Universal Banker: The New Staffing Approach

As branch transactions decline, banks are shifting from dedicated tellers toward more multifaceted job roles.
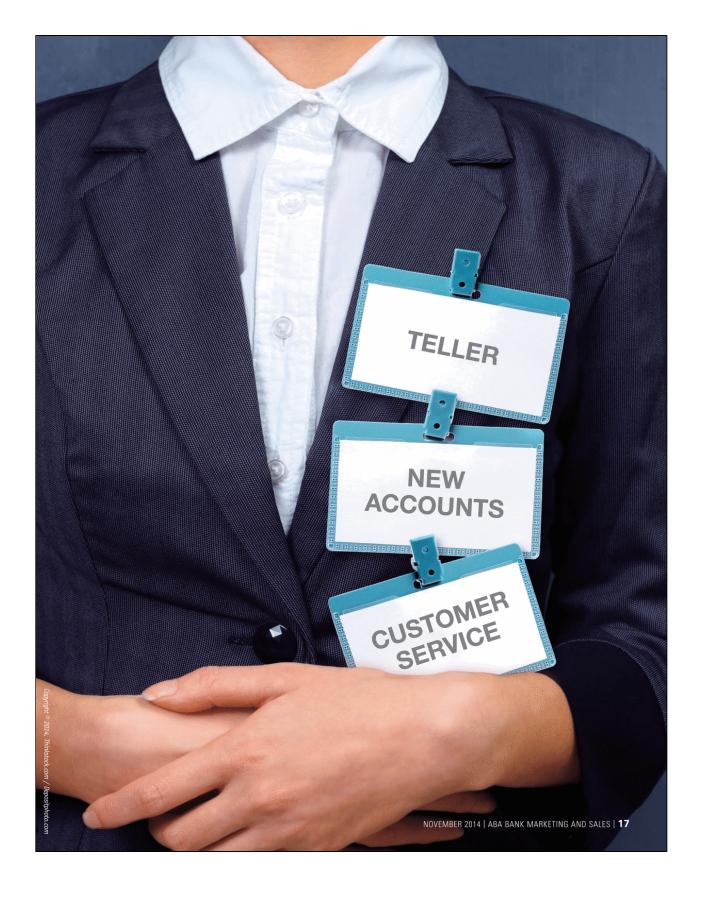
BY DEB STEWART

FOR YEARS RUNNING, THE AVERAGE TRANSACTIONS per teller and average sales per non-teller have been plunging.

This has led to the situation today in which many financial institutions are rethinking the way the branch does business.

One of the most widely considered innovations is a switch from assigning each employee only one job role (teller, platform worker, new-accounts taker or lender) to one in which each worker is allotted a "universal banker" function involving multiple tasks.

TELLER

NEW ACCOUNTS

CUSTOMER SERVICE

Key benefits of this approach are staffing flexibility and improved productivity and efficiency. According to a recent study from Novantas Inc., the New York-based financial industry research and consulting company, 20 percent of small branches (having less than 4,000 teller transactions per month) have already combined the teller and platform positions into a single universal role. These banks have seen as much as a 50 percent productivity improvement in handling teller transactions.

So, how are banks implementing the shift to the universal banker model? Are there any emerging best practices? Here is an overview:

What does a universal banker do?

Extraco Bank N.A. (assets $1.2 billion), Temple, Texas, made the switch to a universal-banker staffing model eight years ago. During that time, the bank has seen declines in teller transactions of 10 percent to 12 percent each year. Twenty percent of deposits are now made through image-enabled ATMs, only three years after the bank introduced them. Mobile deposits are continuing to drive transaction numbers down. Extraco's deposits and loans are up, but customers are mostly using alternate delivery channels for these services.

"Using universal bankers in our branches has allowed us to address this change quite well," says James Geeslin, vice chairman and chief consumer banking officer. He is also CEO of Extraco Consulting.

A view of a universal banker with a customer at Extraco Bank, Temple, Texas. Note the teller pod in the middle of the lobby containing a teller cash recycler.

Universal bankers are working all over the lobby, greeting every customer within five seconds after they walk through the door. "The associate that greets the customer owns the customer," says Geeslin. If the customer needs to do a teller transaction, the associate will take him or her to a teller pod to complete that task. If the customer has a simple service need, that associate will address it at a teller pod. If the customer is in the branch to open a new account or some other task that requires a greater degree of privacy, then that same associate will take him or her into an office environment.

Associates are able to take unsecured loan applications (which are scored instantly and then closed); they can open a business checking account; and, they can start an insurance application. More than 95 percent of business requests are completed by the person who meets the customer when he or she walks into the branch. Only investment and mortgage requests or business loans are handed off by the first associate to a second employee.

