



BANKPAK

# IATM GUIDE

2021

## DEMYSTIFYING THE INTERACTIVE TELLER MACHINE (IATM):

The next generation of branch transformation and automation equipment increases customer satisfaction and reduces operating costs.

CHASE CARROLL  
DUSTIN GILTNAME

[WWW.BANKPAK.COM](http://WWW.BANKPAK.COM) | [INFO@BANKPAK.COM](mailto:INFO@BANKPAK.COM) | 931-635-2864

"BANKPAK IS AGILE AND QUICK TO RESPOND.  
THEY ARE ALWAYS THERE WHEN WE CALL AND  
FIX OUR ISSUES ON THE FIRST CALL! WE WILL  
ALWAYS HIGHLY RECOMMEND BANKPAK TO ALL  
OF MY PEERS."

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- Client Review



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# OVERVIEW

The Covid-19 pandemic dramatically changed the landscape for community banks, accelerating trends that were still in their infancy. Most banks closed their lobbies to customers for months. Most transactions were shifted to drive-through lanes and were completed by tellers using the technology already in place: transaction drawers, deal drawers and pneumatic tubes. Many customers learned to use mobile and digital banking services as an alternative to in-person transactions.

Banks ran skeleton crews with employees shifting among different branches and rotating on and off days. A branch affected directly by the pandemic was likely to shut down altogether for several days for cleaning, later re-opening with an entirely new team of tellers.

Forced to maintain a high level of service without the face-to-face interactions, banks turned to emerging technologies for help.

Interactive Teller Machines for you:

- What is an ITM and why would you want one?
- What are the benefits and downsides of the ITM?
- How to start implementing an IATM program.

Bankpak is ready to help you with individualized answers and customized solutions to your remote transaction management needs.

In this book, we review the basics of

## BANKPAK

# IATM PROJECT CONSIDERATIONS?

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## 1. *The financial industry's need for technological innovation.*

For far too long, consumer perception has been that financial institutions are way behind other industries when it comes to technological innovation and process improvement. ITM technology is an opportunity for FIs to position themselves as innovators in the service space. The focus on digital and mobile banking solutions is leaving an innovation gap at the local branch, one that can be addressed through branch transformation and the adoption of next-gen, self-service technology like ITMs.

## 2. *The need to cut costs by replacing transactions with interactions*

It's estimated that most in-branch transactions completed by a teller cost FIs an average of \$4.50 per transaction. That same transaction completed on a self-service device costs between \$.50 and \$.70. The cost-saving implications of self-service technology are hard to ignore, as are the revenue growth implications. By shifting more transactions to a self-service solution, an FI's team members can focus more on building deeper relationships, understanding their clients' needs better and making product recommendations to meet those needs.

## 3. *The opportunity to capture a digital-first generation through a transformed physical environment*

Millennials will represent the largest buying power in the U.S. as of 2020. The challenge for FIs is marrying the digital-first experience with the in-branch experience. Can FIs – through branch transformation – reposition themselves in the mind of the consumer from a place their clients “have to go” to a place they “want to go.” Industry experts don't anticipate FI branches becoming obsolete anytime soon. In fact, 78% of consumers still use branches to make cash and check deposits, and 64% still use them to withdraw cash and/or cash checks. The opportunity for FIs is to create a branch experience that caters to the needs of a digitalfirst generation, with the intent of building relationships for the long term.

## 4. *Increased call center demand can be deployed to support an IATM cost model.*

During the early months of the pandemic, call center volume increased dramatically as consumers turned to digital banking. Customers needed help navigating the myriad of new digital technology while being forced to stay home. Seventy three percent of FIs were forced to increase call center training and investment. Prior to the pandemic, call center investment was an added expense deterring FIs from deploying IATMs. Call centers are becoming an integral part of digital first banking as customers adapt to new technologies and their development is an expense that will support both digital first banking and an IATM program.

“BANKPAK PROVIDES US THE TOP QUALITY EQUIPMENT AND SERVICE WE NEED TO PROVIDE EXCEPTIONAL CARE AND SERVICE TO OUR CUSTOMERS. THEIR TENURED EXPERTISE AND FOLLOW-UP RESPONSE TIMES ARE SECOND TO NONE.”

- Client Review





# HOW DOES THE IATM IMPROVE THE BANKING EXPERIENCE?

The opportunity to capture a digital-first generation through a transformed physical environment.

The bulk of the economy's buying power is shifting from the Boomers, who learned computer skills as adults, to the Millennials, who grew up as a "digital generation." Millennials want the power to do as much as possible for themselves, with the help of well-designed software. They want it quick, friendly, and digital.

Successful businesses must now marry these Millennial expectations with new technologies.

