2015 Results Report
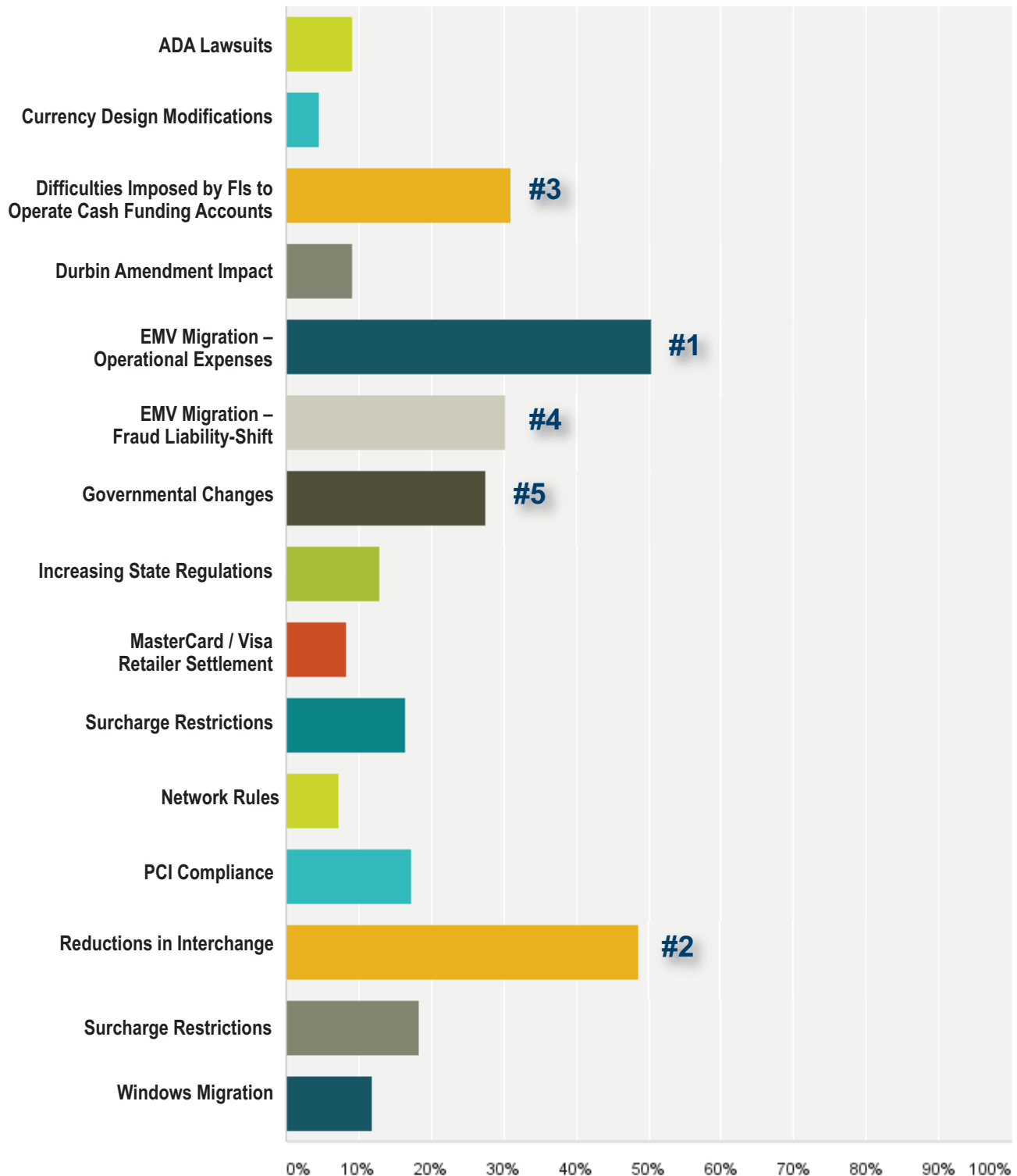## U.S. Independent ATM Deployer Survey

2015 US Independent ATM Deployer Survey

About the Survey

— The annual survey, currently in it's 5th year, covers independent ATM deployer (IAD) issues regarding legislative and compliance challenges, competitive threats, migration to EMV, mobile/contactless payments, ATM product and service trends and the future of ATM businesses in the United States.

— The survey was sponsored by the ATM Industry Association and Kahuna ATM Solutions.

— The survey was conducted between November 10 and December 31, 2014.

— 109 IADs completed the survey.

— The survey was originally sent by e-mail to US IADs on November 10, 2014.

— The survey was distributed through social media including Facebook, Twitter and LinkedIn.

— Follow up e-mails were sent by ATMIA and Kahuna, and a number of US ATMIA-member businesses that support IADs.

— Trade publications, including ATMarketplace.com, ran news stories about the survey.

— The results were released February 18, 2015 during the ATMIA US Conference and Expo at Caesars Palace in Las Vegas. A panel discussion, moderated by Bryan Bauer, featured industry leaders who discussed the survey results and offered solutions.

— Past survey results can be downloaded from the Kahuna and ATMIA websites.

The 3 Biggest IAD Legislative /Regulatory Fears, Worries and Concerns Regarding the Health of the ATM Industry . . .

Chart showing the biggest IAD legislative/regulatory fears. Categories and their approximate percentages:

- ADA Lawsuits — ~9%
- Currency Design Modifications — ~4%
- Difficulties Imposed by FIs to Operate Cash Funding Accounts — ~31% **#3**
- Durbin Amendment Impact — ~9%
- EMV Migration – Operational Expenses — ~50% **#1**
- EMV Migration – Fraud Liability-Shift — ~30% **#4**
- Governmental Changes — ~28% **#5**
- Increasing State Regulations — ~13%
- MasterCard / Visa Retailer Settlement — ~9%
- Surcharge Restrictions — ~16%
- Network Rules — ~7%
- PCI Compliance — ~17%
- Reductions in Interchange — ~48% **#2**
- Surcharge Restrictions — ~18%
- Windows Migration — ~12%

The 3 Biggest IAD Legislative /Regulatory Fears, Worries and Concerns Regarding the Health of the ATM Industry . . .

		Respondent Answers	Responses
1.	EMV Migration – Operational Expenses (i.e. hardware and labor to perform upgrades)	50.46%	16.61%
2.	Reductions in Interchange	48.62%	16.01%
3.	Difficulties Imposed by FIs to Operate Cash Funding Accounts (Anti-Money Laundering Rules)	31.19%	10.27%
4.	EMV Migration – Fraud Liability-Shift (i.e. card fraud owed from activity performed on non-EMV ATMs)	30.28%	9.96%
5.	Governmental Changes / Interference Based on Lack of Information / Wrong Information	27.52%	9.06%
6.	Surcharge Restrictions	18.35%	6.04%
7.	PCI Compliance	17.43%	5.74%
8.	Mobile Payments / Contactless Payments	16.51%	5.43%
9.	Increasing State Regulations	12.84%	4.22%
10.	Windows Migration	11.93%	3.92%
11.	ADA Lawsuits	9.17%	3.02%
12.	Durbin Amendment Impact on ATMs	9.17%	3.02%
13.	MasterCard / Visa Retailer Settlement Potential Impact on IADs	8.26%	2.71%
14.	Network Rules (Honor All Cards)	7.34%	2.41%
15	Currency Design Modifications	4.59%	1.51%

Top 2014 Survey Answers		Respondent Answers	Responses
1.	EMV / Chip & PIN Migration	61.90%	20.70%
2.	Reductions in Interchange	52.10%	17.40%
3.	Surcharge Restrictions	29.30%	9.80%

Top 2013 Survey Answers			
1.	Reductions in Interchange	63.80%	
2.	EMV / Chip & PIN Migration	50.00%	
2.	ADA Lawsuits	41.60%	

