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2014 Results Report

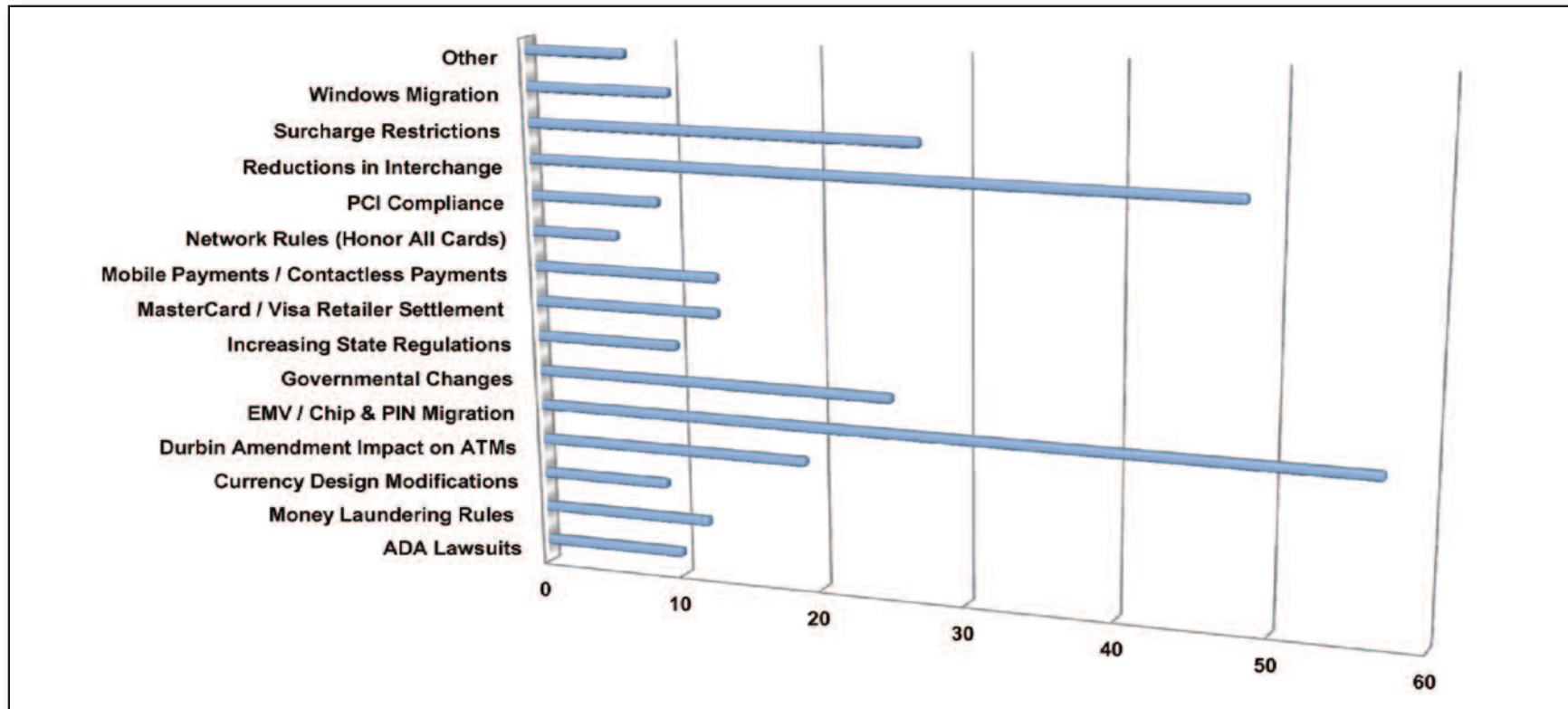
U.S. Independent ATM Deployer Survey



About the 2014 Survey

- This survey was sponsored by [Kahuna ATM Solutions](#) and the [ATM Industry Association \(ATMIA\)](#).
- The survey was conducted between December 16, 2013 and January 24, 2014.
- Ninety-two U.S. Independent ATM Deployers (IADs) participated.
- Links were posted on a number of ATM IAD Facebook pages, Twitter accounts and LinkedIn groups.
- Follow up e-mails were sent by both ATMIA and Kahuna.

What are your 3 biggest legislative / compliance / network fears, worries or concerns regarding the health of the ATM industry?



Survey Results *

1. EMV / Chip & PIN Migration
2. Reduction in Interchange
3. Surcharge Restrictions
4. Governmental Changes / Interference Based on Lack of Information
5. Durbin Amendments Impact on ATMs

Top Respondent Answers

- 61.9%
- 52.1%
- 29.3%
- 27.1%
- 20.6%

Top Responses

- 20.7%
- 17.4%
- 9.8%
- 9.1%
- 6.9%

* Multiple choice question with respondents allowed to choose three answers.

What are your 3 biggest legislative / compliance / network fears, worries or concerns regarding the health of the ATM industry?

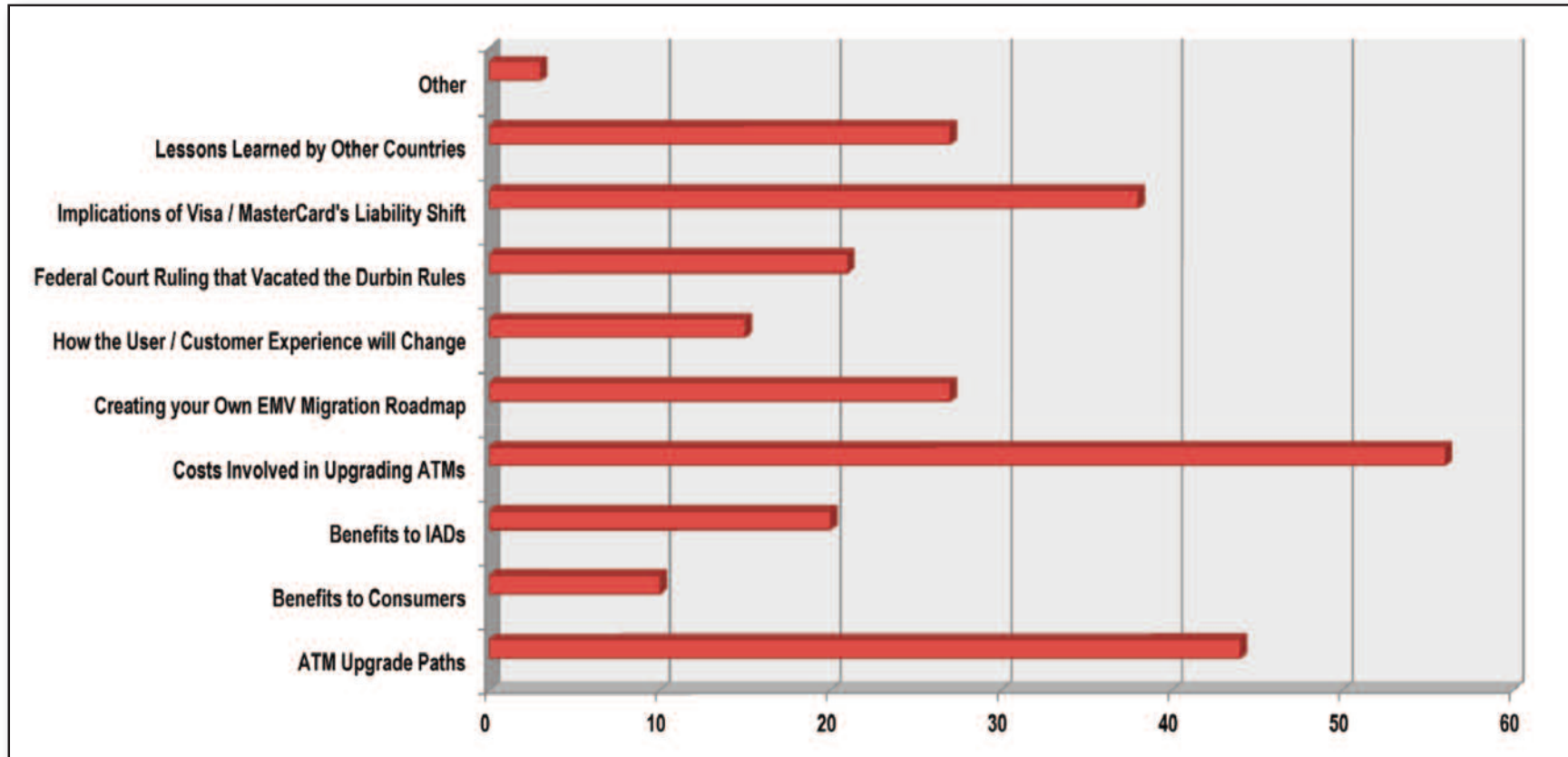
Other Answers from Participants:

