

# WHITE PAPER

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## Transforming Retail Branch Networks Through Video Banking

*Technology enables a new level of personalized service that finally puts to rest any thoughts of 'bankers hours.'*

As financial institutions face ongoing pressure to do more with less, video banking has gained acceptance as a cost-effective way to transform the retail branch network. Video banking combines face-to-face customer service with remote device control that can span all consumer channels, including online and mobile channels. Pioneered in 2004 by uGenius Technology, video banking has matured from a cutting edge concept to a fully proven solution for providing a rich customer service experience in a cost-efficient manner. A number of financial institutions (FIs) have adopted video banking for a variety of deployment scenarios that support their strategic plans.

### Teller Line Replacement

Some FIs are replacing their teller lines with video banking, freeing up customer facing associates to provide a higher level of service and sales. Each teller can be more efficient by serving customers regardless of what branch they're in. Based in Raleigh, N.C., Coastal Federal Credit Union operates 63 NCR APTRA Interactive Teller machines in 16 branches. It has 40 tellers in a centralized customer service center, who make more money than they did under the traditional teller line set-up. However, Coastal's teller labor costs have dropped 40 percent. In the meantime, teller service hours are up 87 percent, with teller service available from 7 a.m. to 7 p.m. seven days a week.



"We're saving about 40 % of our cost providing tellers than where were five years ago," said Chuck Purvis, CEO. "We're saving 40 percent on labor while we extend our hours 86 percent. That's a pretty good formula". PLUS "Technology is cutting costs, time and crime".

“One of the main strategies was to be able to offer extended hours for teller service to our members,” said Loreice Jernigan, director of retail projects for Coastal FCU. “It gives us efficiencies so that we do not have to increase staff. We can use our central teller center and leverage them across the branches seven days a week.”

At Greater El Paso Credit Union in El Paso, Texas, where 30 percent of the population are members, four PTMs in one branch handle 12,000 transactions per month.

About one-fourth of those transactions occur between 5 p.m. and 8 p.m. Five video banking tellers remotely serve the branch. GECU plans to build a new branch with three additional PTMs but will add only one remote teller for the additional transaction volume. On a long-term basis, GECU plans to add two more branches with two PTMs each, but will not need additional tellers. Those branches will be staffed with a supervisor and two sales consultants. Now, instead of staffing each one of their new branches with costly product experts, their product experts can stay in one location and receive calls from any of their new branch locations. Not only will their product experts be able to see and speak with their members, they will be able to share loan documents on the screen, scan a photo ID, capture an electronic signature and print the completed loan out to the SmartOFFICE Console.

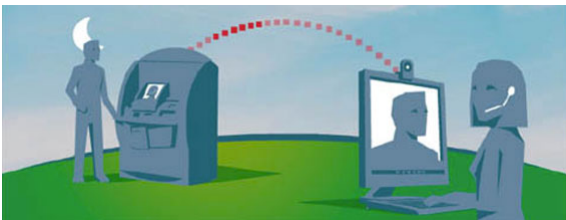
**‘We’re beyond the theoretical case now; we have identified how people are utilizing (videobanking) and what benefits have derived from their use of it.’** Ed Griffin

President of Informa Business Systems, Inc.

## Time Convenience

With a video banking system operated from a centralized customer service center, an FI can offer personal services without compromising on security. The employees operate safely from a remote location, and the PTMs offer a high level of security with cash safely housed in an ATM-type vault. With video banking it becomes much more cost-effective to offer full-service transactions and consultative sales outside of standard branch hours, including evenings, weekends and holidays.

Kingston, N.Y. based Mid-Hudson Valley Federal Credit Union bills itself as the “The Most Convenient Credit Union in the World” because it offers 24/7 video teller services, including drive-up video banking at two branches. Overall, Mid-Hudson FCU has installed 22 PTMs in 10 branches. From those PTMs, 65 percent of visits are outside normal branch hours and 28 percent are on weekends.



