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Automatic Teller Machine and use of Internet:

What Is an Automated Teller Machine (ATM)?

An automated teller machine (ATM) is an electronic banking outlet that allows customers to complete basic transactions without the aid of a branch representative or teller. Anyone with a credit card or [debit card](#) can access cash at most ATMs.

ATMs are convenient, allowing consumers to perform quick self-service transactions such as deposits, cash withdrawals, bill payments, and transfers between accounts. Fees are commonly charged for cash withdrawals by the bank where the account is located, by the operator of the ATM, or by both. Some or all of these fees can be avoided by using an ATM operated directly by the bank that holds the account.

ATMs are known in different parts of the world as automated bank machines (ABM) or cash machines.

Understanding Automated Teller Machines (ATMs)

The first ATM appeared at a branch of Barclay's Bank in London in 1967, although there are reports of a cash dispenser in use in Japan in the mid-1960s. The interbank communications networks that allowed a consumer to use one bank's card at another bank's ATM came later, in the 1970s.

Within a few years, ATMs had spread around the globe, securing a presence in every major country. They now can be found even in tiny island nations such as Kiribati and the Federated States of Micronesia.

There are now more than 3.5 million [ATMs in use](#) across the world.

KEY TAKEAWAYS

- Automated teller machines are electronic banking outlets that allow people to complete transactions without going into a branch of their bank.
- Some are simple cash dispensers while others allow a variety of transactions such as check deposits, balance transfers, and bill payments.
- To keep ATM fees down, use an ATM branded by your own bank as often as possible.

Types of ATMs

There are two primary types of ATMs. Basic units only allow customers to withdraw cash and receive updated account balances. The more complex machines accept deposits, facilitate line-of-credit payments and transfers, and access account information.

To access the advanced features of the complex units, a user must be an account holder at the bank that operates the machine.

Analysts anticipate ATMs will become even more popular and forecast an increase in the number of ATM withdrawals. ATMs of the future are likely to be full-service terminals instead of or in addition to traditional bank tellers

The average amount of cash withdrawn from an ATM per transaction.

Although the design of each ATM is different, they all contain the same basic parts:

- **Card reader:** This part reads the chip on the front of the card or the magnetic stripe on the back of the card.
- **Keypad:** The keypad is used by the customer to input information, including personal identification number (PIN), the type of transaction required, and the amount of the transaction.
- **Cash dispenser:** Bills are dispensed through a slot in the machine, which is connected to a safe at the bottom of the machine.
- **Printer:** If required, consumers can request receipts that are printed here. The receipt records the type of transaction, the amount, and the account balance.
- **Screen:** The ATM issues prompts that guide the consumer through the process of executing the transaction. Information is also transmitted on the screen, such as account information and balances.

Full-service machines now often have slots for depositing paper checks.

Special Considerations: Using ATMs

Banks place ATMs inside and outside of their branches. Other ATMs are located in high traffic areas such as shopping centers, grocery stores, convenience stores, airports, bus and railway stations, gas stations, casinos, restaurants, and other locations. Most ATMs that are found in banks are multi-functional, while others that are offsite tend to be primarily or entirely designed for cash withdrawals.

ATMs require consumers to use a plastic card—either a bank debit card or a credit card—to complete a transaction. Consumers are authenticated by a PIN before any transaction can be made.

Many cards come with a chip, which transmits data from the card to the machine. These work in the same fashion as a bar code that is scanned by a code reader.

ATM Fees

Account-holders can use their bank's ATMs at no charge, but accessing funds through a unit owned by a competing bank usually incurs a fee. According to MoneyRates.com, the average fee to withdraw cash from an out-of-network ATM was \$4.61 as of late 2019.

Some banks will reimburse their customers for the fee, especially if there is no corresponding ATM available in the area.

So, If you're one of those people who draws weekly spending money from an ATM, using the wrong machine could cost you nearly \$240 a year.

ATM Ownership

In many cases, banks and credit unions own ATMs. However, individuals and businesses may also buy or lease ATMs on their own or through an ATM franchise. When individuals or small

businesses, such as restaurants or gas stations own ATMs, the profit model is based on charging fees to the machine's users.

Banks also own ATMs with this intent. They use the convenience of an ATM to attract clients. ATMs also take some of the customer service burdens from bank tellers, saving banks money in payroll costs.

Using ATMs Abroad

ATMs make it simple for travelers to access their checking or savings accounts from almost anywhere in the world.

Travel experts advise consumers to use foreign ATMs as a source of cash abroad, as they generally receive a more favorable [exchange rate](#) than they would at most currency exchange offices.

However, the account holder's bank may charge a transaction fee or a percentage of the amount exchanged. Most ATMs do not list the exchange rate on the receipt, making it difficult to track spending.

MCQs

1. ATM password should be kept in

- a) Personal diary
- b) Office diary
- c) Memory
- d) All of above

2. ATM password to be shared only with

- a) Spouse
- b) Obedient son
- c) Obedient daughter
- d) None of above

3. Bank does not provide loans for

- a) Crop loans
- b) Education loans
- c) Home loans

d) Drinking & Gambling

4. KYC means

a) Know your customer

b) Know your character

c) Both of above

d) None of above

5. Bank does not give loan against

a) Gold Ornaments

b) LIC policy

c) Lottery ticket

d) NSC