THE ATM CHANNEL IS CHALLENGED BY…..

The Cash Management cycle is increasingly costly to operate

Dolphin, with its ATM expertise makes the ideal Partner for managing your ATM & ITM Channel

Cashless

The shift to cashless is increasingly driven by Governments and consumer convenience. Although Cash remains strong it gradually decreases its share of payments. Managing Cash is more costly than ever.

Decreasing Revenues & Increased Costs

Decreasing Interchange Revenues (IRF), increasing costs for managing cash, and drop in transaction volumes

Security & Risk

Increased physical and logical fraudulent attacks

Mobile First

The "Mobile Consumer" represents a major shift in banking experience and asks for continuous investments for mobile-first investments, branch transformation initiatives and network rationalization

Branch Network Restructure

CUs restructure their branch networks, redirecting their efforts towards the mobile customer. The ATM stands out as a channel that is expensive to operate and maintain.

Investments

To keep up credit unions need to continuously invest in new functionality and features and upgrades to their ATM fleet

Euronet.

ATM Trends & Stats

The ATM channel is growing in importance as cardholders migrate to self-service

Euronet **dolphin** DEBIT ACCESS

ARMOR PERFORMANCE

Armor/CIT continues to slip in performance over the last 12 months. Increasing armor issues cause member frustration and require more staff time to deal with issues.

ATMs, Cash & CDFI

Currently over 400k ATMs in the USA. Average amount of cash stored at home: $400. This doubled during the pandemic. Low-income group make 66% of their daily transactions with cash.

CASH USAGE CONTINUES

93% of respondents surveyed stated they have no plans to stop using cash. 1 in 5 transactions in the U.S. are cash based. Average amount of cash in wallet @ $70.

COST OF A TRANSACTION

The average cost of a teller transaction is over 6 times more than that of an ATM transaction. Current estimates are $4.50 for a teller transaction vs. $0.70 for an ATM transaction.

