

BOX 4: ATM CASH WITHDRAWALS IN 2022¹

Malta is considered to have a developed and extensive financial services industry. It has a number of retail institutions which serve the local population. It is also considered an international finance hub, with several foreign institutions operating locally.² Malta also has an extensive network of Automated Teller Machines (ATMs) offered by the five main local credit institutions, as well as a foreign licenced independent ATM provider which has been providing its ATM acquiring services in Malta since 2017. ATMs are strategically located near bank branches, shopping centres, food outlets and touristic areas, thus providing consumers with easy access to cash services. The scope of this exercise is to assess the penetration rate of ATMs in Malta and Gozo, the usage of such ATMs, and the volumes and values withdrawn from such ATMs.

Number of ATMs

As at December 2022, Malta had 391 terminals, resulting in approximately one ATM terminal per square kilometre (316 km²).³ When compared with 2021, the number of ATMs decreased slightly by 11 terminals. However, it is important to highlight that ATM availability is more limited in the rural areas and less populated villages. Although ATMs in Malta offer a variety of services, they are mainly used for the withdrawal of cash.⁴ Maximum withdrawal limits are set up on the card by the issuing institution. There are limits per transaction, and also per day. Currently this ranges between €250 and €1,000 daily depending on the card issuer, card type, and the account holder's profile.

It is worth pointing out that, although the number of ATM terminals as at end 2022 amounted to 391, the number of those active at any point during the year under review have been 414 as a number of ATMs were operated on a seasonal basis (i.e. are active only during summer), whereas others were installed at temporary locations during specific events. Having a greater number of ATMs located strategically increases the ease of accessibility to consumers, both local and foreign, to withdraw cash.

The data depicts a balanced number of acquired terminals between all local and foreign institutions, with the local institutions altogether providing 199 terminals located in Malta and Gozo. On the other hand, 215 terminals were provided by the sole foreign institution. As depicted in Chart 1, analysing the geographical breakdown of these ATM localities by region, the highest number of ATMs were located in the Northern Harbour regions with 173 terminals or 41.8% of the total. 57 terminals were located in the Southern Harbour regions representing a share of 13.8%.⁵ Gozo and the Western region both had 31 terminals each, equivalent to 7.5% of the total terminals located around the island.

¹ This box was prepared by Kirsten Ellul, Manager Regulation and Oversight Office, and Victoria Briffa, Officer II in the same Office. This box was reviewed by Sylvana Gatt, Head of Payments and Banking Department. 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 Data for 2022 was extracted in May 2023. Data could be subject to revision.

⁴ ATM services other than cash withdrawals include mobile phone top-up, checking account balance, cash and/or cheque deposits, fund transfers between own accounts or to third parties and statement request.

⁵ List of regions as provided by National Statistics Office (NSO).

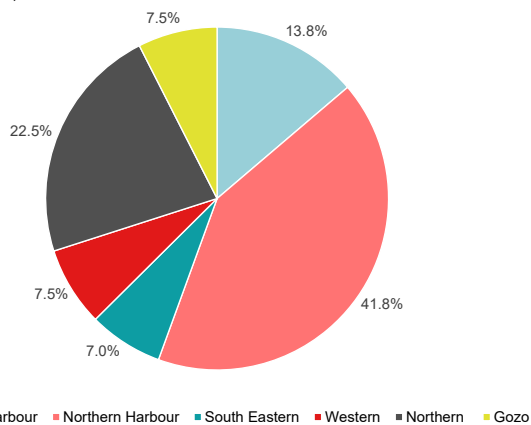
Table 1
POPULATION AND AREA BY REGION AS AT 2022

Region	Population	Square km	Number of ATM terminals during 2022	ATM terminals per 1,000 persons	ATM terminals per square km
Gozo	40,191	69	31	0.77	0.45
Northern	99,295	74	93	0.94	1.26
Northern Harbour	168,636	24	173	1.03	7.20
South Eastern	79,498	50	29	0.36	0.58
Southern Harbour	87,438	26	57	0.65	2.18
Western	66,993	72	31	0.46	0.43

Sources: NSO; Central Bank of Malta.

