

Date

24 June 2015

Reference

MOB/2015/366509

Subject:

2015 interim report on accessibility of ATMs

Summary

The Dutch National Forum on the Payment System ('the Forum')¹ has produced an update on the accessibility of ATMs covering the period from 31 March 2014 (Interim Report 2014 measurement²) to 31 March 2015 (measurement for this report; the Second Interim Report 2015).

This update has two objectives:

1. to measure the extent to which the accessibility of ATMs in the Netherlands has changed since the measurement taken at the end of March 2014 (Interim Report 2014), and
2. to monitor the implementation of the recommendations made by the Forum in its Interim Report 2014.

In the past few years, a relatively large amount of public and political attention has been paid to the accessibility of ATMs. This is because the number of ATMs has fallen gradually since 2008, following a long period during which the number grew. As a consequence, the residents of more and more small communities that no longer have an ATM are having to travel further to withdraw cash from an ATM. The disappearance of ATMs has the greatest impact, in relative terms, on those sections of the population who are not so mobile due to old age or a physical disability and live in small rural communities, and in particular those who live in the countryside. In mid 2014, less than one year after the publication of the Accessibility Monitor 2013³, the Forum published a new report (Interim Report 2014) in order to respond

¹ The Dutch National Forum on the Payment System (Dutch acronym: MOB), which is chaired by De Nederlandsche Bank, focuses on promoting the efficiency of the Dutch payment system. The Forum is broadly based and its participants represent the providers and users of payment systems. Monitoring the availability of our national payment system is one of the main tasks of the Forum.

² National Forum on the Payment System (MOB), Working Group on Accessibility, *Tussenrapportage bereikbaarheid van geldautomaten*, (available in Dutch only) dated 28 May 2014. See: http://www.dnb.nl/binaries/geldautomaten_tcm46-308950.pdf

³ National Forum on the Payment System, Working Group on Accessibility,

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to complaints from residents of small communities and the concerns expressed by the Dutch House of Representatives. In doing so, it also complied with the Minister's request to work with the banks in analysing the nature and scale of the accessibility problems and coming up with proposals for dealing with these problems⁴. This report is an update related to the figures presented in the Interim Report 2014⁵.

Based on the measurements for the Interim Report 2014, which were taken at the end of March 2014, the Forum reported that 99.59% of the Dutch population live within a five-kilometre radius from a bank-operated ATM. This analysis was repeated, based on the situation at the end of March 2015. The proportion of the Dutch population who live within five kilometres from a bank-operated ATM has fallen fractionally, to 99.53%. At the time the measurement for the Accessibility Monitor 2013 was taken (mid 2013), this figure was 99.65%.

Besides bank-operated ATMs (of which there were 7,077 at year-end 2014), there are also approximately 890 non-bank ATMs in the Netherlands, most of which are located in supermarkets. Today, over one in nine ATMs in the Netherlands is operated by parties other than banks. In order to provide a more complete picture of the accessibility of ATMs, non-bank ATMs were also included in the measurement for this Second Interim Report. When these non-bank ATMs are included, the total proportion of the Dutch population who have access to an ATM that is within five kilometres from their homes is 99.64%.

The national coverage rate of ATMs is still high. Tailor-made solutions, such as cashback services offered in shops, were not included in the measurement. Cashback services are currently offered by 58% of retailers⁶. If this is taken into account, the proportion of the Dutch population able to withdraw cash within five kilometres from their homes is probably even higher than the figure of 99.64% mentioned above.

Accessibility Monitor 2013 - Accessibility of the retail payment system for consumers and small businesses, December 2013

⁴ Ministry of Finance, *Bereikbaarheid en toegankelijkheid van betaaldiensten en de SEPA waiver voor consumenten*, (available in Dutch only) dated 5 March 2014 (FM/2014/397 M)

⁵ See footnote 2.

⁶ De Nederlandsche Bank, *Cash: retailers' behaviour and perception. Outcome of DNB study into retailer's behaviour and perception with regard to cash, conducted jointly with Panteia*, 30 April 2015 (English version published 7 May 2015).

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To supplement this accessibility analysis, the organisations that are represented in the Forum investigated complaints of which they became aware (either directly or through the media) following the publication of the Interim Report 2014. Interestingly, hardly any of the complaints that were received related to areas that did not meet the five-kilometre standard. This means that in almost every case there is at least one ATM that is accessible within five kilometres.

