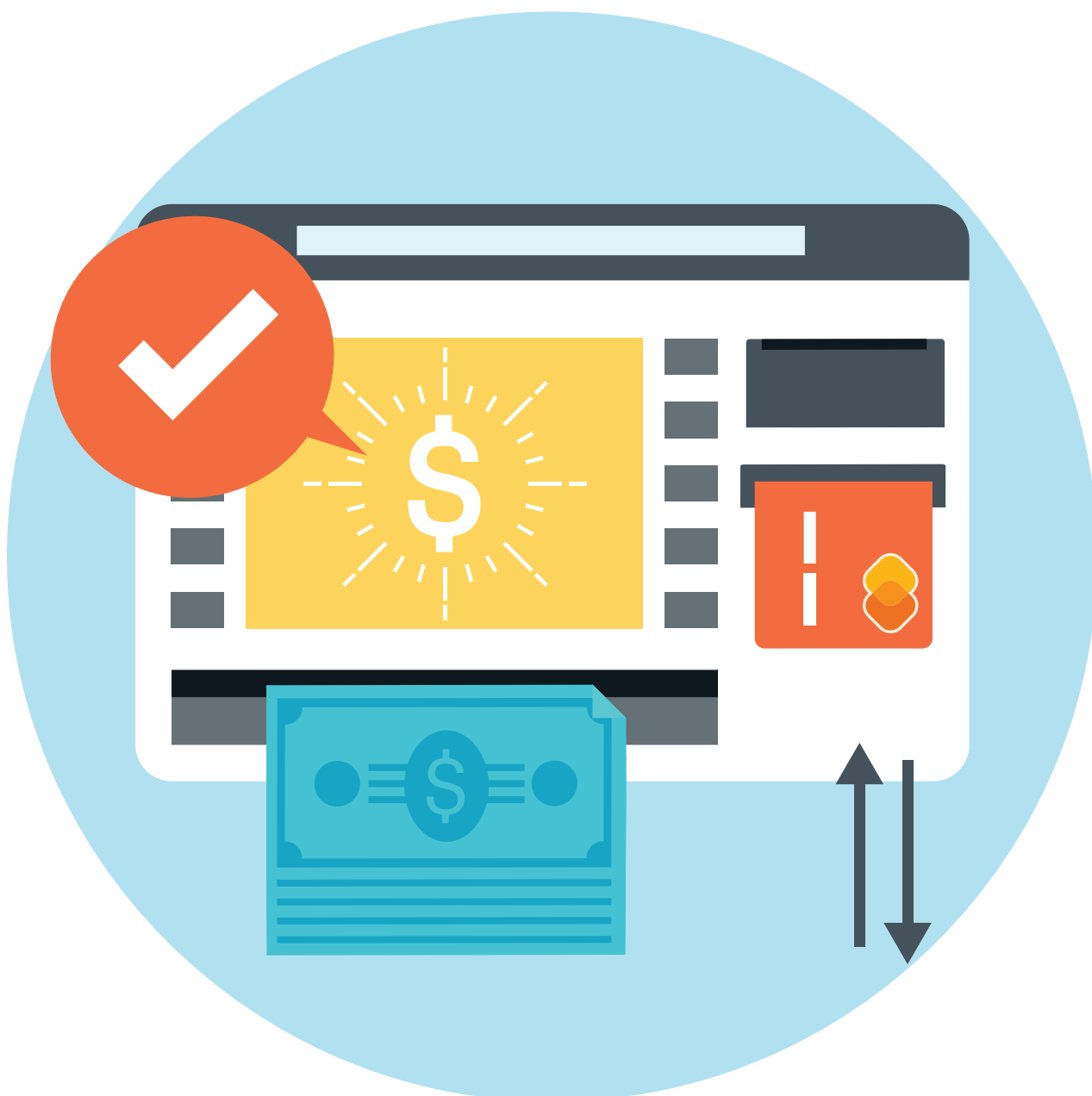


TELLER TECHNOLOGY



FOR MORE CREDIT UNION STRATEGY & PERFORMANCE VISIT

CREDITUNIONS.COM

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Personal Teller Machines, Interactive Teller Machines, Video Teller Machines — whatever you call them, credit unions who ignore the value this evolving teller technology offers because of a past experience do so at their own peril. As one reader of CreditUnions.com put it, “History provides a way to learn how not to make the same mistake twice. This is a different machine and a different time.” This Callahan Collection will cover a list of objections, and how to overcome them, from hiring to deploying to benchmarking and more.

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What To Know About PERSONAL TELLER MACHINES

BY JANET LEE

What ARE Personal Teller Machines?



Personal teller machines (PTMs) connect live, remote tellers with members at a branch, allowing members to make transactions electronically via the interactive machine.

What transactions can PTMs accommodate?

Check cashing
and money
withdrawal

Open and
close accounts

Open and
pay loans

PTM Benefits

1.



Reduced Costs,
Increased Efficiency

After deploying PTMs in 2008, Coastal Federal Credit Union: (\$2.5B, Raleigh, NC)

- Reduced the physical size of its branches.
- Cut teller costs by 40% while doubling teller hours.
- Decreased teller turnover.
- Raised employee engagement.

2.



Relationship
Building



PTMs combine the convenience of an electronic experience with the personal service of a face-to-face transaction.



PTMs are not self-service machines.

3.



Better
Security



Credit unions can use video feeds to verify transactions and identify potential fraudsters.



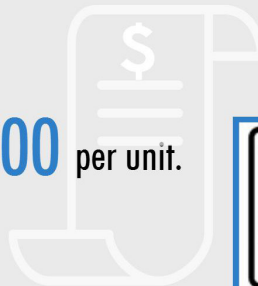
No access to cash eliminates or significantly reduces the appeal for potential robbers.

