



ATM Software



# Expanding a bank's 'points of presence' without breaking the bank

Barely a day goes by without news of a bank closing the doors on another of its branches. This is a trend occurring in the UK – where the big banks have shut 1,700 branches in the last five years – and in the United States, where nearly 6,000 branches have been closed since 2009.

A key driver behind this phenomenon is the high cost of operating a branch.

## Strategy

Pressure is growing on banks all over the world to cut their costs and increase their profits in the face of an increasing competitive environment. Even though there are fewer branches, the number of bank transactions has remained steady. Many banks are transforming their remaining branches to increase the use of ATMs and other types of financial self-service machines to meet the transaction demand.

These machines now have more capability in order to handle a wider variety of transactions previously processed over the teller counter. More capability means a higher price . . . sometimes much higher.

In the recent 'ATM Software Trends 2016' online survey, more than 60% of banks and financial institutions questioned said they planned to increase their number of ATMs and kiosks (in-

branch, off-premises, both, or in-lobby), and more than 70% predicted that, by the year 2020, ATMs will be more important, as automation increases and more transactions are carried out on self-service machines. But, at the same time, over 40% cited 'cost management' as their biggest obstacle to ATM expansion.

So how can banks increase their points of presence without breaking the bank?

The answer could be KAL's Remote Teller Machine, or RTM.

What makes the KAL RTM different from an ATM is that it doesn't hold any cash. This means banks can operate them at a fraction of the cost, meaning they can run more of them, in more locations.

## Cost

When the customer makes a cash withdrawal transaction, instead of immediately dispensing cash, the KAL RTM prints out a secure ticket that the customer then exchanges for cash at the hotel reception or restaurant or shop till where the machine is located.

Because the KAL RTM doesn't hold any cash, it doesn't require armoured service and is far less attractive to criminals, making it much less expensive



to run – in fact, one-tenth of the cost of an ATM. This means banks can afford to expand their points of presence far beyond their current channels.

But more than that, for the customer, the KAL RTM provides a point of contact with the bank when branches are not an option. Using the KAL RTM's assisted self-service function, customers can speak to a bank teller via video conference to help them with rarely done or more difficult transactions, open an account, or receive advice on products. Of course, ATMs can be configured to offer assisted self-service too – the difference is that the KAL RTM is far cheaper for banks to run.

## Service

The 'ATM Software Trends 2016' online survey also asked participants what they considered the most important changes they needed to make in the next four years. More than 40% said improving customer service with ATMs and self-service machines and reducing operational costs relating to managing and maintaining the ATM network.

The KAL RTM answers both these desires by expanding banks' points of presence and thereby improving customer service, and, most importantly, offering a much lower-cost alternative to the ATM.

## Getting out of a tricky situation

Here in the West, we're accustomed to easy access to cash. ATMs are on every street corner and if we can't find one, we can nearly always pay with a card. So it's difficult for us to imagine a situation when we wouldn't be able to buy a cup of coffee or a ticket for the bus. As long as we have the money in our accounts, we're free to spend at will. But this isn't the case everywhere.

Take the Philippines. Its islands are very popular with tourists, but many of them don't have a single ATM and this is in a place where local services are much more likely to accept cash only. Sure, a tourist can pay for their hotel stay with a debit or credit card, but what happens when it's time to go home and they don't have any cash for the boat back to the mainland? They're stuck. Literally.

## Dilemma

Why, you might reasonably ask, don't banks in this day and age - when everything's geared towards technology and convenience - operate ATMs everywhere? Especially busy tourist destinations? As always, it comes down to money. Banks face a dilemma in that they would dearly love to offer their customers everywhere the services they need, but the costs are just too high.

This is where KAL's RTM comes in.

If our stranded tourist goes to the KAL RTM in the lobby of their hotel, they can simply make a cash withdrawal, take their secure ticket to the hotel bar, or reception, and the staff there will give them the cash value in return.

The tourist gets their boat-ride home and the bank doesn't pay the price.

## About KAL

KAL is a world-leading ATM software company and the preferred supplier to world mega banks such as Citi, UniCredit and China Construction Bank. KAL's Retail Teller Machine is a revolutionary cashless ATM set to transform branchless banking. Read more about KAL thinking at [kal.com/knowledge](http://kal.com/knowledge)