Unlocking the Value of Your ATMs

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• The Evolving Branch
• The rise of intelligent-deposit ATMs and self-service banking
• The value proposition for ATM managed services
• The impacts of the regulatory environment and other influencers
• Branding at the ATM
• Marketing & Advertising at the ATM
• New ATM Technologies
• Elan ATM managed services solutions
The Evolving Branch: A Glimpse at What’s to Come

Umpqua Bank’s Interiors Often Resemble Retail Stores or Hotels

Source: Umpqua Bank
# The Evolving Branch Landscape

<table>
<thead>
<tr>
<th>Branch or Store Type</th>
<th>Typical Square Footage</th>
<th>Number of Tellers (Traditional)</th>
<th>Number of ATMs</th>
<th>Meeting Rooms/Space</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flagship</td>
<td>3,500–15,000 (Depending on function)</td>
<td>3+</td>
<td>2+</td>
<td>Many</td>
</tr>
<tr>
<td>Traditional</td>
<td>3,000 –10,000 (Depending on function)</td>
<td>1+</td>
<td>1+</td>
<td>Some</td>
</tr>
<tr>
<td>Mini</td>
<td>1,000–3,000</td>
<td>0–2 (Depending on function; some may have remote tellers)</td>
<td>1+</td>
<td>Limited (Sometimes used for public events)</td>
</tr>
<tr>
<td>Supermarket</td>
<td>300 –750</td>
<td>1+</td>
<td>0–1+</td>
<td>Limited (Depending on size and function)</td>
</tr>
<tr>
<td>Self / Assisted (Some with video capabilities)</td>
<td>1,000 –1,500</td>
<td>0 (In person; several remote tellers may be available)</td>
<td>0–1+</td>
<td>Limited (May include remote videoconferencing)</td>
</tr>
</tbody>
</table>

Source: Mercator Advisory Group
The Rise of Intelligent Deposit ATMs and Self-Service Banking

Sources: Diebold, NCR, Chase, and Wells Fargo

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The Progression of the ATM: 1966–2016

1960s–1980s: First-generation ATMs are designed for cash withdrawals, balance checks, basic deposits; patented in 1966 in Scotland.

1990s–2004: Gen 2 ATMs expand deposit and withdrawal capabilities across more accounts and have features for compliance with the American with Disabilities Act.

2005–2009: Early intelligent deposit ATMs have “envelope-free” capabilities, provide mini statements, and enable bill payment.

2010–2012: Advanced intelligent deposit ATMs meet revised ADA requirements, have advanced diagnostics.

2013–2016: Next-Gen ATMs will feature integrated multichannel capabilities, greater access to prepaid cards, EMV and NFC in the U.S.

Source: Mercator Advisory Group
The Evolution of ATM Functionality

1970s – 1980s
Early ATMs
- Account balances (DDA)
- Cash Withdrawals (typically in limited and fixed amounts)
- Traditional Deposits via envelopes (then transported and processed at central facility)

1990s – mid 2000s
Gen 2 ATMs
- Account balances (primarily DDA)
- Cash Withdrawals (with more choice as to withdrawal amounts)
- Traditional deposits via envelopes
- ADA Compliance Technology developing for “envelopeless” deposits (and touch screen technology)

2005 - 2009
Deposit Imaging ATMs
- Account balances (wider variety of accounts)
- Cash Withdrawals
- ADA Compliance
- “Envelopeless” check and cash deposits
- Mini-Statements
- Bill Payment
- Currency Conversion
- Mobile Phone Top-up
- Entertainment & Travel Tickets

2010s (’10 – ’12)
Advanced Intelligent Deposit ATMs
- Account balances (many accounts)
- Cash Withdrawals
- “Envelopeless” check and cash deposits
- Mini-Statements
- Bill Payment
- Currency Conversion
- Mobile Phone Top-up
- Entertainment & Travel Tickets
- Revised ADA Compliance
- Cash Recycling
- Advanced diagnostics, condition monitoring, and executive dashboards
- Integrated Multi-Channel Capabilities
- On-Demand Services
- EMV
- NFC

2010s (‘13-on)
Next-Gen ATMs
- Account balances (many accounts)
- Cash Withdrawals
- “Envelopeless” check and cash deposits
- Mini-Statements
- Bill Payment
- Currency Conversion
- Mobile Phone Top-up
- Entertainment & Travel Tickets
- Revised ADA Compliance
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- Advanced diagnostics, condition monitoring, and executive dashboards
- Integrated Multi-Channel Capabilities
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- NFC

Sources: ATMIA, Mercator Advisory Group
Customer Satisfaction with Financial Institution’s Communication Methods

Base = Communicated with Financial Institution in Last Year, Top 2 Box Satisfaction.

