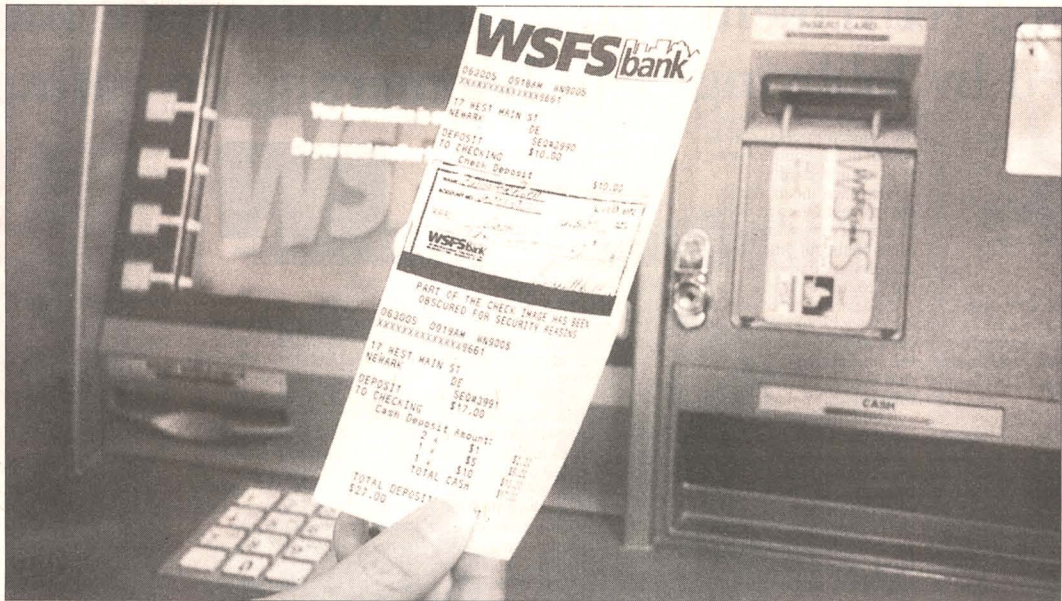


THE PALM BEACH POST • SUNDAY, JULY 1, 2007

## PERSONAL TECHNOLOGY



NCR Corp.

Newer ATMs will give customers a picture of the check they deposited as a receipt. Banks hope new features that can be added to ATMs can provide

customers with better service, as well as save the banks money. The banks hope customers will look at the ATMs as more than a cash machine.

# Not your father's ATMs

By PERALTE C. PAUL  
*Palm Beach Post-Cox News Service*  
ATLANTA — Get ready for the ATM re-evolution. After 40 years of mainly taking cash and checks via envelope deposits, spitting out money and eating the occasional debit card or two, the ubiquitous automated teller machine is undergoing a massive makeover.

Now, some ATMs can take cash and checks in batches of up to 50 without an envelope and issue receipts that have the images of deposited checks. Others allow users to replenish minutes on prepaid mobile phones.

Newer technology allows users to program certain preferences, such as normal withdrawal amounts, so that the ATM remembers their financial habits whenever they visit. Still others incorporate biometrics to recognize customers by using eye or fingerprint scans, which increase security and reduce the need for cards and personal identification numbers.

ATM manufacturers and bankers say these changes are designed to cut transaction times, eliminate fraud and enhance banks' opportunities to market their services to customers and non-customers.

The gee-whiz offerings have been hastened by a general switch to a Windows-based operating system, federal legislation that simplifies electronic check processing and stricter security mandates from the MasterCard and Visa card networks.

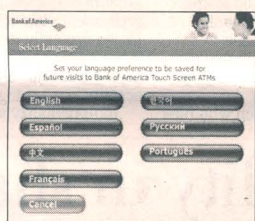
"If you look at it from the banks' points of view, they want to retain their customer base, they want to gain new customers and they want to decrease costs," said Alan Walsh, vice president of banking at Wincor Nixdorf, a leading U.S. manufacturer of ATMs.

The company is on a national tour promoting to bank executives in major markets its envelope-free, bulk-check deposit ATM, which lets users deposit up to 50 checks at once or the equivalent number of bills — an industry first.