Source: CREDITUNIONS.COM

How Much Do PTMs Cost?

PTMs can cost

\$65,000 to \$85,000 per unit.



Source: CUES

Must-Have PTM Features

Counterfeit Software

Counterfeit bill detection software ...

- Helps prevent fraudulent deposits before they occur.
- Detects not only counterfeit money but also fake ID cards with UV technology.



Recording Software

Transaction recording software ...

- Helps verify transactions.
- Helps identify the perpetrator of fraudulent transactions.
- Can be used as an evidence in case of fraud.



2 Ways To Prepare For PTMs

Staffing

Try a new approach to hiring ...

- Use behavioral questions to gauge the service orientation of potential hires.
- Test applicants' comfort with technology, on-screen interactions, and independent decision-making.



Location

A centralized location for tellers ...

- Helps employees spot and prevent potential fraud.
- More easily makes training programs consistent and effective.



CALLAHAN
ASSOCIATES
the credit union company

WHAT TO LOOK FOR IN A VIDEO TELLER

Besides having strong tech skills, video tellers must be comfortable on camera and capable of making decisions.

BY SHARON SIMPSON

In lieu of traditional teller lines, [Coastal Federal Credit Union](#) (\$2.6B, Raleigh, NC) uses a video teller model and has personal teller machines for members to use in all of its branches from 7 a.m. to 7 p.m., seven days a week. The tellers themselves are centrally located in one of two credit union facilities and must be both friendly and tech savvy to make personal connections with members remotely. Here, Willard Ross, Coastal's senior vice president and chief retail officer, discusses how the credit union uses technology to hire and train employees for these key member service positions.



WILLARD ROSS,
SENIOR VICE PRESIDENT,
COASTAL FEDERAL
CREDIT UNION

CAN YOU TELL ME ABOUT THE HIRING PROCESS FOR YOUR VIDEO TELLER POSITIONS?

WR: We've changed the hiring process quite a bit over time. In the early years, we would literally test candidates on video, but we found that wasn't as useful as we thought it might be. Instead of a screen test, we've honed behavioral questions to help us gauge whether someone is service-oriented. It's more important for us to know if the candidate is natural at building rapport and has that innate friendliness that our members expect from the credit union.

Being warm and friendly is especially critical when the teller's face appears on the small screen. That first impression is more focused when it's on camera and there is nothing else for the member to look at — this is still new to folks who are used to seeing traditional teller lines elsewhere. Coastal remains a pioneer in our market as no one else has this video teller model.

WHAT ELSE DO YOU LOOK FOR IN A VIDEO TELLER?

WR: We're also looking for tellers with enough experience that they are comfortable in making decisions on their own. For example, they understand fraud risks and know what to look for and how to make a good decision on when to waive check holds. We train all of our employees on these topics, of course, but if someone comes in with experience, they are more likely to feel comfortable making decisions

CU QUICK FACTS

**Coastal Federal
Credit Union**
RALEIGH, NC

DATA AS OF 12.31.15

\$2.6B

ASSETS

212,260

MEMBERS

17

BRANCHES

9.78%

12-MO SHARE GROWTH

8.80%

12-MO LOAN GROWTH

0.62%

ROA

“Managing the staffing to achieve that perfect balance and deliver the member service levels you want takes time and attention.”

— WILLARD ROSS, SENIOR VICE PRESIDENT, COASTAL FEDERAL CREDIT UNION



without having to ask a supervisor. This makes them more valuable to us and allows them to deliver service to the member faster.

Want to read more Callahan Collections?
Find them only on [CreditUnions.com](https://www.creditunions.com).

ARE THERE TECHNICAL SKILLS YOU ARE LOOKING FOR AS WELL?

WR: Yes, we want to make sure our video tellers are comfortable using the latest technology as they are going to rely heavily on technology to do their job. One of the questions we ask in the interview is, “What is your favorite piece of technology that you own and use regularly, and why?”

This is a good indicator of their level of comfort with technology. If they are big users of Skype or Facetime to video chat with their family and friends, then they are probably going to be comfortable with our video capabilities as well.

Another important aspect of the job is that we do not have traditional teller hours; we’re 7 a.m. to 7 p.m., seven days a week so it’s important to make sure video tellers have some flexibility in their schedule and can work some weekend shifts. When we initially converted from traditional teller lines, we had some folks over time that didn’t want to work non-traditional hours.

HOW DO YOU HELP NEW TELLERS FEEL COMFORTABLE ON CAMERA?

WR: After new tellers go through member service and our systems and procedures training, they are paired with a mentor. There is some time on video included in their training as well so they have time to adjust to it, but the mentor model really helps. The mentor is a more experienced video teller who sits close by for the new employee’s first 30 days to help give them tips and help them get through any initial

jitters. The new teller is able to watch the more experienced teller, pick up best practices, and ask questions without having to approach a manager for help. The mentor is able to provide immediate feedback and is just plain helpful versus a manager reviewing a new employee’s performance.

WHAT HAVE YOU CHANGED OR TWEAKED ABOUT THE REMOTE TELLER STRUCTURE SINCE IMPLEMENTING?

WR: Early on we were using temp agencies to hire new tellers, and we did find some good employees that way but not enough experienced tellers. So we decided to go to a direct hire process. Now that we’re not using staffing agencies as much, we’re able to hire talent away from other financial institutions in the market. There is a big advantage for the teller, namely they never have to worry about being robbed again. This can be huge for someone who has worked on a traditional teller line and has been in a robbery situation in the past.

WHAT OTHER ADVICE DO YOU HAVE FOR CREDIT UNIONS CONSIDERING A VIDEO TELLER MODEL?

