Monetizing ATM Innovation

The locations of independent ATMs tend to have less population, lower population density, lower labor force participation rate, less college-educated population, higher unemployment rate, lower median and average income (household and disposable),according to the Locational Study of ATMs in the U.S. by Ownership 2018.

Currently, there are approximately 470,135 ATMs in the U.S., with 191,741 bank-owned and 278,394 independent.

More than two-thirds of ATMs in the U.S. are deployed in various retail locations. This is primarily due to the high proportion of terminals in the market that have been deployed by non-banks, according to the Locational Study of ATMs in the U.S. by Ownership 2018. Convenience stores and drugstores are the most popular locations for deployers.

The study also cites branch closures in the U.S. banking industry in recent years. The study states between July 2016 and June 2017 more than 1,700 bank branches were closed in the U.S. as banks leave less profitable U.S. regions.

FUTURE USE

Though the current need for ATMs is clear, how they fit in the future is under discussion.

"We see cardless, in many forms, as the wave of the future," said David Tente, executive director of the ATM Industry Association. There are already tens of thousands (of ATMS) from bank and independ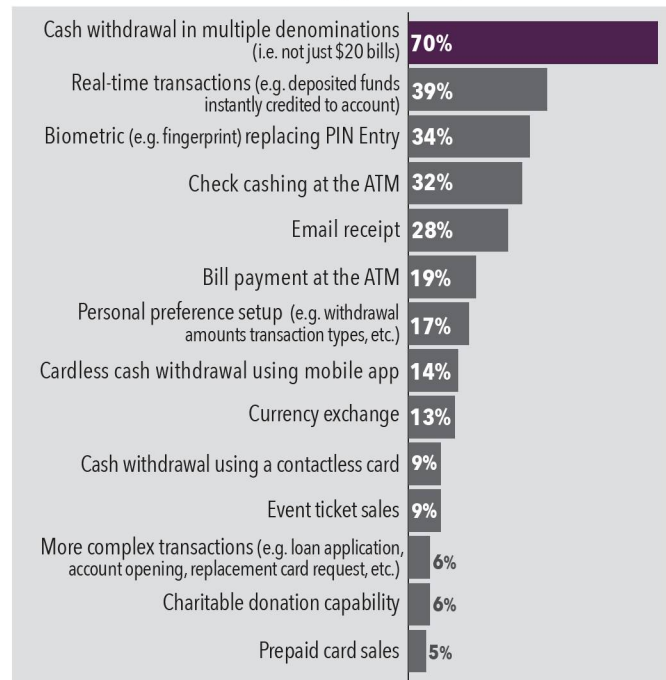ents that are capable of cardless withdrawals. We hear from the global card brands that the internal "plumbing" will be implemented to enable interoperability of debit cards inside of mobile wallets sometime this year. Since virtually no independents have deployed NFC (near field communication) technology, that may not mean anything. However, if you have a chain store franchise with a bank branded ATM; it may get upgraded to NFC."

For now, functionality is a key industry concern.

"The big push now is for increased functionality—additional transaction types that can generate revenue for the ATM owner," said Tente. "Money transfer application, gift and rebate redemptions can be added at a reasonable cost."

More and more ATM toppers are becoming more common in the c-store channel.

