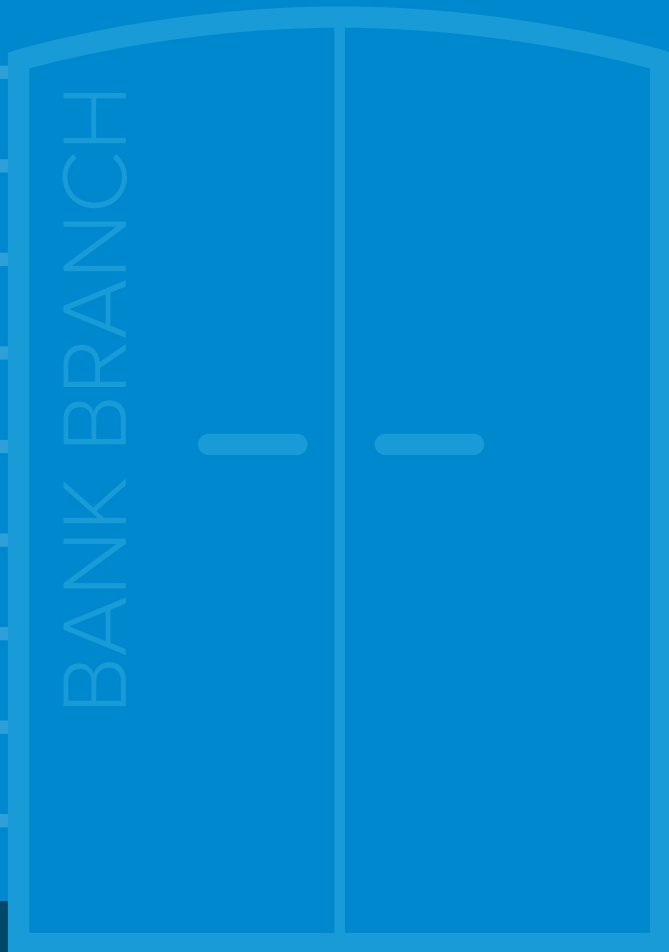


INDUSTRY SURVEY

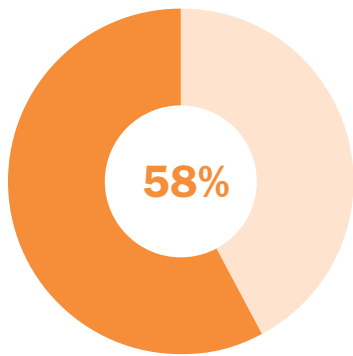
# The Changing Face of the ATM Market



# Banks and credit unions increasingly leverage ATMs as tools to boost customer retention and loyalty.

Financial institutions are exploring new ATM capabilities that help them personalize and enrich their interactions with customers. That's why it's not surprising that many financial institutions plan to either expand their ATM fleet or replace their aging ATMs in the near future, with the goal of providing better service and security.

Those are just a few key findings of the 2014 Cummins Allison survey of banks and credit unions, entitled **The Changing Face of the ATM Market**. The survey shows that as financial institutions replace aging ATMs or expand their current ATM fleets, many plan to explore new capabilities such as video conferencing, biometrics and remote teller assistance. Financial institutions are also demanding more from their ATM vendors, including better quality service and support.



**In the next 12 months, 58% of financial institutions surveyed plan to:**

- 1 add to their existing ATM fleet, or
- 2 replace all or part of their existing ATM fleet.

# Supporting the local branch is still important for financial institutions.

Studies show that while financial customers like convenience, they are not willing to give up visiting their local branch. In fact, in a recent Accenture study, nearly 78% of respondents said they planned to visit their local branch as often – or even more often – five years from today.

So it's a good thing that banks and credit unions remain committed to the local branch. In fact, 91% of Cummins Allison survey respondents say the branch is still “very important” or “extremely important” as a customer touchpoint.