Data & figures gathered at the 2023 Cash In The USA Conference

ATM Event Horizon

- 2023 – NCR discontinued Aptra software license requiring new 5-yr subscription service ($$$)
- 2023 – NCR 6622 & 26 model being sunset
- 2023 – Hyosung 7 series facelift
- 2023 – Diebold files for bankruptcy
- 2023 – NCR suffers ransomware attack
- 2023 – NCR VAR suffers ransom attack (down 9 days)
- 2023 – NCR splits into two entities
- 2024 – NCR Self-Serv (30 series) models being sunset
- 2024 - Diebold Opteva models being sunset
- 2024 – Hyosung 5 series facelift
- 2025 – New PIN Pad requirements for all ATMs
- 2026 – Windows 11 required by year-end
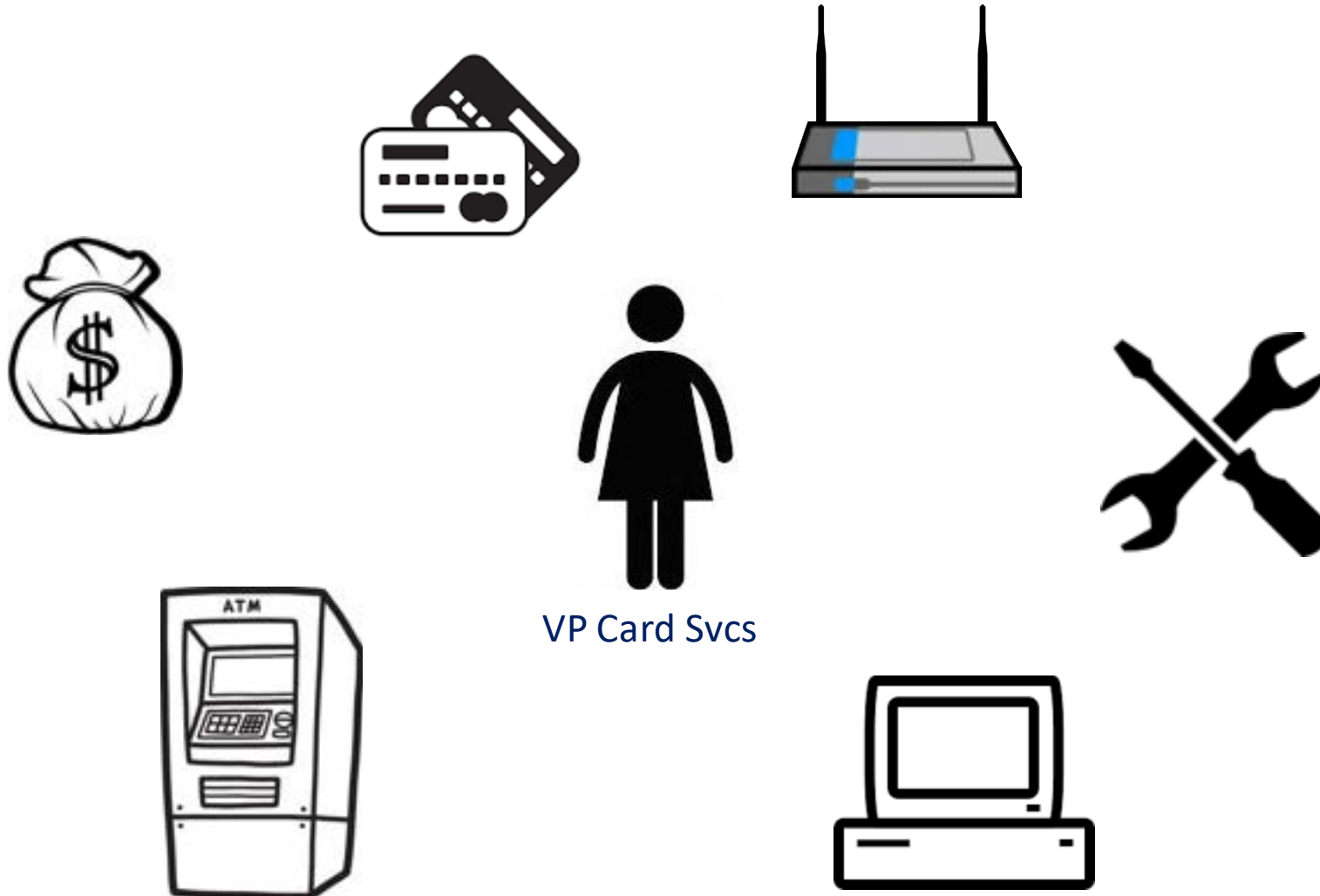- 2027 – Diebold CS model series sunset

