

Automating the Branch (While Keeping the Customer)



Automating branch processes is increasingly attractive to revenue-strapped retail bankers, yet they must also keep the customer experience in mind. BY CHARLES

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Dec 19, 2012

Facing rapidly declining transaction volumes at branches, banks are increasingly tapping technology to eliminate manual processes and save money. Cash recyclers, remote deposit capture, image-scanning ATMs and “paperless” banking are all gaining more traction in branches as they help automate policies and procedures.

The importance of this issue was highlighted at an [Oracle](#)-sponsored forum at the recent [BAI Retail Delivery 2012](#) event entitled “BAI Executive Roundtable: Collaborating to Win – Transforming the Bank to Achieve Greater Profitability.” Large bank technology and line-of-business executives attending the roundtable cited “streamlining manual branch processes” as a key objective for the coming year.

The caveat, as the executives also discussed, is that while branch automation can save costs it can also alienate customers. “It’s all driven by the customer experience,” says Rick Calero, executive vice president, community banking, at Portland, Ore.-based [Umpqua Bank](#), noting that automation initiatives must start with asking “What’s in it for the customer?”

“Obviously, we all look at automation from a cost perspective,” Calero says. “We also look at it from, ‘What does the customer feel and experience living that automation?’”

Pod Banking

The cash recycler, which has been around for years, is one tool that is helping usher in so-called “pod banking,” where the role of teller and customer service representative merge. Cash recyclers automate traditional teller tasks such as counting and dispensing cash and recording transactions in the general ledger. They also serve as mini-vaults for the cash, which provides a level of security that enables the bank to rethink the concept of teller stations. Those employees can now roam the floor greeting customers rather than stand behind a counter, much as the airlines station their employees to assist customers at automated ticket dispensers.

[Extraco Banks](#), based in Waco, Tex., has embraced the pod banking concept so enthusiastically that it has entirely eliminated stationary teller positions in its branches. Extraco’s pods are equipped with both cash recyclers and high-speed check scanners. Before Extraco installed the hardware and software, daily teller activities of counting and balancing teller drawers, setting up stations and reconciling cash took about two hours per day. With the new systems, it takes the company’s “relationship bankers” less than 10 minutes to perform the same tasks.

“With the use of the technology from the recyclers, our employees don’t have to focus on the technical aspect of counting cash, and instead are able to focus on the customer interaction,” says Lindsay Green, director of marketing and business development for Extraco’s consulting division. In fact, the bank has found the practice so successful it sells its know-how to other banks and has even trademarked the term “SWARM Banking,” which denotes the ability of employees to move to the point of demand onsite, in effect “swarming” customers.

Many other banks are experimenting with the concept of the “universal banker,” who performs both teller and sales functions and can move around the branch. Umpqua adopted the strategy years ago and Cincinnati-based [Fifth Third Bancorp](#) is now piloting the format at four of its branches. “It is a big shift in the industry,” says Patrick Myron, Fifth Third’s director of distribution planning.

“Traditional branches have tellers or people who sell products; most of the time the positions don’t overlap. At new locations, we are definitely going to be considering that,” Myron says.

Another branch automation tool that is becoming more common these days is image-scanning ATMs, which provide customers with a printed receipt containing an image of their deposited check. The convenience factor encourages customers to use the ATM more for deposits and the teller less. “The machines are expensive, so we wanted to make sure to balance our financial objectives with going a lot more self-service,” says Tom McDermott, retail banking sales and channel executive at Atlanta-based [SunTrust Banks Inc.](#), which just finished upgrading its ATM fleet to image scanning.

Paperless Banking

Financial institutions are also trying to reduce costs by digitizing paper files and receipts. Umpqua has been piloting the technology at some of its branches in Portland and will open a prototype automated branch in San Francisco in the first quarter. One feature includes paperless account openings, which enable customers to sign disclosures on an electronic tablet or even their own smartphone. The forms are then sent to the customer’s email address before they leave the branch.

“Once you image the document, the customer has access to it at any given point,” Calero says. “You can do this with every application or transaction that occurs in the store.”

Rabobank N.A., an American subsidiary of the Dutch company [Rabobank Group](#), is automating the ordering of travelers checks in its branches, an initiative spurred by the declining use of this product. In the original process, branch employees ordered the requested checks from their vault, recorded them, collected payment, processed a general ledger ticket and made copies of the tickets for quarterly certifications. Now, they complete a form, submit the request electronically to operations, which then debits the payment and sends the travelers checks to either the branch or the customer’s home.

Rabobank is now looking to extend this kind of process reengineering to other areas, having hired a full-time “process strategy manager” to evaluate all of the operational functions for branch delivery. This includes policies and procedures related to some of the bank’s heavy manual checklist certifications, which are frequent physical reviews of procedures performed by staff for operational efficiency and loss prevention, according to Kim Hval, executive vice president and retail division manager. The bank also is reviewing dual-control and cash-

handling policies. Rabobank has already reduced the number of certifications that operations staff needed to manage, she says.

But taking away manual tasks has to be done carefully, Hval adds. “We have to ask whether centralizing or eliminating a process currently managed in a branch will make the customer’s experience more efficient or whether that branch-delivered process or service is something critical to a customer’s relationship with us.”

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