WR: The biggest challenge is the staffing. You want to have the wait time you want (from the time the member pushes the button to when the teller appears) while minimizing idle time. In a traditional branch model, there are staffing models and software you can use to help achieve this, but in a centralized teller model with hours as broad as ours, it can be more difficult. The dynamics also change over time. For example, after we expanded our hours from 8:30 a.m. to 5 p.m. to the current 7 a.m. to 7 p.m., we saw that members who had been visiting us during lunch breaks changed their behavior.

Managing the staffing to achieve that perfect balance and deliver the member service levels you want takes time and attention. Call center models are closer than traditional branch models, but even those need some tweaks so you have to tune in to your own members’ patterns and adjust accordingly. 🧐

THE INTERACTIVE BANKING EXPERIENCE

LAFCU implemented interactive teller machines nearly three years ago. How did the Michigan cooperative encourage members and employees to adopt this new technology?

BY ERIK PAYNE

The original field of [LAFCU](#) (\$600.6M, Lansing, MI) allowed it to serve those working in the automotive industry. Although its name no longer means Lansing Automakers Federal Credit Union — LAFCU is no longer an acronym of anything — the credit union still conducts a robust business within the automotive and manufacturing sectors of central Michigan.

In 2012, the credit union changed its charter to serve 11 counties in the Lansing area. With that switch, the credit union examined its technology offerings. LAFCU had, historically, been a technology follower, says Brian Wixson, the credit union's chief information officer. Although not always first to market, it kept up with industry trends.

When it switched to the community charter, however, it wanted to do more than follow. It wanted to lead.

"We've started working on technologies we think are going to allow us to differentiate ourselves in the marketplace, provide better services to our membership, and create efficiencies," Wixson says.

With this new outlook, LAFCU introduced interactive teller machines — or ITMs — with the expectation they would provide benefits such as longer work hours and a better-trained employee base.

LAFCU GOES INTERACTIVE

LAFCU originally considered implementing personal teller machines (PTMs) but ultimately decided to purchase ITMs because it wanted a technology it could deploy in its drive-thru lanes as well as its branch lobbies. Today, LAFCU has seven ITMs in operation across its nine branches — two inside branches and five at the drive-thru — and installed an eighth machine in mid-September 2015.

LAFCU preferred the drive-thru ITMs for a variety of reasons, one of which is the ease of adoption.

"We felt the change for our membership to use an in-branch ITM was going to be more difficult for us to bridge than the drive-thru," Wixson says.

In the drive-thru, the credit union was already using two-way video with pneumatic tubes that passed back and forth between member and employee. The ITM replaces the tubes with a machine that accepts and dispenses cash and checks directly. The interaction is similar to the two-way video, which makes acclimation easier.

CU QUICK FACTS

LAFCU
LANSING, MI
DATA AS OF 12.31.15
\$600.6M
ASSETS
59,144
MEMBERS
9
BRANCHES
6.01%
12-MO SHARE GROWTH
9.36%
12-MO LOAN GROWTH
0.53%
ROA

“ITMs offer a lot more efficiency. Staff members are in a central location, and when one drive-thru is slow, they are able to serve another member at another drive-thru.”

— BRIAN WIXON, CHIEF INFORMATION OFFICER, LAFCU



The credit union plans to install ITMs in all its drive-thru locations by the end of the year — it recently signed an order for six additional machines — but it hasn’t ruled out introducing more in its branches.

THE BENEFITS OF AN ITM

LAFCU implemented ITMs because it wanted to increase its overall efficiency. According to Callahan’s Peer-to-Peer software, LAFCU’s efficiency ratio in the fourth quarter of 2015 — 88.16% — is an improvement from the 94% it posted in second quarter 2014, although it still lags behind its asset-based peer group’s year-end efficiency ratio of 84.03%.



HOW DO YOU COMPARE?

[Check out](#) LAFCU’s performance profile on Search & Analyze. Then build your own peer group and browse performance reports for more insightful comparisons.

LAFCU implemented the first of its ITM systems three years ago, and Wixson believes the credit union can achieve greater efficiency by increasing its number of ITMs.

“You need to have multiple systems to justify the cost,” Wixson says. “We feel like we need more than eight before we have enough transactions to justify the cost.”

Even as the credit union deploys more ITMs, it is having internal discussions to keep drive-thrus open an additional three hours every day, according to Wixson.

It takes only two to three employees housed in the credit union’s headquarters to staff all seven ITMs. Today, the credit union requires at least two tellers per branch to handle in-branch and non-ITM drive-thru transactions.

“No matter how well you schedule it there’s always downtime,” Wixson says. “ITMs offer a lot more efficiency. Staff members are in a central location, and when one drive-thru is slow, they are able to serve another member at another drive-thru.”

However, Wixson says the addition of ITMs won’t reduce the number of staff members. Rather, the credit union will cut hours or reassign tellers within the organization.

The ITMs also offer a more standard member experience. The employees’ stations include a computer and video feed, which LAFCU

attaches directly to the computer monitor to ensure employees never turn away from members as they work. Additionally, LAFCU trains ITM staff to make sure their location on the screen does not change from day-to-day. And staff members also make sure the camera zoom remains constant and is adjusted properly. Even the chairs remain at the same height.

“Instead of 18 people in different branches all doing it a little differently, having a smaller group of people keeps it more consistent,” Wixson says.

From a staffing perspective, ITMs allow employees to focus more on the walk-in member rather than the drive-thru. And more ITMs introduce the possibility of providing a larger branch footprint with locations that require less square footage and are less expensive to construct and maintain than LAFCU’s current locations.

