

## Swarm banking pays off for Extraco

By Charles Davis  
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BAI named Extraco Banks' James Geeslin Maverick Banker of the Year 2011 for driving a top-to-bottom transformation of his bank's operations. His mission: to simplify the existing branch model to make it easier for customers and staff to do business - and do it more efficiently. **Charles Davis** reports

Sometimes the best ideas are born of frustration, and a dose of regulatory pain.

James Geeslin, vice chairman and chief sales officer at Extraco Banks, a \$1.2bn institution headquartered in Waco, Texas, was reassessing the bank's retail business in the aftermath of all the regulatory changes dampening the bank's fee revenue when something dawned on him.

"Lobby traffic is decreasing for most banks, but in ways that make it terribly inefficient," says Geeslin.

"Now had my fee income stayed the same the rest of my life, I would have had no pain level to adjust to, and who knows if this ever happens. But we began rethinking our lobbies, and that led to Swarm Banking.

Geeslin, a weekend rancher, said the analogy to a swarm of bees was intentional.

"If you walked into a bank lobby, there is a lot of granite and marble, a library-like atmosphere with tellers perched behind a counter and relationship bankers waiting for someone to find their way to them," he said. "No one was swarming you, that's for sure."

Geeslin also began paying careful attention to his experiences at other retailers, from Starbucks to Best Buy to Home Depot, and saw an increasing reliance on technology to ease repetitive transactions and increase face time with personnel.

The result was a patent-pending process, Swarm Banking, a top-down transformation of the retail branch operation at Extraco. Geeslin's strategy included changes in floor plan layout, deposit-handling technology and employee hiring and training.

Swarm Banking certainly seems to be working: customer satisfaction is up 20%, employee retention is up (Geeslin said turnover is down 60%) and transaction times have been cut in half. And the most important goal of all, to him, is being met: every customer that walks into an Extraco branch is being greeted and assisted within five seconds.

Extraco recently became one of 18 banks around the world to be named a 2011 Celent Model Bank, receiving recognition for its Swarm Banking strategy as well as for a host of other innovations.

Swarm Banking was the outgrowth of a multi-year plan aimed at improving its multichannel delivery effectiveness, which has resulted in technological upgrades throughout the bank.

Customers use high-end cash recycling kiosks from Talaris in the lobby, or chat via video screen with experts in other branches or the bank's Customer Care Center.

Its online banking channel now offers online account opening, online lending, live chat, and a life event assistance tool. The majority of its ATMs have been replaced with deposit automation units.

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Its branch channel has been transformed through technology, organisational redesign, and rigorous workflow improvements, the most significant of which was a move away from the traditional teller/relationship manager dichotomy to what Extraco calls “universal bankers” – cross-trained personnel that can handle transactional details as well as open accounts, cross-sell and offer advice.

“Everyone in the branch can do everyone else’s job,” Geeslin said. “Our folks are having more fun, I’m paying them a bit more because they are doing more for us, and we’re much more productive.”

Geeslin said that the universal banker positions appeal to today’s youth, who form the core of the bank’s hiring. Equipped with headsets, they can reposition one another as throughout the branch as needs arise.

“Our younger employees don’t want to stand behind a counter and count cash all day,” he said. “They want to move around, and be challenged, and interact with customers and use the latest technology.”

To find the ideal candidates, Extraco completely revamped its hiring process. A panel of bank personnel reviews applications, and conducts anywhere from three to six interviews with each candidate, who then are often given some task to perform for the panel. The applicant also must provide 10 references, each of which also is contacted.

“It’s an exhausting process, but we have found this is absolutely essential to the success of the program,” he said. “What we are trying to get to is the core truth...is this person happy? Are they comfortable with change? We used to just have people fill out apps and pick a few, so this is a huge change for us, a huge commitment. We are now at about an 80-to-1 ratio of applicants to hires.”

If a candidate survives that grueling interview process, they then undergo 12 weeks of training in which they work in every aspect of the bank, from the floor to the Customer Care Center. Trainees work in different branches, and in a variety of roles, and are evaluated and mentored daily.

The result of all of this, Geeslin said, is a reinvigorated branch banking network, one in which the counter is the last option, not the first, and one in which bankers can be deployed daily throughout the 16-branch network where needed. Geeslin, who was awarded the title 2011 Maverick Banker of the Year by Bank Administration Institute for his design and leadership of Swarm Banking, said another surprising offshoot of the Swarm Banking concept is Extraco’s budding consultancy business.

“We had bankers from all over the country wanting to come in and see what we were doing, and after six months or so, it dawned on us that we had a whole system here we could deploy,” Geeslin said.

“So we took a couple of experienced bankers who helped build the Swarm Banking strategy and started a consulting business out of it. It’s turned in to one of the best things we have done here, and we have them out all over the place consulting on the programme.”

Finalists for the BAI Maverick Banker of the Year award also included: Trent Spurgeon, senior vice president of Consumer Product & Segment Management, US Bancorp, Minneapolis and Linda Verba, executive vice president, retail operations and service recognition, TD Bank Group