- ATM skimming
- Cash security
- Patent troll lawsuits
- Rising network pass through fees
- A larger push for DCC to offset the interchange reductions

Comments from Participants:

- Where are we with selective surcharging and pushing the networks in that direction?
- At least India's ATM environment from an IAD perspective looks volatile and filled with uncertainties in terms of viable business models.
- Changes in technology requiring constant expense of hardware/software modifications to equipment or complete replacement while existing equipment is still good.
- Banks charging fees to their customers for using a non-bank ATM.
- The time has come for any merchant that is breached to pay for the losses of the banks and not be allowed to accept credit cards until that is completed.

What would you most like to know about U.S. EMV migration? (Choose Top 3 Answers)



Survey Results *

	Top Respondent Answers	Top Responses
1. Costs Involved in Upgrading ATMs	60.8%	21.4%
2. ATM Upgrade Paths	47.8%	16.8%
3. Implications of Visa / MasterCard Liability Shifts	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 with respondents allowed to choose three answers.

What would you most like to know about U.S. EMV migration? *(Choose Top 3 Answers)*

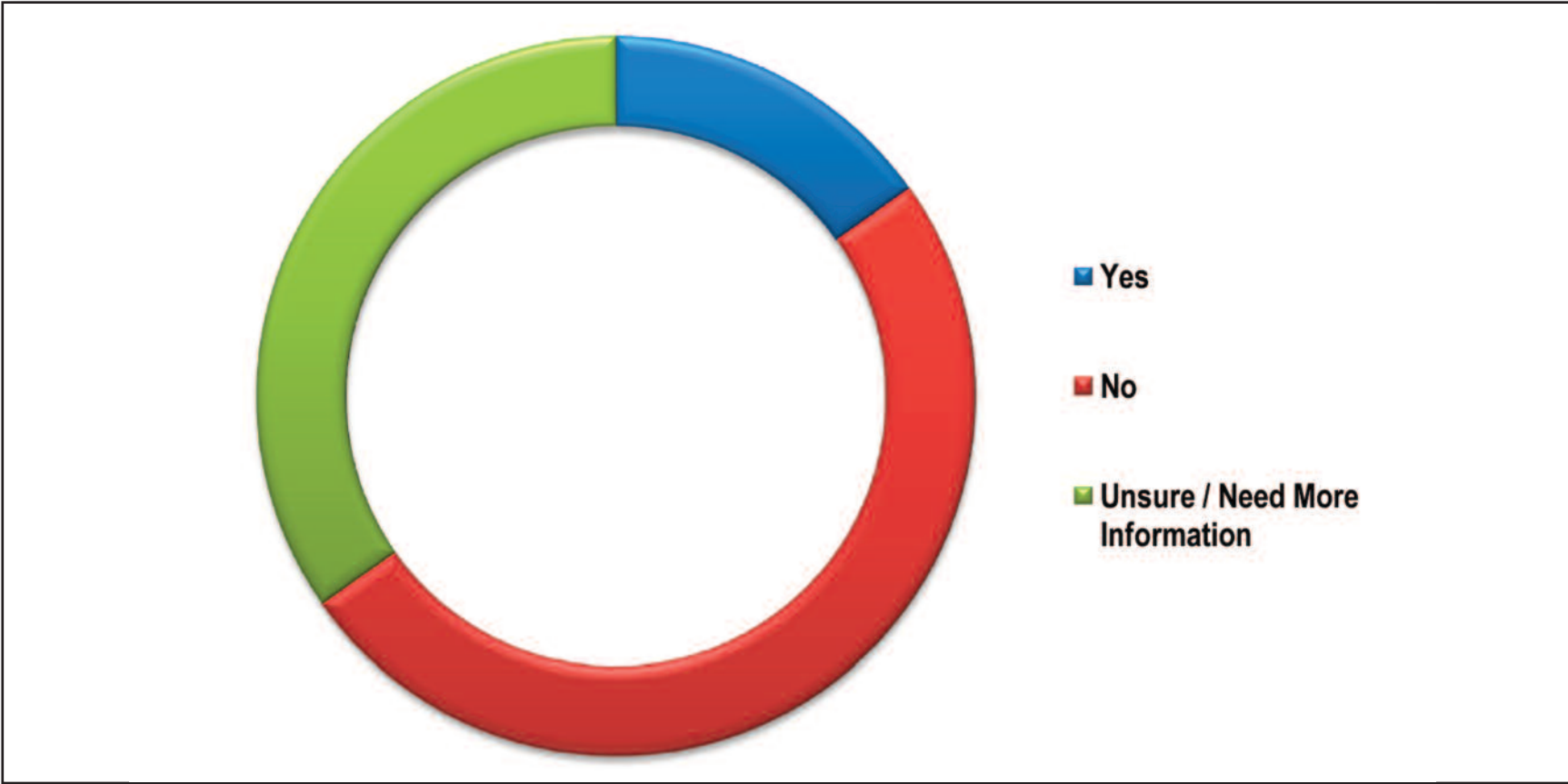
Other Questions from Participants:

- What changes will occur between now and the deadline?
- Will Hyosung 1500 upgrades be available?
- How can we make money as a result of this shift?

