In today's highly regulated operating environment, banks are facing shrinking margins, rising costs, increased government regulations and perpetual competition from both banks and non-banks.

Most banks continue to be challenged to identify opportunities to reduce operational expenses. And, banks are constantly seeking new ways to remain competitive and launch new revenue generating products and services in a timely manner.

One area that is often overlooked is your bank's ATM services. A survey conducted by Level Four showed the business case for the ATM remains clear, but banks need to adopt innovative strategies to “up” their offerings, maximize revenues from this channel and enhance customer service.

Outsourced ATM Managed Services can address all of those needs and be a true game-changer for your bank.

The modern automated teller machine is more than 40 years old and, after years where the technology was relatively stable, it is suddenly going through a period of rapid evolution. But ATMs are still machines and machines break down, cash and supplies can run out and the administrative work can be overwhelming. Now is the opportune time for your bank to outsource the day-to-day management of your ATM fleet. Collaborating with a respected ATM management provider can be a crucial step in building an efficient support model for your ATM network, while simultaneously reducing the operational overhead of its maintenance.

Outsourcing these business critical functions to an ATM Managed Services provider can help you meet that challenge head-on by competing more effectively, improving up-time, providing new revenue opportunities, maximizing communication and cross-selling opportunities with cardholders and achieving economies of scale on maintenance and vault cash management. A comprehensive ATM outsourcing program will help you optimize your ATM investment, attract new customers, exceed client expectations and bolster brand image and credibility.

Unplanned ATM downtime can be a nightmare for banks. ATMs are critical to the success of your bank. Today’s customers want and expect immediate access to their money – at every ATM location, 24 hours a day. ATMs remain the leading touch-point for a bank to interact with customers. The quality of the ATM customer experience drives customer loyalty.

When your ATMs are down, your customers are frustrated. A fleet of under-performing ATMs can cost you customers. A steady flow of angry Facebook comments and Twitter feeds attest to these outages and prove that point.

According to a U.S. survey by Level Four, 28% of survey respondents stated they would be very likely to switch banks if they experienced recurrent instances of ATM unavailability.

In today’s competitive marketplace where customers are changing banks based mainly on advertising, convenience and customer experience can your bank afford this risk?
It is imperative for you to capture the maximum return on technology investments – and that includes your ubiquitous, but often overlooked, fleet of ATMs.

ATMs can be down for a number of reasons but using a trusted ATM Managed Services partner can ensure your ATMs are consistently up and running, which directly translates to higher transaction volume, greater revenue opportunities and more satisfied customers.

ATM Managed Services can help your bank with advanced monitoring and forecasting capabilities designed to optimize cash levels, minimizing emergency calls for cash replenishment and freeing excess inventories for more profitable use, all without compromising service to your customers.

First line maintenance services can proactively maintain ATMs, keeping them in excellent condition for optimum up-time and fewer second line maintenance calls.

ATM Managed Services can ensure your bank is securely plugged into every major local and national ATM network and card association. That will ensure your customers receive better access to cash and provide your bank with a better opportunity to profit on the transaction.

**ATM Managed Services Number 2: 75% of the ATMs in the U.S. are still running Windows XP (according to a study from Ally Bank)**

An experienced ATM Managed Services partner can help you plan and be ready for all the recent and upcoming regulatory challenges, including the upgrade from the Windows XP operating system to Windows 7.

Microsoft® has announced that as of April 8, 2014 they will no longer support the Windows XP operating system, and that means the cessation of security patches. Therefore the only way to keep ahead of the criminals and be sure of staying on the right side of compliance requirements, such as PCI, is to move to the next supported version of Windows: Windows 7.

According to a study from Ally Bank, 75% of the ATMs in the United States are still running Windows XP. Cornerstone Advisors reports that greater than 90% of the non-major, national banks are using operating software utilizing XP as the core software.

Dell Inc. is predicting that an enterprise migration of ATMs to Windows 7 will typically take 12 to 24 months but with sophisticated automation the timeline can be cut down to about 6 months.

