



Banks Talk About the Challenges of the Universal Banker Model

White Paper





Executive Summary

An ever-growing number of banks and credit unions are electing to introduce the Universal Banker model into their branch networks. This approach—in which bank employees are trained to perform multiple tasks ranging from traditional teller transactions to more specialized services like opening accounts and processing loans—offers advantages to both customers and employees.

However, there are challenges associated with implementing the model that impact nearly every element of branch operations, from the hiring process to bank culture. Despite such challenges, leaders of banks and credit unions experienced in implementing the model testify to its value.

Introduction

A customer walks into the bank, approaches the counter and informs the teller that she would like to apply for a car loan. “No problem,” the teller advises. “I’ll just introduce you to one of our loan specialists. Let me find one.” The customer agrees, thanks her and waits. And waits. Likewise, other customers are left waiting as the helpful teller works to connect the customer with someone who can provide the service she needs.

The universal banker model completely changes this scenario to one where a teller is able to assist the customer with the loan process while other tellers assist customers with a variety of needs. It’s a model that is growing in both popularity and application within the banking industry but it’s not as new as you may think. In fact, industry publication Bancology¹ started reporting on this practice in 2009.

Under the model, which is also referred to as Universal Agent or Universal Teller, bank employees perform functions of both tellers and customer service representatives. Depending on the implementation, this can mean some or all branch associates are able to assist customers with all (or nearly all) available services.

It is difficult to truly understand the impact of adopting such an approach without insider knowledge of its effects. Leaders from Alterra Bank and Pioneer Federal Credit Union, two institutions who have incorporated universal bankers into their branches, offer insight into the benefits and challenges associated with adopting the model.



Benefits

The issues that gave rise to the universal banker concept are still relevant. Statistics from Financial Management Solutions, Inc. (FMSI) 2015 Teller Line Study² support the evidence that declining branch traffic contributes to higher branch costs. The study found that as new technologies have enabled account holders conduct their banking transactions outside of the branch, the labor cost per teller transaction has increased by 45% over the past ten years.

Declining branch traffic, rising branch costs and changing consumer behavior continue to beleague banks. More than ever, the branch experience is a critical point of customer contact. So, many banks embrace this model as a way to address these issues.

Employee Benefits

When the model was introduced, many bank leaders and management were concerned about the stress its implementation would place on employees. These workers would, after all, be required to multi-task effectively and take on more responsibility than their previous roles required.

When discussing the impact on employees, Debbie Eldridge, Private Banking Operations Manager for Alterra Bank, reports that the universal banker model actually does more to enrich employees than overwhelm them. One of the reasons Alterra elected to implement the model was a desire to “empower people on the front lines and demonstrate, internally, how the organization could be more effective with the team members we have.” Based on her observations, the universal banker model, which Alterra has been utilizing for three years, has effectively accomplished this goal.

Customer Benefits

Universal bankers offer obvious and indisputable benefits to customers. Tracey Newbery, Vice President of Branch Operations for Pioneer Federal Credit Union, cites “a desire to more fully support and satisfy members” as the reason her credit union adopted the model a year ago.

Newbery found that universal bankers were an effective way to address an all-too common complaint from members. Pioneer Federal found that their members consistently reported, “I have to tell my story to this person, and then I have to tell my story again to another person” leading to frustration. Newbery shared, “We wanted to stop that (practice), so one employee could handle everything.” Using universal bankers, Pioneer Federal stopped passing customers around and gave them exactly what they wanted—a one-stop source of solutions and support.



Despite the logical benefits, some banks and credit unions remain reticent to make the transition. This is due in large part to the real or perceived challenges associated with implementation. It requires modifications to many elements of typical branch operations and continued commitment to maintaining the changes.

To determine the suitability of this model and effectively plan for a seamless adoption, banks need to consider its impact on various facets of bank business.

Hiring

Employees are your biggest and most important investment. When implementing the universal banker model, they become even more impactful. Industry experts consistently agree that hiring just the right people is vital for successful model implementation. Above all, universal bankers need to be supportive and approachable. It is also important that they have the ability to help customers using whatever channel customers select.

When trying to find just the right person, Eldridge says Alterra Bank looks for “that person who is friendly on the phone, has etiquette in

email and can say yes even when they have to say no.”

Banking under the universal banker model is a human-driven process. Because not everyone has the capacity to be an excellent point person, banks that implement this model may need to spend more time and energy recruiting and interviewing.

Training

Under the traditional model, bank employees are trained to perform only a small subsection of all bank tasks. This specialization allows for more rapid training. When transitioning to the universal banker model, employees need to be trained on a variety of tasks. The primary challenge associated with this is the extra time it takes to train employees, attests Eldridge. When Alterra made the transition, they used a cross training system, allowing existing employees in each department to train other employees. This process took each employee between three and six months to complete, depending on the existing skill level. But the impact on training doesn't end after transitioning existing staff. The universal banker model requires a revamp of new employee training programs too. To prepare new employees for the multifaceted role of a universal banker, all employees need to be trained on all tasks upon hire.

Employee buy-in

For the model to operate successfully, employees must become proficient at a larger variety of operations. These new demands may affect employees differently. While some employees thrive in the fast-paced, multi-faceted work environment, others may be overwhelmed, further highlighting the importance of selecting just the right people. In the case of Alterra, Eldridge has found, “It’s a challenge for some but invigorating for others who get bored with repetitive work.”