Comments from Participants:

- Few of my customers have any idea what EMV is and what the deadline entails. I am educating everyone. I have very little interest in being the spokesperson for Visa and MasterCard. And, can someone please tell me what the other networks are going to do (regarding EMV routing) and when they are going to do it so I can plan around it?
- Why not a non-EMV standard for a country?
- Is it needed or can we go directly to near field communications?
- How much will it reduce fraud if the merchants aren't mandated to do it? If the banks have dual mag stripe/EMV cards, what is the difference?

Are you developing a strategy for implementation of contactless / mobile transactions at the ATM using NFC (Near Field Communication) or QR codes?



Survey Results *

- 1. No
- 2. Yes
- 3. Unsure / Need More Information

Top Responses

- 50.0%
- 34.7%
- 15.2%

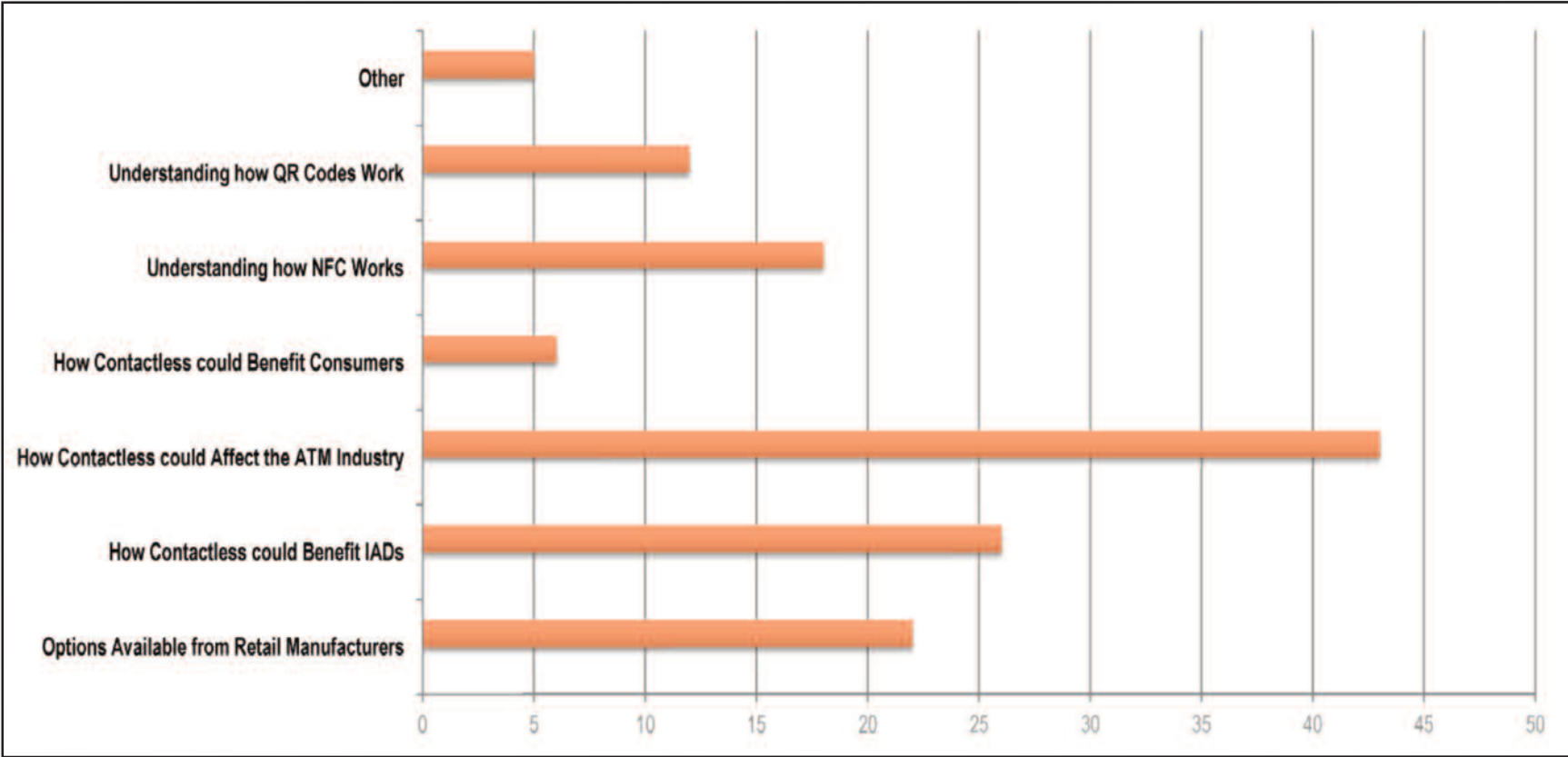
* Multiple choice question with respondents allowed to choose three answers.

Are you developing a strategy for implementation of contactless / mobile transactions at the ATM using NFC (Near Field Communication) or QR codes?

Comments from Participants

- We've discussed the QR code integration, but are unsure of its future, as well as how we are to implement it within our machines.
- I am awaiting my processor, WorldPay, to develop a plan.

What would you most like to know about contactless / mobile transactions at the ATM?



Survey Results *

1. How Contactless Transactions / Payments could Affect the ATM Industry
2. How Contactless ATM Transactions could Benefit IADs
3. Contactless ATM Transaction Options Available from Retail Manufacturers
4. Understanding how NFC (Near Field Communication) Works
5. Understanding how QR Codes Work