Table 1 outlines ATM presence based on the population and area (in km²) per region as at the end of 2022. The Northern Harbour region appears to be the best well-served region recording both the highest number of ATM terminals per resident, as well as per km². Meanwhile, the least served region in terms of ATMs per resident was the South Eastern region, though in terms of ATM terminals per km², the Western region and Gozo had the lowest number of ATM terminals.

Chart 1
ATM LOCALITIES BY REGION
(percentage share)



Source: Central Bank of Malta.

ATM cash withdrawals analysis (volume and value)

ATMs are considered as electronic outlets that allow customers to complete basic transactions, mainly cash withdrawals, together with cash and cheque deposits. This without the need of going to a branch representative or teller. Table 2 shows the volume and value of cash withdrawals at ATMs located in Malta, including those reported by the foreign institution, with Maltese issued cards and foreign issued cards between 2012 and 2022. The increasing trend in the number of ATMs is evident especially as from 2015 onwards, with 2017 presenting the strongest increase. The volume of ATM cash withdrawals with Maltese issued cards has dropped slightly over the last four years. On the other hand, the volume of ATM cash withdrawals with foreign issued cards registered a more significant drop over the same time period, mainly due to the restrictions arising from the COVID-19 pandemic.

Table 2
CASH WITHDRAWALS AT MALTESE ATM TERMINALS⁽¹⁾

	No. of ATMs	ATM cash withdrawals at Maltese terminals with Maltese cards			ATM cash withdrawals at Maltese terminals with foreign cards		
		Volume	Value	Average value per transaction	Volume	Value	Average value per transaction
		Millions	EUR millions	EUR	Millions	EUR millions	EUR
2012	216	11.761	1,321	112	1.192	178.791	150
2013	216	11.817	1,379	117	1.372	203.554	148
2014	207	12.402	1,452	117	1.467	233.524	159
2015	213	12.836	1,550	121	1.696	256.382	151
2016	215	12.451	1,566	126	1.960	285.838	146
2017	345	13.463	1,751	130	2.849	392.287	138
2018	395	14.000	1,938	138	2.482	366.789	148
2019	405	13.068	1,894	145	2.770	378.281	137
2020	410	11.079	1,867	169	1.327	185.349	140
2021	402	11.446	2,075	181	1.467	201.707	138
2022	391	10.917	2,144	196	1.641	231.346	141

Source: Central Bank of Malta.

⁽¹⁾ Figures include ATMs provided by the foreign institution as from 2017.

It should be noted however, that the volume of ATM withdrawals by foreign cards has not yet reached pre-pandemic levels.

By contrast, the value of ATM cash withdrawals with Maltese issued cards in 2022 has exceeded pre-pandemic levels, while ATM cash withdrawals with foreign cards, despite registering weak increases, are still below pre-pandemic levels. This increase in the value of ATM cash withdrawals may not necessarily indicate an increased preference in the usage of cash in payment channels but could partly reflect a diversion in the way from withdrawing cash from branches due to imposed limitations. The effect of higher inflation in 2022 could also be another factor. Comparing the average value per ATM cash withdrawal for Maltese cards with foreign issued cards, it can be noted that while the latter has remained relatively stable over the last four years, the former has registered a strong increase. A likely contributing factor to this is the increase in the daily withdrawal limits at ATMs by the local banks. Nevertheless, the volume of transactions at ATMs did not increase.

ATM cash withdrawals at Maltese terminals with Maltese cards

Analysing the data for the years 2012-22, it can be noted that the volume and value of ATM cash withdrawals with Maltese cards followed a constant upward pattern for both volume and value up to 2018. The subsequent years depict a more volatile trend, largely reflecting the disruptions that the pandemic brought about in both activity levels and use of payment channels. In 2019, the volumes declined by 7% to 13.1 million transactions, while the value fell by 2% to €1.89 billion, (with the average value per withdrawal increasing). This trend continued during 2020, recording a reduction of 15.2% in the volume of cash

