

# The technology driven branch How ATMs are changing digital first banking

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David Johnson – Director, Product Management, Card Services at Fiserv

# Branches – how do they support a banking business?

## Transacting

Traditional teller counter,  
cash, checks

## Advisory and Sales

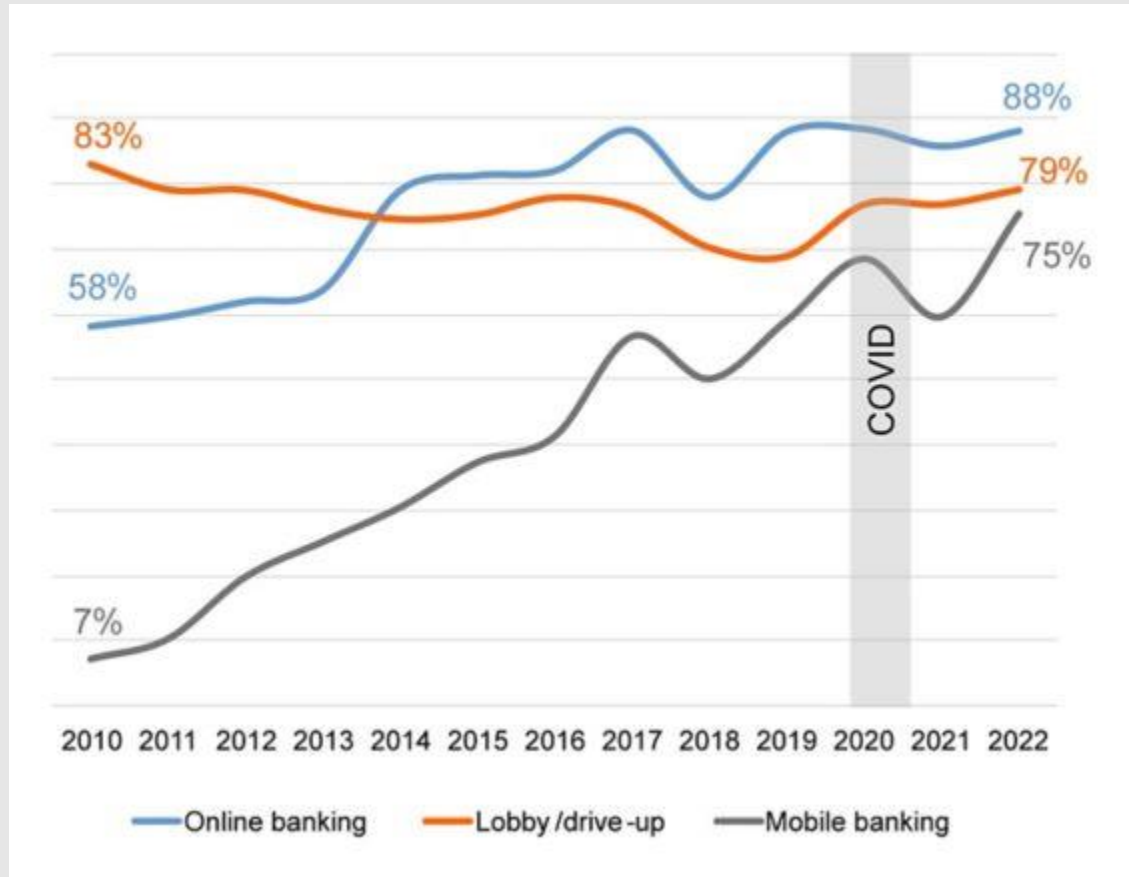
New products,  
financial services

## Experiential banking

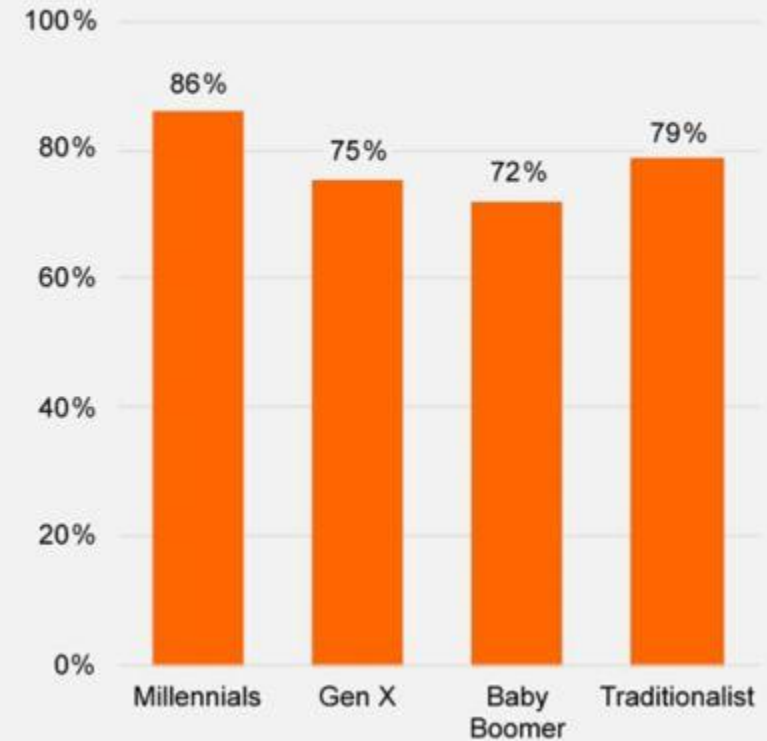
Personalized interaction,  
Relationship building