A number of social developments provide insights that can be used to place the nub of the accessibility issue in a broader perspective. Since 2007 there has been a relatively sharp fall in the use of cash in the Netherlands and a steep rise in the number of debit card transactions. As consumers are opting to pay by debit card to an increasing extent, public demand for cash is falling relatively sharply. In the period 2006–2014, there was a 20% fall in the number of cash withdrawals from ATMs, while their total value declined by 16%. In addition, consumers are increasingly shopping online, rather than visiting physical stores where transactions are still frequently settled in cash. As a result, withdrawing cash from an ATM ('hole in the wall') is becoming less common. The Forum expects this trend to continue during the next few years.

There has also been a decline in the level of amenities provided in rural areas. Amenities are disappearing or are being limited in the range of services they provide. This decline, which involves the disappearance of amenities such as municipal services, post offices, local schools, local supermarkets and bank branches from small rural communities, is a social phenomenon that has existed for several decades. The Forum expects that this trend will continue alongside the decline in population that many rural areas are having to contend with.

The aforementioned social developments and their mutual interaction have an impact on the ATM location policies followed by banks. In areas where the number of ATMs falls too far below the average number considered commercially sound, banks will reconsider whether retaining the relevant ATM is economically justified. The need for banks to cut costs acts as a catalyst for the rationalisation of their ATM fleets. The costs of operating an ATM are increasing, in part because the security requirements for locations where ATMs are situated are becoming more and more strict. ATM attacks, or the fear of such attacks, are another factor that has led banks to shut down certain ATMs. The banks expect that the

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decline in the number of ATMs will level off in the next few years. Interestingly, many of the ATMs that will disappear are in areas where several ATMs are currently accessible⁷.

Despite this, cash still plays a key role in the payment system and is still the most commonly used means of payment when measured in terms of the number of transactions. In 2013, cash was still used for almost 57% of all purchases made in shops, mostly when the amounts involved were small. Paying in cash is also the only genuine alternative available when the electronic payment system breaks down for any reason. It is therefore as important as ever that cash remains easily accessible. In principle, it is up to the consumer to decide whether to pay in cash or with a debit card.

The Forum believes that the solution pathways are still appropriate for use in situations where the disappearance of an ATM would cause, or could cause, a problem:

- The continued promotion of:
 - payment by debit card (including contactless payment) and/or mobile phone (for small amounts too)
 - installing payment terminals at payment counters where they are currently not available, and
 - the use of mobile payment terminals in the hospitality sector and among itinerant traders.
- The installation of bank-operated and/or non-bank in-store ATMs. In some locations, the installation of a non-bank ATM can be a solution. For this to be the case, the number of withdrawals usually needs to be sufficiently high.
- The offering of cashback services by retailers and other point-of-sale businesses. With regard to this alternative, it should be noted that businesses that offer cashback services may be exposed to a security risk if this means that they have to hold additional cash in hand.
- Home deliveries of cash. This alternative is currently offered by a number of banks and is chiefly intended for specific groups of consumers who are unable to withdraw cash from an ATM independently due to their age or a disability.
- Sharing ATM operating costs with local parties. One bank is currently offering a number of small communities the opportunity to have an ATM installed, in exchange for payment of part of the

⁷ Removing ATMs in areas where there are several ATMs will not affect accessibility as there will still be at least one ATM that is accessible in the location in question. An example of this is a situation in which a bank has two ATMs situated directly next to each other, or in the close vicinity of each other, both ATMs are used relatively infrequently, and the decision is taken to shut down one of the two ATMs.

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operating costs by local parties, on a trial basis. This concept is already being applied at several locations.

Between the end of March 2014 (Interim Report 2014) and the end of March 2015 (this report), banks succeeded in implementing many tailor-made solutions by working with various local parties. A number of interesting examples are discussed in detail in section 3 of this report.

The second objective of this update is to monitor the implementation of the recommendations made by the Forum in its Interim Report 2014. These recommendations were intended to safeguard access to cash withdrawal facilities.

- Emphasise tailor-made solutions, with no fixed standard for the distribution of ATMs;
- Hold consultations on closures of ATMs and potential solutions;
- Investigate how the accessibility of ATMs can be improved for people with disabilities;
- Investigate whether banks are able (and allowed) to reach mutual agreements on ATM placement policy;
- Draw public attention to the Forum's 'Working Agreement on Accessibility' again, in order to increase awareness of this agreement;
- Evaluate the development and implementation of the recommendations in mid 2015.

The banks have followed up on all of these recommendations made by the Forum, often by working with social partners in the Forum.

- *Emphasise tailor-made solutions, with no fixed standard for the distribution of ATMs*

In line with the Interim Report 2014, the Forum has established that all parties involved recognise the importance of tailor-made solutions, as this allows local circumstances to be taken into account as much as possible. The basic principle is that individual issues should be resolved as far as possible by local stakeholders. Where there are structural bottlenecks, parties seek a solution that is satisfactory to all parties involved through the Forum (in accordance with the Working Agreement).

