November 2025

The Future of ATM Economics: Ensuring Sustainable Cash Access in an Evolving Market

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Prepared for:

Euronet

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Key Takeaways

This white paper examines the impact of the current ATM economics model, and in particular the critical role of interchange fees on the deployment and economic sustainability of ATM networks.

The Economic Challenge

ATM networks face challenging economic circumstances. Annual operating costs are rising each year while many deployers believe that the interchange funding mechanism for ATMs is no longer fit for purpose. [1]Interchange fees—the fees paid by a customer's FI to the ATM operator when the customer uses a third-party ATM—have been static in many countries for years and are no longer compensating ATM deployers for the costs of running their fleets. Compounding this, falling ATM transaction numbers mean interchange fee revenue is declining even as costs rise. This creates dual pressure: fixed and rising operational costs must be spread across fewer transactions, while total revenue from interchange fees simultaneously decreases. The widening cost-revenue gap is creating visible consequences: declining ATM numbers, emerging cash deserts in underserved communities, and increasing dependence on tourism-driven revenue models that fail to serve domestic populations.

Cash Remains Essential

Cash provides unique benefits: resilience during emergencies, financial inclusion for vulnerable populations, privacy protection, store of value, and security against cybercrime. ATMs remain the primary channel for cash access, representing over 90% in many markets.

Governance Challenges

The [2]schemes interchange fee-setting processes remain largely commercially confidential—even to regulators and central banks. This opacity creates a system where ATM deployers have no influence over their primary revenue source. Many ATM deployers believe that the true costs of providing cash access need to be considered when setting rates.

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[1] Visa refers to this interchange fee as the CDF, while Mastercard refers to it as the Service Fee

[2] A scheme is an interbank network that connects multiple banks and ATM deployers, allowing customers to access cash and services on ATMs that aren't operated by their own Financial Institution (FI)

Market Distortions

Low interchange fees have led Independent ATM Deployers (IADs) to concentrate on tourist areas to generate Dynamic Currency Conversion (DCC) revenue, leaving domestic populations underserved. Even IADs, who can leverage their scale to establish efficient operating models, report that the current level of interchange is unsustainable for their businesses.

Stakeholder Action Is Required

This whitepaper suggests actions that each of the key stakeholder groups could take to address the future of ATM economics and ensure access to cash is preserved in all communities.

- **Schemes:** engage with all stakeholders to regularly review methodologies to ensure that rates reflect current costs for ATM deployers.
- **Regulators and governments:** Establish requirements preventing cash deserts, facilitate collaboration, and support infrastructure sustainability proactively. Engage with ATM networks to encourage fair interchange fees.
- **ATM deployers:** Continue improving efficiency, pursue collaborative solutions, and collectively advocate for governance participation.

The Time For Action Is Now

Without coordinated action, the erosion of ATM networks threatens financial inclusion gains achieved over decades. The promise of universal cash access—which underpins financial stability, serves vulnerable populations, and preserves individual freedom—will become increasingly hollow. The ATM industry requires sustainable governance, which is transparent, evidence-based, and inclusive of all stakeholders.

Introduction

This paper examines the economic sustainability of ATM networks, focusing on the critical role interchange fees play in ensuring their long-term viability. When a customer uses an ATM that isn't owned by their financial institution (FI), their FI pays a scheme determined interchange fee to the ATM operator (unless the customer themselves pays the ATM deployer a direct access fee (DAF)). Visa refers to this interchange fee as the CDF, while Mastercard refers to it as the Service Fee. The interchange fee should be set at levels that compensate operators for the actual costs of operating their ATMs. However, interchange fees have been static in many countries for years, while operating costs have been rising. This cost-revenue dynamic is putting unprecedented pressure on the economic model for running ATMs, which impacts cash accessibility and the provision of cash services. Addressing this challenge requires the coordinated action of multiple stakeholders: Schemes, international card schemes, FIs, ATM deployers, governments, and regulators.

Methodology

This paper incorporates findings from Q3 2025 interviews and briefings with executives at global retail FIs and IADs. The report is also based on Datos Insights' 2025 Global ATM Intelligence Service Report, Datos Insights' extensive work and understanding of the ATM industry and its providers, and desk research.

The Access to Cash Challenge

While digital payments and mobile banking continue their strong growth trajectories, cash continues to play a significant role in economies and societies worldwide. Although cash as a payment method is losing some ground to cashless payment methods, the amount of cash in circulation is rising, and reliance on cash is increasing in certain contexts.

Contrary to expectations, the amount of cash in circulation in the U.S. and Europe has been consistently increasing in recent years. According to the Federal Reserve, in 2024, the amount of physical banknotes and coins in the U.S. totaled $2.3 trillion in circulation, [3] up from $1.3 trillion in 2014—an increase of 79%. The value of euro banknotes in circulation has also seen robust growth of 56% in the last decade, to reach €1.6 trillion in 2024.[4]

Cash Offers Unique Advantages Such as Resilience, Privacy, and Financial Inclusion

The benefits of cash as a robust and reliable payment method and as a store of value have been brought into sharp relief against a backdrop of numerous challenging events, including the global COVID-19 pandemic, the cost-of-living crisis, and a number of natural and manmade disasters.

- Cash plays a key role in emergency preparedness. The power outage in Spain and Portugal in April 2025 meant that electronic payments could not be made; only cash remained as a viable payment method.
- In times of financial stress cash can help people budget more effectively.
- The fact that cash is an intrinsically confidential payment method means it is lifeline for those vulnerable to economic abuse and vital to the overall sense of personal freedom.
- Cash provides payment options and savings options for people with limited or no access to digital money, making it crucial for the financial inclusion of socially vulnerable citizens, such as the elderly, disabled, or low-income groups.

[3] U.S. Currency Education Program

[4] European Central Bank

- At a time when cybercrime is escalating, cash has proven security benefits against fraud and counterfeiting. As cash is backed by central banks, it doesn't entail financial risks for the payer or the payee.
- Cash is more than just a payment method; it is a store of value. Consumers of all generations use cash for different reasons. The TikTok cash-stuffing trends illustrate its growing popularity among some younger groups, while all demographics appreciate its use for birthday and wedding gifts.

