

# UK Cash & Cash Machines 2017 Summary



UK  
FINANCE

This is a summary of UK Cash & Cash Machines 2017, which presents information on how and where we obtain cash for daily use, as well as forecasts covering the next ten years. A full copy of this report is available free of charge to members of UK Finance or can be purchased through [www.ukfinance.org.uk/cashmachines](http://www.ukfinance.org.uk/cashmachines)

## Cash use is still strong in the UK

Cash was the most frequently used payment method in the UK in 2016. However, for the third year in a row cash represented less than half of the total volume of payments made in the UK. Its relative importance is undoubtedly declining as consumers turn to alternative methods of payment, with the rising popularity of contactless card payments having a clear impact on consumer cash payments.

Consumers and businesses made 15.4 billion cash payments in 2016. This was 25% more than the second most frequently-used method, debit cards (11.6 billion). Cash represented 44% of all payments made by consumers in 2016. Businesses use cash far less extensively than consumers, with cash making up less than 4% of the volume of payments made by businesses.

Whilst the number of cash payments in the UK declined by 11% between 2015 and 2016, cash is still valued by many for its familiarity and wide acceptance. The recent increase in the use of contactless cards has had a significant negative impact on cash payment volumes, outweighing the increased reliance by some consumers on cash as a useful method of budgeting and managing low or irregular incomes. The total value of consumer cash payments was £240 billion in 2016, a decline of 5% compared to the previous year. Cash represented 15% of the total value of consumer spending in 2016, and 3% of all spending in the UK (once payments by businesses were taken into account).

## 15.4 billion

cash payments in the UK represented:



40%

of all payments in the UK



44%

of payments made by consumers



4%

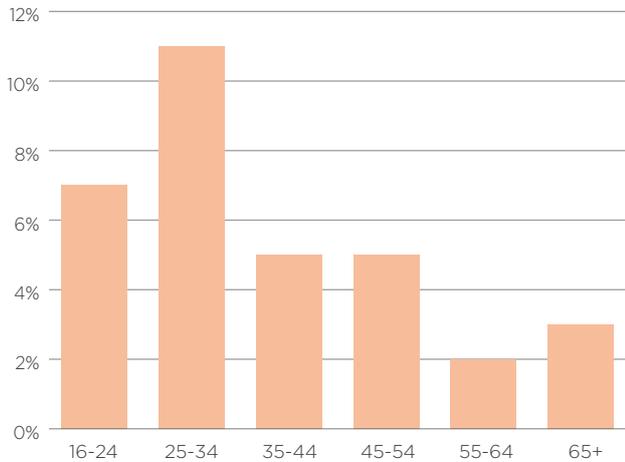
of payments made by businesses

## Spending our cash

2016 was the second year when consumers used cash for fewer than 50% of payments. 26% of all consumer cash payments were for a value of £1 or less, and 61% were for a value of £5 or less.

- Almost nine in ten cash payments made by consumers were in the retail, travel and entertainment sectors;
- The number of cash payments for less than £1 has halved over the past decade;
- Over three fifths of cash payments were for a value of £5 or less in 2016, reflecting the extensive use of cash for low value convenience-type purchases;
- The average value of a cash payment has increased over the last 10 years from £11.58 in 2006 to £15.80 in 2016 owing to inflation and changing consumer preferences, as cards are increasingly used to make low-value payments, particularly using contactless payment functionality;
- Just 1% of total cash payments were made by businesses in 2016.

**Proportion of consumers in each age group who rarely use cash, 2016**

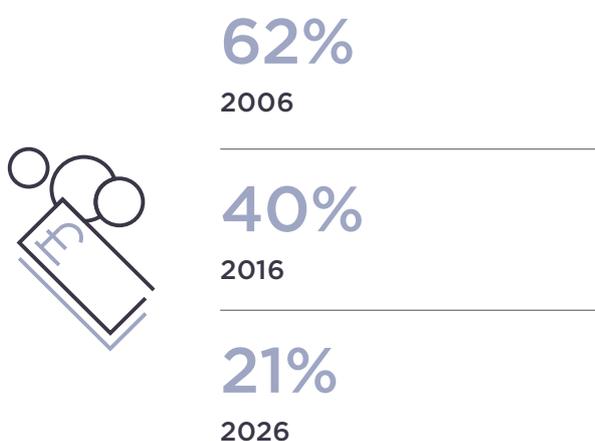


There were 2.9 million consumers who rarely used cash in 2016, representing 6% of the UK's adult population. People in younger age groups are more likely to be rare cash users than people in older age groups, with more than one in ten of those aged 25-34 making one cash payment each month or no cash payments at all.

