

Smart ATMs

A Golden Era in Banking

According to JLL Research (Walter Bialas, 2017) [1], the number of bank branches has declined from 97,000 in 2007 to 89,300 in 2017 in the US alone and it predicts a further 20% decline by 2027. As bank branches are becoming smaller, smarter, more customer-focused and technologically advanced, they are looking at ATM and self-service providers for devices that can automate mundane tasks. Banks are seeking better and faster solutions that are secure, mobile-integrated, intuitive and fit seamlessly into customers' lives.

Stagnation of ATMs and decline of the bank branch

The ATM industry today has grown to over 3 million installations [2] all over the world, from the most populous cities to the loneliest outposts, including a mountaintop in the Himalayas. As they've increased in number, ATMs have also stepped up impressively in sophistication.

ATMs today are emancipated with software and systems that can help them efficiently manage and monitor these devices. These machines are now extending their value beyond the transaction with data-gathering and analytics capabilities that can turn masses of information into meaningful insights tuning customer behavior, preferences and protections.

Next-gen features to appeal to the millennials

The banking ecosystem will see ATMs helping organizations generate efficiencies in the entire cash cycle. Millennial customers would push the ecosystem to embed smartphone-only transactions into the ATM infrastructure on a large scale and open doors for new cycles of digitization and automation.

Given the industry dynamics, banks can gain access to a multitude of opportunities by personalizing ATM services to customers. Enabling consumers to access their accounts by using biometrics technologies would add a significant security layer to transactions. Adding new data services to generate insights about online and offline behaviors will allow banks to increase their value in both the merchant and consumer spheres. Integration with mobile applications and micro services as well as the introduction of automation will enhance the banking experience to customers while offering a multitude of other services driving customer foot-print to ATMs. Instead of replacing humans with machines, financial institutions will rethink where humans are inserted into the banking process. They would evaluate using data-driven insights to understand when a person just needs to talk to another person, despite the proliferation of efficient digital tools.

There is no doubt Smart ATMs are on the rise, and with an optimistic look into the future, banks should work towards identifying solutions that counter all challenges in their path. Branch services, teller functions, mobile-banking operations and online offerings are consolidated and the progression here is the Smart ATMs. The challenges we foresee are scaling up network bandwidth for ATMs and controlling customer-waiting queues while executing time-consuming functions such as video-conferencing with a teller or customer service agent.

The beginning of a golden era

As cash-recycling ATMs are already just around the corner, with scaling up demand for cardless ATM transactions and huge increase in ATM biometrics, organizations should believe in the beginning of a new era considering the Smart ATM as a core payments hub in a reconfigured banking and consumer landscape.

As branch usage declines, Smart ATMs will help transform the branches or setup proxy branches offering smarter and appealing customer experiences. Setting up digital experience zones with Smart ATMs will enable banks to strike the right balance between physical and digital services for customers while embracing technology and offering bespoke services. ATMs rather than being a cash dispensing machine alone, can be leveraged to function as a pre-staged cash-n-dash device, bank branch, customer service kiosk and a self-service terminal for value added services such as booking flights, utility bill payments or even transferring funds.

Sources:

- www.us.jll.com/united-states/en-us/Research/US-Banking-Outlook-2017-JLL.pdf
- www.atmmarketplace.com/news/global-atm-installed-base-to-reach-4m-by-2021/

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