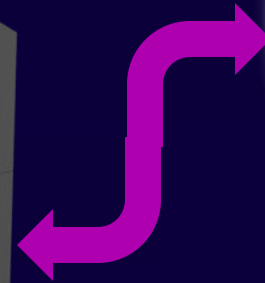




# FUTURE OF RETAIL ATM'S

## OCTOBER 29, 2024

NANCY GAIL DANIELS  
CHIEF OPERATING OFFICER  
HYOSUNG AMERICA

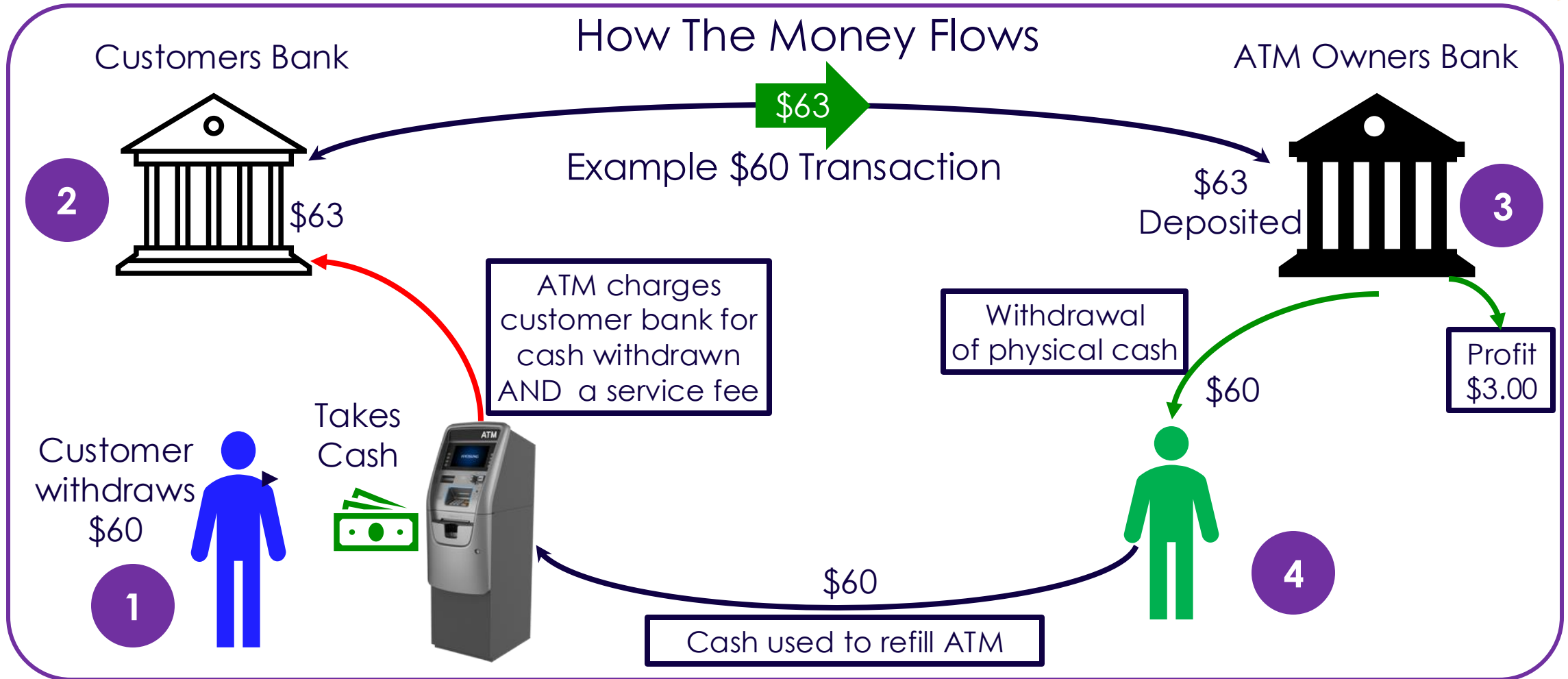


*"It's never a  
straight line"*



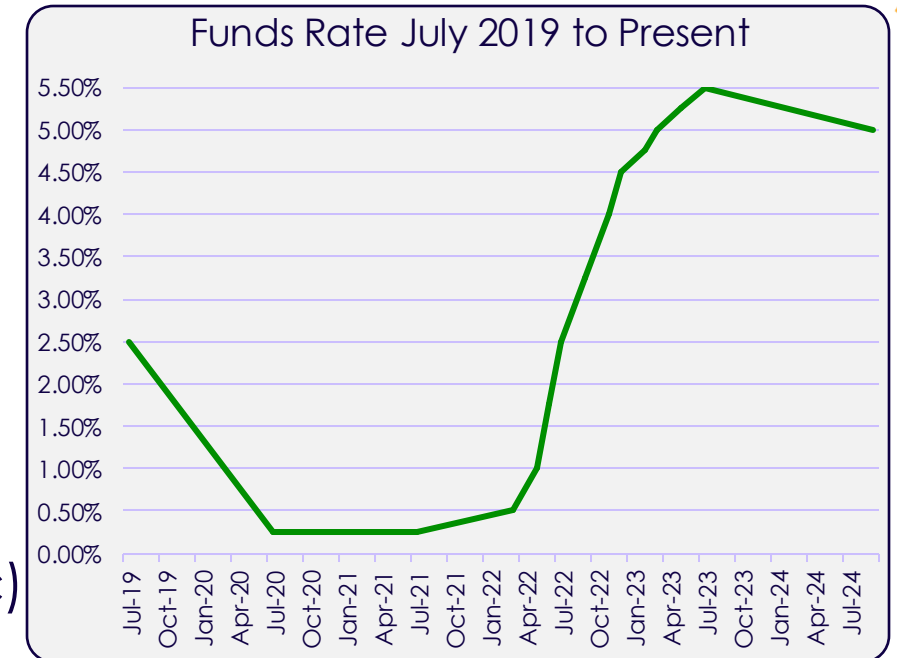
**HYOSUNG**

# THE ATM BUSINESS IS EASY...AT LEAST ON YOUTUBE

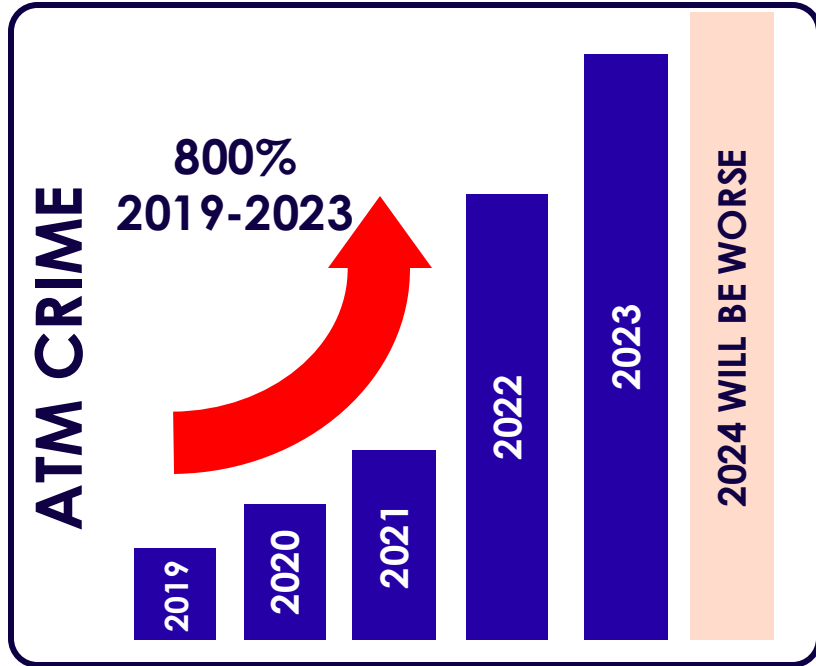


# REALITY CHECK

1. Cash cost and slow moves by the Federal Reserve. rates directly impacts ATM profitability.
2. Limited options for ATM cash post US Bank Exit.
3. Increases in processing and driving fees.
4. Reduction in revenue share as competition for locations increase due to large banks moving to off-premise locations with full function machines.
5. A reduction in ATM transactions per month (from ~300/mo. pre-pandemic to ~150/mo. post pandemic) resulting in a reduction of revenue earned per ATM.
6. Surcharge fees on ATM transaction continue to increase driving a further reduction in ATM transactions/month due to the higher cost to the consumer.
7. Significant increases in the costs and a reduction in the quality of service of CIT's driven by labor and fuel cost increase.



