

# Making the Case for ATM Managed Services

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By Martin Lanser and Larry Longhurst | Contributing writers,  
ATM Marketplace



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ATMs have become an essential and cost effective banking channel for financial institutions of all sizes. Not only are customers changing the way they are banking; they are also changing the way they are using branches. Customers are increasingly switching to ATMs for a growing list of everyday banking transaction needs – from cash withdrawals and check-image deposits to statement requests and peer-to-peer money-transfers via the ATM.

In the current competitive market, it is vital for retail banks to find a way to reduce the cost of providing services, while at the same time, exceeding customer expectations. As financial institutions strive to find the correct balance, they are increasingly utilizing the ATM channel for a wider variety of transactions and functions, including marketing, cross-selling, and client acquisition activities - effectively and efficiently moving banks into the future.

And in the years ahead ATMs will only grow in importance to financial institutions. Over the past few years banks have reversed course from investing in big brick and mortar branches to smaller satellite and micro branches and new digital banking and marketing technology. Now it is all about migrating and aligning a bank's channels and resources to support its customers' busy schedules and personal preferences.



## **ATM Managed Services – More services while reducing management expense**

In our increasingly regulated and competitive economy it is imperative for you to capture the maximum return on your technology investments – and that includes your extremely valuable but often overlooked fleet of ATMs.

The amount of time and money dedicated to keeping the ATM fleet operating at optimum efficiency and in full compliance can be cost prohibitive for many financial institutions. According to Deloitte the average ATM maintenance cost runs \$165 a month. ATM vendor Diebold reports that each new ATM costs \$15,000 to \$65,000, depending on how sophisticated the requested technology is priced. A recent industry report from CO-OP shows that ATMs can account for up to 35% of a financial institution’s annual operations budget.

*What is the most effective way for financial institutions to address this challenge?*

By contracting for ATM Managed Services.

The research and consulting firm Celent reports that financial institutions can save 15 to 25 percent on ATM management services by outsourcing.

### **Managing ATMs is critical but does not have to be time consuming and expensive**

Many institutions have opted for a turnkey ATM management solution from Elan Financial Services™ to simplify their lives and reroute their resources and attention to their core business.

Elan provides ATM Managed Services support for nearly 9,100 units. Elan takes a “menu” approach to managed services where we offer a bundled solution that covers all aspects of the ATM or alternatively, a subset of the services. Elan’s Managed Services extend from first line maintenance and cash replenishment to anti-skimming protection and regulatory and compliance management.

When you choose Elan you get both unmatched ATM cardholder protection services and the best regulatory and compliance industry expertise.

### **ATM Managed Services addresses security concerns**

On April 8, 2016 the New York Times reported ATM skimming was up over 500%. The article stated, “FICO Card Alert Service, which monitors activity at ATMs for bank clients, is reporting a six fold increase in the number of machines in the United States compromised by criminals in 2015, compared with 2014.”

Elan ATM Managed Services will help you meet the threat of ATM skimming “head-on” with a cutting-edge anti-skimming device that offers the very latest in ATM fraud prevention technologies. The anti-skimming device is easy to upgrade in the field at a fraction of the cost of replacing the entire unit. With this technology installed on your ATMs, your customers can be confident that their information is fully protected.

### **Keeping Current with Regulatory and Compliance concerns**

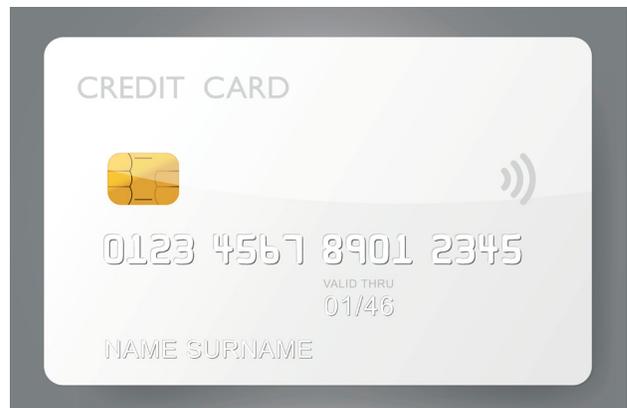
Beginning October 21, 2016, a liability shift hierarchy will be introduced for ATM transactions in the U.S. This new EMV® liability shift will apply to all MasterCard® branded products across all transactions initiated at U.S. ATMs.

