Paribas Fortis, ING, KBC	Currently 2.240 ATMs
<i>Netherlands</i> 	Rabobank, ING, ABN Amro	Currently 3.875 ATMs und 455 Deposit terminals

IADs must be empowered to offer pooled solutions like „Universal Deposit“ for every card holder

To stabilize a **basic cash European infrastructure** IADs may play a more important role

- UK allowed „Universal Deposit“ following the Cash Access UK, but fees set too low by LINK
- Initiatives on European level must be backed in the regulatory framework „Cash regulation“
- **KYC process** of Issuing bank **must be the contractual basis for accepting cash by the accepting Bank**, PSP Institute
- Open fee structure to receive a positive ROI (versus Visa's idea of cash deposits for merchants)

>> Cash provisioning must be kept convenient with a **high density of payout points**

>> To guarantee **no or low fees** for consumers and merchants

>> IADs not seen as competitors any more

>> Central banks and other regulators to subsidize this European Cash infrastructure e.g. cash in the ATM (Austria)

Working for a Basic European Cash Infrastructure

15 years of intensive lobbying on German and European level showed:

- **Cash has almost no lobby:** everyone wants to protect it, but nobody should pay for it
- In competition with emerging and competing methods of payments **cash is loosing ground**
- **European ATM acquirers** (banks, PSD Institutes, IADs) are **fragmented** towards MC and Visa
- The example of ATM Working Group shows that **positive results are possible** (no fee caps on European level for withdrawals and DCC, option for direct and indirect charging in FAQ of FISMA)

To secure politically a European Basic Cash Infrastructure

- European Players must first pool their own interests – as soon as possible
- Set up an European Working Group which will discuss the regulatory needs with European decision makers
- Participation of ESTA members welcomed and needed

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