To show the value of ITMs for employees, LAFCU has held training sessions for its tellers and even brought in a national video conferencing trainer. The credit union must train staffers on the ITM system, but the skills and personalities required of a successful drive-thru teller translate directly to the ITM, simplifying the training process.

RESULTS AND NEXT STEPS

As of September 2015, the credit union is processing more than 700 ITM transactions per month. And that figure is growing fast, says Wixson, who expected to hit 1,000 per month in the next few months.

“Some people only transact in-branch,” Wixson says. “That’s what they do. But we’ve not had any complaints telling us they don’t like this.”

One concern the credit union did have was in how to train the member. LAFCU was one of the earliest adopters of ITM technology in Michigan; therefore, members had little, if any, experience transacting in such a way. That’s one reason the credit union strives for a standardized experience.

As more machines are implemented, to make sure the credit union gets the efficiency gains it hopes for and members can’t purposefully avoid the new technology, LAFCU will install new ITMs in the first — i.e., primary — drive-thru lane. It will also make only ITMs available during slow times.

“If it’s slow, they might not have a choice,” Wixson says. “They are going to have to use the ITM. We will drive traffic to it.” 🚗

CU QUICK FACTS

Corning Credit Union

CORNING, NY

DATA AS OF 12.31.15

\$1.2B
ASSETS

98,814
MEMBERS

21
BRANCHES

7.12%
12-MO SHARE GROWTH

13.02%
12-MO LOAN GROWTH

0.58%
ROA

CU QUICK FACTS

Sussex Federal Credit Union

SEAFORD, DE

DATA AS OF 12.31.15

\$255.8M
ASSETS

14,732
MEMBERS

4
BRANCHES

0.89%
12-MO SHARE GROWTH

5.69%
12-MO LOAN GROWTH

0.81%
ROA

CU QUICK FACTS

Park Community Credit Union

LOUISVILLE, KY

DATA AS OF 12.31.15

\$773.4M
ASSETS

81,650
MEMBERS

15
BRANCHES

16.13%
12-MO SHARE GROWTH

16.99%
12-MO LOAN GROWTH

0.70%
ROA

7 TIPS TO STAFF VIDEO TELLER MACHINES

Finding the right employees to connect with members through video technology can be a challenge, but it doesn't have to be.

BY SHARON SIMPSON

Video teller machines can help credit unions increase member service hours and efficiency while reducing the risk of robberies and fraud, but finding the right employees to connect with members through this new technology can be a challenge. Here are some of the best practices CreditUnions.com has profiled in this emerging area of credit union operations.

1. START WITH AN INTERNAL AUDIENCE AND EXPERIENCED STAFF

In 2012, [Corning Credit Union](#) (\$1.2B, Corning, NY) [debuted video teller machines](#) at its New York headquarters to an internal audience.

"We knew there might be some reservations about this type of change," says Megan Wilson, manager of consumer lending and member contact services for Corning Credit Union. "We wanted to really understand what the machines could do for our members before we made them public-facing."

The credit union also selected its most experienced employees to staff the machines to ensure deployment in its New York and North Carolina branches went smoothly. The knowledgeable employees remained at the headquarters location in New York yet could still serve members in new markets like North Carolina.

2. FIND AND COACH EMPLOYEES WHO CONNECT ON SCREEN

When [Sussex County Federal Credit Union](#) (\$255.8M, Seaford, DE) introduced video tellers in all of its branches in 2010, it looked for employees who could connect with members on the video screen.

"Being able to connect means everything — whether you are on a video screen or at a traditional teller line," says CEO Pamela Fleurette.

In addition to traditional teller training, new employees at Sussex County FCU learn how to conduct themselves in a video session.

"The importance of maintaining eye contact, not moving too rapidly as you're talking with someone, and looking straight at the camera are all emphasized," Fleurette says.

The credit union also reviews the video tellers every month to see if they are providing consistent member service and, if not, coaches them so they improve.

3. INVITE MEMBERS TO PREVIEW THE NEW EXPERIENCE

Corning Credit Union found success when it handpicked experienced employees for its video teller positions, so it took that strategy a step farther when it selected choice members to sample the new technology three weeks before the official launch.

“The importance of maintaining eye contact, not moving too rapidly as you’re talking with someone, and looking straight at the camera are all emphasized.”

— PAMELA FLEUETTE, CEO, SUSSEX COUNTY FEDERAL CREDIT UNION



“We sent out formal invitations and invited some of our most vocal members, our branch regulars, and even a few business members to an exclusive evening event where they could be the first to try out the new video tellers while enjoying light appetizers and conversation,” Wilson says.

Members were thrilled they had been chosen to do something special and appreciated that the credit union valued their feedback. When these branch influencers had the opportunity to try the machines themselves, they quickly overcame any objections or reservations they had held. What’s more, they became advocates for the technology.

“When we did open the video tellers to the general membership, those members proved to be our biggest advocates and helped our overall adoption,” Wilson says. “They were able to say, ‘Hey, I’ve used this and it’s great,’ with some even demonstrating for other members.”

4. ENSURE VIDEO TELLERS ARE WARM, FRIENDLY AND COMFORTABLE MAKING DECISIONS

In lieu of traditional teller lines, [Coastal Federal Credit Union](#) (\$2.6B, Raleigh, NC) uses a video teller model in all of its branches. The tellers themselves are centrally located in one of two credit union facilities and must be both friendly and knowledgeable about the financial services industry to make personal connections with members remotely. Adequately assessing those skills, however, isn’t as easy as the credit union initially thought it would be.

“In the early years, we would literally test candidates on video, but we found that wasn’t as useful as we thought it might be,” says Willard Ross, Coastal’s senior vice president and chief retail officer. “Instead of a screen test, we’ve honed behavioral questions to help us gauge whether someone is service-oriented. It’s more important for us to know if the candidate is natural at building rapport and has that innate friendliness that our members expect from the credit union.