Top Responses

- 46.7%
- 28.2%
- 23.9%
- 19.5%
- 13.0%

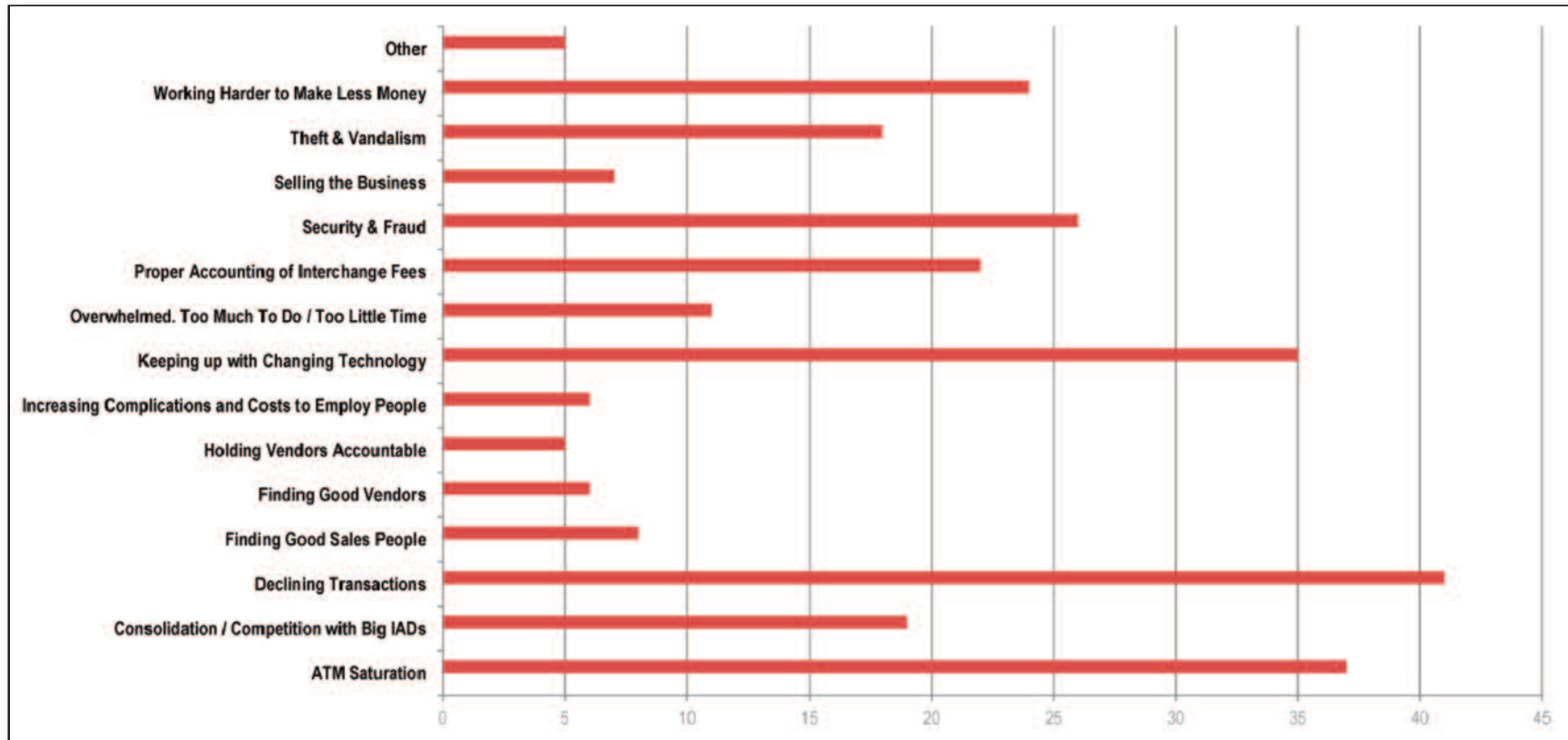
*Each respondent was allowed to choose one answer.

What would you most like to know about contactless / mobile transactions at the ATM?

Additional Questions from Participants:

- What are the security implications?
- Debit card not present authentication?
- Are consumers looking for NFC and if so in what kind of time frame?
- Who eats the fraud?

What are your 3 biggest non-legislative / compliance / network fears, worries and concerns regarding the health of the ATM Industry?



Survey Results *

1. Declining Transactions
2. ATM Saturation
3. Keeping up with Changing Technology
4. Security & Fraud
5. Working Harder to Make Less Money

Top Respondent Answers

- 44.5%
- 40.2%
- 38.0%
- 28.2%
- 26.0%

Top Responses

- 15.1%
- 13.7%
- 12.9%
- 9.6%
- 8.8%

*Multiple choice question with respondents allowed to choose three answers.

What are your 3 biggest non-legislative / compliance / network fears, worries and concerns regarding the health of the ATM Industry?

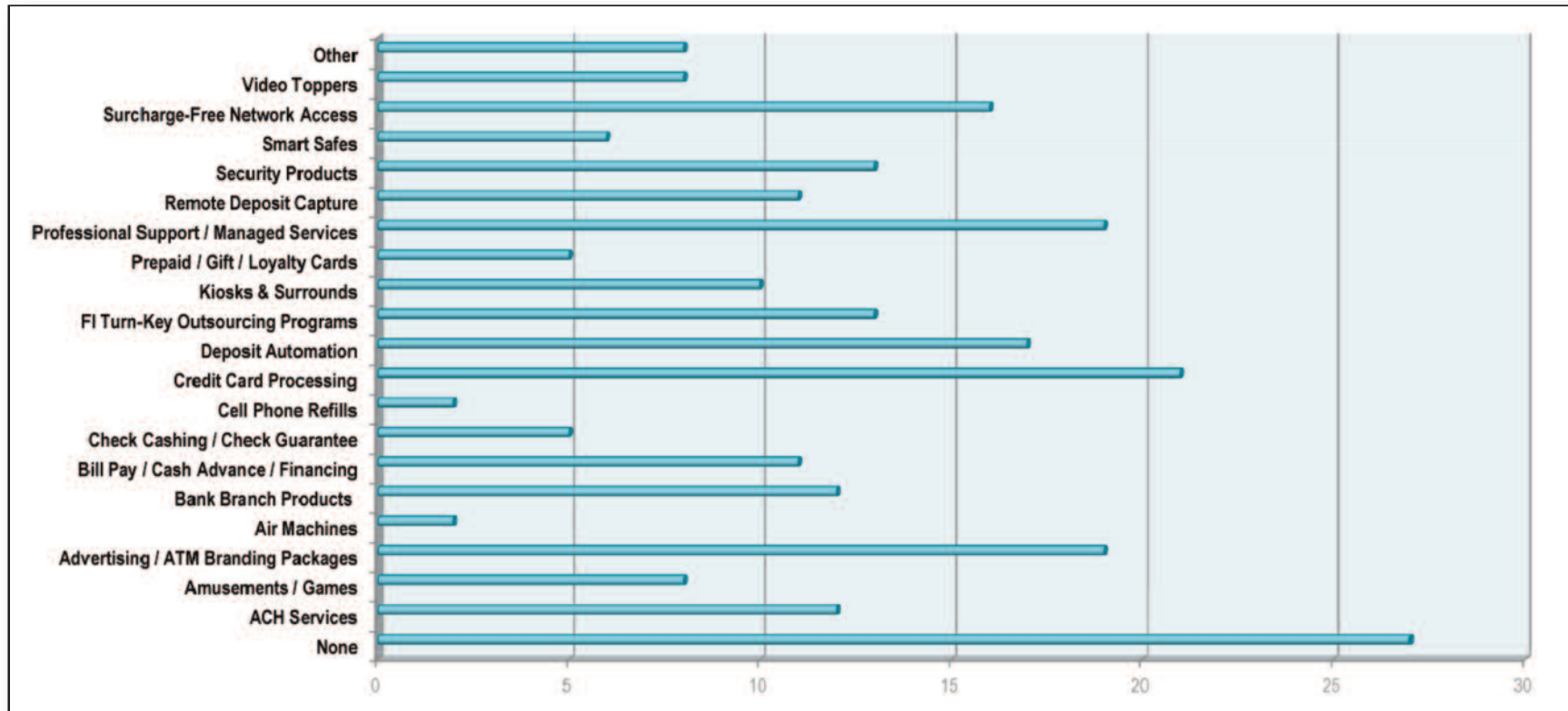
Other Answers from Participants:

- Status / error handling
- Finding cost effective vault cash services
- Finding good locations
- Loss of interchange

Additional Comments from Participants:

- Vendors (NCR) are refusing to keep and release status/error code manuals. This makes it difficult to interpret status / error codes to determine if the transaction was successful or not and what the problem is.

