

# The bank machine you can talk to

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When was the last time your bank machine smiled at you?

Beginning next week, customers of FirstOntario Credit Union will be able to walk up to an ABM and speak face to face with a person who can not only dispense money, but can also talk to them about a loan or even listen to their complaints.

The difference between these tellers and those in a branch is that, in theory, these tellers could be sitting almost anywhere.

This new kind of ABM, dubbed the personal assistant teller, or PAT, will make it possible for tellers to conduct real-time chats from remote locations, and fulfill functions that a regular ABM can't. PAT, for instance, can issue cheques and coins.

In some ways, it's a step back in time for the banking industry, which has increasingly gone to automated banking as a way to cut costs and boost efficiency. The evolution of sophisticated machines and the rise of Internet banking have created reliable ways to manage personal finance, though they have sometimes eliminated the personal touch.

When an employee of FirstOntario heard about the new video ABMs at a conference in the United States, the Hamilton-based credit union immediately began investigating, and it now hopes the technology will eventually revolutionize its business.

It will certainly slash lineups and allow for longer hours, said Kelly McGiffin, the chief executive officer of FirstOntario. "There's just a myriad of possibilities."

Keeping branches open extended hours is expensive, and that's one of the reasons a number of Canadian banks still are not open late or seven days a week. So some conventional banks are now investigating video technology, which just might be the next game-changer in consumer banking.

"We do see value in video conferencing and will continue to look at this option as well as other technology innovations in the future," said Neil McLaughlin, vice-president of channel strategy at Royal Bank of Canada, the country's largest bank.

ING Direct Canada is exploring the possibility of creating a video link between its customers and online tellers, for people who take comfort in seeing someone as they bank. The upstart bank has famously given Canada's biggest lenders a run for their deposit money by shunning bricks-and-mortar branches, and instead selling its products – from savings accounts to mortgages – online. That has allowed it to keep costs down so it can offer good rates, but the relative lack of human interaction can make it harder to help customers with questions or sell them more products.

In addition to looking into video, the bank is also planning its fifth "ING café," this one in downtown Toronto, for customers who want to talk face-to-face.

"There are always issues [that you can't deal with readily online or over the phone], like an estate issue for example," said Peter Aceto, chief executive officer of ING Direct Canada. "So it does give people some comfort that if, once a year, they do need a little help and need to see someone's face, they can do that."

Gene Pranger, CEO of the Utah-based company that created the video ABM, uGenius Technology, said banking institutions are rethinking their models in the wake of the financial crisis. "Branches of the future will be smaller, they'll be more technology focused," he said.

UGenius rolled the machines out in the United States in late 2008, and a number of credit unions have snapped them up. One of those, which now has about 50 machines installed, has been able to significantly increase the number of transactions it can accomplish in a given time frame with the same number of tellers, Mr. Pranger said.

FirstOntario Credit Union, which has 17 branches stretching from west of Toronto to Niagara Falls, is unionized, but its staff weren't concerned about the new technology, Mr. McGiffin said.

"They're actually quite excited about it because it doesn't replace employees, it just accesses them in a different way and makes it convenient for [customers]," he said.

UGenius is very conscious of concerns about jobs moving offshore, and Mr. Pranger notes that having tellers that far away would use significantly more bandwidth and is unlikely to happen any time soon, even though it's already technically possible.

"Having these teller call services offshore will be a very, very difficult sell to the consumer audience in the U.S.," he said.

FirstOntario's initial PAT will be in a new branch opening in Hamilton on June 7. It hopes to have a few more machines in branches it opens later this year, and eventually roll them out across its network. "And other locations as well," Mr. McGiffin noted. "You could have a kiosk of PATs in a mall."

The machines will be operated by a "nest" of tellers at FirstOntario's head office in Hamilton.

Mr. McGiffin said it's not surprising that credit unions are the first adopters of this technology.

"We were the first financial institutions in Canada to introduce ATMs and daily savings [accounts] and a number of other things," he said. "I think it's because credit unions are large enough to take on the project but small enough to act quickly. We don't have the bureaucratic process that a bank would, so we're quite innovative."

They could pose more of a threat to the banks in the future. Moody's recently wrote a report pointing out that credit unions already hold 19 per cent of residential mortgages in Canada and 16 per cent of deposits, and are poised to increase that.