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The Forum does not believe that a generic, fixed accessibility standard is the correct approach, since the problem is not generic. Currently, not enough locations are affected by problems to justify taking a generic approach.

- *Hold consultations on closures of ATMs and potential solutions*

In making this recommendation, the Forum stressed how important it is that in all cases the banks provide relevant local parties with sound and timely information on the closure of ATMs and suitable alternatives that are available. Banks have heeded this recommendation, and when an ATM is scheduled for closure they now endeavour (insofar as they not already did so) to enter into careful consultations with local stakeholders at an early stage and discuss existing and/or potential alternatives.

- *Investigate how the accessibility of ATMs can be improved for people with disabilities*

The wide variety of payment terminals currently in use in the Netherlands and abroad can make it difficult for people with disabilities to perform debit card transactions. For this reason, more attention must be paid to the needs of people with disabilities when considering the subject of payment terminals. In its Interim Report 2014, the Forum recommended that its Working Group on Accessibility should investigate whether, and if so, how, the accessibility of payment terminals can be improved for such people.

Against this background, the Forum has carried out a study of payment terminals used in the Netherlands. Based on this study, in 2014 the Forum and the Eye Association Netherlands (Oogvereniging) produced a position paper that summarises the modifications and additional functionalities that are required to make terminals accessible. The Forum intends to use the position paper to put this topic on the European agenda and achieve improvements at a European level, in view of the fact that most payment terminals are manufactured abroad.

- *Investigate whether banks are able (and allowed) to reach mutual agreements on ATM placement policy*

In its Interim Report 2014, the Forum explained that each bank is responsible for its own ATM placement policy. The Forum believes that if banks are able (and allowed) to reach mutual agreements on ATM

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placement policy, this could offer a pragmatic solution for small communities. This is because the size of the combined national ATM fleet of all the banks is more than adequate; the problem is that the distribution of the ATMs is not optimal. Common agreements will help to control the relatively high costs associated with keeping currency in circulation, and this is the best way to ensure the accessibility of ATMs.

For reasons relating to competition, at the time the Interim Report 2014 was published banks were prohibited from reaching mutual agreements on ATM placement policy. The Forum recommended that the banks, the Ministry of Finance and DNB, working in consultation with the Netherlands Authority for Consumers and Markets (ACM), investigate the conditions under which there may still be possibilities for reaching mutual agreements, since maintaining a good national distribution of ATMs, including in rural areas, serves the interests of society as a whole.

In the Interim Report, ABN AMRO, Rabobank, ING Bank and SNS Bank stated that they would like to carry out a test of a common ATM placement policy in the form of a pilot project. This pilot project would involve selecting one or more pilot areas containing small communities where there are genuine issues regarding the accessibility of ATMs. The banks would determine a common ATM placement policy for the pilot area, acting in consultation with relevant local parties where appropriate. It was suggested that the Dutch Payments Association (Betaalvereniging) could offer the banks a platform in which they could develop and carry out the pilot project and that it could also supervise the entire process. The progress of the pilot project is discussed by the Forum's Working Group on Accessibility and also by the Forum itself.

One precondition that had to be satisfied in order for the pilot project to be carried out (and for any subsequent roll-out across similar rural areas where the accessibility of cash is an issue) was that the ACM must not have any objections to the pilot project concept from the perspective of competition law. For this reason, the Dutch Payments Association, acting on behalf of the banks involved in the pilot project, asked the ACM to review the pilot project concept in order to determine whether it was permissible under competition law, and, if so, what preconditions would apply.

In December 2014, the ACM announced that in cases where installing an ATM in a rural area would be the best solution, the banks were allowed to reach a mutual agreement, on a case-by-case basis, on where the ATM should be located and which bank should install it. It has also stated, however, that banks may not

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reach mutual agreements on removing ATMs from larger villages, towns and cities where there is overcapacity in order to install them in small villages. There is also very little scope for exchanging interbank information in order to prevent 'white spots' (based on the five-kilometre standard) from occurring in future. The ACM has agreed that banks may share information on their individual placement policy with the Dutch Payments Association, so that it can monitor whether there is a risk that new 'white spots' will occur. If this situation arises, the Dutch Payments Association will hold talks with the relevant bank or banks.

