

Cash machines

A cash machine, or automated teller machine (ATM) allows users to make cash withdrawals, to check their account balance, order cheque books, change their PIN (personal identification number), request statements, pay bills, make deposits, transfer money and even top up their mobile phone.

Withdrawals from cash machines are the most popular way to acquire cash in the UK. Cash machines have been around for 40 years but in that time they've become something we expect to find on every high street and around two-thirds of us are regular users.*

In fact, in Britain we have the largest number of cash machine withdrawals of any country in the EU, some 2.8 billion transactions in 2006.

** All figures taken from the APACS Consumer Payments Survey, November 2006*



Key statistics

- There were approximately 60,500 cash machines in the UK at the end of 2006.
- UK cash machines processed the largest number of cash machine withdrawals of any country in the EU – 2.8 billion transactions in total in 2006 – worth over £180 billion.
- The busiest day of the week at cash machines is Friday
- In 2006 the average amount we withdrew from a bank-owned machine was £66 and £50 at IAD machines.
- The total of all withdrawals from ATMs reached £180 billion in 2006 – an average of £5,702 per second.
- In 2006 there were 35.1 million regular users of cash machines compared with 27.3 million in 1996. Each of these users made on average 78 withdrawals, taking out nearly £100 per week.

Types of cash machines

There are two types of cash machine provider in the UK: banks and building societies and non-financial organisations commonly known as independent ATM deployers (IADs).

Bank & Building Society Cash Machine Services

Until late 1998 all cash machines in the UK were owned and operated by banks and building societies (BBS), with the majority of machines at or inside their own premises.

Since 2000, the majority of banks and building societies do not levy a charge on any customers withdrawing cash from either their own or another BBS machine. This means that the vast majority of bank machines remain free to use and do not charge a fee. Today, 95 per cent of cash withdrawn is from cash machines owned by banks and building societies.

Independent ATM Deployers (IADs)

IADs are placing a growing number of cash machines in off-site locations in response to customer demand for greater convenience in obtaining cash and now number 45% of all cash machines in the UK.

IADs typically charge a flat rate fee for cash withdrawal. In many cases their machines are located in places where a cash machine would not be commercially viable without this fee and where banks and building

societies could not make a sustained business case for the installation of a free-to-use machine.

In terms of the total share of the UK cash machine market the IADs share of transactions is small (approximately six per cent by volume and five per cent by value).

How the system works

All cash machines in the UK access the LINK network. If you use a machine other than one owned by your own bank the transaction will be routed to the LINK network to obtain an authorisation from your bank and once the transaction is authorised, you can obtain the cash.

Unless you use your own bank's machine, the organisation owning the cash machine will levy a small fee on your own bank, which is paid at the same time as your own bank reimburses them for the money you have withdrawn out of their cash machine.

History and milestones

The world's first cash machine was introduced in the UK and installed in Enfield, north London on 27 June, 1967 by Barclays Bank and the first ever withdrawal was made by actor Reg Varney who later went on to appear in the popular comedy programme 'On the Buses'.

The early machines had limited functions, dispensing fixed amounts of cash in exchange for tokens. In the early 1970s, magnetic stripe technology enabled plastic cards to be used to withdraw cash.

Cash machines have come a long way since then – in the last ten years more than £1 trillion worth of notes have been paid out by cash machines.

Future developments

There has been a move in recent years to site new machines away from bank and building society branches and place them in locations heavily frequented by customers, such as supermarkets and railway stations.

By 2016 APACS expects cash machines to provide more than four-fifths of

our cash requirements as cheques and passbook use continues to shrink. Some 41 million people are forecast to be regular cash machines users by then with cash machines paying out £221 billion, compared to £180 billion in 2006.

Although the number of cash machines has grown significantly in recent years – more than doubling since 2000 – over the next ten years we expect the rate of growth in the number of cash machines to decline.

Top tips: cash machine safety

How cardholders can prevent themselves becoming a victim of crime when withdrawing money from a cash machine:

1. Choosing a Cash Machine

- Be aware of others around you. If someone close to the cash machine is behaving suspiciously or makes you feel uncomfortable choose another.
- If there is anything unusual about the cash machine, or there are signs of tampering, do not use the machine and report it to the bank immediately.
- If you suspect that a skimming device has been attached to a cash machine, inform staff within the

bank or, if this is not possible, inform the police. Put your personal safety first and do not attempt to remove it yourself.

2. Using a cash machine

- Be aware of your surroundings. If someone is crowding or watching you, cancel the transaction and go to another machine.
- Stand close to the cash machine and always shield the keypad to avoid anyone seeing you enter your PIN.

3. Leaving a cash machine

- Once you have completed a transaction, discreetly put your money and card away before leaving the cash machine.

- If the cash machine does not return your card, report its loss immediately to your bank.

- Tear up or preferably shred your cash machine receipt, mini-statement or balance enquiry when you dispose of them.

4. Fact from fiction

- Contrary to recent speculation, if you enter your PIN backwards at a cash machine it will NOT alert law enforcement of a potential threat. It will only serve to delay your withdrawal and may incite frustration from would-be assailants. Put your personal safety first.