

MoneyPass surcharge-free ATM network delivers growth for Welch ATM

For retailers who want to increase in-store traffic and drive sales volume, surcharge-free ATM access can deliver great results

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The players

MoneyPass is a network of Elan Financial Services, one of the nation's leading providers of comprehensive ATM and debit card processing solutions for financial institutions, independent ATM deployers (IADs), and retailers.

MoneyPass provides surcharge-free access at more than 23,000 ATMs across the United States, allowing cardholders to access their money where they live, work and travel. In addition to traditional financial institution channels, the company works with IADs and several national retailers to offer surcharge-free ATM access to their customers.

With nearly 1,600 participating organizations and more than 60 million active cardholders, MoneyPass is a rapidly growing surcharge-free network that provides cost-efficient participation options, flexible terms and accessible locations. MoneyPass also offers PIN Debit Point of Sale service and shared deposits for participating financial institutions.

Chesterfield, Mo.-based **Welch ATM** provides an array of ATM solutions including ATM processing, surcharge-free options, branding, co-branding, managed



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services, placement and more. Welch ATM is one of the largest ATM companies in the United States, and a leader in the industry. The company currently manages more than 19,000 ATMs nationwide.

The challenge

As a large IAD, Welch ATM was looking for ways to add value for its retail customers that host ATMs. Welch ATM already used Elan Financial Services for its ATM processing, so it was a natural next-step to develop a relationship with MoneyPass, the surcharge-free network from Elan Financial Services.

In implementing a surcharge-free network, there is a financial trade-off to consider. On one hand, retailers and IADs will lose

surcharge fee income. But on the other hand, with MoneyPass the increased user and transaction volume results in additional interchange revenue for the IAD and stronger sales and customer loyalty for the retailer, said Doug Miraglia, president of MoneyPass.

“The IAD benefits from the surcharge-free network because they get interchange passed to them from the card issuer – and normally a MoneyPass cardholder makes more transactions than a typical debit card holder,” he said.

The solution

Welch ATM began offering the MoneyPass network to its customers in 2010. Since then, the company has conducted pilot programs with two national retail chains to offer MoneyPass at their in-store ATMs. Based on the results from the trials, the chains are rolling out MoneyPass to 1,000 and 2,000 locations respectively, according to Jeff Hewitt, president of Welch ATM.

By offering MoneyPass, an IAD can increase the market share for an ATM location. Users can find MoneyPass ATMs via its website and mobile apps, as well as through in-store promotion. The lure of surcharge-free transactions diverts customers to the surcharge-free ATM from other ATMs, more than offsetting any loss of surcharge revenue.

The addition of surcharge-free transactions creates a chain of events that drives increased revenue opportunities for all parties in the chain. Customers withdraw cash inside the merchant’s store, and some of that cash is then spent on merchandise from the store. ATM usage



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volume and interchange increases for the IAD. Also, the retailer increases over-the-counter sales of stored-value cards as part of its retail strategy and boosts in-store purchases as well. And ultimately consumers benefit from surcharge-free transactions.

“The merchant, the card issuer, the card holder and the ATM IAD all benefit from this circular arrangement that provides a high value to the card holder,” Miraglia said.

One fast-growing market segment for retail locations with ATMs is the unbanked and underbanked population, which consists of individuals who do not have a traditional relationship with a financial institution. Many General Purpose Reloadable (GPR) cards that the unbanked users typically rely on for financial transactions offer surcharge-free ATM access through MoneyPass.

When a national retailer sells customers GPR cards over the counter, it can then provide those cardholders surcharge-free access to the funds on that card via the in-store ATM. The store clerk can direct the customer to access funds on the card via the ATM.

“The benefit to the merchant is they get a chance to sell a prepaid card to their client and service the unbanked or underbanked customers with the obvious hope they’ll continue to frequent that store,” Miraglia said.

When a retailer adds MoneyPass access to a GPR card, prepaid debit transactions at the ATM increase across the network.

“Underbanked cardholders are always looking for surcharge-free access and MoneyPass is growing that market with prepaid debit transactions,” Hewitt said.

The results

The key for retailers’ acceptance of MoneyPass was their desire to increase GPR card transactions and improve sales revenues, Hewitt said. MoneyPass makes financial sense for larger retailers for which surcharge fees are a small portion of revenues, and that see a market in selling prepaid cards. However, a small, independent retailer may be reluctant to give up the surcharge income.

“They have to understand not only how much surcharge revenue they’re going to lose but also how many more transactions they’ll bring into the store,” Hewitt said. “The MoneyPass network absolutely does drive customers into merchant locations that offer the surcharge-free ATM network.”

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One factor to keep in mind is that the majority of ATM users actively seek out machines that do not assess a surcharge. Whether they use surcharge-free ATMs offered by their financial institution or an affiliated network, they will be enticed to visit their favorite discount or convenience store if it also has a surcharge-free ATM.

“With a surcharge-free network, you’re not only taking the transaction from another store, but you’re getting the customers that would normally only go to their own bank and not pay a surcharge,” Hewitt said.

Ultimately, a surcharge-free network is a powerful solution for a retailer who understands the value of increased customer foot traffic and transactions as opposed to incremental revenue generated on a per-transaction basis at the ATM.

“It’s for retailers who are trying to get the greatest value out of their ATM program, not just the greatest amount of money out of every ATM transaction,” Hewitt said.

About the sponsor: *Elan Financial Services is a business unit of Minneapolis-based U.S. Bank. For more than 40 years, Elan has provided a full range of payments, products and services to IADs and financial institutions. Visit www.moneypass.com for more information about Elan’s surcharge-free MoneyPass network.*