Other than ATM equipment and processing, what additional products and services do you currently offer your customers? (Check all that apply)



Survey Results *

1. None
2. Credit Card Processing
3. Advertising / ATM Branding Packages
4. Professional Support / Managed Services
5. Surcharge-Free Transaction Network Access

Top Respondent Answers

- 30.0%
- 23.3%
- 21.1%
- 21.1%
- 17.7%

Top Responses

- 11.0%
- 8.5%
- 7.7%
- 7.7%
- 6.5%

*Multiple choice question with respondents allowed to choose as many answers as applied.

Other than ATM equipment and processing, what additional products and services do you currently offer your customers? (Check all that apply)

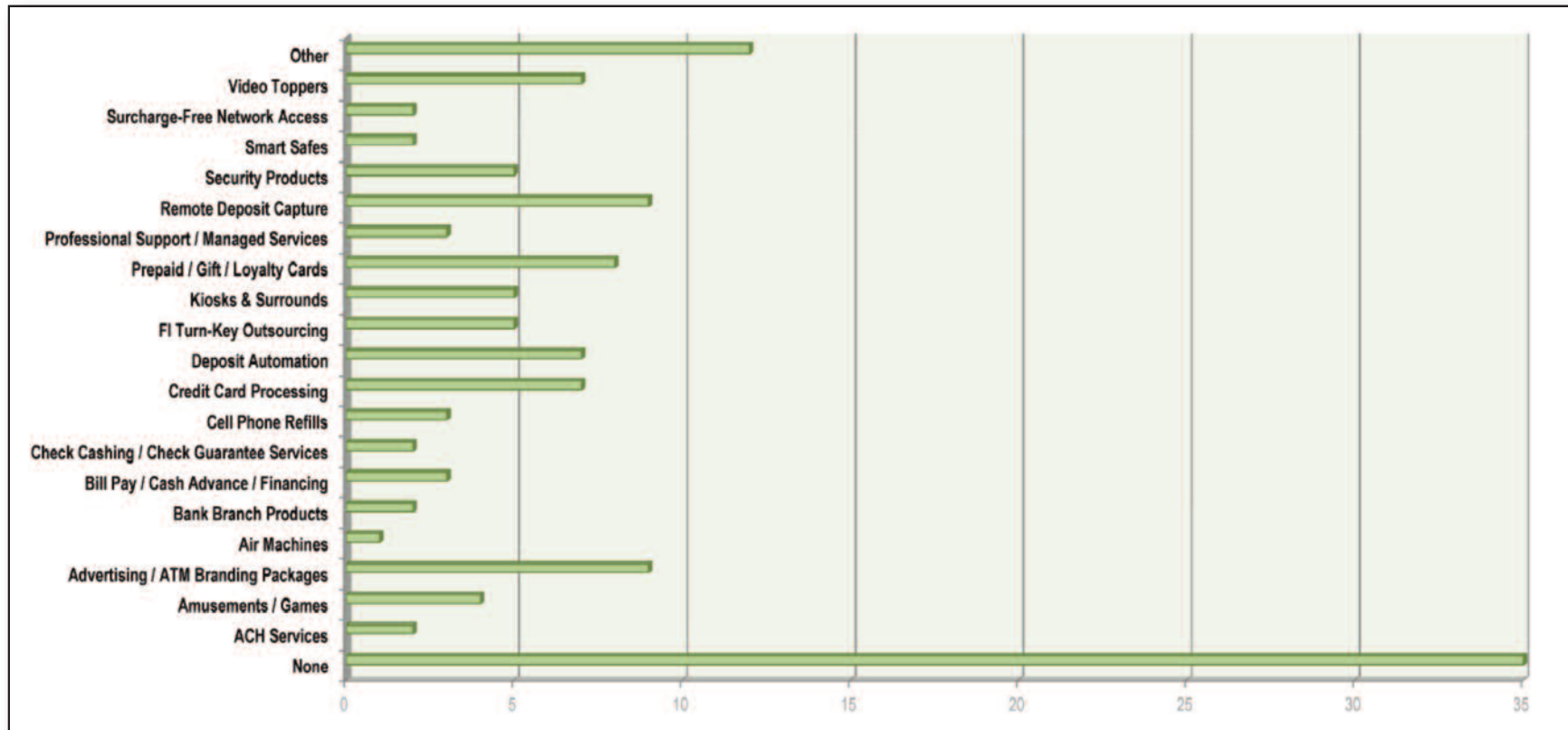
Other Answers from Participants:

- Remote monitoring for security breaches
- Teller cash dispensing
- Visa gift card program through ATM
- Security, PI service, process service
- Equipment lease financing
- DCC
- Digital signage
- Bingo products

Additional Comments from Participants:

- We would like to integrate advertisement / QR codes / coupons, but would need to gain an education and understanding as to how we could implement these practices in-house, as opposed to a 3rd party handling it for us.

What new products and/or services are you planning to offer your customers in 2014? (Check all that apply)



Survey Results *

1. None
2. Other, Not Listed
3. Advertising / ATM Branding Packages
4. Remote Deposit Capture
5. Prepaid / Gift / Loyalty Cards

