DIEBOLD NIXDORF PERSPECTIVE

Supporting your fleet in the new world

By Sonia Sedler, Global Head of Managed Services and Banking Strategy, Diebold Nixdorf

As we look around the globe and see growing interest rate challenges and a shifting cost basis, we know it's due to the new world reality. For financial institutions (FIs), driving growth is tougher than ever. Running a profitable business means striving for peak efficiency – reducing expenses to squeeze out every ounce of profit possible and preserving capital by rationalising every aspect of the business. Setting a new course and pivoting the operating model will be the mandate in the months, if not years, to come.

Maintaining an optimal efficiency ratio in a new reality

An FI's efficiency ratio is the gold standard in determining profitability. In this new world of historically low interest rates, capex competition and shifting profitability, how is your business's efficiency ratio looking?

For the time being, it's going to be tough. Owning and maintaining the self-service channel requires its own specialised, dedicated resources and management. Regardless of whether you turn a profit on your ATM business, break even, or see it as a necessary evil, the necessity of providing consumers with access to cash makes the ATM channel a must-have. As line items go, this one is a biggie. Are you managing it as efficiently as possible?

Is it time to change the channel?

The struggle has been very real over the last decade. FIs have had to manage accessibility (ADA, CSA, etc.) compliance, two Windows operating system updates, several Payment Card Industry updates and numerous other certifications and security fixes for hardware and software. Moving forward, FIs have the added hurdle (and cost) of keeping branch staff and clients COVID-19 safe. This has risen to top priority. In the branch and at all consumer touchpoints, making sure all health guidelines are followed has quickly become mission critical.

Keeping up with it all can be challenging when balancing priorities, and you may start to consider whether there's a payoff. As you look for ways to improve efficiency, consider sticking with what you know best and the actions that generate the most revenue: taking care of clients' financial wellbeing.

It's a different model – one that might require shifting your self-service fleet strategy. I see three specific areas where banks are evolving the channel:

- They're migrating to self-service for routine transactions and everyday consumer banking
- They're redefining branch roles and repurposing talent to focus on higher-value tasks
- They're redesigning the branch, banking access and overall operations to meet the needs of a post-pandemic world

Self-service channel operations must naturally evolve, too

When you look at your efficiency ratio in this new reality, does it still make sense to own, operate and manage your fleet through its entire lifecycle? Or could your organisation benefit from having someone else manage it – eliminating worries about the next OS upgrade and latest security hot fix? Perhaps you are looking for ways to compartmentalise it completely, serving your clients with an ATM fleet that isn't even on your balance sheet. Evaluating what works best for your business (and its efficiency ratio) will ultimately need focused consideration.

Now might be the time to rethink what business you are in: is your organisation able to single-mindedly focus on consumer relationships? More and more organisations are looking for ways to offload the operational aspects that add very little incremental value to their core business. Service partner experts can do the heavy lifting, making those ancillary activities much less complex and more manageable, improving your bottom line and allowing you to pivot your resources to the 'new normal'. ■

For more information, please visit:
DieboldNixdorf.com/FleetManagement

Sonia Sedler
Diebold Nixdorf

Setting a new course and pivoting the operating model will be the mandate in the months, if not years, to come

Diebold Nixdorf