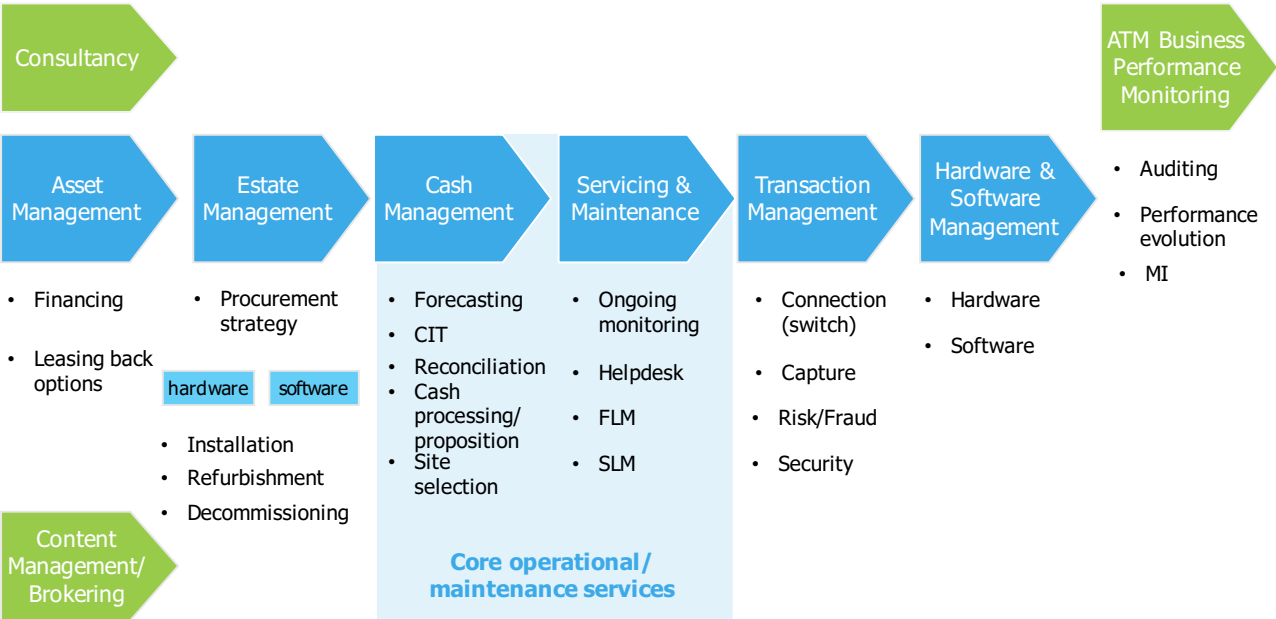




# ATM Outsource Solutions

## Traditional Outsource/BPO



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## Highlights

Retail-BCG assists clients with the management, optimization and enhanced functionality of their ATMs. Allowing banks and retailers to focus on other areas of their business.

We assist banks, retailers and foreign currency companies to deploy their own ATMs with the functionality and customer journey to match their brand requirements.

We manage our client ATM estates as if it was our own; not just focusing on a single parameter:

- Maximising profitability
- Maximising service level
- Optimum customer journey
- Maximum cross selling

Maximising  
profitability

Maximising  
service  
level

Optimum  
customer  
journey

Maximum  
cross  
selling

Availability, profitability and customer journey are key aspects of an ATM estate and so our clients demand the highest level of service in all elements of the ATM service channel.

Retail-BCG manages availability for our clients channel by ensuring the ATMs are in operation for the maximum service level for the channel.

At the same time we manage the profitability thorough utilization of card scheme rules, utilization of new services such as multi-currency or dynamic currency conversion.

Asset management is another area where we can add immense value by releasing capital into the business or purely by lowering the costs.