Top Respondent Answers

- 39.3%
- 13.4%
- 10.1%
- 10.1%
- 8.9%

Top Responses

- 26.3%
- 8.8%
- 6.6%
- 6.6%
- 5.9%

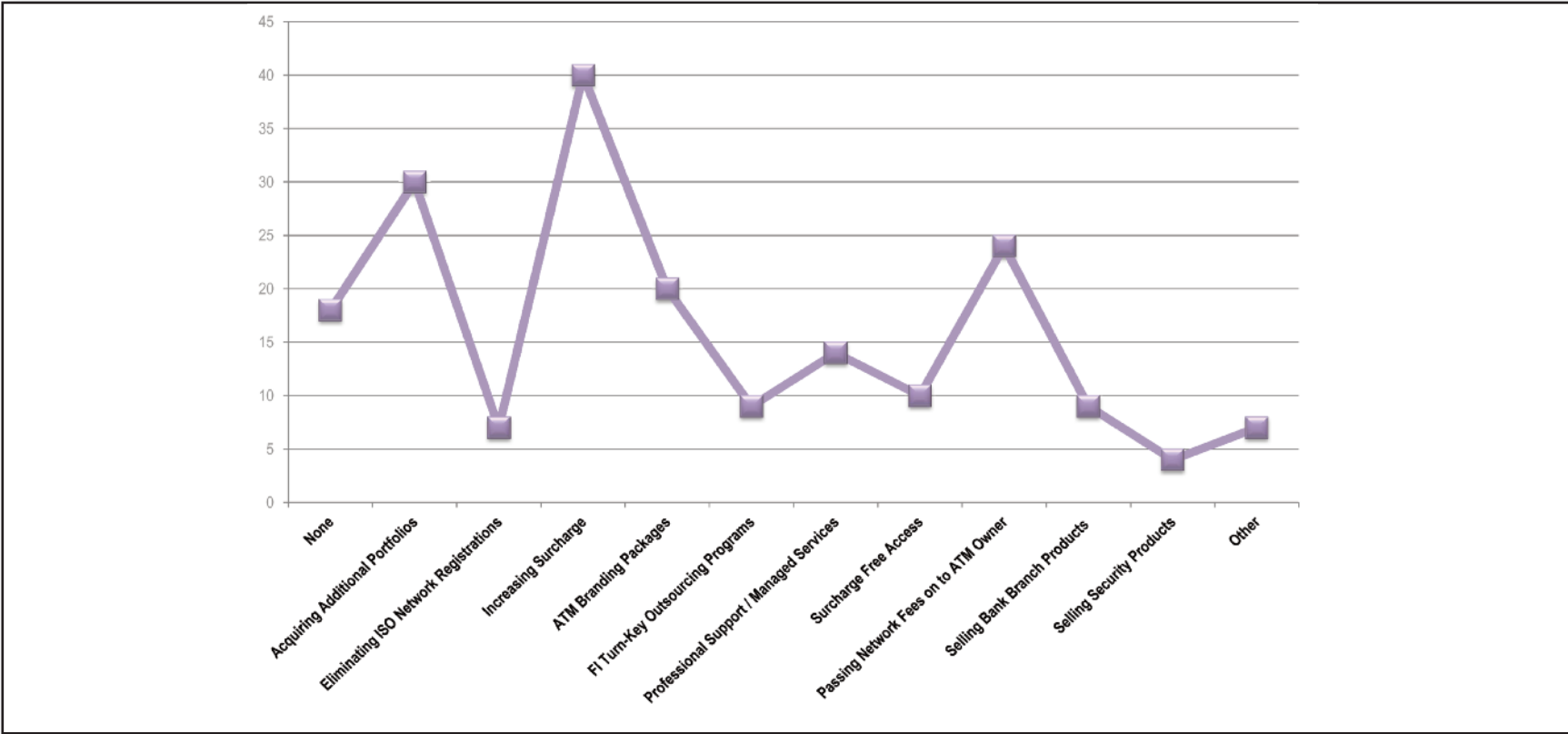
*Multiple choice question with respondents allowed to choose as many answers as applied.

What new products and/or services are you planning to offer your customers in 2014? *(Check all that apply)*

Other Answers from Participants:

- POS systems
- Security intelligence coordination
- Contactless and mobile payment
- Unsure at this time / looking for other opportunities
- Teller cash dispensing
- Coin redemption machine
- Integration with a loyalty program
- Dynamic currency conversion
- NFC or QR
- EMV debit cards
- Instant issue debit cards

With shrinking interchange income and increasing network fees, what are you doing to increase revenue? (Check all that apply)



Survey Results *

1. Increasing Surcharge
2. Acquiring Additional Portfolios
3. Passing Network Fees on to ATM Owner (Merchant or FI)
4. Offering ATM Branding Packages
5. None

Top Respondent Answers

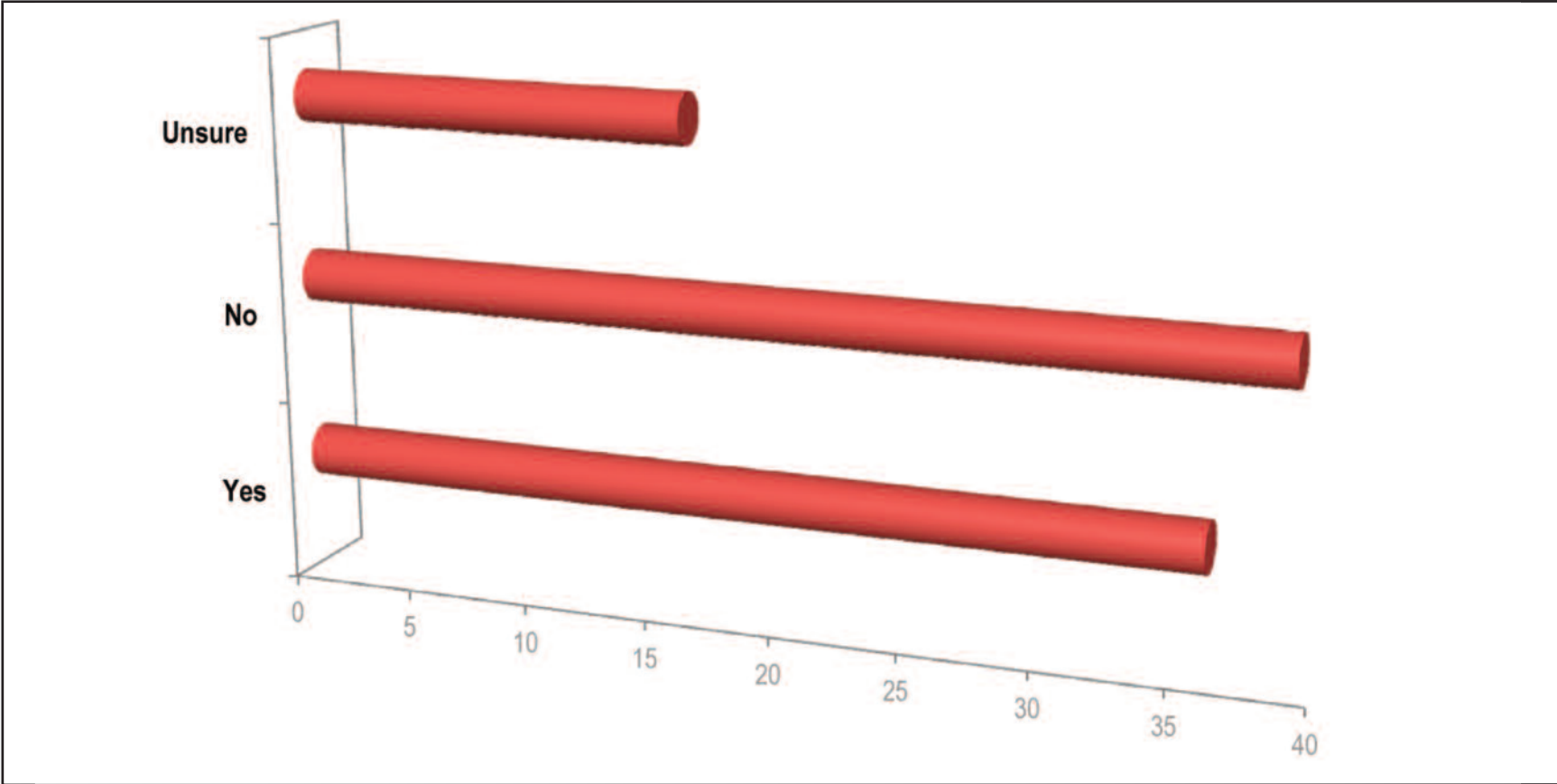
- 43.9%
- 32.9%
- 26.3%
- 21.9%
- 19.7%

Top Responses

- 20.8%
- 15.6%
- 12.5%
- 10.4%
- 9.3%

*Multiple choice question with respondents allowed to choose as many answers as applied.

