



Three Benefits of Joining a Surcharge-free ATM Network

Financial institutions affiliated with surcharge-free networks provide enhanced customer service, as well as gaining increased revenue and greater transaction volumes.

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One of the most common consumer tips to save money is to use a surcharge-free ATM. For many consumers, that's easy to do, because 90 percent of U.S. banks offer fee-free ATM use for their own customers, according to the American Bankers Association. Free withdrawals are also becoming more common with cash-back transactions from discount and grocery stores, among other places.

The growing availability of surcharge-free ATMs means consumers are being trained to seek out no-cost transactions, wherever possible. However, small financial institutions, independent ATM deployers and merchants could find themselves at a competitive disadvantage as predictable consumer behavior leads to lower transaction volumes. However, joining a surcharge-free network helps ATM operators maintain a competitive standing in the marketplace.

Another growth opportunity lies with the growth of stored-value cards for payroll, refunds, gift cards and other uses that replace checks and other forms of transactions. Operators of surcharge-free ATMs will benefit from the consumers' desire to reduce transaction costs.

Joining a surcharge-free network helps ATM operators maintain a competitive standing in the marketplace.

By affiliating with a leading surcharge-free ATM network, FIs, IADs and merchants can reap the benefits of enhanced customer service, increased revenues and marketing efforts that lead to greater transaction volumes.

Enhanced customer service

When Cherry Hill, N.J.-based Access to Money, a large non-bank ATM operator, wanted to extend surcharge-free ATM access to its network of more than 10,700 terminals under contract, the company signed with the MoneyPass network from Elan Financial Services, a provider of ATM services based in Pittsburgh. Now consumers can use ATMs in the Access to Money network located in Kangaroo Express convenience stores and Dunkin' Donuts.

As surcharge-free ATM access becomes increasingly important and attractive to consumers, Access to Money understood

the value that the MoneyPass network brought to the retail locations and the consumers visiting those locations.

“During the past couple of years, a great deal of our business has focused on working cooperatively with ATM deployers and retailers,” said Doug Miraglia, president of MoneyPass. “The 50 million cardholders that are part of the MoneyPass network already recognize the value of surcharge-free transactions and are actively seeking locations where this service is available. Likewise, these same cardholders are also consumers who frequent and make purchases at retailers, such as Kangaroo Express stores and Dunkin’ Donuts.”

Stamford, Conn.-based First County Bank (\$1.3 billion in assets) expanded its surcharge-free ATM offerings by participating in the Allpoint Network, operated by Houston-based ATM provider Cardtronics. First County Bank operated ATMs in its 15 branches, but now customers have no-fee access to Allpoint ATMs in retailers, such as 7-Eleven, Target and Walgreens, among others.

“With the bank regulatory environment in a state of flux, First County Bank serves itself well to continue offering high-value customer services, such as fee-free ATM cash access, and to do so while gaining a greater degree of cost-certainty for the program,” said Rey Giallongo, president and chief operating officer of First County Bank. “Equally compelling to the bank, Allpoint Network ATMs saturate all the right retail locations in Connecticut, meaning our customers are never far from surcharge-free cash access where they live, work and spend most of their time.”



InfoCash

ATM operators and financial institutions are participating in ATM networks offering surcharge-free transactions in retail locations.

Cost-efficient expansion

The Select-A-Branch ATM network, based in King of Prussia, Pa., offers a unique twist for FIs by recognizing the ATM user and automatically changing the ATM interface to the issuer’s brand identity. Select-A-Branch (SAB) offers a pay-per-use model that allows FIs to serve their customer base at a reasonable cost. Pittsburgh-based PNC Bank (\$264.3 billion in assets) signed up with Select-A-Branch to provide ATM coverage in the New York City area.

“With relatively few branches in New York City, we needed to improve our access to our existing and prospective customers in terms of branding and service,” said Jim Walker, PNC’s senior vice president of electronic banking. “This presented two very expensive options: fight for ATM locations and real estate in one of the most

high-priced cities in the world, or seek to acquire a local institution with access to the market. SAB provided a third option, and one that allowed a pay-per-use model that guaranteed that our investment was actually reaching our target audience at the point of consumption.”

Under the pay-per-use model, the financial institution agrees to reimburse SAB for the surcharge fees waived for their customers. This arrangement provides a measurable customer impact with no additional costs, according to Dan Stechow, chief operating officer for Select-A-Branch.

Other networks also offer flexible financial models that allow ATM operators to extend their footprint. Typically, ATM owners enhance their ATM program’s profitability with interchange earned from acquiring transactions from the surcharge-free network. Retailers can also benefit by drawing customers into their business by providing surcharge-free access to cash through the network.

“For our clients and for their customers, Allpoint Network presents a strong value proposition for financial institutions investigating alternate financial models around a surcharge-free ATM strategy,” said Ben Psillas, president of Allpoint Network. “By aligning with Allpoint Network, institutions can benefit from the networks’ economies of scale, while presenting customers with ATM access in many of the merchants already central to their lives.”

Volume development

In the early years of surcharge-free networks, the market was primarily driven by financial institutions, but now a variety of card issuers include prepaid, tax refund



Photo: Select-A-Branch

Financial institutions can opt for a pay-per-use model, such as the one offered by Select-A-Branch, to extend their ATM access and retain the user’s brand identity.

and government, as well as merchants and retailers, understand consumers’ desire to avoid fees. Joining a surcharge-free network allows an ATM operator to expand its footprint at a low cost to serve those customers.

For instance, Allpoint offers access to 43,000 ATMs in merchant locations around the world and MoneyPass offers 20,000 ATMs serving more than 1,100 financial institutions. The scope of these networks allows ATM operators to boost volumes and fee incomes in a cost effective manner.

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“As consumers become savvier and more cost-conscious, forward-thinking financial institutions can take advantage of the opportunity presented by MoneyPass and its accessible and convenient locations,” MoneyPass’s Miraglia said. “By participating in a growing surcharge free ATM network, TM operators can increase cardholder satisfaction, attract new cardholders and expand the reach of their self-service capabilities without capital expenditure. At the end of the day, MoneyPass can have a valuable and long lasting impact on customers, community and their business.”

***About the sponsor:** Elan Financial Services, based in St. Paul, Minn., is a business unit of U.S. Bank. Elan has provided a full range of payments, products and services to ISOs and financial institutions for 40 years. Visit www.elanfinancialservices.com/atm-debit for more information about Elan and vault-cash services.*