# ATM CRIME



Source ABA



HYOSUNG & NAC SUPPORTS HR 3398 Safe Access to Cash Act of 2023

# ATM SECURITY



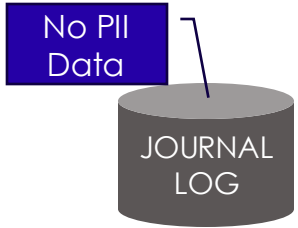
Cash Dispenser  
HIGHLY SECURE

ATM Management  
SECURE

Processing  
HIGHLY SECURE

Banking System  
HIGHLY SECURE

Smash & Grab  
Skimming



**EMBEDDED  
ATM  
APPLICATION**



XFS  
(eXtension for Financial Services)

Service Provider    Service Provider    Service Provider

Cash Dispenser    EPP Keyboard    Card Reader

Default  
Passwords

RMS Takeover  
**RMS**

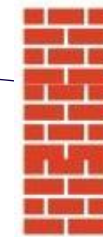
TLS\* Encryption

**ATM  
SWITCH**

Man In The  
Middle

Host  
Redirect

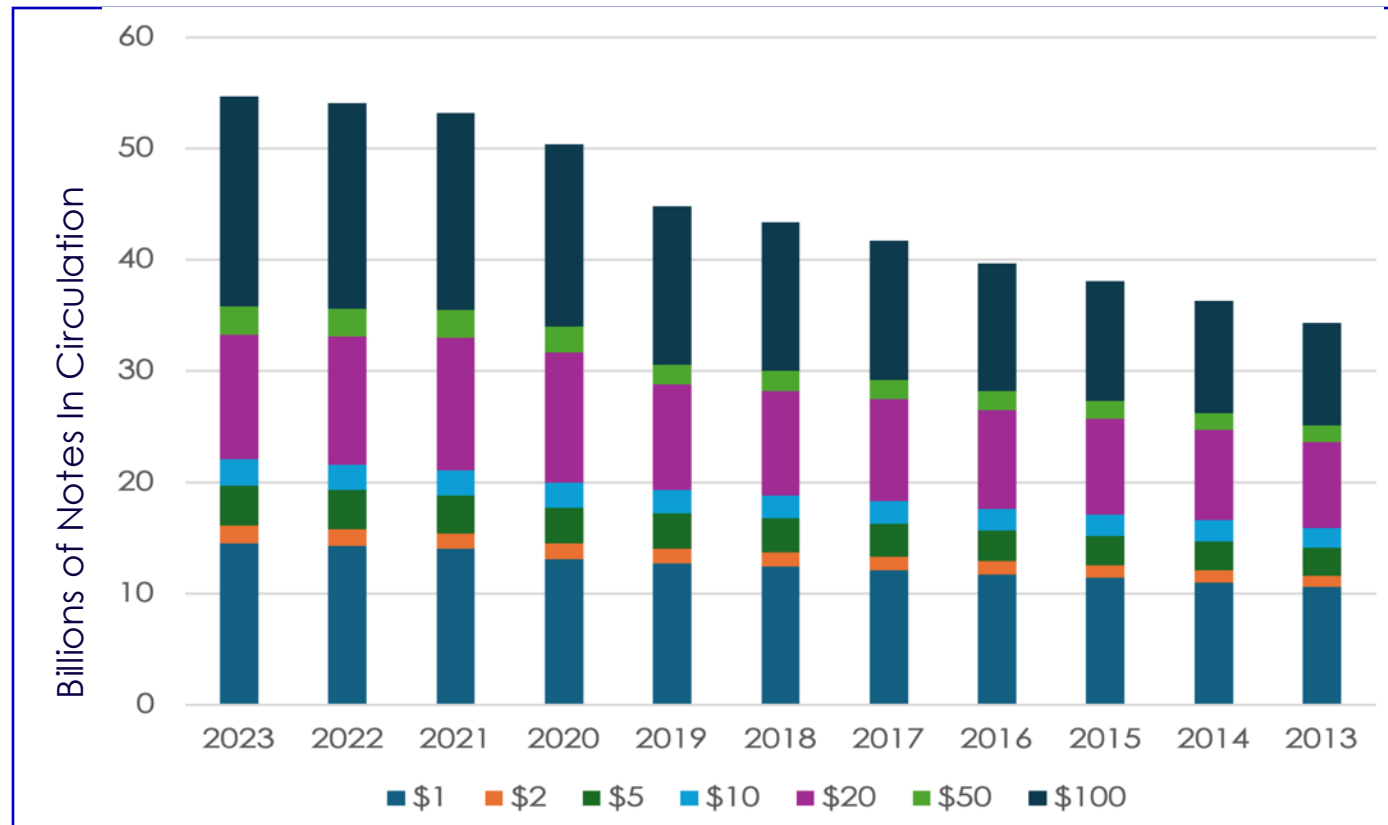
- Change Default Passwords
- Encrypt Communication
- Firewall (Only Approved Connections)
- Turn RMS off when not in use