Skimming on the Rise

How to combat skimming?
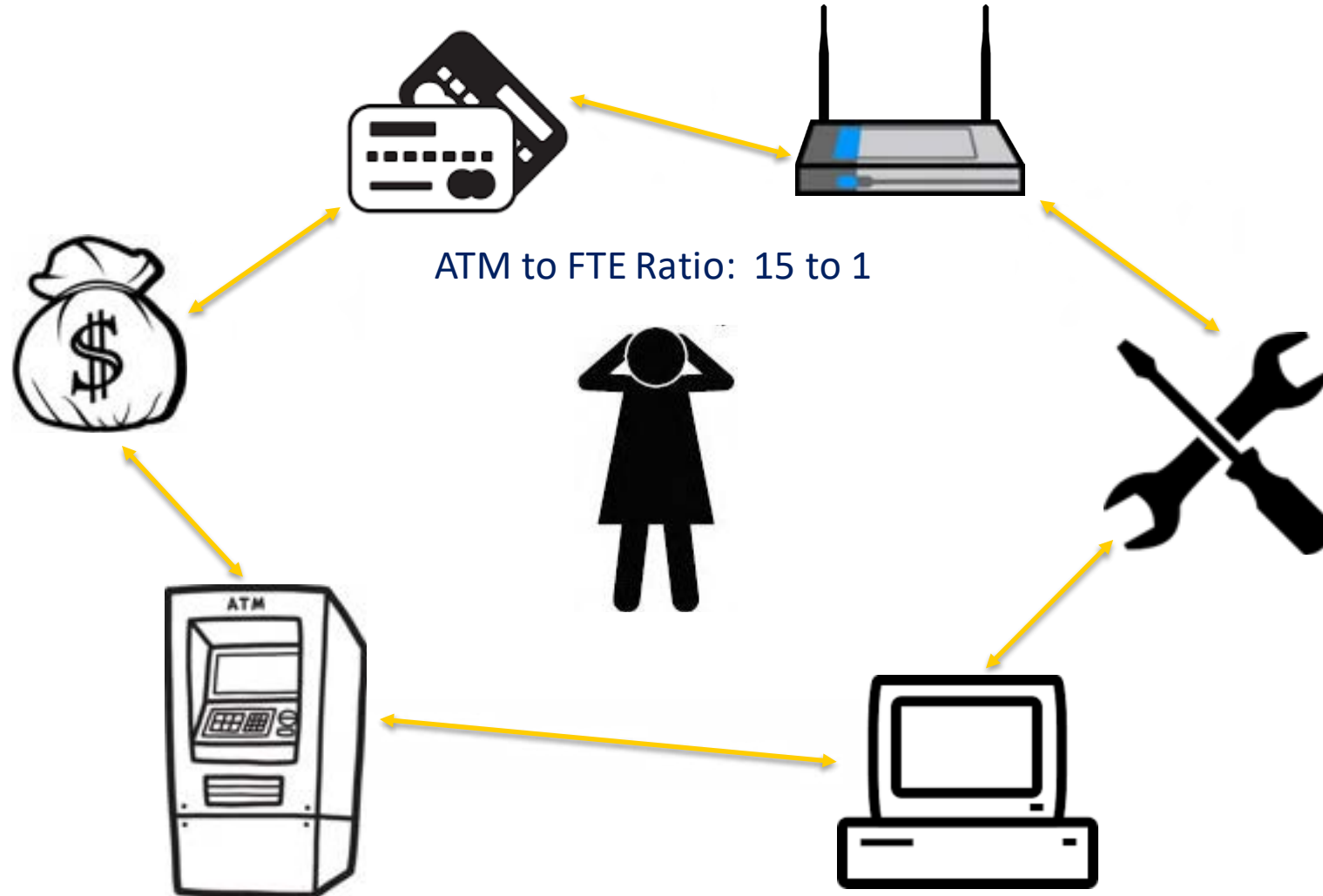
➢ Check your ATM

➢ Check your ATM

➢ Check your ATM

➢ Wiggle Card Reader

➢ Check Edges for Glue / Tape

ATM Staffing
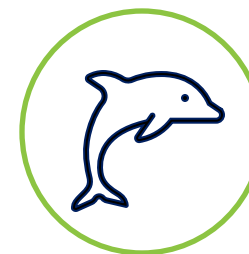
VP Card Svcs

ATM Staffing

ATM to FTE Ratio: 15 to 1

01 Decide the "Why"

It needs to be a Good reason

The "Why" Is Important

Strong Reasons

➤ Staffing Issues

➤ Extending Hours/Services

➤ Drop per Transaction Costs

➤ Growing the Footprint

➤ Reducing Branch Footprint

➤ Self Service Technology = Future

The "Why" Is Important

Not – So - Strong Reasons

➢ The Jones-es

➢ Want to "Try it Out"

➢ Desire to stay "Current"

02 Choose The "How"

Two Paths to Take

Self Service with Core Integration

➤ 85% Transactions can be done self service with

Enhanced Transaction Set

➤ Also performs Standard ATM transactions such as

cash withdrawals and deposits

➤ Active Teller Assistance via Concierge with Tablet in

Lobby Remote Interactive Video

➤ Self Service Technology = Future

Benefits of Self Service with Core Integration

- ➢ Since most transactions are self service, concierge/live tellers engage in more meaningful exchanges with members
- ➢ Remote tellers support drive through and lobby overflow
- ➢ Remote tellers can support more ITM units = less tellers
- ➢ Self Service Technology = Future

Interactive Video Teller

➢ Standard ATM transactions are self service – such as cash withdrawals & deposits

