

exploiting the new Web-ATM technology

Generating new revenues by Web-enabling your existing ATMs

At a time when success in the retail banking industry relies not only on gaining new customers but also keeping existing ones, organisations are looking for new and popular ways of delivering more products and services.

In the EMEA region alone, there is a vast installed base of over 245,000 Automatic Teller Machines (ATMs). Of these, most are essentially proprietary solutions, which means they were designed to give their vendors competitive differentiation in the marketplace, and to tie the banks to these vendors.

Since 1968, customers have been using ATMs for cash dispensing and other basic functions. Customers now expect to access these capabilities at retail and other high-traffic locations, and IDC statistics¹ suggest that next year, in the U.S., the ATM channel will overtake the branch to become the highest volume banking channel.

Today's highly competitive marketplace is forcing the retail banking industry to optimise every possible revenue-generating opportunity. This article explains how much more can be achieved with current ATMs, and examines the key benefits that can accrue from enhancing ATMs with the latest Web-enablement technology.



Dealing with Legacy Technology

Most of the ATMs developed prior to the late 1990s were designed to run proprietary software, with the primary function of dispensing cash. As such, these machines work with a high degree of independence – they act as small financial islands that communicate only a limited amount of information to and from the bank.

To make these ATMs deliver new products and services, or communicate more fully with other banking applications and delivery channels, they need to change from proprietary machines to open machines. Banks have tried to achieve this by adding layers of multi-vendor or custom software.

None of this remedial effort would be required if ATMs were designed to be open instead of proprietary, however banks cannot afford to discard their old ATM investments in favor of new, open, user-friendly machines.

The Benefits of Web-enabled ATMs

Now it is possible to adapt existing ATMs using Web-based technologies, changing them from automated tellers to self-service portals with access to a variety of services and information resources. This not only means that banks can extend the product and service capabilities of their ATMs; it also means they can greatly extend their sales opportunities.

This new kind of ATM is known as a Web-enabled ATM. IDC provides¹ a useful definition:

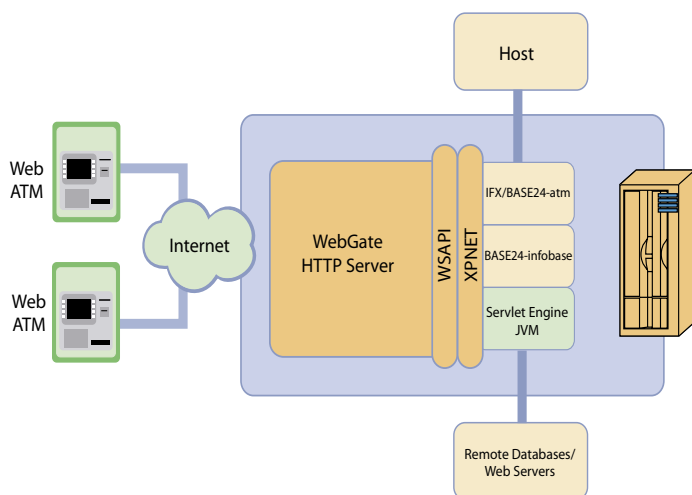
A machine that operates on Web technologies, using Web-based software, servers and network protocols to communicate to the ATM network and the bank's host systems and databases. It does not mean a machine that allows users to randomly "surf the Web"; consumers would not have general access to the Internet, but transactions and content would be delivered to the machine via Web technologies.

As leaders in the e-payments industry, ACI Worldwide has worked closely with ATM vendors for some time to extend the benefits of Web-based technologies to ACI products. The aim was to allow existing ATMs to communicate with other banking systems to deliver more services and more information securely and reliably.

The answer has been the development of a new standard IFX. With this, banks can effectively link their proprietary and previously isolated ATMs to their servers and other host devices. This specification accommodates a robust ATM transaction set, as well as device management commands. It incorporates an XML-based message protocol, conforming to open standards.