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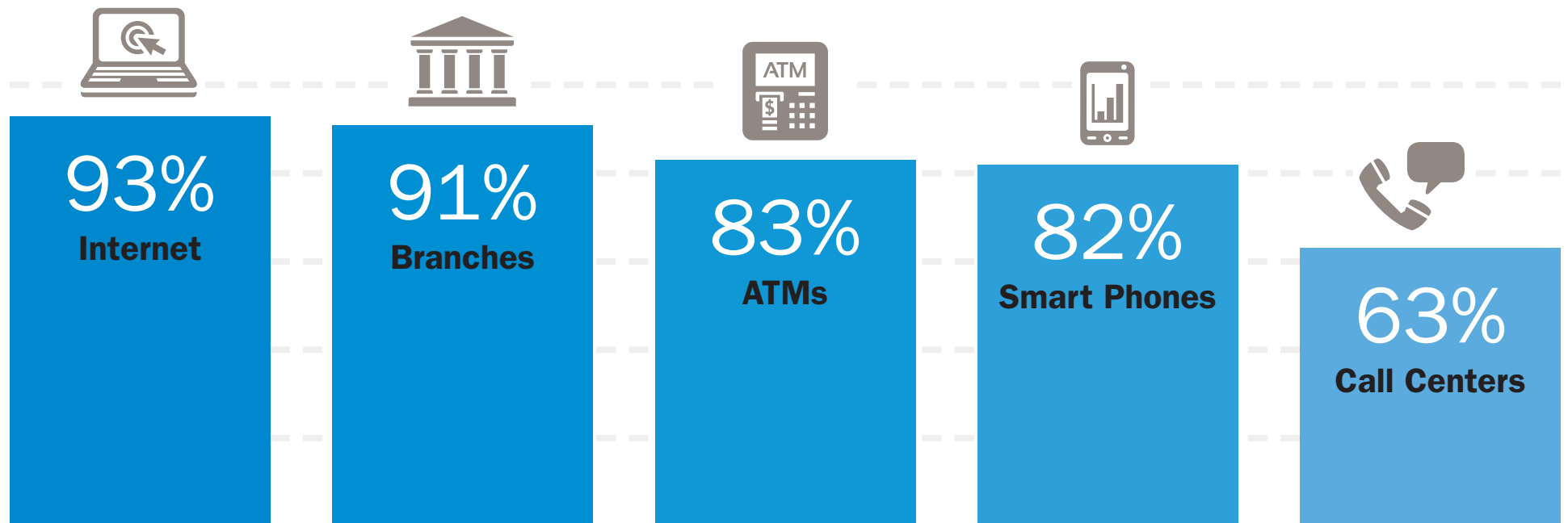
**91% of survey respondents say the branch is still “very important” or “extremely important”**



# Technology is critical in the move toward customer-centric banking.

Of course, financial institutions recognize that online and self-service technology is increasingly important in serving customers as well. In fact, more than 80% of the financial institutions Cummins Allison surveyed ranked self-service customer options such as ATMs, the Internet and smartphones as “very important” or “extremely important” customer touchpoints.