Is your company a registered ISO with the Networks?



Survey Results *

- 1. No
- 2. Yes
- 3. Unsure
- 4. No Response

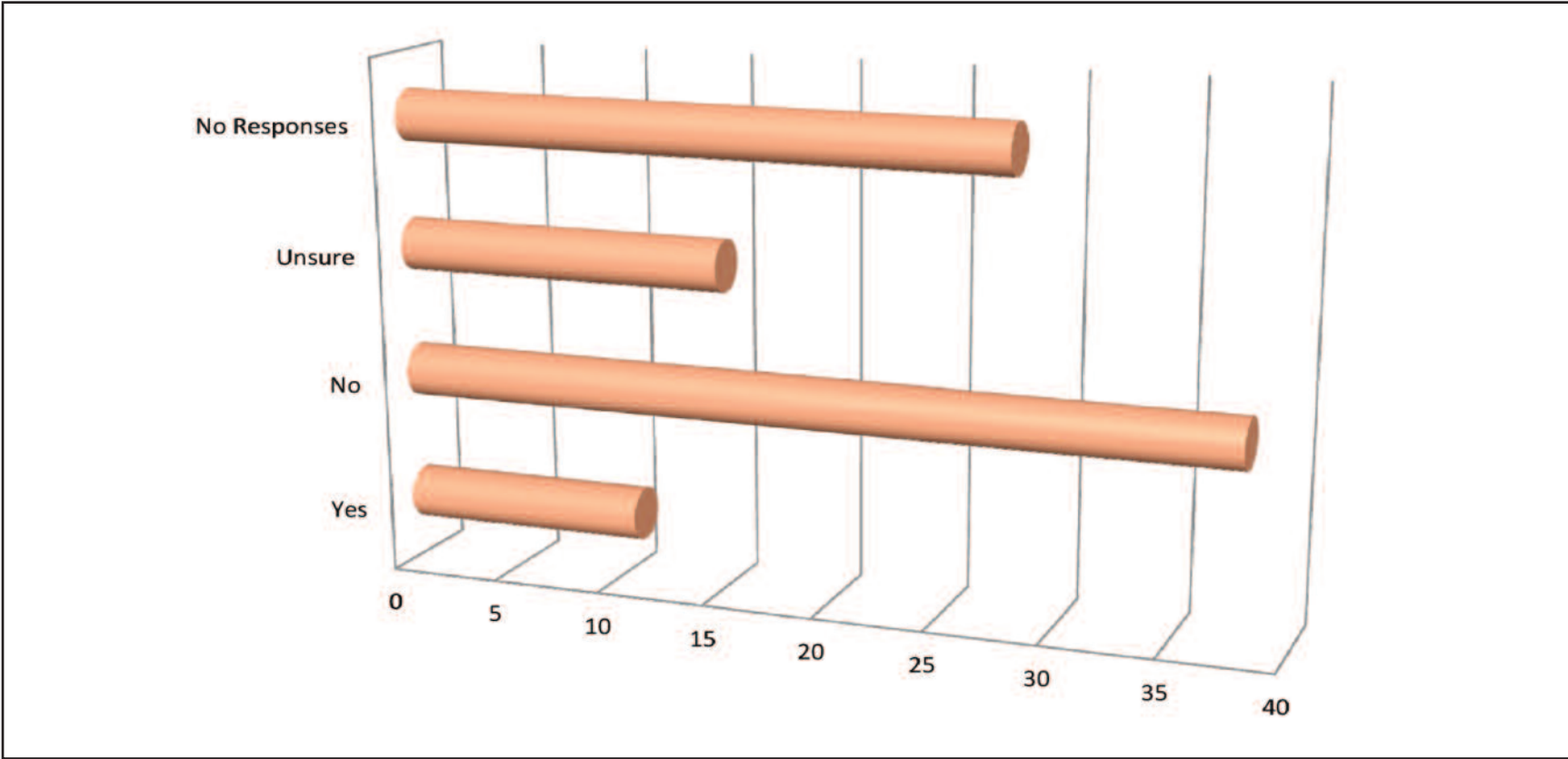
Top Respondent Answers

Top Responses

- 42.3%
- 39.1%
- 17.3%
- 1.1%

**Each respondent was allowed to choose one answer.*

If you are NOT currently a registered ISO, was your company a registered ISO in the past 2 years?



Survey Results *

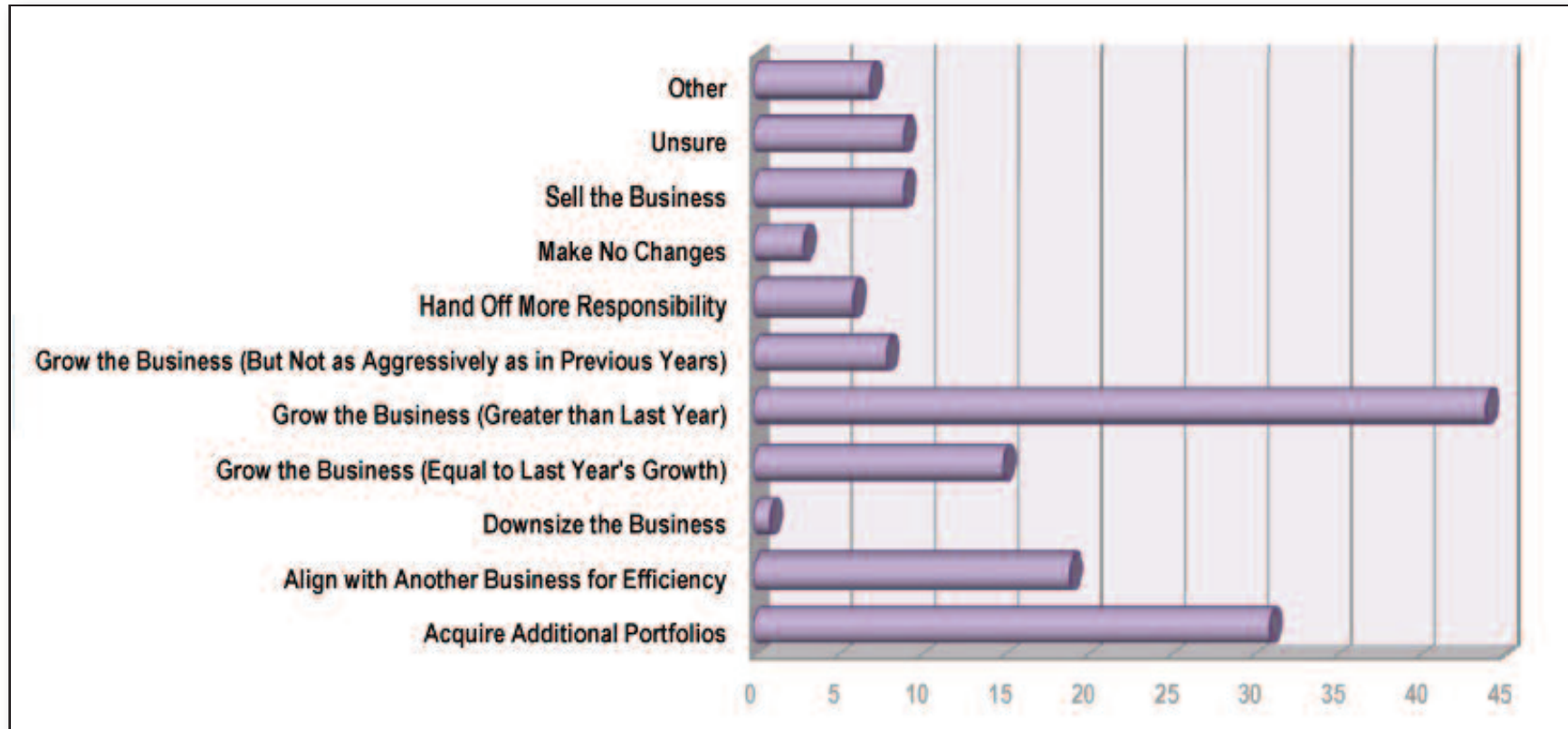
- 1. No
- 2. No Response
- 3. Unsure
- 4. Yes

