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PERSONAL FINANCE

New ATMs Forgo Envelopes

Wells Fargo Is Set To Switch Format Of Cash Machines

By ANN CARRNS

Banks are pushing the envelope on their automated-teller machines—by doing away with envelopes altogether.

Wells Fargo & Co., the No. 4 U.S. bank in stock-market value, is expected to announce today that envelopes will no longer be needed to make deposits at 400 of its ATMs in California. By year end, an additional 825 Wells Fargo cash machines will be upgraded with envelope-free technology. The bank says most of its 6,750 ATMs in 23 states in the Midwest and Western U.S. eventually will be converted to a no-envelope format.

While envelope-free ATMs still are rare among the 400,000 cash machines scattered throughout the U.S., the move by Wells Fargo is the latest sign that the new ATMs are starting

to catch on at some of the country's largest consumer banks.

Bank of America Corp., based in Charlotte, N.C., and the second-largest U.S. bank, has converted about 835 of its nearly 17,000 ATMs to an envelope-free format in several markets, including Atlanta and Phoenix. The machines now are being introduced in San Diego, Miami and Chicago, and Bank of America plans to upgrade its entire network of deposit-taking ATMs eventually.

Some small banks and credit unions also use the new ATMs, but the growing interest by Wells Fargo and Bank of America could prod other banks to join or risk losing customers.

Older ATM models require customers to tally up their checks, seal them in an envelope and key in the total amount of the deposit before inserting the envelope into the machine. Envelope-free ATMs scan checks to create an electronic image on the screen, and customers are asked to verify that the amount displayed is correct. The machines sort and count cash deposits, also presenting a total for verification.

To reassure customers, the machines return a receipt that includes a digital image of the deposited check.

Wells Fargo is taking convenience one step further. Its machines let customers deposit checks or cash in batches, rather than one at a time. The improved ATMs can accept as many as 10 checks and 30 bills at once, though that soon will rise to a maximum of 30 for checks and cash. Testing showed that about 13% of deposits made at Wells Fargo ATMs involved at least three checks, and satisfaction with single-feed machines dropped if the customer had to deposit multiple checks.

"We think the bulk check feature is critical," says Jonathan Velline, Wells Fargo's senior vice president for ATM banking.

Bank of America uses single-feed machines because its research showed most ATM deposits involved no more than two checks. "We've been receiving very positive feedback," spokeswoman Betty Riess says. Customers depositing cash can insert as many as 40 bills at once.