But being warm and friendly isn’t enough. That’s why Coastal also looks for tellers with enough experience to make decisions on their own.

“They understand fraud risks and know what to look for and how to make a good decision on when to waive check holds,” Ross says. “We train all of our employees on these topics, of course, but if someone comes in with experience, they are more likely to feel comfortable making decisions without having to ask a supervisor.”

This existing skill set makes the employee more valuable to the credit union and allows Coastal to deliver faster member service.

5. ASSESS APPLICANTS’ TECHNOLOGICAL SAVVY

Coastal also ensures video teller applicants are comfortable using the latest technology during their recruiting process. One of the questions

the credit union asks during the interview is: What is your favorite piece of technology that you own and use regularly, and why?

“This is a good indicator of their level of comfort with technology,” Ross says. “If they are big users of Skype or FaceTime, then they are probably going to be comfortable with our video capabilities as well.”

6. FIND EMPLOYEES WILLING TO WORK NON-TRADITIONAL HOURS

An important benefit of video teller machines is they allow a credit union to operate during nontraditional teller hours. As such, remote tellers must be willing to work a different kind of schedule than the old banker’s hours.

“We’re 7 a.m. to 7 p.m., seven days a week,” Ross says. “It’s important to make sure video tellers have some flexibility in their schedule and can work some weekend shifts.”

That’s great for the member but will likely require an adjustment for credit union tellers. Credit unions that are considering a widespread shift to video tellers should plan for some turnover.

“We had some folks over time that didn’t want to work nontraditional hours,” Ross admits.

7. TRAIN STAFF DIFFERENTLY AND PAIR THEM WITH A MENTOR

Coastal puts new tellers through member service and systems and procedures training. Then, it pairs them with a mentor. New hires have video time built into their training, which gives them time to adjust, but the mentor model also helps. Experienced mentors sit near the new employee for the first 30 days. Mentors offer tips and help the new hire overcome any initial jitters. New tellers have the opportunity to watch mentors, pick up best practices, and ask questions without having to approach a manager for help.

[Park Community Credit Union](#) (\$773.4M, Louisville, KY) became the first credit union in Kentucky to open a branch with interactive teller machines (ITMs) in January 2015. Although the credit union conducts its interviews via video chat, it knows implementing the right ITM staff requires more than FaceTime.

Park Community’s multi-step process includes “retail theater” training that enhances on-camera presence. Internal hires with teller experience receive extensive interactive teller software training. External hires complete orientation and teller training, which includes working in a traditional branch for a minimum of two weeks, before starting the interactive teller training. 🍷

VIRTUAL REALITY MEETS PHYSICAL PEOPLE AT A KENTUCKY CREDIT UNION

Extending hours with fewer staff is just one of the virtues of virtual technology at Park Community Credit Union.

BY MARC RAPPORT

Park Community Credit Union (\$773.4M, Louisville, KY) is combining bricks and mortar with virtual reality to improve service, membership, and business. In January 2015, [Park Community](#) became the first credit union in the commonwealth to deploy interactive teller machines (ITMs).

The ITM-equipped branch is staffed remotely by tellers as comfortable on camera as they are with numbers and people. Branch staff is available on-site to help members interact with on-screen tellers and interview users about their virtual experience as they leave.

So far, so good, says president/CEO Jim Spradlin. Only one member in the first few days refused to use the machines and sought an in-the-flesh teller at another branch, and Spradlin says that's OK.

"We believe brick-and-mortar is still important to the future of credit unions, but we also believe the expectation of members will change based on the experience they have with the technology," he says. "They want the convenience of the electronic experience without losing the personal touch."

In fact, the virtual machines have allowed the credit union to add 19 operating hours a week at its drive-thrus by staying open as late as 8 p.m. on weeknights. During those extended hours, two to three employees can staff the machines from a remote center, instead of the minimum of two needed at each branch to keep a drive-thru operating.

BY THE NUMBERS

The ITM initiative is part of the credit union's multi-year plan that began in 2013 with facilities growth planning, continued in 2014 following approval of a state charter that sharply expanded its geographic footprint, and continued in 2015 with the opening of its new ITM-equipped branch and plans to open another. Park Community also plans to relocate a third credit union this year and complete its new headquarters.

Spradlin says operating costs at its 13 branches in three states have grown approximately 7%, roughly \$1.2 million, per year since 2011. Nearly half of those costs are pay and benefits, so the ITM deployments should slow that trajectory while increasing overall branch efficiency.

The credit union has approximately 220 employees, a higher ratio of members per employee as its peer group, but Spradlin says he expects that to change.

CU QUICK FACTS

**Wright-Patt
Credit Union**

BEAVERCREEK, OH
DATA AS OF 12.31.15

\$3.2B

ASSETS

316,677

MEMBERS

31

BRANCHES

8.10%

12-MO SHARE GROWTH

6.22%

12-MO LOAN GROWTH

1.20%

ROA

“We believe brick-and-mortar is still important to the future of credit unions, but we also believe the expectation of members will change based on the experience they have with the technology. They want the convenience of the electronic experience without losing the personal touch.”

— JIM SPRADLIN, PRESIDENT/CEO, PARK COMMUNITY CREDIT UNION



“The ITMs will be able to handle the transactional side of branches with fewer personnel,” he says. “That will allow us to place an emphasis in the branches on the financial services side to help generate more loans and therefore income.”



PARK COMMUNITY'S ITMS WILL ALLOW IT TO GENERATE MORE LOANS WITH FEWER PERSONNEL. COURTESY OF PARK COMMUNITY.