One example of ATM toppers belongs to Fort Loramie, Ohio-based Schafer Oil, which does business as Northtowne Sunoco Inc. and owns 14 convenience stores in Ohio. Less than two years ago, the company installed ICS Smart ATM Toppers, which are monitors that display product advertising and other operational functions.
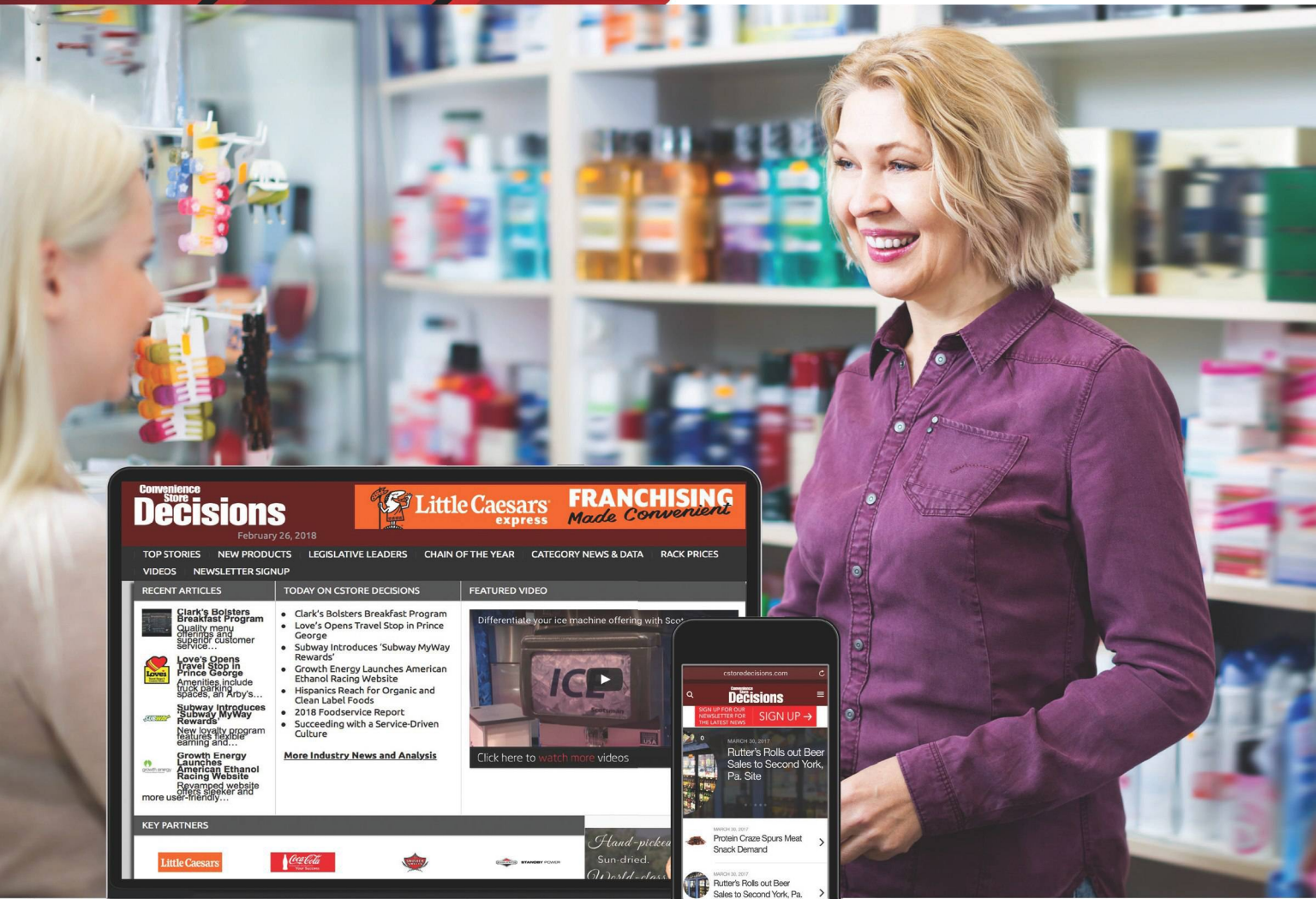
Stacy Kauffman, district manager for Northtowne, said the company has ATM's at 13 of its locations, with toppers on half of the terminals. As a result, the Schafer locations have not only experienced a boost in ATM transactions, but increased store sales as well.

"I believe people do pay attention to the toppers," said Kauffman.

Fast Facts:

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PREFERRED ATM SERVICES

"ATM Future Trends 2017" surveyed 1,000 ATM end-users in the UK and the U.S. about the top three services they would like to see at the ATM. Fifty-two percent answered the ability to withdraw cash in multiple denominations. For the next preferred service offering, 34% picked bill payment.

Service	Percent
Cash withdrawal in multiple denominations (i.e. not just $20 bills)	70%
Real-time transactions (e.g. deposited funds instantly credited to account)	39%
Biometric (e.g. fingerprint) replacing PIN Entry	34%
Check cashing at the ATM	32%
Email receipt	28%
Bill payment at the ATM	19%
Personal preference setup (e.g. withdrawal amounts transaction types, etc.)	17%
Cardless cash withdrawal using mobile app	14%
Currency exchange	13%
Cash withdrawal using a contactless card	9%
Event ticket sales	9%
More complex transactions (e.g. loan application, account opening, replacement card request, etc.)	6%
Charitable donation capability	6%
Prepaid card sales	5%

Source: ATM Marketplace, "ATM Future Trends 2017"