

Topic 2(h) Using cash cards



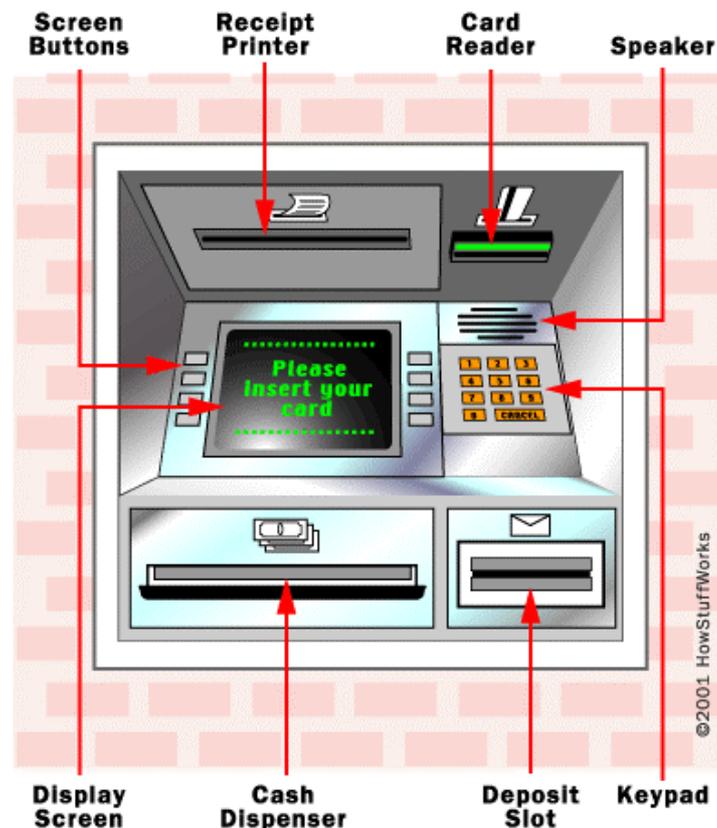
What is the main use for a cash card?

Cash cards are plastic cards that account holders can use in branches and ATMs to take cash out of their account. Some cash cards can also be used to withdraw cash from the Post Office, e.g. cash cards from Alliance and Leicester, Bank of Ireland, Lloyds TSB, Barclays and Abbey.

Cash cards are used to get cash only. Shops, etc, do not accept them in payment for goods and services.

In this worksheet we will concentrate on how to use a cash card at an **ATM (Automatic Teller Machine)**.

Using an ATM



ATMs are computer-controlled machines. The different parts are called:

Card reader



Cardholders start their cash machine transaction by inserting their cash card into this slot. The card reader is a computer device that reads information about the user's account from the card's magnetic stripe. Then the computer processor in the ATM sends this information and details about the cash withdrawal to the user's bank or building society. Information is encrypted (put into a code) and sent via special computer networks to keep it safe.

Keypad

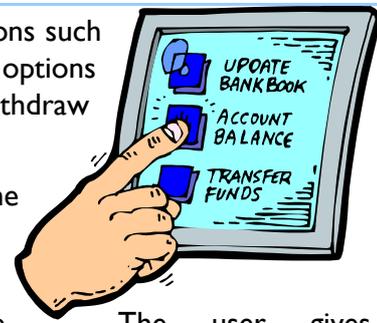
The keypad has buttons for numbers between 0 and 9 and a button to confirm choices called something like 'Enter', 'OK' or 'Confirm'. Cardholders use the keypad to input their **Personal Identification Number (PIN)** – more on this later. If cardholders want to withdraw an amount of cash that is different from the standard options given, they use this keypad to enter the exact amount.

Display screen

This is the screen that gives the user instructions such as 'Insert card to begin' and offers the user options such as 'Withdraw cash with receipt' or 'Withdraw cash without receipt'.

Some display screens are touch screens, i.e. the user presses the screen to reply to the question or give an instruction.

