

As a channel, the ATM is maturing. Initially the ATM was viewed as just a cash dispenser, but today ATMs play a much broader role within branch transformation and in the banking relationship as a whole. As financial institutions look to the ATM to enhance customer engagement and provide new revenue generating opportunities, significant investments are required to expand the ATM's capabilities. Justifying this type of investment requires building a business case for an improved customer experience that will increase customer retention, increase revenue, reduce costs, or all the above.

This white paper looks at the benefits of real time monitoring for the purpose of analysis of ATM performance and ways to assess the impact of reducing failed ATM transactions as it relates to ROI.

# ATM Availability

Back in the days when ATMs were used solely for cash dispensing and deposits, and only interfaced with the switch, if the ATM and network were functioning one could assume that customers were able to successfully transact. In today's competitive environment more and more services are being migrated from tellers to self-service and the importance of self-service platform availability increases. Today, with the broad range of ATM transaction types, and multiple interfaces to various internal (and even external) systems and services, ATM transactions are more complex than ever before. With this complexity comes the potential for more complex issues and the need for proactive real time monitoring and analysis of ATM performance becomes critical.

For example, customers may be able to withdraw or deposit, but what if:

- Promotional marketing screens aren't being displayed
- Bill Payments or Mobile Top-Ups are failing
- Pre-staged transactions are not working

Clearly, availability alone is an inadequate measure to provide the level of detail needed to assess the customer experience and give the insight needed to improve ATM performance. What is needed is a way to look at this from the customer's perspective and identify those instances where the customer was unable to successfully complete enabled transactions/interactions. This necessitates the monitoring of each component of the end-to-end transaction flow—core banking, LAN, switch, networks, hardware/software, cash levels, as well as third-party systems. This type of visibility is key to improving customer experience and improving profitability.

#### Real-time Fleet Monitoring

Of course, the next you must identify the root cause of these failures. Are there patterns that can be unearthed (failures at certain locations, with particular ATM types, or during specific times of day, etc.)?

By capturing a record of every customer interaction at every ATM in the fleet you can transform the way you manage the ATM channel. Euronet's ATM Channel Manager's (ACM) provides real-time electronic journaling and logging. With ACM this data is easily exported for further analysis. With some simple data manipulation (substituting codes with plain text values and labels such as replacing ATM ID with the ATM Name, replacing status codes with descriptors such as APPROVED or DECLINED, mapping transaction type codes with descriptors such as balance inquiry or bill payment) this data becomes easy to understand and view.

Using real-time monitoring of your ATM fleet paired with basic data analytics your operations team, marketing group and channel management can gain valuable insights into the performance of each ATM and a more customer-centric view of the ATM experience. These insights not only help operations identify the issues that customers are experiencing but can also help to determine why the issues are occurring and potential resolutions. Channel Management can use these same analytics to build a highly accurate understanding of how customers are interacting with the ATM—which services are most highly utilized by card type, location, time of day, season, etc.,.; which customer segments are using the ATM; which offers are being accepted most frequently, which new services may need to be promoted to increase awareness and adoption, etc.,.

Utilizing this type of data and analytics will benefit your organization in multiple ways, especially in these areas:

- Proactive issue identification/Quicker issue resolution
- Greater awareness of customer experience, usage patterns and feature value
  - Improved promotion response
  - o ATM Placement
  - More efficient cash management
- Understanding channel profitability
- ATM Fraud

Let's explore each of these areas further.

# Proactive Issue Identification/Quicker Issue Resolution

When customer interactions at the ATM are unsuccessful not only are you increasing customer dissatisfaction and impacting brand loyalty, but you're likely to be missing out on revenue as well. The quicker the issue can be identified and resolved, the better.

With ACM's real-time fleet monitoring you can identify issues quickly. ACM's TMS Incident Management functionality allows incident types to be mapped to incident groups so that these teams are given notification as soon as issues are identified. The system sends alerts by SMS and/or email. With the right individuals engaged, troubleshooting and issue resolution can occur in a timely manner, minimizing lost revenue opportunities and customer dissatisfaction.

