

Red Hawk Fire & Security



The Bank Branch of the Future

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Executive Summary

The heyday of brick and mortar banking has passed. Today, given the opportunity, more than 60% of teller interactions would take place outside of normal banking hours. More than 81% of American households bank online, with mobile applications continuing to grow. And half of all adult Americans regularly use the ATM for banking transactions. The growth of alternative banking options means a reduction in foot traffic for retail institutions and thus a reduction in opportunity for selling additional financial products and increasing profitability. For a retail banking operation, the challenge is to grow business and retain customers by providing the technology they want, the service they demand and the capabilities they need to satisfy all of their banking transactions.

Introducing Interactive Teller, the revolutionary banking technology that is transforming the bank branch as we know it. Interactive Teller combines video collaboration and remote transaction processing embedded within the traditional ATM machine to give banking customers the choice of self-service or connecting with a remote teller in a highly personalized, two-way audio-video interaction. Interactive Teller can help customers complete 95% of traditional teller services. It is a win-win with customers and retail banks alike: it gives customers the experience and convenience they seek and helps banks increase customer retention and market share, reduce total operating costs and deliver their own unique (and ownable) banking experience.

The Evolving Banking Customer

Today's banking customer is more savvy and more demanding than ever before. They want flexibility, mobility, customer service, proximity and low costs and they aren't concerned with loyalty. When customers don't get what they want, they simply find another bank. In fact, a 2011 Ernst & Young retail banking survey showed that 36% of customers worldwide changed their bank in 2011 and an additional 7% were considering a switch. Poor levels of personalized service from their bank and a lack of proximity of the branch network were the leading reasons respondents cited for switching.

Statistics also show that customers are redefining the kind of bank they are looking for, turning from the traditional brick-and-mortar bank branch to more convenient options that meet their needs and fit into their busy lifestyle. According to recent research, more than 63 million Americans currently bank online and 81% of households surveyed banked online at least once in the past 12 months (Pew Research Center, Jan 2012).

Customers also look to the ATM to handle their banking needs, citing convenience and 24/7 availability as reasons for use. Forrester research states that more than 85% of bank customers regularly use an ATM for banking transactions and one in three uses one at least weekly (www.forrester.com).

With the demand for additional banking options and reduction in foot traffic, retail banking organizations are faced with the challenges of providing secure, forward-facing technology while maintaining their brand in a changing retail environment. Banks need to build loyalty screen-to-screen, create confidence in the security and efficacy of their technology and provide the customer service that their clients are demanding. Couple that with the need to reduce costs and the heightened regulatory environment, and you have a paradigm shift that must be addressed.

Interactive Teller: How It Works

The bank branch of the future is evolving as quickly as the technology that drives it. Retail banks are reducing their brick-and-mortar footprint and employing Interactive Teller Machines to replace traditional tellers while maintaining customer service levels and building loyalty. Customers still want their bank to provide “a person,” but they also don’t want to be confined to traditional banking hours and locations. That’s why Interactive Teller is defining the bank branch of the future.

When a customer approaches an Interactive Teller Machine, they have the option of self-service functionality, much like current ATMs, or they can choose to connect with a live, remote teller in a highly personalized, two-way audio-video interaction. Via secure interactions, the teller can perform 95% of the duties they would if the customer had walked into the bank, including deposits, withdrawals, check cashing and more. In essence, the teller has control of the ATM and is able to provide personalized service as if the client was in a branch location. The teller may be located at a centralized customer service center (or even at an equipped home office) and may be responsible for more than one Interactive Teller Machine.



ATM FAST FACTS

Half of all adult Americans use ATMs regularly.

Friday is the most popular day for ATM usage.

The typical ATM user visits an ATM 7.4 times a month.

The average ATM withdrawal is \$60.00.

2.5 million ATMs will be installed worldwide by 2013.

The Advantages

Interactive Teller technology provides a number of advantages to both banks and their customers.

1. Expanded network locations

Customers cited convenience as a primary importance in bank choice and loyalty. Interactive Teller allows banks to be in more locations at a lower cost than traditional brick-and-mortar. The lower cost of an Interactive Teller Machine also allows banks to “test” a market or a site before undertaking the expense of building a brick-and-mortar branch office.

2. Expanded hours

Interactive Tellers also allow banks to provide extended hours without the cost and risks of extending the hours of the branch location.

3. Highly personalized service

Live tellers provide outstanding customer service with highly interactive face-to-face conversation and transactions. Face-to-face interaction can also help deter fraud and theft, with visual identifications by a live teller.

4. Highly personalized marketing

In addition to personalized interactions, banks can also personalize sales and service messages through the Interactive Teller to each individual customer, allowing banks to continue to increase profitability through cross-promotions and cross-sell opportunities.

5. Increased teller productivity

Research commissioned by NCR revealed that only 10% of teller time is spent actually interacting with customers. Costs related to teller time can also be up to four times greater than those associated with an ATM. Centrally located Interactive Tellers help migrate transactions away from onsite tellers without reducing levels of customer service. Onsite tellers are then freed up to provide better service to customers who walk into the bank looking for something other than simple transactions. Banks can also deploy staff more efficiently.

6. Eliminates risk

Security concerns arise for banks when a teller or staff member is alone in a location, when there are a limited number of employees on site or when banks offer extended hours in less secure locations. Interactive Teller removes tellers from these potentially risky situations and places them in secure, centralized locations. Highly advanced security technology, including remote video monitoring as well as alarm and detection, ensures that Interactive Teller locations are secure for customers.

Summary

The bank branch of the future is happening now. Revenues in the banking industry are currently flat and retail banks are looking to technology to generate income, increase sales opportunities and meet customer demands while effectively managing costs. Economic conditions and regulatory oversight causes many new challenges to arise for these banks. Interactive Teller provides a cost-efficient means by which they can begin to meet some of their goals and move forward. As we have seen in products such as mobile banking, most banks are not early adopters of new technology, but once established, they will eagerly jump into the market. Look for the Interactive Teller paradigm shift to gain considerable momentum.

Authored By Red Hawk Fire & Security

Red Hawk Fire & Security is an industry leader with more than 1,400 employees and 50,000 clients across the country. Relentlessly dedicated to helping protect businesses from the risks they face every day, Red Hawk's comprehensive portfolio of life safety and security offerings employs cutting-edge technologies and advanced systems integration to create flexible solutions for companies of all sizes. The Red Hawk team of industry experts brings an unmatched breadth of expertise and years of hands-on experience to every solution. The company serves clients in banking and financial services, retail, education, health care and manufacturing and is headquartered in Boca Raton, Florida.

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