



# Mobile technologies present revenue opportunities for merchant ATMs

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Cardless ATM access and mobile P2P transfer services offer retail ATM deployers opportunities to generate extra transaction volumes and revenues from their ATMs. These services, which are already offered by bank-operated ATMs, will attract mobile-first consumers to retail ATMs, in turn generating additional spending in retail locations.

With the rise in mobile banking on smartphones, financial institution (FI) ATM deployers have been rolling out cardless cash access services at their ATMs from their mobile banking apps. These services enable FI customers to make cardless cash withdrawals and other ATM transactions as well as cash-out funds received through mobile P2P transfers.

Receiving money via smartphone from friends or relatives, which recipients can cash out immediately at ATMs using a one-time code, is a valuable service, particularly for younger consumers, the unbanked/underbanked, and migrants.

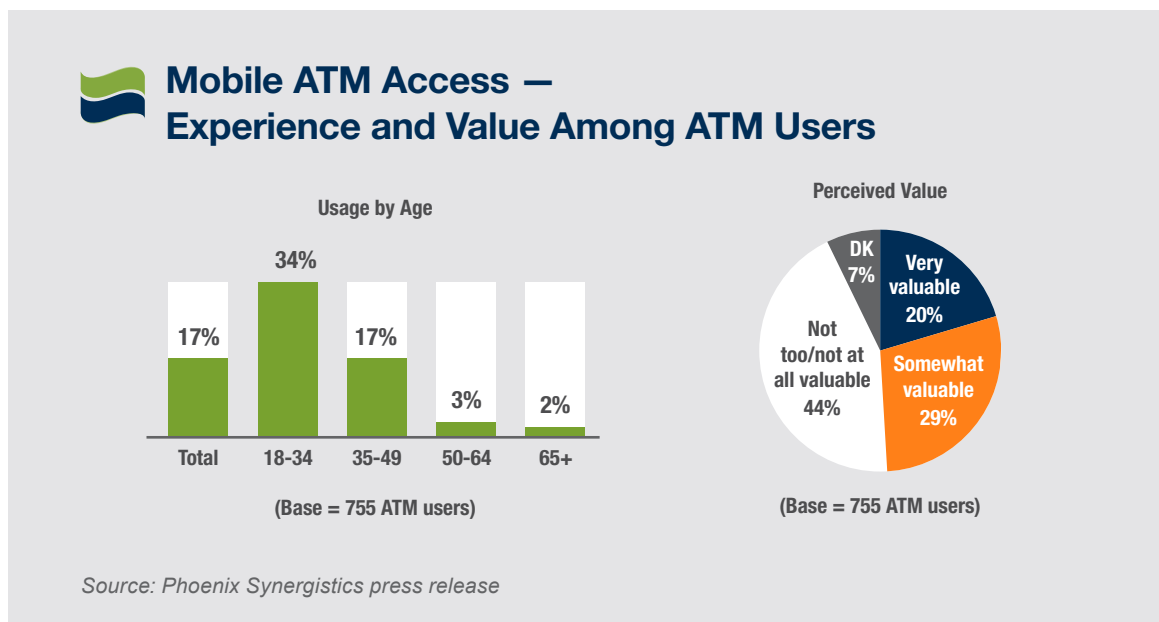
J.D. Power's 2017 U.S. Retail Banking Satisfaction study found that more customers than ever are using mobile banking (49 percent of millennials; 31 percent of Gen X; 16 percent of boomers). Bank of America, BMO Harris, Chase, and Wells Fargo are among U.S. FIs offering cardless cash access at their ATMs from their mobile banking apps.

## Cardless ATM adoption

A survey by U.S. marketing research firm Phoenix Synergistics ([http://phoenixmi.com/?home\\_slider=phoenix-synergistics](http://phoenixmi.com/?home_slider=phoenix-synergistics)) found that a surprisingly high number (17 percent) of U.S. ATM users had already accessed their accounts with mobile devices rather than with ATM cards, [ATM Marketplace](#) reported in April 2017.

Phoenix Synergistics' *Optimizing Self-Service Banking* study found particularly strong use of cardless ATM access technology among younger consumers. Asked to rate the value of mobile access, nearly half the survey's 1,000 respondents said they believe it would be valuable. An additional 20 percent said it would be "very" valuable. The perceived value of this service is very much concentrated among younger ATM users, Phoenix Synergistics says.

"Our findings indicate that cardless ATM access has the potential for quick growth once implemented on a wide scale," says William McCracken, Phoenix Synergistics' CEO. "It's perceived as a valuable service by nearly many ATM users, particularly among millennials."



## NFC/QR codes/one-time PINs

There are three ways in which customers can withdraw cash using mobile banking apps on their smartphones from ATMs:

- Via NFC (near-field communications), a communications technology enabling contactless/mobile card transactions at ATMs or point-of-sale (POS) terminals;
- Scanning a QR (Quick Response) code;
- Entering a one-time access PIN generated by a mobile banking app.

