

TALARIS PERSPECTIVE

Teller automation as a strategic enabler

By Mark Churley, Business Development Manager, Talaris

Complete strategic overhauls of systems are not required in order to realise substantial savings

Cash usage and volumes continue to grow, and analysis by governments, central banks, industry bodies and financial institutions confirms that cash remains the payment method of choice for consumers. For financial institutions, this rise in cash volumes brings with it the increasing challenge of ensuring it is handled efficiently and securely. Inefficient cash management can be extremely expensive – conversely when handled efficiently, the benefits can go far beyond cost savings alone.

Leading retail banks are already realising the many benefits of cash handling solutions, not only to their bottom line but in creating the ultimate in-branch experience for their customers. Recent research from RBR shows that the deployment of teller automation systems is set to increase approximately 65% by 2013, demonstrating that financial institutions are rediscovering the importance of true customer relationship management through technology.

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Balancing the branch challenge

Despite the increasingly complex payment landscape, branch transaction volumes remain significant and relatively consistent. The branch remains the principle face-to-face contact point for customers and an essential channel through which customer relationships can be broadened and deepened. Recent independent research undertaken by Talaris highlights that cash transaction-related visits generally represent 80-90% of branch traffic¹. Banks need to ensure cash continues to be a primary driver of footfall to branches by creating an experience that will continue to attract, retain and develop customer relationships through exceptional service.

In today's tighter economic climate, it is important to understand that complete strategic overhauls of systems are not required in order to realise substantial savings. Maintaining a level of familiarity and consistency is a key way of retaining customers, and subtle changes, such as the introduction of cash automation, can significantly improve the customer

experience without unnecessarily burdening branch operations. Moreover, if the executive team and senior members of the IT team implement these enhancements carefully, the branch bottom line can experience significant growth that is measurable and repeatable. When reviewing the operational model, it is important to first address unproductive processes which may be contributing to additional cost at the branch level. Over time, invariably numerous new practices are introduced in an attempt to modernise and polish operations. However, unless deployed and measured very carefully, these 'improvements' have the potential to compound the issues and complicate the teller and customer experience.

Small changes in the frontline experience can create significant impact, provided they are implemented and integrated as part of the culture and business model. A new technology system, such as teller cash automation, should be viewed as an opportunity for the entire workforce to understand and appreciate the solution and the ways in which it serves the customer. This ensures there is no knowledge loss in the event of employee turnover, for example, and that best practices are always shared. Branch-wide understanding of the need to minimise cash handling can potentially create a ripple-effect of increased efficiency, delivering higher quality in-person interaction with customers, and thereafter a greater likelihood of increased sales. This approach needs to be management-led in order to set the pace and culture around the use of technology to improve customer service and increase sales opportunities. This sends a clear message to the frontline staff that they are empowered to change the way they interact with customers and that tools such as cash sorting and handling technologies are central to enabling them to make those changes.

Automated and simplified

Cash management solutions clearly reduce the costly, manual handling of cash, however in the

background they also perform a range of other required functions. Technology such as the Talaris Vertera[®], for example, counts notes on three separate occasions prior to dispensing cash, a task that would otherwise have to be performed by the teller. At the same time it can be set to recycle banknotes according to the ever increasing stricture demanded by legislation from the European Central Bank and a variety of other bodies. The Vertera therefore further assists in optimising the efficiencies of in-branch ATM replenishment processes, with potential direct savings from reduced cash-in-transit costs.

These technologies sit appropriately alongside the traditional in-branch resources such as the teller, ensuring that they in turn are able to optimise their time and increase customer face-to-face service potential. Combined, these technologies and strategies can begin to automate the cash transaction process, freeing up teller time. This is important, as the cost of handling cash is potentially quite extensive when only manual methods are used. Through technology, cash recycling enables banks and credit unions to keep and even enhance the cash on hand, while drastically reducing the cost of managing it.

The return on investment for cash handling technologies comes in many forms: increased efficiency of the front-line staff, greater accuracy in transactions, discrete security measures, and the realisation of branch design objectives such as customer-centric open-plan layouts – to name a few. However, the most important metric is that individual branches typically realise full payback on their investment within 15-18 months by simply installing the technology. This remarkable figure reinforces just how valuable such innovations can be to improving branch practices while simultaneously improving the bottom line. If the installation is implemented as part of a complete branch strategy, including staff training, resource reallocation, simplification of security procedures etc., that payback timeframe will accelerate significantly.

Resource optimisation

At the teller line, correctly integrated solutions can transform the labour-intensive audit procedure to a completely automated process – a huge time saving which translates to a real business benefit. The degree to which this is supported by the teller application varies. A US bank who recently adopted

Talaris' CashInsight™ Assure across a number of its branches found that by using the audit and reporting capabilities of the software they were able to halve the time of each traditional, manual verification. This equated to a 30-minute saving per device per audit – across the whole branch network this amounts to a very significant saving.

Cash automation solutions also provide vault level security and limit direct access to cash. This not only improves security within the branch but also minimises the numerous staff trips to central vaults and can even reduce the number of central vaults required.

If the solution installed is a recycling system, financial institutions can also benefit from reducing currency inventory, providing a cost saving of approximately \$100,000 per branch. In turn this can reduce the number of shipments by armoured carriers; data shows that reducing one shipment per week, per branch, across a 500-branch network conservatively produces savings in excess of \$1,000,000 annually².

Integrating through partnership

The real-life evidence actually speaks for itself: Implementing cash handling solutions into the branch management strategy creates immediate cost savings which are measurable every step of the way. Implementation of such a strategy, however, is a complex organisational change that should not be taken lightly and calls upon close development of staff with practical training and integration with state-of-the-art technology. It

necessitates the selection of an experienced partner who can develop a solution that specifically dovetails with a financial institution's existing resources and future objective. These are the crucial first steps to making branch automation technology a near instant and money-saving success. ■

¹ Talaris Consulting: The Future Bank Branch

² Boston Consulting Group

It is possible to experience greater than 60% savings from increased efficiency via internal cash management



Talaris Teller Automation installed in Bendigo Bank, Australia