



# THE IMPORTANCE OF CASH AND ATMS IN TODAY'S PAYMENTS LANDSCAPE

WHITE PAPER

CASH AND ATMS STILL HAVE AN IMPORTANT ROLE TO PLAY IN OUR EVERYDAY LIVES, AND WILL CONTINUE TO DO SO FOR THE FORESEEABLE FUTURE. HOWEVER, BANKS DO NEED TO CHANGE HOW THEY REGARD ATMS AS SIMPLY "CASH AND DASH" MACHINES. THERE IS A HUGE MISSED OPPORTUNITY TO EXPLORE HOW THE TECHNOLOGY CAN BE ADVANCED TO DELIVER A SUPERIOR CUSTOMER EXPERIENCE.

Over half a century on from the ATM's birthday, headlines about ATMs closing at a record rate and the rise of so called 'ATM deserts' – areas where the cash dispenser is a rare sight – have not been in short supply.

## ATMS UNDER THREAT FROM RISING COSTS

One of the main reasons why cash and ATMs are under threat is high and rising operational costs. Additionally, the convenience of contactless digital payments seems to be pushing the use of cash closer to extinction. Indeed, in some countries like Sweden, where cash makes up only 2% of transactions by value today, it is said the use of cash could end by 2021.

Nevertheless, it is too early to write an obituary for the ATM. Some people may think ATM technology has lost its edge, but they're wrong. As Mark Twain once almost said, news of the death of the ATM is much exaggerated.

Banks who do not invest in their ATMs risk missing out on inherent benefits of the technology, such as to improve



## CASH WILL CONTINUE TO BE PART OF A WIDER MIX OF PAYMENT METHODS

customer engagement and create new opportunities and services. Banks should be fighting to retain customers and access to cash is one way of achieving this.

Cash usage isn't declining across the board – we need to recognise the strong attachment customers have with using ATMs to manage their financial affairs. For example, 75% of point of sale transactions in Western and Eastern Europe are cash-based according to the [Pymts Global Cash Index](#). Research Auriga sponsored also revealed that nearly one in two Britons visit a cashpoint weekly. Cash is losing its pre-eminence, but it is going to continue to be part of a wider mix of payment methods – especially against a backdrop of the questionable reliability of other bank channels following a string of high profile outages of online and mobile banking services. Indeed, the reliability and security of an ATM is often unmatched by those other channels.

## ATMS CAN DO MORE THAN CHURN OUT BANK NOTES

ATMs need to be redefined. All fleets of ATMs can do much more than deliver a mono-service of churning out bank notes, and there is real demand for ATMs to offer more services. For example, when we researched the types of service that UK consumers would like to see, they responded that bill payments (34%), currency exchange (22%), loan applications (5%) and even ticket sales would be welcomed at cash points. This finding is reinforced by how ATMs already offer multiple services in many European countries like Italy and Portugal.

It is not surprising that consumers are demanding to be able to do more on one device. Mobile phones were once just a tool for making phone calls, but now they're used for everything from live video streams to making payments (provided of course the bank's infrastructure holds up).

ATMs are in a strong position to adapt as banks rethink how the digital experience can be transformed by vendor-independent software, web and cloud technologies.

In fact, the technical barriers to transforming ATMs are relatively low with even the oldest of ATMs having the potential of a revitalised role. What's more of a challenge is getting banks to change their way of thinking about ATMs as "cash and dash" machines.



## ATMS CAN OFFER ADDITIONAL REVENUE STREAMS

New revenue and operational models can support a brighter future for ATMs and self-service banking in branch or on the street. The ability to cross-sell other bank or third-party services and products could provide revenues that could secure the future of previously unprofitable ATMs. High operational costs for running networks of ATMs could also be reduced by new generations of ATM management software that is multi-vendor and can use better data analytics to deliver major cost efficiencies. By better data collection and correlation, banks can automate how they determine the most efficient cash delivery and collection schedule and processes, enabling a drastic reduction in operational costs as well as reduced out-of-service time for cashpoints. This of course will impact customers and improve the bank's reputation for quality of service.

Having passed the 50-year milestone, many ATMs have ended

## PERSONALISATION CAN TAKE CUSTOMER EXPERIENCE TO THE NEXT LEVEL

up as isolated parts of many banks' customer relationship management systems. How ATMs can be seamlessly integrated into other customer engagement channels is very much the future of the ATM within a new generation of bank branches that many banks are beginning to roll out.

The ATM remains one of the main ways consumers interact with their bank – which means banks need to make as good an impression as possible. Personalisation can take your customer's experience to a new level. Smart ATMs could pre-empt what a customer wants to do at the machine – for example pre-set fast withdrawal for the customer who always takes out a set amount of cash for weekend expenses, or allowing customers to set up their dashboard to meet accessibility needs. With the large sums of money that banks invest into their marketing activities and into their digital transformation they need to make sure this is replicated across all channels or they will lose out in the future. Digital is strongly reshaping customer experience. Implementing transformation in banking is synonymous with implementing a true omnichannel banking strategy/architecture in which the ATM is fully integrated with all other banking touch points.

The bank branch is by no means dead, despite banks having to take hard decisions about their branch networks. Banks are reinventing their branches with a focus on a hybrid branch of self-service or assisted-service machines with better equipped and trained staff. The success of this lies in how staff can be more than highly qualified receptionists and maximise their access to in-branch systems to fully engage with branch visitors on a one-to-one basis. A lot of this intelligence comes from how the branch can optimise its use of cloud-based customer management software to deliver advanced, personalised services in-branch.

## SELF-SERVICE MACHINES ARE FREEING UP STAFF

Self-service machines, like ATMs, will allow banks to run branches that give customers the best service possible, freeing up staff to focus on delivering exceptional service and

advice. Cloud technology allows information and services to be shared over devices in-branch. For example, staff could use a tablet to check the status of machines, and when a customer accesses a device, receive an update about the assistance they might need.

Traditional ATMs and other self-service machines with richer, more flexible functionality and features are at the heart of major banks' future strategies, and this is being illustrated by many banks globally. For example, Portugal's Millennium BCP banking group is creating a new kind of customer-centric branch for the future. Each of its new branches is radically remodelled to have a core of self-service and assisted-service machines that can serve all its customers' needs at all times. This includes a video conference function integrated into its self-service terminals that enables face-to-face services for complex financial transactions after the branch has closed for the day.

## VENDOR-INDEPENDENT SOFTWARE IS KEY

It is completely within reach for banks to utilise their ATMs to increase revenue and improve service. The challenge for banks in developing smarter digital banking hubs is how they can break through the constraints of sometimes outmoded legacy technologies. This is why it is becoming so essential to choose vendor-independent cloud-based software that can rejuvenate existing ATMs, customise how advanced assisted service devices and terminals are used to lower total cost of ownership, improve time to market and enable more rapid development and deployment of new services.

We are on the brink of some very exciting developments for ATMs, but a mindset change is needed. Without the right infrastructure in place banks could risk missing out on some great opportunities.