

Future-proofing the modern ATM

By [Danette Breitenbach](#)

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The modernisation of the ATM to fully integrate with digital channels and cross-channel interactions through a vendor agnostic approach is being driven by industry-wide initiatives as well as the world's need to transform and adapt self-service banking to meet consumer needs that have been accelerated by the Covid-19 pandemic.



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Developing and emerging markets

In emerging markets ATMs play a key transformational role in drives for financial and digital inclusion.

“Mobile is growing through its ability to reach the population. Initiatives from policy makers are driving this growth to achieve economic and financial inclusion,” says Andrew Dean, managing director, Calleo.Absa.

Botswana’s digital usage has risen 34% and it is rolling out digital corners in its banking halls, while MTN has expanded to allow a mobile money card-less cash withdrawal service.

“Banks need to consider the markets they operate in, from the different players and their roles and dominance, to regulators licensing different players, such as digital banks, as they work towards financial inclusion,” he says.

Already the Bank of Ghana has implemented policies to accelerate digital financial inclusion.

ATM as a multi and self-service device

These factors, and Covid-19, have seen an investment into low and no touch banking experiences at the ATM.

“Banks are viewing the role of the ATM as one that can augment and complement other channels, allowing customers to swap across channels (for example from mobile to ATM using a QR code) as well as a tool for contactless transactions,” he says.

The Nedbank app already enables contactless ATM cash withdrawals.

“What ATM technology has to recognise that we live in a mobile first world and understand that has to support the future proofing of ATMs,” says Dean.

Changes in customer behaviour

“As consumers continue to look for safe and convenient banking, Covid-19 has triggered changes in customer behaviour leading to payment and transactional preferences,” says Patrick Simons, head of Presales, CR2.

Covid-19 has led to a rise in customer use of:

- Contactless payments at Point of Sale (POS).
- Cardless transactions.
- Online players.
- A moving away from the branch.
- A growth in mobile and digital wallets.

Seen through a banking lens, Covid-19 has driven the need to deliver secure open banking ecosystems that are not only internal, but external facing, offering more lifestyle options.

By offering additional self-service capabilities at ATMs, teller transactions at the branch can be replaced.

“It has accelerated the role of the branch from a queues and processing one to one of financial engagements,” says Simons.

FNB branches are providing more educational services, such as assisting first time card users, than the traditional teller services. Currently the bank is revamping 53 branches with new technology.

Covid-19 has driven the need for banks to:

- Diverse revenue streams and greater efficiencies.
- Increase customer lifetime revenue as opposed to managing costs.
- Compete with rise in Fintech and niche players, but also collaborate with these players.
- Agile service provision that can service standard functionality but also adapt to other provide other services.
- Cater for the rise of mobile and digital wallets.
- Banks need to open services.

ATM plays a key role

Customer experience is critical and the customer experience expectations of how banks - and ATMs - interact with them is very high.

A one size fits all approach does not work anymore.

“Personalisation ranges from an ATM in a blue-collar district being different to business district (and this is already happening) to a customer who regularly draws the same amount at a certain time of the month, being given this repeated payment amount as a payment choice on the ATM,” he says.

On the other hand, segmentation will provide the relevant service to the right person at the right time.

“For example, the needs of a student is different to that of a corporate employee. AI is a big driving factor behind this as it provides banks with the ability to segment their customers,” he says.

Banks want to get to the point where digital and physical services converge, offering channel interoperability through frictionless unassisted banking services.

“The ATM plays a key role here, but it will need to compete,” says Simons.

“For banks it is about understanding how the distinct roles and channels can meet customer expectations while generating profit and revenue streams,” he adds.

Dean and Simons were speakers at the recent AITMA webinar on: How Covid-19 is shaping ATM trends and driving innovation.

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