

The Cash Dispenser – the optimal choice

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The emerging markets have created significant opportunities/ challenges for retail banking. In turn the retail banking channels like ATMs has seen unprecedented adoption by the banks in the last decade. In the last few years there has been several technological advancements enabling customer experience to different levels. ATM manufacturing companies have upgraded their offerings constantly with changing technology to meet global customer requirements.

Trace of ATM Technology Developments in Indian Ecosystem:

While developed countries continue shifting away from cash payments towards alternate payment methods like debit cards, the cash payments/ATM demand remains high in developing nations like India. Such emerging markets with substantially larger population influences improvements in the ATM technologies. Sometimes, it so happens that the technologies which are highly successful in certain parts of the world never seem to the suit the consumers in other geography.

“The shift” in dispensing mechanism:

The initial set of ATMs in India dispensed money by spraying bills into a cash pocket from where the user picks the cash. In such cases the challenges and the scope for improvement seemed evident.

- User hiccups in spite of clean transactions – Spray dispensing of bills leaves the user responsible for collecting all the bills from the tray. It is observed that a user occasionally fails to remove all the bills from the cash pocket due to inherent pocket design. This result in cash shortage for the current user and the user performing next transaction will collect left over bills from previous transaction along with his transaction bills. This creates unnecessary confusion for the users resulting in dispute claims which banks will not be able to resolve.

Partial cash dispense – It is inherent of spray dispenser to allow partial dispensing of bills, in case of less cash in the cassettes or cash jams or power failures. The undispensed cash is normally reversed back to customer account instantaneously, but situations like network delays/ power failure can result in delay. The customer would consider this as failed transaction and will dispute with banks immediately. During such issues, non-availability of receipt will be challenging to track the transaction. Such high rates of disputes posed challenges to the bank.

- Fraudulent transactions – It is observed that spray type dispensers are also subjected to frauds. While bills are sprayed to cash pocket one at a time, the fraudster jams the cash pocket or turns off the power before the completion of the transaction. This will result in partial dispensation, the fraudster will raise a dispute but will claim lesser bills/ no bills dispensed.

Bunch presenter:

Few such above issues led to the introduction of bunch presenting feature in the cash dispenser. The improved dispenser bunches the cash internally before opening the vault shutter. The cash bunch is presented instantaneously when the vault shutter is opened. This feature avoids suspect transactions since failures in the bunch presenting stages are very low. This feature resulted in hassle free transaction in case of cash collection for the customers and resulted in lesser disputes.

Further to these advantages, the bunch presenter has become a standard feature in all the ATMs in India. The bunch presenter came with a feature to retract the cash presented if not collected by the user after elapsed time. Though a useful feature, this resulted in fraudulent transactions like holding back partial bunch of notes while dispenser is retracting. The fraudster will raise a dispute and will claim lesser bills collected. This is same modus operandi as fraudulent transaction on spray dispenser explained in above sections.

This was easily addressable by disabling the retract feature in bunch presenter, and keeping the bunch in presented condition until the cash is removed. Banks are no more responsible if the user deliberately or unknowingly leaves the ATM without collecting the cash. In India all the ATM users are well-educated about

cash presenting/ retract disabled feature and cannot raise partial dispensing disputes.

Both RBI/ NPCI have issued a detailed guideline to all banks/ ATM vendors to disable retract feature and this has resulted in significant reduction of fraudulent claims. The bunch presenter is now default in all the ATMs in India, the spray dispenser is obsolete and unusable as it requires the users to be educated on the behavioural change while withdrawing cash from the atm.

Increase in purge capacity:

With the ATMs being deployed in rural areas, the chances of loading soiled notes seems unavoidable. In such cases very unfit notes will be internally purged by the dispenser and will be collected in the purge bin. The right choice of the dispenser should have a purge bin with better capacity as the filling up of purge bin brings the machine down and requires manual intervention to clear the bin for further transactions.

Further to the development of ATMs and related technologies, it is very important to analyse the operation challenges in emerging markets like India. The choice of right ATM technologies will help the banks and operators reach out to their customers..

Reference:

<https://www.rbi.org.in/scripts/PublicationsView.aspx?id=14333#12>

http://www.npci.org.in/documents/OC_47.pdf