October 1, 2017 is the Visa® deadline to shift liability for counterfeit-card fraud to owners of machines not equipped to accept EMV cards. (One year later than the deadline set by MasterCard).

After these liability shift dates Visa and MasterCard will align their liability for fraudulent ATM transactions to the party acquirer or issuer that has not adopted EMV chip technology.

If an ATM cannot accept EMV chipped cards after the liability shift dates, the ATM acquirer will bear the cost for the counterfeit fraud. Currently, this liability falls on the card issuer.

The U.S. Secret Service estimates the average ATM skimming incident after the October 1, 2016 liability transition date will result in a loss of \$50,000. Now is the time to get on board with ATM Managed Services and upgrade your ATMs for EMV.



### **Optimizing Cash Management**

Every financial institution wants to avoid cash outages and surpluses. Elan ATM Managed Services addresses these issues with cash forecasting, cash ordering, armored carrier scheduling and ongoing cash balance monitoring and reporting for fast, accurate settlement and reconciliation.

### **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. 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. Elan ATM Managed Services can help you improve uptime through ATM status monitoring and diagnostic solutions designed to increase the availability of your ATMs terminals without adding capital expense. Elan ATM Managed Services also provides first and second line maintenance (ATM repair services that increase up-time by efficiently managing paper supplies, currency jams, cash receipts and more), on-site technical support, regular compliance inspections and state-of-the-art ATM upkeep.

### **More Reminders Why Your ATMs Are So Valuable – and Need Managed Services**

ATMs play a more important role for your financial institution than ever before and now is the time to protect your investment and optimize your ATM channel.

The cost of transactions performed at the ATM is far lower than transactions through bank tellers. Outsourcing more of the traditional branch operations to automated teller machines can significantly lower costs. ATMs are also not restricted by traditional banking hours, providing service for longer periods of time and increasing the level of convenience for current and potential clientele.



### **Making the case - Now is the time to make the switch to ATM Managed Services**

We have presented the evidence and made the case for ATM Managed Services. A flexible, turnkey ATM program can offer complete client support and card management but Elan also offers a modified outsourcing plan, in which the financial institution owns the ATMs and contracts with Elan for only the services that are needed. With either type of program you can be assured of receiving the expertise and technology to prepare your ATMs for the future – and it won't be long before you will be investing in emerging technologies such as contactless cards, mobile phone integration, coin handling and cash recycling. From the outset, Elan has been a pioneer in ATM Managed Services, understanding the current technology and regulations and looking beyond today's solutions, ready for everything that lies ahead. Elan is focused on customer needs and we have redefined ATM Managed Services by creating a competitive operations advantage for our clients by improving customer engagement, ATM usage and convenience while simultaneously reducing ATM management expense.

Financial institutions 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 touch-point – your fleet of ATMs. Elan Financial Services is the right partner for outsourced managed services, with the tools and the dedicated staff in place to make sure your ATMs have the same engaging appeal and convenience as well as the best “uptime” in the industry.

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## **About the sponsor:**

*Elan Financial Services, based in Pittsburgh, Pennsylvania, is a business unit of U.S. Bank National Association. Elan has provided a full range of processing and payments products and services to ISOs and financial institutions for over 40 years, including ATM and debit card processing. A leading debit card issuer, Elan also provides transaction processing, terminal driving and monitoring services for over 34,000 ATMs nationwide and supports over 13 million ATM and debit cards.*