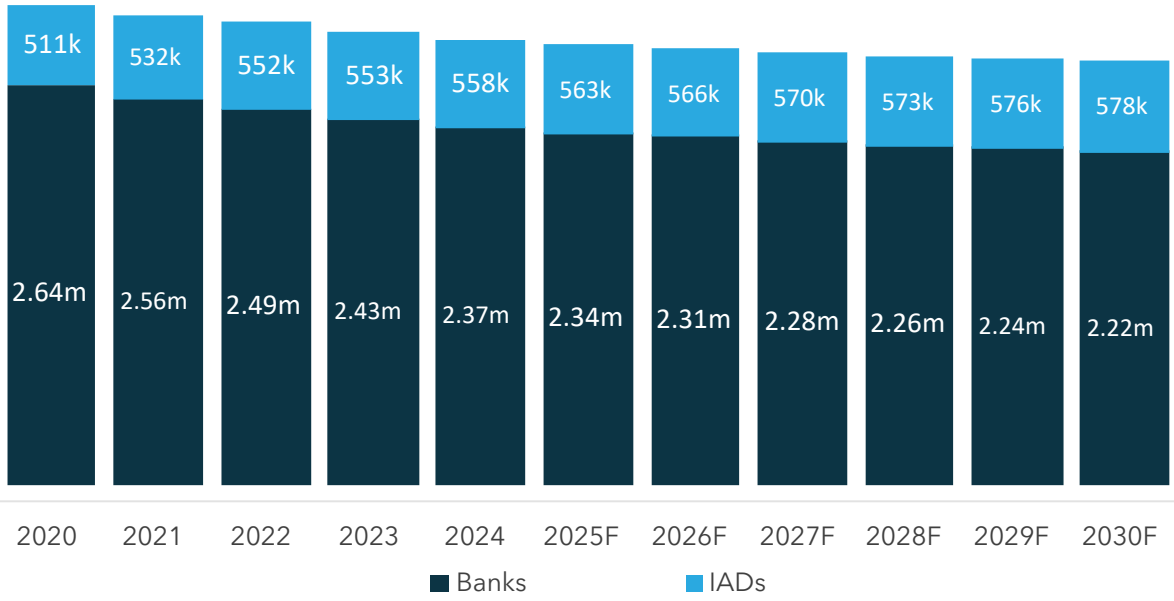
ATMs Remain the Main Way Customers Access Cash

As cash use continues to be fundamental to a free society, social inclusion and the stability of national economies, it is essential that access to cash is protected. Although cash can be accessed in most FI branches over the counter and through cash back at some retailers, ATMs remain the main channel through which most people access cash, representing over 90% of all cash withdrawals in the U.K.

ATM Networks Are Under Pressure

With most customers accessing their cash through the ATM channel, it is important that the economic model for ATMs is sustainable. Otherwise, ATM deployers pull out of key locations, causing financial inclusion issues for local communities. This is particularly key for non-FI IADs that must make a profit to stay in business. FIs can run their ATMs at an operating loss as most view their ATMs as a service to the customers, which is important for brand presence and (in some countries where surcharging noncustomers is prevalent) is a significant factor in customer acquisition. Nonetheless, even if FI-deployed ATMs can sustain operating losses on their ATMs, growing operational losses put stress on the business model and encourage FIs to reduce the size of their fleets. According to Datos Insights' Global ATM Intelligence Service, the number of FI ATMs has fallen by 10% since 2017 (Figure 1).

Figure 1: Number of ATMs Worldwide, 2020 to 2030



Source: Datos Insights. Global ATM Service Intelligence Service Report 2025

Growing Reliance on IADs

With the number of FI-deployed ATMs falling each year since 2017, IADs are stepping in to maintain vital coverage in many countries. The number of IAD machines has increased by 7% since 2017. However, as IADs are unable to support the sorts of operating losses that FIs often sustain, it is more vital than ever that the industry establishes a viable economic model. Rising costs, lower usage patterns and insufficient revenue sources necessitate a different approach if fair and equal access to cash is to be maintained.

Key Points: The Access to Cash Challenge

Despite the rise of digital payments, cash remains essential for financial inclusion, emergency preparedness, and privacy. The amount of physical currency in circulation has grown significantly—up 79% in the U.S. and 56% in the Eurozone over the past decade. However, ATM networks face mounting economic pressures, with FI-owned ATMs declining 10% since 2017. IADs are filling the gap but are increasingly faced with profitability challenges linked to low interchange rates. It is therefore crucial to establish sustainable business models to ensure continued access to cash for vulnerable populations and communities.

Understanding ATM Economics

The costs of running an ATM network are substantial and comprise multiple components. While these costs have always been considerable, economic headwinds caused by the fallout from COVID-19, geopolitical tensions and financial uncertainties have propelled expenses to unsurpassed levels. High inflation has seen some costs, such as cash in transit (CIT) rise by approximately 40% between 2020 and 2025,[5] and elevated interest rates have dramatically increased the costs (and opportunity costs) of putting cash into ATMs. As a result, many IADs have seen their profitability drop dangerously low, and banks have seen their operating losses increase.

Direct Operational Costs

The operational cost structure (Figure 2) comprises six major categories that together account for total direct operational costs:

- **Cash replenishment and loading operations** (variable and approximately 25% of total costs), which includes armored carrier fees, cash management, network monitoring, and demand forecasting
- **Maintenance and software expenses** (some fixed and some variable, 18%), covering both first-line and second-line maintenance, ATM supplies such as receipt paper and printer ribbons, ATM software subscription fees, and other IT services with annual costs ranging from €2,000 to €7,000 per machine
- **Depreciation, infrastructure and rental costs** (fixed, 18%), reflecting the capital cost of ATM equipment typically depreciated over five to seven years as well as rental costs for offsite ATMs. Rental costs are a significant expense for IADs whose ATMs are mainly located in third party locations. Rent is generally a fixed amount but there are also some models that have a fixed and variable element
- **Scheme fees and processing fees** (variable, 13%), encompassing ATM processor charges for transaction driving and monitoring, telecommunication costs, and transaction processing costs (fees paid to schemes for authorization, settlement, and technical services); these fees are variable and scale with transaction volume