At ACI, we have also developed a suite of products to help retail banks easily integrate Web-enabled ATMs and other Web-based devices into existing payment systems. These include WebGate™, which enables the platform and existing applications by providing basic http-server support, and BASE24-infobase™, which enables bulk download of common screens and backgrounds to Web-enabled ATMs where they are held locally rather than accessed from a central server. With BASE24-infobase, screens load faster and – on each transaction – only customer-specific information needs to be downloaded from a central point. With these products, our approach is flexible and modular, allowing capabilities to be added as and when required.

Web-enabled ATMs



The Benefits of Web-enabled ATMs

There are many short- and long-term business benefits to enhancing current ATM investment in this way. We've highlighted the key reasons below:

- ▶ Keep customers coming back for more. You can refresh your ATM channel with new functionality, and drive new revenue from existing customers through personalized 'one-to-one' marketing initiatives.
- ▶ Deliver what they want, the way they want it. ATM Web-enablement represents a key strategic step towards multi-channel delivery. In particular, it creates a new link between online banking and your ATMs – a common infrastructure enables your Internet banking and ATM channels to leverage functionality and content.
- ▶ Offer customers new services appropriate to their needs. You can choose to deliver new financial and non-financial services, many of which can be commission based. Besides cash withdrawal, the new generation of ATMs can offer bill payment, statement printing, check processing, imaging, passbook updating, coin dispensing and non-currency dispensing (for items such as postage stamps, travellers' checks, vouchers, theater tickets — the list is probably only limited by our imaginations).
- ▶ Decrease your ATM support costs. Typically with proprietary ATM protocols, you would have to perform a simple update many times, to accommodate different hardware platforms, operating systems and various versions of firmware and application software. Web-enabled ATMs cut out this incredible roll-out expense and workload because they share common infrastructures, communication protocols and software.
- ▶ Make the right impression, on time, every time. It's easy and quick to change the look and feel of individual ATMs, and you can do this from a central location with low-cost, user-friendly Web-server technology. You can also download large groups of screens to selected ATMs, and control the order in which they are displayed.
- ▶ Target and attract new customers in just a few seconds. ATMs are the most heavily used consumer banking channel. Although customers are with you for only a few seconds, why not make better use of that time? You can, for example, offer a brief and personalized campaign message or branding



communication during transaction “downtime”. As ATMs are often used by non-customers, you could construct compelling messages to target and attract them to your other products and services. Also you could alter your messaging at different times of the day, to coincide with identified peak periods of usage (early commuters, mid-day students, etc).

- ▶ Generate revenue from third parties. You could sell advertising space to third parties – your ATM could display an advertisement for a local cinema complex, and even dispense cinema tickets.

Building the Business Case

Currently, retail banking organizations may find it difficult to justify the cost of refurbishing existing ATMs or buying Web-enabled ones. Certainly, as consumers have consistently demonstrated their preference for access to many channels¹, banks are unlikely to build a business case by forecasting large-scale branch closures or significant branch or call center staff reductions.

However, according to IDC¹, there are banks in the region that have embarked on an ATM Web-enablement strategy, including Caja Madrid in Spain, Credit Mutuel in France, and Alliance and Leicester in the UK. To build the business case, banks may first try to identify the services that they would make available, taking into account the all-important needs and perceptions of customers, and make Web-enabled ATMs a cross-channel strategy. This, of course, is no small task – coordinating other bank activities to achieve profitable multi-channel leverage and integration.

Why ACI?

Doing more with your current ATMs can give you a distinct competitive advantage in a marketplace that increasingly requires you to optimize all revenue-generating opportunities. At ACI, we have helped several organizations take this important step to enhance their existing ATMs with the latest Web-enablement technology.

We make it our business to help customers optimise their return on current investments, transact in high volumes (ACI software processes more than 40 billion transactions in a year), and move forward with new technology. We lead in e-payment processing



products and have vast payment marketplace experience.

