

THE WESTERN EUROPEAN ATM MARKET GREW BY 4 PER CENT LAST YEAR, REACHING 328,000 TERMINALS. TOTAL TRANSACTIONS CONTINUE TO INCREASE, BUT USAGE PER ATM HAS FALLEN, ACCORDING TO A RECENT SURVEY FROM RETAIL BANKING RESEARCH.

ATM MARKET GROWTH SLOWS

Retail Banking Research (www.rbrlondon.com) has just published the latest edition of its highly respected annual Western European ATM survey, 'ATMs and Cash Dispensers Western Europe'. Key findings from the new study, which covers 18 countries, include:

- There were 12,600 new ATMs in Western Europe in 2005.
- Ireland leads the way with 14 per cent growth.
- Off-site share has reached 28 per cent.
- Annual volume of cash withdrawals have risen to almost 11.8 billion.
- Three manufacturers supply 86 per cent of ATMs.
- Second-line maintenance is almost always outsourced.
- Windows NT's share has fallen, but it remains the preferred operating system.

IRELAND WAS THE ONLY COUNTRY IN THE REGION TO EXPERIENCE DOUBLE-DIGIT GROWTH.

A slowdown in growth of the Western European ATM market provides further evidence that the banking sector is reaching maturity. Just 12,613 installations took place in 2005 – the region's smallest increase for ten years. The UK retains its position as the region's largest ATM market, with 57,798 terminals. Spain, which had the leading position in 2003, is the second largest market with 55,878 terminals, followed by Germany with 52,763. Seventy-seven per cent of the Western European installed base is found in the 'big five' countries (the UK, Spain, Germany, France and Italy). Just three countries (the UK, France and Spain) accounted for more than half of the growth in the region's installed base.

Ireland leads the way

Ireland recorded the largest growth rate in 2005 at 14 per cent. This was mainly a result of the spread of ATMs

in retail locations. Ireland was the only country in the region to experience double-digit growth. The UK showed the largest absolute growth, but fell to fifth in the relative growth rankings from first position in 2004 as independent ATM deployment fell back slightly.

The Scandinavian market in particular is showing strong signs that it is reaching maturity. Both Norway and Finland saw their ATM pools reduced in 2005. One Norwegian deployer withdrew more than one third of its ATMs. Belgium also experienced a fall in its ATM installations, but is expected to grow again after current restructuring is complete.

Off-site share reaches 28 per cent

The proportion of off-site machines rose in most countries in 2005. The number of terminals installed off-site has been steadily increasing, with the ratio of ATMs to branches continues to rise and banks look to new locations to bring machines closer to customers. Through-the-wall and lobby terminals now comprise two thirds of the region's total installed

base, compared with three quarters five years ago.

Germany is home to two fifths of the region's lobby machines, where they account for 72 per cent of the installed base. Off-site is the most popular location for installations only in Finland, Ireland and the UK. In the UK it is independent ATM deployers (IADs) that continue to drive off-site deployment.

Annual cash withdrawals rise

In 2005, 11.8 billion cash withdrawals were made at western European ATMs, an increase of 3 per cent on the 2004 figure. Average usage fell, however, for

	2001	2002	2003	2004	2005
Annual volume of cash withdrawals (million)	10,408	10,744	11,125	11,477	11,799
Annual value of cash withdrawals (€bn)	1,076	1,161	1,210	1,277	1,325

Volumes and values of cash withdrawals at ATMs in Western Europe, 2001–05

the fourth year in a row to 2,997 withdrawals per ATM per month. There is a wide variation in ATM usage in different countries. Finland recorded the heaviest usage at 10,320 withdrawals per ATM per month, and Italy the lowest at 1,356.

The average value of a cash withdrawal remained relatively stable at €112, but between countries, this figure showed an almost four-fold variation, from €63 in Portugal to €238 in Greece. This reflects to some extent the relative strengths of local economies, but more significantly, widely differing banking habits. Austria, Germany and Switzerland all experienced falls in average cash withdrawal values, while Luxembourg recorded an increase of 9 per cent.