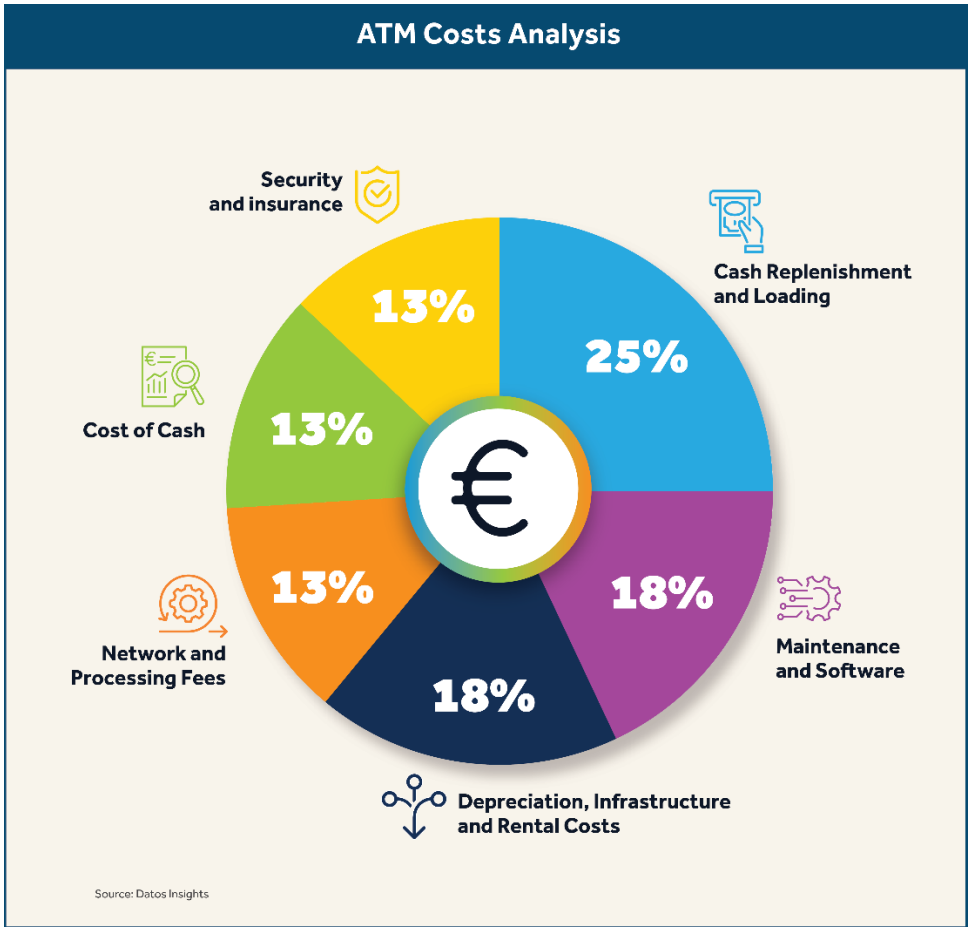
[5] Estimated costs take from interviews with ATM Deployers

- **Cost of cash** (variable according to interest rates, 13%) is the cost of borrowing cash or the opportunity cost of having capital tied up in ATM cassettes rather than being invested or earning returns elsewhere. Rising interest rates have dramatically increased costs for IADs, which must borrow cash to keep their ATMs stocked, which represents a real financial cost that may be overlooked
- **Security and insurance** (some fixed and some variable, 13%), covering physical security measures including anti-skimming devices, cameras, and alarm systems; insurance coverage for vandalism, theft, and equipment damage; fraud prevention tools and monitoring; and losses from skimming, jackpotting, and other crimes

SG&A: The Hidden Costs of Running at ATM Network

Beyond the direct operational costs of running at ATM outlined above, there are many overhead costs involved in running ATMs that would fall into a selling, general, and administrative (SG&A) category. These "soft" costs include staff salaries for the ATM department, back-office functions such as accounting and finance, compliance and regulatory costs, and IT support for ATM systems. Many FIs struggle to quantify these overhead costs, but it is estimated these management and administrative activities add up to 20% to costs per ATM per month. SG&A costs are not shown in the chart, as they are allocated to corporate overhead and are not included in operational ATM budgets.

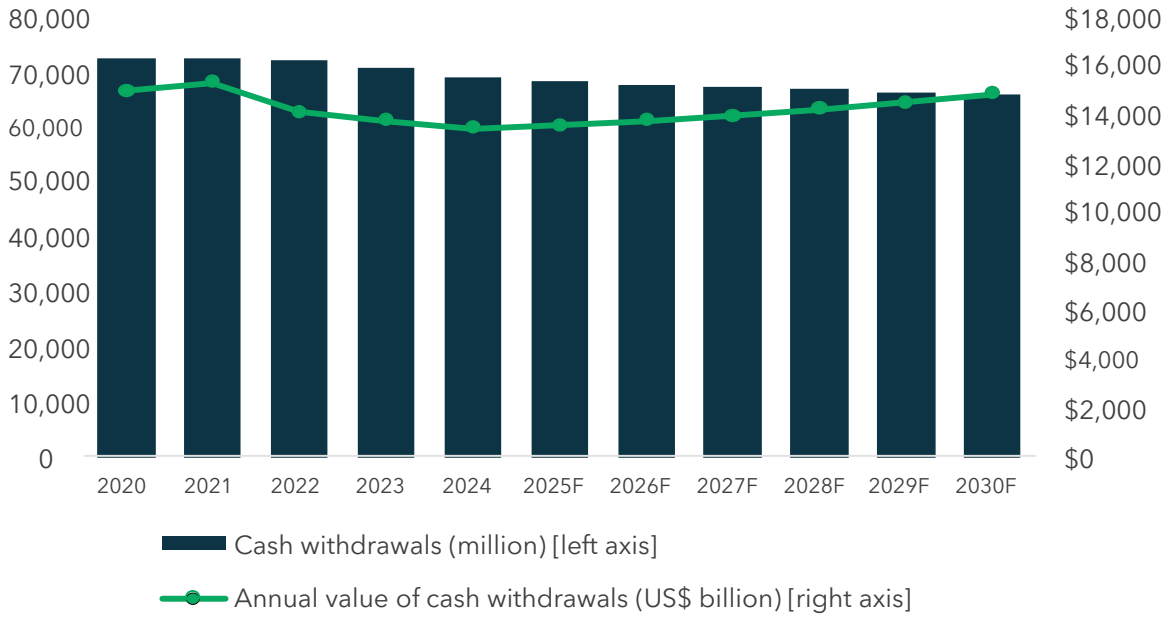
Figure 2: ATM Operational Costs



Operating ATMs involves high and rising fixed costs. Around 75% of direct operational costs are fixed expenses—including depreciation, rent, telecommunications, and insurance—that remain constant regardless of transaction volume. These fixed costs are increasing year-over-year. The remaining 25% are variable costs, such as cash replenishment and transaction processing, which scale with usage. Higher transaction volume helps spread fixed costs across more transactions, but as these fixed expenses continue to climb, ATMs need adequate usage levels to maintain economic viability.