Wincor has already sold 750 of the machines to Wells Fargo & Co., the San Francisco-based bank considered the industry vanguard in adopting new technologies and in customer service.

# ATMs

### Now high-tech 'bank in a box' can remember users, take bulk deposits



Bank of America

Some ATMs will allow programming a language in which to do business. The language can be made automatic for all of a user's interactions with the machine.

"Banks have realized they need to provide additional functionality at ATMs," Walsh said, explaining why his company is pushing its \$25,000 bulk deposit ATM. Competitors Diebold and NCR Corp. also are marketing ATMs with functions designed to make them more utilitarian. "In all intents and purposes, it's kind of a bank in a box," Walsh said.

#### Cost and fraud reduction

Per-machine usage in the United States has decreased dramatically because there are so many more ATMs now — they numbered about 400,000 last year compared with 140,000 in 1996.

They are rarely profitable in their own right, given that they cost anywhere from \$9,000 to \$50,000 apiece and \$12,000 to \$15,000 a year in maintenance costs.

Even so, banks, who tout their jazzed-up machines as a way to stand out from competitors, reduce some costs by incorporating the new features.

Check deposits without the

use of envelopes, for example, reduce banks' per-check processing costs to 60 cents from \$1.60, said Jerry Silva, research director at Tower Group, a financial services analysis and consulting firm.

Part of that reduction comes through the Check 21 law enacted in 2004, which cleared the way for banks to convert paper checks into electronic images and transmit that data virtually instead of physically moving paper items from bank to bank.

Where the physical check could have come in contact with up to 15 people — from the armored courier who made the pickup to the person opening envelopes and verifying its contents — electronic transmittal of checks cuts the number of handlers to two, analysts say.

It also cuts down on empty envelope fraud, Silva said. That crime, estimated to cost banks \$420 million a year, occurs when people make checkless or cashless deposits (or give a bad check) and then withdraw against those phantom funds, Silva said.

Some consumers have warmed up to the technology because they get receipts with an image of the check or checks, which gives them proof of the transaction.

Charlotte-based Bank of America, whose 17,000-ATM network is the nation's largest, has been deploying machines that take deposits sans envelopes in some markets since last year.

And Wachovia, which has 5,100 ATMs, is test-piloting envelope-free machines in Charlotte, where it's based.

#### Other motivations

But ATMs are not all about

saving money, bankers say.

"It's always been about offering lots of channels," said Jonathan Velline, who heads Wells Fargo's ATM banking business. "We don't think about our distribution necessarily in trying to reduce costs. Customers don't bank at an ATM to save Wells Fargo money, they bank at an ATM for the convenience that an ATM offers."

About 55 percent of Wells' bank transactions are at its 6,800 ATMs, even though the vast majority of those customers say they prefer dealing with tellers, he said.

The goal isn't to force consumers into any one channel but to make every conduit — online, telephone, in-branch or the ATM — as comprehensive as possible.

So Wells' ATMs allow their customers to print statements, make payments, get cash and even buy postage stamps.

Banks also recognize that technology can be used to attract diverse communities.

Users of those ATMs can set preferences to withdraw a preset amount as well as conduct all of their transactions in French, Spanish, Korean, Russian, Chinese, Portuguese or English every time they hit the ATM.

"People are very tech-savvy," said Diane Wagner, a Bank of America spokeswoman. "It's just another way for us to reach out and serve our customers."

#### Best wishes and cash

While banks are having success with the deployment of these new initiatives, they have to retrain their customers to look at ATMs as more than cash dispensers for the cross-selling and marketing efforts part of the strategy to work, Silva said.

"To get the consumer engaged at the machine, train me as a customer to pay attention to what's on the screen," he said.

Bankers say they are trying to do that, and manufacturers point to Asia, Africa and Europe, where consumers are using ATMs for many more services.

"It's created new business for ATMs that have traditionally been a cost channel," said Brian Bailey, vice president of global marketing at NCR Corp.

"Once consumers begin using that technology, there's a whole new range of applications that banks and other deployers can add on," Bailey said.