ATM stats show demand is stabilising

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FOLLOWING a busy holiday period extending to April, the number of ATM withdrawals by South Africans dropped in May – with repercussions for other financial arenas.

A survey by SA's premier independent in-store ATM providers Spark ATM Systems, called the Spark Cash Index (SCI), showed a 2.18 percent decrease in the number of withdrawals from April to May. The survey measured the average value of cash withdrawals from Spark ATMs across the country.

In the Western Cape, the average cash withdrawals showed a slightly higher drop, at 2.40 percent, than the national average.

Marc Sternberg, managing director of Spark ATM Systems, said that while retail sales were higher than expected in April, the May decline in cash withdrawal activity suggested domestic demand was stabilising.

However, there were signs that the local retail sector could be losing momentum.

The latest data by Statistics SA shows that retail trade sales (RTS) increased by 1 percent year by year in April 2012, while the SCI over the same period showed a 3.02 percent increase in cash withdrawals.

Sternberg said: "The SCI is an accurate leading indicator of Stats SA's RTS report, and looking forward, retailers must be cautious as the May 2012 RTS statistics could reveal a negative month-on-month decline, but a positive year-on-year increase, as seen in the May 2012 SCI data, which showed a 2.18 percent month-on-month decline, but a 4.81 percent year-on-year increase respectively."

He added that although spending remained positive, the imminent arrival of rising administration price increases, along with challenging global conditions, would impact negatively on buying power.

However, household spending was likely to be the "main growth engine of the economy over the second half of the year, while the low interest rate environment and stable inflation should continue to support consumer demand, he said.

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