## Which customer touchpoints rank as “very” or “extremely” important?



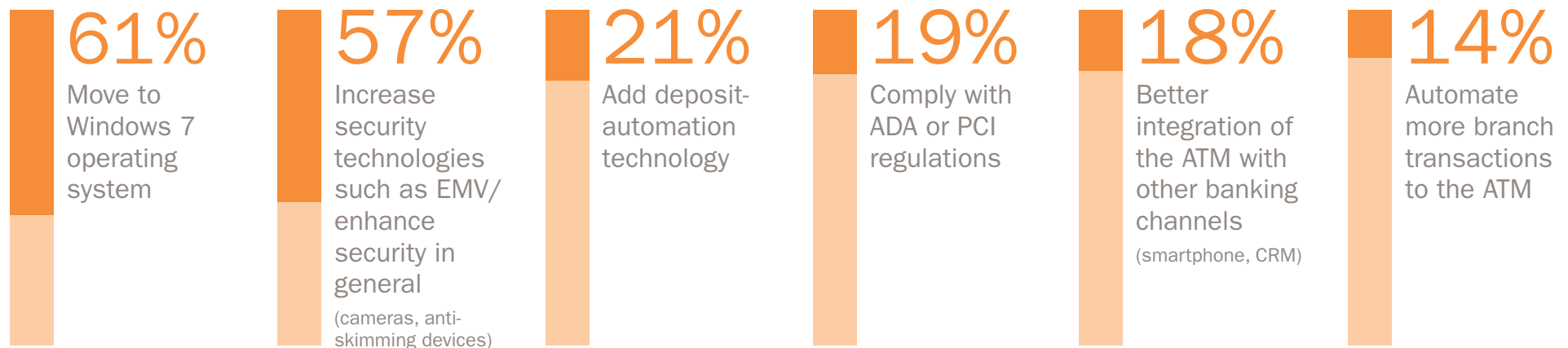
# Financial institutions face many challenges today, with security upgrades topping the list.

Financial institutions have to adapt to many changes today, not the least of which is Microsoft's decision to discontinue support for the Windows XP operating system. This means financial institutions must upgrade their ATMs to Windows 7 to implement the latest patches and to maintain payment card industry (PCI) compliance.

32% of financial institutions surveyed are ahead of the curve, with ATMs that already support Windows 7, while 61% of those surveyed said they planned to migrate their ATMs to a Windows 7 operating system in 2014.

Also notable was the financial institutions' commitment to supporting other security upgrades, such as implementing Europay/MasterCard/Visa (EMV) on-card integrated circuit (IC) encryption and security measures such as cameras and anti-skimming devices.

**What changes do you plan on making to your ATM fleet in 2014?** Choose up to three.

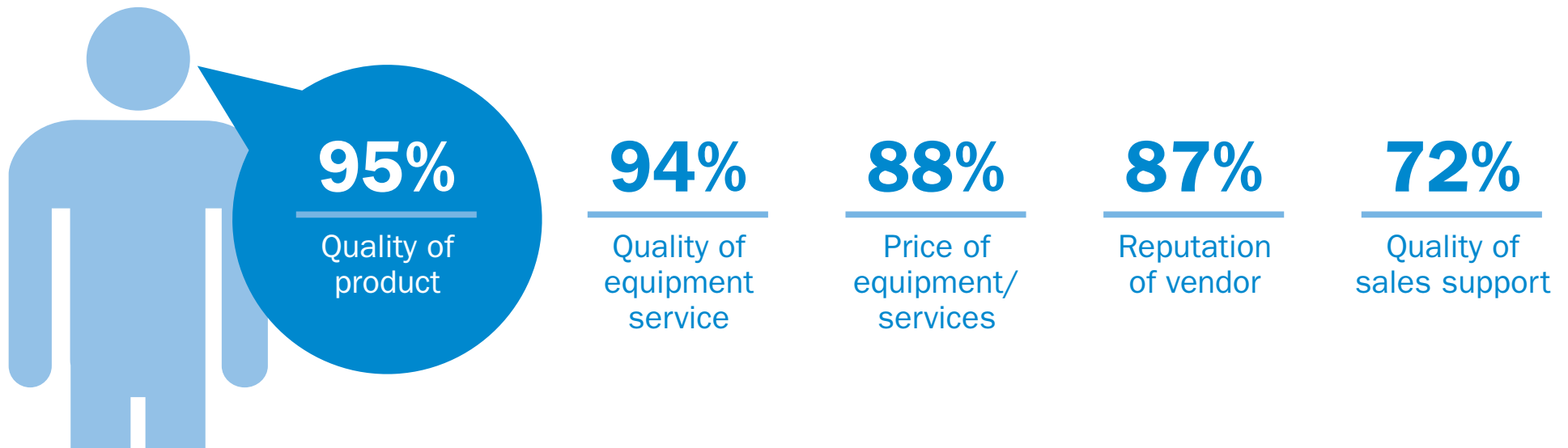


# While striving to better serve their own customers, financial institutions want better service from their ATM vendors as well.