## Main Issues in ATM Management

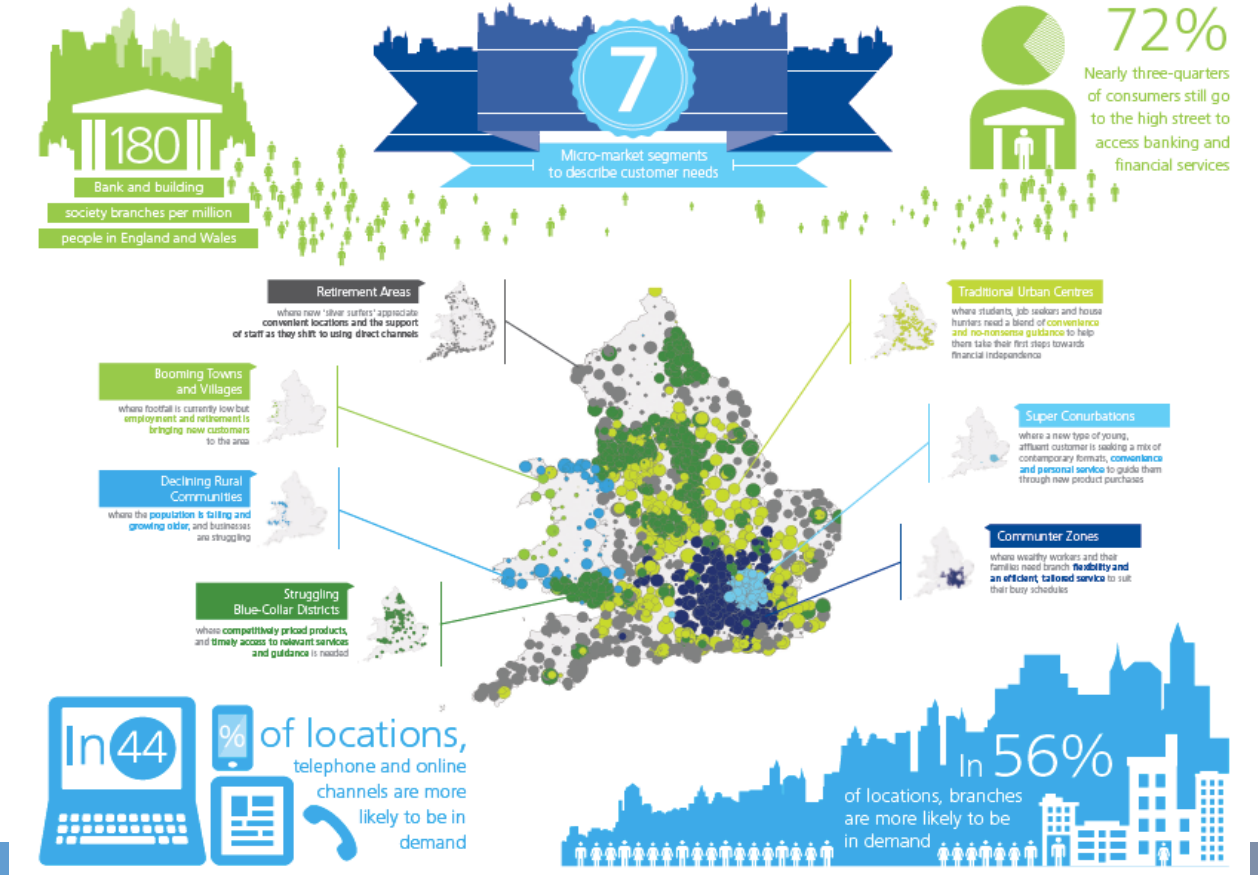
Four central preoccupations around ATM estate focused on improving efficiency and opening revenue opportunities.

