



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

ATM CASH WITHDRAWALS IN MALTA – 2019

BOX 3: ATM CASH WITHDRAWALS IN MALTA – 2019¹

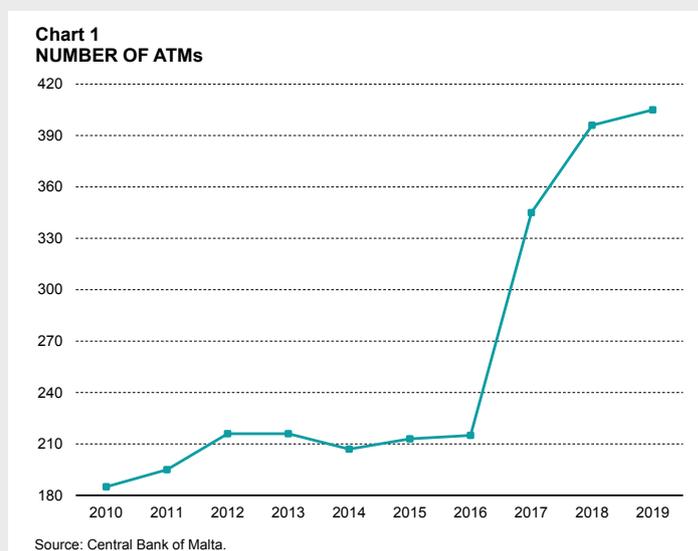
Introduction

Cash services in Malta are available across the island through an extensive network of bank branches as well as Automated Teller Machines (ATMs) which serve well the local population.² ATMs are offered by five main local credit institutions, namely Bank of Valletta plc, HSBC Bank Malta plc, APS Bank Ltd, BNF (Malta) plc and Lombard Bank Malta plc. Additionally, a foreign-licensed financial institution – Euronet – also provides its ATM services in Malta through the exercise of passporting rights.³ As a result, it is not difficult to find an ATM in the densely-populated country, since these are located strategically near bank branches, shopping centres, food outlets and touristic areas. There were 405 ATM terminals in Malta as at December 2019, although the number rises to 434 at certain times of the year. This results in an average of 1.28 ATM terminals per square kilometre, which tend to be concentrated in specific areas of the island. Furthermore, according to IMF data published for 2019, the number of ATMs per 100,000 adults stood at 49.0 in 2019, which is below the euro area average of 65.1. However, these data only cover ATMs operated by local institutions and do not include ATMs operated by foreign providers. In Malta's case, the inclusion of ATMs operated by Euronet increases the ratio to 96.0. Although ATMs in Malta offer a variety of services, these are mainly used for the withdrawal of cash, with the maximum withdrawal limit set by the issuing institution currently ranging between €500 and €1,000 on a daily basis.^{4,5}

Number of ATMs

The number of ATMs in operation at the end of 2019 reached 405, a slight increase of nine terminals over 2018 (see Chart 1). According to data reported by financial intermediaries in Malta, Euronet had the highest number of ATMs, followed by Bank of Valletta and HSBC Malta.

Although there were 405 ATM terminals as at end 2019, the maximum number of those active at any



¹ This box was prepared by Charles Saliba, Manager Regulation and Oversight Office and Victoria Briffa, Officer II in the same office. The views expressed in this box represent those of the authors and should not be interpreted to reflect those of the Bank. Any remaining errors are the authors' own.

² The term institutions refers to credit, payment and electronic money institutions.

³ Euronet commenced its operations in Malta in 2017 and its ATM data is included as from that year.

⁴ Limits were raised to these levels following the spread of COVID-19, to discourage over-the-counter withdrawals.

⁵ Other ATM services include mobile phone top-up, checking account balance, cash and/or cheque deposits, fund transfers between own accounts or to third parties, and statement requests.

point during the year rises to 434 terminals. This reflects the fact that a few ATMs are operated on a seasonal basis (for example, during summer only) while some were installed temporarily at events and other sites where, for a variety of reasons, the ATM was not present for the whole year.

Data on the distribution of ATMs by locality show that 44% of all ATM terminals are located in the northern harbour area, with Euronet having the strongest presence in this region, mostly in Sliema, Paceville and St Julian's. The northern area of the island boasts 23% of the total number of ATM terminals located in Malta, with Euronet again accounting for most of these terminals. The majority of these are strategically installed in touristic areas such as Qawra, Buġibba and Mellieħa – close to hotels, restaurants and shops. A further 13% of the overall number of ATM terminals are located in the southern harbour area, with Bank of Valletta having the strongest presence in this region. These are dispersed in various parts of this region, with the majority installed in the capital city Valletta. The south eastern and western regions each account for 7% of all ATMs.

In 2019, there were 25 ATM terminals located in Gozo and Comino. This represents 6% of the total number of ATMs, with the majority found at Rabat (Gozo). Euronet also has the largest share of the ATM terminals in Gozo.

Although having a greater number of ATMs increases the accessibility to customers, both local and foreign, to withdraw cash, it may encourage them to use more cash for their daily purchases rather than availing themselves of point-of-sales (POS) terminals.

