Activity 15 Where Did the ATMs Come From?

Directions. Read the *Handy Dandy Guide* and the mystery. Read the clues assigned to your group. Be careful. While all the clues are correct, only some are *useful* in solving the mystery. Decide which clues are most relevant to solving the mystery. Use the clues and one or more of the ideas from the *Handy Dandy Guide* to figure out a solution to the mystery. Write your solution.

Handy Dandy Guide

1. People *choose*.
2. People's choices involve *costs*.
3. People respond to *incentives* in predictable ways.
4. People create *economic systems* that influence individual choices and incentives.
5. People gain when they *trade* voluntarily.
6. People's choices have consequences that lie in the *future*.

The Mystery

Automated teller machines (ATMs) are nearly everywhere. It is hard to pump gas or visit a convenience store and not be reminded of how easy it is to get cash or make a bank transaction.

Even people living in rural areas, places where ATMs were not to be found until the 1990s, now have easy access to cash and other services through the ubiquitous ATMs.

Where did all the ATMs come from? How is it that, almost overnight, ATMs have popped up everywhere—even in small towns like Townsend, Wisconsin, population 500?

The Clues

1. Banks that provide ATMs do not charge their customers for ATM use. However, many banks do charge for ATM use by people who are not their customers. Fees range from $1 to $2.50 or more.
2. Some politicians want to prohibit banks from charging fees for the use of ATMs by people who aren't bank customers.
3. The number of ATMs skyrocketed when ATM networks began to charge fees to non-customers of the ATM owner.
4. Many Americans dislike paying ATM fees to gain access to their cash.
5. When banks began charging fees to non-customers for the use of ATMs, it significantly reduced the number of transactions required per month for the ATM to turn a profit.
6. Several consumer groups have banded together with political leaders in an effort to ban ATM fees.
7. Between 1991 and 1995, financial institutions lost an average of more than $10,000 per ATM machine per year.

Record your solution and explain it briefly here: