



Branch Transformation 101

**A How-To Guide to making
your branch network the best
experience for your customers
and your brand**

The market is changing. Rapidly. This e-book is here to let you know the key drivers for change and how you can adapt to this rapidly changing market. Our hope is to enlighten you how reviewing your staffing model can add profitability. We hope to show you which technology tools are out in the market to help your branches become the cross-sell, revenue generating centers they need to become. We hope to impart that there is **NO ONE SIZE FITS ALL** approach to transforming your branches. By looking inside who you really are and want to be, design can play a key role in reflecting that to the markets you serve. Challenges are ahead. How do you still cater to an aging existing customer base, but engage a new audience and clientele that will fuel your institution's success into the future? The choices aren't easy. The path has some blind turns.

We hope this e-book will help you understand the reasons for change, how you can re-shape your customer experience without losing your identity and how you must change to improve the bottom line.

With that, let's begin with some reasons causing you to change:



3 Reasons Financial Institutions Need Change

Don't Get Left Behind - Making the Case for Branch Transformation

Remember the good old days before the Great Recession when revenues and profits were sky high and nothing could go wrong? Well, unfortunately those days are long gone and not coming back anytime soon, if ever. With difficult financial markets and regulation, tough competition, demanding customers and new technology, our financial institution customers are **realizing they need to make serious changes** now or risk being left behind. In order to survive and thrive, the time for branch transformation is now.

What is Branch Transformation?

When we say branch transformation, we're not talking about redecorating the office with new plants or pictures. We're talking about making serious technological, design and staffing changes out of necessity. Financial institutions must look at how they interact with their customers within the branches and make that a more productive and effective process all around.

Walking into some financial institutions is like traveling back in time. Many branches haven't changed in years and still operate with a **standard teller line separated from the customer service desk** and office area. This may have worked in years past, but certainly is not the most efficient and productive model in today's world. In years past, high revenues and profits could mask the inefficiencies of financial institutions, but no longer. Now the profit margins have come back down to earth, we're hearing from our financial institution customers that they're being forced to look at how their branches are laid out and how their staff operates. However, the goal and challenge is to initiate effective change without negatively affecting customer interaction and relationships.

The Current Market and Trends

The industry has been undergoing certain trends which have brought branch transformation front and center. For example, the rise of technology has led to an even greater emphasis on offering both options and convenience to customers. Online-only banks have popped up, offering many of the same basic services you probably offer in your branches, while operating with much lower costs.

So this is forcing traditional financial institutions to **rethink how their customer interactions** can be more convenient and powerful within their branches. They are looking for technology and tools that can be implemented with an overall goal of strengthening customer relationships by decreasing wait times while still offering valuable advice and service. But don't worry, opportunity still exists. The majority of revenue generated by the financial institution still happens inside the branch where people remain more likely to seek advice in person rather than online or over the phone. The challenge lies in adapting your environment to maximize that opportunity.

Altering the Branch Staffing Model

Revisiting your staffing model is a key aspect of branch transformation which can play a major role in cost reduction. By having employees with narrow skill sets, time and resources are lost. A more universal, cross-trained staff with less specialization could turn a branch with eight full-time equivalent employees into one only needing four or five.

Cross training employees and providing them with automation tools can reduce the overall cost of a current branch location and potentially open up opportunities to grow and even add locations and brand presence in more desirable locations, but at a lower cost.

Time to Get Started

It is time to take action. By focusing on breaking free from the pack and undergoing changes now, any future change becomes that much easier for everyone involved. When done correctly, branch transformation can help improve profitability and attract new generations of customers which ensures you are poised for even more success down the road.

Over the last few years, many financial institutions have been discussing branch transformation, but often hit snags in data analysis, or just don't know where and how to get started.

Now that you understand some of the reasons to change, how can you optimize your staffing to match the changing environment your customers need, while growing more profitable? Check out this section on universal tellers and how they can deliver the experience you would hope for:



Why Financial Institutions should implement universal tellers

How many of you have ever been to the apple store before?

