



JP Technology  
GROUP



CRYPTOMATICATM

## HOW TO START AN ATM BUSINESS BASIC INFORMATION

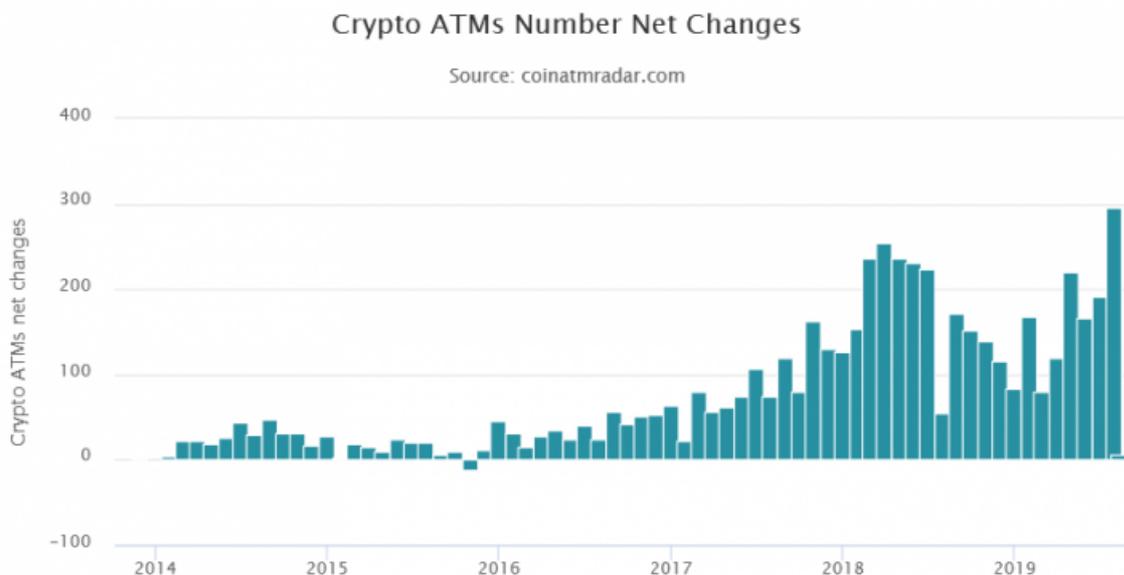




## What is a Bitcoin ATM?

The Bitcoin ATM market is “mooning.” When the first Bitcoin ATM was installed in Vancouver, Canada in 2013, Bitcoin was still a largely unknown phenomenon. Fast forward to 2019, Bitcoin and Bitcoin ATMs are seemingly everywhere.

Today, there are over 5,000 Bitcoin ATMs across the globe, according to Coin ATM Radar. From New York to Hong Kong, Moscow to London, and Buenos Aires to Sydney, you will find Bitcoin ATMs. Even the small African nation of Djibouti is home to a Bitcoin teller machine. The more bitcoin awareness and adoption grows, the more entrepreneurs are installing Bitcoin ATMs in an attempt to benefit from the “bitcoin gold rush.”





## The setup costs

The setup costs for a Bitcoin ATM business can vary greatly, depending on what types and how many ATMs you decide to purchase to launch your venture.

The prices of Bitcoin ATM range from USD 400 for a JPOS to USD 14,500 for a two-way SENIOR High-End model. Delivery costs, installation costs, taxes, and import duties also need to be included in the setup costs as well as potential upfront rental charges for your chosen Bitcoin ATM location(s).

Exchange integration is another important aspect of setting up a Bitcoin ATM (unless you want to use your own company/personal cryptocurrency wallets). However, exchanges generally do not charge an upfront fee as they receive execution fees on each trade.

The purchase price of the machine(s) will be the largest portion of the setup costs while the remaining expenditure will range from a few hundred dollars to several thousand. Marketing expenses should also be taken into consideration as you will need to attract users to your ATM.

Provided you choose one of the more affordable CryptomaticATM models, your set-up costs could be as low as USD 2,200. On the high end, you could look at USD 20,000.



## How much can you expect to earn?

The amount of profit you can generate per ATM will depend on factors such as the location, public interest, the level of customer support, the machine's availability, and whether bitcoin is in bull or bear market.