At the opposite end of the scale, there were 2.7 million consumers (5% of the adult population) who relied almost entirely on cash to make their day-to-day payments during 2016. These people were relatively evenly-spread across different age groups. However, people with lower household incomes were far more likely to rely mainly on cash when compared with their more affluent counterparts. Over half of all consumers who relied predominantly on cash during 2016 had total household incomes of less than £15,000 per year.

Over the next decade the number of cash payments is forecast to fall by 43% to 8.7 billion payments. Meanwhile the total value of cash payments is forecast to fall by 23% to £185 billion in 2026.

**Proportion of all payments in the UK made using cash:**



During the last ten years cash payment volumes have reduced by 33%. This decline is expected to continue and will likely be driven by the following factors:

- Cash migration to debit cards;
- Increasing use and acceptance of contactless payments;
- Growth in mobile payment services and remote banking;
- Generational changes;
- Employment patterns and the level of economic growth.

**Cash machine use**

The number of cash machines stood at 70,020 at the end of 2016, down by 0.4% on 2015; the first year-on-year decrease since 2009. Cash machines were used by 49 million people in 2016.

The number of cash machines stabilised at the end of 2016. Operators have made efficiencies through consolidation and through the strategic placing of cash machines in growing sectors.



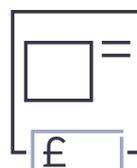
**70,020**  
cash machines  
in the UK

**2.7 billion**  
withdrawals,  
**£194 billion** value  
withdrawn

The number of cash withdrawals in 2016 decreased by 2.3% to 2.7 billion, while the corresponding amount withdrawn remained broadly unchanged at £194 billion after declining by 0.1%. Meanwhile the average withdrawal value (ATV) rose by £1.50 to a record £71.

These trends reflect consumer preference to withdraw more cash on each visit but less frequently. However, consumers are now more likely to supplement a lack of cash by using other payment methods rather than making further withdrawals.

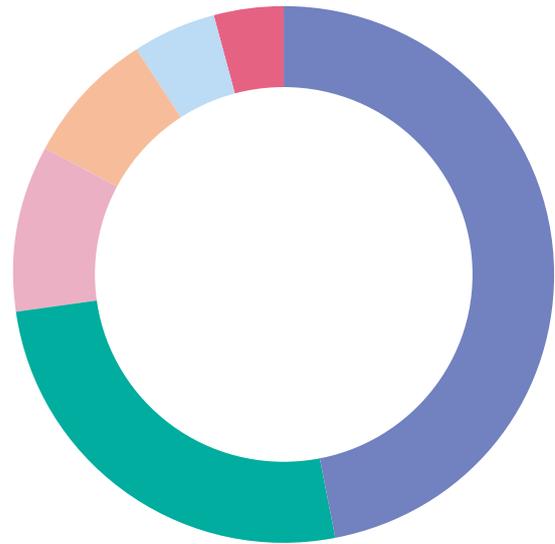
The total number of people using cash machines amounted to just below 49 million. 2016 was the first year in which the number of people using a cash machine decreased as compared with the previous year. However, prior to this decline the total number of adults using cash machines over the last decade had increased by ten million.



**9 in 10**  
cash machine users withdraw  
cash from cash machines at  
least once a month

- Debit cards account for the vast majority of withdrawals. In 2016 they made up 94% and 88% of the volume and value of total withdrawals respectively.
- The number of Independent ATM Deployer (IAD) machines grew by 2.6% in 2016 to reach a record 39,930; accounting for 57% of the total cash machine estate. This growth has come through new installations and the acquisition of Bank and Building Society (BBS) owned machines.
- By contrast, the number of BBS machines declined at an annual rate of 4.0% to 30,090, their lowest ever number and share of the total.
- The majority of transactions are still undertaken at BBS machines, accounting for 70% of the total number of withdrawals and 76% of the amount withdrawn. In 2006 these figures both stood at 95%.
- The number of on-site cash machines continued to decline, falling by 3.8% to stand at 18,092.
- The number of off-site cash machines rose to a record high of 51,928 following an annual increase of 0.9%, accounting for 77% of the total cash machine estate.
- Transactions at off-site cash machines made up 66% of total withdrawals by volume and 60% by value, up from respective figures of 63% and 58% a year ago.
- Despite their lack of popularity, pay-to-use cash machines are likely to stay. Their decline continued in 2016, falling by 8.1% to 16,135 machines – the lowest level on record.
- Pay-to-use withdrawals in 2016 accounted for 2.0% of the total number of withdrawals and 1.7% of the total value.
- The number of free-to-use machines rose to a record 53,885, after increasing by 2.2%, accounting for 77% of the cash machine estate.
- During the course of 2016 cash machines were available for 95% of the time. The most common reason for down time is usually hardware faults which accounted for 56% of non-availability.

