



SELF-SERVICE INNOVATION:
THE ATM
AS DIGITAL MARKETPLACE

the ATM is maturing

"The winners will be those payment providers who are the most creative, flexible and adaptable in meeting customer and regulator expectations with new innovative solutions."

"No one operating along the payments value chain can stand still. Those that will succeed are already differentiating themselves from the competition. Meeting these market demands is the new normal."

John Eggleton, Payments Journal

It's been just over 50 years since the first ATM was introduced in 1967 and transformed banking. For some financial institutions, little has changed with their ATM channel in regard to the services that it provides. However, in this day and age new competitors and new approaches to banking and payments are coming about faster than ever before. Everything from who provides these services to how they are accessed is undergoing a major shift.

ATMs have enormous potential that previously has been mostly untapped, largely due to ATM vendor software limitations. In the past, the primary threat to banks in the ATM space has come from Independent ATM Deployers (IADs). However, because the ATMs historically used by IADs are terminal controlled and have even greater software limitations than the ATMs used by banks, IADs have not posed a threat from an innovation standpoint. However, today banks are finding themselves in competition with a growing legion of FinTechs that aren't burdened with cumbersome legacy platforms--FinTechs that live and breathe innovation. All of this at a time when banks are closing branches to reduce costs while their customers' expectations of them are growing by leaps and bounds. In this light it's easy to see why these vendor limitations are no longer acceptable and why identifying new opportunities for growing the bank's base and finding innovative ways to engage with customers is a strategic necessity.

As FI's look to the ATM to enhance customer engagement and provide new revenue generation opportunities, significant investment is required to break free from the legacy applications that have held banks captive and limited their ability to modernize ATM services. Justifying an expenditure such as this requires building a business case for an improved customer experience that will increase customer retention, streamline fleet operations, deliver new revenue generation opportunities, or all of the above.

Euronet ATM Channel Manager (ACM) solution provides the tools needed for financial institutions to take command of their ATM fleet and overcome the limitations related to ATM channel innovation. This paper examines the impacts of ACM in each of these key areas as well as the potential return on investment and other benefits.

ATM Maturity Model



ENHANCED CUSTOMER EXPERIENCE

INCREASED REVENUE GENERATION

Customer Engagement

One of the first rules of business success is customer retention. The key to building these long-standing relationships is customer satisfaction. What are the factors that contribute to customer satisfaction? According to Forrester, 73 percent of consumers say that valuing their time is the most important thing a company can do.

ACM allows FI's to demonstrate that they value the customer's time and make the most of customer ATM interactions in multiple ways. First, by allowing customers to save a set of as many as seven preferred transaction shortcuts, customers can quickly and easily access the transactions that they most typically perform. This means that for most customer interactions the customer can access a saved transaction shortcut and reduce the total transaction time. It also helps to nurture the perception that the FI "knows" the customer and is familiar with their routine. And because the transaction shortcuts are customer maintained, updating the shortcuts is a simple process that takes effect immediately allowing customers to keep the preferences current as their needs and lifestyle may change.

Additionally, ACM supports the use of the ATM as a digital billboard displaying targeted messaging and product offers based on a host of customer characteristics so that customers can receive timely and relevant information about beneficial services, or even notifications of changes in bank policies or hours of operation such as the example below. Doing so doesn't have to add time to the transaction as ACM uses the seconds while account information is being retrieved or while cash is being dispensed to display either video or still images promoting a product or service.



FNBB is considering extending the hours at this branch, and we value your input. Currently the branch closes at 5 p.m. each weekday.

If the branch hours were extended to 7 p.m. Monday through Friday would this be a significantly positive change for you?

Yes, I would value this change

This change would not be meaningful to me.

ACM can be used to gather customer input on proposed operational changes.

Another way ACM supports customer convenience and time saving is the ability to purchase virtually any product or service via the ATM. From banking products to third-party offerings, ACM allows the ATM to function as digital marketplace. FI's can use their own market intelligence to determine which products or services are most meaningful to their customer base. ACM even allows the flexibility to vary the products and services by ATM location, allowing for just the right product mix at each ATM. This not only ensures that customers have the services they are looking for, but also reduces fleet costs by only deploying the hardware and functions where they are truly needed.

