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## TECH & TRENDS

### DEMONETISATION FALLOUT: EVOLUTION OF BANKING TECHNOLOGY FOR DIRECT CREDIT THROUGH ATMS

In simple terms, BNAs are hi-tech secure ATMs having the multi-functional ability to offer deposits or dispense transactions of bundles of up to 200 mixed bills after having counted and authenticated them



**C**MS Info Systems (<http://www.cms.com/>) has deployed 4500+ cash recyclers for India's largest bank, SBI & others. CMS has entered into a partnership with Nautilus Hyosung of Korea to bring these high end machines to India. These machines have the potential to change the way deposits are done in the country today (no long queues at banks, anytime deposit) just as ATMs have brought convenience in withdrawing cash.

#### Bulk Note Acceptor Technology

In simple terms, BNAs are hi-tech secure ATMs having the multi-functional ability to offer deposits or dispense transactions of bundles of up to 200 mixed bills after having counted and authenticated them. The customer is first asked to verify the amount of deposit to ensure it tallies and then it is credited online into his/her account immediately. It completely takes away human intervention required until now for these transactions and enables user to manage and control the same.

Deposit Automation as a concept is not new. The initial attempt at deposit automation included certain types of traditional ATM machines which allowed users to deposit cash via envelopes. The money would then be counted, verified and credited later. This never really gave customers a sense of security regarding their deposit. The new generation of deposit machines however enable real time physical validation of currency notes and instant

– Manjunath Rao - Sr. VP & Head of Sales, CMS Infosystems

credit into a user account, replicating a branch deposit experience for the user. In addition, Bulk Note Acceptors make a positive impact on the bottom line of banks by reducing the cost of every deposit transaction. We estimate that a typical PSU bank spends INR 60-70 for every physical transaction that takes place, however small it may be. Deposit automation can help bring this cost down significantly.

#### BNAs hold the potential to Digitise India Completely

The potential impact of BNAs on currency circulation and customer service was seen significant enough for the RBI to subsidize the cost of BNAs up to 50% for urban areas (and even 60% in semi-urban and rural). The next wave of BNAs in India will ride on this policy thrust, along with other factors that are placed just right for deposit automation to really take off, such as advancement in the physical currency note itself that can be used by these machines to detect authentic notes.

The current installed base of BNAs in India is 2000 machines across the country. We believe, one immediate opportunity for BNAs in India is about 20,000 – which is the number of existing ATM machines that accept envelop deposits and should be replaced with these instead. While this may sound like a small number, the longer term potential is much higher, when one considers trends in other countries such as China which deploys 50,000 to 60,000 BNAs every year. □