Once the ACM had defined the competition law framework, the participating banks and the Dutch Payments Association made a start on the further development and implementation of the pilot project. The frameworks for collaboration set by the ACM were followed closely. Zeeuws-Vlaanderen was selected as the pilot area, as the accessibility issues described above are a problem in that region. Three 'white spots' (based on the five-kilometre standard) have been identified in Zeeuws-Vlaanderen where there were genuine issues regarding the accessibility of cash. These 'white spots' are the villages of Biervliet (1,290 inhabitants), Graauw (963 inhabitants) and Vogelwaarde (2,100 inhabitants). When looking for appropriate solutions, specific consideration was given to the local situation and the needs of the community. It was agreed that one of the banks (ABN AMRO) would install a new ATM in Graauw. The ATM is scheduled to come into operation early in the summer of 2015. Appropriate alternative tailor-made solutions have been found for Biervliet and Vogelwaarde.

The participating banks and the Dutch Payments Association will evaluate the pilot project at the end of 2015, and the Forum will be informed of the results. Following the evaluation, the banks will decide whether the roll-out of the pilot project concept across similar rural areas would be an appropriate approach, taking into account the competition law frameworks as set by the ACM.

- *Draw public attention to the Forum's 'Working Agreement on Accessibility' again, in order to increase awareness of this agreement*

The 'Working Agreement on Accessibility', which dates back to 2008, describes how the parties represented on the Forum, the Association of Netherlands Municipalities (VNG) and the National Association for Small Communities (LVKK) can work with the banks to tackle bottlenecks relating to the accessibility of the payment system. The basic principle is that individual issues should be resolved as far

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as possible by local stakeholders. If the issue is structural in nature, the Forum participants jointly seek a solution. The '*Betaaldiensten: Bereikbaar voor iedereen!*' information leaflet has been updated⁸ in order to raise public awareness of the Working Agreement on Accessibility. The relevant Forum participants have drawn attention to the Working Agreement and the information leaflet on their public websites.

The Forum still believes that the Working Agreement on Accessibility is a good way for banks to fulfil their responsibility to ensure a good distribution of ATMs or the accessibility of suitable alternatives and solve any potential problems locally by working with relevant parties. It is important to make constant efforts to draw public attention to the Working Agreement and its procedures, in order to increase awareness of them.

- *Evaluate the development and implementation of the recommendations in mid 2015.*

This evaluation is presented in this report.

Concluding remarks

The Forum believes that the debate on the accessibility of cash must not be too narrow and focus only on the accessibility of ATMs. The real issue is the accessibility of cash in general, and the accessibility of available and accessible alternatives, including electronic payment facilities. Tailor-made solutions based on local needs are a crucial aspect of this.

In our society, in which different forms of electronic payments are taking over the role of cash to a growing extent, it is important to control the costs associated with keeping cash in circulation. Despite this, cash will continue to play a key role when it comes to retail payments. From the perspective of cost control, the ongoing rationalisation of ATM fleets in the next few years will remain relevant. However, it would be inadvisable to allow a situation to arise in which consumers essentially no longer have access to cash, due to the poor accessibility of ATMs, and are therefore unable to pay in cash any more. The Forum therefore takes the view that if all the banks proactively reach agreement on ATM placement policy, with the objective of ensuring the available ATM capacity is distributed across rural areas in a more balanced

⁸ National Forum on the Payment System, *Betaaldiensten: Bereikbaar voor iedereen!* (available in Dutch only). See: http://www.dnb.nl/binaries/folder%20betbel_tcm46-170730.pdf

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way, this will ultimately prove a sustainable, cost-effective solution for ensuring members of the public continue to have adequate access to cash. Accordingly, the Forum believes that a balanced distribution of ATMs across rural areas is desirable, in order to ensure members of the public continue to have adequate access to cash. Ensuring members of the public continue to have adequate access to cash is of great importance to society. In this light, it would be useful to evaluate the impact of the preconditions relating to competition law that were imposed by the ACM in the context of the pilot project before the next report is published.

Given its concerns about the accessibility of ATMs, among other things, the Forum concluded that there is a need for a future vision on the use and accessibility of cash. For this reason, when the Forum met in the autumn of 2014 it decided to set up a task force to develop this future vision. The Forum expects to be able to present the future vision at the meeting scheduled for the autumn of 2015.

