AURIGA PERSPECTIVE

Weathering the storm of change for bank tellers

By Antonella Comes, Chief Marketing Officer, Auriga

Antonella Comes
Auriga

Financial institutions are currently facing a perfect storm. As if the combination of increasing customer expectations, regulatory scrutiny and pressure to drive shareholder returns was not enough, there is also a digital revolution unfolding with competition from challenger banks and fintechs. The branch networks find themselves in the worst of this 'storm of change'.

A key challenge for branch banking in 2017 is having to rapidly adapt the traditional branch model to a new paradigm, where technology choice and IT strategy are increasingly a determinant of success. Against a backdrop of customers who 'want it now', pressure on bank capital is unprecedented. Regulatory segregation within banks is driving cost pressure upwards and branch numbers downwards: in the UK alone 1,046 branches were closed in the last two years. The branch cost challenge now goes beyond just achieving profits and shareholder returns, but instead is a struggle for bank and branch survival. The branch and specifically teller channel thus need to work harder and drive more value than ever before. The storm of change does not care about bank legacy infrastructure, location issues or process constraints; it demands innovative and efficient services that enrich the customer experience and ultimately drive sales.

The branch cost challenge goes beyond just achieving profits and shareholder returns, but instead is a struggle for bank and branch survival

The evolving teller channel

The teller channel has transformed significantly, having journeyed through a number of 'ages' in a short period of time, though essentially performing the same transactions. It started with the 'efficiency of the individual' age (no left-handed tellers allowed for fear of ink-blotting ledgers), followed by the 'migration away' age where low value transactions were moved from human tellers to ATMs, ASSTs/ASDs, kiosks, telephone banking (and most recently online and mobile banking). Then the 'retail' age dawned with longer opening hours and branch relocations nearer to prime retail sites. This age also saw teller automation and multi-skilling, linking tellers into sales processes and the removal of security screen barriers between staff and customers. Banks realised that swinging too far towards hyper-automation and driving customers out of branches was a flawed strategy if it adversely impacted sales opportunities. The current 'valued channel' age teams greeters with tellers for both an efficient streamlined branch and a high-touch customer experience and above all 'customer care'. The historical trend for efficient branches and tellers (doing things well) has been replaced in 2017 with effective-efficient tellers (doing the right things well).

So what do *banks* expect from the teller channel in 2017? We see a range of responses to this question across markets. Some are transforming and upskilling the teller role, others ending the teller altogether in some locations, operating with just advisor-greeters who can provide assisted self-service. Unattended branches are not uncommon (or new), nor is the shift towards a different type of staff that is more focused on relationships, customer experience and sales. Expectations from a bank perspective ultimately depend upon channel strategy, but if a branch has tellers – more is expected of them.

And what do *customers* expect from the teller channel? Customer expectations are the sum of users' full range of experiences with banking channels and in other sectors and contexts. Commercial, wealth and retail customers have always wanted to have their immediate need fulfilled as effectively and efficiently as possible, perhaps sometimes with the added value of a smile. Now, expectations have evolved, and to be delighted with their experience, customers want value added at the teller line. Whereas banks used to be able to hand off from a teller to a more senior banker, today's customers clearly prefer not to re-queue or move out of transaction. Over 80% of the simple transactions serviced by branch tellers can be easily automated and migrated elsewhere, but from a customer's perspective, the person in front of them should be able to do everything.

Branch staff are increasingly the escalation point for all issues. If something cannot be fixed through the helpdesk, chatbot or FAQs, a customer will visit the branch. Streamlined branches have greeters identifying needs and directing customers, and tellers equipped to deal with exceptions and complex requests. This format presents quite a challenge, especially when customers expect staff to know both their problem history and how to solve it. With fewer branches and tellers, those who remain need to have knowledge at their fingertips. Auriga's WWS Customer Management, one of the most recent modules of the WWS Branch solution, was created to provide banks a technical solution to this challenge. It provides staff with the tools to reassure any visitor that their needs will immediately be taken into account.

Leveraging the value in the teller channel

How should tellers drive more value? Much of the value of today's tellers, as with their predecessors, lies in the human touch. The right teller technology can help create 'magic moments' of understanding and aid rapport-building. Predictive marketing can create the conditions for a sale at the teller or help instill loyalty today for a sale tomorrow. Yet it is important to consider the customer relationship as a whole. Auriga sees customers who are engaged through any channel as being more engaged with their bank overall. Banks need to be where their customers are: in the right place, at the right time with the right offer and the right level of care.

Both human staff and the technology that aids them have their advantages and limitations. It is unlikely, for example, that today's customer will engage a device about the weather, whereas a teller can link the conversation to a bank loan for a holiday somewhere warmer. Tellers, however, cannot link in-store signage to an individual's behaviour and are unlikely to spot subtle trends over time. Branch systems that store and analyse usage characteristics can use insights to drive value at a future date thanks to Artificial Intelligence and predictive analytics. Yet PSD2 may reduce these advantages of prior relationship knowledge by enabling banks' competitors permission-based access to account information. Technically complacent or legacy-limited banks will suffer at the hands of smart acquisitive banks able to offer pseudo-personalised banking from day one.

In the meantime, the basis of the branch visit is already changing. With customers pre-booking appointments and pre-notifying visits, the need to recognise customers in-branch is more important than ever. A branch experience can begin before a customer even enters the branch, and high expectations set by banks' modern channels must be met by the oldest. Solutions like WWS Branch complete suite can help with this, maximising sales and experience opportunities across greeter tablet, ASD/ASST, ATM, welcome kiosk and digital signage.

While hardware continues to drive staff efficiency, bots are now being introduced to replace or augment the staff. Bots are certainly good at performing simple queries like answering questions or routing customers but are currently limited by the nature of their inputs and their learning – and customers will not tolerate poor service during a learning phase. Automation capability is, however, making leaps in natural language, emotional response and learning. Latest examples such as RBS's work with IBM Watson and Mastercard's bot banking in messaging apps are truly exciting. Bank of America's bots now perform transactions and recommend behaviours. Linkages between mass platforms and banking have potential to offer customers a hitherto unimaginably convenient experience. Preparation and design flexibility are key to setting the foundation of the branch of the future. To this end, banks should not be limited in vendor choice given the need to fight to retain customers and remain adaptable to the changing environment.

Branch staff are increasingly the escalation point for all issues

What next for the teller?

The teller's role depends on branch channel strategy. It is clear that correctly supported tellers can be a point of differentiation, combining a personal, effective and efficient experience with value-adding offers. Can we see a time when tellers are completely replaced by automation and AI? Right now it is hard to imagine exclusively automated teller lines, but it is important to remember that Millennials and Generations X and Y have not grown up with bots. They witnessed the early attempts in machine learning that led to incorrect outcomes or manipulation by mischievous users; Generation Z did not. Many of today's customers may feel uncomfortable talking to a mobile device or even a video conference kiosk, but younger generations easily turn to Google, Siri or Alexa instead of their parents. A new playing field in banking may therefore be emerging, with competition developing for the best adaptive technology as well as the friendliest and most capable staff. How the teller line looks in the future will always depend on the needs and acceptance of customers of that time. ■

A new playing field may be emerging with competition developing for the best adaptive technology as well as the friendliest and most capable staff