<p><b>Operational Improvements</b></p>	<p><b>Technology Led</b> Making the estate work more efficiently</p> <ul style="list-style-type: none"> <li>• Fault Monitoring</li> <li>• Crisis notification</li> <li>• Cash scheduling/forecasting Modules</li> <li>• Improved functionality</li> </ul> <p><b>Management Led</b> Managing the estate work more effectively</p>	<p><b>Fees</b></p> <ul style="list-style-type: none"> <li>• Levels of proprietary customer usage, so-called 'us-on-us' transactions</li> </ul> <p>–The higher the level, the lower the opportunity for interchange fees</p> <ul style="list-style-type: none"> <li>• Cross subsidisation of other FI networks, partly a function of long term 'fixed' link fees</li> </ul> <p><b>Supplier Costs</b></p> <ul style="list-style-type: none"> <li>• Negotiation and management of fragmented supplier base</li> </ul>	<p><b>Outsourcing of ATM Management and Estate</b></p> <p>Ongoing focus of resource allocation</p>		
<p><b>Estate Benefits</b></p>	<p><b>Location and Customer Access</b></p> <ul style="list-style-type: none"> <li>• FIs awake to opportunity of pushing ATM channel into new locations with higher volumes &amp; average transaction value (corresponding increases in interchange revenues)</li> </ul>	<ul style="list-style-type: none"> <li>• HSBC in Morrison stores                     <ul style="list-style-type: none"> <li>– Halifax installing 250 ATMs in Esso garages</li> <li>– NatWest's increase of ATMs in remote locations</li> <li>– BoS's convenience store ATMs &amp; 'social exclusion' initiative</li> </ul> </li> <li>• Supermarkets currently still the preferred location, accounting for nearly 44% of off-site ATMs - the next location, retailer stands at under 20%</li> </ul>		<p><b>Outsourcing of ATM Management and Estate</b></p> <p>Ongoing focus of resource allocation</p>	
<p><b>Technology Management</b></p>	<p><b>Obsolescence</b></p> <ul style="list-style-type: none"> <li>• Equipment obsolescence leading to requirement for larger capital outlays to maintain current network operations</li> <li>• In addition, base costs for machines likely to rise due to:                     <ul style="list-style-type: none"> <li>– Requirement for software upgrades to ensure multi-service functionality</li> <li>– Requirement for compliance for any future currency changes (e.g. Euro)</li> </ul> </li> <li>• Optimisation of technological advances in 'plug &amp; play' systems, so-called technical swap. vouchers, bill payments</li> </ul>				<p><b>Outsourcing of ATM Management and Estate</b></p> <p>Ongoing focus of resource allocation</p>
<p><b>Core Activity</b></p>	<p><b>Financial Services</b></p> <ul style="list-style-type: none"> <li>• Access to range of financial products                     <ul style="list-style-type: none"> <li>– Insurance</li> <li>– Card applications</li> <li>– Smart card cash</li> <li>– Loan applications</li> </ul> </li> </ul>	<p><b>Marketing Related</b></p> <ul style="list-style-type: none"> <li>• Greater branding of properties                     <ul style="list-style-type: none"> <li>– Personalised contact/tailored</li> <li>– Specialist advertising</li> <li>– Generic advertising split by socio-economic group/ by location</li> </ul> </li> <li>• E-commerce transactions</li> <li>• Other retail offerings e.g. vouchers, bill payments</li> </ul>			



Features	Benefits
Strategic approach	Incorporate all levels required by the client to ensure full fit at Strategic, Tactical and Operational level
TOM & COM approach	We define the Current operating model the agree the Target operation model with the client
Project (PRINCE) path	We agree the project path for the client and then agree this as part of our project board approach.
Definable deliverables	We ensure we capture the full requirements of the client, from profit to channel management with promotional requirements.
Clear benefits	We deliver clear benefits to the client at all levels; financial, operational and customer service.
Our business is your business	We manage the business as if it is our business.
We manage your suppliers	We micro manage your suppliers to ensure operational excellence.