Selected key figures on the Dutch payment system 2005–2014 ⁹						
	2006	2008	2010	2012	2014	A '06 -'14
Number of bank-operated ATMs ¹⁰	8,114	8,654	7,919	7,569	6,959	-14.3%
Number of bank branches	3,356	3,421	2,864	2,466	1,854	-44.8%
Number of POS terminals	214,474	234,389	258,585	267,569	274,516	28.0%
Number of debit card transactions (x 1 million)	1,451	1,756	2,154	2,474	2,913	100.7%
Value of debit card transactions (x EUR 1 million)	64,216	74,664	80,945	84,338	88,546	37.9%
Number of cash withdrawals from ATMs	474,597	473,049	434,349	420,260	379,078	-20.1%
Value of cash withdrawals from ATMs (x EUR 1 million)	55,346	55,180	52,025	49,471	51,112	-9.2%
Number of iDEAL transactions (x 1 million) (Source: Currence)	4.4	27.9	68.8	117.2	180.2	3995.5%
Value of iDEAL transactions (x EUR 1 billion) (Source: Currence)	0.35	2.22	4.98	8.83	14.13	3937.1%
Internet users who use online banking (Source: Statistics Netherlands (CBS))	67%	74%	81%	82%	86%	28.4%

⁹ DNB, Table 5.12 Retail payments. See: <http://www.statistics.dnb.nl/en/financial-institutions/banks/payment-statistics/index.jsp>.

¹⁰ The figures quoted do not include non-bank ATMs.



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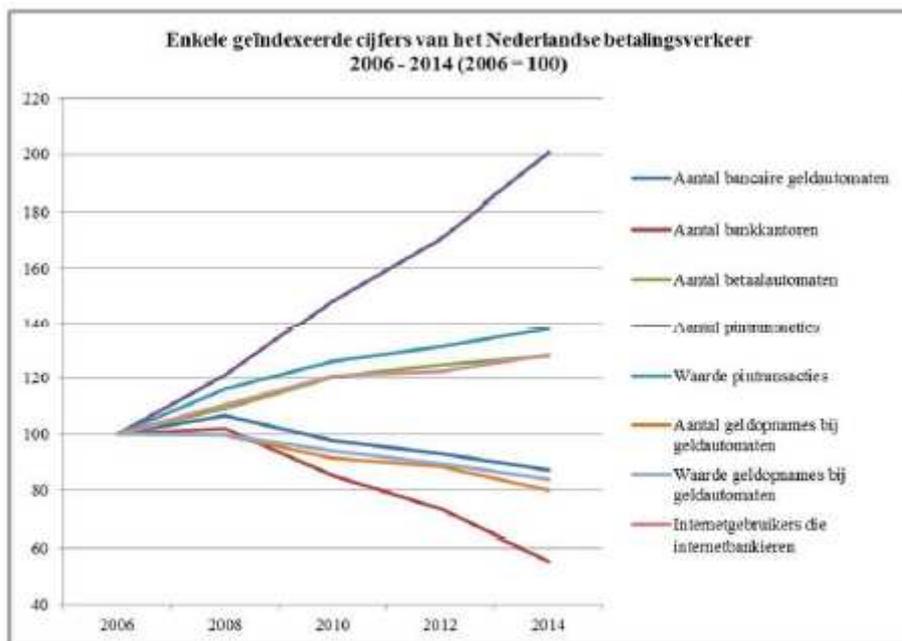


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[tekst:]

Selected indexed figures on the Dutch payment system 2006-2014 (2006 = 100)