Three manufacturers dominate

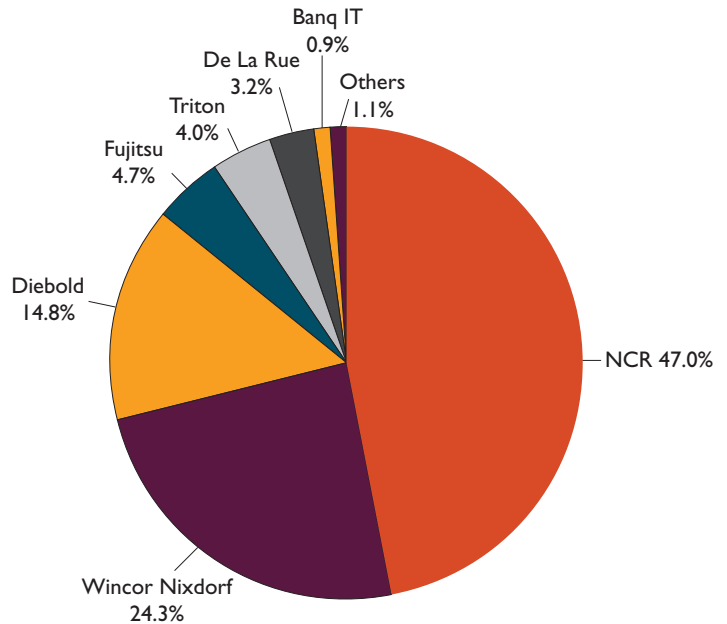
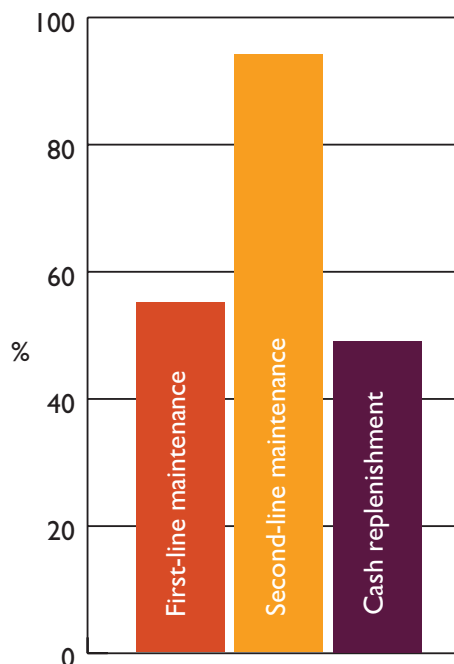
NCR has a 47 per cent share of the Western European ATM market and is represented in every country surveyed except Luxembourg. It leads in Denmark, Finland, France, Greece, Ireland, Italy, the Netherlands, Norway, Spain, Turkey and the UK.

Wincor Nixdorf is second in the market after overtaking Diebold in 2003. During 2005, Wincor Nixdorf added to installations in all of the 17 surveyed markets in which it has a presence, increasing its share of the region's installed base to 24 per cent. Third-placed Diebold's share fell for the fifth year in a row, to 15 per cent, though it is still the market leader in Belgium, Luxembourg and Switzerland. Fujitsu and Triton remain in fourth and fifth places, respectively. Fujitsu has a strong presence in Spain while Triton supplies the majority of the UK's IAD market.

Outsourcing

First-line maintenance is handled by a third party for 42

Outsourcing of service and maintenance functions



The 'big three' continued to dominate manufacturer market share in 2005

per cent of branch ATMs and 87 per cent of off-site installations. Almost all deployers in Western Europe outsource second-line maintenance for their branch machines. Surprisingly, the proportion for off-site ATMs was slightly lower, at 82 per cent, due mainly to the number of IADs in the UK that perform second-line maintenance themselves.

Cash replenishment is outsourced for 49 per cent of ATMs, although the proportions of off-site and branch terminals are very different – 89 per cent and 33 per cent, respectively. Finland is the only country where cash replenishment for branch ATMs is 100 per cent outsourced. In contrast, cash replenishment is provided in-house for all branch machines in the Netherlands and Turkey. Until early 2005, it was illegal for third parties to replenish cash at Turkish ATMs.

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Operating systems

Windows NT's share has fallen, but it remains the preferred operating system. More than half of all western European ATMs run from an IBM mainframe; proprietary terminal driving solutions are most common. Fifty-six per cent of ATMs use a Windows operating system. NT's market share fell by two percentage points in 2005 to 38 per cent, as several deployers migrated to Windows XP. Deployers representing almost 90 per cent of ATMs in the Western European region now have remote software distribution capability. FBA

Notes

This information draws from Retail Banking Research's most recent analysis of Western European ATM deployment, 'ATMs and Cash Dispensers Western Europe 2006'. Since its first appearance in 1983, RBR's annual ATM survey has become an essential source of information to every major ATM supplier. For more information, please visit www.rbrlondon.com or contact Chris Herbert on +44 20 8940 1398 or chris@rbrlondon.com