

# The Benefits of Surcharge-Free ATM Networks

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A Path to Consumer Satisfaction for  
Community Banks and Credit Unions

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**In recent years, branch transformations have emphasized eliminating locations while adding more technologically advanced ATMs. These ATMs, along with more sophisticated self-service channels, allow for greater efficiency and improve the consumer experience.**

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ATMs continue to be frequently used and are cost-effective touchpoints between financial institutions and cardholders. Consumers can take advantage of many new and convenient ATM enhancements, including image deposit, video tellers, peer-to-peer money transfers and cardless transactions.

Consumers continue to pay high ATM transaction fees, creating a strong demand for fee-free cash, and convenient and secure account access. Surcharge-free ATM access continues to be one of the most coveted account holder perks that a financial institution can offer.

Recent research by Raddon, a Fiserv company, underscores the importance of fee-free, convenient ATMs. According to "Changing Demands in a Contactless World," 56 percent of consumers in the market for a new checking account say it's valuable if the offer includes surcharge-free ATMs, and 46 percent say it's valuable if it includes a large ATM network.

## Expanding the ATM Network

What sets the most successful community banks and credit unions apart from their competitors is the ability to combine powerful technology and traditional community financial institution values and service.

Competing effectively with larger financial institutions can be a challenge. Those larger banks and credit unions have the resources to invest in the latest equipment and technology for a vast network of ATMs.

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



## Surcharges Affect All Stakeholders

Consumers who bank with community financial institutions often perform transactions near where they live or work. When they travel, however, they may not have access to such services without incurring fees. Their desire to avoid those fees has sparked the growth of surcharge-free ATM networks.

Surcharges increasingly affect every stakeholder in the transaction cycle. ATM owners lose surcharge fee income, so they raise other fees to offset the loss. In 2020, the average ATM surcharge was \$3.08 according to [Bankrate](#).

Fee-sensitive consumers realize the high cost of using out-of-network ATMs and seek alternatives from their card issuers. Some community banks and credit unions respond by offering reimbursements, but they're more often opting to participate in surcharge-free ATM networks.

## The Value of Meeting Accountholder Expectations

Credit unions and community banks want to compete with large financial institutions while maintaining the advantages of strong accountholder relationships and engaging consumer experiences.

But the expense of placing and maintaining new ATMs at additional locations can be prohibitive. On top of that, surcharge rebate programs are increasingly expensive to manage.

Giving accountholders the ability to conduct surcharge-free transactions can strengthen a financial institution's brand, enhance cardholder convenience, improve retention and acquisition, and mitigate competitive threats. When credit unions and community banks join surcharge-free networks, interchange income opportunities are increased through incremental transaction volume growth and premium interchange rates.

These networks offer financial institutions the opportunity to differentiate themselves and strengthen their connections to consumers wherever they may be.

## The Benefits of Surcharge-Free ATMs

### Account Retention: Supporting 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.

Business travelers might be out of town and need ATM access. Students might need to use their financial institution's ATM when they're away at college. Members of the military might be deployed.

Surcharge-free ATMs help promote retention wherever accountholders may be.

### Market Growth: Expanding Your Reach

Participation in a surcharge-free ATM network makes the financial institution's brand marketable in territories where it doesn'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 the area, especially if the ATM network enables deposit sharing.


### Competitive Advantage: Enhancing the Accountholder Experience


Membership in a surcharge-free ATM network can provide a unique distinction from a competitor's offerings. The users of leading surcharge-free ATM networks can access an infrastructure serving millions of people through 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 be an ideal way to enhance the accountholder experience and extend the branch.

# Connect With Us

For more information about our surcharge-free ATM network:

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