

ATM additions slow down as banks focus on e-money

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Installation of PoS terminals increases three-fold y-o-y in April-August period



With re-monetisation happening only gradually, bankers may not have felt the need to expand their ATM network
Sudhakara Jain

Mumbai, October 15:

With banks going all out to promote digital transactions, ATM addition has hit the slow lane.

The number of ATMs added by banks collectively nudged up by a mere 93 in the April-August 2017 period compared with 4,936 additions in the year-ago period, as per RBI data.

In sharp contrast, banks' ramped up point-of-sale (PoS) terminals during the April-August 2017 period, with their number soaring by 3,53,281 compared with 1,11,101 in the corresponding year-ago period. PoS terminals are payment processing devices that enable transactions at merchant outlets.

As at August-end 2017, the number of ATMs and PoS terminals stood at 2,22,568 and 28,82,422, respectively.

Given that almost 87 per cent of the value of total notes in circulation were demonetised during the November 9-December 30, 2016 period, triggering a crunch in currency for transacting, banks seem to have shifted their attention away from ATMs to building up the PoS network in a big way.

Moreover, with re-monetisation happening only gradually, bankers may not have felt the need to expand their ATM network. As per latest RBI data, the value of currency in circulation was 8.9 per cent less year-on-year at Rs. 16,00,190 crore as on October 6, 2017.

That there has been a substantial increase in digital transactions is underscored by the fact that in August 2017, the volume of credit card transactions at PoS rose to 11.533 crore (amounting to Rs. 36,299 crore) against 8.395 crore transactions (amounting to Rs. 25,746 crore in August 2016).

Similarly, the volume of debit card transactions at PoS jumped to 26.545 crore (amounting to Rs. 35,413 crore) against 13.054 crore transactions (amounting to Rs. 18,369 crore in August 2016).

“In fact, during the demonetisation period, the government had announced a package of incentives and measures for the promotion of digital and cashless economy. So, all the banks were given a target. Hence, there was a substantial increase in the PoS infrastructure. That is the reason why it (PoS expansion) is still increasing.

“Given that digital transactions are being promoted, over a period, demand (for PoS) will only go up. Merchants have also realised that this is one of the better ways of doing transactions,” said a senior public sector bank official.

The slowdown in ATM addition, according to the official, is also a consequence of banks' digital push. “The emphasis is on a less-cash economy,” he added.

Besides PoS, there was good traction in other digital banking channels. The central bank's data show that the number of mobile banking transactions was higher at 9.964 crore (amounting to Rs. 79,913 crore) in August 2017 against 7.005 crore (amounting to Rs. 72,182 crore) in August 2016.

Further, the volume of transactions on mobile wallets soared to 22.543 crore (amounting to Rs. 7,262 crore) in August 2017 compared with 7.068 crore transactions (amounting to Rs. 3,074 crore).

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