# Branches are critical service channel

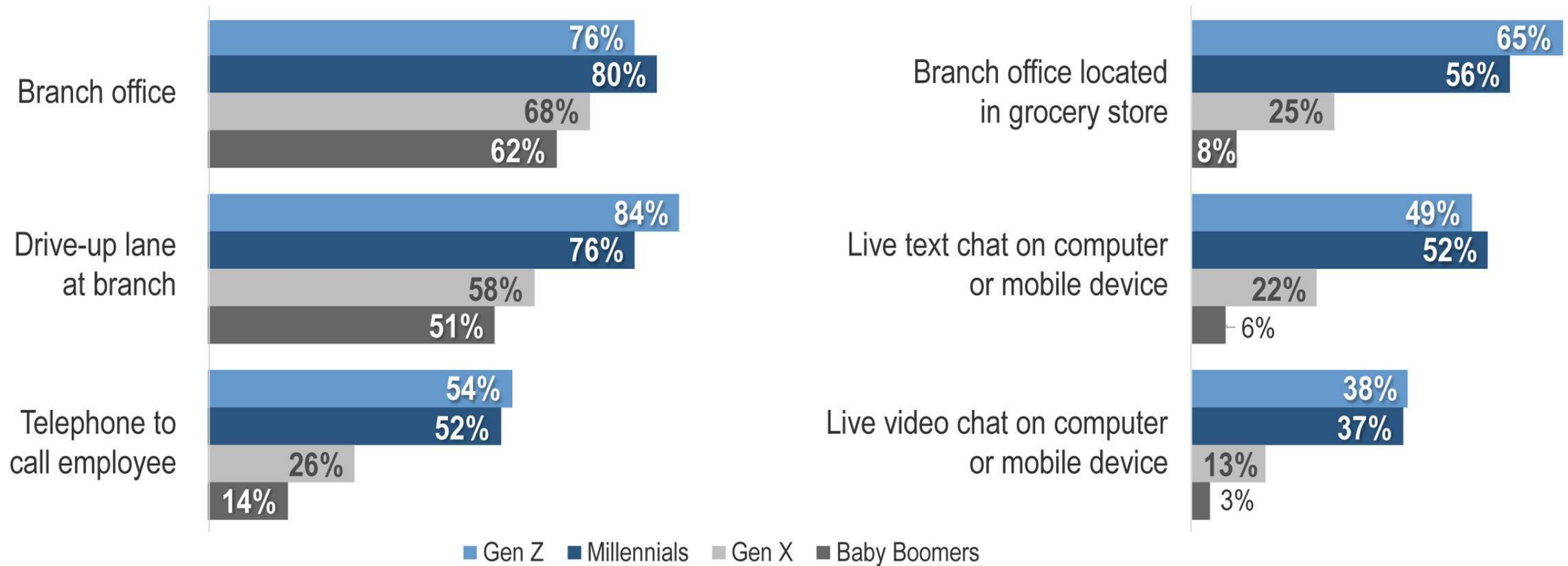
Mobile banking has exploded, but monthly branch use is rising again



