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## What Banks Get Wrong in Branch Transformations

By Mary Wisniewski

**F**undamental flaws have emerged in financial institutions' efforts to make over their branches.

For example: Branch employees aren't being taught how to use the newer equipment, so they can't demonstrate its merits to patrons, said Raja Bose, vice president of branch transformation and advisory services at the ATM maker Diebold.

One of Diebold's clients — a top-20 bank — converted to image-enabled deposits and then discovered that 81% of its employees did not know how to make an envelope-free deposit. Many did not even know the feature existed.

"It's a huge gap," Bose said.

And it's a deficiency shared by banks across the country looking to solve a hard problem: how to drive simpler transactions to self-service machines within the branch to make the channel more efficient while freeing up bankers to focus on sales and support.

Training employees on new self-service equipment, however, can be tricky for branch employees unwilling to promote something they perceive as a job killer. Tellers protested Bank of America's video teller machines called Teller Assist, for example.

That's why banks are urged to first motivate and give their employees incentives to understand the value in self-service before opening up a high-tech branch and expecting automatic adoption of something consumers may not understand without a guide.

Getting staff on board with the changes will require ongoing conversations, said Dave Martin, executive vice president and chief development officer at Financial Supermarkets Inc.

"People need to be reminded," said Martin. "Motivation is like a shower: It feels good but wears off."

Some banks are ahead of the curve on this practice. UMB Bank, for example, has appointed branch personnel as digital "geniuses" (a term borrowed from the Apple Store). The Kansas City bank's tech specialists train consumers in digital



**HUMAN ERROR:** There's "a huge gap" in employee knowledge about new equipment, says Diebold's Raja Bose, left. Dave Martin says branch workers "need to be reminded" of self-service options' value.

technologies. The customers can book appointments online to meet the geniuses in person.

Another branch transformation mistake is failing to clarify the difference between self-service and full service. Some banks have a traditional teller line on one side and self-service options on the other, without communicating that the former is for exceptions the latter is for quick and easy transactions.

Financial institutions may need to soften risk rules or develop a better hand-off between self-service and personal service to get customers to at least try the self-service option before seeking out an employee.

"One of the reasons people go to the teller is the rules are different than they are at self-service," said Andy Orent, president and chief executive of Hyosung Americas, an ATM maker. For example, a customer can withdraw more cash at the teller window than the ATM; unlike a traditional machine, a teller could accept a driver's license as identification for a

customer who forgot to bring his debit card.

To Orent, that disparity spells opportunity.

An ATM could alert an employee carrying a tablet to help a customer at the self-service device do something out of the ordinary — say, withdraw more cash than the daily limit.

Wells Fargo already has employees with tablets that communicate with its ATM software.

Some ATMs come with help buttons. Like on an airplane, pushing the button lights up a machine that alerts a banker the customer needs something.

Such features point to a blur in the line between self-service and manual assistance.

“It won’t be that black and white,” Orent said. “Some things will be done by human beings and some by automation.”

Another big branch blunder is charging customers for teller transactions — a model that has “never worked,” said independent financial services consultant Debra Stewart.

Still, Stewart views consumers as warming to self-service, with one caveat: they will ask questions as banks continue to experiment with new designs.

“Whenever you make a change, customers will talk to you about it,” said Stewart.

And bankers should anticipate initial hesitations among consumers.

“Customers don’t welcome things with open arms,” said Financial Supermarkets’ Martin. “The initial reaction is typically ‘whoa, whoa, whoa. What are you doing?’”

Branch remodeling specialists urge banks to start by figuring out the experiences they want to create before ponying up money on “millennial magnets” by plopping hipper tech into a branch.

“Tech, to me, is a means to an end,” said Bose. “It’s a tool to let you deploy the experience.”

“You can’t do just one day and call it branch ‘transformation.’” ■

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