Extraco bankers wear communications headsets in order to orchestrate movement within the branch. If one banker needs to leave the floor with a customer for a complex request, he or she will call in another banker to fill in. Pneumatic tubes from the drive-through go into the lobby, allowing bankers to move easily from dealing with customers in the lobby to dealing with customers at the drive-through via a two-way video screen. The only assigned role in the branch supports a dedicated commercial window on the teller-line. Managers do what other universals do, working with customers the majority of their time. Managers' other responsibilities are training, coaching and counseling staff.

Umpqua Bank (assets $21.9 billion), Roseburg, Ore., has been using a modified universal banker model since 1995. "We are always asking ourselves, how do we take the things that people are coming in for today—whether an individual or a business—and quickly take care of that problem or interest?" says Lani Hayward, executive vice president of creative strategies. "We've shifted our approach over the years to address changing needs. Today our bankers can address all service or transaction needs, open basic accounts and get things started on all fronts, whether it's a consumer loan, mortgage or business banking request. Then, they will pull in people who know more."

In the Umpqua model, bankers in all branches are assigned to one area of the branch for one or two weeks at a time. They may be on the teller line for two weeks, and then move to new accounts for the next two. If volume spikes in one area or another, associates can easily move to cover demand. "Using this approach allows us to keep the associate's skills sharp," says Hayward. "It's

Are There Fewer Customers in Your Lobby?

Here are some of statistics concerning branch usage, as compiled by the research and consulting company Novantas Inc.

- Average teller transactions dropped from 7,600 in 2008 to 5,600 in 2013. The number is expected to decline to 4,800 by 2016.

- The average bank saw a 7.5 percent decline in teller transactions from 2012 to 2013. Declines were even higher in banks with image-enabled ATMs.
- Branch sales productivity declined 36 percent between 2005 and 2013, dropping from 1.7 sales per non-teller full-time employee per day to 1.08.

How to Implement the Universal Banker Model

Here is some advice for a bank thinking about adopting the universal banker approach.

Dale Johnson, managing director, Novantas

We like the idea of piloting for some period—you learn nuances of your customers and your staff. This helps you build a useful playbook for rollout. With pressure on expenses, as you start out, identify branches that will have material impact on expenses but minimal risk. In larger branches, you may find that a pure universal model is not appropriate but that these associates are a part of the branch compliment.

Also, think about how to set goals. Many bankers think, if staff is splitting their time between teller and platform, you should split their goals. The reality is that selling capacity isn't half, since they actually have more opportunities to sell. You will probably see a range of 70 percent to 80 percent of a sales-only associate.

Jamie Eads, retail staffing manager, Bancography

We recommend starting with lower transaction and de novo sites. Branches with less than 4,000 transactions per month are good candidates for downsizing. These will generally not need a teller line to control the flow of traffic during peak times.

James Geeslin, vice chairman and chief consumer banking officer, Extraco Bank and CEO, Extraco Consulting

Get your organization chart right. Get consumer-oriented managers at the top—it may be hard for a commercial lender to run this kind of operation.

Scott Fisher, managing director of retail channels,First Niagara Bank

Look at your facts—look at your breakpoints—do you have enough low-transaction branches to warrant the change? Test and learn. Start small for 90 days or even six months. You may not have a formal training program in pilot, but rely on your associates. You'll quickly discover simple obstacles such as having an onerous process for signing onto the teller systems. You'll have to modify policies and procedures to make this change.

Use your employees to help develop the training curriculum, to build the profile of the "right" employee, to build the model. And don't be afraid to give them sales and production goals. Your staff will rise to the occasion.

Lani Hayward, executive vice president of creative strategies,Umpqua Bank

Know what you're trying to solve for and be clear about that. Make sure your employees understand what it means. Have discipline around the change—people will always go back to what they know. Hire for it. Pilot it. Have employees be involved in defining the roles and customer experience. Experiment with it, and look for how you can measure success.

And lastly, remember why we're doing all of this—our customers aren't judging us on their last branch experience, but on their last customer experience—whether that was on Amazon or at Nordstrom.

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human nature to move back into your comfort zone. That's why it's important to rotate and build an environment that has distinctive areas of servicing. So, even if my preference is to work on teller row, I am consistently using my account-opening skills. And regardless of where I'm working that week, I am able to initiate cross-sell and deepen the customer relationship."

If the associate is working with a client at teller row and wishes to start a loan application, the associate can either go with the client into an exchange room to start the application, or, if there is a queue, ask a fellow associate to take over.

First Niagara Bank N.A. (assets $37.6 billion), Lockport, N.Y., is relatively new to the universal banker model and approaches it in a different way than either Extraco or Umpqua. The bank started in 2012 with a 12-month pilot that included 25 bankers. Those 25 associates helped to develop the approach that the bank is rolling out now. First Niagara calls its universal bankers "customer care representatives." These representatives handle all teller transactions, product sales and servicing transactions. Product sales include deposit accounts, home equity, credit cards as well as unsecured products. "The only products that they will always refer to a specialist are mortgages, investments and business banking loans," says Scott Fisher, managing director of retail channels.

