

AURIGA PERSPECTIVE

The much exaggerated death of the ATM

By Antonella Comes, Chief Marketing Officer, Auriga

This year marks the golden anniversary of the first ATM, famously installed by Barclays Bank in Enfield, London, on June 27th 1967. The humble cash dispenser has come a long way since then, evolving into a core channel for both banks and their customers. 43% of British customers now use an ATM on a weekly basis, and there are over 3 million ATMs installed globally in a market predicted to exceed \$26 billion by 2023, according to Global Market Insights.

Customers demand more from ATMs

Few customers of Enfield Barclays in 1967 would ever have imagined the breadth of financial transactions now possible with ATMs – although admittedly that was perhaps a less-imaginative time when most banks wouldn't even employ left-handed tellers for fear of them blotting their counter ledgers. The capability of the ATM to do more and play a greater, more integrated role in how customers interact with their banks is very much a key to the ATM's future.

A recent report sponsored by ATM Marketplace and Auriga entitled *ATM Future Trends 2017* shows that customers in the UK would like to see a broader range of services at their ATMs, and 10% of those surveyed say that the UK doesn't have enough ATMs which can do more than just dispense cash. Banks, ATM manufacturers and software providers (such as Auriga) need to keep pace with these expectations and technological changes to remain relevant.

Today's customers are used to personalisation and choice in their digital lives and consistency across channels, so it's unsurprising that they are now demanding cash withdrawals in multiple denominations, bill payments, international bank transfers, real-time credit transactions and currency exchange at ATMs.

Post-credit crunch, banks are scoring low on trust versus other brands in consumers' lives, but the need to trust your bank hasn't changed. Despite the digitisation of money and the increasing numbers

of non-bank financial services providers, customers would rather pay through a digital wallet provided by their own bank rather than by a mobile or technology provider. Even the younger Millennial customers, often targeted by challenger banks and fintech firms, express a preference for opening accounts with traditional 'bricks and mortar' institutions. That reassuring physical presence can be an important component of trust, and here the ATM channel can definitely play a role. 54% of consumers say that one of the key drivers in trusting their bank is having easy access to their cash, and banks need to reinforce their role as safekeepers of their customers' money.

Customer experience is a key challenge

The explosion in the use of internet banking, and more recently mobile apps, shows that customers are comfortable banking and transacting digitally. The British Banking Association recently revealed that branch visits fell dramatically from 476 million in 2011 to 278 million in 2016. Moreover, 63% of customers say it is more important to have an ATM nearby compared to just 20% for branches, according to *ATM Future Trends 2017*. Banks face several challenges from the rise in digital technology and changing consumer behaviour: how to attract and retain a profitable customer base that doesn't often visit, which solutions to deliver to meet their customers' face-to-face needs, and how to deliver a compelling and differentiated experience when the comparative benchmarks are online retailers and social media giants.

The answers lie in how consumer behaviour and expectations are changing, while at the most basic level, customer preferences are not: trust, convenience and personalisation rule. Customers will move to where trust is highest and convenience and user experience are best. While technology makes movement between financial institutions increasingly easy and fast, it is customer experience, not technology, that will be the driver of banking in the future. According to a recent study by McKinsey, CEOs place customer experience in their top three priorities. Auriga believes that the ATM channel can



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support financial institutions in facing the challenges of winning through customer experience, particularly when it is part of an advanced smart web-based architecture.

Competition drives perceptions of customer experience, and these days it comes from multiple directions. Fintech and alternative payment providers are focusing keenly on customer experience and benefit from not having to struggle with old legacy architecture and platforms that might restrict and compromise the performance of their predominantly mobile-based points of interaction.

ATM Future Trends 2017 found that almost a third of industry experts interviewed from around the world expect mobile technology to have the greatest impact on the global ATM industry in the next five years. A further third of these same experts said mobile integration with the ATM is the trend that is most likely to affect the European ATM market in the next five years.

Maximising value through omnichannel

The ATM channel is on the brink of some exciting developments – with technology like artificial intelligence, data analytics and chatbots poised to bring an even better experience – but without the right infrastructure in place, banks could risk missing out.

In response, banks need to change their mindset, consider the ATM outside of its 'silo' and focus on the benefits of integrating their ATMs into a complete omnichannel banking strategy. Innovative and flexible ATM and branch software like the WinWebServer (WWS) suite from Auriga bridge between the physical and the digital worlds, enabling banks to seamlessly manage the 'phygital'. WWS brings alive the same banking experience for the customers across all channels, meaning a simple cash dispenser can become a more personalised and richer communication touchpoint that allows banks to extract more value from and provide better service to their customers.

To drive the customer experience of the future, banks need to understand what they are delivering and have an in-depth and up-to-date understanding of how their customers are interacting with them over time and across channels. WWS Business Analytics Management from Auriga enables banks to do exactly that. Our omnichannel data analytics solution aggregates and processes analytical data stemming from all business services, whether on an ATM, ASD/ASST (advanced assisted self-service ATM), mobile

device, online or within a branch, and transforms them into the strategic information needed to support well-informed, real-time managerial decisions on processes and customer experience.

Customer journeys in other areas of life set a high bar for comparison in simplicity, personalisation and interactivity. Integrations across platforms like those provided by Amazon, Google, Facebook, WhatsApp, Alipay and WeChat already have commercial flows and cross-subsidy/support from their existing core businesses – meaning payments and banking are a byline that challenges traditional providers. These new competitors are not under the same constant pressure as the banks to reduce TCO, whereas banks need to consider how to maximise the profitability of the branch and ATM channels. Advanced proactive monitoring solutions and multivendor software have a key role to play in improving efficiency and effectiveness of these channels.

For a customer experience that competes with the best, both front and back office need to work together. It's likely that a reinvented customer experience will have to be supported and delivered through drastic changes to back-end legacy systems. Next generation banks are moving to web/cloud-based technology and multi-vendor software in order to manage customers through their journey – from digital signage in a branch window, to welcome kiosk and digitally enhanced greeters, to self-service devices, video systems and even to re-invent the age-old teller. Multivendor software can make it easier to realise multichannel strategies by increasing the ease of integration between ATMs and other bank channels. Auriga is seeing an increasing demand for assisted self-service projects, which in order to appear seamless to customers, require interaction between multiple platforms and new hardware devices.

As they enter their sixth decade, ATMs remain relevant to customers despite the evolving landscape. This is because while the technology surrounding them continues to advance, the ATM's central function of connecting customers to their bank's services remains as important as it was in Enfield in 1967. Today's customers still want and need easy access to cash; tomorrow's will too. ATMs are the most frequently used banking channel globally, and 85% of transactions worldwide are still in cash. Next year the world will most likely see over 99 billion withdrawals from ATMs. The future is looking bright for ATMs – the original digital channel. ■

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