A LITTLE HELP FROM FRIENDS

Park Community wanted to see firsthand how the ITMs work before it made the plunge. It found an accommodating mentor not too far away in [Wright-Patt Credit Union](#) (\$3.2B, Beavercreek, OH).

“We got to see all the technology in action,” says Lisa Bannon, Park Community’s senior vice president for support operations. “We also got to talk to them about the whole process — from the financial standpoint, to how people move around the office, to how their members have reacted to the ITMs.”

The Kentuckians left Dayton with ideas about how to deploy the machines in their own branches. “It was extremely helpful,” Bannon says. “It gave us a chance to envision how we want our ITMs to look to members.”

TELEGENIC TELLERS TOSS THE TUBE

By using one pool of tellers to function at multiple branches, the credit union also can cover the busiest time at each branch and minimize idle time, says Bridgett Bosse, the ITM project lead at Park Community. Also, the credit union expects eliminating the pneumatic tube system in the drive-thru will decrease individual transaction times.

To manage the ITM platform, the credit union created a separate department staffed by four people. Selecting those ITM staffers took a new approach as well.

“Along with the typical interview questions, we thought we would talk to them on FaceTime, to get a better idea of how they would be while interacting with a member on a screen,” Bannon says.

ITM staff needs to be as adept at using new technology as talking about it, so the credit union also conducts training on camera. Ease of use, in fact, helped drive the decision on which ITMs to buy. Ease of implementation was another.

“We chose NCR’s because the machines were able to fully integrate with our core processor [Symitar] and were able to deliver a complete interpersonal experience,” Spradlin says.

The credit union wanted more than a member-driven enhanced ATM, but integrating the machines was the biggest challenge, says Todd Richardson, Park Community’s senior vice president for IT. Given the number of parties involved — including core, card, and check processors — having cross-vendor cooperation and a virtualized server/storage environment already in place helped make it all work.

LOOKING AHEAD

The credit union chose the site of the credit union’s first ITM-equipped branch because of its location in a neighborhood popular with young professionals. The ITMs also are a natural fit with the credit union’s commitment to serving members across all channels — existing and emerging.

Spradlin says Park Community will continue to deploy the virtual tellers in any new branches and will consider re-tooling existing branches depending on the machines’ success.

“We’re also reviewing the feasibility of stand-alone facilities for ITMs as a way to reach members and target markets where we don’t currently have a branch,” the credit union CEO says. 🍷

5 TIPS TO DEPLOY ITMS

Experienced credit unions share how to avoid the glare of the sun and the freeze of the member when introducing interactive teller machines.

BY MARC RAPPORT

Sometimes, it's the small things that make a big difference. Such is the case with the placement of interactive teller machines (ITMs). For example, it's important to know which way the sun sets.

"That makes a big difference in the video quality when you're using them outside," says Jim Spradlin, president and CEO of [Park Community Credit Union](#) (\$773.4M, Louisville, KY). "Inside the branch, you need to consider privacy. We've added soundproofing to help with that. And the backdrop of the ITM tellers themselves is important to the presentation."

ITMs — also called personal teller machines, remote tellers, and video tellers — are gaining acceptance among credit unions as a way to securely and efficiently extend hours and footprint.

As the technology and techniques for ITMs mature, so, too, do staffing and training strategies; however, there are some best practices that can help any credit union make the most of this teller tool.

NO. 1: FOLLOW THE LEADER

No sense in going this alone. Park Community paid a call to [Wright-Patt Credit Union](#) (\$3.2B, Beavercreek, OH) to check out its ITMs. And a couple of years before that, Wright-Patt had done the same at [Coastal Federal Credit Union](#) (\$2.6B, Raleigh, NC), itself a [pioneer in ITM deployment](#). Wright-Patt also visited NCR's innovation center not long after the ATM maker bought ITM pioneer uGenius.

NO. 2: TRY BEFORE YOU BUY

Wright-Patt Credit Union has 32 ITMs deployed among 11 locations, but it didn't invest this heavily before taking a test drive.

"We received one ITM that we used to test, learn the functionality, and determine how it would work in our environment," says Steve Zimmer, southwest Ohio market leader for Wright-Patt Credit Union. "We also demonstrated the machine to our member advisory panel to get their feedback."

Read more about ITM strategies in,
[Video Tellers Play A Major Role In Wright-Patt Credit Union's Move East](#)

Park Community also brought an ITM home and encouraged staff to give it a go before unleashing the new service to members.

"We love the idea of centralizing our teller staff and felt it was a much safer and efficient way of providing teller transactions with a personal touch," says Spradlin, whose Kentucky credit union now has 16 machines in use at three locations. "We did a tremendous amount of testing to determine exactly what the machines could and could not do for us."

“We love the idea of centralizing our teller staff and felt it was a much safer and efficient way of providing teller transactions with a personal touch. We did a tremendous amount of testing to determine exactly what the machines could and could not do for us.”

— JIM SPRADLIN, PRESIDENT/CEO, PARK COMMUNITY CREDIT UNION



NO. 3: THINK BIG

Some essential features are obvious — like deposit and withdrawal functionality — but check imaging is a great benefit, too. And, Spradlin advises, great audio and video quality is a must-have.

According to Zimmer, ITMs need to replicate what happens at an in-person teller window so transaction processing is close to an in-person teller.

For Wright-Patt Credit Union, ATM functionality is the next step in that it allows the machines to be useful even when not staffed.

“We believe this is critical and are in the midst of testing it for rollout later this year,” says Darrick Weeks, executive vice president and chief operating officer at the Ohio cooperative.

Park Community also is in the process of adding the ATM feature. Meanwhile, Spradlin says, he would like to see the ability to automate new memberships and take loan applications added to the ITM service menu.

