

**KAL PERSPECTIVE**

# Using software to unleash the potential of the ATM channel



Aravinda Korala  
KAL

With banks across the world looking ever more intensively for ways to reduce costs while offering customers a better cross-channel experience, ATM software has emerged as one of the key means of achieving these goals.

RBR recently had the opportunity to interview Aravinda Korala, the founder and CEO of ATM software provider KAL, and discuss the opportunities created by technological innovation.

**Bulletin (B):** What in your view are the most interesting new developments in the world of ATM software, and what opportunities could they open up for banks and their customers?

**Aravinda Korala (AK):** *There is a lot happening with technologies such as contactless transactions and biometrics, but the biggest trend – and the likeliest to have long-term success – is assisted self-service.*

*QR codes, NFC, transaction pre-staging and other technologies will all find their niche, but will not fundamentally change the customer experience in the way that remote video-assisted self-service will. It reduces costs and works better for both bank and customer.*

**B:** Do you see ATMs moving decisively towards a 'thin client' configuration over the next few years, or is there space for a variety of host-server relationships in the ATM sphere?

**AK:** *Different solutions will suit different deployers. For example, in parts of Asia which have 1 kbps satellite connections, thin client solutions have no chance of working, and may never be the answer where network connections are unreliable. In places with reliable telecommunications, thin client may be the best architecture, but its suitability depends on a bank's priorities, what services it wants to offer, and how often and how radically it changes its software.*

*The implementation and viability of thin client is also influenced by non-functional requirements, such as security, client needs and regulation. Some terminals that are described as 'thin client' actually have a lot of resident software.*

**B:** Do you think enough banks appreciate the capabilities that ATM software can offer, or are some of them still stuck, conceptually, on the idea of standardising and simplifying their ATM platforms to improve efficiency?

**AK:** *Many banks are not aware of ATM software's capabilities. Often, they still think of the ATM as a 'cash-and-dash' machine, and for some banks this model does work. On a busy street, ATMs work better as cash dispensers. Banks do not want people using these machines to look up mortgage advice! The important thing is that customers need to be well-informed, and individual ATMs must have their capabilities clearly signposted.*

*Larger banks tend to see ATMs more in terms of customer service, touchpoints and branding than small banks do. So it is a critical channel, and if a bank only has cash-dispensing software, it misses all the ATM's other capabilities.*

*Not all ATMs have to be full-service. Within the same branch, some can offer video conferencing, and others simple cash functions. Banks will want to avoid some machines being overused and others underused.*

**B:** What do you say to banks in emerging and fast-growing markets who feel obliged to focus on maximising their ATM estates and find it difficult to devote resources to software upgrades?

**AK:** *It is understandable that banks in some markets focus on cash-and-dash, but the ATM is an expensive asset that can do much more than this. Once a bank has established basic ATM functionality, how does it build on this to improve customer service? ATM software is key to this process.*

*KAL's conversations with banks tend to be similar in both developed and developing countries. Smaller banks are more focused on cash dispensing, as they have more limited resources, while major banks want to do more interesting things such as omnichannel. For them, competing with rival banks is also a priority, which pushes them to explore how to get the most out of ATM software.*

**Many banks are not aware of ATM software's capabilities**

**B:** There is a wealth of new technology being trialled in the self-service space, such as assisted self-service using video, QR-codes, NFC, biometrics and cardless transactions. Which of these do you think will survive – and thrive – and which will fall by the wayside?

**AK:** *Cardless is more than a niche idea, as there is a real need for this kind of transaction such as when a cardholder loses a card and needs access to cash. Pre-staging transactions with a mobile phone is likely to be an enduring idea. QR codes, one-time PINs and passwords all have long-term potential.*

*Cardless transactions are unlikely to replace card transactions. First, cardless is not actually much more convenient, and secondly, all cardless transactions are 'on-us'. Card transactions are possible at other banks' ATMs and in foreign countries, but cardless transactions are not, and no one seems to be interested in developing 'off-us' functionality.*

*Biometrics can be a double-edged sword. While a biometric signature is more secure than a PIN, once it is compromised it cannot be recovered; PINs can be changed, but fingerprints cannot.*

*Also, because of security and data protection, biometric data are not shared between banks or across national borders. Biometric transactions are therefore likely to remain domestic and 'on-us'. Biometrics can work as part of a two-stage authorisation, for example for unusually large withdrawals. In Japan it is successfully used this way, but on a voluntary basis.*

*In countries with large unbanked populations, biometrics can help, but they should be used for identifying people, for example when opening bank accounts, rather than for authorising individual transactions.*

**B:** Assisted self-service has been one of the industry's hot new topics over the last few years – do you think it is now ready to take off in a big way, or is it only appropriate for specific markets?

**AK:** *Everyone is interested in assisted self-service. The success of video conferencing technology such as Skype and mobile video calls has laid the groundwork, and the timing is now right – customers will accept it, and it will generate savings for banks.*

*The real savings and improvements to customer service come from video assistance rather than in-person assistance with tablet. Video allows banks to provide the right expertise and language capability in*

*any branch and at any time. In-branch staff will not necessarily be able to offer this.*

**B:** Is it frustrating that many banks still carry out only rudimentary ATM monitoring by studying transaction activity or the absence of it, and trying to guess what is going on at the terminal? Is there sufficient awareness of the potential of ATM monitoring software?

**AK:** *Banks are usually aware that they need better ATM monitoring, but it is a matter of cost. KAL does not often get inquiries from banks about monitoring alone – the focus is usually on improved efficiency, new transaction types and functionalities, and of course monitoring is part of that mix. Some banks simply understand the need for powerful monitoring tools better than others.*

**B:** What does the term 'omnichannel' mean to you in the context of ATM software?

**AK:** *The key to omnichannel is seamlessness. It is annoying for a customer to get part-way through a transaction, switch channels, and then have to start again because data have been lost. Most of the technology to avoid this already exists – it just needs to be implemented smartly. Some functions still do not work smoothly: for example, it should be possible to order a replacement card via a bank's website rather than having to make a phone call.*

*Different channels have different inherent capabilities – mobile phones cannot dispense cash, for example – but omnichannel is about channels complementing each other and working together. KAL sees the ATM as the 'champion channel', i.e. the one that completes transactions. The branch has a similar role but is becoming increasingly uneconomical compared to the ATM.*

**B:** Is security software one of the next major frontiers for ATM software?

**AK:** *ATM security is a major issue, especially with the transition from Windows XP to Windows 7 – and then the transition to Windows 10 coming in a few years' time. ATM-specific viruses are now emerging, which makes ATM security software even more important. Security is not a 'niche' so much as something that affects all aspects of ATM software.*

*Security is an integral part of all KAL's products. There are third-party security software solutions out there, but banks prefer ATM security to be integrated rather than bolted on, which can interfere with ATM software functionality. Integrated security solutions are the way forward. ■*

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