# CASH (NOTES) IN CIRCULATION (QUANTITY)



Currency usage is increasing (counter intuitive) and is driven by the wealth gap in the US. Working poor (~22% of US population) use cash as a payment method for almost 50% of their spend. The Underground economy (payments made in cash) is estimated at 18% of GDP or \$2 trillion.

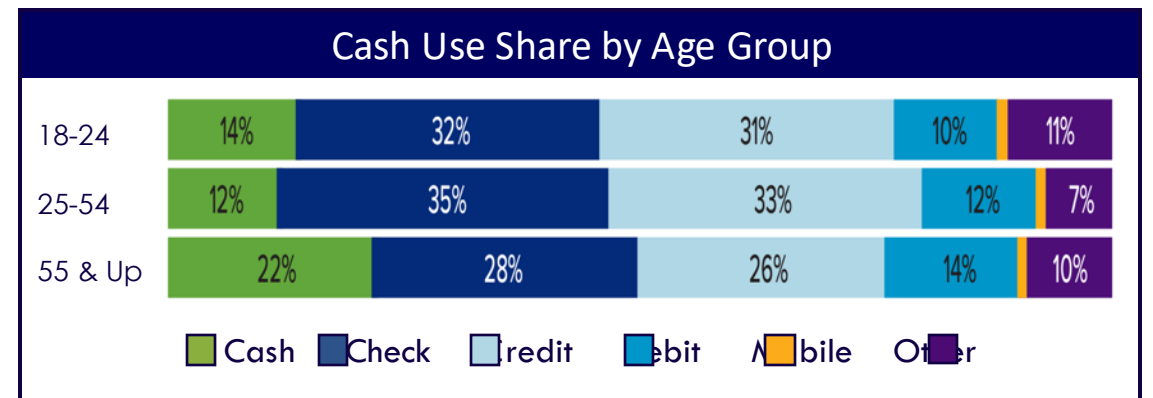
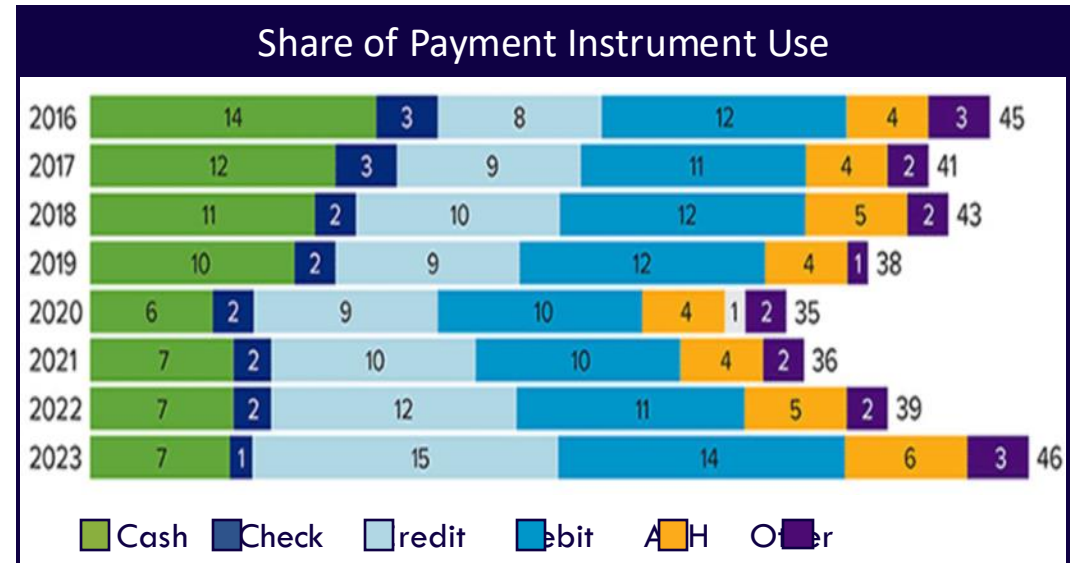
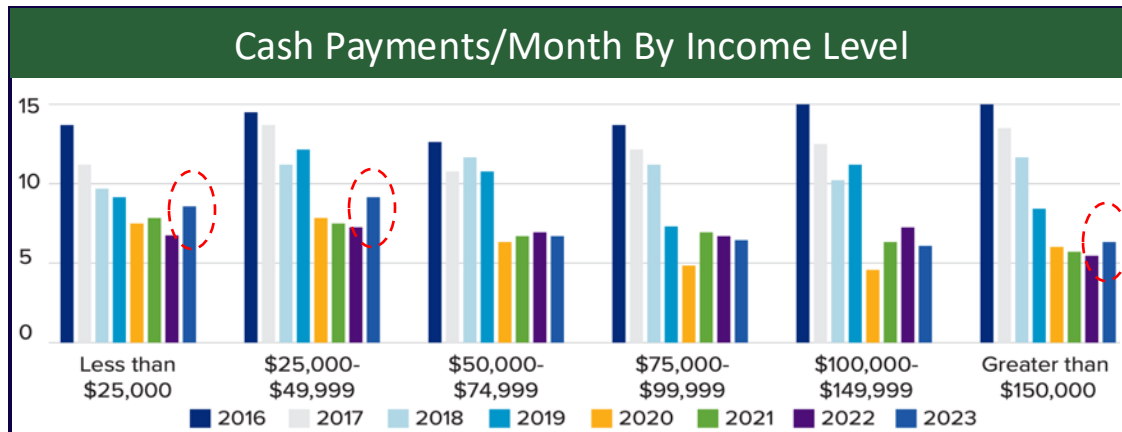


- US Currency in Circulation has increased to 55 BILLION notes in circulation or a 4.5% CAGR over the last 5 years
- 2024 print orders are for an additional 867M \$100 notes and 614M \$20 notes
- Bills principally used in ATM's (\$20 & \$100) have increased at 5.6% and 7.3% respectively
- Reduction in bank branches and increase in cash has resulted in a 20% increase in the value of the average ATM cash withdrawal

Source: U.S. Federal Reserve Board of Governors & US Bureau of Engraving & Printing

# CASH USAGE

| Percentage of Cash Usage by US Income Group |               |                 |
|---|---------------|-----------------|
| Income Level                                | % Use of Cash | % of Households |
| ≥ \$150,000                                 | 10%           | 19%             |
| \$100,000 – \$149,999                       | 11%           | 9%              |
| \$75,000 - \$99,999                         | 15%           | 12%             |
| \$50,000 - \$74,999                         | 15%           | 17%             |
| \$25,000 - \$49,999                         | 25%           | 22%             |
| < \$25,000                                  | 32%           | 21%             |