Whether you're offering your own internal products such as car loans or prepaid cards, or even third-party products such as transportation fares, mobile top-ups, or event tickets, ACM provides the tools and flexibility to expand your offerings as best fits your market. Perhaps you have ATMs in locations that are frequented by many tourists. With ACM you may choose to offer items such as tour packages or admission tickets for local tourist attractions, all with dynamic currency conversion so that the transaction takes place in the currency the customer is most familiar with—their home currency.

How do promotions at the ATM compare to traditional direct marketing methods?

Because the ATM is a trusted channel, one that users are already familiar and comfortable with, ATM promotions typically out-perform other delivery methods.

The table below details some of the advantages to marketing at the ATM.

Success Factors	Direct Mail	eMail	ATM Marketing
Delivery to Intended Recipient	Dependent upon list source	Dependent upon list source	100%
Open Rate	30% ²	21% (house list) ¹ 16.4 % (prospect list) ¹	100%
Response Rate	5.3% (House List) ¹ 2.9 % (Prospect List) ¹	.6% (House List) ¹ .3% (Prospect List) ¹	100%
Avg Conversion Rates	1 – 2%	4.3% ¹	2 – 4% ³
Coverage of Customer Base	Varies by organization	Varies depending on organizations efforts to capture and update email info	75% of Base ² + Off-Us Users
Costs	Production, Postage, Fulfillment, List Purchase if Prospecting	Production & Fulfillment, List Purchase if Prospecting	Production & Fulfillment

¹<https://www.iwco.com/blog/2017/01/20/direct-mail-response-rates-and-2016-dma-report/>

²<https://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201603.pdf>

³https://www.firstdata.com/downloads/thought-leadership/fd_atm_advertising_marketinsights.pdf

What does all of this mean in terms of dollars and cents? Of course, it can vary depending on several factors, such as:

- Is the offer for an internal banking product or a third-party product? If it is an internal banking product revenue would be calculated based on the annual profit margin for that product. If for a third-party the revenue would be generated by charging for the number of times the ad was displayed.
- The number of ATMs in your fleet
- The number of customers who “qualify” for the offer which depends on the product and your targeting method
- The average number of transactions per ATM/month
- The annual revenue associated with the product being offered; that is—is it a Platinum Card with a \$75 annual fee, or is it an insurance product with a \$500 annual rate?

In the table below, you can see the potential annual revenue and how it varies depending on these factors. In this example we assumed the product was an internal banking product, that 25% of ATM users would qualify for the offer (the ad is only displayed to qualified customers), and that the annual revenue associated with the product was \$75. Even with a relatively small fleet of ATMs (50), and a 1% conversion rate (which is at the low end of the average acceptance rate), just this one campaign has the potential to generate over \$100,000 per year.

# of ATMs	Avg Trans/Mo/ATM	# Ad Opps/Mo (Assuming Ads to 25% of TRX)	# Ad Opps/Yr	Avg Conv Rate	# Conv per year	Avg Value of Conv	Potential Rev/Yr
500	2500	312500	3750000	4%	150000	\$75	\$ 11,250,000.00
500	2500	312500	3750000	1%	37500	\$75	\$ 2,812,500.00
200	2500	125000	1500000	4%	60000	\$75	\$ 4,500,000.00
200	2500	125000	1500000	1%	15000	\$75	\$ 1,125,000.00
100	1000	25000	300000	4%	12000	\$75	\$900,000
100	1000	25000	300000	1%	3000	\$75	\$225,000
50	1000	12500	150000	4%	6000	\$75	\$450,000
50	1000	12500	150000	1%	1500	\$75	\$112,500

Potential revenue generation for one campaign over a 12 month period

ATM users are a captive audience.



Coffee
house

401 West Main Street

Try our
delicious
coffees,
sandwiches
and desserts



Discount Coupon
Dispensed on Your Receipt.