Branch Lobby/Drive-Up Usage



# Younger Generations use more Employee-Assisted Channels



Source: Raddon Report - High-Tech and High-Touch;...YES! June 2023

# Right-sizing branches often requires removing the transacting element

Transacting

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Advisory and Sales

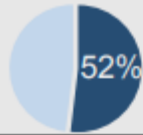
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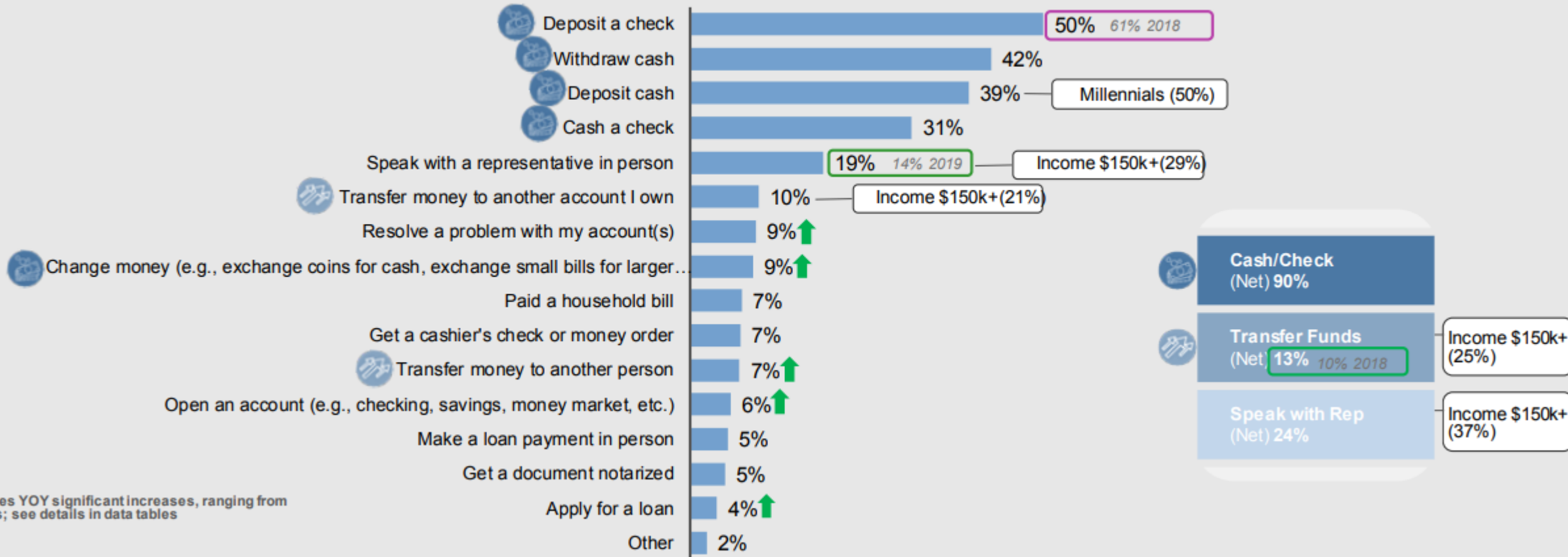
**Remove transacting from the branch, align costs with opportunity**

# Top Reasons for Visiting Branches



## Reason for Visiting Primary Financial Institution in the Past Month

(Base: Among those who visited a branch in the past month) (n=1,559)

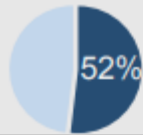


↑ Indicates YOY significant increases, ranging from 2-4%pts; see details in data tables

□ Indicates significant increase from 2019/2018 data  
 □ Indicates significant decrease from 2019/2018 data

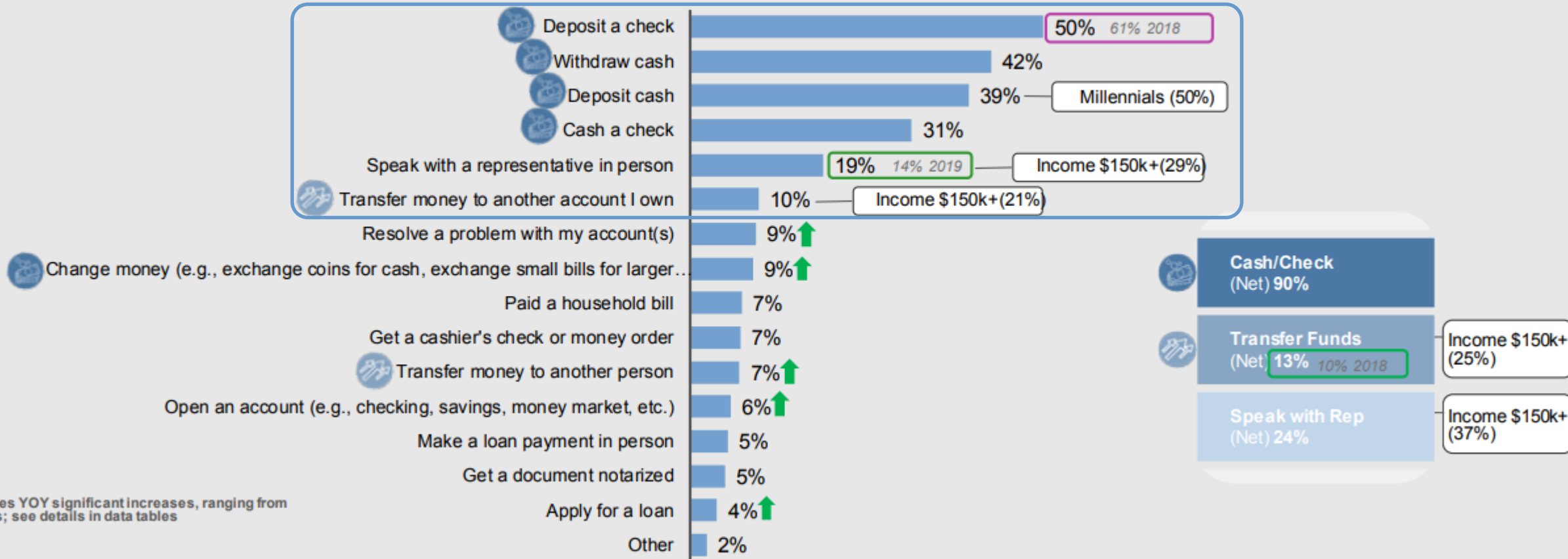
Note: 5 response options were removed in 2020. This can result in increased responses in the remaining codes. Significant changes are therefore not recommended to release publicly.

