



Position: ATMIA¹ believes that the freedom to apply a convenience fee on ATM transactions is a fundamental economic and business right for Independent ATM Deployers (IADs) and small financial institutions and is a practice which is conducive to greater convenience, choice and fee transparency for consumers.

Background

The ATM Industry Association, the only global non-profit trade association for the ATM industry, has witnessed the long-term erosion of interchange in several markets of the world. At the same time, compliance costs have risen significantly for ATM deployers during the past decade. The combination of diminishing revenue and substantially increased costs has resulted in the squeezing of profit margins and the elimination of many small to medium-sized independent operators.

In this period, ATMIA has continued to promote industry best practices, including fee transparency at ATMs. All payment methods need to stand the test of having their real costs met and accepted by users. Allowing convenience fees to be applied to ATM transactions meets this market test.

The association believes that ATMs should be placed in both bank branch and off-premise sites, as well as in rural and urban locations, in order to provide the essential service of safely dispensing cash, and other services, to as many citizens as possible, including lower income groups. Consumer and retail studies reveal the continued dependence of people across society on cash, especially for small-sized payments, where cash has an unassailable global niche in the payments industry.

¹ The ATM Industry Association is a global, non-profit trade association serving all businesses and groups in the ATM industry. The association is made up of over 2500 members in 60 countries. We currently represent over one million ATMs internationally. For more information go to – www.atmia.com.

With ATMs being required in the high street near bank branches as well as in multiple off-premise locations, the co-existence of interchange systems and convenience fee systems remains essential for the preservation of our dual-sector ATM industry.

The widespread loss and de-installation of convenience ATMs, as a result of stifling restrictions on convenience fees on the ATM networks, would seriously damage the businesses of retailers located near ATMs since cash spending in their vicinity dramatically declines following the removal of retail ATMs.

Bans and restrictions on ATM convenience fees in various ATM networks, whether domestic, national or international, are a threat to this model, advocated as best practice by ATMIA, of an ATM industry servicing a broad, society-wide customer base with conveniently located, competitively priced, fee-transparent ATMs in both urban and rural environments.

Recommendation

ATMIA expects all ATM networks to remove any rules that prohibit variable ATM convenience fees. The removal of such restrictions, stifling competitive price movements, would encourage the use of more cost-effective networks and make ATM networks far more competitive and sustainable for a dual-sector industry than is currently the case.

Without the economic freedom to vary cost-based prices to respond to upstream price signals in the networks, independent deployers are artificially and unfairly held back from developing successful business models for the whole ATM convenience market which has become so central to modern consumer economies.

Conclusion

For the above reasons, ATMIA recommends the discontinuation of all network restrictions on variable ATM convenience fees throughout the world, and the development of national and international networks which are fair and truly competitive, allowing the healthy co-existence of bank branch ATMs and off-premise, retail ATMs to provide cash and other services to as broad a spectrum of the general public as possible. The inability to vary cost-based ATM convenience fees, in response to supply and demand dynamics, will lead inevitably to a shrinkage of the convenience ATM market, as is happening already in some regional markets, which, in turn, will reduce expenditure of cash at retail locations and thereby damage consumer economies around the world.

This variable, cost-based ATM convenience fee model is win:win:win:win; that is, a win for consumers, a win for deployers, a win for retailers and a win for communities dependent upon cash and other ATM services.