



The Enduring Role of ATMs in a Digital-First World

In an era dominated by digital transactions and fintech innovations, Automated Teller Machines (ATMs) continue to play a pivotal role in the financial ecosystem. Despite the proliferation of cashless payment methods, ATMs remain indispensable, providing essential services that cater to diverse consumer needs.

ATM Usage in the Modern Landscape

According to the [2024 PULSE® Debit Issuer Study](#), active debit cardholders averaged nearly 35 transactions per month in 2023. Of these, about 31 were point-of-sale (POS) transactions, two were account-to-account transfers, and two were ATM transactions. This suggests that while digital transactions dominate, ATMs continue to serve consumers who rely on cash for everyday purchases, budgeting, and financial flexibility.

The study further reveals that 58% of ATM cash withdrawals were "on-us" transactions, meaning cardholders used an ATM owned and branded by their financial institution, while the remaining 42% were "off-us," involving ATMs owned by third parties. This distribution highlights the important role the entire ATM ecosystem—including financial institutions, Independent Sales Organizations (ISOs), vendors, owners, and manufacturers—plays in ensuring broad and convenient access to cash.

Consumer Preferences and the Ongoing Need for Cash

Despite rapid adoption of digital payments, cash remains a vital part of many Americans' financial habits. The *2024 PULSE Debit Issuer Study* also noted that card-not-present (CNP) transactions account for more than one-third of debit transactions and nearly half of debit spend. Still, many consumers prefer cash for specific use cases, including small transactions, peer-to-peer payments, and expense management.

The Federal Reserve's [2024 Diary of Consumer Payment Choice](#) found that consumers used cash for 16% of their payments. However, consumers with lower incomes are far more likely to use cash. Consumers with household incomes of less than \$25,000, tapped cash for 32% of their payments. Age also plays a role, with consumers 55 years of age or older reporting they use cash 22% of the time.

"Rural communities, lower-income households, and certain business sectors—including small retailers, service providers, and cash-heavy industries—continue to depend on cash as a primary payment method," said Jeff Brandt, Senior Vice President, Business Development, with PULSE, which has an expansive ATM network that provides cardholders access to over 400,000 ATMs across the U.S. "ATMs deployed by financial institutions remain the most convenient and cost-effective way for these consumers and businesses to access cash, making them a critical component of financial accessibility."

Strategic Shifts in ATM Deployment

As financial institutions refine their strategies, the placement and functionality of ATMs are evolving. With branch footprints shrinking, banks and credit unions are prioritizing ATMs in high-demand locations such as retail centers, transit hubs, and underserved areas. At the same time, advancements in ATM

technology are helping institutions maximize their return on investment by transforming them into full-service banking touchpoints.

“Institutions are focusing on deploying ATMs where they can provide the most value to consumers while also reducing operational costs,” said Brandt. “Modern ATMs now facilitate bill payments, account transfers, check deposits, and even video banking, ensuring that consumers have convenient access to essential banking services.”

These machines are not only viable substitutes for traditional teller services, but they also help banks and credit unions maximize their return on investment by reducing operational costs while maintaining customer engagement.

The Future of ATM Services

Looking ahead, financial institutions and ISOs are exploring new ways to enhance ATM capabilities and accessibility. The integration of artificial intelligence (AI) is transforming ATMs into smart-banking terminals capable of personalized customer interactions and advanced security features. Additionally, the rise of mobile ATM units and remote teller technology is expanding the reach of banking services, particularly in underserved areas.

Some financial institutions are also exploring partnerships with retail outlets to host ATMs, providing mutual benefits such as increased foot traffic for retailers and convenient cash access for consumers.

While digital payments continue to proliferate, ATMs remain a cornerstone of financial accessibility. By adapting to changing consumer behaviors and technological advancements, financial institutions are ensuring that ATMs continue to serve as a vital component of the financial landscape—offering convenience, flexibility, and security to those who rely on cash.

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