To get an idea of how much you can expect to earn, you can use the [JP SOLUTION ATM ROI Calculator](#). The calculator enables you to input your known business costs, the ATM invest, and your expected transaction volumes to compute an estimated ROI (Return on Investment) per machine.

Let's assume you purchase a COBRA SMART for USD 3,249, and you expect your machine to process 300 transactions with an average transaction volume of USD 250 per month. You charge a 7% transaction fee, and the linked exchange charges a 0.2% trade execution fee. Finally, you pay USD 100 a month rental cost for the location of the ATM (in a café, restaurant or a shop, for example) and you had one-off costs to start the business of USD 2,500.

**In this instance, you would generate USD 5,250 in revenue per month, which would equate to USD 4,850 in monthly profits and a payback period of only one month.**

This example shows that Bitcoin ATM businesses can be highly profitable if the right location is found, and enough users can be attracted. While this is only a theoretical example, the above returns mirror anecdotal evidence of Bitcoin ATM profitability found online.

If you have the funds to launch such a venture and are located in a bitcoin-friendly jurisdiction, a Bitcoin ATM business may be an excellent entrance into the Bitcoin economy for entrepreneurs who are willing to take risks and, as a result, potentially receive a high monetary payoff. However, as with every business, there can be no guarantees.



## **Day-to-day management**

The day-to-day management of a Bitcoin ATM business involves providing customer service to users who are having issues with the machine, doing cash runs to either restock the machine or to bring cash to the bank, ensuring everything runs smoothly with the exchange integration, prices feeds remain operational, and that the machine is running without glitches.

## **Find Bitcoin-friendly banking partners**

Regardless of whether the Bitcoin ATMs you will install are one-way or two-way, you will need to handle cash as part of your day-to-day business operations. Therefore, you will need a business bank account at a bank that is willing to provide its services to a bitcoin business.

## **Review regulations and laws**

You will need to check what the legal and regulatory situation is in the country or state you want to run your operation. The legal framework for operating a bitcoin teller machine can differ significantly from jurisdiction to jurisdiction and not complying with laws when it comes to cryptocurrencies is a surefire way to suffer serious legal consequences.



**Starting bitcoin ATM business is easy if you follow the basic preparation steps. You need to get acquainted with the regulation in your area and find a banking partner. Open a hot wallet and find a good spot for your machines. While operating bitcoin ATM business you need to organize cash service.**

### **1. BUY BITCOIN ATM FROM CRYPTOMATICATM**

**Contact our advisors.** They will help you to find the best solution in our program for your business plan. There are broad categories like one-way or two-way, for example. So if you would like not only to allow customers to buy bitcoins, but also sell bitcoins then you need to look for a more expensive two-way solutions. According to the number of installations worldwide — 42% of all bitcoin machines are two-way, and 58% are one-way only.

According to information from our clients, there is not an even split between buy and sell operations at the moment with pure dominance of buy operations (90% buy vs. 10% sell on average). However, during huge price swings, the user behavior might change a lot. Many operators reported fall in volume of buy bitcoin operations, and sell operations increased drastically (making volume ratio of about 50/50). So not to lose opportunities on the volatile market it is better to provide both options, however, in “normal” times just a one-way bitcoin ATM can provide a steady income as well. We are still in the “enter bitcoin” phase for average customer.



## **2. VOLUME AND FEE SIZE**

In order to start new business one needs to do profitability calculation in advance and have at least rough business plan. JP Solution provides a Bitcoin ATM profitability calculator by using which you can easily define approximate costs and calculate ROI with detailed report.

The following are average metrics on the market (based on experience with operators):

In order to reach planned volume it takes about 6 months with marketing and advertising of a location. So it is very important to keep machine at the same location. Average normal monthly volume of a bitcoin ATM is about \$17K. It may vary, but this figure is quite realistic in our opinion, which can be used as a basis for forecasts starting month 6.

Average bitcoin ATM fees are now at 7.5% for sell operations and 9% for buy operations. Please keep in mind that these fees are biased to the extent that they are calculated based on information from operators who decide to report fees.

## **3. LEGAL ENTITY**

Establishing a legal business entity such as an LLC prevents you from being personally liable if your ATM Business is sued. There are many business structures to choose from including: Corporations, LLC's, and DBA's.