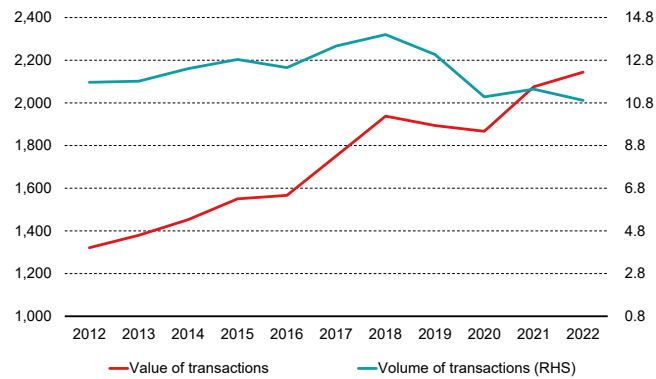
withdrawal transactions and a drop of 1.4% in the value of such transactions. The pandemic could be attributed to these developments, as many shops and outlets had to close because of restrictions imposed by health authorities. Consumers needed less cash for transaction purposes as they switched to online shopping. During 2021, trends recovered slightly, registering a yearly increase of

3.3% in volumes (11.4 million transactions) and 11.2% in values (€2.08 billion). However, data reported for 2022 shows yet another decrease of 4.6% in the volume of cash withdrawals and an increase of 3.3% in the corresponding value of transactions, closing the year under review with a total volume of 10.9 million transactions for a value of €2.14 billion. This means that customers made less use of ATMs but withdrew a higher value (see Chart 2). This was due to the increased limits allowed for daily withdrawals and also due to the higher inflation.

ATM cash withdrawals at Maltese terminals with foreign cards

The volume and value of transactions at Maltese terminals with foreign cards followed a similar pattern throughout the period 2012-22, registering a constant upward trend up to 2017. This however declined in 2018, registering decreases of 12.9% and 6.5% respectively in terms of both volume and value (see Chart 3). Another sharp decline can also be noted when comparing 2020 to 2019, with the volume of these transactions broadly halving to 1.3 million transactions for a value of €185.35 million during 2020. This result is the lowest yearly value of transactions registered

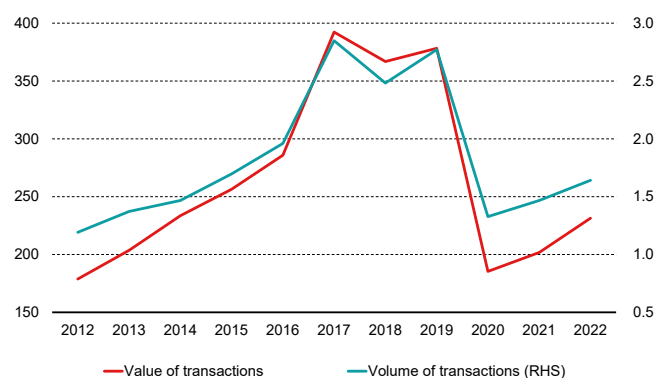
Chart 2
VALUE AND VOLUME OF CASH WITHDRAWALS AT MALTESE ATM TERMINALS WITH MALTESE CARDS⁽¹⁾
(EUR millions; millions)



Source: Central Bank of Malta.

⁽¹⁾ Figures include terminals provided by the foreign institution as from 2017.

Chart 3
VALUE AND VOLUME OF CASH WITHDRAWALS AT MALTESE ATM TERMINALS WITH FOREIGN CARDS⁽¹⁾
(EUR millions; millions)



Source: Central Bank of Malta.

⁽¹⁾ Figures include terminals provided by the foreign institution as from 2017.

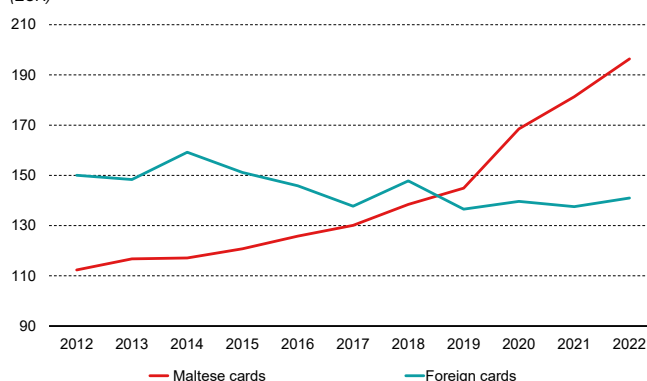
during the previous seven years, largely reflecting the restrictions in global international travel following the outbreak of the pandemic.