*“We don’t look at it as a cost-saving enterprise, we look at it as a service-enhancement enterprise,”* said Bob Michaud, senior vice president and chief marketing officer from Mid-Hudson Valley FCU. *“There are costs associated with running a 24-hour operation, but we have to have 24-hour service available for our members.”*

## Place Convenience

Video banking allows a FI to establish a full-service branch location that would otherwise not be viable for a traditional branch. In urban areas where high real estate costs or security concerns make establishing a market presence prohibitive, a videobanking branch can fit into a smaller, more affordable footprint. Video banking also makes it easy to place a branch inside another retail location such as a mall or big box discount store.

Philadelphia-based American Heritage Federal Credit Union launched its videobanking strategy with a branch in a grocery store. By deploying two PTMs, the branch was able to focus on sales and services and opened 200 new accounts per month for the first four months. It's the fourth highest amount of new accounts in the network. Existing customers are migrating transactions and new products to the branch because they can bank while doing their shopping. American Heritage has since installed additional PTMs. *"our monthly transaction totals for our eight PTMs - four of which are in grocery stores- have already exceeded 6,000 ,"* said Bruce K. Foulke, president and CEO of American Heritage Federal CU. *"We see this as an opportunity to bring credit union services to even more people without incurring traditional branch costs. This is the future of credit union banking."*

## Remote Locations

The National Credit Union Association (NCUA) has announced that video banking machines are classified as service facilities when considering credit union field of membership expansions. According to NCUA, to qualify as a service facility, a video teller must be physically located in the service area, provide realtime, face-to-face video access to credit union or shared branching employees during regularly scheduled hours, and allow the member to conduct all the transactions he or she could if visiting another sort of service facility permitted by NCUA. NCUA recognized that video banking allows an FI to establish a market presence in a location that may be inconvenient from the rest of its network. For instance, in less populated states or in smaller communities, an FI can establish a branch presence via video banking. NorthPeace Credit Union in Fort St. John, British Columbia, serves its members in small towns and remote locations via video banking systems. Also, credit unions can provide branch services at select employer group sites where it otherwise would not be cost-effective to staff with tellers and product experts.



## Sales-focused Branch

Creating video banking branches that are free from conducting routine transactions allows the FI to focus more on customer service and sales. Sales consultants can take time to understand customers' needs and guide them toward the proper products. In Philadelphia, Conestoga Bank remodeled a branch in a high-end retail area with the NCR SmartBRANCH, which includes the NCR APTRA Interactive Teller console and PTM kiosks (which are run by the NCR Video Banking System).

Staffed with only two sales consultants, the branch saw a 430-percent increase in traffic over the previous year and a 150-percent rise in new accounts in the same period. With video banking, the branch was able to match the operating hours of the surrounding retailers and attract new customers. The sales-focused staff is able to go into the community to build relationships and attract high-value customers.

## Multi-Channel Customer Engagement

Defense Bank of Australia was one of the first FI to use NCR Video Banking as a way to engage its customers from their home or work computer. The bank started with a pilot program to assist in customer service inquiries, open new accounts and close sales for their broad customer demographic.

Video banking will continue to transform the retail network with mobile and tablet video banking applications. These are just a few ways that FIs are using NCR APTRA Interactive Teller technology to transform how they deliver products and services, ultimately providing a higher level of customer service, reducing operational expenses, and increasing revenue.

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## Why Informa?

The only NCR Distinguished Partner in MI and with nearly 5 decades of experience we have become a totally customer driven organization. We successfully provide the only complete financial equipment sales and service to banks and credit union in the state of Michigan, northern Ohio and Indiana and we do it with price, quality and service.

## Why NCR?

With over 125 years of experience and knowledge, NCR is a leading global provider of payments, assisted- and self-service solutions. NCR has been the global number one manufacturer of ATMs for more than 22 consecutive years and has the technology which provides a comprehensive multi-channel video banking solutions for financial institutions. We help our clients around the world improve their customer interactions, implement change quickly and proactively, and transform their businesses to become leaders and change agents. We can help you, too.