Coffee
house

**BEST
RESTAURANT**

REDEEM THIS COUPON FOR \$2.00
OFF YOUR NEXT MEAL

**MINI
BITES**

VEGAN TOAST
BILLY'S PIZZA
FRENCH TOAST

**HOT
DRINKS**

HOT CHOCOLATE
GREEN TEA
VANILLA TEA
WHITE CHOCOLATE

DESSERTS

CHOCOLATE
CHEESECAKE
CHOCOLATE

It may be that you have ATMs in retail locations that provide an opportunity to partner with nearby businesses, particularly if those businesses are also customers of your institution. Perhaps you run promotions during mealtimes for a local restaurant. Since ACM also supports couponing, either printed on the customers receipt or dispensed from one of the ATM cash cassettes, you can charge the business an additional amount for advertisements that include coupon dispensing. Coupons can be enhanced with images that tie back to the on-screen advertisement, as well as with barcodes and/or QR codes to assist with tracking redemption of the coupons.

Streamlining Fleet Operations

ACM offers a whole host of ways to make fleet management easier and more efficient. Starting with the fact that ACM is a multi-vendor ATM management solution. This means there is no need to have separate development and operations teams for each type of ATM hardware. It also means there's no need to make multiple versions of screen flows and updates for each type of hardware.*

ACM's powerful, browser-based dashboard, TMS provides the tools and real-time data to effectively and efficiently manage your ATM fleet.. Whether the operations team needs to add new types of ATMs to the fleet, set up new participant banks (if you process for multiple banks) or needs to understand the cash levels of ATMs or which ATMs are not functioning up to par, TMS provides real-time status information for each ATM. It also lets you know if a peripheral is having issues, such as the receipt printer or the bill retractor. The display uses color coding (Green=good; Yellow=requires attention; and Red=requires immediate attention) to draw the user's eye to areas that may require additional attention.

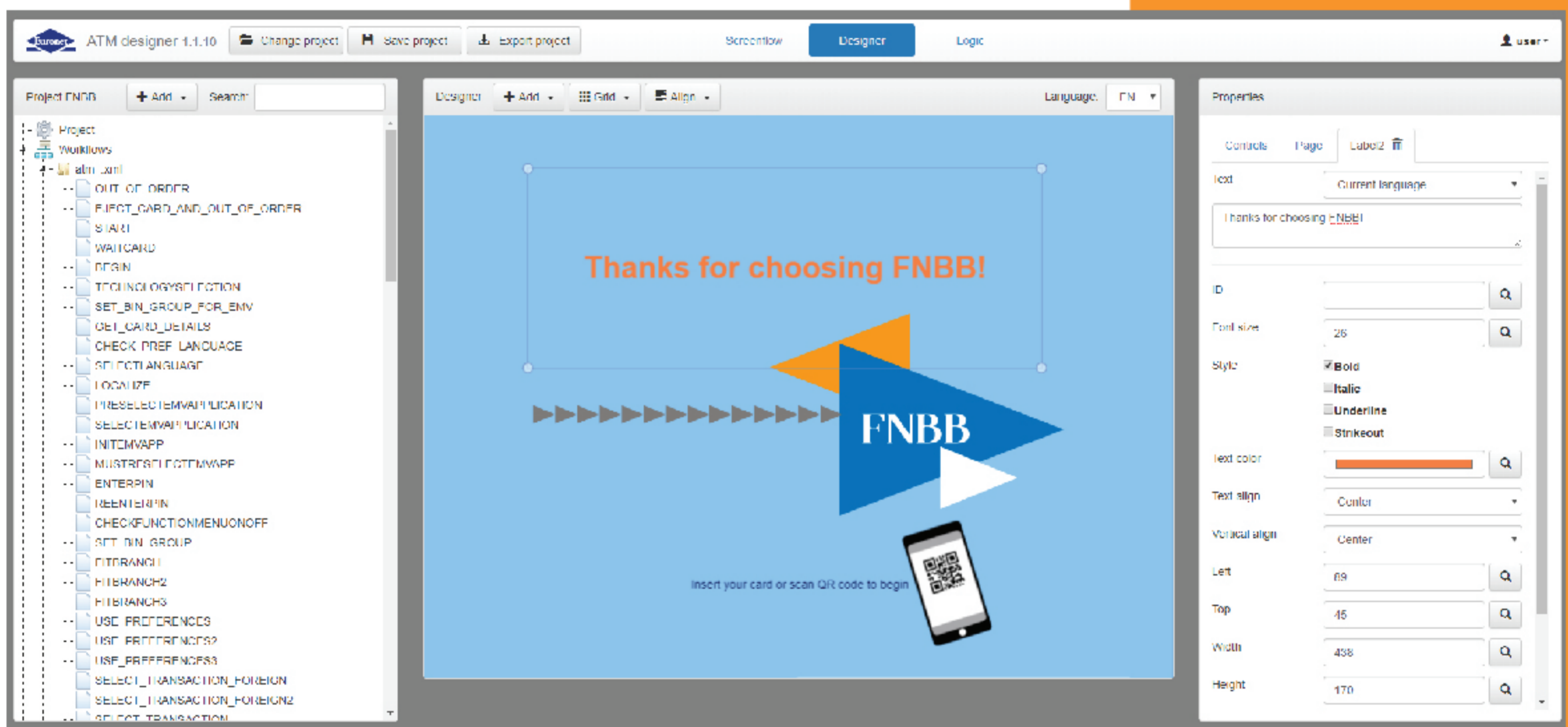
TMS also provides a configurable incident management module that allows each FI the flexibility to establish their own incident classes and map the incident classes to the appropriate personnel groups to ensure that notifications are sent to the right support personnel for timely resolution. Real-time notifications are sent by SMS or email (or both) depending on preference. Additionally, TMS provides real-time electronic journaling and transaction logs. Data can be downloaded in csv format for ad hoc reports or to perform in-depth analysis.