There are built-in security features to Windows 7 that banks will need. Among these are a keyboard filter to prevent unauthorized use of functions such as control-alt-delete that could provide unauthorized access to the system and Session Zero isolation that makes it more difficult for malware to gain entry.

An ATM Managed Services partner will show your bank how to implement solutions that work on both operating systems, and provide your customers with optimum security before, during and after the migration from Windows XP to Windows 7. Your ATM Managed Services Partner will identify which areas need to be accelerated for upgrades and compliance and whether any ATMs need to be re-certified with switch providers as well as provide all necessary training and support.

**ATM Managed Services Number 3: > $310 Million (the estimated cost of ATM upgrades to EMV in the United States)**

The EMV™ chip standard is coming to the ATM and there will be an EMV liability shift at the ATM. Mercator Advisory Services is estimating that the cost of ATM upgrades to EMV in the United States will be in excess of $310 million dollars. That may seem steep but consider that in the U.S. ATM skimming costs over $1 billion dollars annually.
MasterCard® and Visa® have announced liability shift dates for all domestic ATM acquirers - October 1, 2016 for MasterCard and October 1, 2017 for Visa. Because cardholder education is a major component to migrating a card portfolio to EMV, it helps to partner with an ATM Managed Services provider who understands everything involved for a smooth transition.

How will an ATM Managed Services provider help you prepare for the transition to EMV at the ATM?

By ensuring that you are on the path to all three components of an EMV compliant infrastructure.

First - new cards will need to be issued with new microprocessor chip technology. This migration of the card base from magnetic stripe to chip (and the eventual elimination of the magnetic stripe) is the responsibility of the card issuers.

Second - ATM card reader hardware must be EMV capable or “smart card” ready.

Finally, the acquiring network (generally the “ATM switch”) must configure and test end-to-end. This would include the total hardware and software solution, from card acceptance at the ATM, through their acquiring switch to the authorization of all on-us and off-us transactions – and back again. The network will control the EMV implementation timeline.

EMV comes with many upgrades, deadlines and liability switches. Why let your bank risk missing deadlines or incurring penalties when an ATM Managed Services partner can help you successfully plan for every step of the transition?

Much of the interest in ATM Managed Services is due to the complexity of new regulations. Managed services providers have the dedicated resources and expertise to keep abreast of ever changing compliance and technology related concerns. Contracting with a reputable and experienced partner provides financial institutions with assurance that their ATMs are compliant. What’s more, outsourcing can spread the costs associated with compliance, security and regulatory guidelines over the life of the equipment.

**ATM Managed Services Number 4:** Average spike of 20-25 percent in ATM transactions - after an ATM branding implementation

For many years banks have provided a valuable customer service by providing convenient access to cash at their ATMs - and many banks have been content to call out their ATMs with a branded fee notification sticker, a small sign and, maybe, a nice welcome screen. Are there compelling business reasons to make customers more aware of your ATM locations?

Absolutely. The Financial Brand’s 2012 Bank & Credit Union Survey reports that executives cite a “lack of marketing investment” as a top challenge. ATM Managed Services can help your bank address that through ATM branding.

ATMs can quickly become a key branding tool for banks. They allow your bank to build trust and recognition with current and potential customers, as well as advertise new products and services through an already established network. ATM branding provides value to your bank by ensuring that customers know about product and service your bank has to offer. ATMs can be a very effective cross-selling tool for your bank. While waiting for cash to
dispense, the ATM screen can alert a customer to a great rate on a new loan or savings instrument.

Showcasing your bank’s branding in a professional way at all ATM locations will increase transaction volumes and significantly improve customer retention and growth.

Customers of one ATM branding company reported an average spike of 20-25 percent in ATM transactions after an ATM Managed Services branding implementation. And more transactions mean more revenue for your bank!