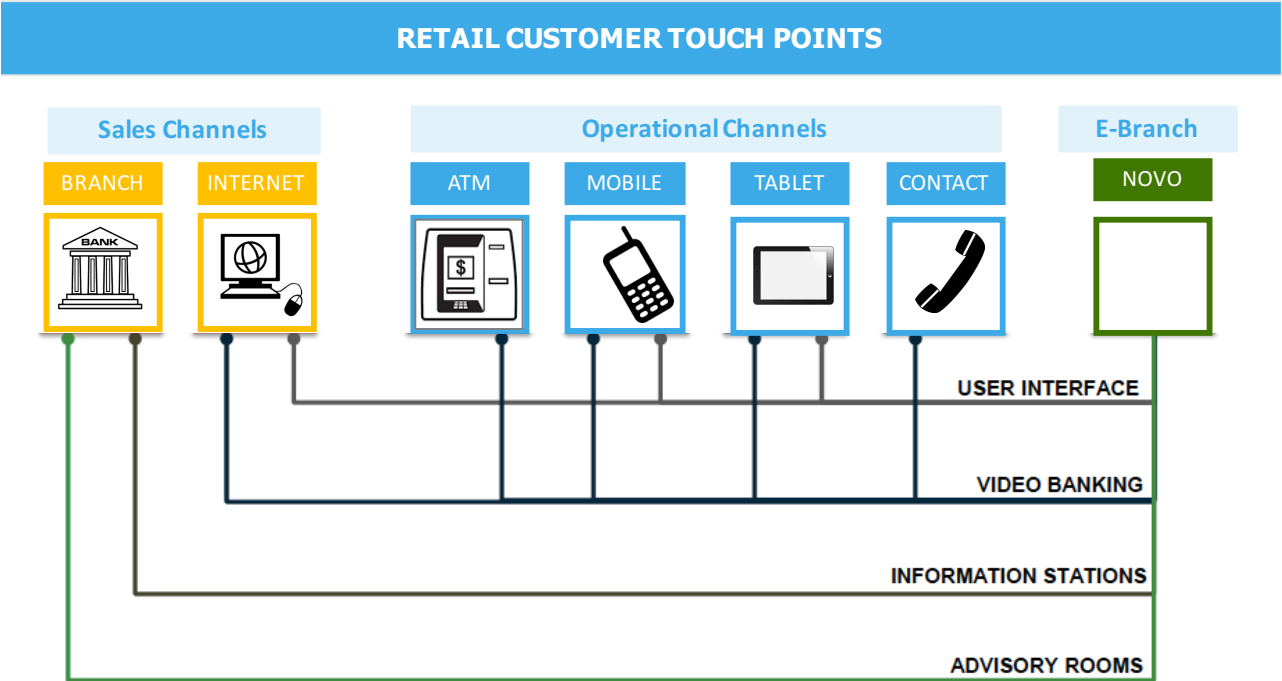
The banking market is hugely fragmented and so it is essential the channel can manage this variation. For example the UK is as seen below:



Source: Deloitte Insight, 2014



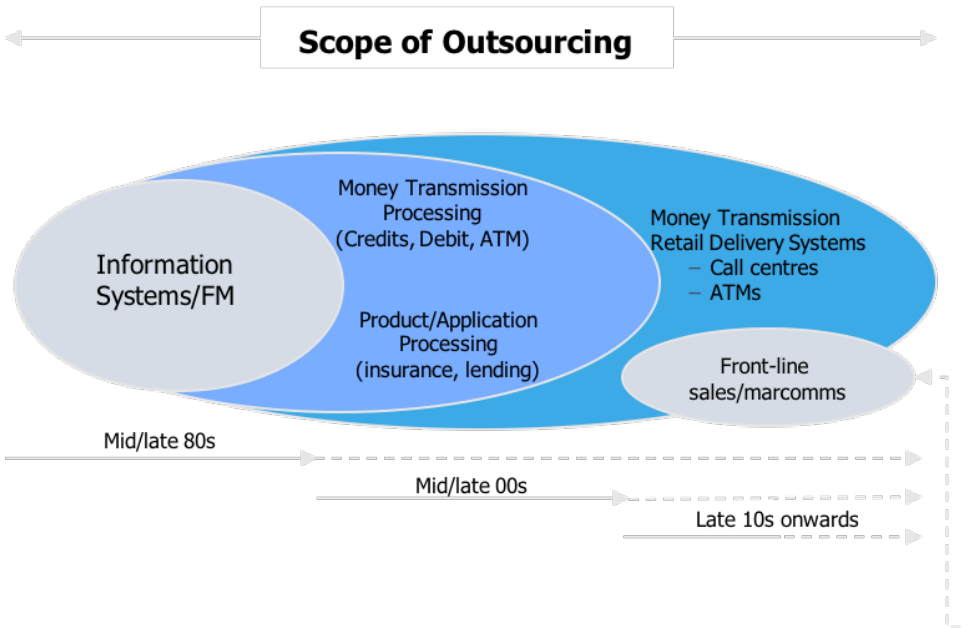
We need to manage the channels as a total service channel as seen below with other banks.