Top Responses

- 41.3%
- 30.4%
- 16.3%
- 11.9%

*Each respondent was allowed to choose one answer.

Which of the following statements best aligns with your goals for the next 12 months? (Choose up to 2, if applicable)



Survey Results *

1. Grow the Business (Greater than Last Year)
2. Acquire Additional Portfolios
3. Align with Another Business for Efficiency
4. Grow the Business (Equal to Last Year's Growth)
5. Sell the Business / Unsure (Tie)

Top Respondent Answers

- 48.3%
- 34.0%
- 20.8%
- 16.4%
- 9.8%

Top Responses

- 32.5%
- 20.3%
- 12.5%
- 11.1%
- 6.6%

*Multiple choice question with respondents allowed to choose up to two answers that applied.

Which of the following statements best aligns with your goals for the next 12 months? (Choose up to 2, if applicable)

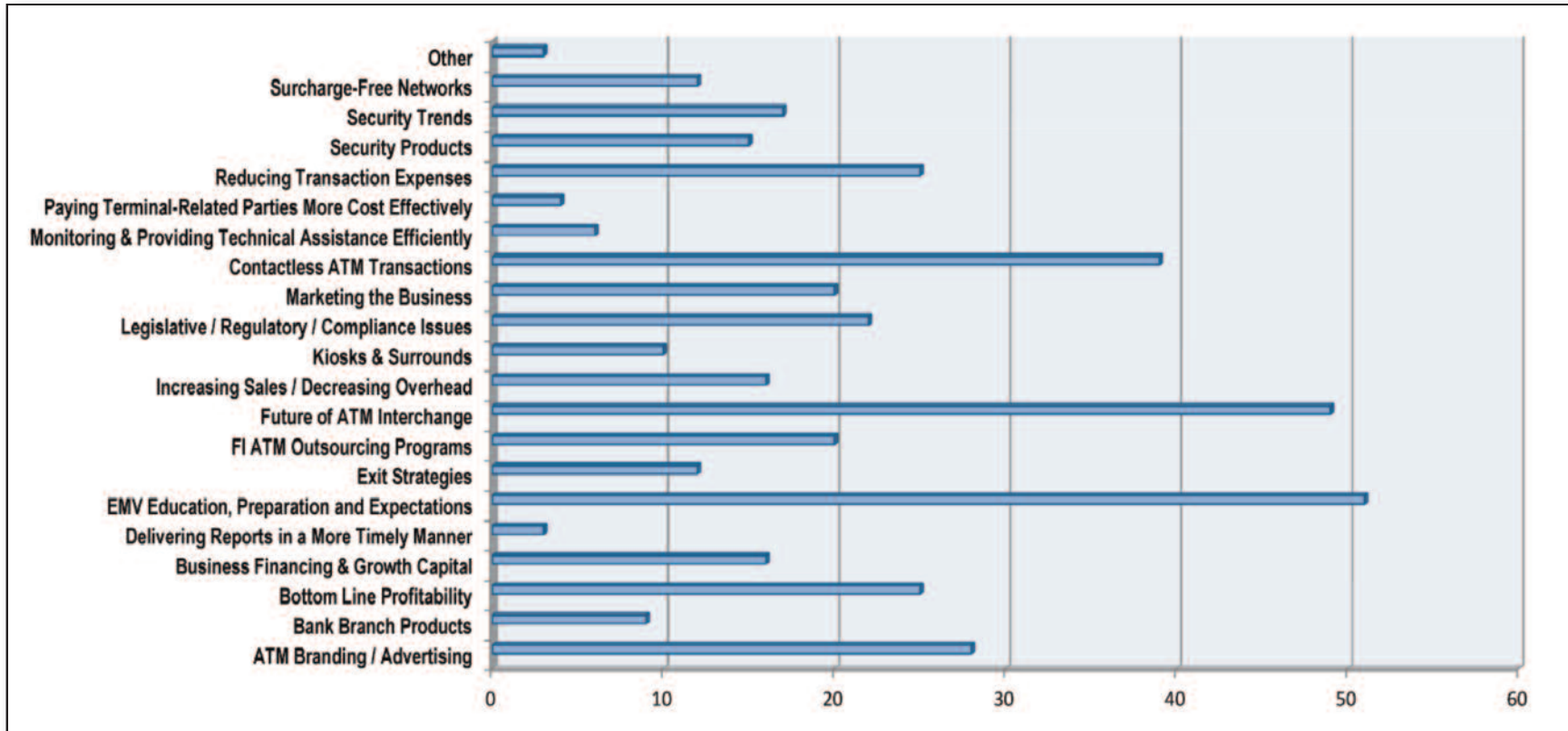
Other Answers from Participants:

- Rationalism and effectively market services
- Provide new cash logistics products/services
- PCI
- Do things smarter
- Look for avenues to increase revenue and decrease cost
- Better fraud system
- No plan for any actions listed above

Additional Comments from Participants:

- Control expenses and eliminate unprofitable machines.
- We still see opportunities for growth in our area.
- We are seeing interest in merchants who want ATMs for their customers but see the value in outsourcing this service.
- We'd like to work out a deal with a cash vaulting service to alleviate some of the responsibility and funds tied up on our part. Also, some of our accounts are several hours away, so this would free up our time to focus locally and acquire new accounts, as well as provide better service to our larger accounts.

Please choose the top 5 topics you would be interested in learning more about through white papers, executive briefings, industry best practices and/or webinars?



Survey Results *

1. EMV Education, Preparation and Expectations
2. Future of ATM Interchange
3. Contactless ATM Transactions (NFC, QR Codes)
4. ATM Branding / Advertising
5. Bottom Line Profitability / Reducing Transaction Expenses (Tie)

Top Respondent Answers

56.0%
53.8%
42.8%
30.7%
27.4%

Top Responses

12.6%
12.1%
9.7%
6.9%
6.2%

**Multiple choice question with respondents allowed to choose up to two answers that applied.*