Other display screens are not touch sensitive.



The user gives instructions to the machine by pressing a button beside the option they want.

Screen buttons

These buttons appear on each side of the display screen. Cardholders use these buttons to select options such as the amount of money they want to withdraw.

Cash dispenser

This is the slot where the banknotes appear. Banknotes are held in a safe under or behind the ATM until a user makes a withdrawal.

Receipt printer

This is the slot where the receipt will appear. A receipt is a printed paper record of the cash withdrawal that can be requested by the cardholder.

Deposit slot

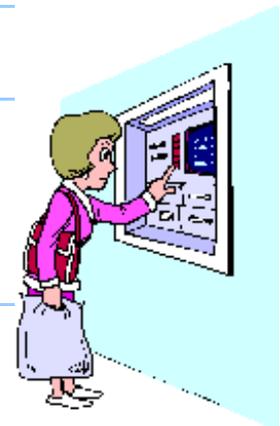
Some ATMs have a deposit slot where cardholders can put cheque deposits – more about this later.

Speaker

ATMs have a speaker so that users can hear a beep when keys are pressed. Hearing this sound reassures users that they have pressed the key hard enough. The sounds also help people who are blind or partially sighted to distinguish between the different numbers on the keypad.

Security camera

It is not on the diagram because the position of the security camera is secret. ATMs have cameras that record the people using the machine. The bank or building society will view the tape if there is any problem with the machine – more about fraud later.





1. **What different names have you heard to describe automatic teller machines (ATMs)?**

2. **What do ATMs dispense?**

- a) **Coins**
- b) **Banknotes**
- c) **Both coins and banknotes**

Personal identification numbers (PINs)

Examples:

3860

7394

5218

When accountholders withdraw cash from a branch, they sign a form or a cheque to prove who they are. As ATMs cannot check signatures, cardholders must type in a unique number to prove who they are. These four-digit numbers are called Personal Identification Numbers (PIN).

Banks and building societies issue cash-cardholders with a unique PIN when they issue the cash card. The card and the PIN are sent to the accountholder in separate envelopes at different times. This reduces the risk of both the card and PIN being stolen and so allowing a thief to get access to the cardholder's money. PINs are provided on paper that has security protection. The cardholder has to scratch away the security covering to reveal the number. If the number is already revealed, the cardholder knows that a fraudster has tampered with the correspondence. Cardholders should inform their provider immediately if they have suspicions. The PIN can be cancelled and a new one allocated to the card. This will prevent anybody else from getting any cash by using the card.

Most providers allow cardholders to change their PIN to a set of four digits that is easier for them to remember. Cardholders can use ATMs to make this change.

Cardholders get three attempts to input their PIN correctly. After the first two incorrect attempts, the ATM will display a message such as 'Incorrect PIN, try again'. If they type in the wrong number on three consecutive tries, the ATM will keep the card and display a message such as 'Card retained. Please contact your card issuer'. The staff who service the ATM collect cards that have been kept by the machine and send them back to the provider that issued them. The cardholders concerned need to speak to their bank or building society to order a new card and a PIN.

PIN fraud alert!

To keep their money safe, cardholders should:

- never write down their PIN;
- never tell someone else their PIN;



- destroy the letter that tells them what their PIN is as soon as they have memorised the number;
- request and keep a receipt each time they withdraw cash. Then check the receipt against their account statement;
- cancel a cash machine transaction if they think someone nearby is acting suspiciously or has seen what their PIN is;
- not use an ATM if the card reader looks unusual. Thieves sometimes fix a second card reader to the front of the ATM's own reader. The fraudulent card reader records information from the cards that are used in the ATM. Then the fraudster uses the account information to steal money.