This view of Umpqua Bank's San Francisco flagship location shows a concierge (universal banker) operating from a lobby desk that the bank calls its "Serious About Service" desk. The chocolates on display are part of a rotating exhibit featuring the bank's business customers.

This is a view inside one of the account opening rooms/meeting spaces at Umpqua Bank's San Francisco flagship location. The concierge (universal banker) will normally conduct the customer into this room in order to complete the account opening process. The location is equipped with technology to make account opening easier and with Skype, so that the customer can speak remotely to other bank experts at other locations.

First Niagara has rolled out the universal staffing model in different ways based on transaction volume in individual branches:

- *In branches with less than 3,000 transactions,* all staff members are universal bankers. In these branches, staff rotates weekly between the teller line and platform, moving between the two areas during spikes in demand.
- *In branches with more than 10,000 transactions,* a traditional staffing model is used.
- *In branches with transaction levels between 3,000 and 10,000,* a hybrid model is used, retaining some level of the teller position, with all other branch staff being trained in the universal banker role.

Key benefits of this approach are staffing flexibility and improved productivity and efficiency.

Jamie Eads, retail staffing manager at Bancography, a Birmingham, Ala., based bank consulting firm, confirms these differences in approach. "Implementation of the universal banker model is all over the board today with many different approaches in play. Commonalities are that loans, consumer and small-business deposits, servicing and transactions remain at the core of this job's responsibilities. Mortgage, business banking and investments are almost always handled through line-of-business specialists."

Technology support

What are the key technology components needed to make the universal approach work? "The objective of technology support in these branches is to minimize noncustomer-facing activity," says Dale Johnson, managing director at Novantas Inc. Teller cash recyclers (TCRs) simplify transactions and allow great flexibility for servicing customers while image-enabled ATMs allow a greater degree of self-service. "We are starting to see check scanners coming out onto the platform, eliminating end-of-day back-of-house processing," says Johnson.

Eads adds, "TCRs greatly enable the universal model—accepting, storing and dispensing currency and coin in a closed environment similar to an ATM. TCRs offer a secure alternative to the traditional teller cash drawer, which the banker could not leave without reconciling and locking. With TCRs, the banker can migrate from the teller workstation whenever needed, with no risk to the cash stored within."

Extraco Bank uses both TCRs and teller capture systems in its branches. These can be housed on a teller line or in freestanding pods located throughout its lobbies. "Now bankers scan checks as soon as they are deposited, correcting errors on the spot," Geeslin says. "Teller capture was a natural choice for us as we work to minimize administrative duties in the branch and better engage customers. The combination of teller capture and cash recycling let us cut transaction times in half and take care of customers a lot more quickly.

"Image-enabled ATMs have also had a major impact on our customer experience," Geeslin continues. "We don't push our customer to use them, but once we show them how, they're hooked. Video ATMs are coming, and they are going to work well. We currently use videophones in our lobbies for complicated consumer problems. In this case, the video expert becomes a third party in the conversation being led by the in-branch banker.

Hayward says, "Umpqua is focused on continually transforming the banking experience so that the customer and associate views are the same—easy to navigate, clean design and even fun to use. Earlier this year, we acquired another institution that doubled our size overnight. We were able to service customers as one bank [on legal close of the acquisition] using iPads that accessed the platforms of both institutions. It's this kind of capability that we'll be taking into future design and delivery innovation in store, online and offsite."

As Umpqua integrates these 200 locations, all stores will operate with a universal associate model and will further leverage technology in the experience. This includes introduction of image-enabled ATMs. "We see technology as just one aspect of enabling a great customer experience. But we never want to give customers the impression that it's a replacement for human interaction," Hayward notes.

Additionally, Umpqua has used TCRs since 2007 in its Neighborhood Store model. They are being rolled out on a limited basis in acquired stores (branches).

At First Niagara, TCRs are also used on a limited basis with plans to incorporate them more broadly over time. "As part of our associate-guided development process, choreography was

developed that assigns a cash drawer to each of our teller-side associates. The associate locks the drawer and moves to the platform if a customer transaction requires that shift or if there is heavy transaction demand to be covered on the platform side," says Fisher. "Our associates demonstrate great flexibility over the course of a day. They make this choreography invisible to the customer."

Hiring/training/development

"The universal banker job does not have one definition—you want to have multiple levels of these associates, providing a path for promotion and career advancement," explains Johnson. "The basic universal banker may be a teller with some training on selling simple accounts. At the next level, you may provide greater depth in sales training to a platform associate. That may include pro-active cross-selling techniques or consumer-lending training. A third level may have securities or insurance licenses, or the ability to talk about residential lending [although the associate may not take applications].