NO. 4: LISTEN TO MEMBERS

Both Park Community and Wright-Patt credit unions are still learning about what interests members and what they eschew.

For instance, Zimmer says, “Some WPCU members enjoy the ability to insert their loan payment coupons into the ITM, even though it’s not necessary.”

Also, members use the handsets for additional privacy more than Wright-Patt expected, yet they rarely use the headphone jacks. Meanwhile, at Park Community, “Not a lot of our members are using the handset and even fewer are using the headphone jack,” Spradlin says.

NO. 5: DON'T MAKE ASSUMPTIONS

Member response to ITMs differs depending on whether the technology is in a new branch or a retrofitted one.

“Don’t declare victory too soon,” Weeks says. “This is one of our biggest lessons learned.”

Credit unions are well advised to avoid deploying ITMs on auto-pilot, no matter how experienced they are.

“We had been on the technology for nearly two years and failed to recognize it was brand new in our retrofitted locations,” Weeks says. “We realized this quickly and made the necessary changes to ensure continued success.”

The credit union now adds extra employees for 60 to 90 days after opening a new or retrofitted ITM location to help members learn the new technology. 🧑🏻‍🔧

Work In Progress

Park Community and Wright-Patt credit unions are still working on the best way to manage their resources and provide maximum member service via the ITMs. That includes working with ITM manufacturer NCR to improve functionality. For example, the machines recently added the ability to stop a transaction if the “Get Hold Info” button isn’t pressed, Zimmer says.

Here are three other improvements on the WPCU manager’s wish list:

- **Notify members of the estimated wait time.** “Currently the member sees a video with marketing messaging while they wait, but we’d like for it to give them an estimated wait time as well.”
- **The ability for members to load checks/cash to queue up deposits while they wait.** “We also would like to be able to mix cash and checks into a single bundle.”
- **The ability for members to deposit cash/checks into a general pool and then distribute to accounts.** “Currently funds are deposited into one of the member’s accounts and distributed from there to the member’s other accounts.”

IS A SMART OFFICE RIGHT FOR YOUR BRANCH?

Northern Credit Union's video-enabled smart offices increase efficiency, cut costs, and improve member service.

BY ERIK PAYNE

In today's branching environment, credit unions are looking to better technology to help them improve member service, increase efficiency, and reduce costs. In Watertown, NY, \$217 million [Northern Credit Union](#) achieved gains in service and efficiency by introducing 16 "Smart Offices" in May of 2014 at its seven branch locations.

Smart offices allow members to complete account and loan applications with representatives via video conferencing and other technological connections. In the first quarter of 2015, smart office transactions represented 55% of all new accounts opened and 59% of approved loan applications at Northern.

"When you look at the evolution of the ATM, [smart offices] are taking it to the next level," says Denise Lariviere, vice president of member solutions at the credit union.

HOW IT LOOKS

Northern decided to introduce smart offices in 2011, but it took three years to price, build, and fully implement them. Located within the branch, smart offices are fitted with two-way video communication and each contains a television, a personal computer, a printer, a signature pad, and a scanner. Northern uses Cisco for video conferencing and a software called Bomgar for remote PC support that allows staff to access loan documents and other materials. Even when pulling up documents, the member never loses sight of the credit union representative.



USING VIDEO TECHNOLOGY, SMART OFFICES INCREASE EFFICIENCY, CUT COSTS, AND IMPROVE MEMBER SERVICE. COURTESY OF NORTHERN CREDIT UNION.

CU QUICK FACTS

**Northern
Credit Union**
WATERTOWN, NY

DATA AS OF 12.31.15

\$217M

ASSETS

28,842

MEMBERS

7

BRANCHES

9.82%

12-MO SHARE GROWTH

7.12%

12-MO LOAN GROWTH

0.55%

ROA

Fixed costs include construction of cabinetry, television, and computer equipment, which can range from \$10,000 - \$20,000 per smart office. Additional costs include a prepaid yearly service charge of \$38,850, which covers support for each office.

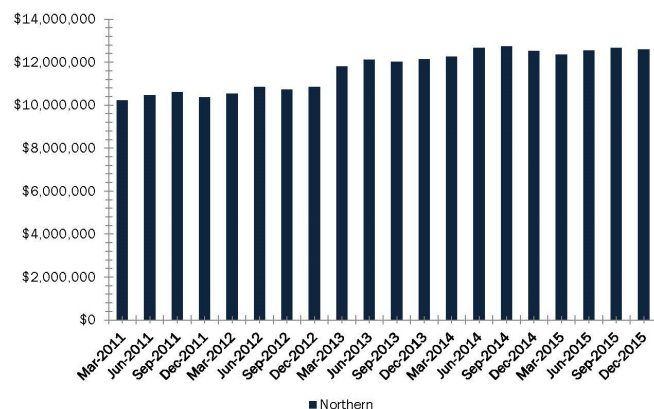
Beyond member services, Northern uses smart offices for remote training and conferences with branch leadership.

Over the course of 2015, according to Callahan & Associates Peer-to-Peer data, Northern has seen a slight increase in operating expense to \$12,600,000 as of fourth quarter 2015, a slight increase year-over-year. But its operating expense as a percentage of total income has lowered as well, to 79%, closer to its asset-based peer average of 76.7%.

