

## **The Copper Sunset: A Banker's Guide to Navigating POTS Retirement**

For decades, the banking industry has relied on a "silent backbone": the Plain Old Telephone Service (POTS). These copper-wire lines once did virtually all the heavy lifting for bank communications, powering everything from voice and data communications (largely phased out today) to fire alarms, elevators, vault lines, security and fax service.

However, that era is ending at an accelerating pace. As telecommunications giants transition from copper wire to fiber and cellular networks, banks face a looming infrastructure crisis. Understanding why this is happening – and how to pivot – is now a matter of operational resilience and regulatory compliance.

### **Why the Copper Wires are Going Dark**

The retirement of POTS isn't just a suggestion; it is becoming an essential structural shift driven by two main factors:

- **FCC Order 19-72:** This landmark ruling released Tier 1 carriers (like AT&T and Verizon) from the obligation to provide analog copper line service at regulated rates.
- **The Maintenance Burden:** Maintaining a century-old copper network is prohibitively expensive. Carriers are aggressively "pricing out" remaining users to force a migration to digital. It's not a mean-spirited initiative, it's an essential business move.

### **How the Retirement Happens**

Banks typically experience the phase-out in three stages:

1. **Price Surges:** Monthly costs for a single line jump from \$50 to several hundred dollars in some cases. Of course, this is not sustainable for banks.
2. **Repair Delays:** Carriers stop stocking copper replacement parts, leading to weeks of downtime for "simple" line breaks.
3. **The "Kill" Notice:** Banks receive a 90-day notice that their local wire center is being decommissioned. Up until March of 2025, the FCC required 180 days of notice, which highlights how major an issue this is for providers.

### **Modern Alternatives: What Works for Banks?**

When replacing POTS, banks have three primary paths. Each serves a specific functional niche:

1. Compliant LTE/5G Gateways ("POTS in a Box") – A hardware device that converts analog signals from your old equipment into cellular data that can be used efficiently, securely and economically on the latest, cutting-edge equipment and technology. Be aware that all LTE/5G solutions do not meet strict NFPA (National Fire Protection Association) standards. To ensure that it is compliant and proceed with confidence, confirm compliance with your provider or partner.
  - Best for: Fire panels, elevator phones and burglar alarms.
  - Why: It provides "out-of-band" connectivity, meaning if your branch's main internet goes down, your security system stays online via cellular. It also provides 24-48 hours of battery back-up, so it continues to work if commercial power goes down.
  
2. Voice over IP (VoIP) – Standard digital service that runs over your existing internet connections.
  - Best for: General office phones, data and internal branch communications.
  - Why: It offers high-quality audio and integrates with modern banking software (CRM/UCaaS), though it requires stable battery backups to work during power outages.
  
3. Enterprise Cloud Fax Service – Sends and receives faxes from specialized apps across the internet. It eliminates the need for fax machine hardware, paper, toner, maintenance and most importantly, expensive fax lines.
  - Best for: All fax communications.
  - Why: It is highly scalable, reliable, secure, accessible anywhere, and 50% or more less costly than traditional faxes when all costs are considered.

### The Financial Case: POTS vs. Replacement

The cost difference between staying on copper (if it's even an option) and migrating is staggering:

Feature	Legacy POTS Line	Internet/Hybrid Solution
Monthly Cost	\$50 - \$200 or More (& rising)	\$40 - \$70 (can vary)
Visibility & Monitoring	Black Box (no remote monitoring)	Real Time Health Dashboards
Uptime	Vulnerable to Weather & Aging	Redundant (Dual-SIM, Connects to Your Inernet+Cell)
Maintenance	Dying Form of Technology	The Standard in IT w/Support

The ROI: Most banks find that the hardware costs for a cellular gateway are recouped within 3 to 6 months simply through the savings on monthly carrier bills.

## **Risks and Benefits Specific to Banking**

For financial institutions, the stakes go beyond just "making a phone call." The risks of inaction:

- **Regulatory Non-Compliance:** If a fire panel fails due to a dead copper line, a bank may lose its Certificate of Occupancy, forcing an immediate branch closure.
- **Liability:** Should an employee or customer get stuck in an elevator with a non-functioning emergency phone, the legal exposure is massive.
- **Security Gaps:** Alarm systems that "ping" every few hours may show a "green" status on a dead line until a real breach occurs.

The Strategic Benefits of Migration:

- **Operational Resilience:** Modern systems offer "active/active" failover, ensuring branch security is virtually never offline.
- **Centralized Management:** Bank networks can monitor many endpoints from a single screen, rather than waiting for a branch manager to report a dead line.
- **Future-Proofing:** Moving to 5G-ready hardware ensures the bank won't have to revisit this infrastructure for a long time to come.
- **Cloud Fax:** Cloud-based faxing slashes costs, boosts security and enables remote access. There's no bulky hardware and a scalable, eco-friendly solution that integrates seamlessly with your digital workflow.

## **Line Efficiency**

Another important thing to keep in mind is that you may not need to replace every copper line you eliminate with a new VoIP or Compliant LTE/5G Gateway. Banks, and other businesses, often have obsolete, redundant or excessive/unused lines that have never been eliminated. The retirement of POTS is a good time to do a thorough inventory and assessment of what is necessary. It could save a meaningful amount of cost.

## **Conclusion: The 2026 Inflection Point**

By the end of 2026, copper lines will likely be an increasingly rare legacy communication technology for banks and other businesses. For banks, the goal is to move from reactive (responding to a \$200/line bill through emergency replacement) to proactive (upgrading for security and savings before it is already a major problem.) The technology to replace POTS is mature, compliant and significantly less expensive.

Being in the business of handling and storing money, migrating from copper should be an easy business decision. The transition does not have to be difficult . . . if you have the expert knowledge, experience and bandwidth. If you do not have that in-house, Grudi is ready to provide it and guide you in all aspects of POTS retirement and migration.

**Grudi helps banks like yours navigate POTS transitions seamlessly and efficiently.** Learn how we can help your bank thrive at [www.grudiassociates.com/banking](http://www.grudiassociates.com/banking) or inquire at [info@grudiassociates.com](mailto:info@grudiassociates.com).