

A woman with long brown hair and bangs is smiling and looking at an ATM screen. The screen displays the STAR Financial Services logo. The background is a blurred indoor setting with warm lighting.

ATM OUTSOURCING FOR COMMUNITY BANKS AND CREDIT UNIONS

A person is holding a tablet computer, looking at the screen. The background is a blurred indoor setting with warm lighting.

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WHY COMMUNITY BANKS AND CREDIT UNIONS ARE TURNING TO ATM OUTSOURCING

ATMs have been a traditional part of banking since the first ATM debuted in London 50 years ago. While a novelty at the time, the ATM launched into widespread use throughout the 1970's and 1980's as consumers became more comfortable with changing technologies and self-service.

Now, with the introduction of mobile phones and continued focus on self-service, ATMs have become more essential than ever for financial institutions to provide easy cash and account access for their cardholders. However, the same technological whirlwind that has launched the ATM and self-service channels into prominence is also contributing to rising costs, making it more difficult for banks and credit unions to budget and maintain a convenient network of ATMs.



Consumers Drive Demand

Consumers are expecting more from their ATMs. According to a new report from ATMmarketplace and Italian software provider Auriga, consumers visit the ATM at least once a month and they want their ATM to do a lot more. Preferences include dispensing in denominations other than \$20, performing real-time transactions and email receipts.

In addition to an overall demand for greater functionality, security and accessibility are also on the minds of consumers. ATM users want to feel more secure throughout their transaction – which accounts for shifting preference toward mobile integration, EMV and other visible security features.

Ongoing ATM Compliance

But consumer preferences are not the only demands being placed on ATMs. Compliance standards are also being updated regularly. The onslaught of changes seems to have begun in 2012 with ADA compliance. ADA mandated that ATM hardware needed updating to meet height, visibility and general accessibility mandates for the disabled.

With cybercrime on the rise, we've also seen an onslaught of additional security measures being mandated including PCI and Triple DES upgrades. It is for security purposes that Window's decision to halt support for XP initiated a wide-spread upgrade deadline for financial institutions and ATM operators.

But compliance changes show no end in sight. Quite a few changes are still on the horizon:



- For many, EMV hardware and software updates are still in implementation phases throughout the U.S.
- The currently favored operating system, Windows 7, is scheduled to become obsolete in 2020.
- The U.S. Office of the Treasury has approved updates to several notes to create a raised tactile feature – which will directly affect currency dispensers including those in ATMs.
- Continued PCI, Triple DES and additional software and hardware compliance updates.
- QR codes, mobile integration and biometrics.

These continuing changes, updates, upgrades and new technologies mean more service, maintenance and monitoring for the ATM – creating drastic changes and challenges for financial institution budgets and additional work for those managing the ATM channel. In order to manage compliance, time and budget, many financial institutions are taking a harder look at outsourcing the operations of their ATM network.

Banks and Credit Unions Turn to Outsourcing

In-house ATM management requires a great deal of time and effort to manage vendors, contracts, cash, maintenance, processing and compliance. Outsourcing, however, consolidates this time and effort to a single, focused ATM provider. While there are many options for outsourcing programs, most programs fall into three basic categories:





1. Institution Owned Machine and Cash, Vendor Management

In this type of program, the financial institution retains ownership of their machines and loads their own cash but contracts the ATM outsourcing provider to handle service, maintenance, processing, compliance and all other aspects of daily operation.

2. Institution Cash, Vendor Owner and Management

In this program, the financial institution retains responsibility for the cash in their machines but pulls the depreciating ATMs off their books. Instead, the bank or credit union leases the locations back from their outsourcing vendor who is responsible for providing all the service, maintenance, compliance and daily operations.

3. Complete Vendor Outsourcing

Financial institutions looking to save the most time and money often select to completely outsource their ATM networks. In this program, the vendor purchases the machines from the institution and provides all the required services to keep the ATMs well-maintained, cash loaded and operating at optimal performance.





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Outsourcing programs offer the opportunity for banks and credit unions to better manage their ATM operations and budget, with a predictable monthly expenditure and regular reports. A single vendor also means one contract, one contact and the bank or credit union gets the much needed time back to focus on providing better customer service to accountholders.

While the ATM continues to prove itself a valuable interface for visibility and accountholder interaction, in today's world of consistently changing technologies, regular compliance upgrades and increased consumer demands for self-service the ATM is also creating a greater drain on financial institution staff time and higher costs for to meet compliance and provide reliable operation.

To save both staff time and budget dollars, banks and credit unions are turning to reliable ATM outsourcing and management providers to supply them with the needed expertise and cost relief they need to continue meeting consumer demands while continuing to provide consumers with reliable ATM touch points.