As customers make fewer trips to ATMs, they tend to withdraw larger amounts per transaction (Figure 3). Consequently, while cash replenishment costs are rising, interchange fees have remained insufficient to cover these costs. Although interchange structures vary by country and scheme—some using fixed fees and others combining a fixed fee with a percentage of the withdrawal amount—the revenue generated typically fails to keep pace with operational expenses. This proportionality gap, regardless of fee structure, adds significant pressure to the ATM economic model.

Figure 3: The Value of Cash Withdrawn at ATMs Is Increasing While the Number of Withdrawals Is Declining



Source: Datos Insights. Global ATM Service Intelligence Service Report 2025

The total annual operating cost of running a single ATM typically ranges from €15,000 to €20,000, though this can vary significantly depending on location, transaction volume, and operational model. Branch ATMs are less expensive to run than offsite ATMs thanks to savings on rental costs and the fact that cash replenishment and first-line maintenance can be done in-house by branch staff if the FI prefers not to outsource these functions.

With the costs of running ATMs at an all-time high while interchange fees have remained static in most markets, the economics of ATM deployment are reaching a critical juncture. Most deployer revenue in Europe for domestic transactions comes from the interchange fee, which has remained unchanged in many countries in recent years despite escalating operational costs.

Which Fees Can ATM Deployers Receive?

There are two main types of fees that can be paid to ATM deployers to help compensate them for all the costs associated with running their ATM fleets: interchange fee and DAF (on pay to use ATMs), otherwise known as a surcharge fee (Figure 4).

Figure 4: ATM Fees Payable to an ATM Deployer When a Customer Withdraws Cash

- **Interchange fee:** When a customer uses an ATM outside their own FI's fleet that isn't part of a fee-free network, their FI pays an interchange fee to the ATM deployer.
- **DAF or surcharge fee:** When a customer uses an ATM that isn't owned by their FI or part of a fee-free network, they may pay a charge that goes directly to the ATM deployer. It is a convenience fee for accessing funds through an ATM that is not affiliated with the customers' FI. When DAF is applied to a transaction it is the customer, not the customer's FI, that is paying for the transaction since the interchange fee is waived.

The "either/or" rule imposed by schemes or governments means that if surcharging is allowed in the country, ATM deployers must choose between receiving interchange fees or implementing surcharges, but they cannot do both.

Direct Access Fee (DAF) Limitations Across Markets

The DAF model—whereby customers pay directly for ATM services rather than issuers paying interchange fees—cannot be universally applied due to a complex web of regulatory and scheme restrictions. Surcharging customers directly is unpopular but is more common in some countries (such as Germany and the U.S.) than in others. If an ATM deployer wants to implement domestic DAF, this requires approval from both national regulators and Schemes, with governments taking precedence in their jurisdictions.

Among the major international card schemes, policies differ significantly: one scheme permits domestic DAF everywhere, while another prohibits it unless explicitly allowed by local governments. However, the schemes also enforce nondiscrimination rules requiring that if an ATM operator treats a cardholder of one scheme in a certain way, they must treat cardholders of other schemes identically, adding another layer of complexity to implementation.

- **Issuer fees:** Some FIs apply disloyalty fees (typically between €1 to €3) to their customers' accounts when customers use third-party ATMs. Such issuer fees could be misinterpreted as a 'penalty' to the customer for using a third-party ATM. This creates a lack of transparency for customers regarding the true cost of ATM services. Customers may see one fee (the DAF) displayed at the ATM, or assume the transaction is free of charge, only to discover weeks later that their FI has charged them an additional amount for the same transaction. The ATM deployer does not receive any portion of this fee; it is retained entirely by the issuing FI, ostensibly to recoup the costs of paying interchange fees to ATM deployers. However, in cases where the customer has paid a DAF at the ATM, the interchange fee is waived entirely—meaning the FI has incurred no cost to recoup. This raises questions about the justification and transparency of these issuer fees.

Who Sets Interchange Fees?

The level and structure of interchange fees are determined by the schemes. A scheme is an interbank network that enables customers to access their bank accounts and withdraw money from ATMs that do not belong to their own FI.

There are two main types of schemes:

- **Domestic schemes:**
  - LINK: The U.K.'s primary ATM network connecting nearly all ATMs and FIs
  - Interac: Canada's national debit interbank scheme and ATM network
  - Cartes Bancaires: France's national card scheme and ATM network
  - The U.S. doesn't have a single national scheme but instead has multiple competing networks, such as Allpoint, MoneyPass, and the CO-OP Network

  Domestic schemes are typically owned by FIs that are members of the network
- **International card schemes:**
  - Visa/Plus: Visa's global ATM network
  - Mastercard/Cirrus: Mastercard's global ATM network
  - Discover Global Network
  - UnionPay International
  - JCB
  - American Express

The card-issuing FI (the customer's FI) holds direct relationships with the schemes. In countries where a domestic scheme is present, ATM transactions are generally routed through the domestic scheme, with international transactions being routed through international schemes when cardholders go abroad. In European countries without a domestic scheme, Visa and Mastercard are the most used schemes.

The Conflicting Priorities of the Schemes

Domestic schemes are owned by their member FIs (the card-issuing FIs that pay interchange fees to ATM operators). This ownership structure creates inherent tensions when setting interchange fees. Schemes owned by FI issuers face pressure to keep fees low to control costs; card-issuing FIs do not want high interchange fees to erode the

profitability of their current accounts, which is the case when their customers make heavy use of ATMs deployed by other FIs or IADs.

