

ATMs Add New Functionalities

Banks are upgrading their ATMs to provide more functionality and help build customer relationships.

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The number of ATMs in the U.S. declined for the first time in 2006. But while experts attribute the decline to the growth of online banking and the decline of cash transactions, the ATM remains an important channel. In fact, many banks are enhancing their ATMs with new functionalities, [turning them into relationship-building tools rather than cash dispensers](#).

The ATM channel is a "very important access point to customers," and increased functionality appears to be a major component, according to Alan Walsh, VP of [Wincor Nixdorf's](#) (Paterborn, Germany) U.S. banking division. The average bank customer walks into a branch twice a year but uses an ATM 30 times during the same period, Walsh says, citing a survey conducted by the ATM manufacturer.

But the way consumers use ATMs is changing. "We believe there will be a surge in new self-service banking kiosks which will blur the lines surrounding traditional ATMs and services that have historically required banker or teller assistance," relates Christine Holevas, a spokeswoman for New York-based [JPMorgan Chase](#) (\$1.6 trillion in assets).

The ATM channel "is showing every sign of saturation," notes Bob Meara, a senior analyst with Celent (Boston). But banks will continue to spend to upgrade their ATMs' operating systems to Microsoft (Redmond, Wash.) Windows technology, which enables enhanced ATM functionality, he says.

Among the new features banks are adding to their ATMs is deposit imaging. According to Meara, image deposits have created "meaningful increases in transactions" at ATMs that offer the feature.

About one quarter (1,400) of San Francisco-based [Wells Fargo's](#) (\$575 billion in assets) ATMs now offer image-enabled, no-envelope deposits, according to Alicia Moore, head of Wells Fargo's ATM banking group. She contends that the additional functionality "has better customer satisfaction than regular, envelope deposit."

An extension of image-enabled functionality is bulk deposits. Wincor Nixdorf's ProCash 3000 machines, for example, accept mixed deposits of up to 50 items without an envelope, according to the vendor's Walsh, who says the company recently deployed its 10,000th bulk-deposit unit worldwide.

Bulk ATM deposits are especially popular with small business owners, who often can't leave work to do their banking, Walsh explains. Additionally, they appreciate the quicker access to their funds, he points out.

JPMorgan Chase is converting its ATM fleet to "DepositFriendly" units that accept up to 30 checks at once, the bank's Holevas relates. Each new unit "calculates the total, displays the check image on the screen and prints them on the receipt — generally all within 60 seconds," she says.

Banks also are providing a personalized ATM experience. Machines now can remember users' preferences, such as their standard cash withdrawal amounts and in which languages they conduct their transactions. Wells Fargo, for example, recently introduced the "You Know Me" platform — "your top three transactions appear as quick buttons," Wells Fargo's Moore explains.

Future ATM Functions

According to Juan-Carlos Garcia, VP of marketing for Vanguard Networks, an ATM networking provider, ATMs of the future could include the ability to:

- Replace a lost ATM, debit or credit card on the spot.
- Conduct all online banking transactions that currently require a PC.
- Offer video ads — and award incentives to customers who view the ads.
- Provide live videoconferencing — for account opening, brokerage services, etc.
- Find the nearest restaurant and make a reservation.
- Offer movie reviews.
- Call a cab — or 911.
- Offer video and audio descriptions of interesting sights nearby.

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