However, a recovery was registered during the last two years with the gradual re-opening of high-contact services sectors such as tourism. With a total of 1.6 million transactions, the 2022 results register an increase of 11.9%. The value of cash withdrawals effected with foreign cards reached €231.3 million, representing an increase of 14.7%. Additionally, data shows that foreigners use more the foreign provided ATM terminals as they might be more familiar with such terminals given that the same foreign institution provides such services to other EU countries.

Average value per ATM cash withdrawal

Analysing the average value per ATM cash withdrawal carried out by Maltese cards, a yearly consistent upward trend can be noted, from an average value of €112 in 2012 to €196 in 2022 registering an increase of €84 per transaction in the ten-year period under consideration. The increases in the daily limits of ATM cash withdrawals by the local banks contributed to this result. The introduction of contactless cards might also have contributed to an increase in the usage of non-cash payments for low value transactions due to their efficiency with 'tap to pay' functionality. On the other hand, the result for the average value per ATM cash withdrawal with foreign cards does not show a clear pattern. This is because an average value of €150 was registered in 2012, whilst that for 2022 decreased to €141. However, a minimal increase of €3 per transaction was recorded when comparing to €138 registered in 2021 (see Chart 4). This suggests that foreigners may be relying less on the use of cash in payments.

Chart 4
AVERAGE VALUE OF CASH WITHDRAWALS AT MALTESE ATM TERMINALS WITH MALTESE AND FOREIGN CARDS⁽¹⁾
(EUR)



Source: Central Bank of Malta.

⁽¹⁾ Figures include terminals provided by the foreign institution as from 2017.

Conclusion

In conclusion, during 2022 the number of ATM terminals located in Malta decreased slightly when compared to 2021. The decrease in the volume of transactions could be attributed to the increase in the daily withdrawal limits, thus limiting the frequency for cash withdrawals from ATMs. The value of cash withdrawals with resident cards have increased and now exceeded 2019 levels. The volumes and values of cash withdrawals with foreign cards on ATM terminals located locally also increased in 2022. Although the banking industry is seeking to encourage greater use of electronic payments through the extensive Point of

Sale (POS) network, including the contactless technology introduced in 2019, the use of cash still remains significant.

From an international perspective, it is worth noting that according to a report published by RBR London, as at January 2023, despite the impact of COVID-19 on cash usage, investment by retailers in devices that count, verify and store banknotes has increased worldwide, and retailers' demand for cash automation solutions is surging.⁶

According to a report issued by the ECB, Malta's national share of the population covered by cash services within a 5 km radius is 100%.⁷ This can be supported by the results of this analysis which confirms that despite a slight decrease of 2.8% in the number of ATMs during 2022, the presence of ATMs in Malta is still very strong, with over one ATM per square kilometre.

Over a period of ten years, the number of ATMs located in Malta more than doubled, mainly due to the introduction of the ATMs supplied by the foreign institution in 2017. While the volume of withdrawals with domestic cards remains unchanged, the corresponding values nearly doubled from 2012 to 2022. As for withdrawals with foreign cards, both the volume and value of transactions depict increasing trends up to 2019, followed by a substantial slide in 2020 due to the COVID-19 pandemic.

From this analysis, it can be concluded that cash is easily accessible in Malta to both the local and foreign population. However, this might have negative implications to both the local credit institutions and to the Central Bank of Malta due to the costs and inefficiencies attributed to such a payment instrument. The drive to promote further penetration in the use of electronic means of payment should persist without compromising accessibility to cash.

⁶ RBR London is widely recognised as the leading provider of strategic research and consulting services to organisations active in the area of retail banking, banking automation, cards and payments and retail technology. RBR Press Release (rbrlondon.com)

⁷ European Central Bank – Report on access to cash in the euro area in 2021.