➢ All others are with Face-to-Face remote Video Teller

➢ Replicates in branch experience

➢ Video Tellers can engage customers on other items & cross sell services
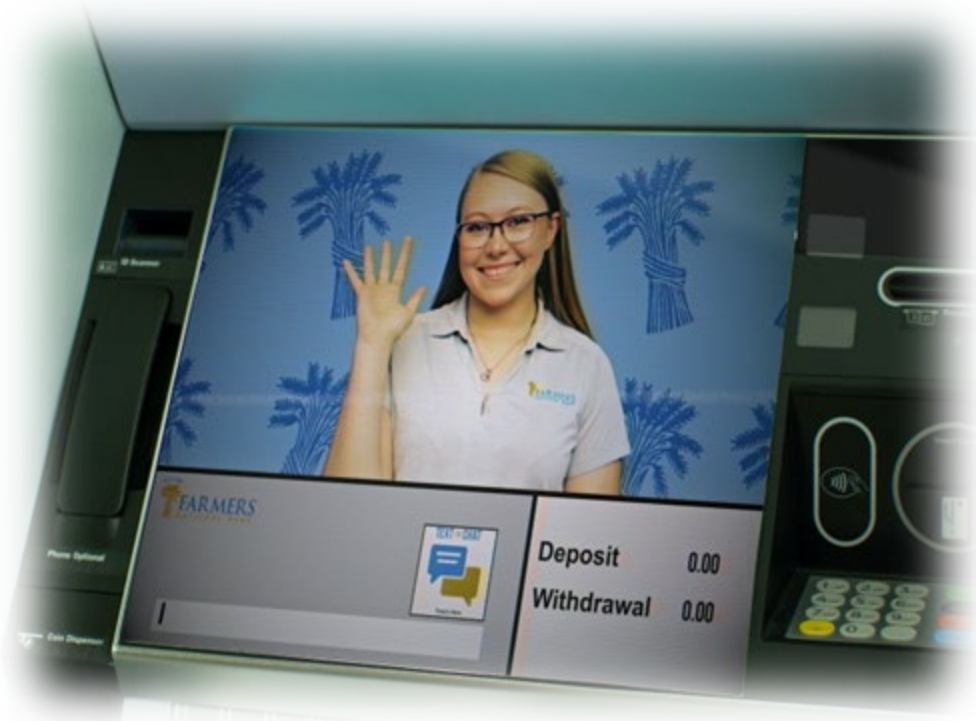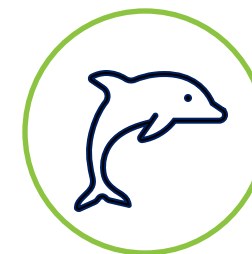
Interactive Video Teller Benefits

- Good for centralizing Teller function via Migration
- Supports CUs with a wide geography