The international card schemes set interchange fees in countries that don't have a default or optional domestic scheme. Where multiple network schemes exist in a single country and international schemes are competing for card business, international card schemes may sometimes offer lower interchange fees which can incentivise FIs to sign exclusive agreements for payment card issuing.

The domestic schemes and the international card schemes set most processing rules, and the interchange fees that determine the economic model within which ATM deployers must operate. ATM deployers contend that the costs of running ATMs and providing consumers with access to cash should be key considerations when setting the interchange rates.

How Is the Interchange Fee Set?

Approaches used by schemes to set interchange fees are commercially confidential, even to regulators, government departments, and central banks. As a result of it is not always clear how the schemes determine their interchange fees or whether these interchange fees reflect the cost of providing the cash withdrawal service.

As the interchange fee was designed to be set to compensate ATM operators for the costs incurred when they process a transaction, LINK (the only scheme to publicly publish its calculations) previously used this methodology to set its rate:

Interchange fee (year 2) = total operational cost of ATM network (year 1) ÷ number of transactions (year 1)

This gave the average price of a transaction and reflected the original purpose of the interchange fee as a vehicle to compensate ATM deployers for costs of running their fleet. This approach is too simplistic, as the calculation should also include efficiency gains by IADs (which have the scale to run their fleets economically). Any formula would also have to account for variable external factors such as interest rates.

Governance: The Case for Transparency and Stakeholder Participation

The current approach to interchange fee governance across most schemes operates with limited transparency. The processes used by schemes typically remain commercially confidential, with limited visibility for regulators, government departments, and central banks. This contributes to a system where ATM deployers have minimal influence over their primary revenue source, while regulators face challenges in making informed policy decisions without access to the underlying economic data.

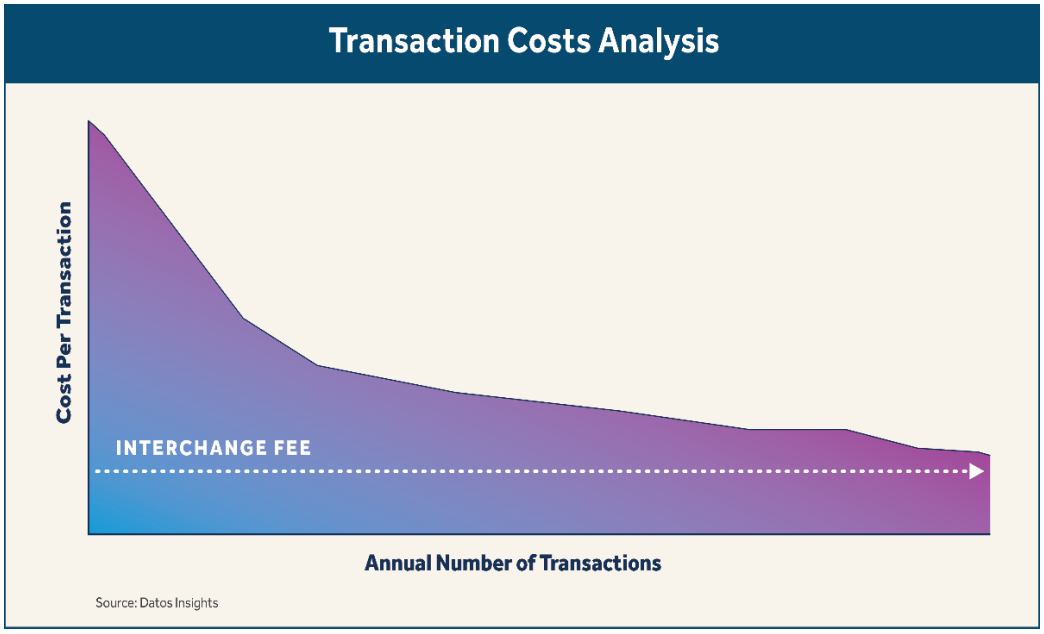
This governance structure has observable consequences. Interchange fees in many markets have remained unchanged for extended periods—in some cases for over two decades—despite significant increases in operational costs. Without regular cost studies, broad stakeholder consultation, or published methodologies linking fees to actual operating economics, there are limited mechanisms to ensure that interchange rates align with the evolving cost of providing ATM services. The result has been a gradual decline in network viability, with deployers facing increasing difficulty maintaining machines in less profitable locations and some financial institutions reducing their market presence.

Current Cost-Revenue Dynamics

Recent years have seen a perfect storm for ATM deployers of rising costs, falling transaction levels, and in many countries, static interchange fees. This has put unprecedented pressure on the economic model for ATMs.

Ongoing declines in ATM usage are pushing up the cost per transaction, as the fixed (and rising) operational costs are spread over a smaller number of transactions. Moreover, fewer transactions inevitably lead to less revenue from interchange fees (Figure 5).

Figure 5: Lower Usage ATMs Have a Greater Discrepancy Between Transaction Cost and Interchange Fee