[dark blue] Number of bank-operated ATMs

[burgundy] Number of bank branches

[green] Number of POS terminals

[purple] Number of debit card transactions

[turquoise] Value of debit card transactions

[amber] Number of cash withdrawals from ATMs

[light blue] Value of cash withdrawals from ATMs

[pink] Internet users who use online banking



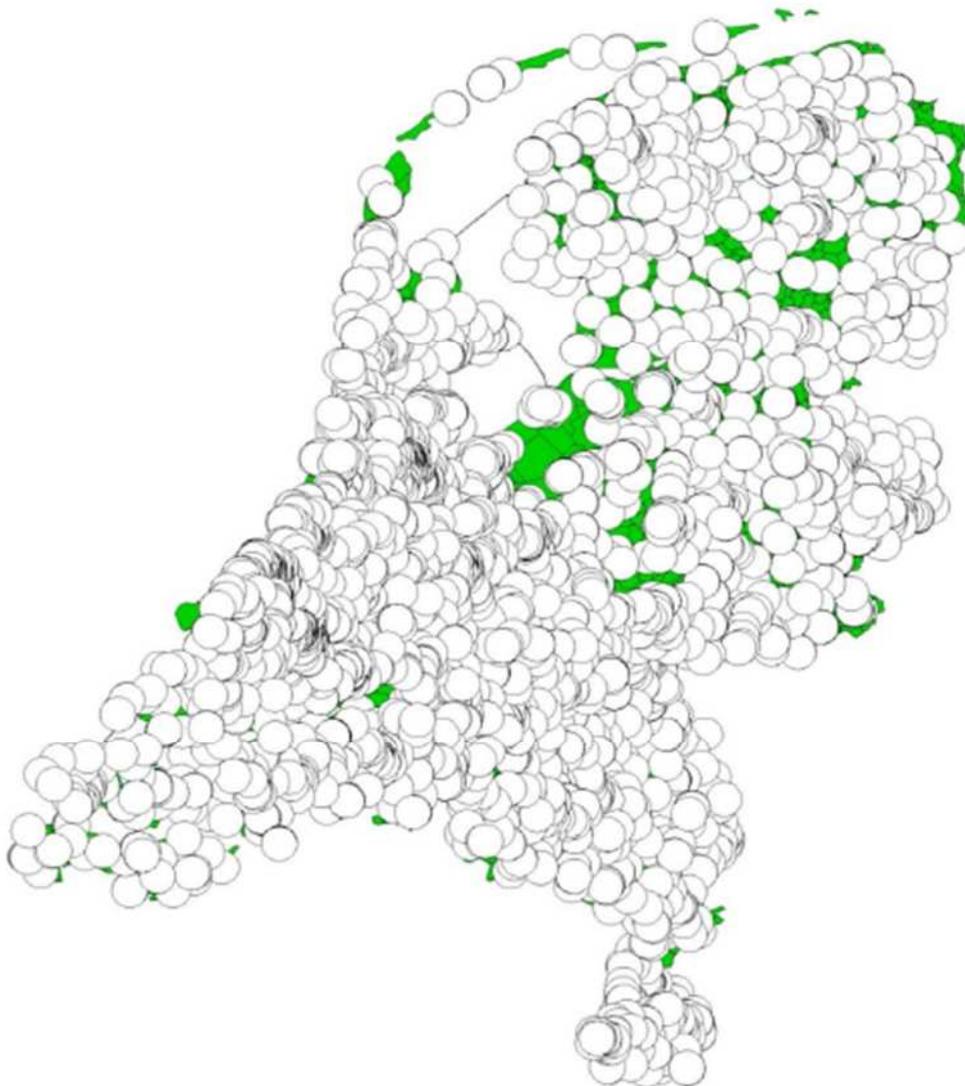
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Chart 1 – Accessibility of bank-operated ATMs at end-March 2014
(Interim Report 2014)





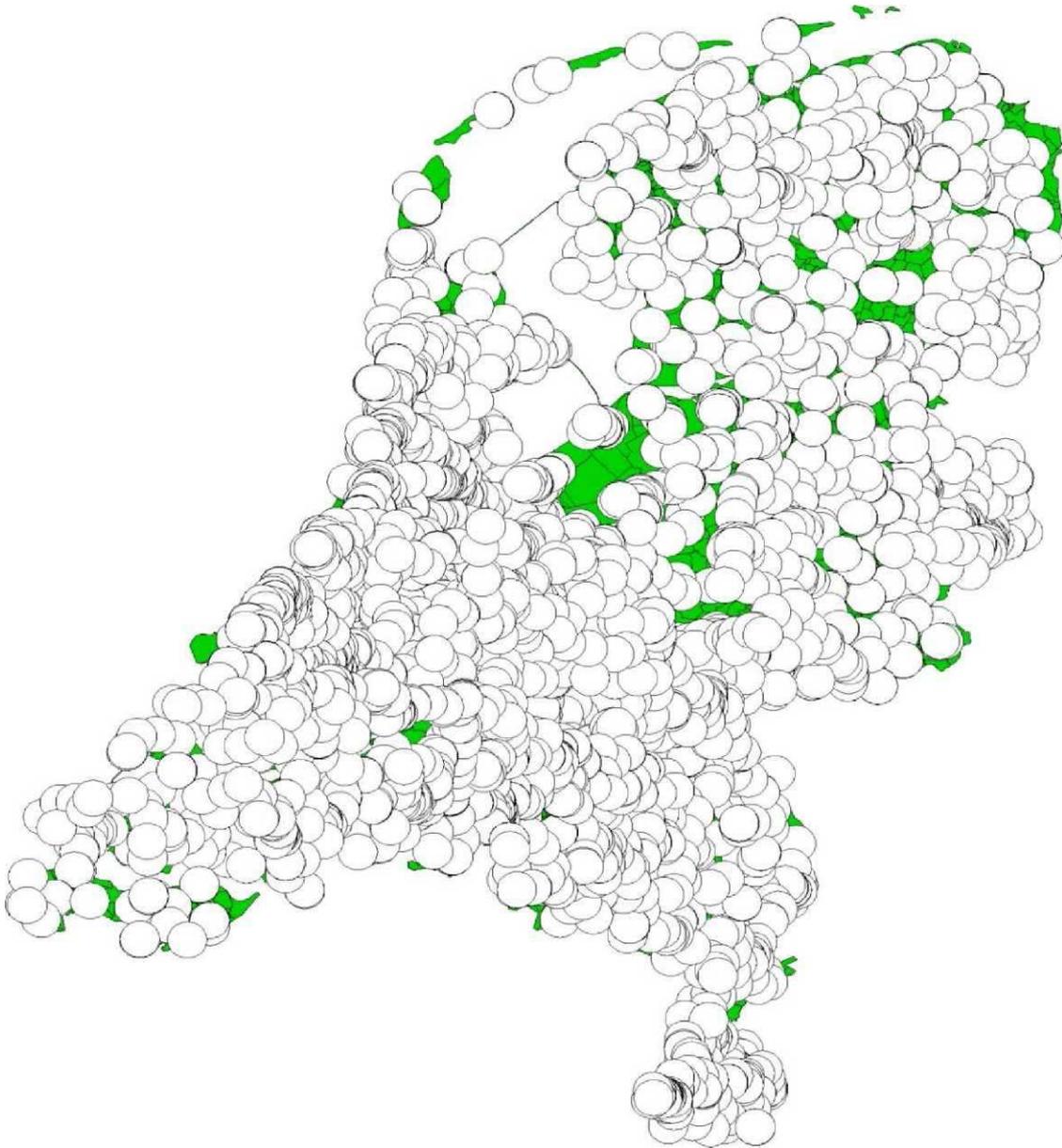
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Chart 2 – Accessibility of bank-operated ATMs at end-March 2015
(Second Interim Report 2015)





