

PERSPECTIVES

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Video Teller: In Branch Solution or Service Dilution?

Financial institutions are in a dramatic state of change. Technology has once again shifted the use and focus of the bank branch, with dramatic decreases in foot traffic. The fundamentals of the economy are shifting again, and money is flowing back out of bank accounts to the stock markets. Loans are widely needed to support the turn in the economy but credit is still hard for most to get, and conversely is still hard for banks to give. The banks are feeling this squeeze. Add to this the continuing difficult regulatory environment in which all institutions are operating. Banks and Credit Unions are moving with urgency to dial down costs while also attempting to avoid any negative impact on customer service delivery.

Against this backdrop, video teller has emerged as a way to reduce branch headcount, pool resources and still provide some level of personalized service. Recently, Celent published a report entitled, *Video Banking: Lights, Camera, Transaction?* In that report author Bob Meara explores the various methods whereby financial institutions [FIs] can engage customers via telepresence using video capabilities. In Celent's view, FIs should "Use video to expand, not replace, opportunities for customer engagement."ⁱ

The report also details what appears to be a reasonable business case for either the video personal teller machine [PTM] or the video-enabled ATM. The study states, "Celent also advocates enabling video alongside other methods of multichannel customer engagement. For in-branch teller transactions, however, Celent finds assisted self-service using in-person frontline staff much more compelling and likely a better business case."ⁱⁱ

Others also support this approach. Bancography, a prominent Alabama-based bank consulting and research firm states "Consumer acceptance [of video teller] may pose a challenge; keep in mind that there are

numerous ways to bank remotely, and the customer who travelled to the branch may have done so because she prefers a direct, personal interaction."ⁱⁱⁱ

Branches are increasingly encouraging the use of self-service channels to take some transactions away from the teller counter. While convenient, customers are hesitant to conduct large, complex or multi-step transactions without the engagement and assurance of a banker. This sentiment has been supported by research commissioned by Glory which examines customer attitudes towards self-service machines. 88% of respondents have been frustrated by self-service technology with the most commonly cited reason for not using self-service machines found to be a preference to speak to a staff member.^{iv}

Our view of the branch lobby kiosk remains one that supports the potential value of improved branch efficiency via an 'assisted self-service' approach with cash recycling at the heart of the solution. Doing more with reduced staff requirements is important but we must do so without degrading the in-branch experience. Those who come to the branch to talk with a staff member or who need transaction assistance still have that option. Those who prefer to "go it alone," also get what they want! Most importantly, adding new services should not lead to a reduction of face time with staff by creating new processes for them to deal with in the back office.

One interesting possibility that video banking offers is in the area of extended banking hours. For a number of reasons, we predict that "video teller" will be a probable part of the future banking landscape. We see it being used mainly to extend hours in remote locations, to support customers who are having difficulty using an ATM (at the drive up, exterior, or vestibule), and for a very few institutions it will replace the traditional

teller position. We also see it eventually in low cost micro-branches where transactions are supported remotely.

Bankers seem to agree. In Celent's recent Branch Transformation Research Panel Report, Part 1, video teller machines ranked only tenth out of twelve technologies listed likely to be utilized in new branch designs. Video Teller only scored a 3.3 out of a maximum of 5 points with respect to its likelihood of use in one or more future branch designs, with 5 being extremely likely.^v

Forcing customers to use a video teller when they have gone to the effort to come to the branch is counterintuitive. In short, it will be perceived by your clientele as a "service dilution". They probably drove by or walked by several ATMs to get into the branch. Assisted lobby self-service is the logical next step in branch automation. It will improve staff efficiency while not degrading the customer experience or creating burdensome back office tasks.

Continuing the Conversation

We will be happy to discuss how intelligent cash recycling and secure cash transfer technologies integral to the assisted self-service concept can provide you with the right solution for your branches!

ⁱ Video Banking: Lights, Camera, Transaction? Celent, Bob Meara, 2013

ⁱⁱ Ibid

ⁱⁱⁱ Grading Emerging Banking Technologies, Bancology Newsletter, January 2013, Bancography, Inc.

^{iv} Research Study conducted by YouGov, October 2014, Commissioned by Glory Global Solutions, Inc.

^v Branch Transformation Panel Series, Part 1, These Early Days of Branch Channel Transformation, Bob Meara, Jean-Marie Ubigau, June 2015, page 11

The logo consists of the word "GLORY" in white, uppercase, sans-serif font, centered within a solid dark blue square. The background of the entire page is a light blue and white abstract design featuring blurred bar charts, line graphs, and flowing wavy lines, suggesting a business or financial theme.

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