

**DIEBOLD NIXDORF PERSPECTIVE**

# The ATM's untapped value: Service is key to the future



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Half a century after it was introduced, the ATM has become the cornerstone of banking. Even so, its power is often taken for granted. But now, as the world navigates a pandemic, the continued importance and relevance of the ATM – for both financial institutions (FIs) and consumers – has been made evident.

Overnight, the ATM became the only physical gateway to many FIs. It covered temporary branch closures and shortened hours, was a conduit for tellers to support consumers through video and substituted services that were no longer available through the branch. The profile of a channel that is often seen as little more than a cost centre has been elevated. The question is, how can we maximise its value for the future?

## Shifting the self-service management paradigm

What makes the self-service channel truly transformational is its ability to offer the vast majority of services typically available inside the branch. So as FIs rely less on bricks-and-mortar, the ATM can enable them to not only maintain a physical presence, but also a comprehensive service offering while advancing the journey from consumer acquisition to engagement to increased share of wallet. No other technology can bridge the physical and digital in such an integrated, consumer-centric way.

The primary barrier keeping FIs from strategically maximising the ATM is the oftentimes overwhelming burden of managing the channel. But with the right operating model, the self-service channel can become a profitable asset and one of the most strategic tools in the banking environment.

Why is fleet management so overwhelming? Because many FIs are still taking a do-it-yourself

approach. Ongoing service, availability, functionality, cash management, compliance, security – sustaining these functions requires significant resources. What else could you do with those resources if you optimised fleet management? How can you effectively maintain the self-service channel while continuing its modernisation to improve functionality and the consumer experience?

A shift in the self-service management paradigm could be the answer. A managed services approach, in which the FI outsources part or all of self-service ownership and management, can deliver:

- Staffing efficiencies through releasing internal capacity and refocusing resources from day-to-day channel management to core capabilities
- More timely introduction of new functionalities through continuously updated technology
- Optimised consumer experience and banking transformation through consistent focus on and expansion of the strategic role of the channel
- Enhanced compliance and security through simplified management and more frequent updates to combat emerging threats
- Cost reduction through more effective use of capital budgets or freeing up operational time once spent on channel management

## Maximising the value of the ATM

The ATM has proven its value over time, and the dynamics of 2020 have served as an important reminder of everything it can do. Evolving the management of the self-service channel can flip it from being a cost centre to a value generator. Partners like Diebold Nixdorf and our comprehensive Self-Service Fleet Management Services<sup>SM</sup> can help you establish the right model for maximising the self-service channel while more strategically and efficiently delivering financial services and fostering financial well-being. ■

*For more information, visit [DieboldNixdorf.com/FleetManagement](https://www.dieboldnixdorf.com/FleetManagement)*

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# Disrupt your Operational Paradigm

With the right strategy and operating model, the self-service channel can not only become a profitable asset, it can be one of your most strategic tools in a modern banking environment. This is especially true at bank99, where the Austrian financial institution took over a country-wide network of post-office based ATMs and branches just as the coronavirus became a global pandemic. We talked with their CSO and our own SVP about the necessity of pivoting the self-service operating model as the industry continues to evolve.



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The acceleration to digital banking has set the stage for an evolution of the physical bank branch. At the same time, the economic repercussions of the coronavirus pandemic are pressuring FIs to improve efficiency and reduce costs while also seeking ways to better engage with consumers through self-service channels.

Adaptable digital devices such as ATMs offer banks a forward-looking opportunity to evolve their physical branches in service of these crucial objectives.

## WHAT CONSIDERATIONS SHOULD BE TAKEN TO RETOOL THE COST MODEL AND OPERATIONS FOR THE FUTURE?

It was immensely important for us to have a nationwide presence with self-service terminals right from the start.

Our customers are used to doing their financial transactions at the post office and we want to make use of this habit. We generally work very agile, but due to the COVID-19 crisis, we had to throw our original plans overboard. Also thanks to our self-service strategy, we have been able to acquire more than 50,000 customers in the first six months. By the end of the year, we aim to have at least 80,000.

With the right operating model, the self-service channel can become a profitable asset and one of the most strategic tools in the banking environment, but it's not "one size fits all." A managed services approach, in which FIs outsource part or all of self-service ownership and management, can deliver staffing efficiencies to help focus resources on added value activities, faster speed to market, optimized consumer experiences, enhanced compliance and security, and cost reductions.

## WHAT OPERATIONAL LENS SHOULD YOU LOOK THROUGH: "DO IT MYSELF," "HELP ME DO IT" OR "TAKE IT OFF MY HANDS?"

We are still a small bank compared to other players in the Austrian market with a very lean target operation model.

From the beginning, in the interest of cost efficiency, we choose only to do ourselves what no one else can do better and more cost-effectively. Our motto is to be as small as possible and as big as necessary. Before, during and since our market launch, we relied on the expertise of DN to help ensure the launch was successful and seamless, so for us, that partnership was critical to our success.

Digital transformation that was already underway in the financial services industry has now been accelerated.

As FIs reopen physical branches or decide to close certain branches, their next challenge is to integrate digital with in-person banking journeys to fully optimize the consumer's experience: everything from updated ATMs, to mobile apps, to virtual bank tellers.

## HOW DID CORONAVIRUS IMPACT SELF-SERVICE, BRANCH AND DIGITAL STRATEGIES?

As a young bank, we do not have legacy equipment or over-staffed locations, which makes us very efficiently positioned.

The middle of March, the peak of the COVID-19 crisis in Austria, was the strongest transaction wise because people wanted to have enough cash before the impending lockdown.

For us, it was extremely important at that moment to provide consumers access to cash and get online onboarding up and running quickly, and it needed to be intuitive.

Overnight, the ATM became the only physical gateway to many FIs. The profile of a channel that is often seen as little more than a cost center was elevated. FIs must continue this momentum of uncovering the hidden value of the ATM and maximizing the self-service channel as a more strategic and efficient delivery channel.

## WHAT IS YOUR PERSPECTIVE ON THE ONGOING ROLE OF THE ATM AS A CRITICAL BANKING CHANNEL?

Payment behavior has changed as a result of the pandemic, and we think that in the long term, about 20% less cash will be used for payments. The transactions at our ATMs have settled at this level. Transactions by non-customers are noticeably less frequent, mostly because there are no international tourists due to COVID-19. We anticipate this will change as tourism picks back up.

### THE TAKEAWAY:

The role of the ATM has changed—and those changes are here to stay. 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? Evaluating what works best for your business (and its efficiency ratio), employees and end-consumers is key. Now may be the perfect time to get back to the business of providing financial services and financial well-being, but with increased efficiency.