Top Five Reasons to Outsource Your ATM Program

Capture greater efficiencies while maintaining technological relevance and meeting changing regulatory requirements.
ATMs are so ubiquitous that consumers may take them for granted, but financial institutions know that owning and operating a fleet of ATMs is a complex and costly endeavor. ATMs need frequent attention, and FIs must employ workers and third-party service providers to take care of assorted routine activities: replenishing cash, clearing paper jams, fixing broken parts, processing transactions, upgrading hardware and software, and so on. In addition to routine operations and maintenance, banks and credit unions must deal with the occasional “exceptional necessity” that requires an additional investment in new or upgraded hardware and software. For instance, FIs were recently compelled to complete device upgrades to support the ADA (Americans with Disabilities Act) mandate. Next, ATM deployers may be evaluating upgrades for EMV and contactless transactions. Whether these enhancements are mandated or not, it is essential to have an updated ATM fleet with the latest technology and functionality to remain competitive.
Meeting Customer Needs in an Altered Environment

The ATM landscape is changing today for virtually every bank and credit union. What was once a single value proposition—providing cash to consumers—has evolved into much more. Financial institutions increasingly have the opportunity to introduce innovative functionality and revenue-generating services via the ATM channel. In order to do this successfully, however, they need to evaluate their current ATM programs and decide if outsourcing improves their ability to differentiate their business and create new opportunities. The following pages explore the five most compelling reasons for outsourcing some or all of your ATM functions to a third-party managed services provider.
Banking customers have three very basic demands of ATMs: convenience, availability and service. An ATM managed services provider can help financial institutions more fully engage their customers by cost effectively adding new functions and services that provide an even better customer experience, such as:

- Transaction personalization
- Envelope-less deposits
- Contactless initiation of a transaction
- Integration with mobile applications for transaction staging
- Receipts via text message or email
- The ability to do more at an ATM: pay bills, buy tickets, reload a prepaid card, etc.

A 2012 Javelin Strategy & Research survey showed that 11 percent of consumers were likely to switch their primary financial institution in a quest for greater convenience and service. Will your institution be the kind that consumers are likely to switch to, or the kind they switch from? If your institution is typically a follower or late adopter, then a managed services approach may accelerate your ability to bring valuable services to your customers sooner.
Many banks and credit unions are differentiating themselves and giving their ATMs new life through the creative deployment of technology innovations. These advances provide important opportunities for your financial institution to profoundly change the ATM’s role in customer interactions. Examples include:

• Deposit automation using check imaging — Deposit automation has become one of the fastest growing new banking technologies because it offers the convenience and advanced functionality customers want, as well as the expense reduction and customer retention/acquisition tool banks are seeking.

• Product marketing — The ATM channel provides a captive audience for marketing purposes as customers wait for pages to load or transactions to complete. CEBTowerGroup estimates there are roughly 200 trillion seconds of “Please Wait” messages annually on ATMs—the perfect opportunity to provide a personalized marketing message to each user.

• Virtual teller — This technology makes it possible to approximate an in-branch human interaction experience at the ATM. Customers can either conduct standard self-service ATM functions or connect to a virtual bank teller through video conferencing for more personalized service.

While considered innovative today, it may not be long until these services are regarded as essential. Working with a qualified ATM outsourcing partner provides access to the value-added services and innovations your customers increasingly expect.
Is your financial institution challenged by compliance with regulations and mandates? March 2012 was the deadline for implementing accessibility features and functions as required by the Americans with Disabilities Act. Financial institutions that don’t meet the mandated requirements on all of their devices are at risk of lawsuits or other penalties. ADA compliance was a costly and time consuming proposition for financial institutions that had to upgrade or replace ATM hardware and software to meet the accessibility standard.

ADA-mandated upgrades may be in the rearview mirror for most banks, but looming on the horizon is a massive EMV implementation effort. There’s no mandate (yet) but there could be heavy industry pressure for banks and credit unions to upgrade their devices to accommodate new EMV cards that are already hitting the market. This could mean yet more costly retrofitting or hardware replacement requiring significant time, money and other resources. Having a knowledgeable primary partner can step you through the planning and implementation process to ensure you meet compliance requirements in a timely fashion.
Maintaining and operating a fleet of ATMs is an expensive endeavor. It requires costly investments in hardware, in addition to fairly expensive operational activities to maintain service. In fact, industry analysts estimate that banks and credit unions actually lose money on a per-unit basis. Such losses put pressure on institutions to re-examine their ATM business models— not only to stem the operating losses, but to look to the ATM channel for additional revenue opportunities.

Clearly, the money spent on owning and maintaining ATMs can be put to better use elsewhere within your financial institution. What’s important is not who owns the devices, or who performs the maintenance and operations, but how well the ATM program serves your users and your institution. If you want to streamline operations and reduce expenses, it may be time to consider options such as equipment leasing and outsourced managed services to transform capital and labor costs into a predictable fixed fee. And when your staff members are relieved of the time required managing and maintaining ATM service, they can instead focus on running the ATM channel as a core communications channel.
Is your ATM fleet plagued by availability and performance issues? If so, you may not have the right expertise to support it and not enough resources to identify the problem areas. Working with a managed services provider could bring more insight and accountability across disparate maintenance programs. An ATM outsourcer can provide value-added services like performance tuning, intelligent device monitoring, proactive maintenance, and intervention management in order to maximize availability.

With more consumers stepping up to an automated teller machine rather than walking into a branch, the ATM is the face of your business. For some customers, and especially for non-customers who visit your machines for cash, it’s the only face they see. Now more than ever, this channel needs to be current, convenient and relevant to your users’ needs—and it also must be available whenever it’s needed. To achieve this, it may be more cost effective to rent the expertise you need, when you need it, and pay for only the services you use.
Enhancing Your ATM Program with Outsourcing

An ATM outsourcing or managed services approach offers you the benefits of helping manage costs and maintain compliance while providing the ability to rapidly deploy the latest, most innovative technologies. Furthermore it places a long-term focus on achieving peak levels of ATM performance, which also bolsters customer satisfaction and the expands the opportunity to increase revenues through cross-sales and new services. With a complete managed services relationship, you’ll benefit from improved ATM performance, predictable monthly expenses, and the opportunity to focus on the critical, profit-generating activities of your business.