ATM Managed Services Number 5: 79 million U.S. Millennials (people between the ages of 16 and 34, making up about one third of the U.S. population)

David Trites, the Director of SAP Global Marketing, describes Millennials as the most eco-friendly, socially adapted, and connected citizens in today’s world. Millennials represent a huge demographic with enormous buying power but Trites likes to examine Millennials through a business lens, as consumers, to see how they are changing the game. Mr. Trites understands that Millennials are masters of the Internet, social media and mobile mediums and they are redefining the engagement model for almost every business.

And that includes banking.

To appeal to Millennials banks need to reevaluate how they develop and deliver new products and services. Banks must look beyond the traditional array of ready-made financial products and services and deliver a personalized experience that matches their use of new technology.

In order to meet the needs of the technology savvy Millennials, you will be expected to provide new ATM capabilities that transform the ATM into a customer-focused channel for value added services and convenience which in turn, will provide greater customer retention and improved bank profits.

The leading providers of outsourced managed services for your ATMs will ensure that you will be able offer new services such as cardless ATM withdrawals, which will have great appeal to the millennial market and a recent study explains why.

According to a recent Flurry report, global smartphone adoption has exploded, growing faster than any consumer technology in history.

So far, acceptance of smartphone/mobile wallet technology is split along generational lines, with many young people more willing to use their devices to pay for everything from a cup of coffee to a taxi ride.

According to a December poll by Harris Interactive Inc., people younger than 35 are more inclined to pay via smartphone.

More than 60 percent of the respondents expect the devices will eventually replace cash and credit cards.

Now is the time for banks to be proactive and provide Millennials with cardless ATM transaction capability. Using an app on their phone, your tech-savvy customers can place an order for cash as far as 24 hours in advance or up to seconds before the transaction – such as waiting in line to use an ATM. When the customer arrives at the ATM to pick up the cash, the app needs to be open on their phone. The customer then scans a code on the ATM screen to prove they are actually there and then the machine dispenses the cash.

Millennials will embrace this technology because not only is it more convenient that using a debit card, it is also safer. Using a smartphone prevents skimming, where fraudsters set up cameras on ATMs to capture card numbers and PINs. And in the event that someone finds or steals a smartphone, they would need to know the
passcode to log in, as well as the information regarding the bank account and PIN number, making it far more difficult to steal a customer's identity.

What is the best way for your bank to successfully launch cardless ATM transactions for your customers? By partnering with an experienced ATM Managed Services partner that can ensure a safe and successful implementation. An ATM Managed Services company will have partnerships in place with the ATM and mobile vendors for a detailed deployment plan that covers all the steps to ensure a successful rollout.

Prepaid cards are another great fit to “up” your ATM offerings. Prepaid Cards are no longer just for Millennials and people who don’t have bank accounts. They’re the fastest-growing payment method in the U.S., and they’re attracting those who want to budget their spending.

By the end of 2012, Mercator Advisory Group predicted that the total prepaid market size would reach $549.7 billion. General Purpose Reloadable cards were expected to reach $118.5 billion in annual funds loaded by the close of 2012.

Better ATM Services, a technology innovator in the ATM and prepaid industries, recently reported that 70 percent of all ATM users buy prepaid products and they see the ATM as more convenient than a McDonald’s drive-through window. These findings show that the reason customers are purchasing prepaid products outside of a traditional branch is convenience – and that can be reversed by moving very profitable prepaid products to the 24/7 convenience of the ATM.

ATM-issued gift cards and other prepaid media capitalize on key qualities that consumers are increasingly demanding - time and place convenience, security, and value. An ATM Managed Services partner can ensure your prepaid card program at the ATM gets off to a great start.

Summing things up

Bankers spend millions on providing the best services and building inviting locations to attract customers.

Now is the time to make the same type of investment in your greatest customer touchpoint – your fleet of ATMs. The right partner for outsourced ATM Managed Services will have the tools and the dedicated staff in place to make sure your ATMs have the same engaging appeal, the latest offerings and the best “uptime” in the industry.

Notes
1. “EMV™ is a trademark owned by EMVCo LLC.”

ATM and Debit Processing Solutions
ATM Managed Services
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