



It is clear cash is here to stay, but banks need to improve their offering

A white paper by Auriga

There continues to be a very high demand for cash amongst UK consumers, indeed it remains the most common payment method in the UK and around the world. Over 17 billion payments were made in cash in 2015 in the UK, constituting over half of all consumer payments.

Moreover, the number of ATMs in the UK continued to increase in 2015¹, reaching 70,270 machines², growth which was mainly driven by Independent ATM Deployers (IADs). Withdrawals from ATMs decreased, however, by 1.2% in 2015 to just below 2.8 billion³. Regardless, the total number of people using these ATMs continued to grow and reached 48 million⁴, an increase of 3% on 2014. Given this, cash can be expected to remain an important means of exchange in the UK for at least the next 5 years or so.

So what then of the future of the UK's large ATM fleet? How can banks make the most of this channel?

The future of the ATM

For some financial institutions the ATM represents a costly channel, especially with declining interchange fees. So the question is how banks can maximise the revenue and minimise the cost of this channel. Some might be tempted to try to simply eliminate the ATM channel, but considering the increase in the number of ATMs and consumers using them that is clearly not a solution many banks would attempt. An alternative approach could be to invest in new ATM-based services to generate new income streams for the banks and integrate this old-fashioned channel as part of a true omni-channel banking strategy.

This can only be achieved by adding new services and by improving the customer experience at the ATM, primarily by personalising the service. Banks need to do more to recognise customers' preferences and needs. Customers should be able to configure the banking services they use to suit them and the way they live. Customers with specific needs, such as the visually impaired, should be able to, for instance, set the services to make them as easy as possible to use. That might mean setting the screen so that the writing appears larger and in a different colour scheme. There are almost two million⁵ people living with sight loss in the UK, and having the option to choose their own settings means they will be able to access the services so many take for granted. A chosen setting would then be extended across all channels - ATM, online and mobile - so that every contact between the customer and the bank would be in the same format, providing a seamless and consistent consumer experience.

While many customers prefer to use their own bank's ATMs, many others will readily use the machine that is closest to them. These non-customer transactions are an ideal opportunity to solicit new customers. The UK's fast account switching service would make a perfect partner for this. The customer could receive an offer, perhaps for an advantageous savings product, initiate it at the ATM and complete the account opening later on his or her smartphone or online.

Auriga's WinWebServer (WWS) software suite makes it possible, for instance, to transform this rather impersonal channel to a very personal, customised means of communication, bringing customers a more engaging experience. Currently

1. UK Cash & Cash Machines Summary, Payments UK, August 2016.

2. Ibid.

3. Ibid.

4. Ibid.

5. "Getting it right" for people with sight problems, British Bankers' Association, 5th August 2016.

there are relatively few services offered by ATMs in the UK. British banks need to offer enhanced ATM functionalities to develop the market. New functionalities will need to be implemented in order to keep customers loyal and to widen the customer base. The UK research and consulting company Retail Banking Research (RBR) argues that among the most likely functionalities, the cardless fast withdrawal with mobile pre-staging will be the cross-channel functionality most expected to succeed in the near future. RBR also suggest that alternative authentication methods, such as using biometrics or QR code and/or NFC technologies, could become popular in the next 5 years.

The future of the branch

According to the RBR report “Global ATM Market and Forecast to 2020”⁶, 108 million cash withdrawals were made over the counter in 2014 in the UK. However, this number is expected to drop as banks continue to close loss-making branches and as customers migrate online. Indeed, according to the report, branch numbers are likely to continue to fall with a forecast of around 9,800 by the end of 2020 (a decrease of 9%)⁶.

Against that background banks are likely to want to move these cash withdrawals away from the teller to the ATM as well as the ASD/ASST channel (Assisted Self Service Device/Assisted Self Service Terminal). Increased branch automation drives down costs for the bank because it minimises and streamlines the handling of cash and other transactions. Banks optimising their branches by removing inefficient tellers and installing ATMs or ASDs/ASSTs within branches will provide significant space for further growth in the ATM market as well as ASD/ASST market.

Personalising the customer experience

With 2.8⁷ billion cash withdrawals in 2015 the ATM remains a very popular service for customers (89% of cash machine users withdraw cash from ATMs at least once a month)⁸ and, after mobile and online banking, represents the most frequently used point of contact between the bank and its customers. Indeed, this is becoming increasingly important as banks are closing branches and an ATM is often the only point of presence for their brand in some places. As such, ATMs will continue to be a key part of any bank’s brand, and maintaining and developing both on-site and off-site ATMs is essential. At this point, however, few banks are using this channel

particularly effectively.

Personalising the customer experience is one of the keys to the success in financial services, but will need to be based on a true customer-centric approach. Auriga’s technology makes it possible to establish a dialogue with the customer at the ATM, online or on a mobile platform, to learn their needs and identify their personal preferences, thanks to the integration with a CRM system. These tailored interactions with the bank means that customers feel and believe that their bank knows, recognises and values them.

Examples of how banks can achieve this more personalised relationship with their customers include, for instance, wishing a customer happy birthday, offering tailored advice (such as videoconferencing with an advisor from the ATM), creating survey campaigns and targeted questions aimed at individual customers to flesh-out his/her profile, and sending personalised messages or offerings (cross-selling, up-selling).

Promotional offers can also be pushed through proximity couponing thanks to offers from retail partners in the surrounding area and offering the customer the chance to print a coupon to be redeemed at local retailers.

This new generation ATM should not be seen as a simple cash dispenser, but as a distinct communication channel by giving the customer the possibility to personalise the ATM interface through his own smartphone, or to configure the banking services they use to suit them or to change the card’s PIN.

Evolving the ATM along these lines should be urgently adopted by UK retail banks so that they can both make the ATM channel more profitable, as well as improving the customer experience. These new ATM functionalities will be closely aligned with the way today’s consumers use banking services, allowing customers to use the channel of their choice when and where they want, and to be able to begin one transaction on one channel and conclude it on another. This greater freedom of choice will vastly improve the customer experience and drive customer satisfaction and loyalty.



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6. Retail Banking Research (RBR) “Global ATM Market and Forecast to 2020”, September 2015.

6. Ibid.

7. UK Cash & Cash Machines Summary, Payments UK, August 2016.

8. Ibid.