

UNIT 2 - Micro ATMs and Its working- All You Need to Know



Introduction:

- Micro ATMs are not any special type of ATMs; it is the advanced version of Point of Sale (PoS) having an additional feature of Biometric scanning. It is also known as a mini version of ATMs. These machines are connected with the GPRS (General Pocket Radio Service) mobile internet and it uses Core Banking Solution (CBS) platform to perform the different types of services.
- Many types of services are provided through Micro ATMs like Account opening, Cash Deposit, Cash Withdrawal, and Fund Transfer. We can avail these services by swiping our Debit card or, with the help of Adhar card through finger scanning feature.
- Many of us generally think that it is a new concept for providing banking services in our country. But it is not true; Micro ATMs are

active in our country especially in rural and semi-urban areas for a while now. This machine is used at those places where the setting up of traditional ATMs is not viable. Micro ATMs are now a day used by many banks to provide basic banking services at far off location where bank branches cannot reach due to connective issues.

- Recently to tackle the cash crunch after demonetization, the government advised the banks to deploy 2 lakh Micro ATMs especially in rural and semi-urban areas.

How it Works?

- Bank appoints Banking Correspondents (BCs) to run these machines.
- When we swipe our debit card then the PoS automatically reads the electronic data of the card. Then it asks to enter the PIN or, it uses biometric scanning for authentication of the customer.
- The PoS is connected with a host computer through Core Banking Solutions (CBS).
- After verifying everything, as per the customer need the service is provided vary easily.

Services that can be provided through micro ATMs:

- Cash Deposit.
- Cash Withdrawal.
- Fund Transfer.
- Balance Enquiry.
- eKYC based saving account opening.
- Aadhar Seeding (Linking of Aadhar with the bank accounts).

Advantages

- Banking services becomes easy for the people of rural areas who are far away from the bank branches.
- Since PoS is a portable device, that means it is a door step banking facility.
- The micro ATM facility is very easy and also convenient to the customers.
- Operational cost of micro ATMs are very lessor, we can say negligible as compare to the conventional ATMs.

- No need of rent of place, security guard, no electric charge or, maintenance.
- People like shopkeepers or, retired banking staff can easily serve as banking correspondent after approval from the bank.
- Easy to carry, operate and can be set up anywhere in remote areas.
- It was very helpful for the rural population during the demonetization.

Disadvantages

- A person i.e. Banking Correspondent (BC) is always needed to carry out the transaction.
- Anytime money is not possible i.e. If the BC is not available then money cannot be withdrawn or, claimed.
- Customer awareness is needed prior to the deployment of the micro ATM services in any unbanked area.
- Some Risk because the BC have to handle large volume of cash.
- Further there is Credit risk, Operational risk and Reputational risk.

Conclusion

Micro ATM is very much helpful for those living in rural areas to avail the government schemes and also they get the required subsidies under many government schemes. It has also given a boost in Financial Inclusion by connecting the people of far off areas. And in the situation like demonetization it was a boon for everyone.