Steps to use a cash card in an ATM

Ali wants to withdraw £30 from an ATM using his cash card. These are the steps he follows:

	ATM display screen	What Ali does
1	<i>Insert card to begin</i>	Puts his cash card into the card reader, making sure the card is the correct way up (a diagram is shown beside the slot). The card disappears into the machine.
2	<i>ATM is reading the card</i>	Ali waits.
3	<i>Enter PIN and press Enter.</i>	Ali uses the keypad to type in his PIN. Then he presses the Enter key.
4	Slight pause while ATM sends details of the account and PIN to the card issuer to be checked. This takes seconds. If the PIN is correct, the ATM continues to step 5.	Ali waits. 
5	Question about which service is required. A different ATM service is displayed against each screen button.	Ali presses the screen button beside 'Withdraw cash'.
6	Question about whether or not the user wants a receipt.	Ali presses the screen button beside 'Withdrawal with receipt'.
7	Question about how much cash the user wants. Different	Ali presses the screen button for 'Other amount' as the standard amounts do not

	amounts of cash displayed against the screen buttons, with 'Other amount' beside one button.	include £30.
8	<i>Enter the amount using the keypad and then press the Enter key.</i>	Ali uses the keypad to type in 30 and then presses the Enter key.
9	Message to wait while the ATM counts the cash. (It is also getting authorisation from Ali's bank.)	Ali waits.
10	<i>Remove card.</i>	The machine returns the card through the card reader slot. Ali takes his card and puts it into his wallet.
11	<i>Take your cash.</i>	Ali takes the cash that has appeared through the cash dispenser slot. He quickly counts it and puts it in his wallet.
12	<i>Take receipt.</i>	Ali takes the printout that has appeared from the receipt printer slot.



How much money can cash-cardholders withdraw?

There is a limit to the amount that accountholders can withdraw using their cash card.

- **A maximum per day withdrawal limit.** This limit varies from provider to provider and from accountholder to accountholder, for example, £100, £250 or £300. Even if accountholders have more money in their account, they can only withdraw up to this limit on any one day.
- **The amount of money in the account, including any agreed overdraft.** Each time a cash card is used in an ATM, the machine transmits a computer request to the bank or building society that holds the account. The ATM asks this provider for permission to dispense the cash amount requested. The process of asking for permission and getting a reply is called **authorisation**. If the accountholder has insufficient money in the account, the cash request will be declined, i.e. permission to dispense the money will be refused. The ATM will advise the cardholder to contact their card issuer.



Why do you think financial services providers put limits on the amount of cash that someone can withdraw from an ATM?

Which ATMs can cash-cardholders use?

Cash-cardholders can use any ATM that displays the symbol that appears on their card, for example 'Visa Plus' or 'MasterCard Cirrus'. All the ATM owners in the UK are members of the LINK network, so accountholders will see the LINK logo on many of the machines as well. Cash-cardholders can also use their cards in ATMs abroad, provided the machine displays the appropriate logo.

Over half of the UK's ATMs are located away from bank and building society branches, in places where people are likely to want cash – for example, train stations, petrol stations and supermarkets.

Many ATMs offer cash withdrawal services 24 hours a day, on every day of the year.

If a cardholder uses an ATM that belongs to a different provider from their own bank or building society, they may be charged a fee.

ATM charges

Banks and building societies make no charge for their own customers to withdraw cash at their ATMs. However, they often charge a fee for cash-cardholders who bank with a competitor. The ATM display screen should give details of any charge that will be made. The ATM should also give cardholders the option of cancelling a transaction so that they can avoid paying the charge.

ATM charges are made to the cash-cardholder's account, in addition to the cash withdrawn.

'Visa Plus' or 'MasterCard Cirrus' cash cards can be used in ATMs that display these logos in countries outside the UK. There are two types of charge that can be made on these transactions.



- The owner of the ATM can make a charge. The cardholder's bank or building society has no control over these charges.
- The card provider can make a charge for exchanging the foreign currency amount for pounds sterling. Cash-cardholders should check with their bank or building society about charges before travelling abroad.



What are the advantages of using a cash machine to get local currency when you are travelling abroad?