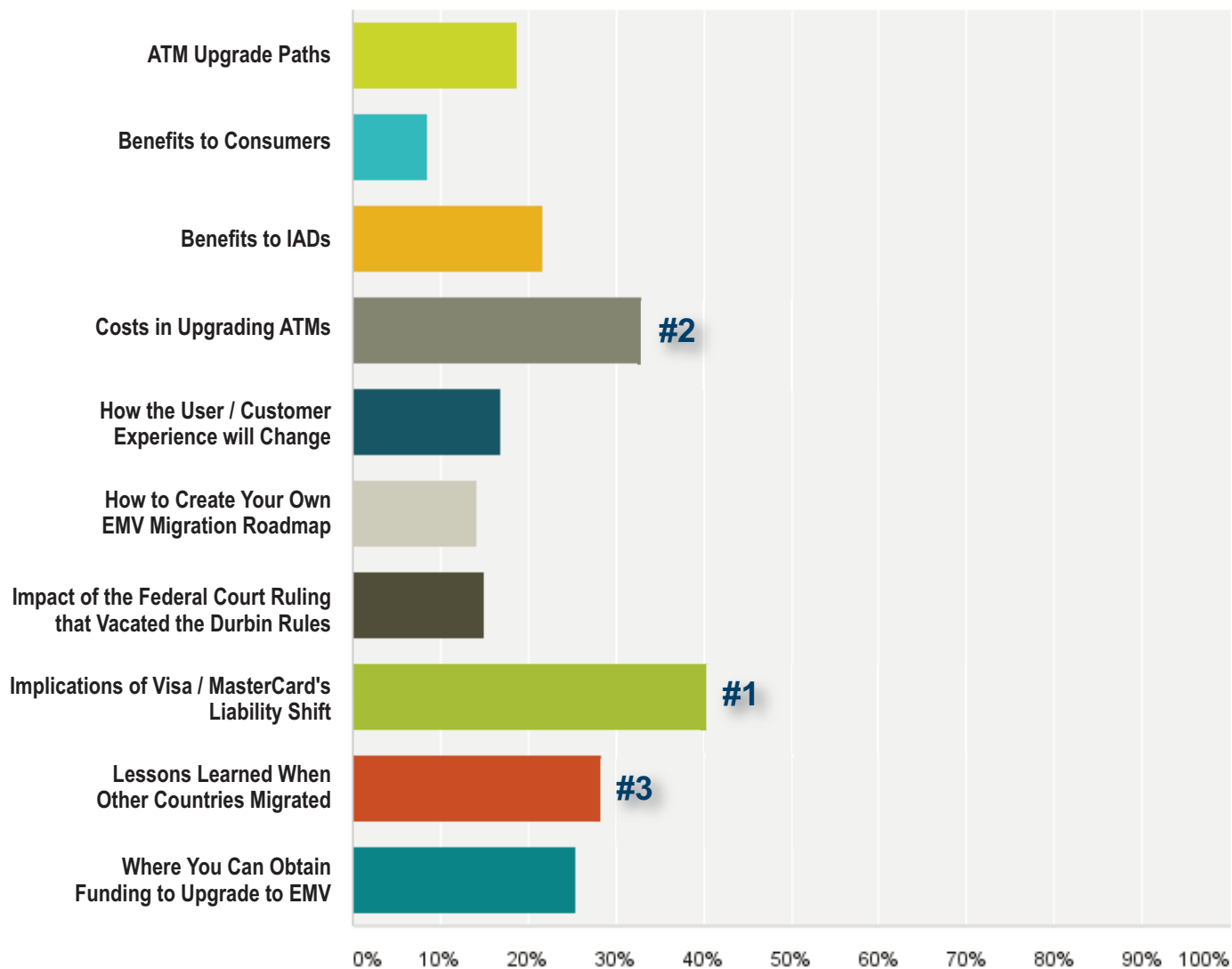*Multiple choice question. Each respondent was allowed to choose three answers.*

The Number 1, Single Largest Legislative / Regulatory Item that Poses a Threat to US IAD Businesses . . .
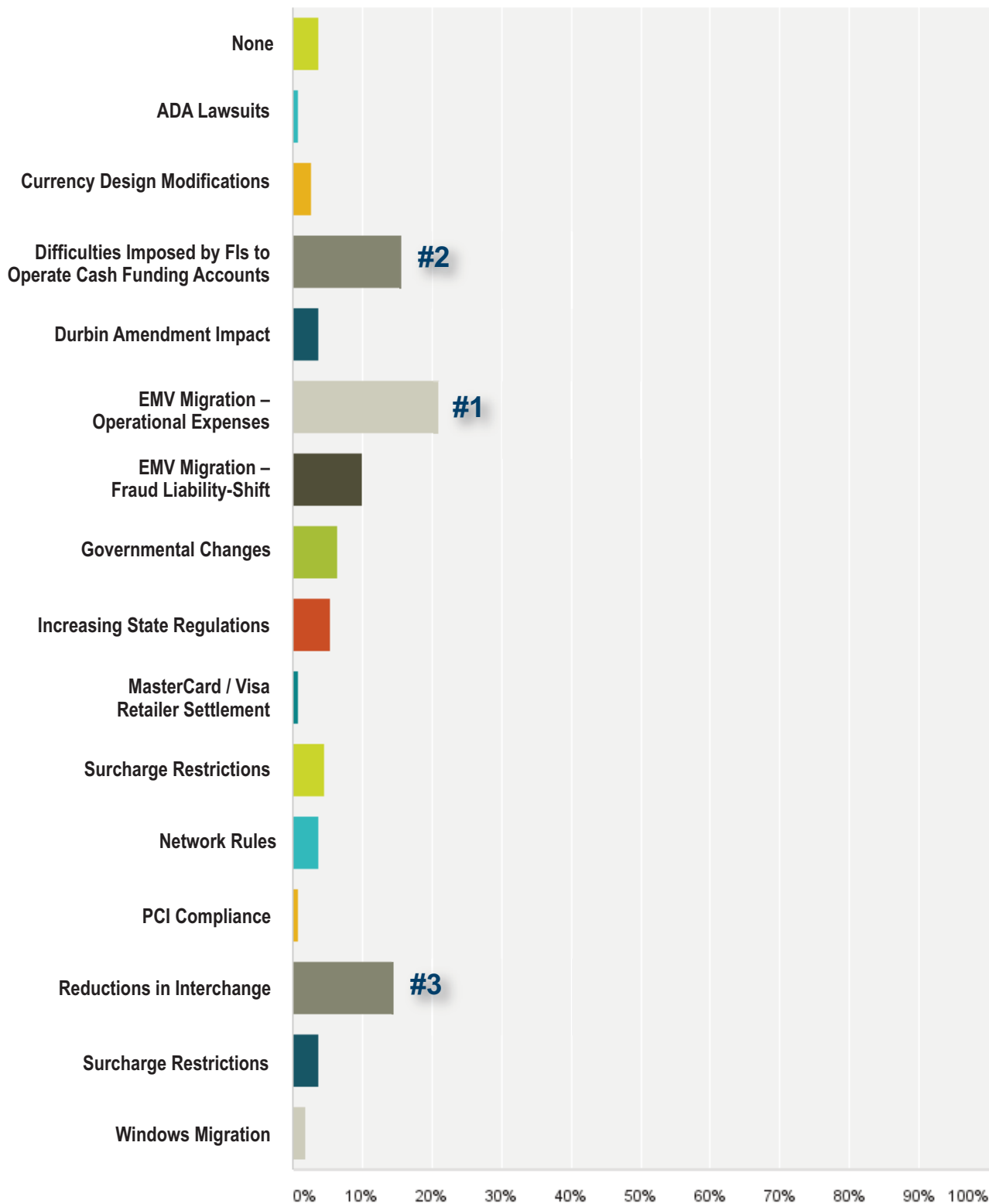
The Number 1, Single Largest Legislative / Regulatory Item that Poses a Threat to US IAD Businesses . . .

		Respondent Answers
1.	**EMV Migration – Operational Expenses** (i.e. hardware and labor to perform upgrades)	**21.10%**
2.	**Difficulties Imposed by FIs to Operate Cash Funding Accounts (Anti-Money Laundering Rules)**	**15.60%**
3.	**Reductions in Interchange**	**14.68%**
4.	EMV Migration – Fraud Liability-Shift (i.e. card fraud owed from activity performed on non-EMV ATMs)	10.09%
5.	Governmental Changes / Interference Based on Lack of Information / Wrong Information	6.42%
6.	Increasing State Regulations	5.50%
7.	Mobile Payments / Contactless Payments	4.59%
8.	Durbin Amendment Impact on ATMs	3.67%
9.	Network Rules (Honor All Cards)	3.67%
10.	Surcharge Restrictions	3.67%
11.	None	3.67%
12.	Currency Design Modifications	2.75%
13.	Windows Migration	1.83%
14.	ADA Lawsuits	.92%
15.	MasterCard / Visa Retailer Settlement Potential Impact on IADs	.92%
16.	PCI Compliance	.92%

Specific Topics US-Based IADs Would Most Like to Know About EMV Migration . . .

Topic	Value
ATM Upgrade Paths	
Benefits to Consumers	
Benefits to IADs	
Costs in Upgrading ATMs	#2
How the User / Customer Experience will Change	
How to Create Your Own EMV Migration Roadmap	
Impact of the Federal Court Ruling that Vacated the Durbin Rules	
Implications of Visa / MasterCard's Liability Shift	#1
Lessons Learned When Other Countries Migrated	#3
Where You Can Obtain Funding to Upgrade to EMV	

Specific Issues US-Based IADs Would Most Like to Know About EMV Migration . . .

		Respondent Answers	Responses
1.	Implications of Visa / MasterCard's Liability Shift for U.S. ATMs	40.57%	18.22%
2.	Costs in Upgrading ATMs	33.02%	14.83%
3.	Lessons Learned When Other Countries Migrated	28.30%	12.71%
4.	Where You Can Obtain Funding to Upgrade to EMV	25.47%	11.44%
5.	Benefits to IADs	21.70%	9.74%
6.	ATM Upgrade Paths	18.87%	8.47%
7.	How the User / Customer Experience will Change	16.98%	7.62%
8.	Impact of the Federal Court Ruling that Vacated the Fed's Durbin Rules	15.09%	6.77%
9.	How to Create Your Own EMV Migration Roadmap	14.15%	6.35%
10.	Benefits to Consumers	8.49%	3.81%

Top 2014 Survey Answers		Respondent Answers	Responses
1.	Costs Involved in Upgrading ATMs	60.8%	21.4%
2.	ATM Upgrade Paths	47.8%	16.8%
3.	Implications of Visa / MasterCard's Liability Shift for U.S. ATMs	41.3%	14.5%
4.	Lessons Learned When Other Countries Migrated to EMV	29.3%	10.3%
5.	What you Need to Know to Create your Own EMV Migration Roadmap	29.3%	10.3%

Multiple choice question. Each respondent was allowed to choose more than one answer

Are US-Based IADs Purchasing New ATMs
with EMV Card Readers?