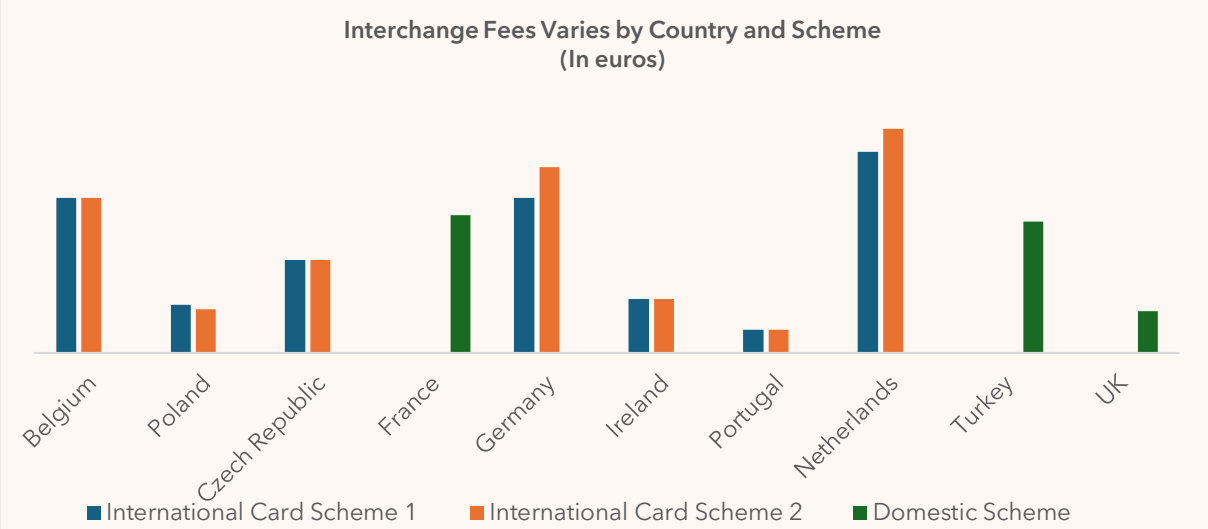
Key Points: Understanding ATM Economics

Economic pressures, particularly high interest rates, are driving ATM operating costs to unprecedented levels. Meanwhile, falling ATM transaction levels reduce interchange fee revenue while spreading fixed costs over fewer transactions, creating additional financial pressure. ATM deployers receive revenue for domestic transactions through two main fee types: interchange fees (paid by the customer's bank to the ATM operator via network schemes) and DAF/surcharge fees (paid directly by customers), but the "either/or" rule prevents deployers from collecting both simultaneously. In most European markets, ATM deployers mainly rely on interchange fees owing to the complexities of applying the DAF. Interchange rates are set by domestic ATM schemes (typically owned by banks that pay these fees) or international card schemes (Visa/Mastercard), both through opaque processes that insufficiently account for actual operational costs. This creates a critical imbalance as expenses rise while interchange fees remain static in most markets.

Interchange Fee Variations by Country

ATM interchange fees paid by card issuers on cash withdrawals vary by country and network scheme. International schemes set different fees at a country-by-country level and can vary them based on card type used for the transaction (e.g., credit, debit, domestic, or international). Across Europe, the interchange fees vary significantly—more than can be explained by operational cost differences like labor alone. The fees in Figure 6 are averages per withdrawal and can be made up from a combination of fully fixed and fully variable or a combination of fixed and variable components based on transaction value.

Figure 6: Variations in Interchange Fees Across Europe



Source: Datos Insights estimates from deployer interviews

Case Study: The U.K.

LINK, the U.K.'s domestic scheme, is owned by its members, including the country's main banks, building societies, and IADs. LINK's board sets interchange fees annually in July and implements the fees the following January. The current methodology for setting interchange fees has evolved since 2001, when the original model was established. The original approach divided the total annual ATM operating costs of all the ATMs in the country by the total number of transactions to produce an average cost per transaction. This average cost per transaction was then used as a proxy for the interchange fee.

LINK reformed its methodology in 2018 as it believed that the automatic cost-per-transaction calculation would cause interchange fees to rise proportionally, creating no incentive for ATM deployers to try and control their costs. As the number of cash withdrawals fell, it was concerned that interchange fees would skyrocket (for example if the number of transactions halved, the interchange fee would double). It was also concerned about overprovision of ATMs, particularly in high-footfall, profitable areas. LINK still conducts its annual cost review (surveying its member FIs every year about the costs of running their ATM fleets) but because of the changes, the board now considers other factors alongside costs when it establishes the interchange fee. LINK reports that it considers factors such as its organizational objectives, the regulatory framework, its goal of maintaining geographical balance in the spread of free-to-use ATMs and meeting access to cash objectives.

Moving from a formula-based methodology to a more nuanced approach based on broader governance criteria has resulted in an overall fall in the interchange fee. Interchange fees are now substantially below the cost study averages. For example, the standard interchange for offsite ATMs will be 26.5p in January 2026, 33% below the cost study number of 39.8p.

LINK has implemented a system of different interchange fees with a goal of protecting access to cash in areas where footfall is low and low transaction numbers could push ATM deployers to consider their machines unviable. Some ATMs fall into LINK's protected category; these are typically ATMs that are at least one km away from any other free-to-use ATM. Protected ATMs get a higher fixed rate (30.5p for remote cash vs. the standard 26.5p). This higher interchange fee for protected ATMs does not change annually. In addition to this, LINK has introduced substantial premiums for ATMs that see a low number of transactions. It offers additional payments up to £2.75 per transaction for the lowest-volume machines (0 to 199 monthly withdrawals), with a tiered structure declining to £0.10 for machines handling 3,001 to 4,500 monthly transactions.

Under direction from the U.K.'s financial authorities (the Financial Conduct Authority and the Payments Systems Regulator), LINK's approach to setting interchange fees prioritizes protecting ATMs in underserved areas, helping to maintain access to cash in the short term. However, with the general interchange fee now consistently set below the average cost per transaction, the U.K.'s overall ATM network is operating under financial stress. This could prove detrimental to cash users in the long run, particularly if deployers find it increasingly difficult to maintain machines outside the protected categories or if the costs continue to escalate and marginal locations become less commercially viable. Some IADs,

who have highly efficient models and who have stepped in to fill the void left by FIs, are finding it increasingly difficult to operate in the market given current fee levels.

Case Study: The Netherlands

In the Netherlands, the international card schemes, Visa and Mastercard, set the interchange fees. Geldmaat—an ATM pooling company owned by the three largest banks in the Netherlands: ABN AMRO, ING, and Rabobank operate all the FI-ATMs in the country. Following a recent exercise involving a high-level assessment of costs, the interchange fee was raised by approximately 80% by one scheme, which prompted the other to also increase – albeit by smaller amounts.

As in other countries, the economics of running an ATM fleet are challenging; with direct costs around €20,000 per ATM per annum and total costs (including indirect costs like network management) reaching €30,000 to €35,000 per ATM. Against these costs, the interchange fee revenue per transaction cannot cover annual operating costs for most locations. Less than half of Geldmaat's ATMs achieve cost-neutral status, with only a small percentage being profitable—typically those in high-footfall tourist areas where ATM deployers can leverage DCC for extra revenue. For FIs managing core infrastructure, ATMs function as significant cost centres rather than revenue generators, with FIs heavily subsidising ATM operations as a customer service and public obligation.