If the customer's smartphone and the ATM they want to use both contain an NFC contactless chip, they just need to tap their phone against the ATM's contactless card reader.

NFC is used for mobile payment services such as Apple Pay, enabling cardholders to make contactless payments at POS terminals from cards stored in virtual form in a mobile wallet.

Alternatively, the customer's mobile banking app may generate a QR code or a one-time access PIN to authorize a transaction at a compatible ATM.

In the case of the QR code approach, the mobile banking app may either generate a QR code for scanning at the ATM, or the ATM may produce a QR code which the customer's smartphone should scan.

One-time access codes are valid only for a limited duration, which helps to prevent fraud.

## Interoperability

Currently, FIs generally offer cardless ATM access just to their own customers, but the ATM industry is working to create interoperability standards so customers can enjoy cardless transactions at ATMs owned by any FI or independent ATM deployer (IAD).

An interoperable mobile ATM access platform for banks, ATM operators and networks, [FIS Cardless Cash](#) system is used by over 30 banks in the U.S, and the FIS NYCE network has processed millions of dollars in cardless ATM transactions, FIS says. FIS Cardless Cash uses the FIS Mobile Banking app with TouchID customer authentication

A large U.S. retail ATM operator went live with FIS Cardless Cash across thousands of its ATMs in 2016, with the ultimate goal of adding the service to the 70,000 ATMs in its network, ATM Marketplace reports.

Just Cash (<https://just.cash/>) is another interoperable cardless cash access service which retail ATM operators can offer their customers. Provided that their FI or digital wallet provider has integrated Just Cash's software in their mobile app, customers can generate a one-time code to withdraw cash from their smartphone at Just Cash-enabled retail or bank-operated ATMs (<https://just.cash/atm-ownersiso/>).

Just Cash says its one-time code is valid only for a specific geo-location, time duration, and cash withdrawal value. The company says it uses an "interoperable standard that works with existing infrastructure, guaranteeing compatibility with existing ATMs." No hardware is needed, as Just Cash is a 100 percent software solution, it says.

## Revenue opportunities

There is a significant opportunity for IADs to capitalize on the revenue-generating opportunities that these mobile technology trends present.

By offering cardless ATM access or P2P transfers, retail ATM deployers can differentiate their ATMs from the competition, and attract more ATM users and more foot traffic into their locations.



## Security

Mobile banking apps offering cardless ATM access enable customers to stage their ATM transaction in advance, reducing time spent in front of the ATM by up to 75 percent — from around 40 seconds to around 10 seconds.

For many consumers, this increases the feeling of physical security when using ATMs, in addition to increasing their convenience and cutting transaction times.

Another benefit of cardless ATM access is that it reduces the risk of ATM fraud attacks such as card skimming and card-trapping.

Currently, EMV cards still include a mag-stripe so the cards can be used at ATMs that don't accept EMV.

A key advantage of contactless/NFC ATM withdrawals is that there is no danger of skimming, as the customer's card is never exposed to a skimming device.

**“Cardless access to ATMs provides a greater level of security by circumventing threats such as skimming at the ATM.”** — William McCracken, Phoenix Synergistics' CEO

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According to U.S.-based fraud alerting service FICO Card Alert Services, there has been a significant rise in card skimming at U.S. ATMs, especially at non-bank ATMs. [FICO](#) reported in March 2017 that the number of compromised card readers at U.S. ATMs, restaurants and merchants monitored by the firm rose by 30 percent between 2015 and 2016. FICO monitors hundreds of thousands of ATMs and other types of card readers in the U.S.



## Minimizing liability

Daniel Goodman, VP, Global ATM at MasterCard, told a Cardless Transactions Roundtable discussion at the ATMIA US conference in Orlando, Florida in February 2017 that cardless transactions help IADs minimize their EMV liability shift risk.

[ATM Marketplace](#) quoted Goodman as saying that, with contactless NFC withdrawals, like contact-based EMV card transactions, the liability for card fraud lies with the issuer, not the ATM operator. “Any new types of cardless user experiences and new technologies, we (MasterCard) expect to implement that without having the liability shift back to the ATM operator,” Goodman said.

The EMV liability shift instituted by the payment card networks means that, if an ATM operator or merchant has upgraded its ATMs and POS terminals to accept EMV cards, they are not liable if an EMV card is used fraudulently at their machines. NFC transactions involving EMV cards benefit from this liability shift.