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# Alternate Transacting

## Optimizing self-service

Expand transactions available to self-service

Available in convenient locations

Extend hours of availability

Add convenience for consumers

## Optimizing Teller-assist

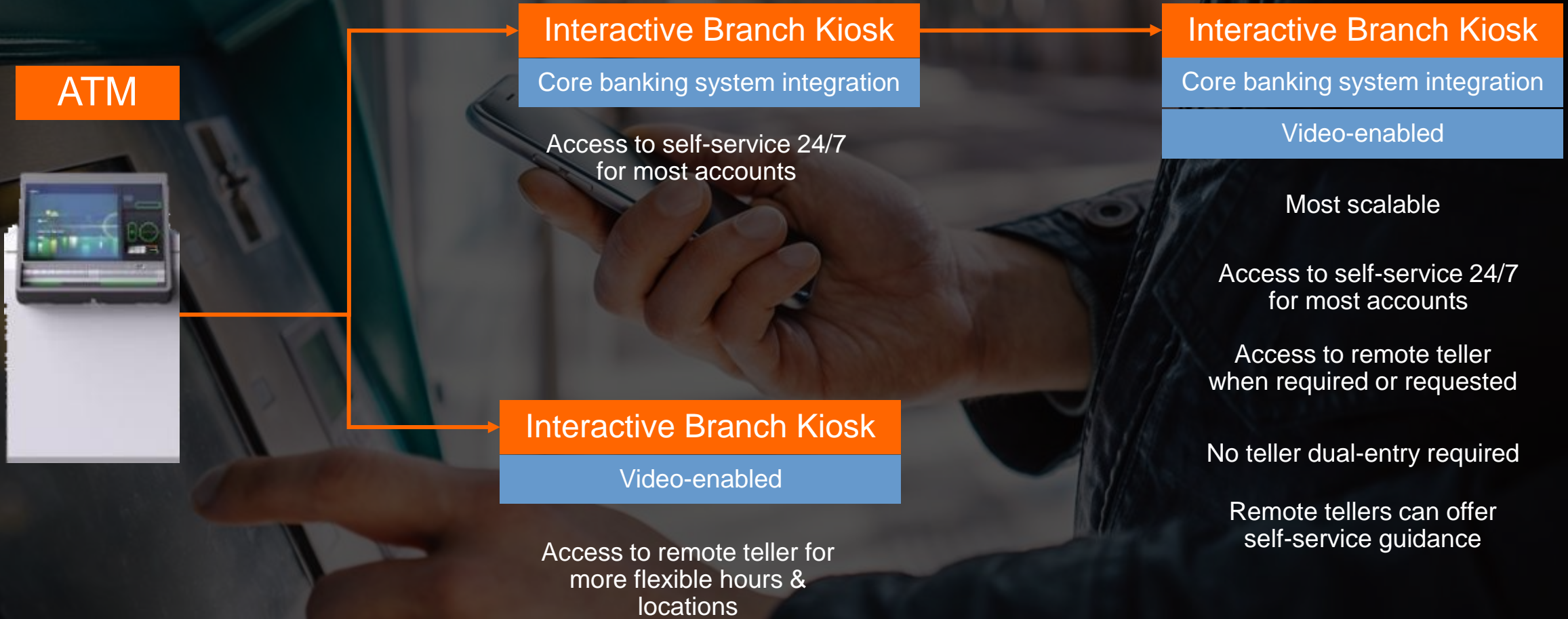
- Share tellers across branches
- Transform teller in customer service position
- Raise pay rates for reduced tellers
- Possible work-from-home opportunities
- Flexible hours
- Improve staff turnover

**Install ITMs in external and drive-up locations**



# Transitioning from ATM to Interactive Branch Kiosk

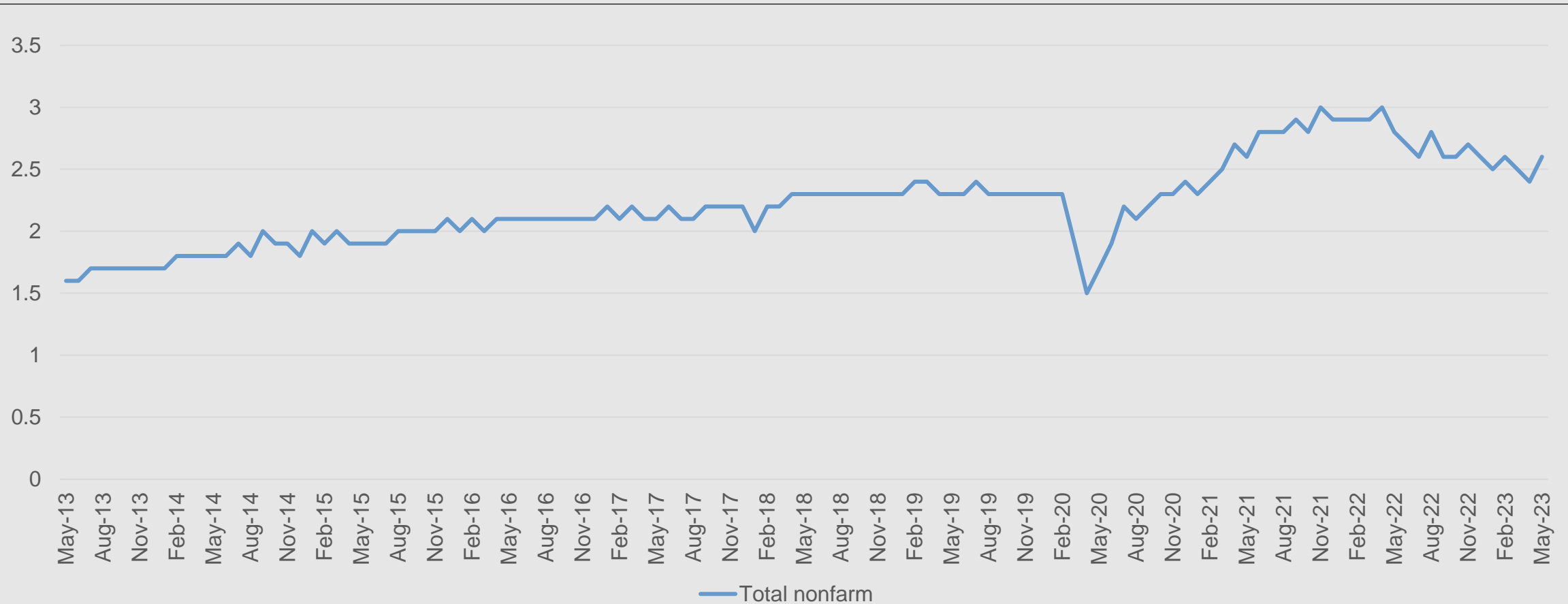
Enabling Self-Service Solutions Opens Options for New Locations and Flexible Hours



# The Evolving role of your associates Equipping your team for change

# Rates of staff turnover remain high – 4 years after Covid

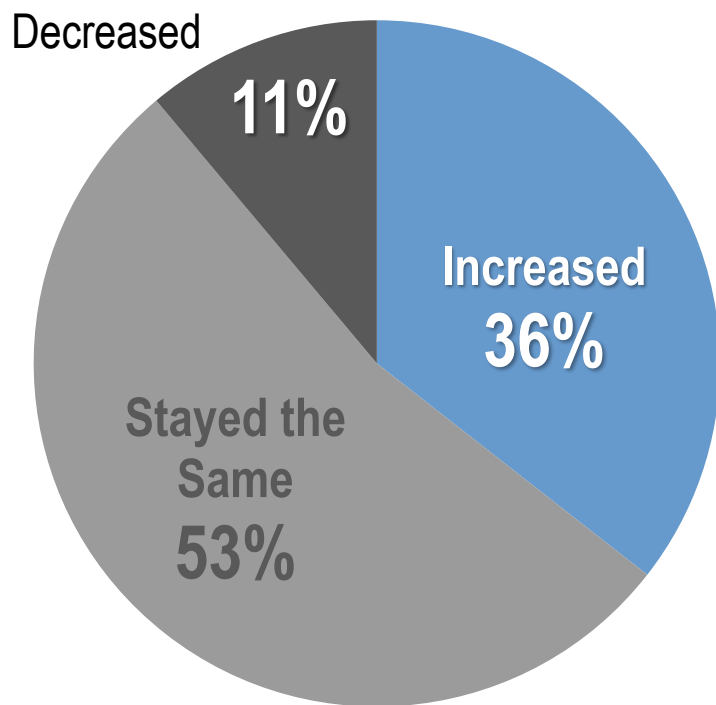
Quit Rates – US Nationally



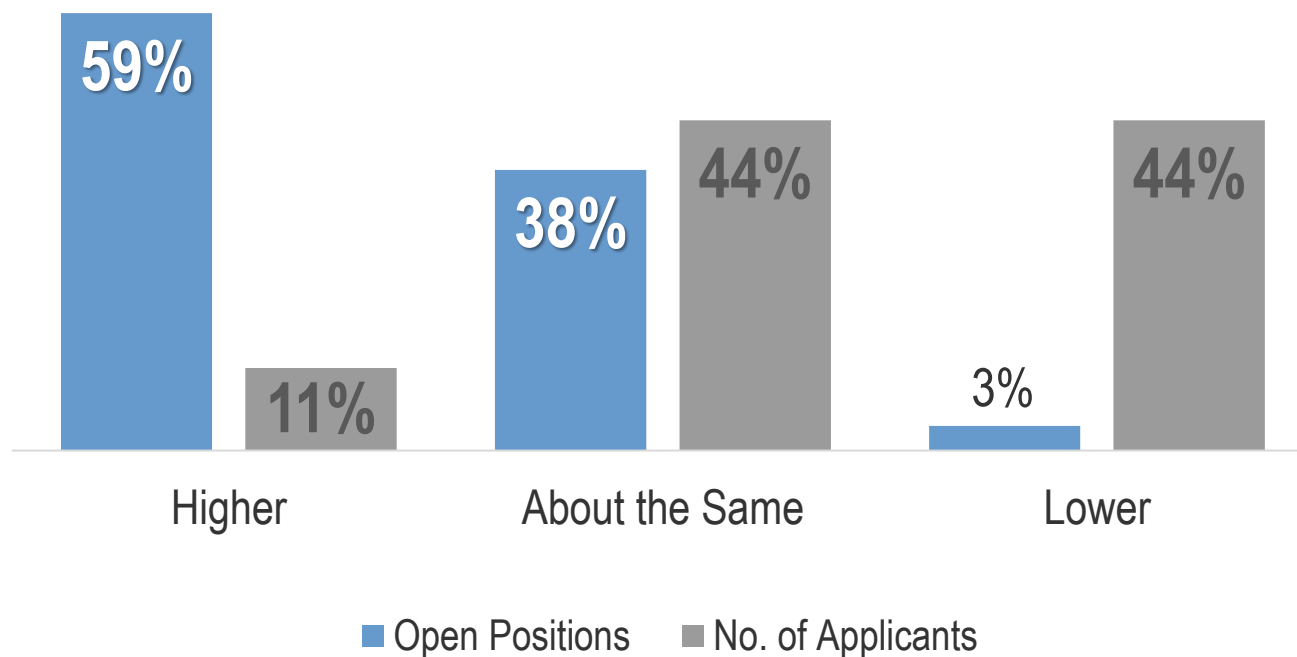
# Financial Institution Employee Satisfaction Reported to Be Strong, Yet More Open Positions and Fewer Applicants

To understand how the Great Resignation is affecting community FIs, we surveyed the leadership of 90 bank and credit union clients.

