

The *Changing*



**Evolving teller
areas are designed
for both comfort
and speed.**

© 2004 Credit Union National Association Inc. Reprinted with permission.

Teller Line

PEGGY MERRICK-BAKKEN

Financial institutions long have been regarded as very serious places. They convey strength and security, with tellers cordoned off behind a marble wall, helping members get in and out as quickly as possible. Removing the teller wall and outfitting branches with coffee bars and oversized couches would have been laughable 20 years ago. Today, that's all changing.

Julie Bennett, vice president of marketing and retail delivery at Consultants and Builders Inc., Duluth, Ga., says that in the past, "the whole idea in designing a financial institution was to communicate that it was secure. Members' money was safe. The teller line created a barrier, if you will, between the general public and the tellers, and ultimately, the money. Today, the goal is to make members comfortable, encourage them to stay, and, ultimately, cross-sell additional services to them."



Julie Bennett

Changing teller lines have taken a variety of forms. Bennett has helped credit unions adopt varied approaches such as remote teller systems, teller towers, and hybrids, where traditional tellers reside alongside remote teller systems.

Which approach an institution takes depends on its membership, says Bennett. Younger, more technology-savvy members adapt to new approaches more readily than those uncomfortable with technology. Before moving to a new model, it's important to understand your membership. Survey members to see whether they'll readily accept a new approach to the teller line.

FOCUS

- ▶ **Which teller line strategy** a CU takes depends on its membership.
- ▶ **CUs wanting a traditional branch** presence with the operational efficiency of new technology sometimes turn to remote teller systems.
- ▶ **Tellers are approaching** members instead of waiting for them.

The move to tellerless

Five years ago, \$4.8 billion asset BECU in Seattle initiated an in-store expansion program. Marc Healy, BECU's director of member services, says the credit union has nearly 30 branches in the Seattle area. These include two traditional branches, while the majority of their locations are "tellerless" branches inside grocery stores. Twenty-two of these opened within the past year.



Marc Healy

Although the new 300- to 500-square-foot facilities are tellerless in that members perform their own transactions using automated teller machines (ATMs) and electronic kiosks, consultants are on-site to assist members. Healy says the in-store, tellerless model has been extremely successful for BECU. "Until five years ago, BECU had two traditional branches and about \$3 billion in assets."

Since expanding to the in-store banking program, Healy says traffic at traditional teller lines has declined about 2%, while membership has grown about 12% during the past year. "We average about 125 new members who come into those channels every month."

▶ KEEPING TELLERS SAFE

While advocates of remote teller systems praise them for cost-effectiveness and efficiency, one of their greatest assets is security. Tellers work in a separate location and interact with members via video, telephone, and pneumatic tubes.

Scott Woods, interim CEO of South Carolina Federal Credit Union in Charleston, says teller safety was a major consideration when installing remote systems in two new branches. Although his credit union hasn't experienced any recent robberies, unlike many financial institutions in the area, holdups are just one security concern. Institutions face a variety of security threats that remote systems address.

"We're suffering from check fraud losses, as is the entire industry," Woods explains. When tellers are physically removed from members, they can scrutinize documents closely. "Being face-to-face can deter that kind of scrutiny."

Remote teller systems also give members more privacy than traditional teller lines, in which people can overhear transactions. South Carolina Federal's new facilities were designed with individual teller stations from which members speak to tellers by phone.

Membership growth is just one benefit, Healy says. "Use of our remote delivery channels has increased. We've seen a reduction in call center calls, while our telephone banking and online banking have increased."

Remote teller systems

For institutions wanting to maintain a more traditional brick-and-mortar presence with the operational efficiency of new technology, a remote teller system may be the solution. Tellers are located in a separate room and communicate with members using two-way video and pneumatic tubes.

South Carolina Federal Credit Union in Charleston opened its first remote teller system last month using the RemoteTeller™ System from Diebold Inc., North Canton, Ohio. The \$1 billion asset credit union will open another such system in January.

Interim CEO Scott Woods says that after considering input from a diverse membership, the credit union selected a branch style with new, more efficient technology. "The new-concept branches offer all the individual attention of our traditional branches with the added benefits of these time-, space-, and money-saving technologies."

The new facility comes with a coffee bar, staff to help members, and kiosks for faster service. "We're trying to blend the two together and decrease the differences between the traditional and the new," Woods says.

South Carolina Federal implemented remote teller systems in two new branches for a variety of reasons. "We see it as a convenient solution to a basic transaction," he says. "We use Diebold's Marquee layout of teller stations [side-by-side enclosed stations with video cameras and telephones], which provides more privacy than traditional teller lines and saves space for other service areas, such as loans, investments, and new accounts. We need fewer tellers.



Scott Woods

"Losses due to security breaches and fraud are minimized as well," he continues. "A video system [at the teller line] deters people from theft. And the fact that a teller isn't at the window deters robbery." (See "Keeping tellers safe.")

