ATMs

Similar to your branch network, your ***ATM network*** has a direct impact on the retention associated with your Checking Account customers. If you do not have enough ATMs for your customers to use, they are forced to use the ATMs of other providers and pay additional surcharges, resulting in poor customer service. To provide adequate ATM coverage, you should maintain your "fair share" of ATMs in the market. In other words, if there are four teams in the simulation, you should own 25% of the ATMs in the market. If you own less than 25%, customer retention rates will drop. If you own more than 25%, customer retention rates will increase.

Number of Foreign ATM Transactions = Number of Teams x 25,000,000

Owning more ATMs also gives you a greater share of "foreign" transactions completed in the market place. If you own 25% of the ATMs in the market, you will receive 25% of foreign ATM transactions completed (which is then adjusted based on the competitiveness of your ATM fee). The total number of foreign ATM transactions in the marketplace is 25 million multiplied by the number of teams in the simulation. The amount of revenue generated by your ATMs is a function of the number of foreign transactions captured, and the ATM fee you charge.

See Sample Calculation R-16 for an example.

Your ATM pricing will also impact the amount of foreign ATM transactions you attract. If your ATM pricing is within +/- 33% of the market average, there is no impact on your share of foreign ATM transactions. If your ATM pricing is outside of this range, your number of foreign ATM transactions will drop (or increase) by your percentage above/below the average.

See Sample Calculation R-17 for an example.

Fixed Costs for each ATM:
$13,000 in annual operating expenses
$100,000 in capital expenditure

Keep in mind there is a point of diminishing returns. If several teams aggressively invest in ATMs, the amount of revenue generated by foreign transaction fees may not be worth the amount required to install and run the ATMs. Each ATM costs you $13,000 in annual expenses to operate in the simulation. In addition, each new ATM requires $100,000 in capital expenditures (which is depreciated over 5 years).

Note: According to Simulation Regulations, you cannot increase (or decrease) the amount of your ATMs by more than 10% in one round without approval from the Simulation Instructor.