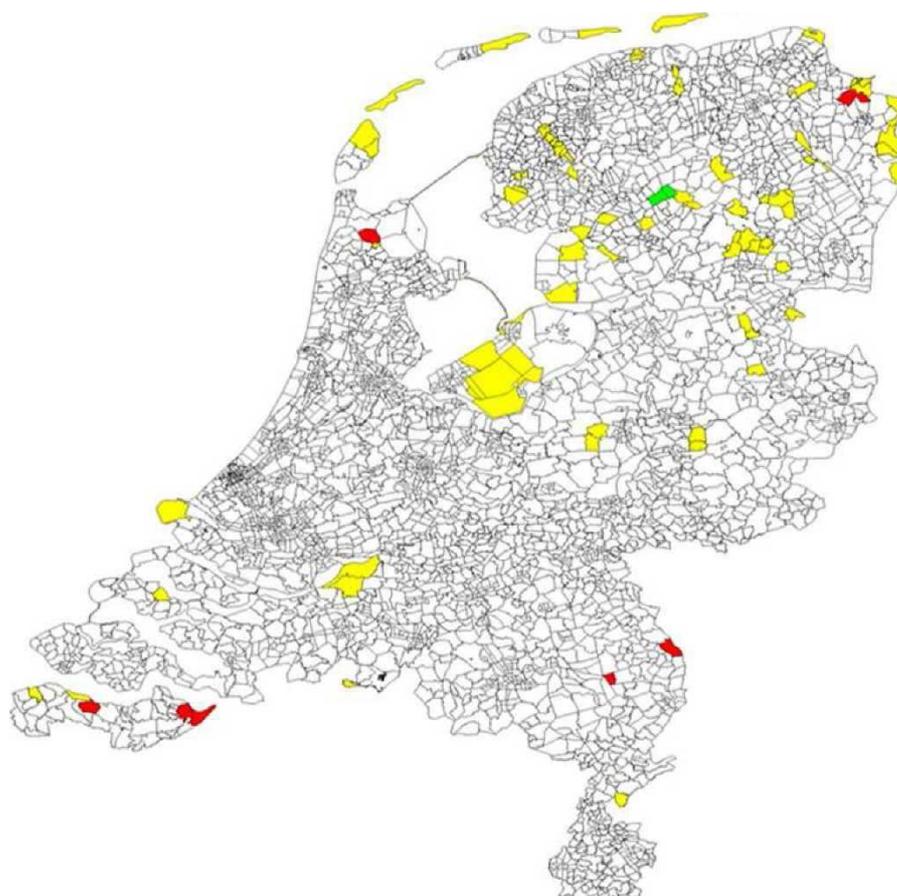
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Chart 3 – Changes in accessibility of bank-operated ATMs between end-March 2014 (Interim Report 2014) and end-March 2015 (Second Interim Report 2015)



Postcode area which still had access to an ATM located within a five-kilometre radius from its centre at end-March 2014 (Interim Report 2014) but which did not at end-March 2015 (Second Interim Report 2015).

Postcode area that did not have access to an ATM located within a five-kilometre radius from its centre at end-March 2014 (Interim Report 2014) but which did at end-March 2015 (Second Interim Report 2015).

