

Souped-Up ATMs Take Place Of Tellers in the Branches

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Is it an ATM or isn't it The machines installed at Coastal Federal Credit Union look like automated teller machines. But for the Raleigh financial company, these souped-up, smart ATMs don't just dispense cash; they are actually replacing tellers.

"We don't perceive these as ATMs," said Larry Wilson, Coastal's chief executive. "These are electronic tellers." 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. No tellers work in the four Coastal branches where the personal teller machines, as they are called, are installed.

Easily 90% of typical teller transactions can be handled by the machines, Wilson said, including dispensing cash and accepting check deposits. The PTMs can also scan and verify documents and read signatures. The products from uGenius IP Holdings LLC in Sandy, Conn., 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," said Paul Siebert of EHS Design, a Seattle 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 PTMs by yearend. Centralizing tellers at one site lets Coastal better balance workloads as well as tightly control message and training, Wilson said. "People believe the old-fashioned way of doing business won't go away, but we found that, while the transition was not 100% acceptable to users, it's highly acceptable."

So far, six financial companies have bought uGenius PTMs, and the vendor said it expects to have 70 more 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, N.Y., has gone 24-7 at its two branches. The credit union has two tellers on duty overnight to support the service, which is a competitive differentiator in a crowded local market, according to Jeff Stott, a vice president of sales and operations at uGenius.

Analysts have mixed opinions.

Nicole Sturgill, a research director MasterCard Inc.'s TowerGroup research unit, said the machines can help banks "build a brand in a place where you don't currently have a presence."

Bob Meara, a senior analyst at Celent, said, "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 said, and it could help them work in underserved markets. Instead of just tellers at the call center, loan officers and other specialists could interact with customers via PTMs.

Kate Monahan, an analyst at Aite Group, was less optimistic. She recently completed an ATM survey that included 23 of the top 80 banks and found that, though most plan to upgrade aging machines, few expect to invest in anything as advanced as PTMs.

And Siebert warned that many technologies at first glance look like "no brainers" but are quickly made more complex by the realities of deployment.

Given that these machines cost about 20% more than a standard ATM, \$60,000 versus \$50,000, plus licensing and servicing expenses, institutions must vet proposed siting carefully, analysts said.

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