

Dialing for dollars: Banks use smartphones to eliminate ATM cards

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Want to see just how profoundly the smartphone can change a trip to the bank ATM?

Head to Madison Street in downtown Chicago.

Responding to the growing use of smartphones, Wintrust Financial is rolling out 190 "cardless cash" ATMs that will give consumers the option of withdrawing cash using only their smartphones.

Wintrust, based in the Chicago suburb of Rosemont, is riding a banking technology trend for 2015, according to Mercator Advisory Group. "We anticipate the increasing convergence of ATMs and mobile banking" in what's commonly called cardless cash access or mobile cash access, the Maynard, Mass.-based consulting firm said in its newly released report "2015 Outlook: Banking Channels."

To make the cardless-cash transactions possible on existing ATMs, the Wintrust machines are being outfitted with software from FIS, a technology provider to banks, retailers and payment processors. FIS said Wintrust is the first of its 1,600 mobile-banking clients to roll out cardless cash on a widespread basis.

Canadian-owned BMO Harris Bank has been testing mobile cash technology with its employees and expects a "broader" rollout to customers in the first quarter of 2015, a BMO spokesperson said.

Wintrust, a \$19 billion-asset institution with an older customer base, sees the technology as an avenue to develop relationships with its depositors' children, said Thomas Ormseth, senior vice president for noncredit services for Wintrust.

"Going forward, given the proliferation of smartphones and the user acceptance of the younger crowd, we need to be in that space," Ormseth said.

The technology went live for Wintrust customers at 29 machines, including its Madison Street branch, on Nov. 24. By the end of February, all of the bank's 190 ATMs will feature the technology. Wintrust owns and operates 15 community banks with 130 branches, mostly in the Chicago area.

Here's how cardless cash machines work at Wintrust:

Consumers can use their Wintrust mobile app to preset how much money they want to withdraw from the ATM on future visits. Once they arrive at the ATM, they sign into the mobile banking app on their phone with their four-digit password. On the phone, they select the cardless cash option, which then opens the smartphone's camera. Then, on the ATM screen, the customer touches the "cardless cash" button, which creates a QR code, a square matrix-style bar code. Customers hold their smartphones over the QR code on the ATM screen, tap submit, and the ATM dispenses their cash. The receipt heads straight to the phone.

The consumer only needs to touch the ATM once - to pick the "cardless cash" option. The withdrawal takes about 10 seconds, compared with about 40 seconds for a traditional ATM withdrawal, Wintrust said.

Wintrust and FIS tout the security benefits of cardless cash.

First, they say the QR code that flashes on the ATM screen exposes no sensitive information but tells the phone to talk to the ATM. Because withdrawing cash with the phone is faster than using a card, the technology will appeal to security-conscious consumers who want to get their money out of an ATM as fast as possible.

Second, if the smartphone were lost or stolen, someone would need to know the password to the banking app to use the cardless cash option. Also, once a user logs in to the mobile app, it times out quickly, making it unlikely that someone who stole or found the phone would get to a Wintrust ATM in time to withdraw cash.

It also removes the threat of "skimming," because there is no card sliding in. Skimming devices typically use an electronic device attached to the ATM card reader. The device captures the code on the card's magnetic strip. The skimming device can also include a small camera that records personal identification numbers punched in by legitimate cardholders. The electronic information then is used to make fake bank and debit cards.

Wintrust had been testing the cardless [cash](#) feature with its employees starting in 2013.

As of Dec. 8, Wintrust [mobile banking](#) users had made about 60 withdrawals without problems.

Mercator, the consulting firm, also sees a future for ATMs with video capabilities, giving consumers the chance to talk to bank personnel working in other locations, including call centers on a Sunday.

Almost half, or 45 percent, of banking customers say they would try teller-assisted videoconferences in branches if they need help making transactions, Mercator said. That bodes well for banks investing in new

generations of ATMs.

BMO has two video tellers in its branches. Another will open in March. The people behind the video tellers are at a BMO Harris Bank facility in a Chicago suburb.

BMO Harris said more video tellers are planned for 2015 but locations haven't been confirmed.

"Overall feedback from customers was very positive," a BMO Harris Bank spokesperson said. "Customers enjoyed interacting with tellers via the audio and video interface." It also enables the bank to extend service hours.

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