Other ATM services

As well as withdrawing cash, cardholders can use ATMs to:

- display their account balance;
- change their PIN;

- order chequebooks (if available on the account);
- request statements;
- pay bills (if allowed on their card);
- order mini-statements that are printed by the ATM straightaway;
- top-up mobile phones;
- deposit cheques.

Making a deposit

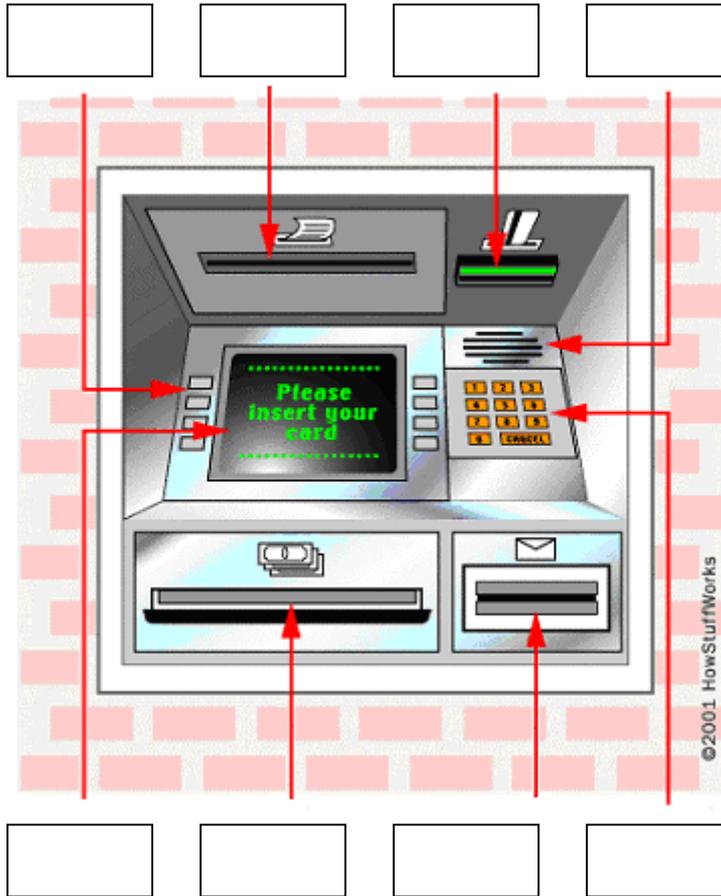
Cardholders follow instructions on the display screen to tell the ATM how much they are depositing. Deposits are often made in envelopes that are dispensed from the deposit slot. Cardholders put the cheque(s) and a printout of the deposit transaction into the envelope and then into this slot.



Review questions

1. What is the correct definition of ATM when applied to cash cards?
 - a. Access To Money
 - b. Automatic Transactions Machine
 - c. Automated Teller Machine
2. Do shops accept cash cards as a way of paying for goods in shops?
3. What is a PIN used for?
4. Name three security precautions cardholders should take to reduce the risk of fraud.

5. List the different parts of an ATM machine and explain what each part does.



- Is there a limit to the amount of money that an account holder can withdraw from an ATM using their cash card?
- When might a cardholder be charged for getting money out of an ATM using their cash card?



Case study

Hoshi wants to use her cash card to withdraw £50 at an ATM. She wants a receipt of the transaction for her records.

Put these actions into the correct order for Hoshi to withdraw cash:

- a) use keypad to enter PIN;
- b) select amount of cash needed using screen buttons;
- c) take receipt from receipt printer;
- d) select cash withdrawal with receipt;
- e) take cash from cash dispenser;
- f) insert cash card in card reader.



Learning activities



Internet

1. Visit www.postoffice.co.uk and find out which cash cards can be used to withdraw money in Post Offices.
2. Go to www.link.co.uk then:
 - a. click on 'ATM Locator' and find out where the nearest ATMs are for your current location;
 - b. find out which providers let cardholders top-up their pre-paid mobile phones at ATMs and what the top-up logo looks like;
 - c. click on 'News' and then 'Cash machine transaction facts and figures' and find out how much money was withdrawn from LINK cash machines in December 2006;
 - d. explore the other statistics in the 'Cash machine transaction facts and figures' section.



