

# ATM Vending Report



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## Introduction

I have written this paper firstly due to my experience of design, manufacturing, personalisation, fraud analysis and marketing of cards usable in self-service machines over the past ten years. And secondly, due to my interest in the postage stamp, having been a philatelist for over thirty years.

In view of the above interests, I formed what has become the leading collection of stamps and ephemera relating to the vending of stamps from cash machines. This collection has represented Great Britain by being displayed to hundreds of thousands of visitors at world stamp exhibitions in Britain, France and in Italy.

## Stamp Development Background

**Pre-1840, mail too expensive to receive.** Before postal reforms by Rowland Hill, letters were sent based on the mileage covered and were paid for by the recipient, not sender. Many feared a letter as they could not afford its cost.

**Stamps introduced by Great Britain in 1840.** The Penny Black was issued by Britain in 1840 - a world first. On gummed paper, initially without perforations – they had to be cut from sheets with scissors. An instant success. The sender now paid for the letter, not recipient.

**Stamps changed little in their first 150 years.** Every country in the world was destined to issue postage stamps for the pre-payment of mail, all basically of the same construction – gummed paper activated by water, with perforations and a unique design. This approach continued through six reigns.

**Primitive Self-Adhesive gumming.** In the early 1960s, Britain again led the field by producing self-adhesive stamps for Tonga and Sierra Leone. One or two other countries such as Gibraltar issued the occasional self-adhesive, more as a novelty than as a serious alternative to water-soluble gum.

**USA self-adhesive stamp trial in 1974.** A Christmas stamp was produced using a pressure-sensitive gum that very quickly deteriorated and ruined the surface of the stamp. This was unacceptable to the Post Office, collectors and the public alike.

**Self-adhesive gumming technology improves.** By the 1980s, Avery Dennison had perfected an adhesive that was stable under longevity tests and the U. S. Postal Service started to issue self-adhesive stamps as a trial. They found favour, not least on health grounds as AIDS had started to take hold and there were genuine fears about licking a stamp.

**ATM stamp sheet resembling \$ bill proposed by the USA.** In 1988, the USPS commissioned Avery to design a self-adhesive stamp sheet with the size and feel of a US\$ bill that could be vended

from any type of ATM.

**ATM stamps launched in 1989 by USPS.** 1989 saw the introduction of the world's first ATM stamp sheet. It was on a plastic substrate, thus angering the ecologists. A paper-based version soon replaced it, which quickly caught on.

## Current Position

**Five countries dispense ATM stamps.** The countries and the year of introduction of ATM stamps are:

1990 United States of America.

1993 Singapore.

1994 Australia.\*

1995 Taiwan, Republic of China.

1996 France.

1998 Canada.

\* Advance Bank was taken-over in 1998 and the new owner, St. George, removed the facility after a few months. Australia Post seeks a new stamp issuing partner.

**One further country launch is pending‡.** 1998 launch planned, but the country name is confidential at the present time. ‡By December no new country had been announced and no introduction now seems likely.

**Great Britain considering ATM stamp format.** Since 1993, Royal Mail has been considering the introduction of ATM stamps. A UK banking partner is now sought for the 1999 launch of this stamp format.

**MasterCard and Visa considers ATM stamp dispensing to be their number one non-cash vended item.** Reports published by both Visa and MasterCard in 1997 indicated that a global policy would encourage the dispensing of stamps via cash machines.

**Stamp printers gearing-up production.** Stamp security printers in The Netherlands, Australia, Britain and France (at least) who do not currently produce ATM stamps are known to be undertaking production trials to get in on a growing market.

## Benefits

### To Bank

- **Additional customer service.** Selling stamps at non-Post Office sites has gained considerable ground in recent years and has found favour with postal patrons.
  - **New revenue source.** A transaction fee could be charged on top of the face value of stamps, this is quite normal overseas. Plus, if stamps are purchased from Royal Mail at under face value there is 5% revenue.
  - **Differentiation from competitors.** Banks could negotiate an exclusive deal with Royal Mail for a set period where they were the sole vendor of ATM stamps.
  - **Positions bank as technological leader.** Banks have a record of being innovators in the cards market.
  - **Sales to non-bank customers.** Transaction fee income is generated from sales to non-bank users of the ATM network and encourages own customers to use the particular bank network of cash machines.
  - **Float on sales proceeds.** Stamps would be ordered by the bank and paid for subsequently.
  - **Attracts new customers.** The American experience is that SeaFirst Bank, at least, gained customers as a result of selling postage stamps.
  - **Increases ATM traffic.** According to American studies, the use of ATMs increases when stamps are dispensed.
- Siting of bank machines in PO lobbies.** The US experience for SeaFirst Bank was that they were allowed to site their machines in Post Office lobbies free of charge. May not be in line with bank strategy, but a consideration.