Where does the ITM come in? The Interactive Teller Machine still allows people to complete their transactions in the traditional way, with the help of a teller, if they wish. But it frees the "Digital Generations" to get the fast, convenient, user-friendly banking experience they want, only interacting directly with the teller when they want to, for the most complex transactions. The bank's teller-customer relationship is maintained, but transformed.



70% OF CUSTOMERS STILL COMPLETE BANK TRANSACTIONS IN PERSON



78% DEPOSIT CHECKS & CASH IN PERSON



64% MAKE WITHDRAWALS IN PERSON

# IATM PROS

When determining whether or not ITMs are a viable strategy for your FI, it's important to consider both the pros and cons of this self-service technology. We've developed a list of both to help fuel your discussion:

1

## SIGNIFICANT SAVINGS PER TRANSACTION

It's estimated that branch-based transactions completed by a teller cost FIs an average of \$4.50 per transaction. That same transaction completed on a self-service device costs between \$.50 and \$.70. This equates to an approximate 85% cost reduction per transaction.

2

## INCREASED OPERATIONAL EFFICIENCY + REVENUE GROWTH OPPORTUNITIES

An estimated 80-90% of transactions typically done by a teller at a branch can be handled by ITMs. These include cash and multi-check deposits (to multiple accounts), loan payments, mixed-denominational withdrawals and check cashing down to the penny. With the right integration, ITMs can help you seamlessly shift traditional transactions from the teller line to self-service. Not only can this shift result in significant cost savings over time, it can free up your team members to build deeper relationships with your clients, gain a better understanding of their needs and make strategic product recommendations.





3

### INCREASED CONVENIENCE

With their robust self-service capabilities, ITMs help you deliver a more flexible branch experience to your clients. Customers or members no longer have to rush to your branch at peak times, risking long lines in the lobby or at the drive-thru just to cash a paycheck or make a loan payment. With an ITM, you can extend your hours for 80-90% of traditional teller transactions without actually having a teller on site. If your client needs after-hours assistance, the ITM live video feature allows for remote teller support during the transaction.

4

### INNOVATIVE ADVANTAGE

FIs that successfully implement ITMs across their footprint could gain a competitive advantage over slower adopters by positioning themselves as innovators in the financial space. Millennials – who will make up the largest generational buying power in the U.S. as of 2020 – gravitate towards brands that innovate.

5

### INCREASE MARKET PRESENCE

Since ITMs allow 80-90% of traditional transactions to be done through selfservice, FIs can drastically expand their market presence without actually opening another branch. From malls to college campuses to targeted residential areas, ITMs can be strategically placed in a very cost-effective way to increase your market footprint.

# IATM CONS

When determining whether or not ITMs are a viable strategy for your FI, it's important to consider both the pros and cons of this self-service technology. We've developed a list of both to help fuel your discussion:

## 1. High cost of entry

New ITM units can require a significant upfront capital investment. Additionally, you may need to purchase multiple units to truly see the benefits of scale. There are also infrastructure costs beyond the equipment purchase to take into consideration. These include network upgrades to provide the necessary bandwidth for high-resolution video integration, as well as setting up a call center to provide remote teller assistance.

## 2. Staffing models can be challenging to navigate

The extended hours created by an ITM also create the need for expanded staff support. If your FI is accustomed to staffing branches from 9 a.m. to 5 p.m., Monday through Friday, the integration of an ITM may require you to staff additional hours for the remote video teller feature. Additionally, you'll have to navigate peak times at the branch when your clients choose self-service over a traditional teller. Instead of adding more in-person staff to the teller line, you may now be required to add more remote tellers at your call center.

### 3. Video integration can extend transaction time

With the use of video through an ITM comes the potential for longer transaction times. Depending on the ITM solution you select and the integration environment, a video teller may be required even for very basic transactions. This means that even a client using an ITM to deposit a check and get \$20 in cash back is interacting with a remote video teller to do so. If video tellers aren't available at that moment, the client is left sitting at the machine waiting for assistance.

### 4. Core integration

By having a device integrate to your core, you're able to offer more transactions into self-service. Currently, not all ITM solutions offer across-the-board core integration. If you're on a smaller platform, it could take time for your core system to write an integration to the device. Additionally, as you think about direct-to-core versus off-core/dual-entry transactions, end-of-day settlement for the device can become a challenge.







# CREATING YOUR IATM PROGRAM

## BUDGET

### Hardware

- IATM hardware costs ~ \$65,000 - 85,000 per machine.

### Software

- Initial purchase: \$100,000 - \$200,000.
- Installation, configuration and training of bank IT department and tellers: \$40,000 to \$60,000, depending on the number of IATMs.



## LOCATIONS

### Conversions

- Do you want to convert all of your ATMs to IATMs, or only a number of your fleet?

