

Focus: The ABM market in Canada

Focus Sheet

FAST FACTS

- Eight per cent of Canadians report that they conduct the majority of their financial transactions at ABMs
- There are close to 70,000 bank machines in Canada and 18,689 of these are bank-owned ABMs

The Bottom Line

While the use of online banking continues to grow, ABMs (automated banking machines) remain a popular method of getting cash, making deposits and paying bills for Canadians across the country.

The evolving banking relationship

The relationship Canadians have with their bank has changed in the last three decades. Thirty years ago, bank services were available only in branches that were typically open from 10 a.m. to 3 p.m. You would line up to deposit your paycheque and get cash for the week. If you didn't make it to the bank on time, you could be stuck without cash. Now customers can bank anytime, anywhere through a variety of banking services. In fact, when asked to name the way they conduct the majority of their financial transactions, eight per cent reported that they use ABMs, 49 per cent report that they bank primarily online, 29 per cent reported that they use an app and 10 per cent reported that they bank primarily in person at the branch.¹

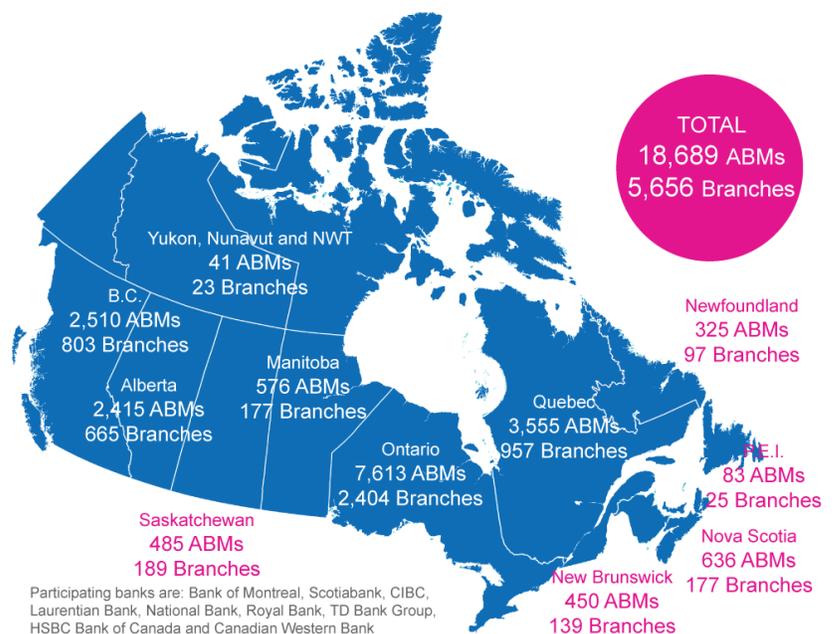




About the ABM market in Canada

There close to 70,000 bank machines in Canada and 18,689 of these are bank-owned ABMs.

Number of Bank Owned ABMs²



How did the market develop this way? In Canada, the Interac network enables customers of one financial institution to use ABMs owned by another operator. Originally, Interac was owned by the large Canadian banks but in 1996, the Competition Tribunal expanded membership eligibility in Interac to increase competition in the market for electronic payment services. This allowed a range of other ABM suppliers to enter the marketplace. Independent cash dispenser operators are now competing aggressively with Canada's major financial institutions for ABM locations.

Types of Automated Banking Machines

The types of ABMs can be grouped into the following three categories:

Full-service ABMs located on the premises of a financial institution: This kind of ABM typically offers deposit, withdrawal, transfer, bill payment and account balance information services to customers from their financial institution and cash dispensing services to non-customers.

ABMs owned by a financial institution at an off-premises location: These machines do not generally accept deposits, but typically offer most other services to customers of that financial institution along with cash dispensing services to non-customers.

Independently operated cash dispensers: The vast majority of cash dispensers or “white-label machines” are run by private businesses that compete directly with banks and other financial institutions. These machines typically offer only cash dispensing services.



There are three types of fees associated with ABMs – regular transaction fees, network access fees and convenience fees.

Types of fees

Regular transaction fees: These are fees paid by customers for services provided by their financial institution and vary with the customer’s account package and the type of service provided. Some account packages have a set number of free transactions per month and then transaction fees are charged for additional transactions; many others offer unlimited transactions so customers do not pay any transaction fees.

Network access fees: These are fees paid by customers to their own bank to access their account when they use an



ABM not owned by their financial institution. For example, if you bank at Bank “A” and withdraw money from an ABM owned by Bank “B”, you’ll need to pay a network access fee to your bank. Your bank has to pay a fee to process your transaction through the Interac network, and the network access fee helps cover those costs.

Convenience fees: These are fees that are always charged by independently operated cash machines and may be charged by financial institutions to non-customers that access their ABM. If a transaction is subject to a convenience fee, the ABM or cash dispenser will display a message telling the consumer the amount of the fee prior to the customer agreeing to proceed with the transaction. A portion of the revenue generated by convenience fees is usually paid to the owner of the premises where the machine is located.

More about convenience fees

Banks locate ABMs where they believe the machines will be convenient for their customers. At many off-premises locations, such as gas stations, airports and convenience stores, banks must pay the owner of the location a fee to place a machine on the property. Banks compete with independent cash dispenser operators for these locations and over time this competition has resulted in increased costs for off-premises machines. While banks are willing to absorb the additional cost to provide the service to their own customers, some banks may choose not to subsidize non-customers who use these locations and charge them a convenience fee.

How to avoid extra fees

It’s important to note that consumers can avoid convenience fees and network access fees altogether by using an ABM operated by their own financial institution. In fact, the



majority of ABM transactions are done at a customer's own bank machine, avoiding convenience fees altogether. If your bank is a member of THE EXCHANGE® Network, you can also withdraw cash at a [participating institutions](#)' ABM without being charged a fee.

1 How Canadians Bank was conducted for the CBA by Abacus Data in 2021.
2 CBA – as at October 31, 2022.

The Canadian Bankers Association is the voice of more than 60 domestic and foreign banks that help drive Canada's economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals.

Canadian Bankers Association www.cba.ca

Last updated: April 2024