The ATM market will continue to expand, with the number of ATMs installed around the world expected to grow as much as 44% between 2012 and 2018, according to recent estimates from Retail Banking Research.

That means that many financial institutions will be making purchase decisions in the next few years. What are they looking for in an ATM vendor? Most critical were “quality of product” and “quality of equipment service,” with 94% or more of respondents calling those “very” or “extremely” important when evaluating ATM vendors.

## When it comes to evaluating ATM providers, financial institutions find the following qualities “very” or “extremely” important:

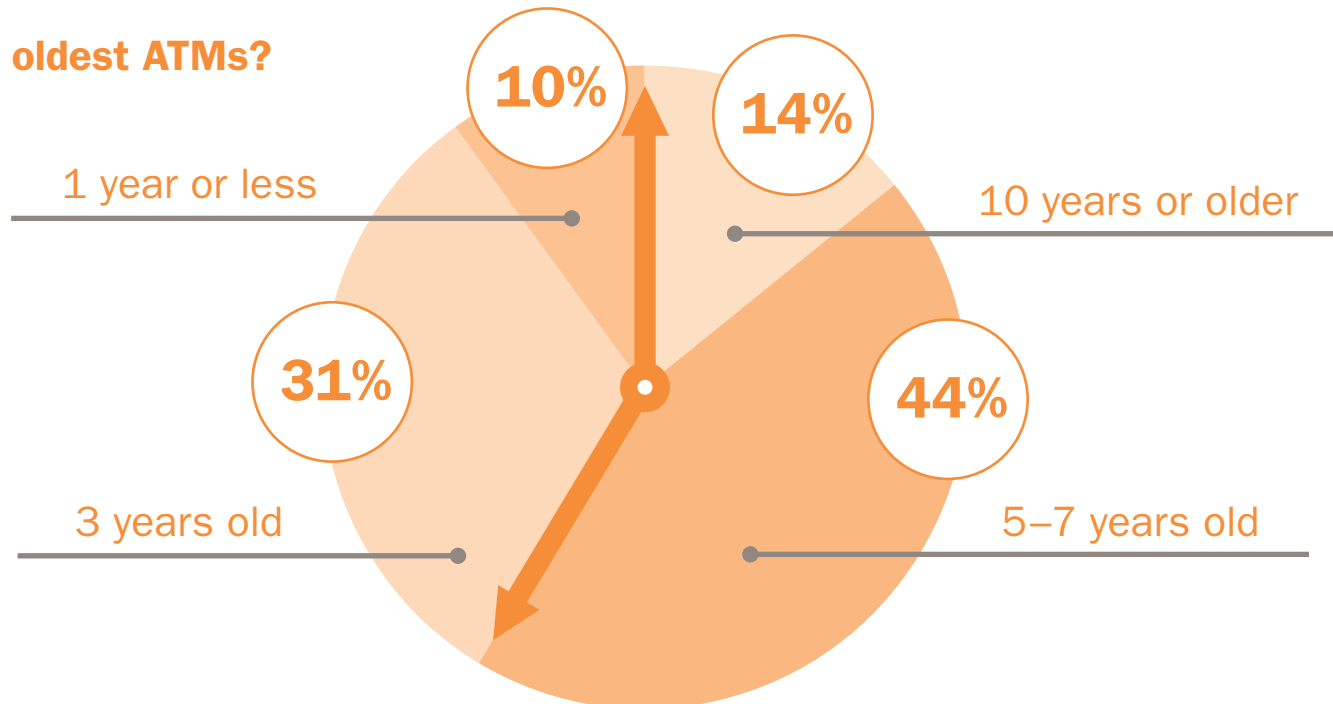


# To upgrade or to replace? That is the question.

Our Cummins Allison survey showed that the existing ATM population is moderately old. In fact, 58% of respondents said their fleet included ATMs that were five years old or older.

