

WINCOR NIXDORF PERSPECTIVE

Managing ATMs is about adding value

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Despite the rising popularity of internet banking and mobile banking services, the installed base of ATMs continues to grow worldwide, spurred on by consumers' nearly insatiable hunger for 24/7 cash services. The terminals now play a key role in banks' interactions with customers, providing a wide range of services beyond simple cash withdrawal, offering direct communication 24 hours a day.

For all the revenue ATMs can generate, however, they do so at a cost. Managing large ATM fleets requires resources. There is no substitute for self-service network expertise and experience. And as these fleets develop and change, so does the degree of knowledge and resources required to manage them; there comes a point when 'doing it all yourself' is no longer a viable option.

Numerous banks have faced this dilemma in the development of their ATM networks. Add to that the financial crisis that has now forced many of them to look more closely at their costs, particularly those of their ATM fleets, and a significant number of financial institutions today are weighing whether to partially or even completely turn over management of their self-service estates to third parties who have the know-how and economies of scale required to drive down costs. Others have long since made this move, benefiting from freed-up financial and human resources to focus on their core banking tasks.

High expectations for keeping ATMs operational

From the start, high system availability in the upper 90% range has been a prerequisite for third-party ATM management. Systems that are not running are not making money and, perhaps even worse, are undermining a bank's image as a credible and trusted partner. But there has been a shift in expectations: if a decade ago banks expected ATM service providers to deliver hardware and software

and provide maintenance and repairs, today banks want to be ensured not only of high but also fraud-resistant availability with a fully end-to-end service. For instance, if an anti-skimming device malfunctions, the terminal is technically speaking still operable, but an important service for customers is no longer available. In this new environment, it is not enough for providers to say "we did what we could". They also need to keep all software up to date and operational.

Evolution in monitoring

Monitoring is another key requirement for banks. Without a robust remote monitoring infrastructure, banks and independent ATM deployers (IADs) are unable to recognise and prevent system failures in a timely way and risk complete system drop-outs. Here, too, we have seen an evolution. If a decade ago ATM monitoring was simply an overview of what was happening at the terminals, today it is about optimising processes, administering software and apps, compiling data to provide a deeper understanding of systems and processes, and assessing trends in order to be a step ahead of future events. For example, at Wincor Nixdorf we evaluate trends from data compiled through our advanced ProClassic Enterprise software platform and deliver a proactive response, allowing banks to measure the complete customer experience.

All of this requires not only a fair amount of flexibility but also a high level of standardisation. Our model is as flexible as possible to allow customers to 'pick and choose' how much support they seek. Some want hands-on control. We offer these customers both the terminals and access capability to the monitoring platform. Others prefer to outsource the complete monitoring of terminals because the continuous upgrading of technology and training of IT staff, as well as the need to meet continuously changing compliance, security and regulatory requirements, significantly tie up both human and financial resources.

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Standardisation is an area that benefits both parties. Standards help reduce costs and increase efficiency at our end so that we can drive down costs and improve the customer experience at the bank's end. As a company operating globally with a number of multinationals in both the banking and retail sectors, Wincor Nixdorf applies existing global service standards and its own as well as best-practice tool sets and KPI measurement techniques, and migrates these across borders to support international enterprises.

Seamless multi-channel integration

Of course, the market for managing ATM fleets is not standing still. Traditionally banks had a core banking system and purchased a transaction processing engine. That is changing. Many banks are now turning to ATM service providers to process ATM transactions end to end, including forecast reconciliation. Wincor Nixdorf provides these banks a managed service supported by ProClassic Enterprise Suite.

Another emerging trend is 'ATM as a service', also

known as 'pay-as-you-go'. Under this model, banks own no infrastructure and pay purely on a per-transaction basis. The model creates mutual benefits: if we can improve availability and thereby increase transaction volumes, we generate greater interchange fees for the banks and transaction revenue for ourselves. It is a win-win situation.

Lastly, 'multi-channel' has become a buzzword in this sector. Wincor Nixdorf knows what is needed for systems, whether teller tills, self-service terminals or mobile phones, to reconcile and communicate across multiple channels. It is all about seamless integration for which we offer a unique selling proposition.

The fundamental principle of Wincor Nixdorf's ATM management and operation services is to add value. Our customers benefit from more than just lower costs – we allow them to focus on their core banking services to strengthen their competitive edge and we ensure that their customers' self-service banking experience is reliable, secure and convenient. ■

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ATMs and self-service terminals – how they support the bank's brand

We recently conducted an interview with Carl Hynes, Director of Customer Network Development and Support, UK Retail and Business Banking at Barclays, to get his view on how the bank sees the future. Here are his comments on what the bank finds important for its ATM strategy.

How does Barclays differentiate itself from other retail banks and how can ATMs support the bank's brand equity?

We are very focused on delivering a customer proposition built around a customer's individual financial needs. The label that we've given this internally is 'banking shaped around you'. This is very much the way we're differentiating ourselves from a customer's perspective.

With ATMs and self-service terminals and how they support the bank's brand, we're looking at how we can customise the customer interaction. It's important to give customers quick and easy access. That means having ATMs and self-service terminals in the right places for customers to use at the right time. Location will always be a key factor. But once you're in the right place, make sure your terminals

are connected seamlessly with all other channels.

What have you done in the past five years to make your business more efficient and what do you plan for the next five?

Cost cutting is extremely relevant. But what we've always shied away from and will continue to resist is just cutting costs for the sake of cutting costs. We focus relentlessly on eliminating what I would call 'bad costs' – that is, costs that don't add value for customers, such as process steps. There are a number of examples of where we've taken out various steps in a given process to make it better for customers and cheaper and simpler for us to run. We're systematically going through every single process, asking ourselves how we can make it instant and transparent to customers.

How can external providers support your strategy?

We're always looking for suppliers that are continually innovating in terms of their development roadmaps and innovating in ways that will help us deliver a better customer proposition at a lower cost.

What's absolutely essential is that if we're going to outsource anything to external service providers, than those partners have to have some sort of core competence that is better than ours. They have to be able to deliver a better process or a better product and at a lower cost than we are able to do.

What technological developments could impact your business in the next 12 months?

Seamless multi-channel integration is really at the heart of our strategy. In fact, I would rather talk about 'omni-channel' because customers don't see us as different channels. They want to interact with us in whatever way is convenient for them at that time. ■



Carl Hynes, Barclays