

# **Banking Automation & Its Impact on Society**

Phil Teplitzky

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# AGENDA

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**Introductions**

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**What does a Bank do?**

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**Banking Automation**

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**Implications**

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**Summary**

# **Phil Teplitzky – *who am I?***

- **Forty-five plus years in the Information Technology business**
- **Have been a CIO, CTO and Corporate and Consulting Executive**
- **Graduate Degree (MS) in Computer Systems with an emphasis on Structured Design and Programing, General System and Problem Solving**
- **Have taught on both the University Graduate level and owned a business that did more than 500 days of paid Public Education**
- **Written extensively and have authored numerous Blogs and Publications on Systems Life Cycles, Structured Design and Software Engineering**

***Was the Co-Architect of a Major Money Center Banks On-line Banking project***

# Teplitzky's — Rules for Presentations?

- There are no wrong questions other than the one you did not ask
- Always ask why, how and what!
- Do not assume that because someone said it that it is true
- Discussion is good; silence is BAD

***Always ask yourself – Did I learn something!***

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# What Does a Bank Do?

LIABILITY	ASSETS
DDA Checking	MORTGAGES
TDA Savings	LOANS
CDs	CREDIT CARDS
TRANSFERS (SWIFTS, FEDWIRE, CHIPS, ACH)	CAR LOANS (Asset based loans)

***Banks are the opposite of Corporations – they want to lend you money and charge fees***

# Banking Automation Last 25 years

## Timeline of Bank Automation

- Credit Cards
- Debit Cards
- ATMs
- Online Banking
- Wallets for your Phone

# Banking Automation Over the Last 25 Years

## Why did they do it?

- **Money** it costs a lot of money to do a transaction at a Brick-and-Mortar Bank!
- Changes in the Law made it more cost effective to automate
- Proliferation of Computers and Smart Phones made it ubiquitous

***BECAUSE THEY CAN & THEY HAD TO***

# Banking Automation Over the Last 25 Years

## Why did they do it?

- Platform Transaction \$25
- Teller \$12- \$15
- ATM \$.05
- Online \$.01

Fully loaded cost based on a 20 year old study, more expensive now

***BECAUSE THEY HAD TO***



# Impacts of Automation on Society

- Cash is disappearing – *what happens to the Gray Economy?*
  - ***How do you do an FOT transaction?***
- The number of unbanked and underbanked is being reduced
- Federal and State entitlement programs now use Debit Cards and Social Security, and Tax refunds are direct deposited
- Checks are deposited via Smart Phone so no need to go to the Bank
- PayPal, Zelle and other phone apps reduce the need for cash, no need for cash no need to go to the Bank

# Implications of Automation

- Loss of Privacy
- Dependence on the Apps and the Network
- Record of what the transactions are –  
*Mondex was an attempt to make it private but failed!*
- Gray and Black Market become more difficult (that is why they removed \$500 bills from circulation)
- People carry less money if at all – most of the \$100 bills are held overseas not in the US
- Establishment of On-line Banking Divisions

# Summary

- **WHY DID THEY AUTOMATE?**  
*Because they had to! Too expensive to have people come to the Bank*
- **THE PROCESS WAS DRIVEN BY THE BANKS –**  
*THEY LED THEY DID NOT FOLLOW*
- **THE LAWS CHANGED MAKING IT EASIER TO DO BUSINESS**  
*They did not have to send cancelled checks only the images making on-line statement easier and cost effective*

# Summary

- **The number of unbanked decreased**
- **The services provided by Banks increased**
- **They drove people to use On-line banking – autopayment, Push and Pull**
- **Government transfers and assistance payments used on-line banking features instead of sending checks**

## Contact Information

- **Email:**  
[phil.teplitzky@teplitzkyandassociates.com](mailto:phil.teplitzky@teplitzkyandassociates.com)
- **Cell Phone:** 9178828051
- **LinkedIn:** Phil Teplitzky

***Call or email –***

***I am always interested in what people  
are thinking!***

13

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