### Change in Employee Satisfaction

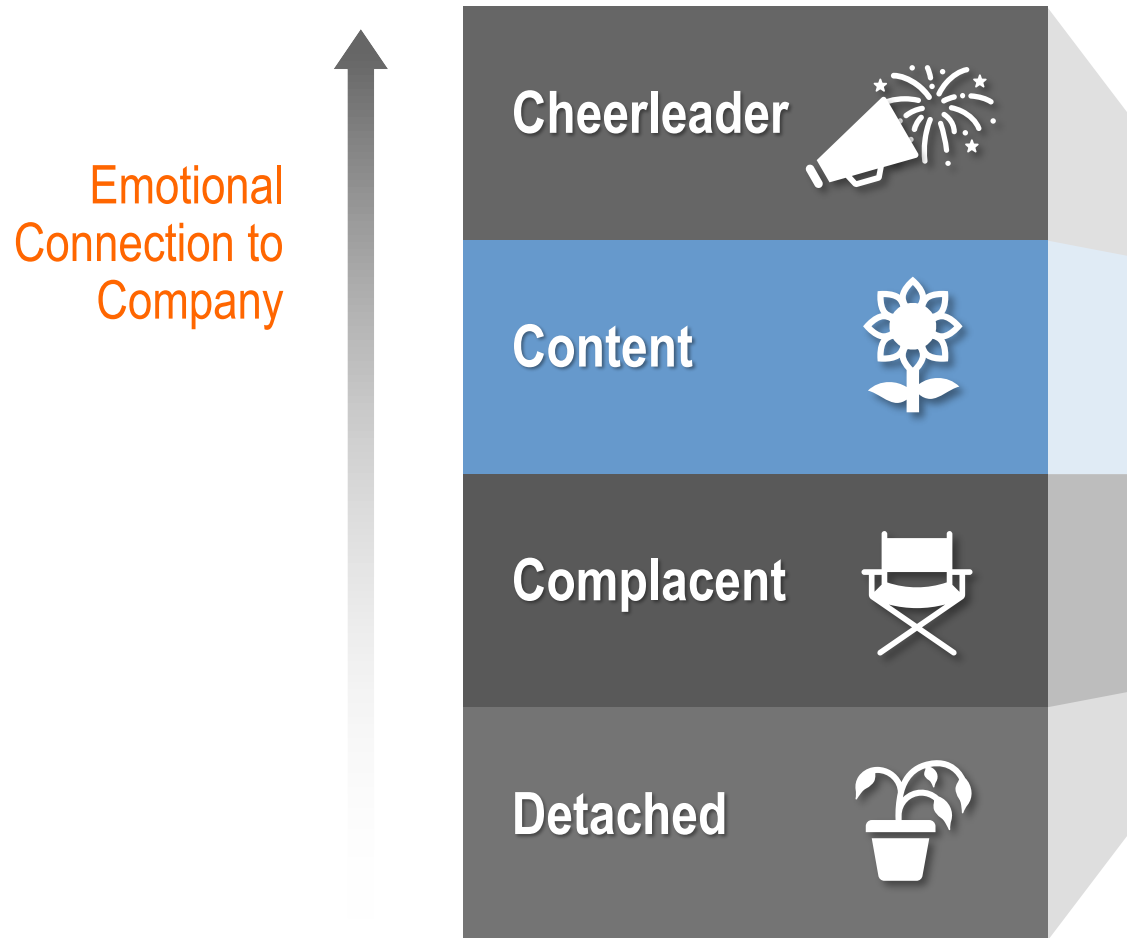


### Change in Number of Open Positions and Number of Applicants



Source: Raddon Research Insights - The Battle for Talent: Attracting, Engaging and Retaining Staff During the "Great Resignation" May 2022  
Q: Has your employee engagement increased this past year? (n=57 institutions that measure employee engagement) Q: Please indicate how each of the following have changed over the past year: Employee satisfaction (n=90)

# Employee Engagement



Employee engagement is the emotional connection the employee has to the organization and its goals. It is the extent to which employees put discretionary effort into their work in the form of brainpower, extra time and energy.

Employee engagement does not replace key metrics such as employee satisfaction, loyalty and advocacy. Instead, it is the critical emotional component that impacts all other metrics.

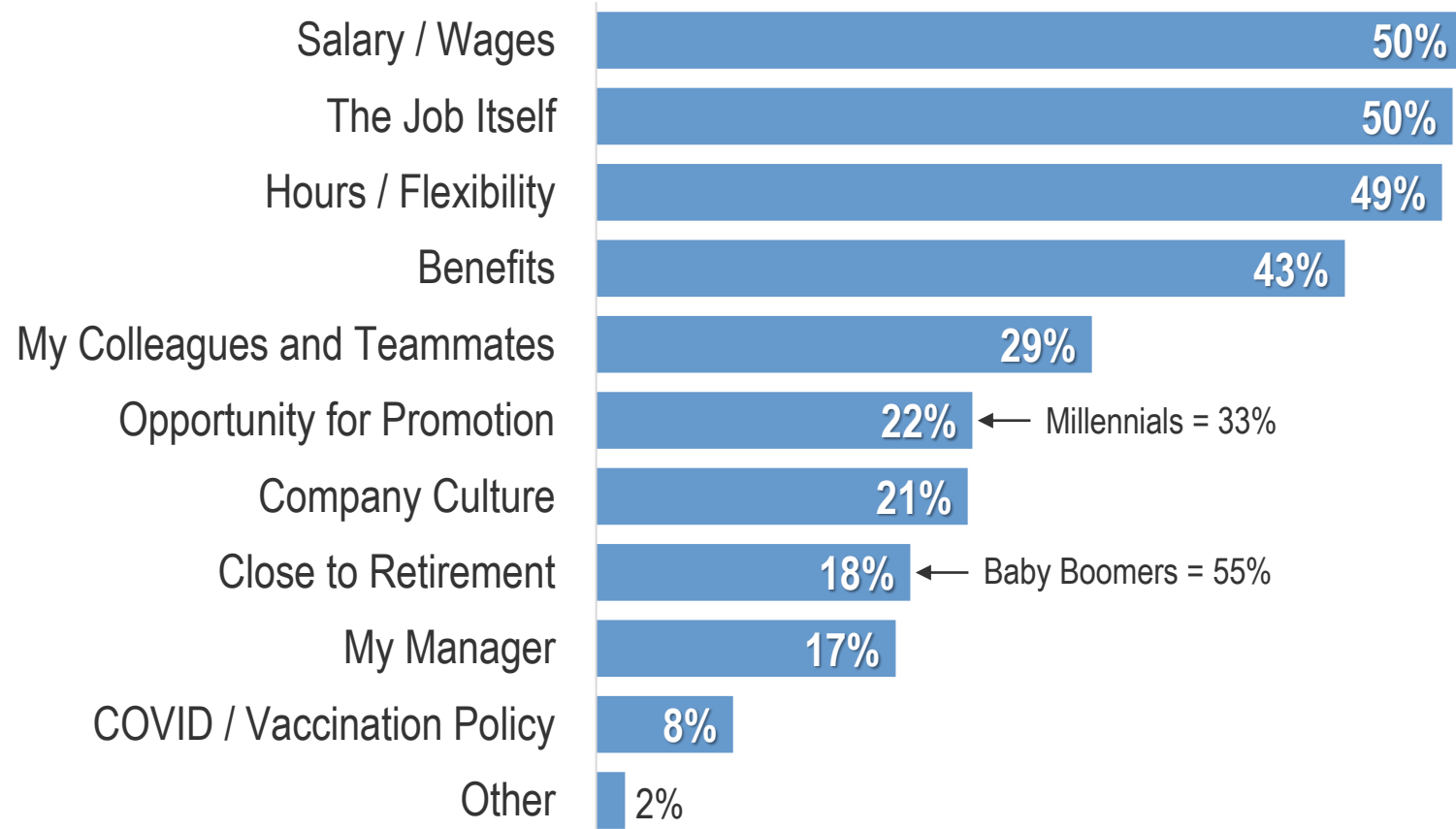
Higher levels of employee engagement correlate with higher employee satisfaction, loyalty, household satisfaction and financial performance.

