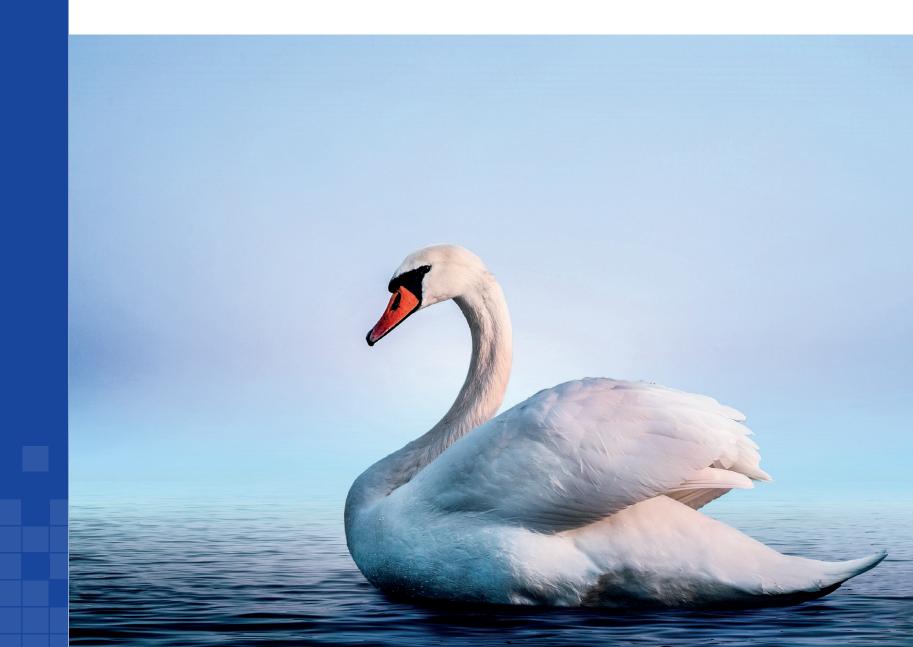# Imperative 2 Initiative:
Transformation and the Branch Back Office

Financial Industry Perspective | October 2016

GLORY

IMPERATIVE 2 INITIATIVE: TRANSFORMATION AND THE BRANCH BACK OFFICE

In the flurry of conversation and commentary on the subject of "Branch Transformation," little has been written about addressing the branch's back office. These customer non-facing duties, including those associated with the processing and handling of cash, are time-consuming and take away from customer-facing activities. Yet these activities are both important and essential. The trick is to transform these processes to make them more efficient and less time-consuming, freeing staff for more productive activities.

How So?

Back in the day, Sears Roebuck & Company offered goods in three categories pre-marked "good," "better, and "best." This was an effective way of providing the customer with options around product quality or functionality. So let's use that methodology to address a typical customer cash processing requirement of counting coins accumulated by a customer over time in a coffee can.

- "Good" would be to accept the coins in the can and tell the customer that they will be sent out to the main vault for processing, which will take about a week. After they are counted, a week later, the customer will be called with the total. This is what could be described as a minimal service level. However, this is really only "good" when compared to the option of telling the customer that loose coin is not accepted, which can chase the customer away. So, in this case, "good" is really not very good, and it still adds to the back office

processing workload, albeit somewhere outside the branch.

- "Better" would be for the teller to gladly accept the can of coins and take them to a back office/vault location where they count the coins on a coin sorting machine. While certainly better than the "good" scenario in that the week long delay is removed, it still falls short in that the time spent away from the customer is an opportunity lost. The reality is that there is no ability to have a conversation with the customer during the time it takes to count the coins. Also, the customer does not actually see the coins counted, which can always raise the question of, "Did the coins get counted completely and accurately?" This is a case where there is a back office process that addresses the customer need, but it still falls short of an ideal situation for either party!

- Now for the "Best" alternative…How about a lobby coin machine situated where a customer can walk in and process their own can of coins simply, quickly, and accurately and then be issued a transaction receipt that can be taken to a teller for redemption or deposit? This way, the customer gets what they want and the FI gets what it wants, an opportunity to interact with a customer. This alternative requires no staff labor to process the coin transaction.

The point is that Glory offers a wide range of coin processing devices suited for either staff or customer use that can support the "Better" or "Best" scenarios above in deference to someone who is currently offering only the "Good" alternative. In the case of the can of coins, we can also convert what is a cumbersome, "Better" back office task with a simple, straight-forward "Best" self-service alternative that still gives the FI a chance to engage with customers and potential customers who visit the branch.

We can also provide efficient high-volume back office coin processing and packaging when needed to serve commercial account requirements, keeping lobby-clogging high volume transactions where they belong while also returning staff to the selling floor sooner.

Opportunities Overlooked?

Any Branch Transformation initiative that ignores the back office is missing what could be a big opportunity. Not only is it important to cut back office cash-handling tasks down to size (efficiency), it is equally important to design a solution that addresses them effectively.

Often times, the needs of cash-intensive commercial or merchant accounts are forgotten in branch transformation discussions. This is not only true of coin depositing customers but also those who deposit large amounts of paper currency.

If a given branch is only doing a few walk-in merchant depositors, filling a handful of change orders at the same time, and also balancing a few bags in the night drop,

then automating and streamlining those activities can usually be accomplished using front office automation already in place. However, if merchants represent a target market segment or if a given branch attracts a large number of merchant cash depositors, then solutions designed specifically to automate these traditional back office, cash-intensive activities are needed.

ANY BRANCH TRANSFORMATION INITIATIVE THAT IGNORES THE BACK OFFICE IS MISSING WHAT COULD BE A BIG OPPORTUNITY.

Glory has a wide range of coin and banknote processing solutions that will assist in designing the right solution for cash processing requirements, whether

the need is to process small consumer cash transactions or a mountain of commercial cash in a back office setting! To prescribe and implement the correct solution, Glory uses a proven four-step process. This process includes: discovering your branch transformation needs, designing a complete solution tailored to those needs, deploying the solution efficiently and effectively alongside your team, and delivering the results you anticipate over time.

Why Bother?

According to core systems provider FIS, back-office tasks, many of which are associated with the handling or processing of cash, account for approximately 20% of branch labor on average, stating also, "Process improvements in the back office should also focus on eliminating paper and manual tasks that can be replaced by automation. However, night deposits will continue to need servicing, cash shipments will not be eliminated, and ATMs will need cash replenishment and servicing by a real person."[i] These things collectively represent a significant opportunity for efficiency gains.

Many suppliers offering solutions under the branch transformation umbrella have absolutely nothing to offer in the way of improving back office operations, especially as it relates to cash and cash handling. Consequently, they also have very limited ability to design a balanced solution to minimize back office tasks and while also optimizing them in conjunction with front office automation or customer-facing technologies.

Illustrating many suppliers' limitations in this area and quoting renowned psychologist Abraham H. Maslow, "I suppose it is tempting, if the only tool you have is a hammer, to treat everything as if it were a nail."[ii]

In contrast, Glory does not have these limitations. GGS not only has the hammer, but also the entire tool chest, including a full range of cash handling tools, and can support your branch transformation front-to-back with the correct technology!

Continuing the Conversation

Glory has been helping financial institutions of all sizes improve their back office cash-handling processes for over a century. Our depth of experience and broad range of cash and transaction automation solutions can help you realize your vision for a transformed branch, reducing or eliminating all non-customer facing tasks. For more information, please contact your Glory Account Manager.

i Branch Transformation: Enabling retail banking for the next generation, FIS White paper, 2015, p 7.

ii The Psychology of Science, Abraham Maslow, 1966, p 15.