"Beyond establishing this career path, we work with our clients to carefully position this change with their branch staff. It is important to let staff know that this is a customer-focused change. As transaction levels have dropped, those remaining trips to the branch require a more highly trained associate. You are 'skilling up' positions with traditional platform functions as opposed to 'skilling down' by adding teller transactions. We have seen 80 percent of existing branch staff successfully make this change. Beyond existing staff, our clients hire people with selling experience," Johnson adds.

On the compensation front, Novantas sees the entry-level universal banker position compensated 10 percent higher than an average teller grade. Levels two and three are generally paid on par with traditional platform roles of the same grade.

Extraco Bank has looked to sales-oriented businesses for recruitment. "We hire for personality, looking for people with an outgoing, consultative nature," says Geeslin. Employee referrals have been important to finding successful new hires. These new employees go into a 12-week training program combining classroom with on-the-job training. Top candidates also attend mentoring classes to develop leadership skills—preparing them to be managers. All associates pass a recertification test annually. "Overall, turnover in the branches dropped by 50 percent with implementation of this model," adds Geeslin. "Much of this was due to stopping part-time positions as we made the change. It would be very difficult for a part-time employee to absorb the culture or be properly trained."

Banks and consultants agreed that customers are generally accepting of the change.

Umpqua has four levels of universal associates, each of which require certain training requirements to be met and each with a higher degree of capability and skill set. Programs such as Business Banking Boot Camp allow associates to advance in their careers. "We also look closely at whom we're hiring. We're retailers. We want people on their feet and interacting. You can teach people about banking, but you can't teach them attitude," says Hayward. "Some long-time bankers find the universal associate model uncomfortable at first—but most will come around. The result is they feel more empowered, able to make decisions on behalf of the customer, and feel [that the bank has invested in them] as they learn more and have more opportunities to develop.

"Our associates currently rotate between teller, new accounts, drive-through and our service desk [which acts as a concierge desk]. This includes the store manager."

First Niagara initially populated the program entirely with existing staff members who had a desire to grow. As the program has expanded, the bank is also seeking candidates with customer service skills—from restaurants, department stores, rental car companies—people with the ability to think on their feet and handle multiple systems.

"One key to our success has been an appropriately staffed help desk. They are always available to handle calls from branches encountering nonroutine transactions. That back-up gives bankers a high degree of confidence that they can successfully handle the wide range of customer situations," continues Fisher.

Implications for branch design

"You will create the best customer experience if you can eliminate the dual queue approach—open up the lobby and change your choreography to maintain a single queue," says Johnson

of Novantas. "But even this level of environmental change can be expensive. We always encourage our clients to leverage great branch managers to orchestrate all the activities of the staff regardless of the environment. The skill level of your managers always matters, but in a time of change (and tight budgets), it is absolutely critical," he adds.

"The first environmental change we encourage our clients to make is to open up the teller line to allow staff to move easily between the teller and platform areas," says Eads of Bancography. "It can be split in the center, opened on either end, whatever will allow your staff to easily circulate throughout the branch," he adds. "Next is to rethink the queuing for transactions. In very high transaction volume branches, you will be challenged while using universal associates to find a way to handle the queuing in the most efficient manner."

The impact on square footage requirements will be felt over time as new builds and full-scale remodels begin to occur. Smaller teller lines—or eliminating lines all together—will have significant impact, as will retooling of back-of-house functions. "We have already reduced the number of teller windows in our branches and increased the number of pods with embedded TCRs in the platform area," says Extraco's Geeslin. "We now believe that an 800- to 1000-square-foot branch with a completely open concept and limited hoteling space [the practice of providing office space to employees on an as-needed rather than on the constantly reserved basis] will be the future. With staffing levels as low as two bankers, we feel that we can support a $10 million to $20 million branch."

What's the impact?

"If your minimum staffing is 4.0 to 4.5 in low-activity branches (under 4,000 teller transactions per month) that should move to 3.5 to 4.0," says Johnson. Full-time employee savings may be realized beyond the teller line with excess capacity often discovered on the sales side. "As for the upside, in higher-activity branches, there may be an opportunity for improved sales. In low activity/lower opportunity sites, cost reduction will be the key to positive financial impact."

Banks and consultants agreed that customers are generally accepting of the change—especially those who have been at the branch and see it as a positive move for the people they know. But there may be some initial confusion. You need to anticipate that and put proper lobby management protocols in place.

First Niagara Bank has seen a reduction in head count since implementation, and sales have exceeded initial forecasts. "We have been able to use universal bankers outside of the bank as well, calling on bank-at-work locations and other community-based initiatives," adds Fisher. ∎

ABOUT THE AUTHOR

DEB STEWART of Charlotte, N.C., is an independent consultant working for the financial services industry. Telephone: (704) 759-1633; email: debstewart10@gmail.com