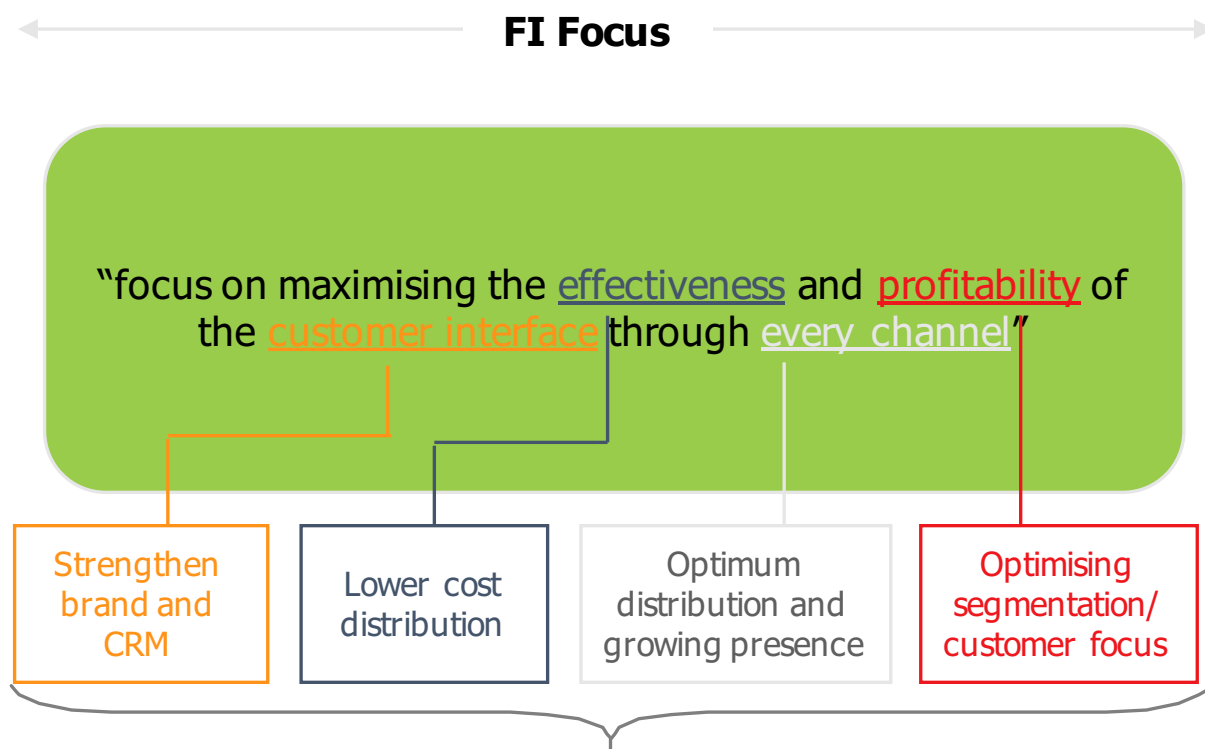
Our approach is very simple, we analyse the clients strategic objectives and then define the key elements required to deliver those goals.

**Outsourcing Drivers & Strategic Imperatives**

Against a backdrop of ongoing consolidation amongst UK retail banks, FIs are looking to exploit the efficiencies arising from outsourcing of administrative functions, processing and operations.



This is occurring against a backdrop of a concentration of resources around perceived core services and activities.



Emerging issues resulting from shake out in banking sector opens significant opportunities for cost control amongst FIs and opportunities for those providing 3rd party services

We define the three key pillars of service delivery:

1. Strategic options
2. Tactical options
3. Operational options

Thereby delivering a full end to end solution.

We then review our eleven outsourcing hypotheses to see which matches our clients requirements.

# Summary of Outsourcing Hypotheses



## Contacts

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