Annual Revenue Increase resulting from 1% increase in availability due to RT Monitoring		\$28,800.00
Lost Revenue due to Failed Off-Us Transactions/Yr	\$43,200.00	\$14,400.00
Lost Revenue due to Failed Off-Us Transactions/Mo	\$3,600.00	\$1,200.00
Average Number of Failed Off-Us Transactions	1800	600
Off-Us Surcharge Revenue/Transaction	\$2.00	\$2.00
Average Number of Off-Us Transactions/Month	120000	120000
Percentage of Total Transactions by Off-Us Users	20%	20%
Number of Failed Transactions for Fleet/Month	9000	3000
Current Fleet Availability Average	98.50%	99.50%
Total Number of Transactions for Fleet / Month	600000	600000
Number of Transactions per ATM per Month	6000	6000
Number of ATMs	100	100

Table 1 - The table shows an example of potential revenue impact if availability is increased by 1%:

Of course, resolving issues more quickly also means reduced operational costs.

	Before	After
Number of Transactions Incidents Per Year	200	150
Number of Resources Engaged Per Incident	2.5	1.5
Average time to identify root cause and work to resolution (days)	3	1.5
Total person-days for incident resolution	1500	337.5
Total person-hours for incident resolution	12000	2700
Staff average hourly rate	\$45	\$45
	\$540,000	\$121,500
Savings with 25% reduction in Transaction Incidents and 40% reduction in time	\$418,500	

Table 2 - shows an example of how reducing the number of incidents and the amount of time it takes to resolve the issue can have a very positive effect on reducing costs

### Customer Experience & Usage Patterns

Today's consumers are becoming more tech savvy each day. With this growing knowledge comes higher expectations for service providers. This holds true for financial services, as well. Financial institutions are challenged with keeping up with

the expanding demands of consumers while also maintaining profitability. Ironically, while consumers expectations have increased, their tolerance for service failures has decreased, as has their brand loyalty. Because of this, providers must be ever mindful of system performance.

While real-time monitoring can serve to improve transaction completion rates, analysis of the end-to-end customer experience can lead to improved screen flow efficiencies and greater customer convenience. Typically, the more features/services enabled at an ATM, the greater the hardware and software costs for that location. Ensuring that each location has the right mix of ATM hardware and feature capabilities is an important step in optimizing your fleet. Understanding the "who, when, how & where" of ATM usage positions your organization to make the most of ATM placement. Some of the questions that should be answered include:

- Which ATMs are used most frequently? Are there differences other than location (such as hardware/feature availability) that can explain this difference?
- Which customer segments are using each ATM? Are there significant differences in the types of customers from one location to the next?
- Are some features being underutilized at some locations? Is this due to the types of customers that most typically
  utilize these locations? Or, is it due to a lack of awareness by the customer segments that are using this location?
  Could usage of the services at these locations be improved with feature awareness campaigns to educate
  customers on feature availability and benefits?
- Which promotional offers are being most successful? Is the difference due to where in the transaction the
  promotion is being placed? Or is it due to what is being offered? Are there significant variances in the acceptance
  rate from one location to the next? From one BIN type to the next?
- Which ATMs have excess cash stock? Which ATMs have a need for increased cash stock? Is CIT optimized?

# **Channel Profitability**

Armed with ATM usage and performance data, ATM Channel Management can make informed decisions to positively impact overall channel profitability. Determining what type of ATMs to deploy, the right feature mix for each ATM, improved targeting strategies and promotional offers can all be guided by the data gathered through this process.

Additionally, as failed ATM transactions and issue resolution times are reduced, customer satisfaction levels should rise, and retention levels should improve.

#### **ATM Fraud**

Real-time monitoring and rules-based alerting can be very effective when it comes to limiting ATM fraud. While there will always be new fraud methods being developed by unscrupulous individuals, monitoring for the following will go along way in protecting your fleet:

- Repeat card usage outside the normal volume
- High levels of foreign card usage outside normal thresholds
- Missing back-end transactions; Unexpected stand-in modes

With ACM alerting, your operations team can be notified by SMS or email of suspicious activity within the fleet and act quickly to minimize the threat impact.

# Real-time Monitoring Payoff

As today's financial institutions look to the future and the rise in digital banking, modern ATM fleets equipped with high-demand features and convenience services will play a significant role in maintaining the organizations competitive edge. It's easy to see that an investment in real-time monitoring and analysis of the ATM can pay off in a multitude of ways. Capturing and analyzing ATM transaction data can help you discover problems sooner, resolve them quicker, and provide the detailed information needed to fully optimize the ATM channel. Those institutions that make use of the wealth of customer behavior and usage data available will have the insights needed to develop and maintain a robust ATM channel management strategy.