

**FIRST DATA PERSPECTIVE**

# Jumping into the ATM Outsourcing Pool

By Richard Pitt, ATM Product Owner, EMEA

The ATM landscape is changing. It is time for financial institutions to take a closer look at their ATM operations and consider how outsourcing can help control costs and focus on initiatives that deliver the greatest value to both their customers and organisations.

For many consumers, the ATM is the primary interface to their bank, making it a 'must have' customer service channel. At the same time, maintaining and operating an ATM estate is expensive for financial institutions.

Research by First Data indicates that the total cost of operating a high-transacting full-function ATM can reach €15,000 per annum. Costs of this magnitude, coupled with the ongoing financial crisis, are putting even more pressure on banks to re-examine their ATM business models – not only to reduce costs, but to look to the ATM channel for additional revenue opportunities.

## The advantages of ATM 'Pooling'

Worldwide, many functions of the ATM channel are already widely outsourced, and there is a growing trend toward partnering with strategic providers such as First Data, which provide an end-to-end service. It is widely accepted that by outsourcing, financial institutions can capture greater efficiencies while ensuring that their ATM portfolio maintains the latest in technological advancements and meets regulatory requirements.

However, while traditional outsourcing models focus on optimising the operations of a single financial institution, in mature markets we are increasingly seeing banks coming together to share their ATM infrastructure itself. This can range from sharing individual elements of their supply chain to the ultimate form of aggregation referred to as 'Pooling'.

Pooling sees all elements of the ATM value chain

shared, and cardholders of the participating banks can use any ATM within the 'pool'. Banks have the ability to offer a much broader ATM estate to customers while enjoying greater operational efficiencies as well as the latest in technological advances and implementation of regulatory requirements.

While Pooling is not a new concept (the idea of sharing infrastructure was fundamental to the growth of interchange networks), what is new is the level of interest in the development of pooled networks at this time, driven by the growing maturity of markets in some European countries, the financial crisis, and the widespread presence of experienced end-to-end service providers.

The markets where Pooling is typically effective have a relatively modest total ATM footprint with a small group of banks of similar size and stature which have broadly similar business objectives. The participants thus feel comfortable that their interests will continue to be served by the pool, as no one partner will dominate the others in the pooling arrangement.

It goes without saying that a major success factor of ATM Pooling is the selection of a strategic service provider with the right expertise. When a bank or a group of banks puts the responsibility of operating any or all facets of their ATM channel in another company's hands, it is critical for them to know that they have selected the right partner.

As a global leader in ATM outsourcing and payments processing, First Data has a broad and unique perspective on the factors that are driving the trend toward ATM Pooling. ■

*If you would like additional information about First Data's services or to download First Data's white paper entitled 'Evolving Options for ATM Outsourcing: Pooling Can Keep Your Channel Competitive', please visit: <http://response.firstdata.com/ATM-Solutions-EMEA>*



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**Banks in a pool have the ability to offer a much broader ATM estate while enjoying greater operational efficiencies**

