

VOCALINK PERSPECTIVE

Cashing in on convenience

Creating a bright future for the ATM

By Sara Parker, Product Director, LINK ATM Services

The digital revolution has changed banking forever. People are interacting more frequently with their bank account but are using their bank branch less often. Branch networks are evolving to meet the changing needs of both the consumers that use them and the banks that own them, but convenience, reliability and trust remain fundamental to all banking relationships.

Declining number of branch visits

With the rise of digital channels, consumers and small businesses have increased the frequency of interactions with their bank, but at the same time branch visits are declining. Recent research indicates that 70% of consumers have visited a branch only once or not at all in the last twelve months.

Banks have reacted to these changing market dynamics with new operating models. These models invest heavily in online and mobile services and also introduce new branch technology, increasing the number of self-service and automated functions.

There remain a number of key transactions predominantly performed inside the branch: cash deposit, cheque deposit, bill payment and printed statements. But as bank branch usage declines, it makes commercial sense to reposition some branches as 'advice centres' and move the key transactions away from the branch counter.

In some instances, banks are forced to close a branch completely. An independent study estimates that 800 branches can cover 80% of the UK market today, whilst a leading banking analyst states that in 10 years' time, only 500 branches will be required.

A bank branch closure can, and often does, come at a cost to the local community that it serves. The former UK business secretary, Vince Cable, recently voiced his concerns to Sky News: *"There are a lot of people who are not connected [online] who also need to do basic banking functions, and we mustn't be in a position where large numbers of villages and other small communities are effectively being cut off from*

banking. If the banks cannot perform that service, we need an adequate substitute, and they've got a responsibility to help provide it."

Enhancing the ATM with deposit-taking

This dilemma for banks and consumers alike can be addressed in part by the ATM. The UK's Payments Council statistics indicate that 72% of cash acquired by individuals is through cash machines. It is likely that consumers will rely more heavily upon the ATM for additional banking services as the channel becomes increasingly capable of performing a larger number of branch functions. Already, bank customers trust the ATM as a convenient channel to withdraw cash, check an account balance or top up a mobile phone.

VocaLink Banking Solutions enhance the role of the ATM with the addition of universal deposit-taking, enabling the ATM channel to play a strategic role in branch redesign and restructuring, and in improving customer convenience. Furthermore, these solutions encourage the growth of deposit-taking outside the bank branch, an evolution which replicates the path taken by ATM cash-dispensing, which moved out of the branch from its proprietary beginnings to become a shared industry infrastructure.

The UK Government is enthusiastic about opening up competition in banking, and the recently appointed Payment Systems Regulator (PSR) is committed to innovation that serves and protects users' interests. Many new 'challenger banks' are entering the UK market. Most do not have their own branch network, but they do need to offer multichannel banking services, including deposit-taking. VocaLink Banking Solutions empower banks to compete while reducing the need for a branch network.

Consumers and business customers will value the ability to deposit cash at a third-party device, just as they make cash withdrawals at any ATM. Deposit-taking enhances the role of the ATM and helps banks optimise their banking channel operations. And by employing VocaLink Banking Solutions, a bank can align its strategy with the evolving needs of the digital 24x 7 society. ■



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