

Five Initiatives for Streamlining Your Branch Operations

By Kerim Tumay

Branch transformation leaders are utilizing data and analytics as their compass for execution.

Retail banks tend not to disclose detailed breakdowns of the costs associated with their branch networks. According to an [article from McKinsey & Company](#), the physical network, workforce and branch support can account for more than half of a retail bank's operating expenses. With increasing use of digital banking and self-service technologies, why are leading banks still investing in branches and bankers?

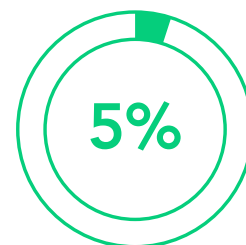
Because they are keenly aware of the consequences of blanket cost cutting on customer loyalty, community impact and growth. And, they know they can give customers what they want and improve profits at the same time with a strategy that includes streamlining branch operations. As Richard Davis, retired chairman and CEO of U.S. Bank and one of the greatest bankers in recent times, once said, "He who has the lowest efficiency ratio also often has the biggest revenue."

Identifying Waste and Opportunities for Improvement

The two prerequisites for streamlining branch operations are measurement and analysis. You can't improve what you cannot observe, measure and analyze. In order to improve operational efficiency, you need to have an unbiased, detailed view of customer arrivals, wait times, and branch workflows, as well as how associates are spending their time on both serving customers and completing non-customer-facing activities. You also need to benchmark your metrics against top performers.

For a large regional bank, branch observations and analytics provided the following insights:

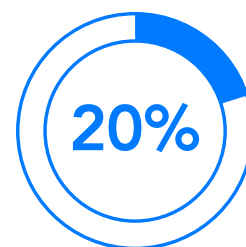
- Inefficient non-customer-facing activities caused excessive overtime.
- Customer wait times measured below industry average for teller transactions.
- Branch employees spent only 5 percent of their time on growth activities.



Bankers spent only 5 percent of their time prospecting for new customers.

For the U.S. branch channel of a global bank, branch observations and analytics provided the following insights:

- Branch employees spent 55 to 60 percent of their time performing customer-facing work.
- Bankers spent only 5 percent of their time prospecting for new customers.
- More than 20 percent of branch staff time was spent on operational or administrative tasks.



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Identifying waste and opportunities for improvement is a continuous process. Successful leaders involve associates in the process, gamify it and reward employees.

Planning, Prioritization and Execution

Once you identify waste and opportunities for improvement, you can plan and prioritize your execution of various streamlining initiatives. How can you reduce or eliminate non-value-add activities? How can you make business-value-add activities more efficient? How can customer-value-add activities be improved? Branch transformation leaders deploy five proven initiatives to streamline branch operations.

1) Eliminate

Eliminating non-value-add tasks is clearly the low hanging fruit. It doesn't require a big investment and can generate immediate expense reduction.

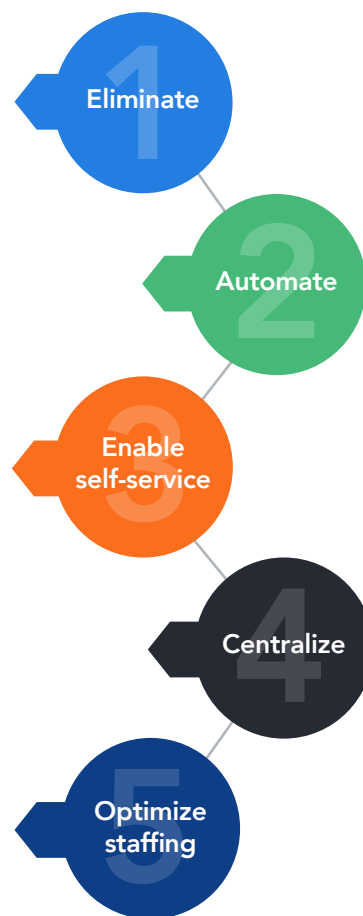
2) Automate

Automating labor-intensive cash handling processes is the most popular branch automation initiative. According to [recent research from BAI and Kiran Analytics](#), 65 percent of surveyed bankers said they have automated cash handling with TCRs. Cash automation can increase teller efficiency, reduce errors and eliminate mundane vault transactions that teller supervisors typically perform. Automating manual branch management processes such as shift scheduling is the second most popular branch automation initiative. With automated scheduling, you can improve the branch manager's productivity and workforce engagement.

Automating shift scheduling is the second most popular branch automation initiative.

3) Enable self-service

According to [Harvard Business Review](#), 81 percent of customers attempt to take care of matters themselves until they need assistance from a live person. With digital channels and self-service, you can enable non-cash transactions such as wire transfers, cashier checks and new card issuance. And, you can free up branch staff to focus on customer-value-add activities. Leading banks are increasing investments in assisted self-service in their branches. One approach is in-person assistance from branch staff who monitor self-service kiosks via tablets. The other approach is remote assistance via ITMs (Interactive Teller Machines).



4) Centralize

Banks must perform certain compliance risk management and operational control activities. These activities have traditionally been performed in branches. Centralizing these business-value-add activities can increase operational efficiency and eliminate the need for a dedicated full-time employee in-branch.

5) Optimize staffing

Optimizing the branch workforce has been one of the top challenges of banking leaders. Leading banks are utilizing cloud-based workforce management software to help address this challenge. These advanced labor modeling solutions help determine the optimal staffing mix and level for each branch in the network, accounting for full-time, part-time and peak-time staffing, as well as the deployment of market-level staffing and float pools to cover holes in permanent staffing.

Executing on multiple streamlining initiatives requires successful change leadership. Leaders who can accomplish it lead with culture and leverage data and analytics as their compass for execution.

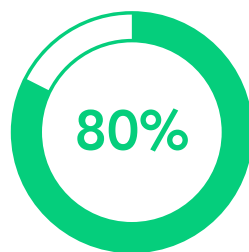
Streamlining Branch Operations Pays Off

Early adopters of branch transformation began streamlining their branch operations four to five years ago. As a result, they have already realized the benefits of their initiatives. One of the world's leading consumer banks started streamlining branch operations five years ago and reduced staffing levels by 15 percent over two years. Over the five years, the bank doubled revenue per hours worked by a full-time employee (FTE) in their branches. A large regional bank that started four years ago achieved two significant operational efficiency improvements: It decreased staff overtime by 80 percent and reduced branch open hours by 11 percent.

If you are interested in streamlining your branch operations, follow the steps that work for branch transformation leaders:

- Observe, analyze, measure and benchmark to identify waste and opportunities for streamlining your branch operations.
- Plan, prioritize and execute the five proven streamlining initiatives.
- Make operational efficiency and continuous improvement part of your bank's culture.
- Team up with a proven partner with deep expertise in branch analytics and workforce optimization in the retail banking industry.

Overtime reduced by



Over two years, reduced staffing level by

