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Diebold Uses Verizon Link to Improve ATM Security, Service

By David Heun

Diebold Inc. is designing a system to connect its ATMs to Verizon Wireless' 4G data network to improve service and security.

The wireless technology that generally provides high-speed Internet connections to laptop computers and smartphones can allow the sort of services at the ATM that a consumer would expect to receive from a live teller.

Diebold is applying the 4G technology to its ATM to create a faster additional communication channel, says Chris Rowe, Diebold's senior director of development.

"We have always had the ability at Diebold to use wireless for transactions, but not for services," Rowe says.

The North Canton, Ohio-based ATM maker plans to test the ATM concept at pilot sites through most of 2012, with the intent to distribute globally next year. However, no specific timetable for commercial release has been set, Rowe says.

The technology improves security by allowing the ATM's cameras to stream live surveillance video if tampering of any sort occurs, Rowe says.

If a criminal attempts to place a

skimming device on the unit, the ATM signals a potential problem by sending video and data to a bank's monitoring center, which in turn would contact local police and bank personnel, Rowe says. A location within the bank or at a third-party security provider generally serves as the monitoring center, he says.

"The extra security is an excellent feature because [the technology] provides the bandwidth required for accurately monitoring the ATM status in real-time," says David Albertazzi, a senior analyst and expert with Aite Group.

A 4G-connected ATM would also have the speed to handle more complex customer interactions. For example, if a customer wants to renew a certificate of deposit at the ATM, "a call goes into the bank's service center and a two-way video display, or an audio connection, appears to conduct the transaction with a bank employee," Rowe says.

In addition, the new communication channel provides connection to question-and-answer audio or video options for the customer, Rowe says.

Because extra services could translate into longer customer sessions at

the ATM, each bank would have to determine the best location for new units, says Jim Block, Diebold's director of advanced development and technology. For example, a heavily used drive-up ATM would be a bad location to introduce more complex services, he says.

Verizon facilitated Diebold's interactions with third-party providers of routers, audio and video hardware, in addition to advising ATM maker about network antennae placements, Block says.

Albertazzi says the new technology "opens the door for using cell phones to authenticate the user at an ATM," but Rowe says that "pass transactions" are a likely next step.

"I can see a transaction starting in one channel, like a parent using a mobile phone to authorize a cash withdrawal for a student at college, and then it finishes with the student getting the cash at the ATM," Rowe says. "I think an ATM will always be in the mix."

Diebold revealed the concept this week with demonstrations at the Verizon booth at the International Consumer Electronics Show in Las Vegas.