The ATM landscape in the Netherlands demonstrates the fundamental tension between interchange fee economics and operational sustainability. Although the interchange fees have recently been increased, they are still not sufficient to support the full cost of the ATM infrastructure.

Case Study: Poland

Low interchange fees in Poland, introduced in 2010, have reshaped ATM ownership trends, prompting many FIs to outsource their ATM fleet to IADs. Over 70% of ATMs in the country are operated by IADs. Interchange fees are set by international card schemes (Visa and Mastercard). Visa charges the equivalent of €0.31 per transaction, a rate that has remained fixed since May 2010 and unchanged for 14 years. Mastercard changed its fee structure in January 2023 to the equivalent of € 0.28 plus 0.05% of the withdrawal value, introducing a value component for the first time.

As in all countries, ATM deployers have seen operational costs rise significantly over the past few years. The primary costs inflation drivers include cash loading costs and cash financing costs, which have surged driven by substantial interest rate increases.

Low interchange fees and rising costs have created a perfect storm. For IADs, operating margins (the difference between ATM revenue and operating costs) have fallen steeply in recent years while FIs' losses on their ATMs have grown.

With current interchange and usage levels, IADs in Poland now operate at average losses for domestics card transactions. With domestic transactions essentially unprofitable, IADs are becoming heavily dependent on alternative revenue such as surcharging international transactions and DCC fees. Although international transactions account for only a small percentage of the overall number of transactions, DCC charges provide a significant share of total revenue for some IADs. This is leading to an unbalanced network, with IADs being forced to concentrate deployment in high-footfall tourist areas, and to the detriment of serving local Polish consumers. Cash is still widely used in Poland and is often preferred for small purchases, street vendors and tipping. In some rural areas it is the only option for certain public transport tickets.

Following the publication of an ATM Cost Study by the Warsaw University in 2023, there has been discussion among stakeholders about the level of interchange in the country and its impact on access to cash. One international card scheme decided to raise the interchange fee as of 1st February 2026. However, unless the other scheme follows suit, the first scheme will not implement the higher fee.

The financial pressures on ATM deployers in Poland demonstrate the consequences of effectively freezing interchange fees when transaction numbers are declining and operational costs are rising. The current interchange fee structure means that it is not realistic for ATM deployers to achieve break-even status on domestic transactions, even if transaction numbers were high.

Case Study: Germany

Germany operates a unique dual-system model for ATM transactions that significantly impacts interchange economics. The domestic Girocard scheme exists alongside international Visa and Mastercard networks.

The domestic Girocard scheme operates a model that is unusual for Europe. Unlike traditional interchange-based systems, Girocard allows ATM deployers to surcharge and

set DAFs that customers pay when making a cash withdrawal. These fees must be displayed on screen and confirmed by the customer before the transaction proceeds. The average DAF is approximately €4, though this varies by location—lower in supermarkets and higher in tourist areas. Importantly, both IADs and FIs use these fees to finance their ATM networks. There is no interchange fee flowing between the customer's FI and the ATM deployer. The only scheme costs are minimal fees covering fraud prevention, authorization hubs, and central bank clearing. These costs typically total around €0.02 to €0.05 per transaction.

The German card market is in transition with some of the challenger banks issuing only Mastercard and Visa debit cards. German customers using their Visa and Mastercard debit cards at ATMs typically do not pay a surcharge but rather the ATM deployer receives an interchange fee from the customers' FI.

For debit card withdrawals, the Mastercard and Visa interchange fee is approximately €1. This creates a fundamental imbalance, as domestic Girocard customers are effectively paying much more to support the ATM infrastructure than the cardholders of international card schemes.

Transaction volume exacerbates the problem. IAD ATMs in Germany typically process fewer than 1,000 transactions monthly, but with relatively high cash turnover. This usage pattern is partially driven by the €4 DAF. This lower volume means fixed costs must be spread across fewer transactions while CIT costs stay high.

To achieve a viable business model for transactions made on international scheme cards, comparable to the existing Girocard surcharging model, the interchange fee in Germany would need to be raised to support viable ATM operations.

Problems Inherent in Current Interchange Model

The European case studies illustrate growing challenges in ATM economics across many countries. FIs generally subsidise their networks because ATMs deliver essential customer services more efficiently than branches. Despite this acceptance of operating losses, FIs report that the financial burden is becoming increasingly difficult to sustain. For IADs, whose ATM fleets must be profitable for them to stay in business, the challenges are considerable. As interchange fees remain static in many countries and the costs (spread across a falling number of transactions) continue to climb, issues around fair and sustainable access to cash are coming to the fore.

Market Asymmetries and Coverage Gap

When the operating profit of an operator's ATMs decreases as transaction numbers falls, deployers are wary of supporting ATMs in low-footfall, often more rural, areas. This can lead to market asymmetries and coverage gaps in underserved communities.

Overconcentration of ATMs in Tourist Areas

To compensate for low interchange fees, IADs are focusing on making DCC revenue. This means that the number of ATMs is often concentrated in tourist locations that are busy and therefore profitable in the holiday season but are very quiet the rest of the year. Less international and touristic areas with a permanent but smaller population risk finding themselves without easy access to cash. Such issues are being discussed by governing and regulatory bodies across Europe as they seek to address the “access to cash” challenges.

Unequal Financial Burdens

The current system, with its low interchange fees, introduces an imbalance in the system whereby a number of ATM deploying FIs and IADs are subsidising non-ATM deploying FIs, such as the new digital-only banks. FIs that do not operate ATMs create competitive pressure in the market. Their customers benefit from low fees and access to cash while ATM deployers receive only a low interchange fee when these customers use their ATMs.

Lack of Transparency and Collaboration

The lack of transparency in ATM interchange fee-setting has been recognized by multiple stakeholders. Deployers are concerned that there is a lack of understanding from central banks and regulators around how the interchange fee model works.

The primary stakeholders, i.e. ATM deployers, that are reliant on interchange fees as they are a key part of their financial model, feel they have no say in the level of interchange. As it stands today, they believe that the system in many countries benefits primarily the card-issuing FI (customer's FI) by keeping interchange fees low.