# Workers Stay at Jobs for Pay, the Job Itself, and Flexibility

## Reasons Workers Are Not Looking to Change Jobs in 2022

What keeps employees around is a combination of salary and benefits but also the job itself and importantly, hours and flexibility.

For Gen X, work hours and flexibility are the top-ranked reasons to stay and the second highest for millennials behind salary/wages.



Source: Raddon Research Insights - The Battle for Talent: Attracting, Engaging and Retaining Staff During the "Great Resignation" May 2022  
Q: Why do you plan to stay at your current job? (n=810 workers who are not considering changing jobs)

# Branch trends and consumer expectations

# Four Branch Models



**Tech-Friendly Model**



**Kiosk/ATM-Only Model**



**Coffee Bar Model**



**Traditional Model**



# Flagship Branches

## Showcase Your Brand's Innovation and Consumer Experience

### What We're Seeing

- 1500+ Square Feet
- Largest footprint
- 4+ Associates
- Greeters/Concierge staff
- Open floor plans leverage TCRs
  - Configuration to support tellers, universal bankers and/or advisory staff
- Advisory services offered in the branch
- Self-service Interactive Branch Kiosks in the vestibule
- Self-service and/or video-enabled Interactive Branch Kiosks
  - In the drive-through, including drive-through teller window space



Statements derived from the professional observations of Fiserv and some of its vendors in the industry.

# Micro Branches

## Right-sized for Market Infills, Consolidations and Relocations

### What We're Seeing

- 500 – 1000 Square Feet
- Smaller footprint
- 2-3 Associates
- Advisory service focus
- Self-service and/or video-enabled Interactive Branch Kiosks
  - Inside the branch
  - In shared spaces such as malls
  - In the vestibule or as a walk-up
  - In the drive-through, often multi-lane



Statements derived from the professional observations of Fiserv and some of its vendors in the industry.

# Standalone sites

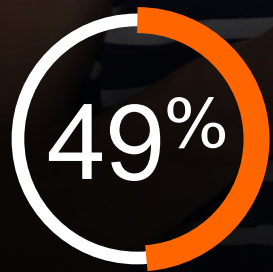
## Secure, Standalone Interactive Branch Kiosks for Market Infills and Branch Closure Replacements

### What We're Seeing

- <100 Square Feet
- Limited footprint
- 0-1 Associates
- Extend hours of operation
- Leverage existing hub-and-spoke networks
- Video-enabled Interactive Branch Kiosks
- Self-service Interactive Branch Kiosks in common spaces
- Video tellers can be located anywhere



Statements derived from the professional observations of Fiserv and some of its vendors in the industry.



Improved  
**Branch  
Wait Time**



## **Interactive Branch Kiosks**

go beyond moving simple transactions to be self-service Tellers Freed Up to Handle More Complex Customer Needs



Customers are seeing a **49% reduction in wait time**



**More  
Productive**  
Tellers



We are able to cross-train our employees to be more universal rather than departmentalized. With branch transformation, we see that the efficiency of the technology allows us to spend more time on member needs.

**– Credit Union Executive**





**Reduction**  
Branch Footprint



“

We can have a smaller size branch, at least 30%. The new branch is around 700 sq. ft. That was possible because of the Interactive Branch Kiosks and the cash recyclers.

– Credit Union Executive

”

# Key Takeaways



## Branches Must Evolve

- Consumers are still using branches, but the reasons they use a branch are changing
- Millennials particularly want customer service, technology integration and a community feel
- Branches need to emphasize engagement, not transactions



## Reimagine Existing Branch Network

- Knowing the growth potential in your market provides direction to optimization
- New market growth potential and competitive saturation are equally important
- Hub and spoke network design is key to an effective strategy



## Don't forget your staffing model

- Develop Tellers into true-customer-facing roles
- Use ITM deployment to drive new consumer behavior
- Remove/de-emphasize counter tellers

# Thank You!