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RBI moots manned ATMs as branches

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Mumbai: A study by the Reserve Bank of India (RBI) has found that although the country's mobile banking penetration is among the highest in Asia, Indians are omni channel users in banking and still hugely dependent on ATMs and branches. This has prompted the central bank to propose that a remote ATM, with a bank employee for support, be treated as the equivalent of a branch to complement the self-service feature of mobile banking.

Last week, an RBI report highlighted the findings of an Asia-Pacific banking consumer survey. The findings showed that among the respondents, the ones from India were most frequent users of mobile banking. Half the respondents used mobile banking at least once a week as against 26% in Malaysia and 44% in China. In absolute terms, monthly mobile banking transactions have grown 11-fold to 7 crore per month in three years.

But at the same time, Indians are heavy users of ATMs as well as branch banking. ATMs continue to dominate in terms of number of transactions. As against monthly 75 crore ATM transactions in July 2016, banks have reported 6.5 crore mobile banking transactions for the same month. This has prompted the RBI to look at widening the use of this network of 2.01 lakh cash machines.

Currently, no person other than a security guard is allowed to be posted at ATMs. Some banks have requested that banks be permitted at their discretion to post their staff or business correspondents at ATMs so that the kiosks can be well utilized for furthering their business and providing better customer service.

"It is recommended that this condition (of not allowing bank staff on off-site ATMs) be removed and any electronic kiosks and

ATM cash deposit machines, if manned by bank's staff or business correspondent for providing limited customer-based banking services to their walk-in customers, should also be treated as a 'banking outlet' for the purpose of these regulations," the report said.

"Given the consumer preferences, banks need a true 'omni-channel' strategy that meets differing customer needs," the RBI said in its report on rationalization of branch authorization policy. The report observed that as digital adoption increases, traditional branch usage will eventually decline. "It is the general expectation that branch footprints would contract, as regulatory restrictions around opening of accounts and provision of banking services relax," the report said.