

The Many Socio-Economic Benefits of ATMs

*A White Paper by ATMIA, the global non-profit trade organisation
for the ATM Industry*

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Purpose of White Paper

This white paper presents a factual outline of the many social and economic benefits brought to modern society by forty years of the ATM.

Mission Statement of ATMIA

As an independent, non-profit trade association, our mission is: to **promote** ATM convenience, growth and usage worldwide; to **protect** the ATM industry's assets, interests, good name and public trust; and to **provide** education, best practices, political voice and networking opportunities for member organizations.

ATM Fact Sheet

- ☑ There are over 2.1 million ATMs in existence
- ☑ The world's first ATM was installed in London by Barclays Bank in 1967, making 27th June, 2007 the 40th anniversary of this global self-service banking technology
- ☑ Every 215 seconds, or every 3.5 minutes, a new ATM is installed
- ☑ Estimated size of global ATM industry: U.S. \$14-15 billion
- ☑ ATMIA believes the optimal penetration of ATMs per head of population is in the region of *at least* 1 ATM per 1000 people
- ☑ The ATM is one of the most important technological inventions of the second half of the twentieth century, creating the convenience or consumer society which is open 24 x 7
- ☑ The ATM provides millions of cardholders around the world with convenient 24 X 7 all hours access to their own banked cash near to where they live, work and shop - with the touch of a few buttons, they can withdraw cash, make deposits, pay bills, buy tickets, top up cell phone air time and transfer funds
- ☑ There are 61.7 billion annual worldwide ATM cash withdrawals, of which 17.4 billion are in Europe
- ☑ Various industry bodies help to self-regulate the ATM industry including banking associations, electronic funds transfer associations and the internationally active ATM Industry Association (ATMIA)
- ☑ The industry has developed a comprehensive set of security best practices and standards to help prevent fraud at ATMs

The Many Social and Economic Benefits of ATMs

Since 1967, the ATM has helped create the convenience society by providing cardholders with 24 x 7 access to their safely banked cash. With the touch of a few buttons, they can withdraw cash, make deposits, pay bills (and even fines), do balance enquiries, buy tickets, top up cell phone air time, send remittances and transfer funds. Retail purchases outside of banking hours, using cash from ATMs or credit cards, have driven the extension of shopping hours beyond previous limits, providing for greater sales, greater employment opportunities and greater convenience for today's highly mobile citizens.

Benefits of ATMs to Banks

- ATMs reduce queues in banking halls
- ATMs save banks costs of hiring tellers by automating many "teller" transactions
- ATMs create extended service hours provided by banks beyond traditional 9-5 banking hours
- ATMs have become the customer's most popular and most used interaction with the bank and an important Customer Relations Management (CRM) and customer retention tool
- Each off-premise & branded ATM becomes an advertising and marketing tool by putting the bank's signage in front of thousands of additional potential banking customers in traditionally *non-bank* locations
- Branded off-premise ATMs extend the bank's visibility to current customers, providing visible reassurance of their bank's reach beyond the branch
- ATMs enable banks to re-design branches into more sophisticated customer services and sales outlets
- ATMs have enabled some banks and non-bank financial institutions to develop successful "branchless" business models
- ATMs reject unfit banknotes, helping maintain banknote standards

Benefits of ATMs to Cardholders

- ATMs allow citizens to draw cash outside of banking hours, enabling retail cash purchases around the clock
- ATMs save cardholders transport costs and time by bringing self-service banking into convenient, non-branch locations near to where they live, work and shop in a variety of locations such as shopping malls, supermarkets, convenience stores, railway stations, hotels, airports, petrol/gas stations, post offices, university campuses, restaurants and bars, etc, creating time-saving convenience for modern citizens
- ATMs provide cardholders travelling outside their country with a reassuringly familiar, uniform and comprehensible interface for obtaining cash
- ATMs allow for easy payment of utility bills and other functions like topping up air-time on cell/mobile phones
- ATMs can help cardholders monitor their bank accounts outside of bank hours through balance enquiries
- ATM debit cards use debit rather than credit teaching financial self-discipline as opposed to credit card payments which can, and do, get citizens into debt

Benefits of ATMs to the Economy

- ATMs distribute and recycle the bulk of banknotes in modern economies
- ATMs are a critical channel in the whole cash and spending cycle underpinning the consumer economy
- The ATM industry is a huge global market worth about \$15 billion, providing business and jobs worldwide for manufacturers, deployers, cash-in-transit operators and suppliers
- ATMs provide business opportunities for independent deployers to develop the off-premise or convenience ATM market
- ATMs are linked in an international system of interlocking networks which make it possible for tourists and other overseas travellers to draw foreign currency using their domestic bank card
- ATMs make cross-border remittances possible for millions of the world's migrant workers, providing a much needed source of additional income to their families back in their home countries

Benefits of ATMs to Retailers

- ATMs increase annual sales of retailers situated in proximity to them by up to 25% through increasing the spending power of customers
- ATMs have helped extend shopping hours beyond 9-5 limits
- ATMs make after hours business more profitable for merchants
- Cardholders seek out locations where ATMs can be found, thereby increasing merchant's in-store traffic
- ATMs are a strong and reliable source of additional merchant revenue from transaction fee income
- An ATM on a retailer's premises can help the retailer better manage its cash handling costs

Benefits of ATMs to Governments

- ATMs assist with electronic payroll in both the private and public sectors by supplying employees with a means to draw cash from their salaries deposited directly into their bank accounts
- ATMs provide a convenient outlet for public benefit and welfare payments
- ATM video, photo and transaction records have been an invaluable resource to national, state and local law enforcement agencies in investigations related to identity theft and bank card misuse and abuse
- Cameras at ATMs provide evidence which has been used to catch and convict criminals

Benefits of ATMs to Society

- Due to the ubiquity of ATMs, people carry less cash on their person as they can draw money from their accounts conveniently 24 x 7 – this leads to lower average cash losses during muggings and robberies
- Public announcements are increasingly being used at ATMs, for example, police in the UK have used ATMs to advertise their “don’t drink and drive” campaigns
- ATMs have proved a form of free technology training for the public to become more technologically literate in the field of financial self-service - the simplicity of ATM transactions, proven by its worldwide popularity, gives citizens confidence and experience in using important modern self-service technology
- ATMs can be used to reach the unbanked and underbanked through basic bank accounts for low income groups linked to an ATM card – an important step towards greater financial literacy for the poor
- Electronic funds transfers may be used for payments to charities to transfer financial aid across borders, money which can then be accessed using payment cards in the recipient’s country to spend on important charity work
- ATMs help train people to trust plastic cards as an access tool for their money, as an ATM card is typically the first kind of card issued to a young bank customer, long before he or she qualifies for a credit card, thus helping develop an early trust in the electronic payments system

Conclusion

ATMs have benefitted banks, independent deployers, cardholders, retailers and governments, as well as society and the economy in general for four decades. They are an extremely popular and trusted global technology which is at the forefront of modern retail-based economies. Besides, cash is still and ATMs are the main distribution channel for humanity’s favourite form of payment (cash).

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