Yes — 74.53%

No — 25.47%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
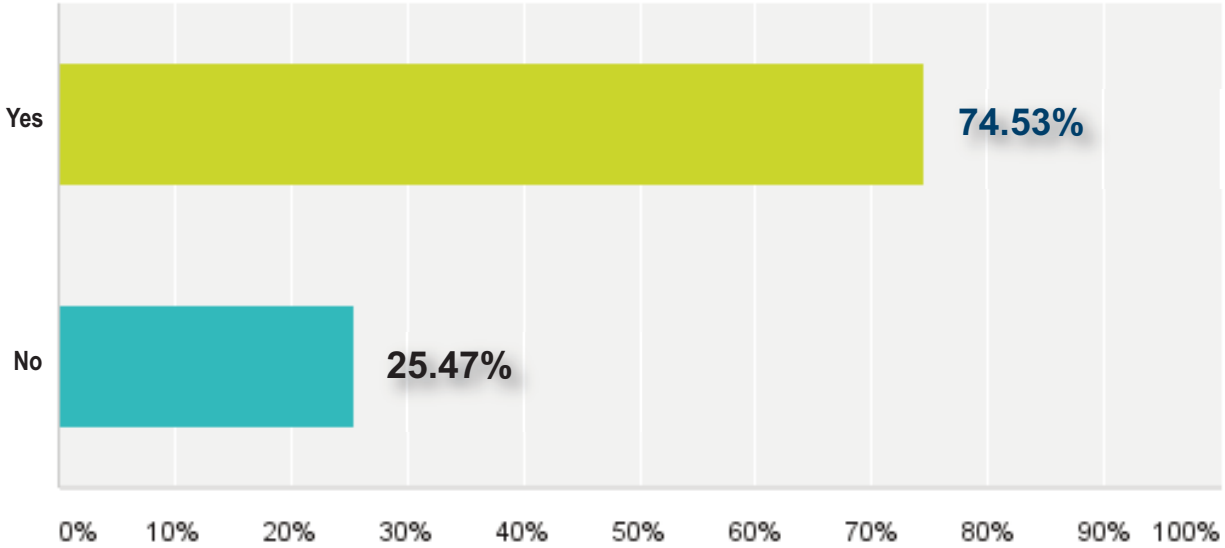
Have IADs Started Upgrading / Replacing ATMs
in the Field with EMV Capable Card Readers?

Yes — 50%

No — 50%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
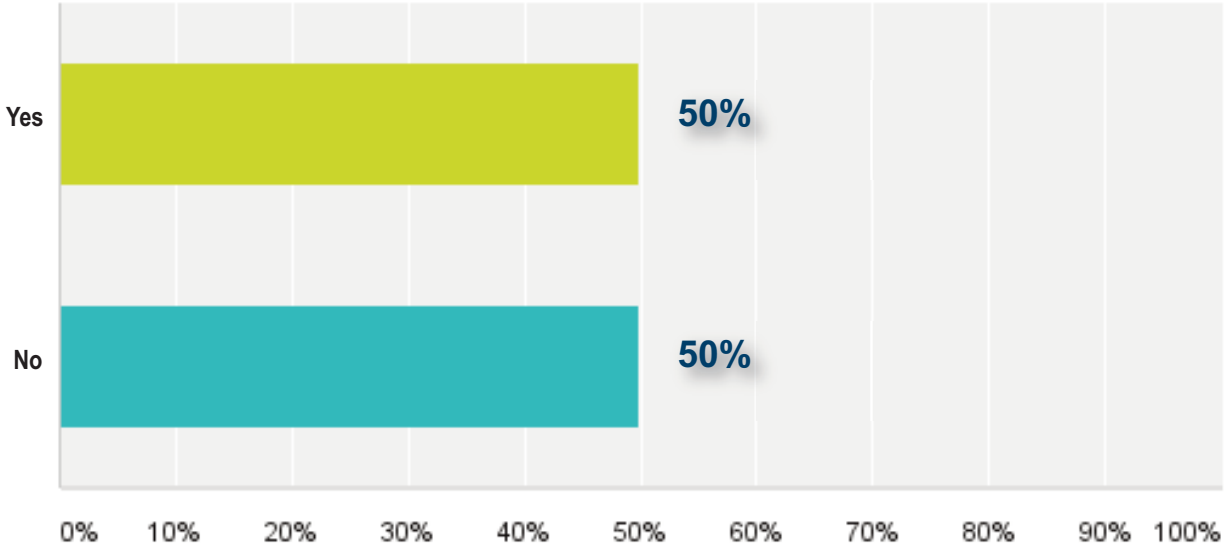
Percentage of ATMs IADs Anticipate Will be EMV-Ready by October 2016 (MasterCard Liability Shift)?

Category	Percentage
0	6.60%
25% or Less	13.21%
26-50%	13.21%
51-75%	16.98%
76-99%	18.87%
100%	31.13%
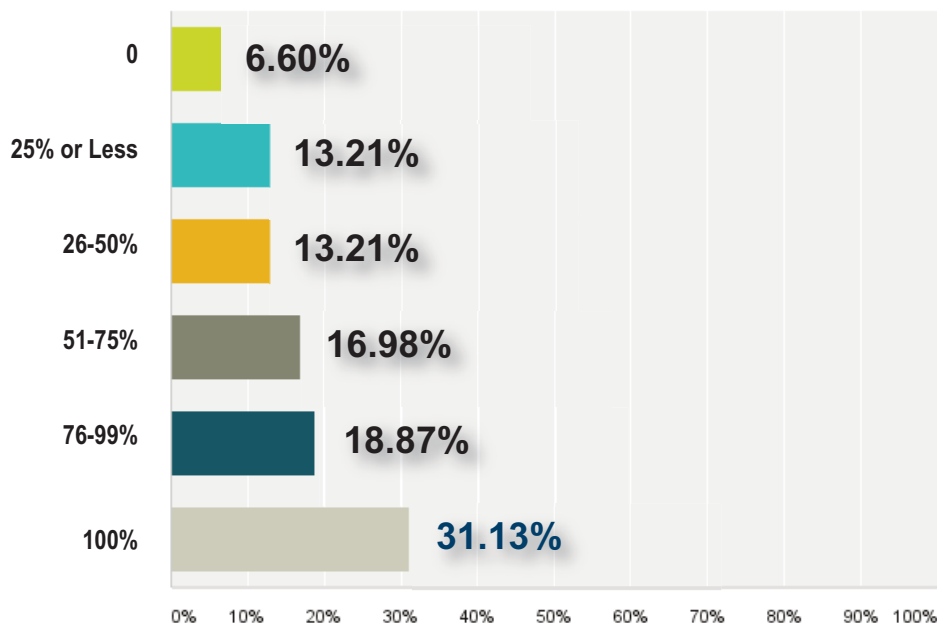
Percentage of ATMs IADs Anticipate Will be EMV-Ready by October 2017 (Visa Liability Shift)?

Category	Percentage
0	5.66%
25% or Less	7.55%
26-50%	8.49%
51-75%	9.43%
76-99%	18.87%
100%	50%
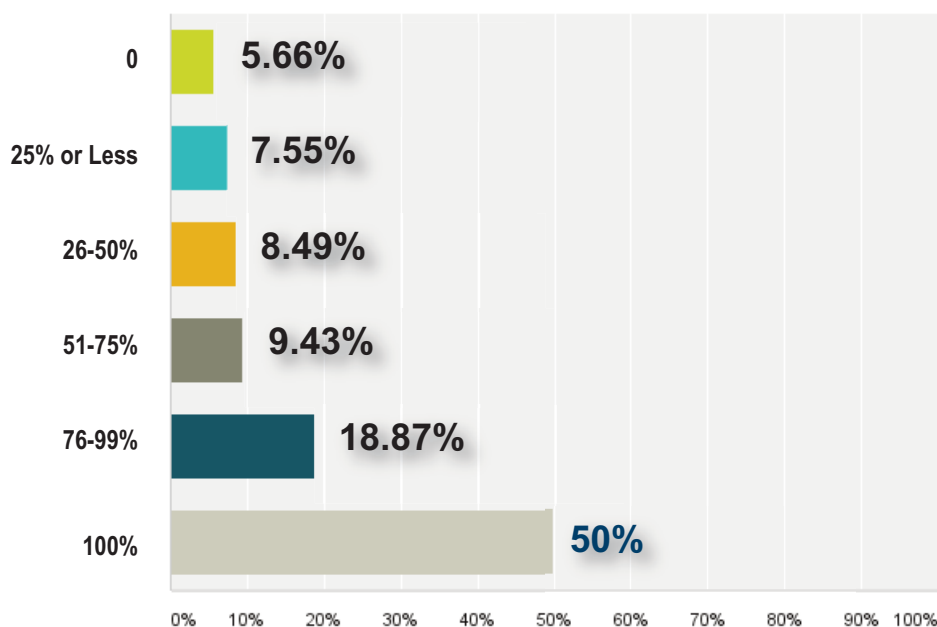
Are IADs Developing a Strategy for Implementation of Contactless or Mobile Transactions at the ATM Using NFC or QR Codes?