ATM cash withdrawals analysis (volume and value)

Traditionally, ATMs are considered to be an electronic banking outlet allowing basic transactions without the need for bank employee input. However, in Malta, ATMs have always been considered primarily as a source for cash withdrawals. Table 1 shows the volume and value of ATM cash withdrawals at resident terminals, including Euronet, with Maltese-issued cards and foreign-issued cards between 2010 and 2019. There is an evident increasing trend in the number of ATMs as well as the use of such terminals for cash withdrawal over the last 10 years. Indeed, the number of ATMs more than doubled over a decade. Such data show that there was an increase in recourse to ATM cash withdrawals.

The available data distinguish between cash withdrawals using Maltese issued cards and those using foreign issued cards.

Table 1 shows that the number of withdrawals using Maltese cards remains larger than those with foreign cards, reflecting demographic conditions. However, the share of withdrawals with foreign cards out of all ATM withdrawals has increased over time. While in 2010, foreign cards accounted for 8.6% of all ATM withdrawals, in 2019 their share stood at 18.3%. A similar pattern is observed when looking at transaction values. These trends reflect the buoyant tourism industry during this period and the rapid growth of foreign workers in Malta.

Table 1
CASH WITHDRAWALS AT MALTESE ATM TERMINALS

	No. of ATMs	Maltese Cards			Foreign Cards		
		Volume	Value	Average value per transaction	Volume	Value	Average value per transaction
		Millions	EUR millions	EUR	Millions	EUR millions	EUR
2010	185	10.8	1,188.4	110	1.0	154.0	152
2011	195	10.9	1,080.4	99	1.4	176.9	129
2012	216	11.8	1,321.2	112	1.2	178.8	150
2013	216	11.8	1,379.4	117	1.4	203.6	148
2014	207	12.4	1,452.4	117	1.5	233.5	159
2015	213	12.8	1,550.4	121	1.7	256.4	151
2016	215	12.5	1,566.5	126	2.0	285.8	146
2017	345	13.5	1,751.3	130	2.8	392.3	138
2018	396	14.0	1,941.1	139	2.7	396.9	146
2019	405	13.2	1,919.6	146	3.0	402.2	136

Source: Central Bank of Malta.

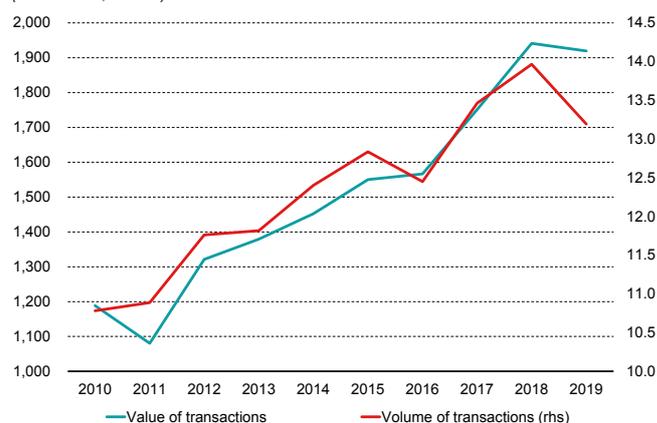
ATM cash withdrawals at Maltese terminals with Maltese cards⁶

When analysing the years 2010-2019, both the volume and value of ATM cash withdrawals with Maltese cards followed a steady upward pattern. However, the volume of cash withdrawals decreased by 5.5%, from 14.0 million in 2018 to 13.2 million in 2019, whilst the value fell by €21.5 million from the previous year, or 1.1% (see Chart 2). In 2019, the value of ATM withdrawals with Maltese cards as a percentage of private consumption of Maltese households locally stood at 33.2%, compared to 28.1% in 2010 (see Chart 3). However, the increase in withdrawals of cash from ATMs is likely to have displaced withdrawals over the counter for payment transactions purposes.

ATM cash withdrawals at Maltese terminals with foreign cards⁷

During the period 2010-2019, an upward pattern was also seen in

Chart 2
VALUE AND VOLUME OF CASH WITHDRAWALS AT MALTESE ATM TERMINALS WITH MALTESE CARDS
(EUR millions; millions)



Source: Central Bank of Malta.

⁶ Maltese cards refer to those cards which are issued by locally-licensed institutions.

⁷ Foreign cards refer to those cards issued by foreign-licensed institutions.

the volume and value of transactions at Maltese terminals with foreign cards. In 2019, there were 3.0 million, up from 2.7 million a year earlier (see Chart 4). This pattern is also visible in values, with an increase of €5.3 million or 1.3% in 2019. It is also worth noting that there was a sharp increase in cash withdrawals carried out by foreign cards, both in terms of volume and value. The value of ATM cash withdrawals with foreign cards as a share of expenditure by non-residents in Malta increased from 18.9% in 2010 to 23.7% in 2019. This suggests a higher incidence of expenditure that is settled by means of cash sourced from ATMs (see Chart 3).