### Locations of cash machines in 2016 (as at year-end)



**47%**  
Supermarkets  
and other retail



**8%**  
Motoring and  
transport



**26%**  
On-site branch



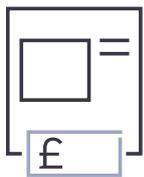
**5%**  
Services,  
workplace  
and mobile



**10%**  
Social and  
leisure



**4%**  
Post office



**57%**  
of cash machines are  
IAD owned

**43%**  
of cash machines are  
BBS owned



**30%**  
of withdrawals are  
from IAD machines

**70%**  
of withdrawals are  
from BBS machines

### Other ways of getting cash

Over £20 billion was withdrawn using other methods than cash machines, down from £32 billion on 2015.

There are a number of other methods that are used to withdraw cash. These include debit card cashback, withdrawals at counter using cards, cheque encashment and passbooks.

Both volumes and values of cashback fell by 15% during 2016 to 200 million withdrawals, worth £5 billion. There was a marginal decrease in the number of cash withdrawals over the counter to 42 million with the value falling to £8.5 billion. There were a total of 28 million withdrawals made through passbooks and cheques, representing an annual decline of 40% over the past year. The total value of cash withdrawn by these methods has also fallen from £15.3 billion in 2015 to £6.9 billion in 2016.

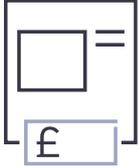
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## Average value of a cash withdrawal in 2016:



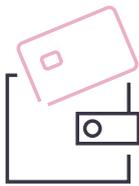
**Debit card cashback:**  
**£25**

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**ATM withdrawal:**  
**£71**

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**Counter withdrawal  
using cards:**  
**£205**

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**Cheque encashment:**  
**£203**

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**Passbook withdrawal:**  
**£249**

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## Polymer banknotes

The Bank of England periodically replaces notes to introduce new security features to eradicate counterfeiting and feature new characters. The Bank continues the process to roll out notes on polymer, a thin flexible plastic. This is because polymer notes last longer, stay cleaner and are harder to counterfeit than paper notes.

In March 2015 Clydesdale Bank issued the first plastic banknotes in Great Britain to mark the 125th anniversary of the Forth Bridge. This was followed by the introduction of polymer £5 Scottish banknotes and the launch of the new £5 featuring Sir Winston Churchill in September 2016.

On 14 September 2017 the new £10 polymer Bank of England banknote will enter circulation featuring the author Jane Austen. The Scottish note issuers will also be introducing £10 polymer banknotes later this year. The current plan is to introduce Bank of England and Scottish £20 polymer banknotes in 2020.

## 50th anniversary of the ATM

This year, the cash machine industry celebrated the 50th anniversary of the ATM. From its beginning in 1967 when the very first cash dispensing machine was installed to today, the technology has seen remarkable growth. With more than 3.6 million cash machines worldwide and a proliferation of bank branches closing, the cash machine continues to be consumer's go-to-technology to obtain cash.

At the time of its invention, the cash machine was an unproven device which consumers didn't even know they needed. It has subsequently revolutionised society and helped introduce the 24/7 self-service culture with convenient access to financial services beyond banking hours, for cash withdrawals, balance enquiries and a growing range of value-added services. For most of its lifespan, the ATM has stayed at the cutting-edge of innovation and public interface, providing a reliable and secure set of services whilst building the trust of consumers.

Factors driving further development of ATM technology and services:

- Expanded functionality;
- Wireless technologies;
- Off-site locations;
- Self-diagnostic systems reducing downtime;
- Image-deposit technology.



LINK contributed to the data within this summary report. More information about LINK is available from [www.link.co.uk](http://www.link.co.uk)

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For general information about payments and UK Finance please contact External Affairs: [info@ukfinance.org.uk](mailto:info@ukfinance.org.uk)

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