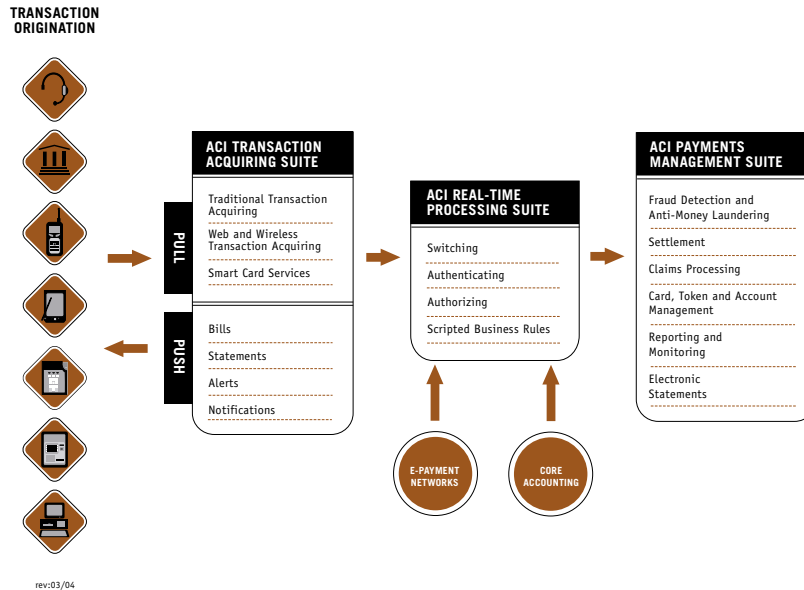
Among software providers, we are unique in our ability to address the breadth of services across the payments value chain – a single source for end-to-end solutions, helping you to simplify implementations and speed your time to market for new services.

Footnotes:

(1) IDC < Web-enabled ATMs: Implications for Online Banking and Multichannel Delivery, 2001

All product names are trademarks or registered trademarks of their respective companies.

The ACI Commerce Framework



rev:03/04

Fully automated branch at Nationwide

The world's largest building society and an ACI customer – the Nationwide Building Society – has already taken the initiative and introduced web-enablement to its high-street ATMs. Its new prototype hi-tech branches feature the world's most sophisticated branch-based self-service multimedia technology.

Easy-to-use ATMs combine 24/7 self-service banking with traditional branch counter services, speeding up service and reducing costs. And full-color touch screens with sound, text, video and graphics give customers new ways to use and find out about Nationwide products and services.

Wincor Nixdorf supports the IFX specification

To enable ATM deployers to use standard tools to personalize the touch and feel of ATM screens, and to enhance security at the ATM, ACI and Wincor Nixdorf have joined forces to promote and support the IFX specifications.

“We consider the IFX a natural successor to current device interfaces and a catalyst to speed the conversion from proprietary message formats to an open standard. This is an important development from [the] point of view of our customers’ multi-vendor strategies.”

Javier Lopez-Bartolomé, Senior Vice President, Wincor Nixdorf, Head of Banking Division

Bank of New Zealand chooses ACI solution

One of the world's most innovative financial institutions, the National Australia Group, has committed to an ACI ATM Web-enablement solution delivered by integration partner Phoenix Interactive Design. It rolled out across the entire Bank of New Zealand at the end of 2001.

The Microsoft® Windows NT®/2000®-based solution enables significant changes in sales and service capability at the ATM: new Web-enabled banking and non-banking functionality, profit-based targeted marketing, enhanced multimedia, software distribution/content management and a more personalized customer experience, while also maintaining the integrity of traditional ATM transactions. The solution delivers all of this seamlessly as one software application across multiple hardware platforms, using non-proprietary industry standard development tools and programming languages.

“The new software environment enables us to really break down long-standing barriers associated with ATMs and as a result deliver increased services to our customers. Already we are seeing the potential it gives us to cost-effectively provide innovative functions such as multi-currency dispensing at international departure points.”

Jeremy Dean, General Manager Direct Retailing and Channel, Bank of New Zealand