



by Binam Raj Ghimire



ATM Vs Tellers

Automated Teller Machine (ATM) is a part of the new electronic banking technology. The machine is capable of doing a variety of transactions without the involvement of human cashiers known as tellers.

Barclays Bank installed the first cash dispenser in the world at Enfield, England in June 1967. Nearly three decades after this novelty, in the year 1995, Himalayan Bank Ltd. introduced the first cash dispenser in Nepal inside the premises of its New Road Branch, Kathmandu.

When ATM was introduced in Nepal there were no ATMs in any banks of India. However, over the period number of ATMs of Indian banks has grown dramatically. But in Nepal as of July 2003, only five of the 17 commercial banks had ATMs. Besides, most of the ATMs here are in introductory stage as they were installed only after 1999. No Nepali bank has been able to interlink its ATM machines with those of the other banks. In three of the five banks that have ATMs, even the customers of the same bank cannot use the ATM card in all the ATMs of the same bank. Only one bank has ATMs that can be linked to International ATMs and that can accept credit cards.

The box in the next page presents some 'for' and 'against' arguments of the Nepali bankers about ATM and

ATM in Nepali Banks					
Particulars	StanChart	NABIL	Himalayan	Nepal Invt.	Nepal SBI
ATM					
Year of Installation	2000	1999	1995	2001	2003
Brand of ATM	NCR	DIEBOLD	Bull	DIEBOLD	DIEBOLD
Number of ATM	9	3	4	4	1
Number of ATM inside Kathmandu Valley	7	3	4	4	1
Number of ATM outside Kathmandu Valley	2	0	0	0	0
Number of ATMs outside Bank's premises	5	0	0	2	0
Facilities					
Can share ATM Card of other Nepalese banks	No	No	No	No	No
Can share ATM/ Credit Card of banks of other countries	Yes	No	No	No	No
Availability of branch to branch ATM link	Yes	No	No	Yes	No
Cash Withdrawal Limitation Per Day (Rs.)	50,000	35,000	30,000	20,000	10,000
Cheque Deposit	Yes	No	Yes	Yes	Yes
Cash Deposit	Yes	No	Yes	Yes	Yes
Balance Inquiry	Yes	Yes	Yes	Yes	Yes
Statement Inquiry	Yes	Yes	Yes	Yes	Yes
Payment of Utility Bill	No	No	No	No	No
Fee Structure:					
Card Issuance Fee (NPR)	250	300	100	200	Free
Per transaction Fee	Nil	Nil	Nil	Nil	Nil
Number of Cards Issued till June end 2003 (approx.)	10,000	8,000	14,000	4,000	250

Note:

- Most of the banks have not opened the facility of cash deposit for customers. However, most of them are facilitating the service of cheque book printing if the requisition slip is received in ATM.
- HBL and NIB are not charging card issuance fee to their customers who are maintaining special deposit accounts.
- Acronyms:

Summary of Arguments

In favour of ATM

In favour of Human Teller

Cost & Benefit

Its true that the initial cost of investment is very expensive. Five ATMs would roughly costs Rs. 20 million and another Rs. 10,000 will be needed as monthly expenses. However, the cost of operation in the long run becomes lower in ATM than in Teller because of the variable cost which is lower with ATM. It is estimated that per transaction cost of ATM would be only Rs. 0.40 when the cost of teller is Rs. 1.

Teller requires little formal education, and average command in mathematics. They require only 10+2 level of education. Tellers are assistant level staffs that are given very low pay. With the amount of money that can be put to buy ATMs bank can establish a new branch.

Speed of Transaction/ Efficiency

Speed of transaction of ATM is faster than the speed of teller.

Although the machine itself may be fast it takes up to five minutes or more for most of the customers to complete a transaction. This is compounded by the fact that little or no training is given to the customers in the matter of using the ATMs. The proof of this is borne out by the fact that many ATM cardholders in Nepal never use the ATMs at all.

Accuracy

There are several cases of mistake in transaction which has caused loss (due to cash short) to bank or to teller (if cash short are to be charged on teller account). But transaction with ATMs have been found accurate.

Tellers can be less accurate than machine but thanks to the support of system (e.g. computer, calculator) and by verifying the transaction sheet, mistakes, if any, are generally found and corrected.

Place Utility

ATMs can be placed at city centers like Thamel, New Road, Bhatbhateni etc. As such the customers are getting place utility benefit.

In terms of place utility, the best locations to install ATM seems to be 24-hour medicine shop, hospital, petrol pump, departmental store, telephone booth, hotel and hospital. But considering the security situation, the banks are not able to do so. If the customers have to reach the premises of a bank for the ATM service, it has no "place utility."

Time Utility

Transactions with ATMs can be made round the clock. Moreover, ATMs located at places where people are likely to pass by regularly saves transit time to and from bank.

Banks can offer services like "8 to 8 banking", operate evening counters and open their counters on public holidays and solve the issue of time utility to a great extent. Banks have started the concept of opening their counters 365 days a year.

Secrecy

Transactions through ATM are secured.

Tellers as bankers are not allowed to communicate transaction or balance of customers to others.

Communication

Although ATM is one way communication, the required message can be communicated by pasting paper notices where ATMs are placed.

