

The Next Generation of Bank Branch Employees

Banks need to change their model for branch staffing if they're going to cut branch costs while providing great service.

Banks are struggling to figure out how they can cut costs in their branch networks without damaging their customer experience or relationships. If they're going to cut branch costs, they must look at the biggest cost in most branch networks: the staff.

Branch networks make 47% of banks' operating costs, and 54% of that branch expenditure goes to staffing, according to research by Diebold and Forrester. Those employees are a key driver of the branch customer experience, and that experience still matters a great deal to customers, Raja Bose, vice president of branch transformation and advisory services at Diebold, said during a presentation in New York City last week.

Branch experience is still the biggest factor in customer satisfaction scores for banks -- even more than fees or rates, Bose said, citing research from J.D. Power & Associates. Simply cutting branch staff to reduce costs will likely hurt that experience. To cut costs while maintaining a great experience, banks need to change the profile and training of their frontline branch employees.

"The No. 1 success factor [in branch transformation] is employee training and education," Bose said. "Do you have the right profile of employee? What are you incenting them on?"

The old model of separate roles for tellers and bankers in the branch will no longer work. Extraco Bank, a community bank in central Texas, has completely reformed its branch staffing model over the last few years. James Geeslin, vice chairman of Extraco, said that, if banks are going to reduce their branch staff, each remaining employee must be able to do more tasks in the branch, whether that's conducting a transaction, offering financial advice to customers, or showing them how to use an ATM or mobile banking app.

Solution Overview

Watson for Employee Self Service provides responses to common employee questions around the clock with an end-to-end virtual assistant. Enhance Watson Assistant with AI search to uncover answers buried in HR documentation. Seamlessly integrate with existing internal systems.

78%

reduction in incident resolution times

40%

average time-savings for HR functions by reducing administrative workloads

74%

reduction in helpdesk costs by automating employee self service

Extraco had too much manpower in its 20 locations using the traditional staff model of tellers and relationship bankers, Geeslin said. "Sometimes when one was busy, the other didn't have anything to do." The answer was to reduce staff while training employees to fill multiple roles in the branch environment. "We changed our job design and hiring model. We might have an employee who is a good teller but can't recommend products or services. They're more of an order taker. As we had natural attrition, we started to look for a new kind of employee."

That new kind of employee was comfortable going up to the front of the branch to help a customer with a transaction, or going to a cubicle in the back of a branch to conduct a complex operational task.

"If you walk into one of our branches, you can't tell who the branch manager is. Our managers are working managers. They're all over the branch helping take care of customers." Some of Extraco's 20-plus branches now have as few as two staff members.

This new type of employee profile and training model, which Extraco based on the SWARM methodology used in other industries, has led directly to a 20% increase in customer satisfaction scores for the bank.

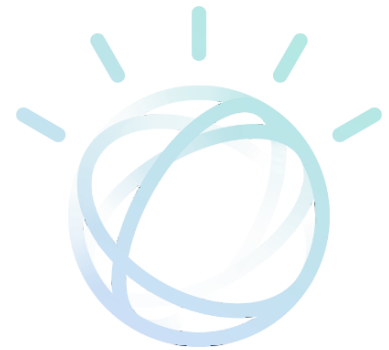
NBT Bank is working with Diebold Advisory Services to remodel four of its branches. David Raven, president of retail banking at NBT, said the new type of branch employee must have different inherent skills from the traditional bank teller. As part of the remodeling initiative, the bank is looking to hire staff with a different skill set.

"We need staff who have a stage presence," Raven said. "They need to be confident in engaging the customer in a conversation about their financial lives." New branch hires are being trained in every part of the bank's organization, so they can share more knowledge with customers asking for advice or product recommendations.

Extraco also looked for people who could be more conversant with customers, and it developed a 12-18-week training program for new staff to enhance their ability to connect with customers conversationally, Geeslin said. The program emphasizes situational training with partners to help build those conversational skills.

As banks move away from the old teller model, they also need to get more transactions automated. Bose said there's no point in investing in all of this new employee training if those employees wind up conducting transactions all day like traditional tellers. For both Extraco and NBT Bank, that has meant moving ATMs to the front of the branch and training staff to show customers how to use them.

"We had a test and learn with one bank that had 26% of its deposits at ATMs," Bose said. "They moved the ATMs in one of their branches and trained the staff there to teach customers to use them, and the ATM deposits increased to 54%, while teller deposits dropped by 19%. And that branch outperformed its peer branches in sales, because the staff could spend more time engaging with customers."



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