When it comes to increased efficiency and reducing operational costs, TMS's remote commanding does **both**. Whether it's sending updated marketing campaigns or updating ATM software or encryption keys, TMS allows these updates to be scheduled ahead of time and sent to a specific ATM or group of ATMs according to the designated schedule. Because you no longer must send staff to each ATM to perform these updates, there can be a tremendous savings of time and money, especially if you have a large ATM fleet, not to mention the added benefit of being able to perform these types of changes immediately as market changes or security threats may arise.



* ACM has the ability to work with ATM hardware vendor-native device drivers rather than replacing the native device driver with the ACM client. In those instances, it would be necessary to have separate sets of screen flows (one in xml for those ATMs with the ACM client, and another in the protocol required by the hardware vendor, such as NDC+, AdvanceNDC, 912, 91x, NDX, ProCash-NDC, ProCash-DDC and other similar emulations).

Having the flexibility to make updates to screens and add or modify marketing messages quickly is essential for organizations looking to transform their ATMs into sophisticated digital marketplaces. Perhaps, one of ACMs most game-changing functions is the ability to empower marketing resources to make branding and imagery changes on their own—without IT staff support. Using ACM's Designer module, marketing can easily insert new images, change fonts, colors, screen text, button shapes and labels with ease. Making these types of changes is a simple matter of drag & drop or point & click. With Designer, users can update ATM screen imagery as well as make updates to receipt layout and imagery to ensure that the organizations branding and image is reinforced and supported with all transactions. For institutions seeking to generate revenues from third party advertising this functionality helps to ensure that sponsored ads and imagery are easily managed.



ACM Designer UI

Designer allows users to upload both still images and videos which are added to the application's "library". Being able to layer and resize objects provides a great deal of design flexibility and means the objects can be reused on multiple screens in varying sizes and orientations as needed reducing the amount of work required creating varying sizes of logos, artwork, etc.

Once changes have been made, the screen xml files can be loaded to the ACM Simulator via remote commanding in TMS and marketing can run simulated transactions to verify that everything looks and functions correctly. Marketing being able to see their changes in action can be a real time saver by reducing the number of revisions required and eliminating the back and forth between marketing and IT. Once marketing has verified everything works as planned, the updated xmls can be handed off to operations for final testing in the ATM lab and then scheduled for deployment to production ATMs via remote commanding in TMS.

Maximizing the Potential of your ATM Fleet

As a key component of your organizations self-service innovation strategy, ACM's comprehensive approach to ATM channel management positions you to maximize every aspect of your ATM fleet. Whether you're driven to reduce costs and/or resources or are looking for ways to modernize the customer experience and move your ATM fleet from cost center to revenue producer, ACM provides the tools to maximize the profitability and performance of your ATM fleet. Perhaps, best of all, ACM positions you to utilize self-service technology to strengthen customer engagement and customer retention.



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