Tellers are interacted by most of the customers visiting the bank for transaction. They can give message and answer queries.

Scope of Work

ATM does most of the major work of a teller e.g., accepting deposit, making payment, balance inquiry, statement inquiry, collection of cheques for transfer/ clearing etc.

Tellers can be trained to identify potential sales opportunities. They can refer interested customers to appropriate specialized sales personnel.

Trained tellers can perform some of the functions of customer service representatives.

Tellers can sell various kind of financial instruments like debentures, shares of limited liability companies, savings/ development bonds etc. and process necessary paperwork for certificates of deposit

Only tellers can sell travelers checks, detect counterfeit notes and handle foreign currency exchange transactions.

Popularity

ATMs have become part of modern man's life. The young generation, mainly salaried and business professionals, prefer ATMs.

Some young people may feel good meeting tellers for a chat.

Most of the older generation people still prefer to have some human element in the transactions. They are quite happy, even if the service is a bit slow, with a teller as long as tellers are warm and friendly.

Tellers. These argument provide the important rational as to why some Nepali banks have or do not have installed ATMs.

ATM and Customer Satisfaction Dimension

Now let us examine ATM from customers view point.

In terms of customer satisfaction, teller can provide better communication and extended varieties of work. However, the most important concerns of customers when making a transaction are speed of transaction without mistake (speed and accuracy), the transaction hours (time utility), and efficiency (time & place utility). In this respect, customers would be more happy with ATMs than with Tellers. If banks in Nepal are able to keep more ATMs at public places where people need money, it would add another

service dimension of place utility. So, from customers view point, the satisfaction index for ATM and Teller if categorized into low (L) and high type (H) would be as present in the box at the right of this page.

According to satisfaction index in the table, customers would be happier with ATMs (6 H and 2 L) than with Teller (2 H and 6 L).

ATM Vs Teller around the world

Banks around the globe are increasingly using the available technology to gain a competitive edge. ATM is not new to bank or to customers in most part of outside world. Some banks have introduced branches that consist entirely of ATMs. They do not employ teller to deal with the customer for transaction. Some banks have introduced branches that consist entirely of ATMs and Kiosks. Kiosks use ATM technology, video screens

ATM Vs Teller: Customer Satisfaction Index		
Satisfaction Dimension	ATM	Teller
Speed of Transaction	H	L
Accuracy	H	L
Place Utility	H	L
Time Utility	H	L
Secrecy	H	L
Communication	L	H
Scope of work	L	H
Popularity	H	L
Total	6 H and 2 L	2 H and 6 L

Note: This satisfaction index is not based on any survey. It is a generalization derived from the benefits of use of ATMs over Tellers on the 8 dimensions mentioned above. Hence to some person the categorization of "H" and "L" may be different.

and cameras to allow customers at several remote locations to conduct transactions with tellers at a central location. There are also banks, which allow banking by computer and by telephone from home or office of the customer. Banks are also opening branches inside supermarkets and department stores. Such banks have ATMs instead of tellers and they have more highly trained customer service representatives, who can perform the standard duties of tellers, and who can also open new accounts and arrange for customers to receive other services or products sold by the bank.

Many banks have cut the job of the tellers and installed ATM. About 90% of the banks in developed countries are hiring only part time teller (also called "Peak Time" tellers) for busy banking periods such as for lunch hours and weekend mornings. Teller employment also is being impacted by the increasing use of 24-hour phone centers (often referred as 'call centers') by many large banks. These telephone centers allow a customer to interact with a bank representative at a distant location, either by telephone or video terminal. Such centers usually are staffed by customer service representatives, who can handle a wider variety of transactions than tellers, including loan applications and credit card issuance.

(Ghimire is associated with Bank of Kathmandu Ltd. but the ideas expressed in this article are his personal.)

Comparatively Tellers are Hurdle to Banks than ATMs

Because recruiting and training a teller requires a great deal of attention:

- Tellers should be good in mathematics.
- Tellers should be courteous, attentive, and patient in dealing with the public, because customers often judge a bank by the way they are treated at the teller window.
- Maturity, tact, and the ability to quickly explain bank procedures and services are important in helping customers complete transactions or make financial decisions.
- Most important of all, tellers should be honest and reliable, which can be a very difficult to assess.
- New Tellers at large banks require at least one week of formal classroom training. Formal training is followed by several weeks of on the job training where tellers observe experienced workers before doing the work themselves.

And the nature of the job of teller performs requires hard work and attentive mind. Yet there are risk of errors:

- Tellers duties begin before and continue after banking hours. They begin the day by receiving and counting an amount of working cash for their drawer; this amount is verified by a supervisor, usually the head teller. Tellers use this cash for payments during the day.
- While cashing a cheque a teller must thoroughly verify the date, bank name, identification of the person to receive payment, and legality of the document. Teller should also check that the amount mentioned in word and figures tallies. The teller should also confirm that the account has sufficient fund to cover the amount of the check. The teller then must carefully count and provide cash to the holder of the cheque.
- When accepting a deposit, tellers must check the accuracy of the deposit slip before processing the transaction. Mistake can be at any point of time while executing the payment and deposit transaction.