### Deployment

- Where will you deploy your new IATMs?



## SUPPLIERS

### Current Capabilities

- Are your banking technology and software suppliers IATM capable?

### Required Capabilities

- Can your current supplier provide IATM support within your needed timeframe? Could you add a new supplier?



## OPERATIONS PLAN

### Balanced Approach

- What is the best way to expand customer service that is sustainable for your financial institution?
  - Extended branch hours to improve the user experience?
  - 24/7 IATM operation for maximum customer convenience?

# IMPLEMENTATION

## Phased or Direct?

- Depends on your bank's needs and resources.



## Direct Implementation

- The transition to IATMs can be 100% complete in 6 months.
- Fastest option, but has higher upfront costs for equipment, software and training.
- Employees and customers are trained as you start using the IATMs.



## Phased Implementation

- Phase- in over 12-24 months (or even longer).
- Most institutions chose phased implementations.
- IATM equipment can be purchased and installed, but operated like traditional ATMS for as long as desired.
- Provides the needed time to develop infrastructure, train personnel, and spread program costs over a longer period of time.
- When ready, you can purchase and implement the IATM software, converting the machines to full IATM mode.



"The ITM is where technology and relationship banking come together."  
- Mitch Waycaster, Preseident & CEP, Renasant Bank



# IATM TEAM

*Four key players for success when designing and implementing your program.*

## CORE NETWORK

Your transformation project must ensure that your bank's core network can communicate and integrate with your new IATMs.

## MANUFACTURER

Currently, there are two major suppliers: NCR and HYOSUNG. Both are reputable, competent companies.



## PROJECT MANAGER + PROJECT TEAM

The project manager is your key point-person coordinating and managing all day-to-day aspects of the IATM implementation program.

## INTEGRATOR

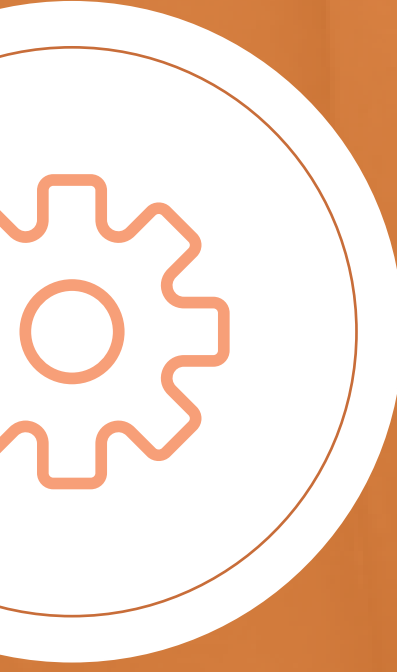
Installs, configures and maintains the IATM machines while help training your staff. The Integrator bridges the gap between the IATM manufacturer and your institution.

# WHY BANKPAK?

Bankpak is building a better banking future that you can look forward to.

Bankpak is a leader in servicing financial institutions, with exceptional service and innovative ideas. Customer service is our number one priority and we provide experienced consultation in branch automation, security equipment, and bank equipment.

## Serving you for over 37 Years



Let Bankpak assist your financial institution in planning and executing a successful transition to the next generation of banking technology, the Interactive Teller Machine. We have 37 years of experience in providing the latest banking and security equipment for banks both large and small. Often, community banks are on the forefront of new technology implementation, and we can help

provide the systems integration that will make your project come in on time and on budget.

We install and service all types of branch automation equipment like ATMs, IATMs and TCRs. We are also private security consultants, and installers of alarms, cameras, access controls, and CCTV.

Bankpak is headquartered in Tennessee, and serves Tennessee and the southeastern United States.





As today's branches enter the next phase of banking transformation, ITMs are a good way to offer innovative and convenient technology to your customers where and when they need it. By implementing ITMs, your financial institution will be able to offer more personalized services to customers and control operational expenses. This will set you up for the future of banking while continuing to serve as a trusted hub of financial advice for your customers.

**Chase Carroll**  
*Director of Business  
Development*

## We're here to help.

**BANKPAK'S COMPANY VALUES:**  
We are focused on doing what we say we are going to do.  
*Relationships* - Customers are our number one priority. We are focused on creating a respectful, responsive, and convenient environment.

*Integrity* - Bankpak believes that accountability in the financial services industry is the foundation of every relationship.

*Quality* - Focused on bringing high quality performance to the market in customer service,

products, and maintenance.  
*Passion* - Passion is what drives us to be continuously and efficiently moving forward, innovating, and improving.



**BANKPAK**  
WWW.BANKPAK.COM



130 Tom Grissom Rd. Morrison, TN 37375  
931.635.2864  
[info@bankpak.com](mailto:info@bankpak.com)