Their Genius Bar and the people who staff it, as well as, the rest of the store are very universal in what they do for customers.

No matter if you're looking at an iMac, iPad or an iPod, they can tell you about those products, what they do and why they might be a solution to your problem or need. They can then also finish the transaction by entering the sale, processing the payment and tying up any loose ends like warranty details etc. This means you are only dealing with one person from the time you start to the time you leave.

This builds a large amount of trust in a very short amount of time. Why? Because they are experts on everything Apple! Look at the apple store versus almost any other store where you deal with a greeter, a sales person, a cashier... who is the expert, is there one? This is why **banks and credit unions need to start to implement universal tellers** today!

Existing Environmental Challenge

Let's take a look at why financial institutions need to **implement Universal Staffing models**. To get a grasp of why this is needed in the banking industry, let's look at what happens now. When Mr. Jones walks into the branch who he will interact with typically is dependent on what Mr. Jones needs from his financial institution that day. Most financial institutions have some version of job descriptions which are just tellers and then either customer or member service representatives. **Tellers handle the transactions** that have to do with the core deposits, withdrawals, check cashing, as well as other duties. **The customer service reps** deal with rolling over a CD, account openings, additional products, and other items that would likely need to take place in a private office. Typically, you would have to wait for this type of person to help you because those account services are longer transactions and depending on the amount of representatives available a line can form.

So how do you take these two separate job titles, the tellers and customer service reps, and merge them into a Universal teller?

The key to transformation is achieved by going to the core of training your staff. Instead of a **silos approach of teaching**, you focus efforts on your employees being versatile. The end result is you have fewer overall FTEs(*full time equivalents*), but the people who you have are **crossed trained in both abilities / skill sets**, so no matter who greets Mr. Jones, they can help with any particular task he is needing that day without having a hand-off. It doesn't matter if Mr. Jones needs to open an account, make a withdrawal or cash a check, the same person can help him **achieve all his financial tasks** as efficiently as possible.

Today's Current Separate FTE Experience

Let's talk about what happens today in most branches. You come into the branch to open an account, you **wait 5 to 10 minutes** for a customer service person to greet you when they free up. Then you go to their desk and start filling out paperwork. After the paperwork is filled out you and the customer service person go and **stand in the teller line waiting again** to be helped. This time you meet a new employee that handles your transaction and might not be super excited to help you because they have a line. While the customer service person is standing there with you, guess what, **there are people sitting there waiting** on them to help after you are done. Once the transaction is done, you go back to the desk and they explain any last details for you which may lead to **further questions and a longer transaction**. All the while, more and more people are **sitting waiting** to talk to the customer service rep and now the tellers are twiddling their thumbs not able to serve them.

How implementing Universal Tellers creates the best customer experience:

With a Universal Teller, the process would be streamlined; you enter the bank or credit union, you fill out paperwork, they make your deposit, explain any last minute items and you are on your way. This does a couple great things:

- 1. Saves the customer time and makes them happy – customer retention is becoming increasingly important***
- 2. Eliminates the passing of the baton, speeding up the amount of customers you can service***

3. Eliminates staff standing around waiting on others giving a better quality of service because they can't help with that particular issue

4. Allows your staff to offer additional services to help grow the relationship and add profitability

Notice all four of the above mentioned items are very customer focused. So if you are like 90% of other humans you might be thinking... well what's in it for me, the financial institution, CEO or CMO?

That is a great question! Unfortunately, the **number one reason** banks and credit unions are going to have to focus in the direction of Universal Tellers, is that they are going to have to **reduce cost to maintain profitability** as regulatory costs have gone up and branch transactions have gone down. All these changes make it very difficult to drive profit in the branches. If you are not making as much revenue, then you have to find a way to reduce your cost.

How implementing Universal Tellers cuts my Financial Institution's operating costs:

If you are asking the question "**how does implementing universal Tellers cut my operating costs**"? So let's go ahead and answer that for you.

