

AURIGA PERSPECTIVE

Transformational ATM software

Keeping ATMs at the forefront of customer experience

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The ATM channel has come a long way since 1967 when British actor Reg Varney was photographed using a voucher-based Barclays ATM in London. ATMs began life humbly, as an efficiency tool, automating the role of a branch teller to reduce the cost of cash withdrawals. Now they provide access to an ever-increasing range of financial transactions at convenient locations across the globe. Whether an organisation's branch estate is expanding like those of new entrants or contracting like many of the established players, ATMs remain a core channel for financial institutions and their customers.

The benefits of ATM access for both deployers and those hosting the devices are clear: increased footfall, revenue from the transactions and opportunities for consumer engagement. As the debate on the future of cash continues among experts, members of the public worldwide are voting with their feet and increasingly using ATMs. And Independent ATM Deployers and financial institutions are having to continue to grow (or at least reposition) their estates to keep pace with consumer demand.

So what do today's financial services consumers want from the ATM channel? Changing consumer needs mean that the challenges deployers face have shifted from providing straight-forward access to cash at convenient locations to hyper-convenience and value-added services. In 2016 consumers demand deposits of cheques and cash (in mixed bundles), money transfers, bill payment, top-ups and money collection from P2P payments.

ATMs are seen by consumers as a channel for account servicing and by financial institutions as a cost-efficient way of delivering services to customers, whether remotely or in-branch with self-service or assisted self-service.

ATM hardware reaching a peak

After almost 50 years on our streets, the ATM has become a very mature product. The result of billions upon billions of transactions and very sophisticated

engineering is that ATM deployers do not face many limitations from the hardware available. Few of the hardware capabilities considered essential for branch transformation or next generation customer experience are truly new. For example, one third of ATMs globally now offer deposit functionality (according to RBR, in 2014 Chinese banks added more automated deposit machines than there are ATMs in each of Italy, France, Germany or the UK). The recent trend towards consumer acceptance of biometrics, led by smartphones and a backlash against passwords, means this long-established technology is also at last likely to be deployed at scale. Despite their differences, all the main manufacturers offer robust and extensive solutions to current customer use cases.

For some time now Auriga has seen its customers place less strategic importance upon decisions regarding 'tins' or 'boxes'. Instead they are focusing strategic and commercial decisions on the optimum mix of services to deploy and on configuring hardware to match the capability required at each location. ATM hardware appears to be on two simultaneous but divergent trajectories: one of simplification and lower costs, the other of increased complexity of functions and componentry. While it's never been the case that 'one size fits all' in ATM hardware, it may now be true to say that the range of devices is reaching a peak. Customers can find themselves using the simplest device (barely more than a dispenser unit) in a retail location entering their PIN on a touchscreen, and later that same day be having an engaging video appointment on an ATM with an adviser. Rather like with mobile phones, where most available devices are sufficiently capable for the masses, the competitive frontier for ATMs is now moving toward software, and the challenges for transformational ATM software are immense.

Challenges for transformational software

Like the hardware it runs on, ATM software has come a long way since the early days of financial institutions writing their own applications. As a minimum, transformational ATM software has to be

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comprehensive and certified to external standards. End-to-end security within an estate is of paramount importance, yet at the same time ATM software must operate in an environment of constant change, where criminal efforts to manipulate it are motivated by huge sums of money. ATM software needs to be easy to integrate and deploy across multiple hardware and operating system platforms, and once deployed be highly available. To be transformational, ATM change must be fast, non-disruptive and at low cost, always resulting in improved business service levels.

Some of these challenges may sound generic for any software type, but the really 'interesting' job for ATM software is the number of other systems it must interact with. Often it has to connect and integrate with legacy switching platforms and banking applications built with layers of customisation, and that is before having to deliver on financial institutions' promises to customers of omni-channel banking, personalisation and next generation customer experience.

A key consideration when choosing ATM software is the point of integration with the rest of the enterprise: will it be the ATM PC (fat client) or a central server (thin client)? Or somewhere in between (smart client)? Auriga sees the movement from 'fat' towards 'thin' as an inescapable trend globally: the operational robustness of a 'smart' approach, storing local workflows within a client application on the device, is causing this architecture to emerge as a favourite for many CTOs. 'Smart' client solutions like Auriga's WinWebServer ATM (WWS ATM) deliver all the benefits of a 'thin' client architecture's central management of ATM services, while still being able to deliver consistent service if facing fluctuating network quality. In a global market where the best locations for customer convenience and revenue generation are not always matched by ideal network performance, 'smart' client has a distinct advantage.

Cost and capability for fast-paced change are powerful drivers in ATM software procurement decisions and suppliers like Auriga need to consistently demonstrate future-proofing and return on investment.

Multivendor support is an essential characteristic for ATM software today, to enable mixed estates and potential cost savings from decoupling hardware and software decisions. Architecturally, Auriga advocates a modular approach as it enables deployment as a fully integrated end-to-end solution or in discrete phases to match deployer business objectives. But

a complete and 'modular' solution is very different to 'multi-provider': choosing different suppliers for terminal driving, key management, monitoring, reconciliation and one-to-one personalised marketing can quickly add cost and complexity to an ATM estate.

Significant changes afoot

So where will ATMs go next? From customers, the single biggest influence on deployers will be a need to compete on customer experience and to offer omni-channel banking services. We see a continuation in the rise of Bring Your Own Device service offerings, whether that is assistance through a mobile phone for visually impaired customers or the ability to start a transaction in one channel and end it in another (e.g. pre-staging a withdrawal on mobile phone but completing at ATM). The incorporation of smartphone presence near an ATM at the point of transaction will also bring new offerings for convenience, marketing offers and fraud reduction.

From an industry perspective, regulatory events like the roll-out of EMV in the USA will inevitably drive investment reviews for ATM estates, and the resulting cost drivers may lead to more consolidation into multi-institution estates. Software solutions like Auriga's WWS ATM are architected to facilitate multi-institution environments and offer scalable channel management capabilities and libraries of proven, configurable self-service functions for institutions to choose from. Cardholders from different institutions can be presented with different screens, campaigns and functionalities based upon cardholder profile. The ability for multi-institutional deployers to connect to different back ends, support hierarchies and groups and have a comprehensive transaction suite readily available may be the new way for financial institutions to leapfrog ahead to either a cost-efficient utility service or a differentiated customer experience and competitive advantage.

We see the second half of this decade being a period of unprecedented speed to market and change. And for those functions not yet deployed, companies running transformational ATM software with standardised connector components will be able to connect to new data providers without disruption to existing services.

What's needed to make the transition to the future possible? At Auriga we think the key words are: *transformational ATM software*, and this means multi-vendor, vendor-independent, smart and comprehensive. ■

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