



ATMIA and Tremont Capital Group Publish New ATM Industry White Paper

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The ATM Industry Association (ATMIA), a global non-profit trade association, and Tremont Capital Group, one of the nation's leading consulting firms specializing in the ATM industry, have announced the publication of a new industry white paper analyzing the business model of the off-branch ATM, which now dominates the U.S. ATM market. Tremont Capital Group's new endorsed study concludes that any further interchange rate reductions by networks or any legislation restricting deployer profitability would severely constrict convenient consumer access to cash.

The objective of the white paper is to dispel misconceptions about the independent ATM sector in America and to show how Independent ATM Deployers (IADs), formerly known as ISOs, have built a vast infrastructure of off-branch ATMs in locations providing convenient access to cash for millions of U.S. consumers. The study provides definitive evidence that U.S. consumers enjoy a high degree of transparency when transacting at ATMs. If they are assessed a convenience fee or surcharge, they typically are advised in at least four fully transparent ways. This fact shows that the ATM industry in the world's biggest ATM market is deeply committed to disclosure of surcharging fees to consumers.

The analysis, carried out by Tremont Capital Group's CEO, Sam M. Ditzion, a widely respected industry consultant, concludes that more than 75% of all ATM transactions in the U.S. are not subject to a convenience fee or surcharge. Most financial institutions lose money on ATM operations and subsidize the large majority of transactions in the name of consumer service. U.S. deployers have spent billions of dollars building a network of 401,500 ATMs to allow consumers convenient access to cash. Independent deployers typically only make 6-7% margins after paying all expenses.

"This new white paper should become a standard industry reference for outlining the economics of the ATM in the United States," commented Mike Lee, ATMIA's CEO. "It is a detailed, professional work showing conclusively that ATM economics strikes a healthy balance between customer service and revenue, with both financial institutions and IADs placing the highest premium on convenient access to cash for U.S. consumers."

But the Independent ATM Deployer business model, and therefore a significant percentage of the nation's ATMs, may be in jeopardy if interchange reduction continues. In recent years, card brand associations like Visa and MasterCard have reduced the amount of interchange paid to independent ATM deployers for transactions on their off-branch machines, despite the fact that they provide the highest number of convenient locations in the market.

"As networks contemplate interchange reductions and lawmakers consider legislation limiting deployer profitability, it's critical that everyone carefully consider the unintended consequences for American consumers, who will see far fewer ATMs and have less convenient access to their cash," said Sam M. Ditzion, CEO of Tremont Capital Group.

Tremont Capital Group's white paper can be purchased by ATMIA members for \$500 and by non-members for \$1,000. To purchase a copy, contact Amber Howell at amber@atmia.com or Sharon Lane at sharon@atmia.com.

For more information on the study, contact Mike Lee at mike@atmia.com.

ABOUT ATMIA (www.atmia.com)

The ATM Industry Association is a global non-profit trade association with over 1,750 members in about 50 countries. Its mission is to promote ATM convenience, growth and usage worldwide, protect the ATM industry's assets, interests, good name and public trust; and provide education, best practices, political voice and networking opportunities for member organizations. In June 2003, ATMIA established the Global ATM Security Alliance (GASA) with the mission to employ global security resources in a united alliance in order to protect the ATM industry from criminal activity.

ABOUT TREMONT CAPITAL GROUP, INC.

Tremont Capital Group is the nation's leading provider of business strategy consulting, valuation, and merger & acquisition advisory services to the ATM and related industries. To learn more about the services provided by Tremont Capital Group, please visit www.tremontcapitalgroup.com or call 617-482-8866.