Let's say you have 4 full time tellers and 3 full time CSRs. The average day in the branch consists of physically helping 15 people with CSR related activities and each teller averages 80 teller transactions. Although you could argue the CSRs are making phone calls in between helping clients and tellers are doing other tasks, the reality is there are large blocks of unused resources. **By implementing universal staff and cross-training them, everyone is more efficient, helpful and knowledgeable** in ways they can help the customer and refer them to other products that may help build their financial future and your wallet share. Saving 3 FTEs would probably result in roughly \$100,000 per year in savings on staffing costs, and properly cross-trained employees would drive 25% more revenue from those transactions, leading to bottom line growth.

If that concept makes sense, how do we then provide the universal tellers tools to help them focus more on the interaction and less on the transaction? Technology is playing a key part in service delivery at the branch, here's a few ideas around how to be successful with technology and what impact it can have on operations.



Technology Tools for a Successful Branch Transformation

Most Whether you have already transformed the design of your branch or are looking to make a change, keep reading to learn more about the technology you can put in place to help your branch achieve its goals of better customer interaction, more productive workflow, greater efficiency and reduced operating expenses. These tools serve a variety of functions, but ultimately **free your staff to focus on the most important thing** in the branch -- your customer. By removing the focus on counting cash, handling paperwork and other mundane tasks, your staff can be more available to help your clients achieve their goals and solve their problems. All of this can lead to higher loyalty and overall satisfaction in a highly competitive marketplace.

Successful Branch Transformation: Cash Automation

Implementation of cash automation devices such as **cash dispensers and recyclers** can allow your staff to focus its attention on the customer instead of counting cash and balancing. Cash automation also gives you the freedom to change the type of staff required to handle transactions. Many financial institutions have focused on hiring tellers for accuracy, because that is such an important part of their job. However, a device can maintain that same accuracy for you while also reducing the number of times cash must be counted. This can free up valuable time and allow resources to be redirected to customer interaction instead. Additionally, it allows you to refocus staff member skill sets on sales and overall engagement.

A cash automation approach allows you as the institution to focus on growing your business and relationships instead of simply processing accurate transactions.

Successful Branch Transformation: Self-Service Devices

Self-service kiosks are another technological advancement which can make a great impact on both staffing levels and efficiency of transactions. For example, the [MX-8800 kiosk from Nautilus Hyosung](#) is a device which integrates with your core software and can handle transactions like cash and check deposits, loan payments, transfers and withdrawals of up to \$1,000 in any denomination. This kiosk can handle roughly 80% of standard teller transactions through self-service where the customer completes the task alone, or through assisted self-service where a universal staff member provides assistance. Shifting transactions to a more self-service oriented design using devices like this can increase both speed and overall efficiency. As you work towards making your current customer base familiar and comfortable with these devices, your staff can remain very engaged and involved in an instructional role while also continuing to develop and build relationships.

Successful Branch Transformation: Digital Signage

Now that you have designed your specific branch with elements unique to your brand, effective digital signage can also help educate your customer base about other products you offer. Gone are the days of static rate boards and expensive posters. By adopting digital signage which can be managed from a central point, you can update messaging whenever needed and have an automated process to introduce new rates on CDs and other similar products. Digital signage allows you to capture the attention of your customers, direct them to proper locations and most importantly educate them about the products on which you can offer expertise and assistance. The number of asked services which are closed in the branch is at a staggering 80+%, and digital signs can be great tool to help start those conversations.