Yes — 11.65%

No — 37.86%

Unsure / Need More Info — 50.49%
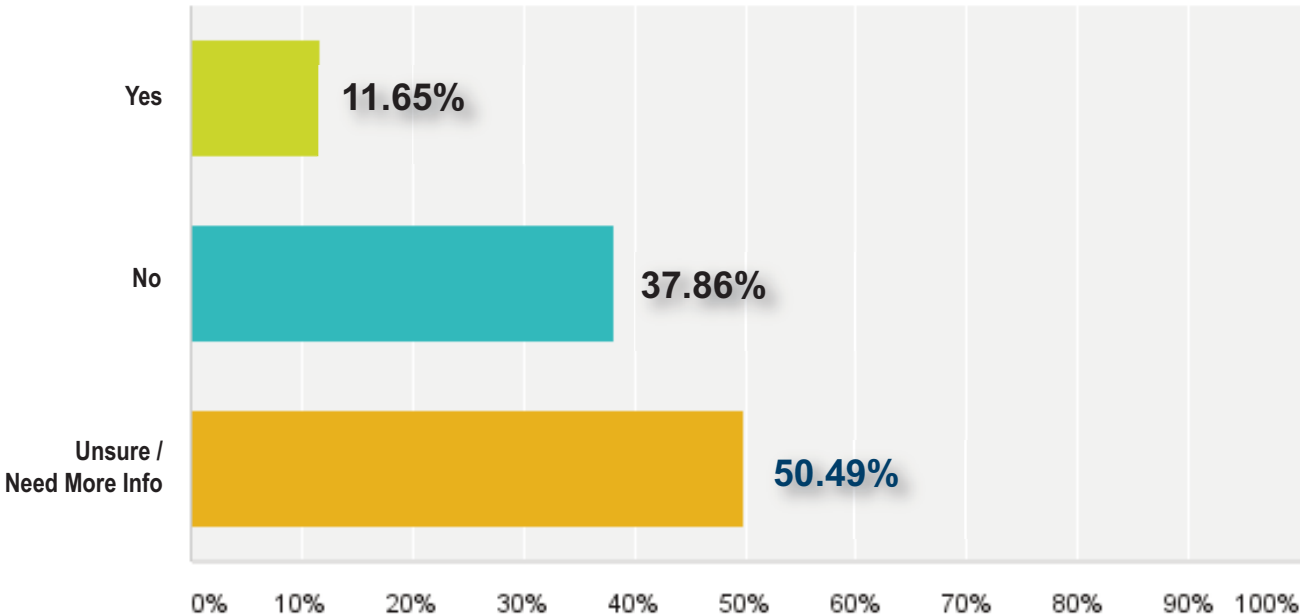
What US-Based IADs Would Most Like to Know About Contactless or Mobile Transactions at the ATM . . .
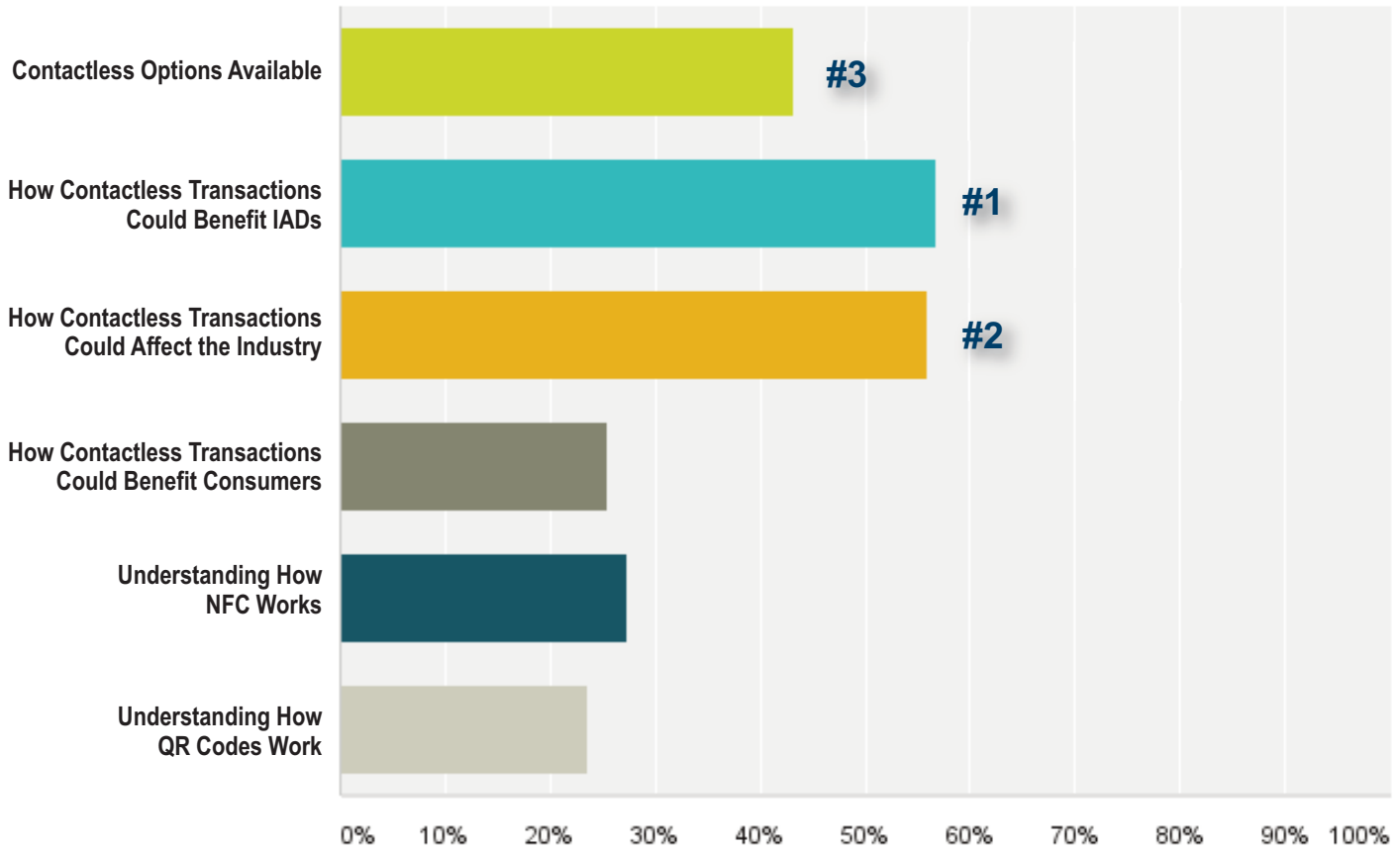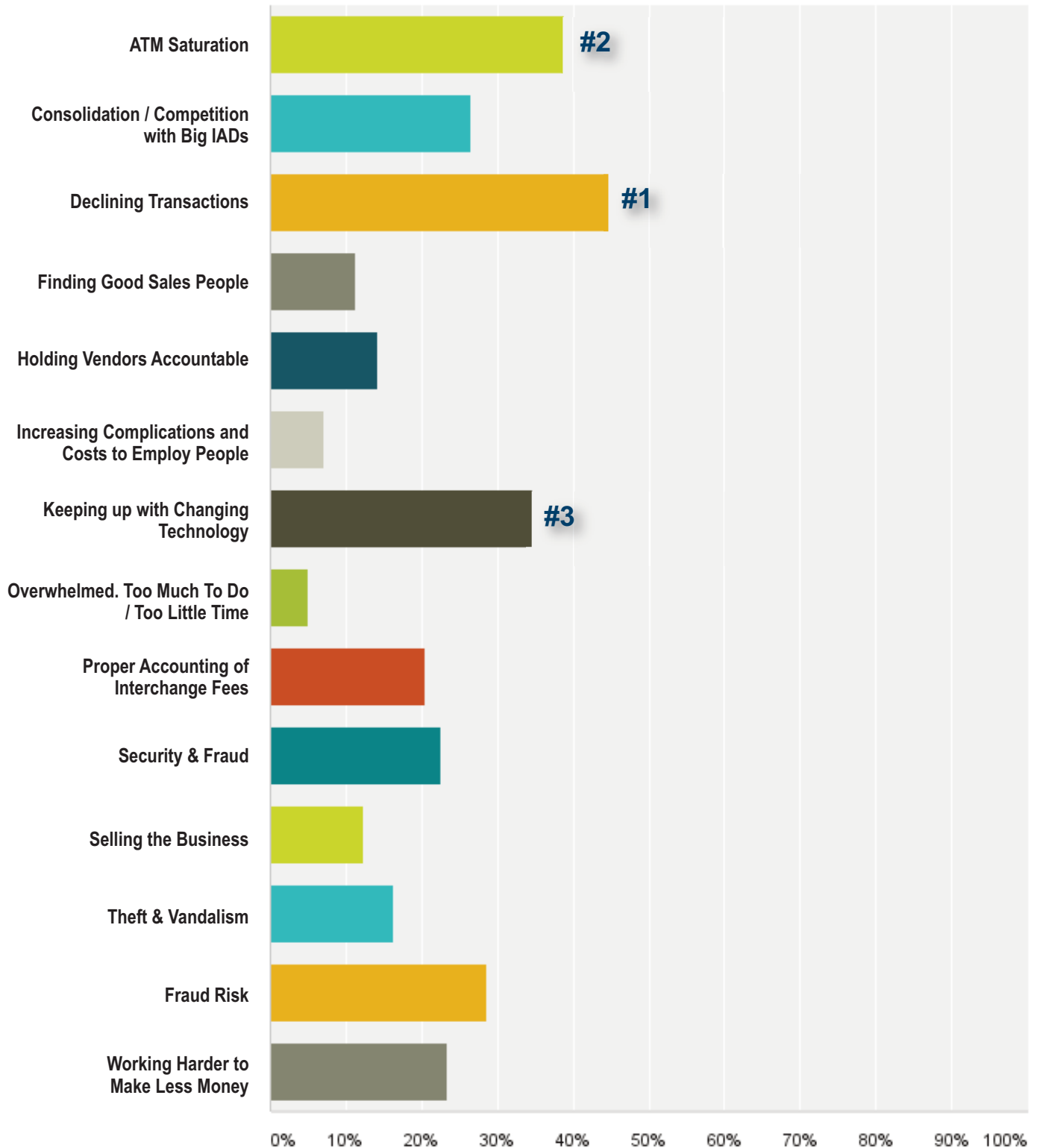

