

## ATM growth shows a decline

Players shelve IPO plans as growth slows down

Nupur Anand | Mumbai September 19, 2016 Last Updated at 00:16 IST



Despite a rise in the debit cards in circulation, the growth in the automated teller machines (ATMs) space is showing moderation. As a result, players have begun to alter their growth and expansion plans.

For instance, AGS Transact Technologies, which had approval from the market regulator to raise funds via an initial public offering (IPO) has put its plans on hold. Another player, Financial Software and Systems (FSS), which was also planning to tap the market for capital raising, has shelved its plans.

While AGS had the nod to raise Rs 1,350 crore, FSS was planning to raise Rs 1,000 crore.

This comes at a time when the banking industry is seeing a clear shift in consumers moving towards online and digital mediums to carry out certain transactions. In fact, according to a Centrum Wealth Research report, the growth in ATM installations had dropped to 9.8 per cent in 2015 after the 24.6 per cent growth in 2014.

Rajiv Anand, group executive and head, Retail Banking, Axis Bank, explains that the number of transactions per ATM have been going down across the industry and growth has moderated. “For the non-financial transactions such as checking balance etc. one has various options such as mobile, online etc. And even the growth in financial transactions has come down as online and digital transactions pick up.”

Recently, the Reserve Bank of India had asked banks to charge their customers for more than five transactions a month and this has also led to a change in consumer behaviour. This comes at a time when the banks are encouraging more customers to move towards online and digital transactions and point of sales (PoS) terminals are increasing, leading to greater acceptance of cards.

However, despite this, some of the players continue to remain bullish. Ravi Goyal, chairman and managing director, AGS, believes the slowdown is temporary and the opportunities still exist, especially in the smaller towns and cities. “The focus is on tier-II to tier-IV towns now. In fact, about 40-50 per cent of the deployment is happening outside metros and this is where we will see ATM penetration increase.”