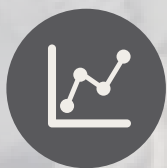
Successful Branch Transformation: Video Expert

Video experts can help you remove the obstacle of rotating your revenue-producing advisors from branch to branch. For a customer, nothing is more frustrating than walking into your institution with a question and hearing,

“oh, that person is only here on Mondays and Thursdays, you’ll have to come back then”. I don’t think so. Now, by using video experts, you can leverage your top advisors to stay centrally located so they can spend more time advising customers, and less time traveling to different branches. This solution keeps their time focused on revenue production and may even reduce the amount of people required to serve this function based on your branch network. Previously, this person may have been able to support only three branches based on days of the week, but now they might be able to support two or three times as many branches based on volume of referrals. If you have implemented the other tools in your branch, the new model can allow staff to focus on referrals and keeping these star performers busy with advising clients and generating revenue.

Let’s wrap it up

As we wrap things up, you have now read about a few of the major tools which can really drive productivity and efficiency in your branch transformation. If you simply make changes to your staffing model or the design of your location without implementing tools that enable your staff to perform at a high level, then you have only completed part of the puzzle. Of course not every tool is needed at every location, so you can pick and choose in order to provide consistent experience that will keep customers coming back time and time again. You also will have raised the value and convenience to your customers which is a winning combination in today’s competitive financial landscape.



How Does a Cash Recycler Help My Teller Line Operate Better

Your Most of the primary challenges around the teller line revolve around handling transactions involving cash while still managing to try to hit referral goals. As more Financial Institutions look to their teller staff to create leads and referrals for other members of the bank, the amount of mistakes that can happen while authenticating cash can go up. By implementing a tool like a cash recycler for your teller line, the machine can handle the bulk of the counting and authenticating,

while the teller can focus on the most important thing: the customer!

That's why today we are answering the burning question, how can we impact teller line operations and in return my Financial Institutions customer service.

Mixed Currency Authentication

One of the toughest transaction sets for tellers to deal with on a daily basis is the commercial deposits that come in from retailers and commercial accounts. Typically, these types of deposits have large amounts of mixed cash, as well as, total note volume compared to other transactions. Customers deliver these deposits 2 ways: 1) Night drop bag or 2) Over the counter. When a commercial deposit is presented over the counter, it typically slows down the throughput of the teller line as it requires a lot of time and resources to verify the deposit.

By implementing a cash recycler, the teller is able to drop bundles of mixed cash directly into the machine for verification and therefore can be more focused on engaging the customer while the machine is processing the cash. The recycler is counting, sorting and looking for counterfeit bills all at the same time, making an extremely efficient process for counting mixed cash and storing it. By storing that cash in the machine, it also enables the teller to use that cash on demand for other transactions that may involve cash back to the customer, streamlining and speeding up the rate and accuracy of cash returned.

Vault Cash Management

Another major pain point on the teller line is how to keep drawer levels in compliance by managing cash out on the line versus the vault. We have many clients that come to us when their head teller is spending more time managing the tellers' cash levels and running back and forth to the vault than doing more important customer facing jobs such as overrides and referral management. When a cash recycler is implemented, it automates typically 2 tellers for every single transaction involving cash and also acts as a digital vault for all other tellers to buy from and sell to. By reducing the number of transactions requiring dual control, because the machine is acting as the second control, it frees up the head teller to refocus back on managing the line and handling the customers instead of the cash. Most of our clients see a 90% efficiency gain in the head teller's time in dealing with vault transactions. The recycler may also reduce cross-shipment or

ordering issues that can cost the bank fees.

Cash Out Accuracy and Speed

One of the great advantages of the cash recycler is it automates both sides of cash handling transactions for the teller. So far we have focused primarily on cash in transactions; however, there is still great value in automating the cash out transactions as well.

Many institutions have found great success by implementing cash dispensers to speed up and increase the accuracy for a cash out. The recycler builds on its own value by automating this side of the transaction as well. By having cash stored in it from other transactions, the teller can cash checks and give out withdrawals at a push of a button; therefore eliminating 2-3 counts of the cash and again allowing the teller to focus on engaging the customer instead of the cash handling.