	Respondent Answers	Responses
1. **How Contactless ATM Transactions Could Benefit IADs**	**56.31%**	**24.26%**
2. **How Contactless Transactions Could Affect the Industry**	**56.31%**	**24.26%**
3. **Contactless Options Available from Retail Manufacturers**	**42.72%**	**18.41%**
4 Understanding How NFC Works	27.18%	11.71%
5. How Contactless Transactions Could Benefit Consumers	25.24%	10.87%
6. Understanding How QR Codes Work	24.27%	10.46%

*Multiple choice question. Each respondent was allowed to choose more than one answer

The 3 Biggest IAD Competitive Fears, Worries and Concerns Regarding the Health of the ATM Industry . . .

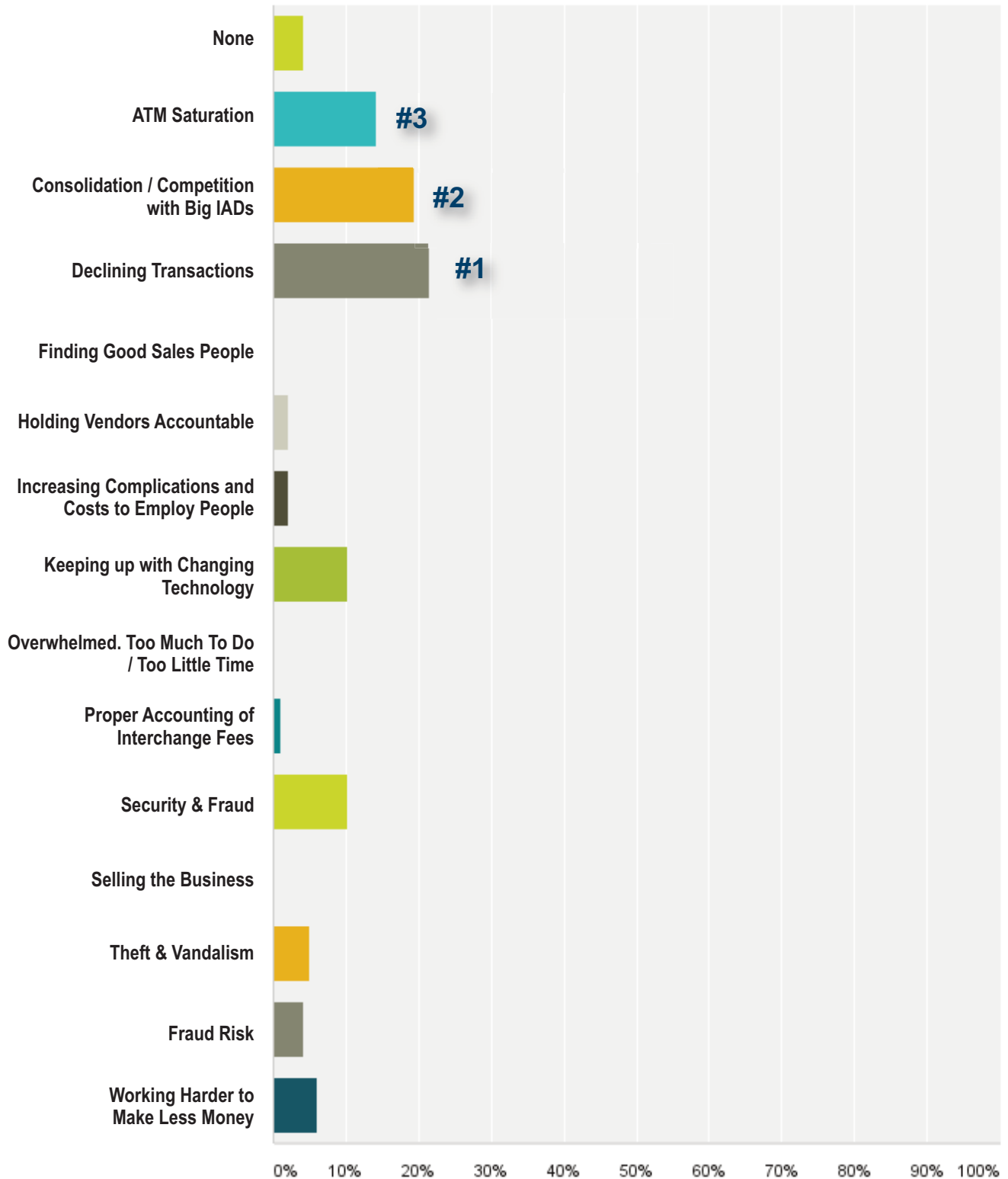## The 3 Biggest IAD Competitive Fears, Worries and Concerns Regarding the Health of the ATM Industry . . .

	Respondent Answers	Responses
1. **Declining Transactions**	**44.44%**	**14.61%**
2. **ATM Saturation**	**38.38%**	**12.62%**
3. **Keeping up with Changing Technology**	**34.34%**	**11.29%**
4. Fraud Risk	28.28%	9.30%
5. Consolidation / Competition with Big IADs	27.27%	8.97%
6. Working Harder to Make Less Money	23.23%	7.64%
7. Security & Fraud	22.22%	7.30%
8. Proper Accounting of Interchange Fees	20.20%	6.64%
9. Theft & Vandalism	16.16%	5.31%
10. Holding Vendors Accountable	14.14%	4.65%
11. Selling the Business	12.12%	3.98%
12. Finding Good Sales People	11.11%	3.65%
13. Increasing Complications and Costs to Employ People	7.07%	2.32%
14. Overwhelmed. Too Much To Do / Too Little Time	5.05%	1.66%

Top 2014 Survey Answers	Respondent Answers	Responses
1. Declining Transactions	44.5%	15.1%
2. ATM Saturation	40.2%	13.7%
3. Keeping up with Changing Technology	38.0%	12.9%
4. Security & Fraud	28.2%	9.6%
5. Working Harder to Make Less Money	26.0%	8.8%

Multiple choice question. Each respondent was allowed to choose more than one answer

The Number 1, Single Largest Competitive Item
that Poses a Major Threat to US IAD Businesses . . .

Chart categories (top to bottom):
None
ATM Saturation — #3
Consolidation / Competition with Big IADs — #2
Declining Transactions — #1
Finding Good Sales People
Holding Vendors Accountable
Increasing Complications and Costs to Employ People
Keeping up with Changing Technology
Overwhelmed. Too Much To Do / Too Little Time
Proper Accounting of Interchange Fees
Security & Fraud
Selling the Business
Theft & Vandalism
Fraud Risk
Working Harder to Make Less Money

X-axis: 0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

The Number 1, Single Largest Competitive Item
that Poses a Major Threat to US IAD Businesses . . .

Respondent Answers

1.	**Declining Transactions**	**21.21%**
2.	**Consolidation / Competition with Big IADs**	**20.20%**
3.	**ATM Saturation**	**14.14%**
4.	Keeping up with Changing Technology	10.10%
5.	Security & Fraud	10.10%
6.	Working Harder to Make Less Money	6.06%
7.	Theft & Vandalism	5.05%
8.	Fraud risk (i.e. hackers, cyber-theft, data security breaches, etc.)	4.04%
9.	Holding Vendors Accountable	2.02%
10.	Increasing Complications and Costs to Employ People	2.02%
11.	Proper Accounting of Interchange Fees	1.01%
12.	Finding Good Sales People	0.00%
13.	Overwhelmed. Too Much To Do / Too Little Time	0.00%
14.	Selling the Business	0.00%

