

THE ABC of ATMs

The right decision:

- Do you have customers asking where the closest ATM is?
- Do you want to eliminate bad checks?
- Do you want to lower your credit card fees

Answering yes to these questions then here is why you need an ATM and how you are going to create a profit center that requires little time for the return on your investment.

The key to being successful in the ATM field is LOCATION, LOCATION, LOCATION!! ATM transactions are based on customer traffic count here is the tried and true method used industry wide to determine how many transactions your ATM location can generate. The base line is 3 to 5% of your foot traffic that actually see and use the ATM (placing the ATM right by the front door has proven to increase the ATM usage). In this example our store will have 300 people daily assuming a \$3.00 surcharge (the fee for using the ATM) for each valid withdrawal calculating 4% will use the ATM this will generate 360 transactions per month at \$3.00 per valid withdrawal that is \$1080.00 in total revenue per month and \$12960.00 annually! This is the gross revenue amount and you will be reducing this by the cost of processing usually that is twenty-five cents or less if you own and provide the vault cash for the machine. This is still \$11,880.00 a year! This is a great income for a small amount of work!

How to determine what is best for you:

The cost of ATMs has fallen significantly in the past few years. You can find used ATMs all over the internet **warning** most of these machines are old and are not compliant to the current rules and regulations remember the **ATMs are treated as a Bank and thus there are many rules and regulations that the ATMs must comply to.**

PCI compliant 3DES (Triple DES) an encryption process in the keypad and firmware that protects the consumers PIN from theft while the ATM is processing the transaction. **WARNING** ATMs without the PCI compliant key board and firmware are being sold extremely cheap these machines are scrap don't get trapped by a low priced machine.

Only purchase a used ATM from a reputable ATM Processing company that should have at least a 90-day parts warranty.

New ATMs will cost \$2520.00 - \$3995.00 delivered to your location fully compliant ADA, PCI, and **EMV card reader** with an electronic lock.

Once you have purchased an ATM you will still need a processor (similar to credit card processing). Look for a company that **specializes in ATM Processing** and has been in the industry for a **minimum of 10 years**. A reputable ATM company should offer ATMs with or without processing or ATM processing if you have your own machine. The ATM will need to be reprogrammed for processing on their switch.

ATM Processing agreements are required by the rules and regulations these agreements protect you and the Processor Typically these agreements are 5 years without a sign up fee. Keep in mind the agreement **protects you since the ATM Company is moving funds to your bank account as they are withdrew from the ATM.** The monies withdrawn from your ATM (Vault Cash) **should be deposited** via ACH deposits **every business day** into your specified account. The ATM Company has cost involved in setting up your account this is the reason behind the agreement the time allows them to recoup these expenses.

POINTS TO PONDER

Retail ATMs typically are treated like a cash register and balanced daily.
The average withdrawal from an ATM is \$116.00
ATM customers spend 30% of the money in your store.
The average Retail ATM has 8-10 transactions daily so you would need 60 to 70 bills in the ATM vault typically \$20.00 (Twenties)

IS OWNING RIGHT FOR ME

You own your own business, building, medical office, apartment complex or the location and you are onsite or have a trusted manager owning the ATM and loading; it with your own cash is the most profitable option. Typically, you will receive 90% or more of the surcharge income. This does depend upon the volume of transactions. Be aware of hidden fees from processors who offer rebates combined with you keeping all of the surcharge if a deal looks too good to be true something has to suffer or charges are added to your monthly statement to make up the difference.

CAUTION

No one can sell you an ATM so cheaply and offer rebates that are extremely high without something suffering. They cannot sell you a machine below cost, give you large rebates while providing the proper services needed for ATM processing, and stay in business. **Remember they are handling YOUR money** you want them to make money and stay in business to handle all issues that arise.

Service is the first thing that suffers when too much is given away. Look at what it would cost you if you are receiving \$2.75 per transaction and 300 people a month used your ATM that is \$825.00 a month! Your ATM needs service, parts and you cannot get help for a week, or longer this is costing you \$27.50 per day and over \$190.00 per week.

Look for a company that offers true 24 X 7 support with a toll free number. Test out their support call them after hours or on a weekend tell them you are a potential customer and you are testing to see how good their support is! Should you not contact a live person and a technician does not call back in a reasonable time (within a few hours) that is a good indication the deal they are offering is too good to be true!

RECAP OF ATM QUESTIONS

- New ATMs (fully compliant with an electronic lock) will cost \$2520.00 - \$3995.00
- Look for a Processing company that gives you most of the surcharge fee.
- Sign an agreement for a 3 - 5 year term
- Ask for references of other ATM clients and contact them
- Check out their 24/7 tech support claims
- Check out how ATM chargebacks, discrepancies are handled. A good processor will handle them for you.
- What if any fees are there to get started. (Signup fees, application fees, etc.)

- Watch out for hidden fees (monthly statement, bank check fees, etc.)
- Read the agreement to ensure withdrawal funds are deposited daily (business day)
- Watch out for bait and switch
- Watch out for deals too good to be true
- Watch out for fly by night companies that take a deposit or application fee and never deliver.
- Make sure you are working with an established partner that has been in the industry for at least 10 years.

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