### For Customer

- 24-hour, seven day availability of stamps.
- One-stop shopping convenience for stamps and cash.
- No queuing.
- Deferred payment if credit card used.
- No loose change needed as transaction charged to card account.
- Stamps are self-adhesive, so no licking or tearing.
- Convenient currency-sized sheetlets fitting into purse or wallet.

### For Postal Administration

- Greater number of outlets to sell stamps.
- 24-hour availability of stamps for its customers.
- Reduced retail stamp selling costs.
- Increased customer service and convenience.

### Assumptions

- **That hopper cassettes are available.** Cash is the key deliverable from an ATM at present and without a spare hopper the idea is a non-starter.
- **That the idea fits into bank strategy.** If the bank decides that the idea does not fit into its self-service strategy, then again it is a non-starter.
- **That Royal Mail will offer the bank a discount,** thereby selling below the stamp face value. Retailers are offered 5% off face value of stamps sold in booklets by shops.
- **That the security carrier can service the remotes.** Stamp stocks would need to be supplied to them to replenish hoppers, as they do with cash at non-bank or at unmanned bank locations.

### Production Requirements

The following production requirements are essential if an ATM sheetlet is to be dispensed without problem, time after time:

- **Banknote sized sheetlets.** Stamps need to be the same physical dimension as a standard issue banknote of the country in question.
- **Smooth dispensing.** Stamp sheetlets must dispense as smoothly as a banknote to avoid jamming within dispensing mechanism.
- **Correct banknote thickness.** Paper must closely resemble a banknote in thickness to avoid jamming.
- **Correct roughness range.** A banknote has a certain roughness that needs to be reflected in an ATM sheetlet to avoid 'double picking' and a loss in stock / revenue.
- **Correct quality glue.** The ATM stamps must not utilise glue that 'oozes' with time / storage. This would cause friction and affect dispensing ability. The worst-case scenario (if unlikely), is a solid brick of sheetlets in the hopper.

### The Stamp Printers

Production of ATM stamp sheetlets requires primarily a specialised paper. Most security printers could produce the stamps, for the printing and die-cutting techniques are standard to the printing industry. Five printers are currently known to openly be in the market, either through producing actual ATM stamps or publicity sheetlets.

#### AUSTRALIA

- **Pemara Labels, Melbourne.** Producers of the Australian Kangaroo ATM sheet on an amazingly thick paper that one would not expect to be ATM dispensable, but clearly worked.
- **Sprintpak, Melbourne.** An Australia Post subsidiary, yet to produce live stamps. However, their Internet site records their ability to produce such items.

#### FRANCE

- **ITVF, Perigeux.** The state-owned stamp printers that produce French DAB (ATM) sheetlets. It is believed that they use Avery paper supplied from America, thus avoiding the major hurdle to entering the market.

#### NETHERLANDS, The

- **Joh. Enschedè, Haarlem.** This major producer of almost all the Dutch stamps has produced three or four promotional ATM sheetlets. They have yet to be awarded a contract to produce ATM stamps for any postal authority that they represent.

#### UNITED STATES OF AMERICA

- **Avery Dennison, Pasadena.** Pioneers in ATM stamp development and the only company to have any sort of 'hold' on the market. They currently print ATM stamps for Canada, Singapore, Taiwan, USA and at least one other country that has an issue imminent.

## **Acknowledgements / Sources**

Thanks are due to the following sources for the assistance provided during the compilation of this report.

Avery Dennison, Security Printing Division.

Midland Bank Business Library, London.

NCR Laboratories, Dundee.

Private correspondence with post offices, security stamp printers, ATM manufacturers and/or suppliers, stamp collectors and ATM stamp dispensing banks world-wide.

Publicity literature from post offices and banks taking part in the scheme.

The philatelic trade press.

(First privately published as 'STAMPS BY ATM: A Marriage of Convenience' A paper outlining the current world wide position. December 1998.)