Other Than ATM Equipment and Processing, US IADs Offer Their Customers These Products & Services . . .
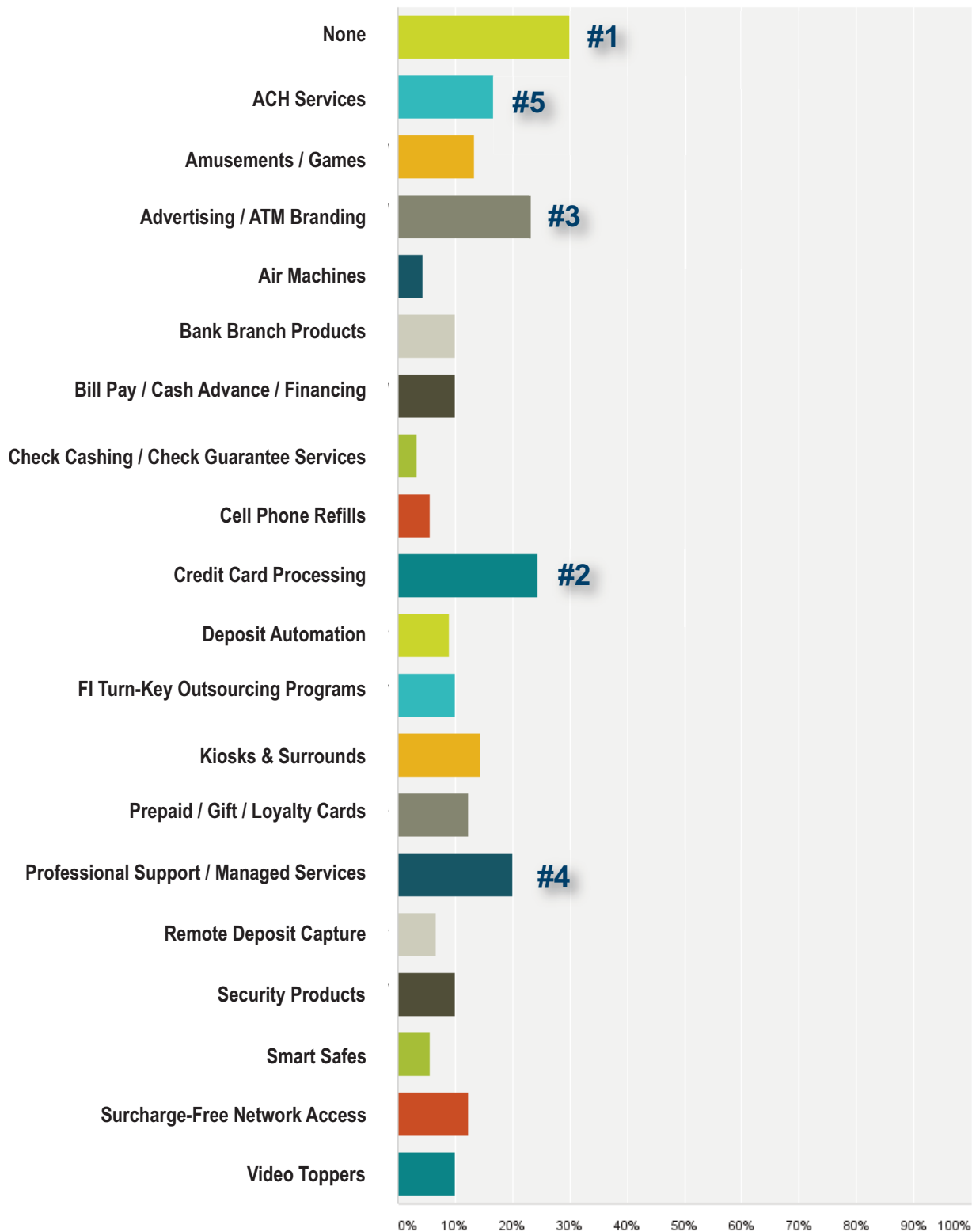
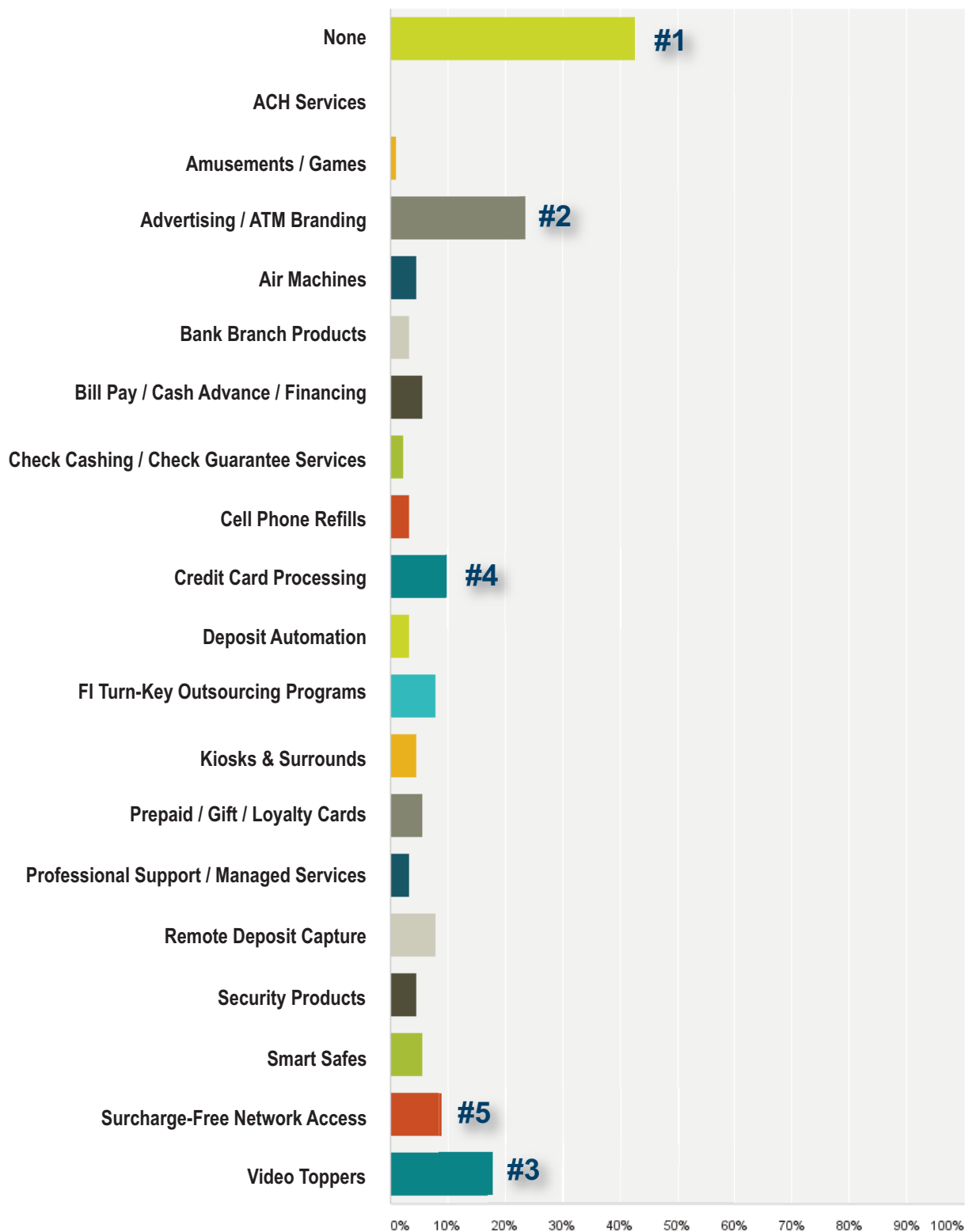# Other Than ATM Equipment and Processing, US IADs Offer Their Customers These Products & Services . . .

		Respondent Answers	Responses
1.	**None**	**30.77%**	**12.33%**
2.	**Credit Card Processing**	**24.18%**	**9.69%**
3.	**Advertising / ATM Branding Packages**	**23.08%**	**9.25%**
4.	**Professional Support / Managed Services**	**19.78%**	**7.92%**
5.	**ACH Services**	**16.48%**	**6.60%**
6.	Kiosks & Surrounds	14.29%	5.72%
7.	Amusements / Games	13.19%	5.28%
8.	Prepaid / Gift / Loyalty Cards	12.09%	4.84%
9.	Surcharge-Free Transaction Network Access	12.09%	4.84%
10.	Bank Branch Products	9.89%	3.96%
11.	Bill Pay / Cash Advance / Financing	9.89%	3.96%
12.	FI Turn-Key Outsourcing Programs	9.89%	3.96%
13.	Security Products (alarms, cameras, anti-skimming devices, etc.)	9.89%	3.96%
14.	Video Toppers	9.89%	3.96%
15.	Deposit Automation	8.79%	3.52%
16.	Remote Deposit Capture	6.59%	2.64%
17.	Cell Phone Refills	5.49%	2.20%
18.	Smart Safes	5.49%	2.20%
19.	Air Machines	4.40%	1.76%
20.	Check Cashing / Check Guarantee Services	3.30%	1.32%

Top 2014 Survey Answers		Respondent Answers	Responses
1.	None	30.00%	11.00%
2.	Credit Card Processing	23.30%	8.50%
3.	Advertising / ATM Branding Packages	21.10%	7.70%
4.	Professional Support / Managed Services	21.10%	7.70%
5.	Surcharge-Free Transaction Network Access	17.70%	6.50%

Multiple choice question. Each respondent was allowed to choose more than one answer

New Products and/or Services US IADs are Planning to Offer Their Customers in 2015 . . .