- Went into branch and spoke with a teller: 91%
- Spoke with my personal financial advisor, banker, or broker: 91%
- Through an ATM: 90%
- Went into branch and spoke with customer service rep: 89%
- Use a customer service web site: 82%
- Called 800 service number and spoke to a person: 81%
- Accessed cust. service website using my smart phone*: 81%
- Sent an e-mail to a bank rep or inquiry address: 80%
- Accessed a special mobile app using my smartphone*: 77%

* Note: Small base sizes.
Source: Mercator Advisory Group CustomerMonitor Survey 2010
Leading ATM Deployers in the U.S.

Total = 410,000 (Estimate)

- Leading FIs
  - 95,000
  - 23%

- Leading ISOs/IADs
  - 138,000
  - 34%

- Other
  - 177,000
  - 43%

Sources: ATMIA, Mercator Advisory Group
The Regulatory Environment

• The post-Durbin business environment has been particularly difficult for FIs.
• Risk and compliance issues – always a challenge – are now even more complex.
• Changes permeate throughout each line of business and each channel.
• FIs will increasingly need knowledgeable and trusted partners to navigate through these headwinds.
Troy Cullen
President
Elan ATM & Debit Services
"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."

BUCKMINSTER FULLER
STRESSED OUT?
ATM Managed Solutions – Help is on the way!

- Machines break down
- Cash runs out
- Supplies run out
A flexible, turnkey ATM program can offer complete client support and card management, Web-based reporting and a service guarantee.

The top-tier of managed services providers will also offer a modified outsourcing plan in which the bank owns the ATMs and contracts with the vendor for only the services that are needed.

With either type of program your bank can be assured of receiving the expertise and technology to prepare your ATMs for the future.
### Recent and Near-Future ATM Regulations

<table>
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<th>Year</th>
<th>Requirement</th>
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<td>2012</td>
<td>ADA compliance</td>
</tr>
<tr>
<td>2014</td>
<td>Windows 7</td>
</tr>
<tr>
<td>2016</td>
<td>EMV at the ATM</td>
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</table>
Improving Uptime and Security

• According to a report from Level 4, 28% of U.S. survey respondents would be likely to switch banks if they experienced recurrent issues of ATM unavailability.

• Failed customer interactions have a direct correlation to the “stickiness” of customers.

• Managed Services companies ensure that FIs are able to take advantage of the latest in security technology in order to keep customers, employees and assets more secure.
**ATM Cash Replenishment**: scheduled and emergency cash replenishment. ATM machine balancing and consolidated electronic reporting for fast, accurate settlement and reconciliation.

**ATM Maintenance Repair**: deliver first-line maintenance (FLM) and ATM repair services that increase up-time by efficiently managing paper supplies, currency jams, cash receipts and more.

**Consolidated Reporting**: consolidated reports in electronic format for simplified reconciliation and access to critical information when you need it.
The Financial Brand’s 2012 Bank & Credit Union Survey reports that executives cite a “lack of marketing investment” as a top challenge.

ATM branding provides value to the FI by ensuring that customers know about everything your institution has to offer!

Customers of one ATM branding company reported an average spike of 20-25 percent in ATM transactions after branding implementation.
Market directly to your customers through targeted advertising campaigns and true one-to-one marketing initiatives. Stored preferences allow your customers to customize their ATM experience.

Response rates for marketing at the ATM have proven to be 10 percent and higher versus traditional direct mail at 1 percent to 2 percent.

According to NCR, ATM advertising is 65 percent less expensive and 200 percent more effective than direct mail.
The move to cardless ATM withdrawals is gathering speed with pilot projects being launched in the U.S. and Europe.

Cardless ATM withdrawals update the ATM by combining a bank's mobile and ATM channels to deliver faster and more convenient cash withdrawals for customers.

In addition to enhancing the functionality and value of the ATM, the new capabilities will improve loyalty and retention.
New Technologies – ATMs and Prepaid Cards

- The world now has about 2 million ATMs, including about 400,000 in the U.S.

- All of these ATMs are looking for new revenue streams and prepaid card providers are looking for more distribution.
Your ATMs are one of your highest-exposure points of contact with your customers. ATMs account for up to 35% of your overall operating budget. Making sure your ATM fleet operations are expertly managed enables you to be more strategic in planning your growth.

A comprehensive ATM Managed Services program will provide a fully managed ATM solution that will not only increase the productivity and uptime of your ATM network, but do so at a cost savings.
ATM Managed Services provides you with total control and visibility into the cost, status, and reliability of your ATM network, removing the burden of network operation so you can focus on initiatives that deliver the greatest impact for your institution.
Questions?

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