

2006 ATM Deployer Study- Diverging strategies for an industry in flux

The metrics traditionally used for evaluating ATM performance have posted declines over the past few years.

In light of these declines, financial institutions are re-assessing the role and the value of their ATM network. Financial institutions are asking:

Is the ATM purely a cash dispenser?

Or, is the ATM a customer delivery channel?

A financial institution's answer to this question will drive key strategic decisions, influencing the future direction of their ATM networks.

Those that view the ATM as a cash dispenser will focus on ATM access, striving to minimize the cost of owning and operating a large network of basic cash dispensers. Some may choose to provide access to a large network of basic machines, but not necessarily own and operate them.

Tactics for achieving ATM reach may include:

- Moving to a "shared-access" model to garner the greatest reach with minimal investment.

- Pursuing exclusive branding agreements and selective surcharge alliances/networks
- Negotiating shared access to ISO ATM's on behalf of their members.

- Reimbursing surcharge fees at other deployers' ATMs

- Outsourcing a greater portion of ATM network operations to third parties to reduce cost and complexity

- Maintaining a generic, homogenous user experience

Financial institutions that see the ATM as a critical, full function customer delivery channel will focus on the user experience and invest in creating a compelling user experience at the ATM. New metrics will gauge ATM success such as; new accounts attributed to ATMs, balances and relationships saved due to ATMs, and the percentage of customers cross-sold at an ATM.

Tactics for developing the ATM into a key consumer touch point may include:

- Investment in new, flexible technology platforms offering a dynamic and engaging user experience.

- Treating the ATM as a customer relationship and marketing vehicle- offering advanced functionality such as mini statements, bill payment, offers for stamps and cell phone "top ups"

- Focusing on minimizing the cost associated with owning a large network of "cash dispensers" in favor of fewer machines that take targeted marketing and cardholder preferences into account.

The evolution of the ATM industry is likely to be an array of diverging paths, as deployers pursue strategies that best meet their needs and the need of their members.

To see how Banks and Credit Unions stack up on terminal deployment trends, transaction levels, adoption of advanced ATM functionality, surcharging and surcharge-free access, and performance metrics please download the full report