Category	Value
None	#1
ACH Services	
Amusements / Games	
Advertising / ATM Branding	#2
Air Machines	
Bank Branch Products	
Bill Pay / Cash Advance / Financing	
Check Cashing / Check Guarantee Services	
Cell Phone Refills	
Credit Card Processing	#4
Deposit Automation	
FI Turn-Key Outsourcing Programs	
Kiosks & Surrounds	
Prepaid / Gift / Loyalty Cards	
Professional Support / Managed Services	
Remote Deposit Capture	
Security Products	
Smart Safes	
Surcharge-Free Network Access	#5
Video Toppers	#3

New Products and/or Services US IADs are Planning to Offer Their Customers in 2015 . . .

		Respondent Answers	Responses
1.	None	42.86%	26.00%
2.	Advertising / ATM Branding Packages	23.08%	14.00%
3.	Video Toppers	17.58%	10.66%
4.	Credit Card Processing	9.89%	6.00%
5.	Surcharge-Free Transaction Network Access	9.89%	6.00%
6.	FI Turn-Key Outsourcing Programs	7.69%	4.66%
7.	Remote Deposit Capture	7.69%	4.66%
8.	Bill Pay / Cash Advance / Financing	5.49%	3.33%
9.	Prepaid / Gift / Loyalty Cards	5.49%	3.33%
10.	Smart Safes	5.49%	3.33%
11.	Air Machines	4.40%	2.66%
12.	Kiosks & Surrounds	4.40%	2.66%
13.	Security Products (alarms, cameras, anti-skimming devices, etc.)	4.40%	2.66%
14.	Bank Branch Products	3.30%	2.00%
15.	Cell Phone Refills	3.30%	2.00%
16.	Deposit Automation	3.30%	2.00%
17.	Professional Support / Managed Services	3.30%	2.00%
18.	Check Cashing / Check Guarantee Services	2.20%	1.33%
19.	Amusements / Games	1.10%	.66%
20.	ACH Services	0.00%	.00%

Top 2014 Survey Answers		Respondent Answers	Responses
1.	None	39.30%	26.30%
2.	Other, Not Listed	13.40%	8.80%
3.	Advertising / ATM Branding Packages	10.10%	6.60%
4.	Remote Deposit Capture	10.10%	6.60%
5.	Prepaid / Gift / Loyalty Cards	8.90%	5.90%

Multiple choice question. Each respondent was allowed to choose more than one answer
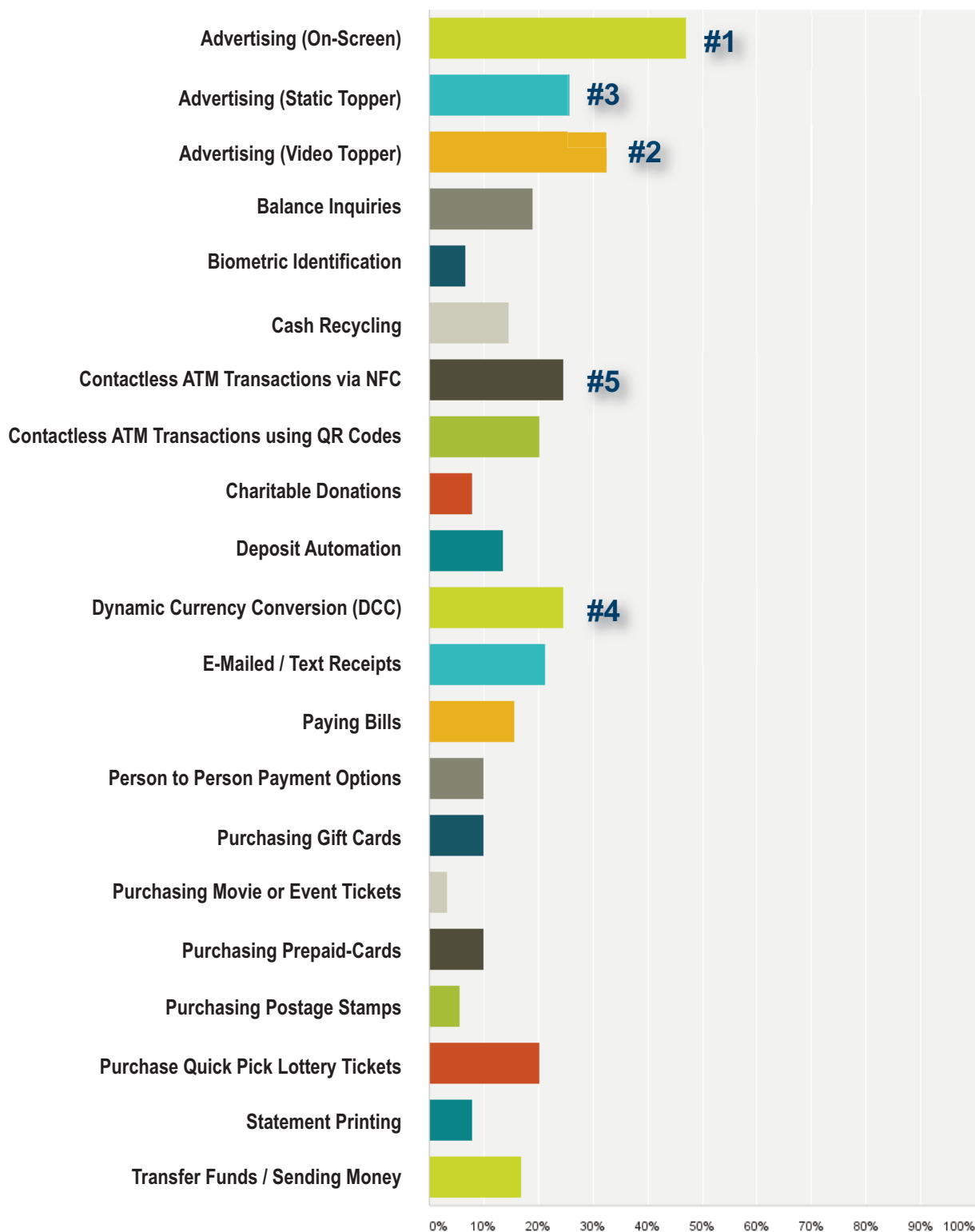
With Shrinking Interchange and Increasing Network Fees, Here's What IADs Say They are Doing to Increase Revenue . . .
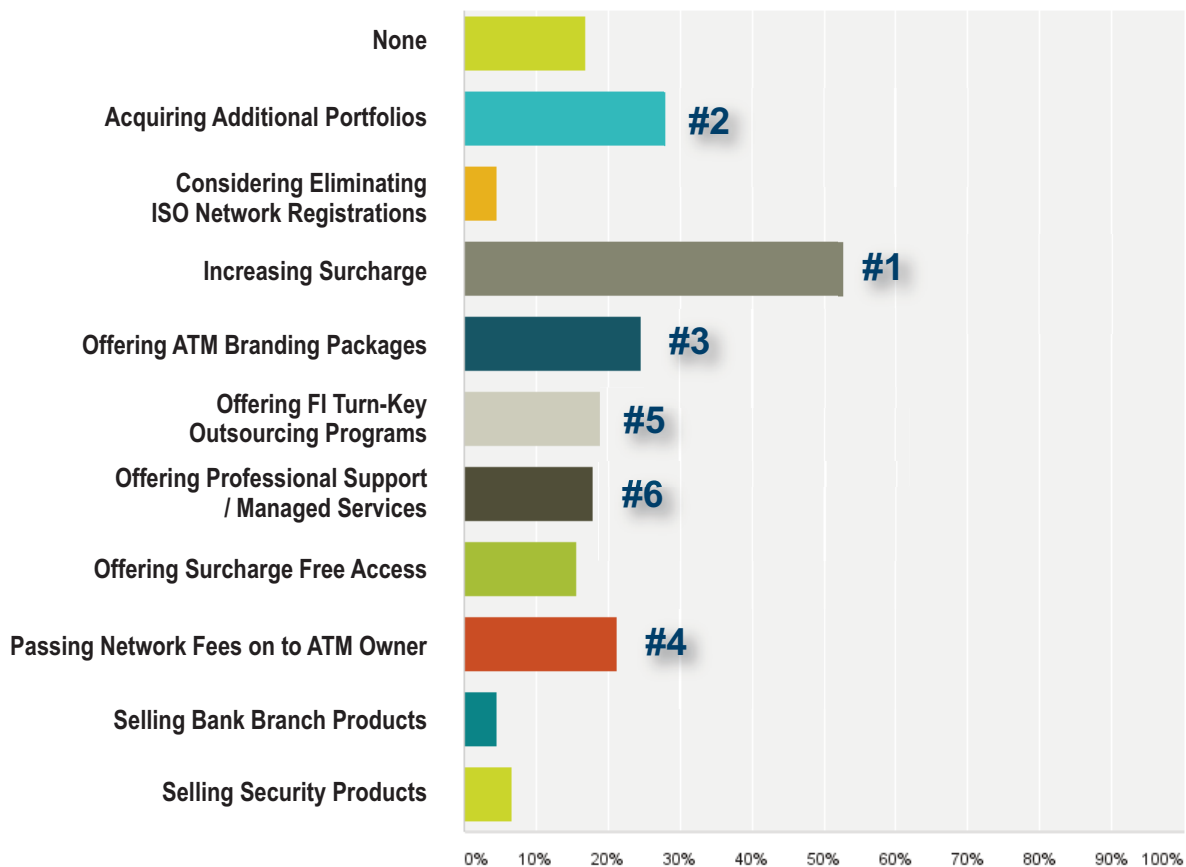
	Respondent Answers	Responses
1. Increasing Surcharge	52.75%	24.61%
2. Acquiring Additional Portfolios	29.67%	13.84%
3. Offering ATM Branding Packages	25.27%	11.79%
4. Passing Network Fees on to ATM Owner (Merchant or FI)	20.88%	9.74%
5. Offering FI Turn-Key Outsourcing Programs	18.68%	8.71%
6. Offering Professional Support / Managed Services	18.68%	8.71%
7. None	16.48%	7.69%
8. Offering Surcharge Free Access	16.48%	7.69%
9. Selling Security Products	6.59%	3.07%
10. Considering Eliminating ISO Network Registrations	4.40%	2.05%
11. Selling Bank Branch Products	4.40%	2.05%

Multiple choice question. Each respondent was allowed to choose more than one answer

Advanced ATM Functionality IADs are Interested in Offering Their Customers in 2015 and Beyond . . .