TOTAL OPERATING EXPENSES

FOR NORTHERN CREDIT UNION | DATA AS OF 12.31.15

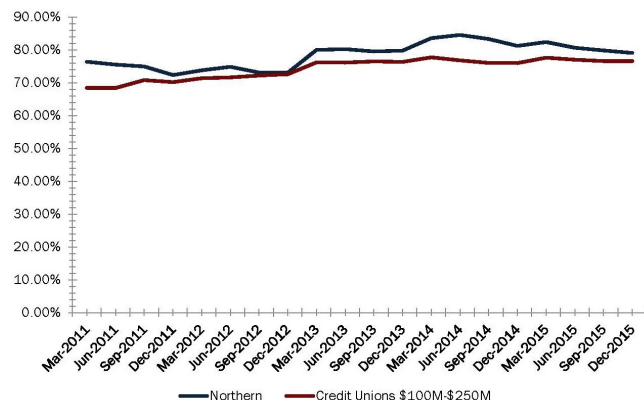
Northern's total operating expenses have remained consistent the past two years.



OPERATING EXPENSES / TOTAL INCOME

FOR CREDIT UNIONS \$100M - \$250M | DATA AS OF 12.31.15

Operating expenses as a percentage of total income now more closely rivals peer average.



HOW IT WORKS

Credit union employees greet members when they enter a branch to determine the reason for their visit. If it requires an office session and all on-site representatives are tied up, the greeter directs the member to one of five smart office professionals, who are briefed on the member request through an instant messaging software system called "Spark."

"The term people use to describe it is 'different,'" Lariviere says. "But after going through it, they see it's just as easy as in-person transactions to get the service."

For reporting and sales, branches still own member relationships and branch staff still receives the credit or incentive for interactions that occur there. Branch managers and employees consider smart office professionals a part of the branch team, and thus use them to meet service goals. According to Lariviere, it's become a symbiotic relationship.

"Maybe I send more people to smart office this afternoon because in the branch I need to take some business calls and I don't want to dissatisfy my members while I'm away," she says. "The member service is still there. I just might reach out to smart office more today than I did yesterday."

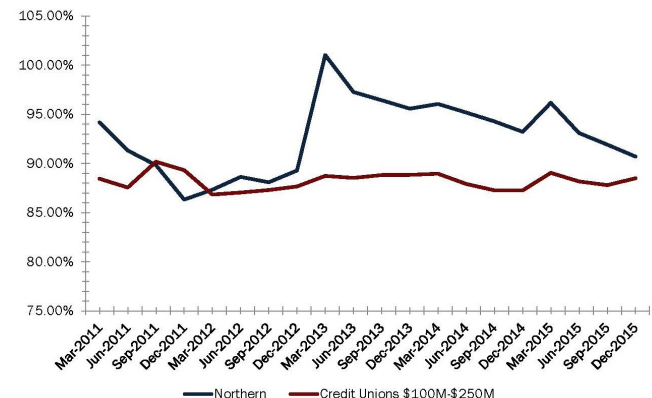
CREDIT UNION BENEFITS, STAFF BENEFITS, MEMBER BENEFITS

By the third quarter of 2013, Northern's [efficiency ratio](#) was 101%, well above asset-based peer average of 88.64%. As a way to increase efficiency, the smart office has undoubtedly helped the credit union improve. By fourth quarter 2015, Northern's efficiency ratio was down to 90.7%, now much closer to its asset-based peer's ratio of 88.56%.

EFFICIENCY RATIO

FOR CREDIT UNIONS \$100M - \$250M | DATA AS OF 12.31.15

Since reaching a high of 101% in 2013, the credit union's efficiency ratio continues to improve toward peer average.



Source: Callahan & Associates

“It’s remarkable to see how seamless service is. You know whatever the member needs, this professional has the skills and ability to have that interaction.”

— DENISE LARIVIERE, VICE PRESIDENT OF MEMBER SOLUTIONS, NORTHERN CREDIT UNION

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The smart office concept works best when the professionals who staff them are universally trained. Northern took five sales people from across the institution — the “most capable, highest level sales people,” according to Lariviere — with experience in home loan mortgage originations, credit, business, and financial investments solutions, and made them smart office professionals in the summer of 2014.

“It’s remarkable to see how seamless service is,” Lariviere says. “You know whatever the member needs, this professional has the skills and ability to have that interaction.”

Northern’s most qualified and well-versed salespeople are handling more than 50% of account and loan applications. Smart office professionals are able to serve a wider swath of membership than they were before, from just one market to all seven, without sacrificing relationships they had previously built.

“Once professionals became acclimated to it, they found the ability to serve more people,” Lariviere says. “They were more focused, they had the ability to build relationships on a higher level, and they found it more rewarding.”

In addition to benefitting member service, smart offices create staffing efficiencies that are especially important during peak times, when professionals can handle complex requests and free up tellers to handle other transactions.

“If smart office professionals are available, we can beam them up and offer assistance without needing to schedule it,” Lariviere says.

And Northern also sees greater efficiency with regard to cost. Although Northern pays its smart office professionals slightly more than other representatives, they save the credit union the cost of three full-time employees annually, with benefits.

For members, smart offices offer high-quality service with lower wait times. Northern does not currently track lobby wait times but is looking to implement tracking in the next several months. For now, Lariviere cannot say exactly how wait times have improved, but the credit union has observed a difference.

Moving forward, Northern sees the application for this technology in self-service branches. However, before it will seriously consider that option, it must improve its queuing technology to the point that smart office professionals know a member is waiting in a specific location. Northern admits it is not there yet, but says the potential for a self-service facility is immense.

“We can expand our network and still provide that live individual that members look for,” Lariviere says. “I see the opportunity for branch individuals to elevate their relationship building and do more business development outside of the brick-and-mortar while smart office professionals are there to serve members that come into the branch.” 🧐



Make sense of deposit data for individual branches, institutions, and entire markets. With BranchAnalyzer, the ability to make smart tweaks to your branching strategy is just a click away. [Learn more.](#)