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ATMs are getting smarter, more useful

Machines to add services, allow customers to do transactions faster

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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, the automated teller machine is undergoing a massive makeover.

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

Newer technology allows users to program preferences, such as normal withdrawal amounts, so that the ATM remembers whenever they visit. Still others incorporate biometrics to recognize customers by using eye or fingerprint scans, which increase security.

ATM manufacturers and bankers see the changes are designed to cut

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NCR Corp. is among the companies marketing automated teller machines with improved features, such as taking deposits of cash or checks without an envelope.

transaction times, eliminate fraud and enhance banks' opportunities to market their services to customers and non-customers.

"If you look at it from the banks' See **CHANGES**, G2

CHANGES: Banks trying to make customers aware of services

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decrease costs," said Alan Walsh, vice president of banking at Austin-based 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-less, bulk-check deposit ATM, which lets users deposit up to 50 checks at once or the equivalent number of paper currency.

Wincor has sold 750 of the machines to Wells Fargo & Co., which is considered the industry vanguard in adopting new technologies.

"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 enhanced functions.

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

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

Even so, banks reduce some costs by incorporating the new features.

Check deposits without the use of envelopes, for example, reduce per-check processing costs to 60 cents from \$1.60, said

Jerry Silva, research director at Tower Group.

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

Bank of America, which has the nation's largest network with 17,000 ATMs, has been deploying machines that take deposits sans envelopes in some markets since last year.

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 Fargo's 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 Fargo's ATMs allow its customers to print statements, make payments, get cash and even buy stamps.

Although 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 if the cross-selling and marketing efforts part of the strategy is 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 services beyond core banking.

"It's created new business for ATMs that have traditionally been a cost channel," said Brian Bailey, NCR's vice president of global marketing. "Once consumers begin using that technology, there's a whole new range of applications that banks and other deployers can add on."