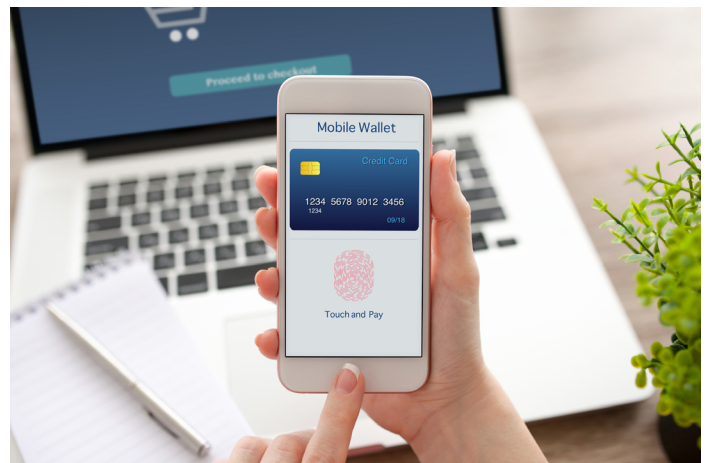
Failing to upgrade to EMV means that ATM operators could be liable for chargebacks for any fraud committed at their ATMs on EMV cards.

For added security, NFC-based mobile wallets such as Apple Pay use tokenization, which means that the ATM operator doesn’t get to see the cardholder’s actual card number. Instead, the ATM operator receives a one-time-only card number.

## Mobile P2P transfers

A benefit of cardless cash access services is that they can enable third-party access to funds — for children at university; a friend to whom one owes money; or a family member who lives abroad, or who gets into a jam while traveling in another country.

Also, a bank account-holder who has had their debit card lost or stolen and needs access to cash while awaiting a replacement, could be sent funds to their smartphone for withdrawing at an ATM.



In each of the above cases, the person sending the funds could transmit a one-time code via text message or email to the recipient, enabling them to withdraw cash without a card at an ATM accepting cardless withdrawals. The sender could transfer the funds either direct to the recipient’s bank account or to a stored-value digital wallet such as [Venmo](#).

For recipients, being able to immediately withdraw cash from an ATM without needing a card offers a high level of convenience - rather than having to wait in line at a money

transfer agent's office or bank branch to pick up their cash, or transfer their funds from their mobile wallet to their bank account.

"There are all sorts of innovations taking place at ATMs, where it would be very helpful to go cardless," Ron Delnevo, executive director for Europe at the ATM Industry Association ([ATMIA](http://atmia.org)), told NCR's Banking.com site (<http://banking.com/analysis/banks-embrace-contactless-atm/>). "As an example, money transfer through ATMs is soon going to become a really hot topic. Instead of going into a retail establishment and doing a remittance using one of the money transfer services, you'll simply be able to go to an ATM and make a money transfer and then somebody in another country will be able to collect that money from an ATM. And how much more convenient for them [the recipient] to operate with a one-off code, rather than actually having to have a card they use at the ATM."

According to Bank of America's 2017 [Trends in Consumer Mobility](#) report, mobile P2P adoption is strong across all generations of U.S. consumers and is becoming the new social "norm." Although millennials lead the adoption of mobile P2P, Gen Xers, baby boomers and even seniors use such services to varying degrees, the BofA report says.

## Examples of mobile P2P services

Two examples of mobile P2P services that can be accessed at ATMs are Fiserv's CardFree Cash system and HalCash North America's Pin4 offering.

Fiserv's CardFree Cash mobile ATM access service allows consumers receiving funds via Fiserv's Popmoney mobile P2P transfer service to withdraw cash via ATMs that participate in Fiserv's Accel debit network and Popmoney (<https://www.fiserv.com/resources/cardfree-cash-atm-operators-brochure.aspx>).

"Consumers aren't the only ones who benefit from CardFree Cash," Fiserv states ([https://www.fiserv.com/resources/cardfree\\_cash\\_atm\\_operators\\_1606.pdf](https://www.fiserv.com/resources/cardfree_cash_atm_operators_1606.pdf)). "The solution enables you to grow your bottom line through more frequent use of your ATMs and increased transaction fee revenue from CardFree Cash transactions. Retail locations may experience increased foot traffic as consumers come to perform CardFree Cash transactions. CardFree Cash offers an additional opportunity to help differentiate your ATM locations."

Fiserv says that offering cardless cash will enable ATM operators to meet the needs of mobile-first consumers such as millennials and differentiate themselves from their competitors. It notes that its CardFree Cash solution has minimal implementation costs, and offers incremental transaction growth potential and increased transaction fee revenue opportunities to retail ATM deployers.

HalCash North America targets U.S. unbanked and underbanked consumers as well as banked consumers with its Pin4 (<http://pin4.com/>) cardless ATM service in partnership with remittance/money services business Viamerica and with ATM network operators. As of May 2017, around 10,000 U.S. ATMs were enabled for Pin4, the company said.

Pin4, the consumer brand name for HalCash North America, allows consumers to cash out P2P transfers from other consumers and promotional offers such as rewards or prizes from retailers at participating ATMs. The ATM owner gets a share of the fee paid to Pin4 from the retailer, rewards scheme or money services business for processing their fund transfer.

“We’re seeing many of the third-party wallet providers beginning to see the value of bridging between the physical and virtual worlds of cash, and bankers are continuing to look for innovative ways to deliver new services to their customer base through existing and lower-cost channels.” Diebold Nixdorf’s Douglas Hartung told [Mobile Payments Today](#).

## About the sponsor:

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