- Changes the drive though culture
- Simpler to adopt across older demographics

03 The Business Case

The Money is the Money is The Money

Know The Pieces

➢ Hardware Expense

➢ Start Up & Professional Services Expense

➢ Annual Software Expense

➢ Ongoing Maintenance

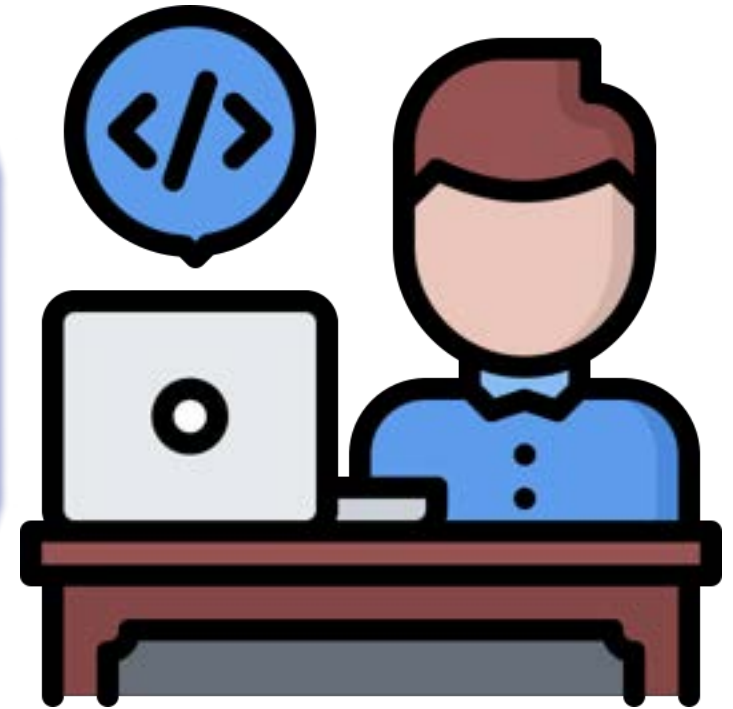➢ Teller Strategy/Human Resource Expense

The Gear

AVERAGE COST $60,000 - $100,000 per ITM

Start Up & Professional Services Expense

- **Back End Server(s) Stand Up - $10,000 - $30,000**
- **Core-side Integration(?) - $0 - $150,000**

Ongoing Expenses

➢ Annual Fees – Licenses - $20,000 -$35,000

➢ Annual Maintenance - $6,000 - $10,000 per unit

➢ Hardware & Compliance - $10,000 - $20,000

CU Responsibilities

- Any necessary construction costs or site prep

- Connectivity to data center or core

- Software agent from check imaging *(i.e. Alogent, Tranzcapture, CFS, etc..)*

- Core provider set up or project costs

- Internal project management

- Internal IT support

- Branding: wraps, kiosks, toppers, etc.

- Ongoing training of internal personnel

- Servers/workstations/tablets for Active Teller transactions & video

- Customization beyond standard core integration

What is Your Teller Strategy?

In Branch Tellers

Drive Through Tellers

- ➤ **Call center set up**

- ➤ **Multiple Shifts for extended hours**

- ➤ **Shorten in-branch hours**

What is Your Branch Strategy?

- ➢ Avg. Commercial $ per sq. ft. = $32.14

- ➢ A reduction in 1,000 sq. ft. = $385k annually

- ➢ Smaller branches = fewer staff required

- ➢ Cashless branch w/ no vault?

ITM: The Stats

- Avg cost of teller transaction: $4.50
- Avg cost for an ATM-ITM transaction: $0.70
- ITM to video teller ratio during peak times: 3-1
- Average ITM teller transaction time: >3 min
- 90% of ITMs are Video Teller vs Core Int.

ITM Deployment Strategy

- SEG branches replaced by ATM units
- Branch interior-exterior remodel
- Remote ATM-ITM being used for charter expansion
- Multiple ATM-ITM units being deployed in micro-branch strategy
- ATM "Fast Cash" lane in drive-thru
- Cashless branches utilizing ATMs as cash source. Branch staff is handling cash.

Typical ITM Project Timeline

- ITM Exploration & Discovery: 4-8 weeks
- Contract Execution: 2-4 weeks
- Internal Project Setup: 2-4 weeks
- Total Project Plan: 6-9 Months*

*Project Plan length depends upon CU meeting deadlines for necessary milestones

Considering Outsourcing?

- ATM Type
  - Resellers
  - ITM Capabilities
- Cash Management & CIT
- Interchange & Transaction Fees
  - Variable Rates
  - Interchange Sharing
- Monitoring
- ATM Driving
- Out-of-Scope
  - Parts & Service
  - Software & Regulatory Updates
  - Emergency Cash

Dolphin's Monitoring & Dispatch

- Dolphin's Monitoring & Dispatch team is staffed 7 days a week to maximize your ITM uptime & performance.
  - Mon-Fri: 6am – 9pm
  - Saturday: 8am – 8pm
  - Sunday: 8am – 5pm
- Dolphin's Monitoring & Dispatch team can perform:
  - Remote access & analysis
  - Remote fixes & restarts
  - Software loads
  - Surcharge changes
  - Marketing screen loads and refreshes
  - First to technician requests for on-site calls

What's Next?

- Cash Deposit Recycling
- Contactless ATM Transactions
- Cardless Payouts
- Cryptocurrency
- ATM Advertising
- Digital Content Sales
- Ticketing
- Dynamic Currency Conversion
- Pre-Paid Card Loading
- International Remittances
- ATM Pooling

ATMs & ITMs made simple

www.dolphindebit.com

Joe Woods, CUDE

SVP, Marketing & Partnerships

PH: 614-378-0367

jwoods@dolphindebit.com

https://www.dolphindebit.com/

THANK YOU !!!

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