

The Rise of the Machines: Branch Services' New Look

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Bill Spearman, the president and chief executive of Mid-Hudson Valley Federal Credit Union, likes to tell a story about how earlier this year a member went to one of the credit union's automated teller machines at around 10 p.m. and was annoyed to find that his card didn't work.

Hoping it was just a mechanical glitch with the ATM, the customer drove a few miles to Mid-Hudson Valley's main branch in Kingston, N.Y., where he had his first encounter with one of the credit union's new personal teller machines, which provide a high-speed, two-way video and audio link to customer service representatives working in a 24-hour call center.

Spearman recalls the customer telling him afterward, " 'Not only did a live teller fix my problem, but I got an apology at the same time.' "

Welcome to the new world of self-service branch technology, where machines are taking on more tasks that used to require tellers, and are starting to offer several services that tellers could never provide.

The goal, bankers say, is to get more customers moving through their branches faster — but without making people feel as if they are missing out on any personal service.

Mid-Hudson Valley's personal teller machines allow customers to conduct complicated banking transactions at any time of the day or night by talking to remote customer service representatives over high-speed Internet video connections.

Other banks are using touch-screen walls and tabletop devices that can display anything from animated artwork to marketing materials and information about financial products that customers can call up and print out on request.

Some banks are starting to redesign their branches to incorporate enhanced automation technology, like cash recyclers that can maximize branch floor space while improving efficiency and security. Others are installing self-service kiosks that let customers pay bills or even buy shares in initial public offerings.

And one Rhode Island bank has turned the self-service kiosk concept around, by implementing an identiCenter system that allows customers to "check in" as soon as they enter the branch — after people verify their identity, they can tell the machine what transactions they need to perform, and the identiCenter will prepare the necessary paperwork before they are directed to the most appropriate branch employee.

A New Model for Teller Machines

Coastal Federal Credit Union in Raleigh jumped onto the PTM bandwagon earlier this year and hasn't looked back. The \$2.1 billion-asset outfit has installed more than 30 of the machines at nine of its 14 branches.

"It's the most promising new banking retail technology that I've seen, and I've been in retail banking for over 33 years," said Willard Ross, the credit union's chief retail officer. He cited the machines' support, customer service, convenience, efficiency and safety.

Jeff Stott, the vice president of sales and marketing at uGenius Technology LLC, which makes the PTMs, said that five U.S. financial companies are using the machines. The Sandy, Utah, company expects to have 70 units in operation across the United States by yearend, with the largest number at Coastal Federal.

"Our approach has really been to come at the market from a personal service delivery model," Stott said. "It physically looks like an ATM — but it's not. It's a personal teller."

Patti Osterhoudt, the chief operating officer at the \$607 million-asset Mid-Hudson Valley, said the credit union plans to have five of its nine branches hooked up with 24-hour PTMs by the end of the year. One of its branches, in Rhinebeck, N.Y., has no live tellers — only PTMs.

She said the credit union's customers like the convenience factor. "We're in a very competitive market with both community banks and commercial banks," Osterhoudt noted. "What better way to provide great service than to allow a member to do what they want to do, whenever they want to?"