

# Surcharge-Free ATM Networks

A Path to Accountholder Satisfaction for Community Banks and Credit Unions



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In recent years, branch transformation programs have placed a greater emphasis on eliminating branch locations.

At the same time more technologically advanced ATMs have been added, along with more sophisticated self-service channels allowing for greater efficiency and improving the consumer experience.

The ATM channel continues to be the most frequently used and cost-effective touchpoint between financial institutions and consumers. Consumers have seen many convenient high-tech changes at the ATM – from image deposit and video teller capability to peer-to-peer money transfers. With these changes, consumers continue to see average ATM transaction fees increase annually, creating a strong demand for fee-free cash and secure account access. Surcharge-free ATM access continues to be one of the most coveted accountholder perks that a financial institution can offer.

#### Recent Studies Spotlight the Importance of Surcharge-Free ATM Access

- The single biggest reason millennials move their checking accounts to other financial institutions is to gain access to free ATMs, according to data from Phoenix Synergistics and reported in [ATM Marketplace](#). The survey found that 46% of millennials who moved their checking accounts to other institutions in the last two years said they did so in order to be able to access surcharge-free ATMs.
- Access to no-fee ATMs is increasingly important to U.S. consumers. According to a [2018 Mercator Advisory Group](#) survey, 77 percent of U.S. consumers say “they do anything they can to avoid paying ATM fees.”

79% say it's very important or essential to have a surcharge-free ATM

#### Expanded Geographic Reach and ATM Location Parity Level the Playing Field

What sets the most successful community banks and credit unions apart from their competitors is the time-tested business model of delivering big bank technology solutions with traditional community bank and credit union values and service.

Competing effectively with larger financial institutions can be a challenge. At the heart of the issue is the vast network of ATMs offered by the larger banks, which have ample resources to invest in the latest equipment, technology and locations.

One way for smaller financial institutions to level the playing field is by joining a large, national surcharge-free ATM network. Surcharge-free ATM networks can allow smaller institutions to match the ATM access and convenience of larger institutions without compromising the personal touch people count on from community banks and credit unions.

### Seeing ATM Fees Through the Eyes of Your Accountholders

Consumers who bank with community banks and credit unions often perform transactions near where they live or work. When they travel, however, they may not have access to such services without incurring out-of-network fees. Most consumers desire convenient access to no-cost ATMs wherever they live, work or travel. This desire has stimulated the formation of large surcharge-free ATM networks. The popularity of these fee-free ATMs continues to grow.

### Surcharge Fees Impact All Stakeholders

Surcharge fees increasingly impact every stakeholder in the transaction cycle. ATM owners lose surcharge transactions and raise surcharge rates to offset the loss. Fee-sensitive consumers realize the rising cost of using “foreign” ATMs and seek alternative solutions from their card issuer. Some community banks and credit unions respond by offering reimbursements, but more and more opt to participate in a surcharge-free ATM network.

In 2019, the average ATM surcharge increased for the 15th year in a row. New York City-based Bankrate reports the average surcharge is now \$3.09, up 2%, from the 2018 study.

## The Benefits of Surcharge-Free ATMs

### Account Retention:

#### Support out-of-area accountholders

While many community bank and credit union accountholders access ATMs locally with their financial institution, circumstances often call for access to a wider network. Consumers travel and relocate. Surcharge-free ATMs help promote retention wherever accountholders may be. Often, these include:

- Business travelers who are out of town for several days, yet need access to personal accounts
- Students who have accounts or students whose parents are accountholders
- Members of the military who travel or are deployed out of town

### Market Growth:

#### Expand the Institution's Reach

Participation in a surcharge-free ATM network makes the financial institution's brand marketable in territories in which they don't have a brick and mortar presence. Community banks and credit unions may also find that offering surcharge-free ATM access can aid in attracting new accountholders who don't live in an institution's footprint, especially if the ATM network enables deposit sharing.

### Competitive Advantage:

#### Enhance the Accountholder Experience

Membership in a surcharge-free ATM network can provide a unique distinction from a competitor's offerings. The customers of leading surcharge-free ATM networks can access an infrastructure serving millions of consumers, including tens of thousands of ATMs at banks and credit unions, as well as high-traffic areas such as pharmacies, convenience stores, grocery stores, restaurants and wholesale clubs. These retail locations can make getting cash not just affordable but also very convenient. It is the ideal offering for improving accountholder interaction and branch extension.

## Justifying the Cost of a Surcharge-Free ATM Network

The expense of placing and maintaining new ATMs at additional locations can be cost-prohibitive. Savvy community banks and credit unions realize that surcharge rebate programs are increasingly expensive to manage.

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Giving valued accountholders the ability to conduct surcharge-free transactions outside their traditional footprint strengthens their brand, enhances cardholder convenience, improves satisfaction, retention and acquisition and mitigates competitive threats.

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And finally, interchange income opportunities are increased through incremental transaction volume growth and premium interchange rates.

Credit unions and community banks seek to compete with large financial institutions while maintaining their competitive advantage – accountholder relationships and an engaging consumer experience. Surcharge-free ATM networks offer an important opportunity for organizations to differentiate themselves and strengthen their connections to consumers wherever they may be.

### Connect With Us

For more information about surcharge-free ATM solutions, call 800-872-7882, email [getsolutions@fiserv.com](mailto:getsolutions@fiserv.com) or visit [fiserv.com](http://fiserv.com).



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