

India ATM Market Assessment, By Solution [Deployment Solutions, Managed Services], By Application [Withdrawals, Transfers, Deposits], By ATM Type [Conventional ATMs, Brown Label ATMs, White Label ATMs, Smart ATMs, Cash Dispensers], By Region, Opportunities and Forecast, FY2018-FY2032F

Market Report | 2024-07-31 | 140 pages | Market Xcel - Markets and Data

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Report description:

India ATM market is projected to witness a CAGR of 5.56% during the forecast period FY2025-FY2032, growing from USD 2.05 billion in FY2024 to USD 3.16 billion in FY2032. Factors such as government initiatives, like Pradhan Mantri Jan Dhan Yojana, have dramatically improved financial inclusion and issuance of debit cards, leading to an increased velocity of transactions at ATMs. Advancements in technology have played a crucial role in deploying white-label automated teller machines (ATMs) to facilitate the growth of the ATM network in rural areas. Moreover, a shifting consumer preference in favor of digital payments, coupled with the rising debit card usage, has strengthened the demand for ATM services across India.

An automated teller machine is an electronic banking mode that helps consumers perform several financial activities independent of human tellers. Usually, ATMs are at banks, retail shops, and other places that are easily accessible to the public. ATMs help users withdraw cash and check balances, transfer funds from one account to another, and pay bills. Customers insert a bank card, most commonly a debit or credit card, into the ATM's card reader to initiate a transaction. After entering a personal identification number (PIN), the machine proceeds with a minimal user interface on the display screen. Typically, menus facilitate many kinds of transactions. After selecting the intended or desired transaction, the ATM processes the request safely by dispensing cash or returning a receipt.

According to the Reserve Bank of India Report on Trend and Progress of Banking in India FY2022-FY2023, the total number of on-site and off-site ATMs has risen by 3.5 percent, mainly due to increased white-label ATMs (WLAs).

Government Incentive to Drive India ATM Market Growth

Various initiatives taken by the government of India are pumping growth into the country's ATM market. Pradhan Mantri Jan-Dhan Yojana (PMJDY), initiated in 2014, remains one of the biggest drivers. The financial inclusion initiative was about taking bank

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accounts to millions of unbanked Indians. Along with opening bank accounts for people, debit cards increased, and so did the transaction volumes amongst ATMs. Furthermore, the government has been increasing financial inclusions through the Direct Benefit Transfer (DBT) initiative, which allows beneficiaries to draw their subsidy and payments directly from ATMs, further expanding the usage of ATMs. The initiatives by RBI on reach expansion, especially in rural areas, have been significant factors in achieving the goal of financial inclusion. It has led to the rampant installation of ATMs across the country by public and private sector banks. The RBI's directive to replace the existing ATMs with lockable cash cassettes has prepared the ground for enhancing the security and efficiency of ATMs. The Make in India initiative commenced by the Modi government in 2020 encourages indigenous production of ATMs, which has been dominated by imports that have been instrumental in averting capacity bottlenecks and have sustained the growth of the Indian market for ATMs.

Technological Advancement to Boost the Market

The impact of adopting new technologies, such as cash recycling machines, has been huge on the ATM industry. Financial institutions are widely using cash recycling machines due to their efficiency in cost savings and capability of depositing and dispensing. These machines reduce the need for manual cash handling and transportation, lowering operational costs. Hence, outsourcing the handling of ATMs to focused providers, who offer services from installation and maintenance to cash management and monitoring, is beneficial. This way, financial institutions can focus on their core business while their ATM network runs efficiently and effectively. It has further resulted in an increased demand for outsourced ATM management services due to the integration of cash recycling machines into ATM networks. To manage such high-end machines, financial institutions require special resources and expertise, which can be easily and effectively assuaged through outsourcing. Thus, with the increasing adoption of cash recycling machines, the demand for outsourced ATM management services is expected to rise further. In November 2023, Financial Software & Systems Pvt. Ltd., a leading payments technology company, launched IoT and AI/ML-enabled ATMs. It aims to help ATM operators who face thin profit margins and operational inefficiencies associated with managing ATM sites.