## **4. OPEN A BANK ACCOUNT**

This separates your personal assets from your company's assets, which is necessary for personal asset protection.

It also makes accounting and tax filing easier.

## **5. SETUP AN EXCHANGE ACCOUNT AND A HOTWALLET**

Our support is always ready to help you with this. We supporting approx. 12 exchanges at the moment like BITSTAMP, BITFINEX, KRAKEN etc..



## 6. DEFINE YOUR BRAND

Your brand is what your company stands for, as well as how your business is perceived by the public. A strong brand will help your business stand out from competitors.

How to promote & market an ATM Business

Unlike most business ventures, an ATM business requires little to no marketing. Networking with business owners in the community is a great way to ensure your name is recognized. Most famous way is of course CoinATMRadar for publishing your ATM.. And to see what your competitors are doing.

## 7. DEPLOY MACHINE TO LOCATION

If you are the owner of a brick-n-mortar business — this is not a question to consider as you probably would like to place it at your location. Placing a bitcoin ATM might increase foot-traffic to your store and this is additional revenue stream for the shop. According to information from other clients who installed a bitcoin ATM, it can increase sales up to 10-30% because of new customers, who come to use a bitcoin ATM.

You need to find a good location for it. Important factors to consider are: traffic volume, availability/accessibility (easy way to find, public location), proximity to transport connection, good parking facility, open hours (the longer the better), business type.

Here is the list of top 5 bitcoin ATM location types according to the stats we collect on the site:

Restaurant/pizzeria 12%

Cafe/coffee shop/gelateria – 9%

BTC embassy / company office – 7%

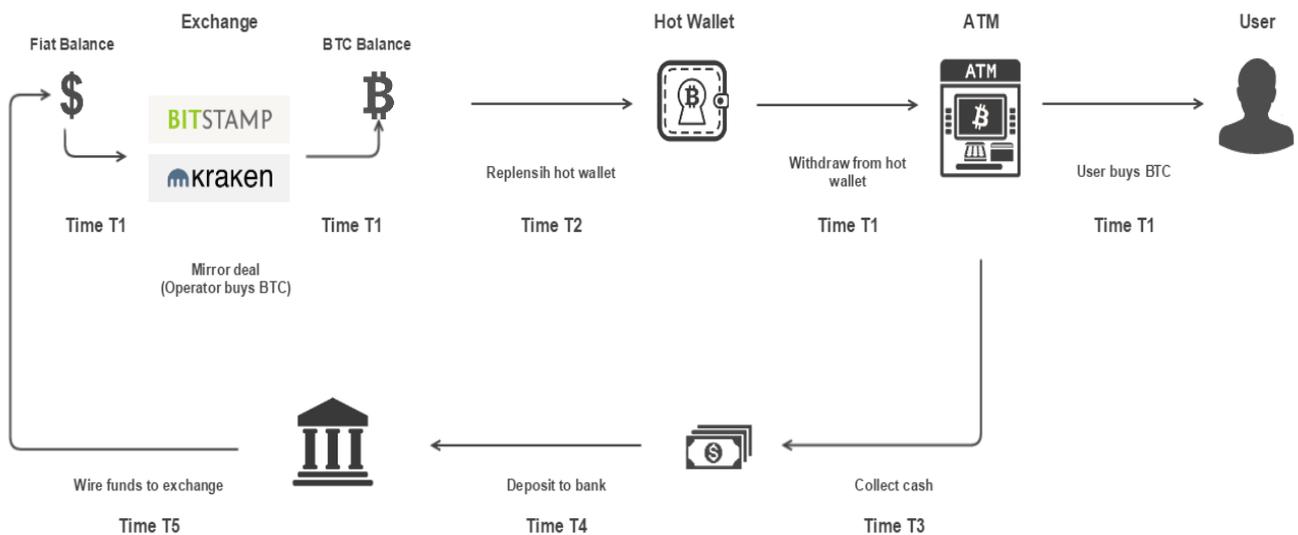
Shopping mall – 7%

Supermarket / food store / Deli – 6%

So all are mostly high-traffic businesses, where people go daily.

## 8. SERVICE CASH

Once the Bitcoin machine is deployed you will need to empty our machines of cash and place the cash at your bank account.





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