Average value per ATM cash withdrawal

The average value per ATM cash withdrawal – carried out by both resident and foreign cards – increased by €7 per transaction, from €139 per transaction registered in 2018 to €146 per transaction in 2019 (see Chart 5). This is the highest recorded along the years under review. The evolution of the average value of withdrawals by Maltese cards, however, differs from that by foreign cards. While the former shows a steady upward trend, the

Chart 3
VALUE OF ATM CASH WITHDRAWALS
(per cent)

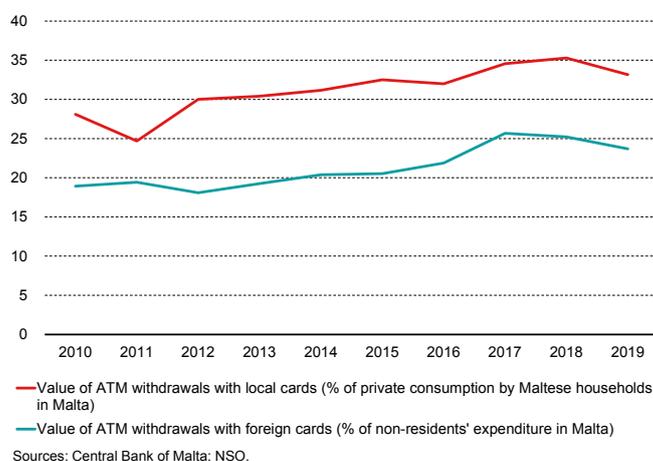


Chart 4
VALUE AND VOLUME OF CASH WITHDRAWALS AT MALTESE ATM TERMINALS WITH FOREIGN CARDS
(EUR millions; millions)

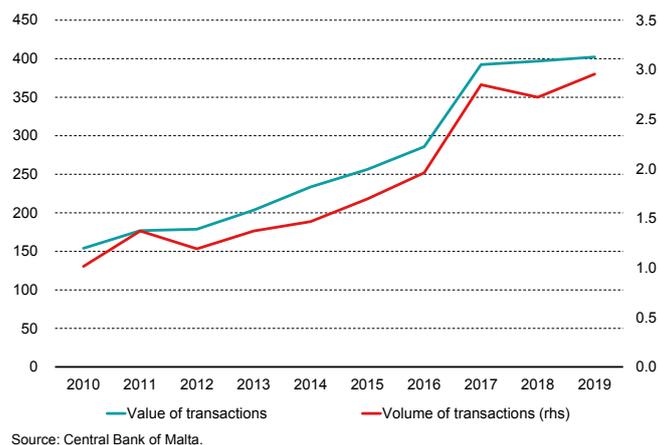
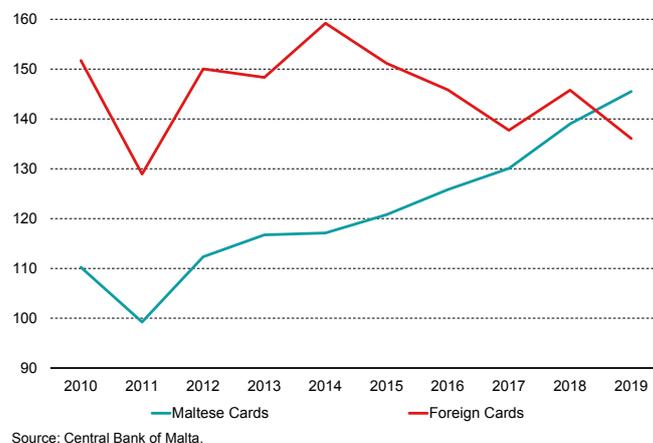


Chart 5
AVERAGE VALUE OF CASH WITHDRAWALS AT MALTESE ATM TERMINALS WITH MALTESE AND FOREIGN CARDS
(EUR)



average value of withdrawals with foreign cards does not show a clear pattern. In the latter case, the average value stood at €152 in 2010, while those for 2018 and 2019 stood at €146 and €136, respectively.

Conclusion

The analysis presented in this box shows that the number of ATM terminals in Malta increased markedly after 2017, when Euronet began to offer its services on the island. The volume and value of ATM withdrawals using Maltese cards also followed an upward trend since 2010, though the data suggest that this trend was interrupted in 2019. Notwithstanding the increase in the value of ATM withdrawals with Maltese cards in recent years, their share in the consumption of Maltese households has risen only moderately over this period. This increase in ATM withdrawals may reflect the reduced reliance on over-the-counter cash withdrawals amid increased availability and usage of cards. Indeed, it is estimated that around one half of the value of consumption by Maltese households in 2019 was transacted by means of Maltese cards at POS or by means of online transactions – a significant increase over around 30% estimated for 2015.

The shift from cash transactions to online card payments was amplified by the COVID-19 pandemic in 2020 as well as the increased take up of contactless cards. Although there is a trend towards more card usage by the public, there is evidently scope for increased use of electronic means of payments.