The South Carolina Federal branch opening in January also will feature new biometrics technol-

ogy for self-service safe deposit boxes. A scanner will scan the unique shape of a member's hand. Woods says this technology saves staff resources by getting away from the traditional, dual-key safe deposit box configuration. "A member walks up, puts a hand on the pad, and is identified and allowed in," he says. "The member opens the safe deposit box with a key. There also are security cameras, so it's not like members are completely unobserved. And if they need assistance, that's available as well."

Behind the changes

Many factors push credit unions to rethink their teller lines, says Bennett. Using a remote teller system as an example, she says, "It improves employee productivity. That's a huge issue. Credit unions can perform more transactions with fewer tellers in less time. They're able to serve walk-ins and the drive-up simultaneously. It speeds transactions, reduces head count requirements, and improves efficiency."

Ultimately, says Bennett, competition in the financial services market is driving changes in the teller lines. "Financial institutions are competing for the same consumers' share of wallet [See "Smiling harder won't grow wallet share," p. 53]. The goal is to create an environment that's warm and inviting, and that entices members to stay. The longer credit unions retain members, the better their opportunity is to market and cross-sell services to those members. Credit unions want to create a sales-friendly environment. The traditional teller line isn't as conducive to that kind of interaction."

Healy agrees. He says BECU's tellerless branches cross-sell more services than traditional locations. For years, the teller's role has been to process transactions quickly to reduce member wait times. "People in the teller line want to get in and out," he says. "So, there haven't been many cross-selling initiatives on the teller side of the house."



Randy Riesenber

As teller lines have changed, so has the role of tellers. Randy Riesenber, vice president of product services at Users Inc., Valley Forge, Pa., says, "The role of the teller is moving away from simply handling transactions—taking money in and moving money out—to



With a remote teller system, tellers work in a separate location and interact with members via video, telephone, and pneumatic tubes.

that of a service rep who's looking at a 360-degree view of the member and recommending products and services based on that view."

With new software applications, says Riesenber, "they can say 'I noticed you don't have an ATM card and you're doing lots of transactions in the branch. Can I sign you up for an ATM card today?' Now, tellers are moving beyond transactions and promoting revenue-generating services."

Growth strategies

Keeping up with the population explosion in one of America's fastest growing cities led \$700 million asset Silver State Schools Credit Union, Las Vegas, to move away from traditional teller lines. Gilbert Niimi, executive vice president, says the traditional branch approach simply wouldn't allow the credit union to keep pace with growth in Las Vegas.

Since 1999, Silver State Schools has expanded from five locations to 16. Of the 11 new sites, five are in grocery stores, one is in a Wal-Mart, and the remainder are in neighborhood strip malls. None of the new locations have a traditional teller line. Instead, they feature ATMs and electronic kiosks. In addition, new technology allows everyone on staff, from managers to tellers to greeters, to serve members from their desks.



Gilbert Niimi

"We've shied away from large branches be-

RESOURCES

- ▶ Consultants & Builders Inc., Duluth, Ga.: 888-729-8183 or *cbi-facilities.com*.
- ▶ *CU Teller* newsletter, available in print and PDF versions: 800-348-3646 or *training.cuna.org*, select "Newsletters."
- ▶ Diebold Inc., North Canton, Ohio: 800-999-3600 or *diebold.com*.
- ▶ Users Inc., Valley Forge, Pa.: 800-523-7282 or *users.com*.

ly successful, he reports. Growth has averaged 20% a year for the past five years, during which time assets more than doubled from \$280 million.

Jacqueline Griffin, regional manager for Silver State Schools, expects tellers in neighborhood branches to reach out to members. "They don't wait for members to come to them, they approach the members. Our in-store tellers do "store time." They walk around the store and greet members."

Niimi says the criteria for hiring tellers is changing. "We've always looked at a teller's hard skills,

cause they're costly to operate," says Niimi. Opening smaller branches in shopping centers allows the credit union to serve members where they live.

Silver State Schools' approach has been extreme-

ly successful, he reports. Growth has averaged 20% a year for the past five years, during which time assets more than doubled from \$280 million. Jacqueline Griffin, regional manager for Silver State Schools, expects tellers in neighborhood branches to reach out to members. "They don't wait for members to come to them, they approach the members. Our in-store tellers do "store time." They walk around the store and greet members." Niimi says the criteria for hiring tellers is changing. "We've always looked at a teller's hard skills,

The future of teller lines

In the 1990s, Bennett says, people predicted traditional financial institutions would go away as electronic banking took hold. Those predictions never came to fruition, she says, because members like interacting with people, and the evolving teller line reflects that. Bennett predicts, "You'll continue to see a blend of high-tech and high-touch."

To ensure success, however, Bennett says changes reflected in the teller line must permeate the entire organization. "There must be an integration of sales, marketing, and training to create an environment conducive to selling. If you just changed your teller line and did nothing else, you wouldn't see the impact." ☺