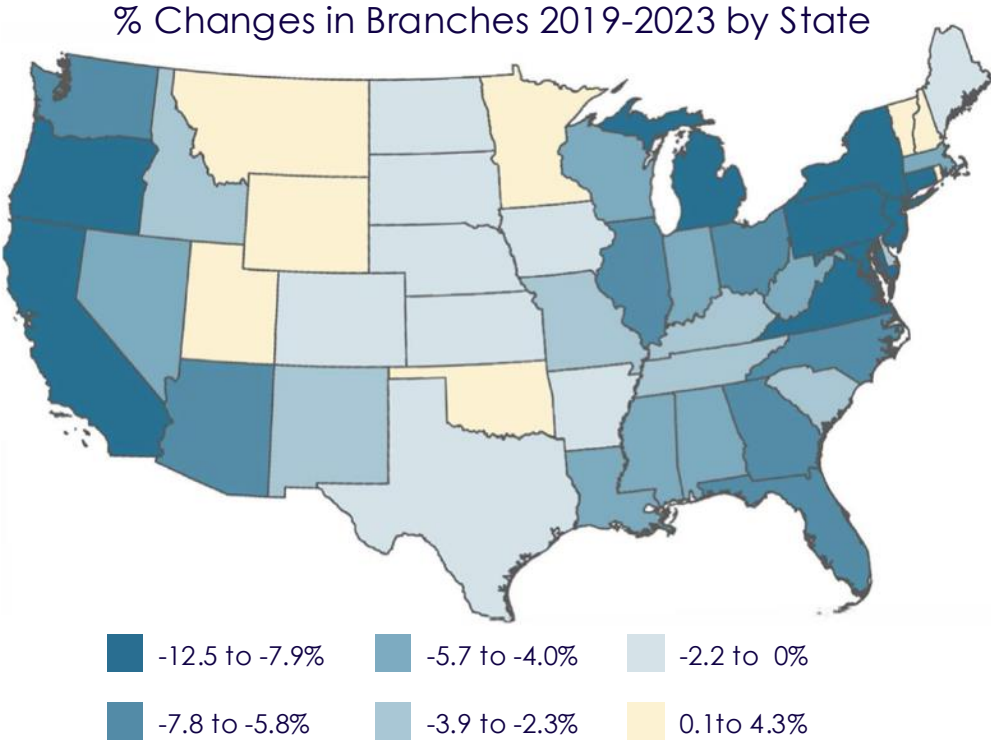
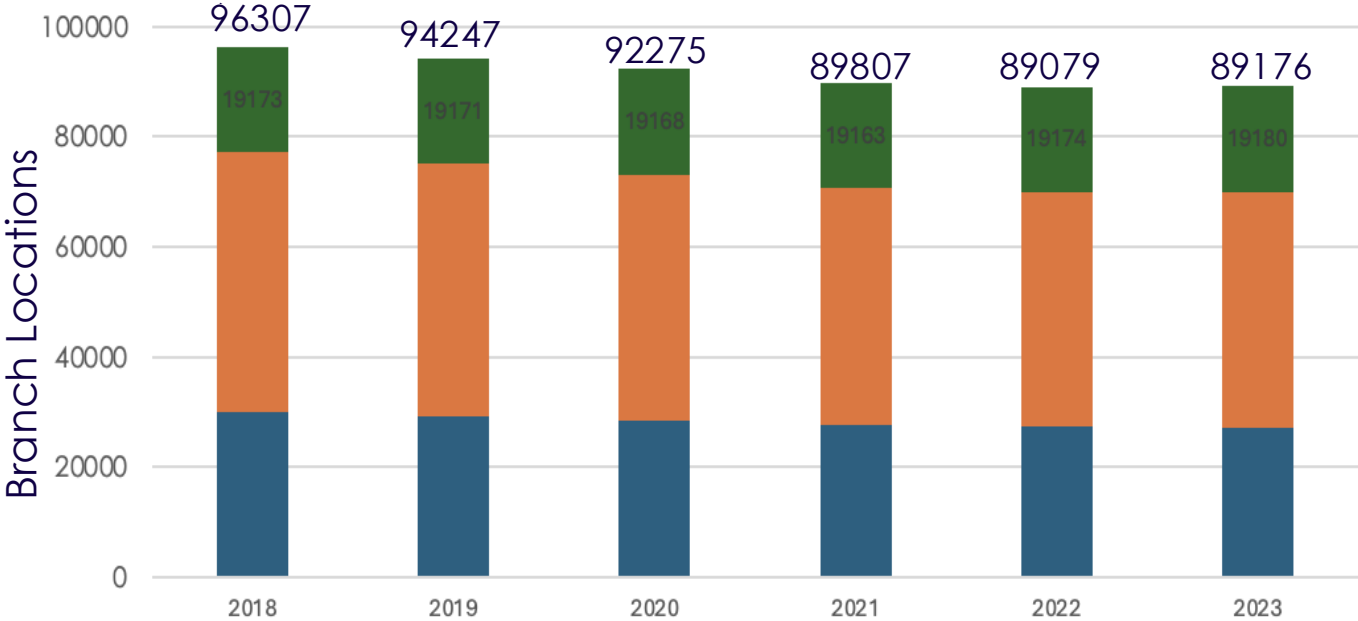