As you can tell, most of the benefits of automating your teller line with recyclers revolve around creating a better, more engaging customer experience. By better managing the branch's cash, the resource intensive transactions involving cash, it frees up more time for your staff to focus on the customers that drive the institution. Also, the efficiency gain is typically great enough to allow for less staff to accomplish the same amount of work creating an attractive ROI that any CFO would appreciate.



4 Ways Self-Service Technology Will Transform Your Institution

Change What if we could show you a helpful tool to enhance your customers banking experience and [help you reduce your backend expenses](#), increase revenue and give your institution a powerful competitive advantage – all at the same time? That's exactly what implementing self service technology can do for your bank or credit union. In fact, self-service technology is not only a tool that customers are comfortable and familiar with, they appreciate the convenience.

Consider the way in which airport kiosks have impacted the way we move through airports. The opportunity to more easily and quickly manage your own ticket confirmation and baggage check-in has helped to reduce the lines associated with airline ticket agents. Supermarkets and department stores offer convenient self-checkout options where several units are easily managed by a single associate.

Beyond the ATM machine, two product sets make perfect sense for community banks and credit unions:

NCR Interactive Drive-Through Teller: This solution offers a smart way to put personalized service back into an automated task. This customer-friendly, time saving solution combines video collaboration and remote transaction processing technology to replace decades old, cumbersome tube-based systems. This technology also gives your institution the competitive advantage of offering extended hours.

Nautilus Hyosung MX-8800: This Super ATM offers an extra 10 types of transactions not typically handled by a traditional ATM machine -- from imaging checks and cash for deposits to processing loan payments to offering withdrawals to upwards of a thousand dollars in ANY denomination. The real beauty of the Nautilus Hyosung MX-8800 is that it can simply be integrated with your core operating platform for greatly streamlined operation and reporting.



4 Ways Self Service Will Change Your Institution For Good

1. Less tellers handling the same amount of volume means greater productivity. In fact, **one employee can easily manage several devices**. And ultimately, that means more customers are served faster.

2. Break down the barrier of congestion typically associated with teller lines. Self-service technology allows for a more open and inviting customer service format that actually creates a more personable and attentive customer service experience.

3. Move your institution toward revenue generation. Because tellers are freed up from mundane processing tasks in order to focus on listening to their customers' needs. This opens an opportunity for creating a more meaningful banking experience for customers and employees alike. That's because your tellers are better able and available to recommend value-added services that can financially benefit both the customer and you at the same time.

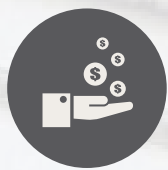
4. Extended hours allow your institution to offers a marked advantage over the competition. In fact, placing a Super Teller can allow your customers convenient 24/7 access. This is a great way for your bank to adapt to your customers needs – needs that go beyond the traditional bankers hours.

Self-service technology gives your customers, your employees and your institution ta better experience. Quite simply, it's a smart investment that adds greater efficiency, reduces expenses and increases productivity. It allows you to provide a better customer service experience and real differentiation from your competitors.

Self-Service technology also has the power to impact the physical environment of your branch. The small footprint these machines require and removing the teller line congestion has freed up space for a number institutions to create community rooms that are the perfect space to host financial education events on home equity loans, retirement planning, preparing financially for college and much more. Turning your institution's business model and branded identity toward relationship banking is probably the smartest investment you can make in your branch operations.

While the investment upfront may be relatively significant for a community bank or credit union, the question you have to ask yourself is can you afford not to innovate?

Now that you've seen a staffing model concept and how to enable them with tools, one of the most important features to the whole process is to hone in on your identity. Design can be the key element in setting up how the interactions take place, what the flow of the client is, and how the environment reflects your brand. This next section looks at what role design plays in a successful transformation.



How Design Will Impact Your Branch Transformation

Previously, we looked at the basics of Branch Transformation and why you need it.

But now, we want to dive a little deeper and talk about the design aspect of Branch Transformation, how it can help, and why there is no cookie cutter or one-size-fits-all solution.



