

Automated Tellers Are Getting Smarter

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By Michael Sisk

Is it an ATM or isn't it? The personal teller machines installed at Coastal Federal Credit Union look familiar to anyone who has ever withdrawn money from an ATM. But for the Raleigh, NC-based institution, these souped up smart ATMs don't simply dispense cash 24-hours a day; they are actually replacing tellers at branches. "We don't perceive these as ATMs," says Larry Wilson, CEO of Coastal. "These are electronic tellers. It's a technology method of putting member customers in front of an employee without having them at the same location."

The machines have a high-speed, two-way video and audio link to a call center staffed with 14 tellers at the credit union's headquarters. There are no tellers at the four Coastal branches where the personal teller machines (PTMs) are installed. Easily 90 percent of typical teller transactions can be handled at the machines, he says, such as cash dispensing and receiving and check deposits. The PTMs can also scan and verify documents and read signatures. The machines, made by Sandy, UT-based uGenius, improve on older-style remote teller machines that required the teller to be at a specific branch speaking through a phone to a customer.

"These guys are ahead of the curve," says Paul Siebert of EHS Design, based in Seattle, a designer of bank branches. The technology bucks conventional wisdom by making it unnecessary to cross-train tellers to better sell and service products in the branch. "Some banks and credit unions say cross-selling by tellers is not such a good idea. If all tellers are at a call center, focusing on transactions through the ATMs, then the staff at the branches can focus on customer development."

The deployment has gone so well at Coastal that four more branches are scheduled to adopt the PTMs by yearend. By centralizing tellers in one location Coastal can better balance workloads as well as tightly control messaging and training, Wilson says. "People believe the old-fashioned way of doing business won't go away, but we found that while the transition was not 100 percent acceptable to users, it's highly acceptable."

So far, six institutions have bought the machines and uGenius expects to have 70 units in use by yearend. Coastal uses the machines to expand its hours of operations from 7 a.m. to 7 p.m., but another uGenius customer, Mid-Hudson Valley Federal Credit Union in Kingston, NY, has gone 24X7 with its two branches. For that credit union, keeping two tellers on staff overnight to offer this service is a competitive differentiator in a crowded local market, explains Jeff Stott, vp of sales and operations at uGenius.

The PTMs offer banks and credit unions a way to change their approach to branch distribution, Stott argues. Instead of creating a few "fortress-type" branches within its footprint Stott says institutions can increase hours of operation and customer service, reduce teller cost, and build more and smaller branches to increase market presence while holding down real estate costs. "You could build a brand in a place where you don't currently have a presence," adds Nicole Sturgill, research director of TowerGroup.

The downside of any new technology, Stott admits, is the trepidation of first time use and the customer learning curve. He explains that the PTM has a big brown button on the face of the machine. When pressed, the teller is called, establishing the video and audio link; the teller can then answer any questions and walk the customer through the process.

Industry analysts' impressions of the uGenius technology vary. Bob Meara, a senior analyst at Celent,

says, "I think what they're doing is quite cool. You can take ATMs so far and at some point you need some personal interaction." A handful of banks are testing the product, he says, and it could help banks work in underserved markets. Instead of just tellers at the call center, loan officers and other specialists could interact with customers via the PTM. Still, he doesn't expect the machines to become prevalent.

Kate Monahan, an analyst at Aite, is less optimistic. She recently completed an ATM survey that included 23 of the top 80 banks and found that while the majority plans to upgrade aging machines, few have plans to invest in anything with functionality as advanced as what uGenius offers.

Even Siebert, a fan of the technology, warns that many technologies at first glance seem like a "no brainer," but quickly the realities of deployment grow more complex. "This (PTM) is one delivery option in an array of options."

Given that these machines cost about 20 percent more than a standard ATM (\$60,000 vs. \$50,000), plus licensing and servicing, institutions must vet proposed locations carefully, analysts say.

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