Banks can improve cooperation by seeking employee buy-in to the process. By involving employees in the transition and explaining how the model benefits them, banks can help staff understand the choice to transition away from the traditional teller model.

Physical branch layout

Deploying universal bankers can certainly have an impact on the physical layout of the branch, but it doesn’t have to. Some banks that elect to implement the concept make no physical modifications to branches at all. Others radically change the design of the branch to facilitate adoption.

One common approach for banks adopting the universal banker model, is to eliminate the teller counter— or, if the counter remains, to de-emphasize it. In general, branches designed for universal bankers look less like a traditional bank and more like an open, collaborative workspace.

Modifying the physical structure of the bank branch is decidedly easier when building a new branch, argues Newbery. When Pioneer Federal Credit Union started the transition to the model, it began its implementation in a newly built location. This allowed them to design the branch with the model in mind. After proving the success of the model at these new locations, the team at Pioneer Federal turned its attention to transitioning its highest volume branches to the model, making the task more manageable.

Technology integration

As a result of increasing customer demands for tech-enhanced banking, integrating new technology into the banking industry has been an ongoing process. To successfully implement the universal banker model, it is critical for banks to embrace developing technologies.

Physical changes, like eliminating the teller counter in favor of universal bankers who utilize different work areas throughout the branch to more subtle changes like emphasizing customer-facing activities means integrating technology that promotes these concepts is an absolute must. The best implementations use technology tools to reform the employee role, not replace the employee altogether.

This technology can take on many different forms. At both Pioneer Federal and Alterra Bank, the teams added teller cash recyclers to their technology tool set. These cash automation devices streamline cash handling so tellers can focus on customers instead of cash processes. And since cash recyclers are also certified safes, they provide the control and security necessary to conduct transactions in an open office environment.

Many banks that adopt to the universal banker model also want to enable additional communication channels. At Alterra, for example, the organization assured employee email accounts were secure then enabled Skype interactions, to give customers another way to connect with bank staff.

Not only do these technologies increase customer satisfaction but they also help employees. Eldridge reports that Alterra urges employees to, “Let the technology do the work for you.” By using technology to ease the burden on tellers, banks can successfully support employees and decrease burnout.

The growing use of technology within the banking industry as a whole has largely changed the role of the bank teller. Eldridge found that her employees

through the use of available technologies. This observation was echoed by Gary Swindler, senior vice president and chief member officer for WSECU, in an American Banker³ article. Swindler argued that customers no longer want transactions, they want help using technologies—and the universal banker model accommodates those desires.

Cultural shift

Moving away from the traditional teller model and towards the universal banker model has a profound impact on bank culture. Which makes sense given the concept affects nearly every aspect of bank operations. Newbery argues that this cultural shift had a largely positive impact on both Pioneer Federal’s members and employees. Ultimately, it’s the happiness of the members to which everyone must be most attuned, she says. “We want to provide the channels that our members want to use. So it’s not about us, it’s about how they want to do business with us.”

This doesn’t mean that banks need to focus on customers to the detriment of employees, however. The universal banker model positively impacts both members and staff with its focus on building relationships. Newbery expounds on this idea, asserting, “This branch was erected to build relationships with our membership. It has given our employees a playing field where they can actually greet customers, have conversations with them and build relationships so we can ensure that we are meeting their needs with our products and services and not just providing products and services.”



Changing the Face of Banking

As banks continue to devote increasing energy to overcoming the challenges inherent in modern banking, a growing number will likely elect to adopt to the universal banker model in some capacity. While there are challenges associated with making this transition, banks continue to adopt this model because of the proven rewards.

For employees, the model, while rigorous, can be empowering and career building. At Alterra, it's a motivational tool for employees, says Eldridge, "Not only do we have private bankers, but we have the option—without someone quitting or someone retiring—for them to transition into a higher level within the private banking role." An additional benefit is that employees get a more comprehensive picture of the whole banking process. As universal bankers, they aren't just parts of a large—and largely incomprehensible—machine, they are empowered to be impactful even in stand-alone capacities.

References

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Processing those large transactions with the machine is more accurate and it allows the tellers to interact with customers instead of counting bills.

Because tellers don't have to manually count everything, they're better able to cross sell and talk with customers in front of them. That extra level of attention goes a long way to create a good experience, Hill says.

Certus also has a cash recycler installed in its training facility, giving new employees the chance to work with one even if their branch doesn't use them yet. Hill says they're planning to continue putting cash recyclers in branches in order to increase efficiency and provide better service.

Conclusion

The changing nature of branch operations demands that banks implement new technology to meet changing customer demands. Not only are cash recyclers a good way to increase security and controls, they're also an excellent way to free up teller time.

By decreasing the time spent looking down, counting or doing other transactional chores, tellers can look customers in the eye and listen to their financial needs. This ability to cross-sell is what will drive branch profit.

Providing a better customer experience helps retain existing customers by giving them shorter wait times, more accurate service and a friendly smile in the transaction process. Automation allows tellers to listen for opportunities and problems, and banks are able to capitalize on a deeper customer relationship.

The payoffs from more industrialized internal processes "can be large and wide-ranging, including reduced costs, improved customer service, and faster transaction processing," according to Stephens in the KPMG report. "And with less time required for transactional activities, bank personnel can spend more time on the high-value work that drives revenue growth."






While it's easier to quantify the benefits of saving time, increasing security and controls, and reducing customer wait time, the intangible benefits of cash recyclers can help managers grow revenue through better customer service and cross-selling.



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