Customization is a must. It's not just about doing it, but doing it the best way possible, specifically for you and your customers. Finding the right way to incorporate technology, signage, layout and other elements of branch design can help make you unique in an extremely competitive industry.

For even more expertise on this topic, we spoke with Justin Kroop, Director of Marketing at DBSI, a recognized leader in Branch Transformation. DBSI has its finger on the pulse of the industry and has helped numerous financial institutions modernize and reshape their branches over the past 15 years.

Quality Data Systems is proud to call them a partner.

The Importance of Branding and Trends in Branch Design

To begin, brand is a critical part of any business, and can certainly make or break a financial institution in an industry where differentiation is so difficult. DBSI offers a unique consultative approach to really help the financial institution discover who their clients are and how they operate.

When looking at the design aspect of a Branch Transformation, there are a number of recent trends. But we spoke to Kroop specifically about DBSI's experience with "Signature Items" and "Selling 24/7 with Pop".

Rabobank's Signature Item

Branch-Transformation-Signature-Design Rabobank is a DBSI customer, and Kroop said, "before engaging with us, they were thinking about a futuristic design where it would look like you were actually sitting on the deck of the Starship Enterprise. But that wasn't who they were at the core."



By working with DBSI, Rabobank dug down to the values and needs of their core customers who are more agriculture-oriented. Their branch design took on a more approachable concept, and now includes their “signature item”, an interactive digital screen which is actually embedded into a kitchen table located in one of the branch conference rooms. Throughout the bank’s early history, employees would visit customers’ homes and conduct business around the kitchen table. So now that unique piece of Rabobank’s history will live on, and also provides the branch with a signature item to help differentiate them from other financial institutions.

Chase Branch Design Sells 24/7 with Pop

Another customer of DBSI, a larger bank with a good deal of success, needed a way for their retail building to draw attention to passers-by. After consultation, Kroop says we told them you really need to own that blue in your brand. We all know a color can cause instantaneous recognition when done correctly, but what happens when there are strict, specific city ordinances forbidding certain type of outdoor signage? That’s when DBSI stepped in and helped them change their branch design and create a glass tower which would illuminate like a soft blue beacon in the night sky, even outside of operating hours.

Since it was technically inside the branch, the ordinances wouldn’t be able to touch it.

Competition in this industry is fierce, and finding clever ways to sell your brand and image 24 hours a day, 7 days a week is a major way Branch Transformation can help you get ahead.

Defining Success - What does a successful Branch Transformation look like? As you know and as we’ve discussed, every financial institution is different, but the common measure of success ultimately comes down to the customer experience. If a new branch was launched today, the right blend of technology and digital signage would be an immediate shot in the arm simply by allowing staff to be universally trained. Technology can also enable a more open physical environment, allowing staff to get out from behind the desk and engage with customers in a more consultative, personal manner. As a result, customer visits can provide further opportunity for cross-selling, thereby potentially allowing the financial

institution to obtain a deeper wallet share, meaning more revenue and profit. That quality time spent with customers is important, but may never have happened without the proper technology and overall branch design.

A Branch Transformation project done correctly should not only increase revenue, but can also allow branches to revisit expenses such as cost per square foot, potentially reducing expenditures from an operational perspective. Technology has allowed branches to reexamine their physical footprints, potentially opting for smaller physical spaces, either through micro-branches or renting existing space to other businesses to increase traffic.

As we all know, a decrease in cost plus an increase in revenue equals more profit and a better branch!



Now You Can Start Your Own Branch Transformation

Congratulations, you have now officially passed your crash course in Branch Transformation. We've covered staffing, technology and design, all of which play crucial roles in success. One thing we can't stress enough is training, training, training. Making sure the right question is asked at the right time, and answered with the right information is critical to cross-selling success. We hope this information will provide a good foundation for your team to grow and be more successful in this ever changing market!

If you have further questions around branch transformation or would like to schedule a Jump Start session, [please reach out to us](#). We love helping all our customers through this transformational journey.