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## Convenience and Future of ATM's in my Community

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Automatic Teller Machines (ATM) have made our life easy and convenient in many ways. With more and more ATMs being installed from street corners to local retails, from outside the bank to shopping malls, they are hard to miss. Gone are they days when we need to stand in line inside banks waiting to be served by tellers? Transaction now processed with just the click of a few buttons.

### **History and Development**

Luther George Simjian, in 1939, had the first idea to place an ATM in banks (Bellis, n.d.). He was to place them in holes so that bank clients can make their transaction through the window. This was first tested in New York's First National City Bank now Citicorp but was later rejected due to the lack of demand of customers (Bellis, n.d.).

The first truly cash-dispensing machine was created by John Shepherd-Barron from De La Rue Instruments called De La Rue Automatic Cash System, or DACS (International Merchant Services, n.d.). They were checks bought in advance from tellers and was impregnated with Carbon 14 in order for the machines to detect them (Bellis, n.d.). It was installed and placed in Barclays bank in London (International Merchant Services, n.d.).

In 1969, the first magnetic card was introduced. It was created by Don Wetzel who was working with Docutel. He had the patent along with Tom Barnes and George Chastain. It was installed in a New York based Chemical Bank (Bellis, n.d.). Later, Docutel developed the first truly ATM machine that we are familiar today. It was placed in the wall and outside the bank.

However, the first ATMs did not directly accessed your personal account when withdrawing money from it. Instead, they were initially offered to the bank's credit card holders with good credit standings (Bellis, n.d.). They were only cash advancements from the client's credit card rather than debiting them directly from the account. It was far from what we know of today where ATMs can do almost everything an ordinary teller can do such

as deposits, transfers money from checking to savings, cash advances to your credit card and takes payments.

### **How ATMs Work**

ATM works by providing users and clients with a remote access with their bank accounts. These machines are connected to the bank accounts through internet connection to the banks database where it has information on the amount of money in the account (Bowen, 2000). The magnetic part of the card stores information of the user such as account number and the pass code. Once the user has entered the correct code it will verify it to the user's bank and will send out verification on the transaction that has to be made. The card then dispenses the money using an electronic eye and detector to determine the bills that are sent out. The sensor detects if there are stuck or worn out bills and places them in the discard tray and issues the user the required transactions (Bowen, 2000). Once the transactions are made, they are logged in the machines journal in case the client has disputes on the transactions.

### **Growth of the ATM**

The popularity of the ATM is undisputed today. The number of ATMs installed today shows its success and effectiveness on both the banks and their clients. Banks have embraced this technology because of three reasons (Islam, Sheel, Biswas, n.d.). First, banks improve their financial, marketing and competitive positions by attracting clients and increasing their revenue by increasing their services such as loans and financial packages (Islam, et. al., n.d.). ATMs provided human resources with more time to process request that ATMs cannot process, thus, it increased the efficiency of tellers providing better services to their clients increasing the income of banks. Further, customers are now looking for banks with more access to ATMs for their convenience and accessibility. Second, ATMs can perform many of the tasks than tellers do and in the long run they are easier to maintain and cost considerably less than their human counterparts (Islam, et. al., n.d.). Installing ATMs

reduces the work load of tellers. The increase in number of clients for a bank means that they would need more resources to cater to their customers. ATM machines are more efficient for they need no training and less maintenance (Islam, et. al., n.d.). Banks realize this cost effective way of providing service and provided more and more machines for their clients (Ferrari, Verboven, Degryse, 2007). Last, ATM machines serve as factors for marketing decisions for financial institutions (Islam, et. al., n.d.). Banks would first place ATMs in potential locations for establishing bank branches. They would first see if there are enough clients for them in the area before finally establishing a bank in the area.

ATMs today can also provide cash advances from credit cards depending on the allowable limit of the card. Another convenience provided for the users is the added feature of ATM cards. They can now be used as a debit card similar to that of the credit card. However, users must make sure that they have enough cash in their accounts to make similar purchases with that of the credit card.

### **Problems Facing ATMs**

ATMs, though beneficial for most of its users, has their flaws and problems. They are most of the times reliable but sometimes they do break down and need some maintenance. It is sometimes out of service and needs overhaul and it needs to replenish its cash contents. These are the common problems of ATM machines. First time users of the machine may also find it difficult to use them and may be complex for them. However, this can be learned easily with a few tries at the machine. Others, on the other hand, points out those ATMs dispense only a certain denomination of money. Customers are either to transact lower or higher than what they really need but seldom exactly the cash they wanted. Finally, clients are sometimes frustrated when the machine captures their cards especially if they badly need the cash and they do not have any other ATMs available to them.

**Personal Application**

In Scottsbluff, Nebraska, ATM machines are normally situated in local shops within the community. There is also one located inside my local bank that has my account. Locations where there are many people passing by also have ATM machines installed within the area. This provides convenience and accessibility for users who need cash. Further, people who have no private cars can easily access these machines and do their transactions without the going to the bank. Further, they are easier to install than constructing new bank branches.

Personally, ATMs have its own advantages and disadvantages. The most beneficial would be convenience and accessibility. People do not need to do their transaction within the bank or during banking hours. They can even do it during the night or even in another state. ATMs in the shopping mall have a business value for the mall other than having people to just withdraw cash from the machine. If users withdraw money in the mall, they are likely to spend some of it in the same mall. Citizens of Scottsbluff are also most likely to spend a portion of their money in the Newsagents, chip shop, hairdressers and the two public houses. These places have ATM machines located near them. However, there are some disadvantages. Some ATMs have surcharges if you are using a machine from a different bank other than yours. People using these machines 2-3 times per week, can have surcharges that may have a sizable amount. But this is still very minimal compared to the benefits that these machines provide us. Another disadvantage of ATMs in some areas of the community is those that are located inside shops that close early. These machines would have limited access to potential users and are only available only during store hours. Finally, news of scams connected to ATM machines are becoming more common where in criminals can have access to your personal account by using a machine attached to ATMs that records your personal information as well as your account number and pin code.

**Conclusion**

The disadvantage of ATMs outweighs the advantages that it gives to its users as well as the banks that provide them. ATMs have come a long way from its beginnings. Today, it is no longer just used for simple cash dispersing but also includes a wide variety of uses including payment of bill, ATM debiting and cash advances from credit cards. Without these machines, banks would have not been as efficient as they are today and people would have not ripped the benefits of this technology.

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