Source: Federal Reserve 2024 Findings from the Diary of Payments Choice

# BANK BRANCHES & CREDIT UNION LOCATIONS



The number of bank branches and credit unions peaked in 2012 and have been in a steady decline which accelerated during the pandemic. In 2023 this trend reversed with an increase in both bank branches (mainly large banks) and credit union locations.



**FI's & CU's Continue Moving Off Premise**

Source: US Federal Reserve and NCUA



# EVOLVE OR ...



**HYOSUNG**

# PAST ATTEMPTS TO CHANGE THE ATM USE CASE



STAMPS, MONEY ORDERS,  
TRAVELERS CHECKS, TICKET PURCHASE

*“THOSE WHO FORGET  
THE PAST ARE DOOMED  
TO REPEAT IT”*  
GEORGE SANTAYANA

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# HOW TO SURVIVE IN THE FUTURE

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## CASH DISPENSERS

- Reliable Single Purpose Machine
- Dispenses \$20 Bills Efficiently
- Relatively Simple To Set Up (Hyosung's New Bring Live Software is FAST)
- Low Maintenance
- Low Cost



Halo II

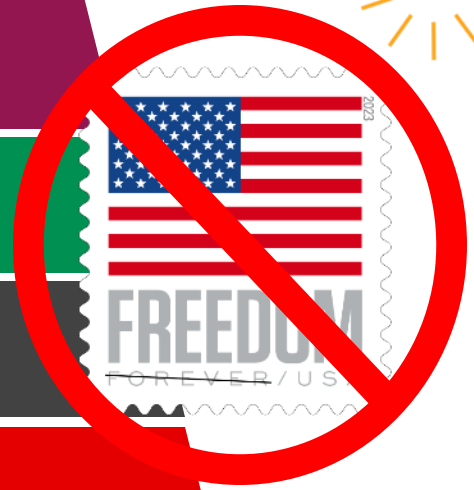
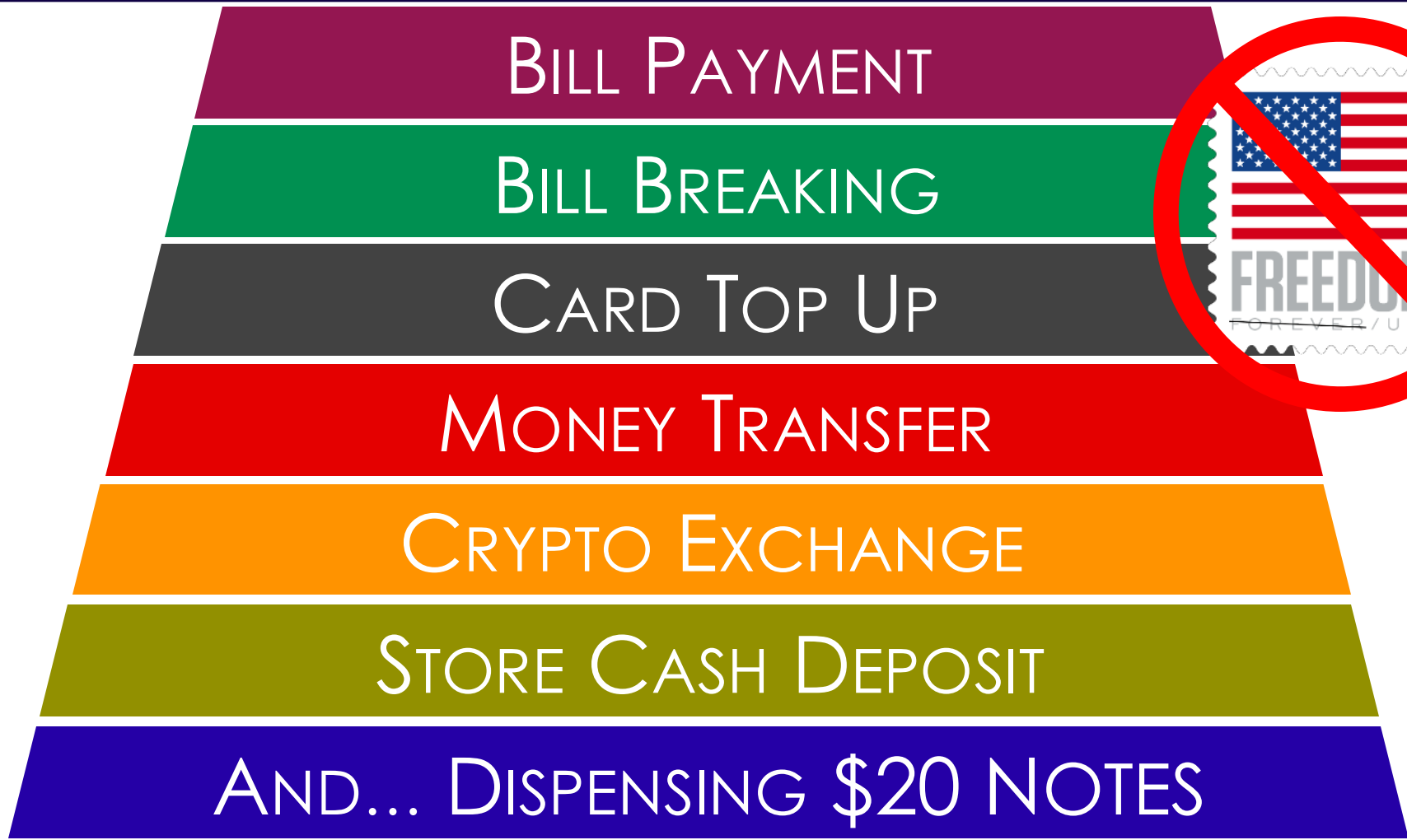
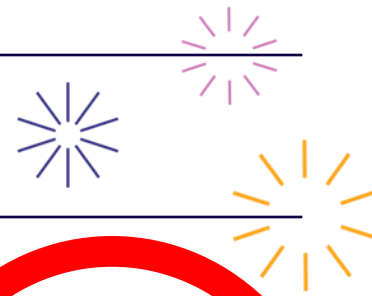


Pivot

## RETAIL RECYCLER

- Multipurpose Machine
- Dispenses AND Accepts Cash
- Recycles Deposited Cash
- Enables Many Transaction Types
- Higher Maintenance
- ~3-4x The Cost

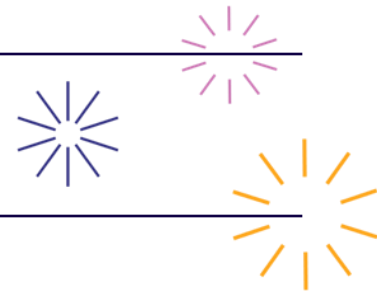
# A WEALTH OF POSSIBILITIES



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# HYOSUNG'S ROLE

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- Offering Best In Class, Best in Value ATM Hardware
- Maximizing The Possibilities
  - Partnering With Best-In-Class Providers
- Facilitate – Not Compete
  - Simplifying complications like AML/KYC Compliance, Managing The Intermingling Of Cash etc.
- Simplifying Deployment
  - Making Bring Live As Simple As A Cash Dispenser

Maximizing **YOUR** Profitability Per Machine