Group

1. Examine brochures for young people's and basic bank accounts. Make a list of which accounts offer a cash card and which offer different types of payment card. Discuss why cash cards are offered for specific accounts.
2. Divide into two teams: one team lists reasons for going to the cash machine once a week and withdrawing all the cash you need for the week. The other team lists reasons for visiting the cash machine whenever you want more cash. Now debate which approach is best.



Individual

- I. If you have a:
 - a. bank account, find out if you are eligible for a cash card;
 - b. card already, think about how often you use it and how much money you withdraw. Think about how you use or could use your cash card to help you budget effectively.

If you don't have a bank account, think about whether or not you would want an account that offers a cash card.



Key points for Using cash cards

- Cash cards are plastic cards that accountholders can use in branches and ATMs to take money out of their account.
- Cash cards cannot be used to pay for goods and services in shops, restaurants, etc.
- Cash cards can be used in automated teller machines (ATMs). The different parts of an ATM are:

Part	What it does
Card reader	Reads magnetic stripe on the cash card.
Display screen	Shows messages, questions and prompts to take the cardholder through the process of withdrawing cash.
Keypad	ATM users type their PIN and sometimes the amount of cash required using the number keys. They confirm the inputs with the Enter key.
Screen buttons	ATM users press these buttons to make a selection from the options shown on the display screen.
Cash dispenser	Where the ATM delivers the banknotes being withdrawn.
Receipt printer	Where the ATM delivers the paper printout showing details of the cash withdrawal.
Speaker	The ATM beeps to let users know that keys have been pressed.
Deposit slot	Where users 'post' deposits for their accounts.
Security camera	Records people who use the ATM. If someone uses a stolen card, bank staff can watch the tape to identify the thief.

- ATMs are also called cash points, cash machines and hole-in-the-wall machines. They are controlled by a computer and have a safe beneath or behind them to store banknotes.
- Cash-cardholders type in a Personal Identification Number (PIN) to prove that they are the rightful owner of the cash card. A PIN has four digits. It is very important that cardholders keep PINs secret. Anyone with the accountholder's cash card and PIN can access the money in the account.

- When using their cash card in an ATM, cardholders enter their PIN and select the amount of cash they wish to withdraw. We recommend that cardholders request and take away a receipt of their transaction. This means that they can check the transaction is recorded correctly on their bank statement when it arrives.
- The ATM reads the cardholder's account details from the magnetic stripe on the back of the cash card. It sends this information and the PIN entered by the ATM user to the provider that issued the card. The message is sent as an encrypted computer record through secure computer networks. When the provider confirms that the PIN is correct, the ATM allows the cardholder to continue with the transaction. If the PIN is incorrect, the cardholder can try to enter it again. After three incorrect PIN entries, the ATM will keep the card.
- Once the cardholder has selected the amount of cash required, the ATM sends another message to the card issuer requesting permission for the withdrawal. This is a process known as authorisation. If permission is granted the ATM dispenses the money. If permission is declined, the ATM displays a message advising the cardholder to contact their card issuer.
- There is a limit on how much money a cardholder can withdraw from an ATM. This is the daily maximum for that account holder or the amount of money in their account, whichever amount is smaller.
- Cardholders can get charged for using ATMs that do not belong to their own bank or building society. The ATM should tell cardholders what the charge will be and give them the option of cancelling or proceeding with the transaction.
- Cardholders can use their cash cards in ATMs at home and abroad, provided that the machine displays the logo that appears on their card. Providers often make a charge for withdrawing foreign currency abroad.
- ATMs offer other services as well as withdrawing cash. For example, displaying an account balance, ordering a statement and topping up pre-paid mobile phones.