

ATM Thrust in New Market Pays Off for Commercial Bank of Texas

For Commercial Bank of Texas, highly visible ATMs in high-traffic areas have quickly given the bank a stronger presence in new markets, and paved the way for an increasingly successful expansion.

The bank, headquartered in Nacogdoches in east Texas, focused on business in its immediate area for most of its 113 years. But in the past few years, it has expanded into north Texas, particularly in the Dallas-Fort Worth market. Now a concerted effort to work with Dolphin Debit and drive business with ATMs is a strategy that is paying off for Commercial Bank.

In November 2013, Commercial Bank of Texas launched six ATM locations located in front of Walmart stores at Murphy USA gas stations. Murphy USA is the exclusive fuel station operator for Walmart. Four of those locations are in the Dallas-Fort Worth market, and all six were arranged through Dolphin Debit, which handled the entire process of setting them up and launching service.

"We wanted to get a foot in the door and show people our brand in the Dallas-Fort Worth market, because we know that area is booming," says Kurtis Acosta, AVP of Virtual Banking for Commercial Bank of Texas. "These new ATM locations, which are drive-up ATMs with surcharges, are yielding a faster return. We have seen strong traffic counts, and in some cases we estimate that 40,000 cars pass some of these locations every day."

Commercial Bank of Texas is a \$530 million bank with 14 branches in east and north Texas, and 9,000 active debit cardholders. The bank connected with Dolphin Debit initially when it wanted to expand its ATM network in the Dallas-Fort Worth market, but found the size and scope of the market overwhelming. Dolphin Debit, which has an exclusive arrangement with Murphy USA in several states, made the expansion painless.

"Dolphin has enabled us to expand into areas of north Texas that we couldn't have done on our own," Acosta says. "And with their relationships, they have been able to give us valuable insight into that market."

"They have the relationship with Murphy USA and Walmart, and that was very appealing to us. You always look for high-traffic locations for ATMs, to increase your opportunity. Everybody wants to be where Walmart is, because that's where the traffic is."

Thanks to that traffic, and the business the ATMs are generating, Commercial Bank of Texas is enthused about its strategic decision to emphasize the Murphy USA locations in its north Texas marketing.

As Acosta explains, "We analyzed the financial return, and with the amount of traffic and the \$3 surcharge, we are seeing good returns. We can demonstrate to our C-level executives that this is paying off not only financially, but also in marketing value. A billboard in the Dallas-Fort Worth area can cost \$5,000 to \$15,000 a month, and each of our ATMs doubles as a billboard for us."

It has been challenging to accurately quantify customer, account, and loan growth attributable to the ATMs, Acosta notes, but the bank's north Texas branches are seeing more activity and greater customer interest.

Couple that with the financial return from the ATMs and the "billboard value" of each branded and signage-wrapped ATM, and he concludes that "working with Dolphin to arrange these Murphy USA locations is a strategy we definitely want to continue where we have a local branch presence. We do want to make sure we have a market presence in the area before we put an ATM there, though. We are convinced that this is helping us obtain and retain customers and be more visible."

The ease of getting the north Texas Murphy USA operations going was the frosting on the cake, Acosta adds. As far as working with Dolphin Debit, he says, "They have a turnkey approach that was very appealing to us. We didn't have to handle anything. And because they took care of that, it allows us to focus on what we are good at and be confident that we will see a good return."

Finally, he adds, "We have found Dolphin very easy to deal with. I think it says a lot about a company when it is flexible for its customers, even a little community bank like us. They really wanted to worked with us and help us achieve our objectives."