When deciding whether to upgrade these ATMs or simply replace them, banks and credit unions must consider both required and desired upgrades. Implementing Windows and EMV upgrades can be a costly process, and if an ATM is at the end of its 7-to-10-year life cycle, a new machine could be the right choice – particularly if a financial institution wants to offer new features to customers.

## How old are your oldest ATMs?

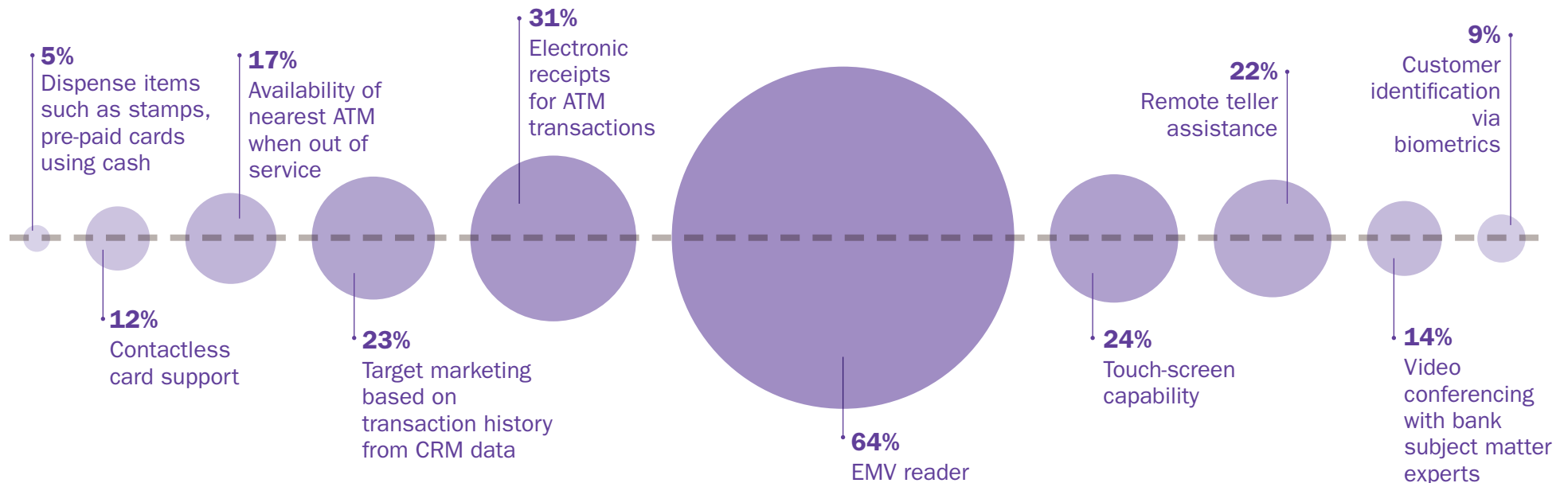


# From EMV readers to remote teller assistance, the ATMs of the future will look quite different from those we use today.

Financial institutions have many plans to upgrade ATM technology in the next 3 to 5 years. These range from upgrades that help banks comply with new liability guidelines – such as installing EMV readers – to technology that makes interacting with the ATM easier for customers, such as touch-screen capabilities.

The bottom line is that ATMs can be a valuable tool in helping banks and credit unions compete, and having the right ATM migration plan will be critical to a financial institution's success in the future.