Postcode area that did not have access to an ATM located within a five-kilometre radius from its centre at end-March 2014 (Interim Report 2014) or at end-March 2015 (Second Interim Report 2015).

Postcode area that had access to an ATM located within a five-kilometre radius from its centre at end-March 2014 (Interim Report 2014) and at end-March 2015 (Second Interim Report 2015).



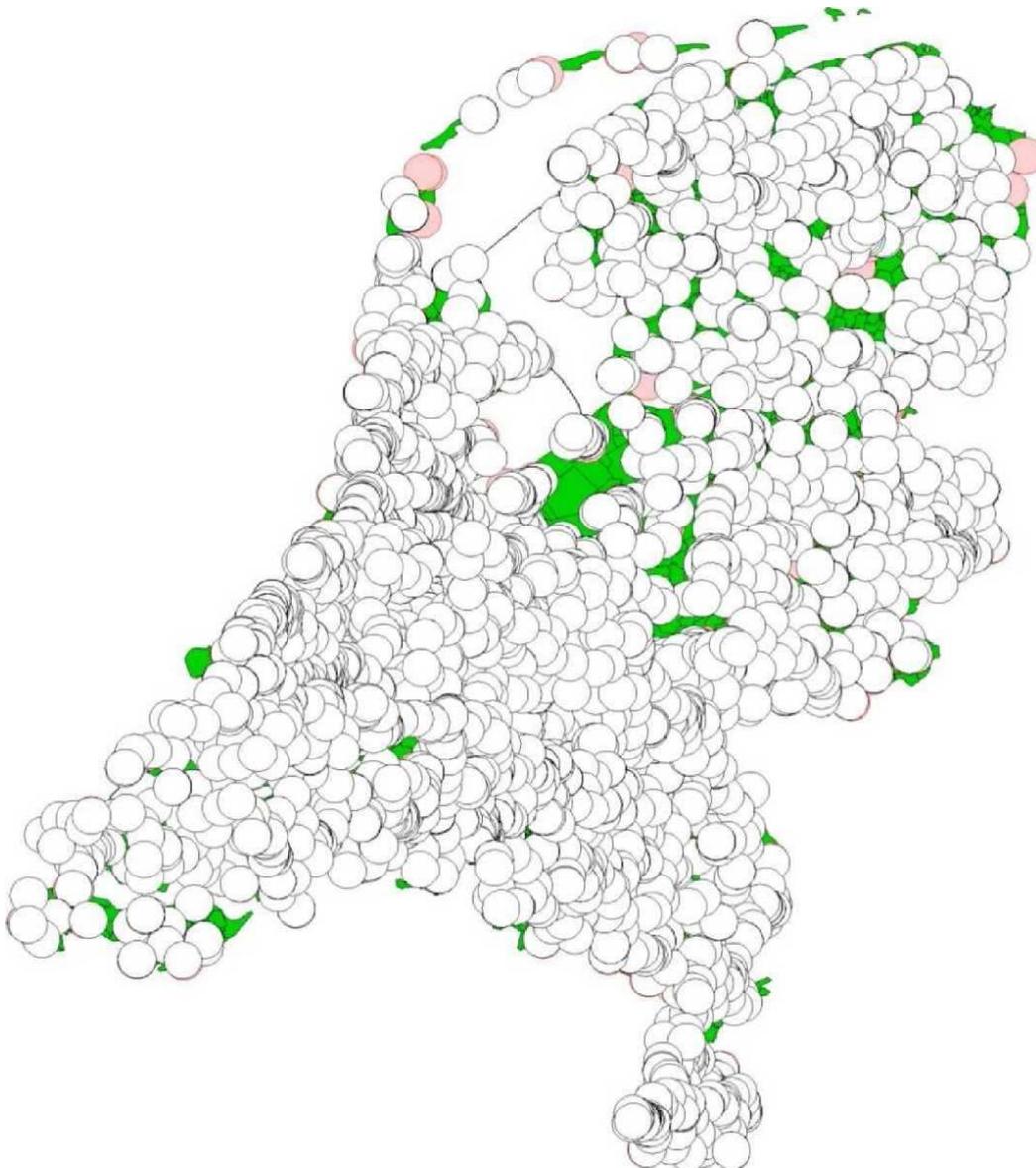
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Chart 4 - Accessibility of bank-operated and non-bank¹¹ ATMs at end-March 2015 (Second Interim Report)



¹¹ Postcode areas that meet the five-kilometre standard based on coverage provided by non-bank ATMs (and which are not already covered by bank-operated ATMs) are indicated by a red outline and a pale red (pink) centre.