Key Points: Problems Inherent in Current Interchange Model

The current interchange model creates multiple structural problems: ATM deployers are withdrawing from low-footfall rural areas, creating coverage gaps in underserved communities, while overconcentrating machines in tourist locations to maximize DCC revenue. The system creates unequal financial burdens, with ATM-deploying banks and IADs effectively subsidizing digital-only banks—these non-deploying banks offer their customers low-cost accounts and free cash access but only pay minimal interchange fees when their customers use other operators' ATMs. The interchange-setting process lacks transparency—even central banks and regulators often don't understand how rates are determined. ATM deployers, despite being primary stakeholders reliant on interchange revenue, have no meaningful input into fee-setting decisions. The current model primarily benefits card-issuing banks by keeping interchange fees low, undermining the sustainability of cash access infrastructure.

Conclusion—A Path Forward for Sustainable ATM Access

Research undertaken for this paper points to the fact that the current economic model for ATM operations across Europe is unsustainable. With annual operating costs rising year-over-year and interchange fees in many countries remaining static over nearly two decades, the gap between costs and revenue continues to widen. The consequences of inaction are already visible: the number of ATMs is falling, cash deserts are emerging in rural and underserved communities, and there is increasing reliance on IADs. These IADs must increasingly focus on generating revenue from international cardholders and tourism via Dynamic Currency Conversion (DCC), rather than meeting the needs of domestic consumers.

Yet, it is possible to lay a viable path to creating sustainable ATM access for all communities. Although there isn't a single solution, if all players in the financial services industry and regulators came together, it would be possible to create a framework of complementary approaches.

Transparent Fee-Setting Mechanisms

ATM deployers feel that there is a lack of transparency when decisions are made about the interchange fee. Even in the case of LINK, which publishes an annual ATM cost report, the connection between the interchange fee and average cost of a transaction is not clear. An open and consultative partnership between ATM networks and international card schemes would help to embed sustainability into the system. Transparent fee-setting mechanisms should include:

- Regular cost studies that capture the true expense of running an ATM fleet, including the often-overlooked cost of funding cash yet to be withdrawn from machines.
- Clear methodologies that link interchange fees to cost structures.
- Stakeholder consultation that allows ATM deployers to provide input.

Creating a Better Understanding Within the Industry

IADs perceive a lack of understanding amongst central banks and regulators about how interchange fees function as a mechanism for funding access to cash in their countries. Greater transparency should enable a better understanding among overseeing organisations of interchange fee setting and the cost structures that underpin them. Even if stakeholders' priorities conflict (as is the case with card issuing FIs who pay the interchange fees and ATM deployers who receive the fees), public consultations, including all stakeholders, can be the springboard for discussion.

Support From Governments and Regulators

Maintaining access to cash should be of direct concern to governments in every country. LINK's approach to subsidise ATMs in underserved communities, which is influenced by the U.K. government is one approach but that alone won't be enough. It is important to maintain a "minimum viable infrastructure" across any given country. The entire ATM network across a country needs to be viable, as below a certain infrastructure threshold, the entire cash ecosystem (including CIT companies and central bank cash distribution networks) wouldn't be viable. Government policy therefore needs to be proactive, rather than reactive, establishing policies that support the cash infrastructure before it collapses.

Reducing Costs and Increasing Revenue

ATM deployers themselves should continue to work to ensure that they are doing their utmost to make their ATM fleets viable:

- Infrastructure and cost sharing is the most promising structural solution. ATM pooling, a collaborative strategy whereby multiple FIs form a consortium (such as Geldmaat in the Netherlands and Bankomat in Sweden) to share a network of single-branded ATMs, is the best example of this.
- Harnessing technologies such as cash recycling on ATMs offers another avenue for cost reduction by allowing cash to recirculate reducing the need for expensive CIT visits.
- Performing a wider range of services than "just" cash withdrawals, balance enquiry, and PIN change could offer additional revenue streams to the ATM deployers.

- Outsourcing ATM operations to specialized providers that achieve savings through scale across multiple clients can help reduce costs for FIs.

An Integrated Approach

The four pillars above—transparent fee-setting, creating better understanding of ATM economics, support from government and cost reduction, and revenue enhancement—do not function as independent solutions but instead as interdependent components of a sustainable system. Transparent fee-setting will promote understanding among regulators and will help provide the evidence base for decisions around access to cash interventions (such as financial support for ATMs in rural areas as per the LINK model). If ATM deployers work to reduce costs and improve revenue, the pressure to increase interchange fees beyond a rate that is palatable for card-issuing FIs will decrease.

A Coordinated Call to Action

Establishing a model for financially resilient ATM networks requires coordinated action from multiple stakeholders:

- FIs must recognize that cash infrastructure represents an essential service, and they should be prepared to pay fair interchange fees to support it.
- Domestic Schemes and international card schemes should implement transparent, cost-based interchange fee methodologies with regular reviews. IADs and FI ATM deployers need interchange fees at a level which can sustain their business and, where appropriate, the ability to surcharge.
- Regulators must actively establish statutory requirements to prevent cash deserts, and governments must step in to encourage stakeholders to overcome competitive pressures and work together to ensure access to cash in an ever-evolving market.

Key Points: A Path Forward for Sustainable ATM Access

The current ATM economic model is unsustainable, with rising costs, static interchange fees, and emerging cash deserts. A viable solution requires four interdependent approaches: transparent fee-setting mechanisms linked to actual costs, better industry understanding of ATM economics, proactive government support for cash infrastructure, and cost reduction through possible initiatives such as ATM pooling, outsourcing, cash recycling, and expanded services. Success demands coordinated action from FIs, schemes and regulators to ensure sustainable access to cash.

About Euronet

Euronet Worldwide Inc. is an industry leader in providing secure electronic financial transaction solutions. We operate one of the largest independent ATM networks in Europe. We are the world's largest payment network for prepaid mobile top-up and the second-largest global money transfer company. Founded in 1994 and headquartered in Leawood, Kansas, Euronet listed its shares on The NASDAQ Stock Market in 1997 under the ticker symbol EEFT.

This research is funded by Euronet with the purpose of providing an objective view on the challenges and opportunities for the ATM industry. The data, views and conclusions presented in the report are under the sole responsibility of Datos Research, and do not necessarily reflect the views of Euronet.

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