ATM Management Services to Drive Future Growth

ATM-managed services have become very popular in India, driven mainly by factors such as the growing number of ATMs, advantages accruing to banks by way of outsourcing ATM operations, and government initiatives on financial inclusion. While the traditional ATM deployment model dominated the market in the historical period, the ATM-managed services model has come to the fore in recent times. The model included outsourcing the operations and maintenance of ATMs to third-party service providers who would take care of activities ranging from cash management to transaction processing and site management. The growth of the ATM-managed services market in India can be related to the fact that the model helps banks reduce operational costs, improves operational efficiency, and focuses on core banking activities. Besides, the instances of ATMs are increasing, probably even extending to rural and semi-urban areas, which has further added to the demand for managed services. Evidence, therefore, proves that ATM-managed services have gained more favor than the traditional ATM deployment model in India.

Conventional ATMs dominate the market

The biggest share of the Indian ATM market belongs to the conventional ATMs, which are owned and operated by banks. Typically, these kinds of ATMs would be located in-branch at different banking branches and would offer services regarding a bank account, from cash withdrawal to balance inquiry and account transfer. They are designed to offer customers with the ease and safety in accessing money, and conducting finances without any direct interaction with the bank staff. Traditional ATMs, present at the bank building, offer facility and ease to the customers to carry out their banking transactions throughout the day with comparative ease while the rest of the branch remains closed to business. It becomes very important in India, where most people still transact in hard cash and may not have access to online or mobile banking channels. The wide reach of traditional ATMs has dramatically improved financial access and inclusion for many millions across the country.

South India Dominates the ATM Market

The southern states of India, in particular, Karnataka and Tamil Nadu, have emerged as the key consumption hotspots for ATM withdrawals. Several factors contribute to the dominating positioning of the region in the India ATM market. The southern states have shown strong economic development powered by various booming industries such as IT and automobile. It has resulted in higher banking and ATM usage among people. Moreover, the region comprises of states with very high literacy rates and higher education qualifications leading to more intensive use of banking services. The conjunction of economic performance,

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urbanization, and institutional quality has made the southern region an ATM transactions hub.

According to the March 2024 report by the RBI on the state-wise deployment of ATMs CRMs & WLAs, Tamil Nadu tops the list with 30,106 ATMs, CRMs, and WLAs, and Karnataka, Kerala, and Andhra Pradesh is part of these ten states with the highest number of ATMs, CRMs, and WLAs.

Future Market Scenario (FY2025 - FY2032F)

-□ In the forecast period, India ATM market is set to grow since the country will benefit from the schemes of Financial Inclusion and Jan Dhan Yojana implemented in the country, coupled with the increasing awareness among the population of semi-urban and rural areas for the usage of ATMs.

-□ With the increase in the number of ATMs in the country, especially in rural and backward areas, there will be an increase in demand for managed services.

-□ In April 2024, Hitachi Payment Services, the leading provider of payments and commerce solutions in India, announced the plan to introduce the country's first upgradable ATM, manufactured under the Make in India initiative. The upgradable ATM can be transformed into a cash recycling machine with high performance, providing flexibility and efficiency to banks.

Key Players Landscape and Outlook

The India ATM market is highly competitive, and banks are strengthening their positions for massive growth in their ATM market. Changing consumer behavior and increasingly technology-driven banking solutions drive the development of the market. Banks are incorporating the latest technologies in ATMs, such as cash recycling machines that dispense cash and accept deposits, to facilitate operational efficiency. Accordingly, shifting emphasis to technologically advanced ATMs will provide a better customer experience concerning faster, more reliable, and safer banking services. Besides, banks can manage cash with a higher efficiency level, significantly lowering operational costs and drastically reducing the downtime of these new machines. The ATM market in India will proliferate with the dual objectives of achieving customer satisfaction alongside operational efficiency. The trend seems to be a part of the banking sector's broader move toward embracing digital transformation and innovative solutions to remain competitive and meet dynamic consumer needs.

In 2023, AGS Transact Technologies Limited, one of India's prominent integrated omnichannel payment solution providers, announced that it had won orders for over 8,000 ATMs and CRMs under the Managed Services portfolio of two leading banks.

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