



Optimizing the Efficiency Ratio Through the Self-Service Channel

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The pursuit for increased efficiency is at the heart of retail banking's focus globally and is a top priority for any executive in a financial institution (FI), whether they are the CEO or lead Customer Experience, Operations, IT, Finance, Security, Risk and Compliance, etc. FIs are right when they consider that the self-service channel can be a true engine to maximize efficiency and improve the bottom line, even more so when it is fully integrated into their digitalization strategy. Winning FIs will be those ensuring their self-service channel continuously delivers against customer needs, effectively supports the business strategy and growth objectives, runs at maximum performance, is cost-effective and operates according to high sustainability standards.

Advancements in technology have expanded the scope of services that can be provided via the ATM channel, encompassing a broader range of cash-related services and various non-cash services. This shift can enable FIs to migrate many routine transactions and some key interactions from the traditional teller line to more efficient and cost-effective ATM operations.

Such a transition is particularly significant as FIs are constantly under pressure to enhance their efficiency ratio, especially in an environment with increasing competition from agile and innovative new entrants. Customer behavior is also evolving and securing their loyalty is increasingly difficult as the branch network represents the most expensive service delivery channel for many banks and credit unions. Additionally, real estate costs are on the rise, while there is a shortage of skilled labor, further challenging operational costs.

Hence, effectively managing the self-service channel can be instrumental in helping FIs address these challenges and improve their overall efficiency. However, to fully capitalize on the potential benefits, they must ensure the self-service channel meets **5 golden rules:**

1. **Respond to their customers' needs - consumers and small and medium businesses (SMBs).**
2. **Be deeply embedded in their retail banking strategy and truly enable it.**
3. **Operate at maximum performance.**
4. **Be highly cost-efficient.**
5. **Contribute effectively to the delivery of their sustainability targets.**

5 Golden Rules to Maximize the Self-Service Channel Efficiency



Fulfilling customer needs



Enabling the FI's strategy



Delivering utmost performance



Maximizing cost-efficiency



Serving sustainability goals

Let's dive into what each golden rule entails.

GOLDEN RULE #1: MORE EFFICIENT AT MEETING CUSTOMER NEEDS.

The Opportunity

By meeting the needs of both consumers and SMBs and delivering a compelling experience at the ATM, FIs can drive loyalty to their self-service channel and to their organization overall. Furthermore, higher ATM traffic can positively impact the profitability of both the ATM channel and the overall organization.

The Winning Formula

- Offer a wide range of banking services at the ATM.
- Deliver a great user experience, integrate digital and physical channels customer journeys, and enable personalization.
- Serve the SMB segment adequately.
- Guarantee high availability and security.

GOLDEN RULE #2: MORE EFFICIENT AT SUPPORTING AN FI'S STRATEGY.

The Opportunity

In an era dominated by digital banking, intense competition and shifting customer preferences, FIs are undergoing a profound transformation in their branch network strategies. Faced with the dual challenge of meeting customer demands for convenience and innovation while operating cost-efficiently, they are reevaluating every aspect of their physical presence, from the number and size of branches to the roles of branch employees.

The Winning Formula

FIs can leverage the ATM channel as a key pillar of their strategy to:

- Optimize the space in branches.
- Offset the reduction of a branch network with ATMs acting as the branch.
- Expand geographic coverage through off-premises deployments.
- Maximize teller transaction migration.

GOLDEN RULE #3: MORE EFFICIENTLY OPERATED, ENABLING MAXIMUM PERFORMANCE.

The Opportunity

Optimizing ATM fleet success and profitability requires very specific mastery, experience, and operational excellence across a broad range of areas. Every single domain has its own complexity and is subject to continuous evolution, requiring dedicated teams of experts and sophisticated tools. An ATM network will only deliver a great consumer experience, high availability, enhanced security and return for an organization if each area is effectively managed.

The Winning Formula

- Ensure that operations teams have the required skills and know-how while relying on state-of-the-art fleet management tools when the channel is managed in-house.
- Switch to a Managed Services or ATM-as-a-Service operating model to remove complexity and access ATM operations expertise while maximizing the value delivered by the fleet. In our existing implementations, we saw availability rise to over 99%.

GOLDEN RULE #4: MORE COST-EFFICIENT.

The Opportunity

The ATM ecosystem is complex, with many moving parts. Running an ATM network requires robust management on all fronts paired with continuous innovation to deliver new services and a high-quality experience to customers, adjustments to meet new compliance standards and security threats, etc. All this comes at a cost.

The Winning Formula

FIs can achieve significant cost-efficiency gains by:

- Opting for hardware and software technologies that can be deployed faster and at a lower cost.

- Implementing energy consumption reduction measures. We saw a decrease of 50% and more in our latest customer projects.
- Deploying higher capacity devices, enabling cash recycling, configuring cassettes and managing cash more effectively. By combining all this an FI can cut the cost of cash by up to 50%.
- Lowering transaction processing costs through on-us transactions routing from the ATM to the core backend system.
- Saving on operations costs through the outsourcing of channel management. We have seen FIs adopting this strategy reduce operating expenses by up to 40%.

GOLDEN RULE #5: MORE EFFICIENT AT SERVING AN FI'S SUSTAINABILITY GOALS

The Opportunity

As the effects of climate change are increasingly felt, environmental issues are now a major concern. Like all companies, FIs must set ambitious carbon emission reduction targets for their operations. With the right measures in place, they can run a more sustainable ATM channel.

The Winning Formula

- Optimize the extent of their branch network and the size of their branches by replacing branches with ATMs where applicable and deploy only compact devices.
- Select energy-efficient devices and turn them off out of business hours.
- Develop a strategy to minimize CIT and on-site repair visits.

Diebold Nixdorf offers a truly integrated portfolio made of DN Series[®], which is more efficient by design, the Vynamic[®] Software family and DN AllConnect Services[™], enabling FIs to meet the 5 golden rules and bring their self-service channel to a superior efficiency level.

To learn more, visit [dieboldnixdorf.com/MoreEfficient](https://www.dieboldnixdorf.com/MoreEfficient).