Category	
Advertising (On-Screen)	#1
Advertising (Static Topper)	#3
Advertising (Video Topper)	#2
Balance Inquiries	
Biometric Identification	
Cash Recycling	
Contactless ATM Transactions via NFC	#5
Contactless ATM Transactions using QR Codes	
Charitable Donations	
Deposit Automation	
Dynamic Currency Conversion (DCC)	#4
E-Mailed / Text Receipts	
Paying Bills	
Person to Person Payment Options	
Purchasing Gift Cards	
Purchasing Movie or Event Tickets	
Purchasing Prepaid-Cards	
Purchasing Postage Stamps	
Purchase Quick Pick Lottery Tickets	
Statement Printing	
Transfer Funds / Sending Money	

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Advanced ATM Functionality IADs are Interested in Offering Their Customers in 2015 and Beyond . . .

		Respondent Answers	Responses
1.	**Advertising (On-Screen)**	**47.25%**	**13.27%**
2.	**Advertising (Video Topper)**	**31.87%**	**8.95%**
3.	**Advertising (Static Topper)**	**25.27%**	**7.09%**
4.	**Dynamic Currency Conversion (DCC)**	**25.27%**	**7.09%**
5.	**Contactless ATM Transactions via NFC**	**24.18%**	**6.79%**
6.	E-Mailed / Text Receipts	20.88%	5.86%
7.	Balance Inquiries	19.78%	5.55%
8.	Contactless ATM Transactions using QR Codes	19.78%	5.55%
9.	Purchase Quick Pick Lottery Tickets	19.78%	5.55%
10.	Transfer Funds / Sending Money	16.48%	4.62%
11.	Cash Recycling	15.38%	4.32%
12.	Paying Bills	15.38%	4.32%
13.	Deposit Automation	13.19%	3.79%
14.	Purchasing Gift Cards	10.99%	3.08%
15.	Person to Person Payment Options	9.89%	2.77%
16.	Purchasing Prepaid-Cards	9.89%	2.77%
17.	Charitable Donations	7.69%	2.16%
18.	Statement Printing	7.69%	2.16%
19.	Biometric Identification	6.59%	1.85%
20.	Purchasing Postage Stamps	5.49%	1.54%
21.	Purchasing Movie or Event Tickets	3.30%	.92%

Multiple choice question. Each respondent was allowed to choose more than one answer

2015 US Independent ATM Deployer Goals

Which of the Following Statements Best Aligns With Your Goals for the Next 12 Months?
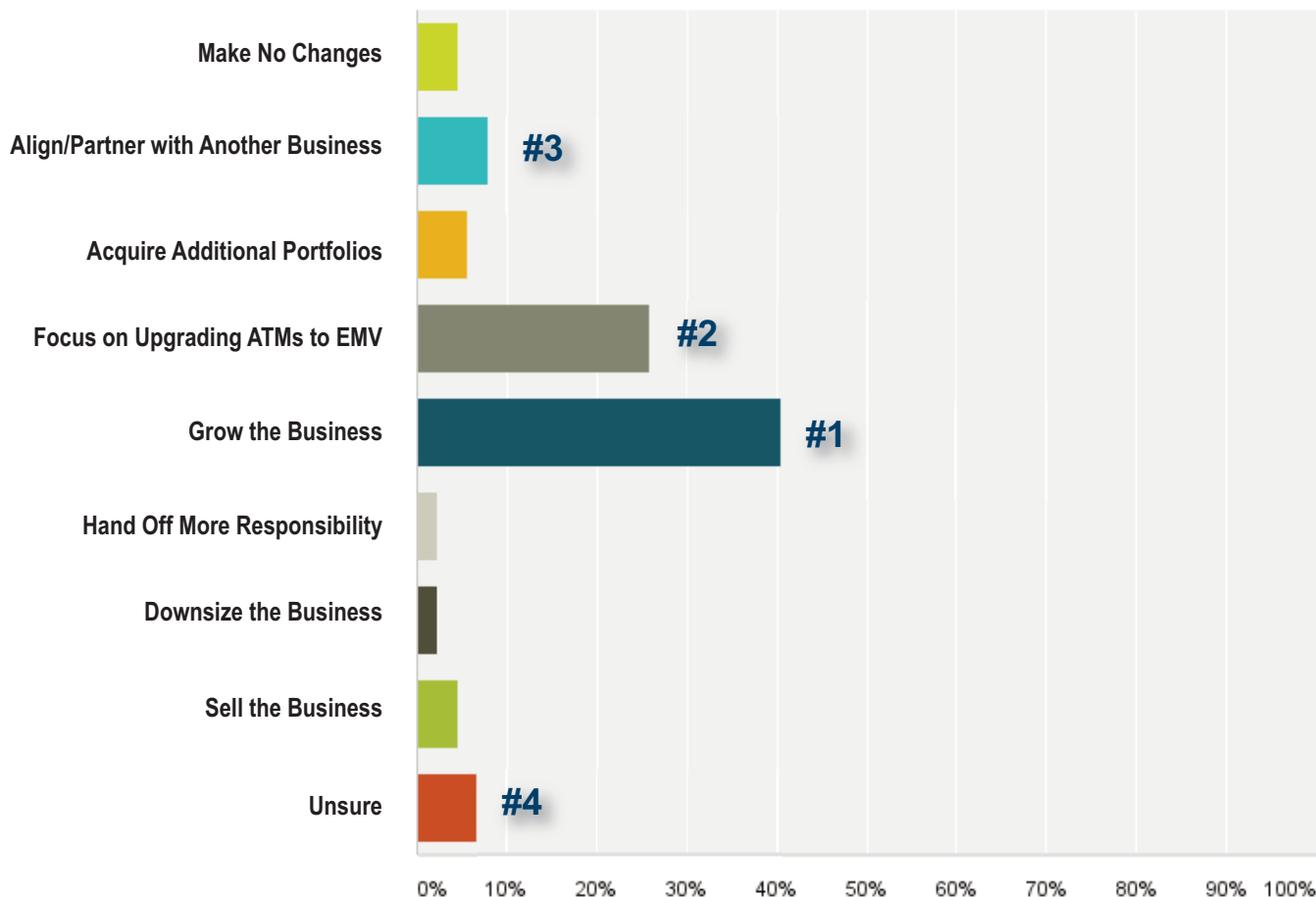
	Respondent Answers
1. **Grow the Business**	**39.56%**
2. **Focus on Upgrading ATMs to EMV**	**25.27%**
3. **Align / Partner with Another Business for Efficiency**	**7.69%**
4. **Unsure**	**7.69%**
5. Acquire Additional Portfolios	5.49%
6. Sell the Business	5.49%
7. Make No Changes	4.40%
8. Hand Off More Responsibility	2.20%
9. Downsize the Business	2.20%

Top Topics IADs Would be Interested in Learning More About Through White Papers, Industry Best Practices and/or Webinars

		Respondent Answers	Responses
1.	Future of ATM Interchange	49.45%	12.03%
2.	EMV Education, Preparation and Expectations	43.96%	10.69%
3.	ATM Branding / Advertising	42.86%	10.42%
4.	Contactless ATM Transactions (NFC, QR Codes)	32.97%	8.02%
5.	Reducing Transaction Expenses	23.08%	5.61%
6.	Exit Strategies	21.98%	5.34%
7.	Legislative / Regulatory / Compliance Issues	20.88%	5.08%
8.	FI ATM Outsourcing Programs	19.78%	4.81%
9.	Bottom Line Profitability	19.78%	4.81%
10.	Security Trends	18.68%	4.54%
11.	Surcharge-Free Transaction Networks	18.68%	4.54%
12.	Business Financing & Growth Capital	16.48%	4.01%
13.	Marketing the Business	16.48%	4.01%
14.	Custom Software Solutions designed to increase revenue or decrease costs	13.19%	3.20%
15.	Increasing Sales while Decreasing Overhead	13.19%	3.20%
16.	Kiosks & Surrounds	13.19%	3.20%
17.	Bank Branch Products	9.89%	2.40%
18.	Security Products	8.79%	2.13%
19.	Paying Terminal-Related Parties More Cost Effectively	5.49%	1.33%
20.	Delivering Reports to Decision Makers in a More Timely Manner	1.10%	.26%
21.	Monitoring and Providing Over-the-Phone Technical Assistance more Efficiently	1.10%	.26%

Multiple choice question. Each respondent was allowed to choose more than one answer