## What advanced ATM technology do you plan to implement in the next 3-5 years? Check all that apply.



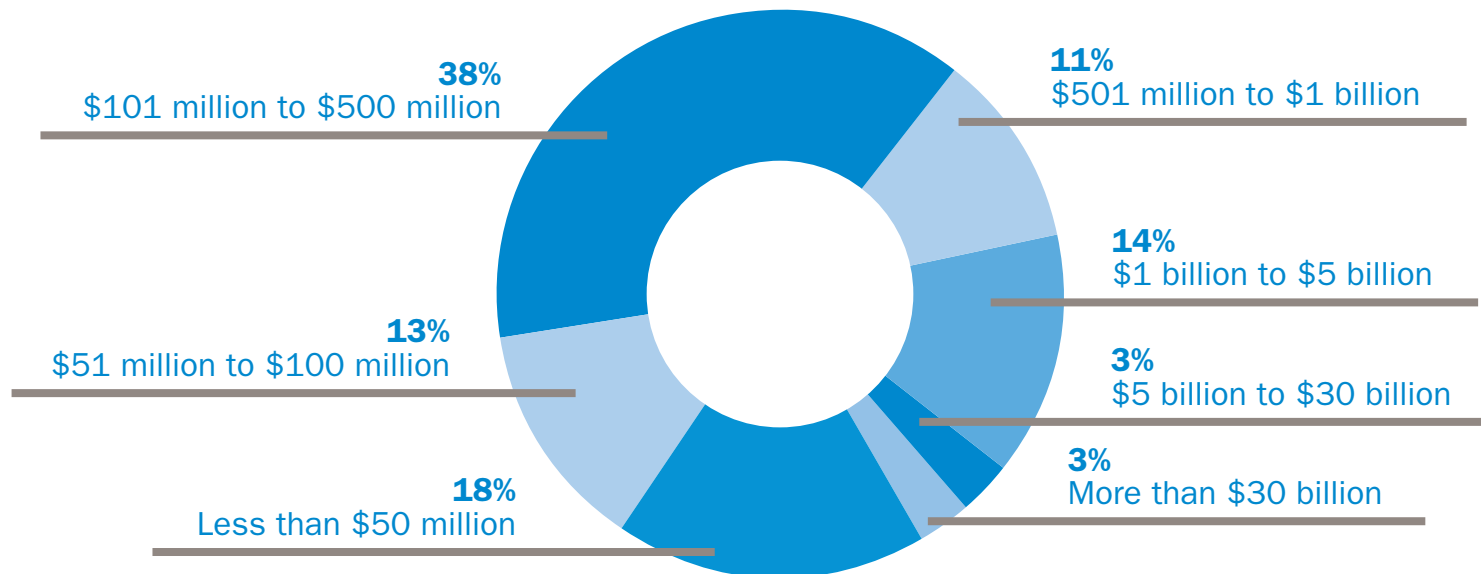


# A look at the survey respondents.

More than 390 banks and credit unions responded to the Cummins Allison survey, **The Changing Face of the ATM Market**, which was conducted from April 23, 2014 through May 23, 2014. The survey clearly showed that financial institutions are committed to deploying new technology and new features in their ATMs as they move toward more customer-centric banking.

Survey respondents represented both large and small financial institutions, with revenues ranging from less than \$50 million to more than \$30 billion. More than 90% of respondents currently own 100 or fewer ATMs.

## Respondents to the Cummins Allison survey include financial institutions of many different sizes:



# When you are ready to replace, add or expand your ATM network, let's talk.

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Cummins Allison is a global leader in developing solutions that quickly and efficiently count, sort and authenticate currency, checks and coin. We also offer a complete line of full-function automated teller machines (ATMs). Our leadership in technology and product innovation spans more than 125 years. Cummins Allison serves the majority of financial institutions worldwide, as well as leading organizations in retail, gaming, law enforcement and government. Ninety-seven percent of our customers would recommend our products and services.

The company holds more than 350 patents and invests double the industry average in R&D. Our world-class sales and service network includes hundreds of local representatives in more than 50 offices in North America, wholly-owned subsidiaries in Canada, the United Kingdom, Germany, France, Ireland and Australia and is represented in more than 70 countries around the world.

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