



# Driving Branch Transformation with Teller Image Capture

## A SourceMedia Webinar Presentation

May 4, 2011

■ FINANCIAL PERFORMANCE ■ IMAGING & PAYMENTS PROCESSING ■ INFORMATION SECURITY & RISK MANAGEMENT ■ RETAIL DELIVERY

# Brandon Kunz

Senior Director of Product Strategy, ProfitStars

# Who is ProfitStars?

- Part of Jack Henry & Associates, Inc. (Nasdaq: JKHY)
- ProfitStars is the market leader in multi-channel, electronic image-enabled transaction processing solutions
  - Over 2,250 clients supporting over 100,000 desktops



**jack henry**  
& ASSOCIATES INC.

ProfitStars® 

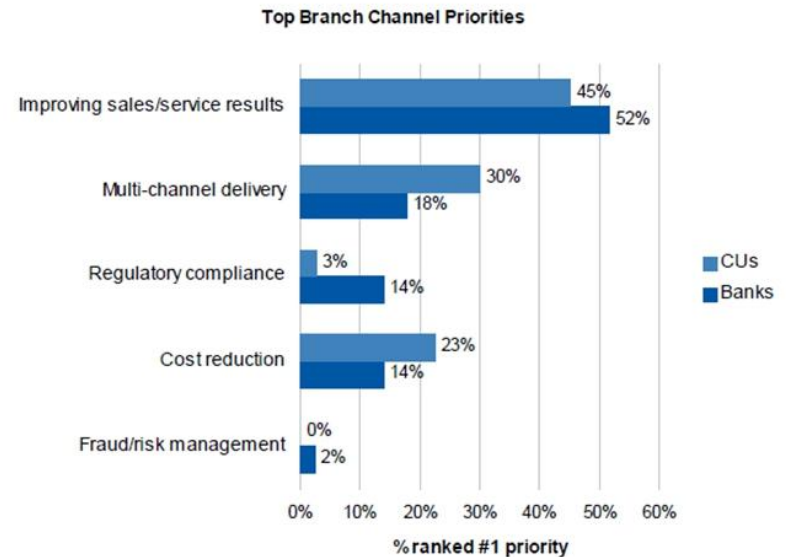
**jack henry**  
BANKING



# Why Branch Transformation?

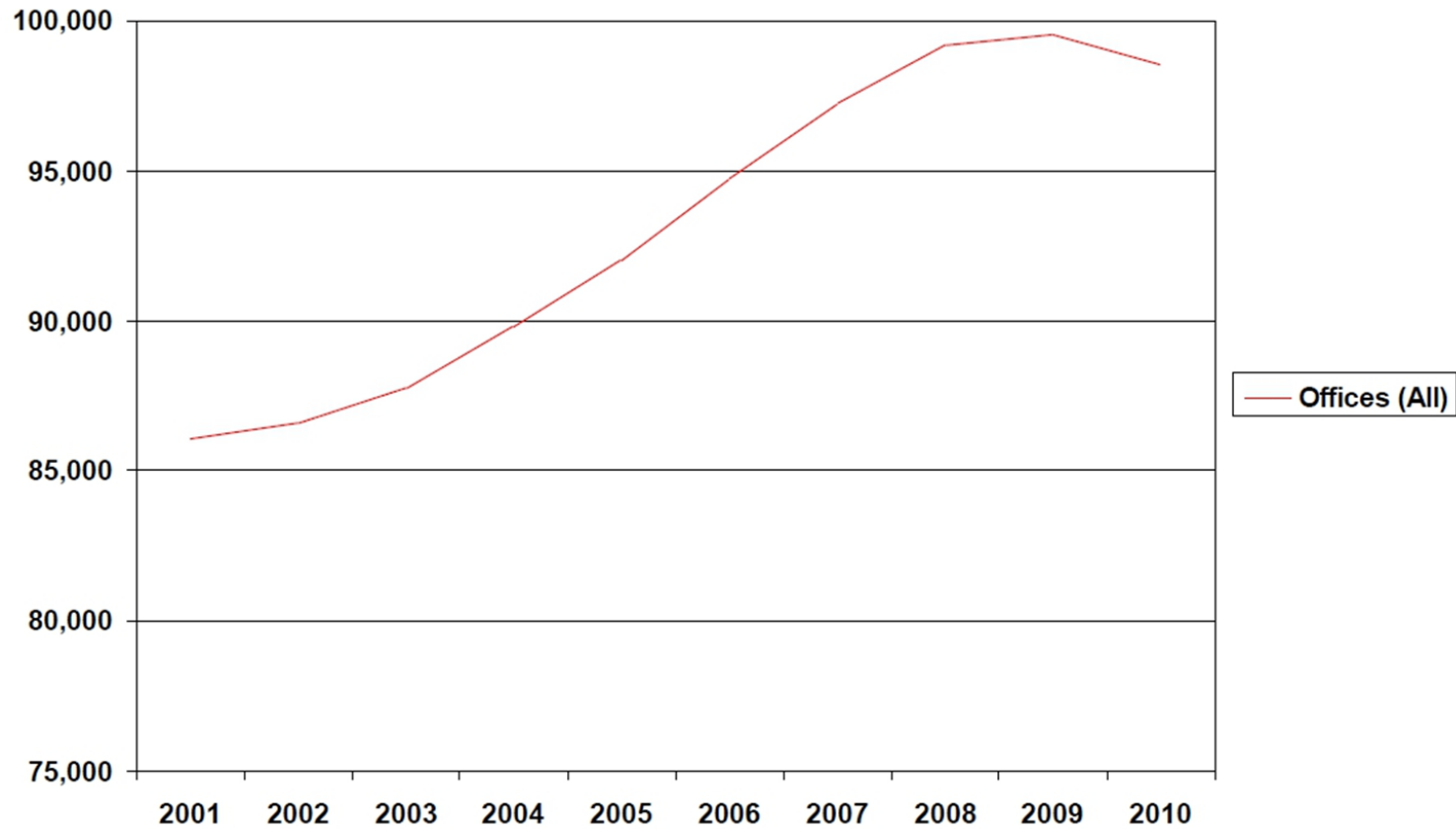
- Branch remains the top criteria most financial institution customers use in selecting a bank today
- According to Celent, the #1 channel priority for more than half of North American bankers is the branch network
  - Customer engagement
  - Strengthen customer relationships
  - Increase cross sales
  - Compliance
  - Reduce costs

## Sales and Service Is the Clear #1 Priority



SOURCE: Celent

# Rationalization of Existing Branch Infrastructure

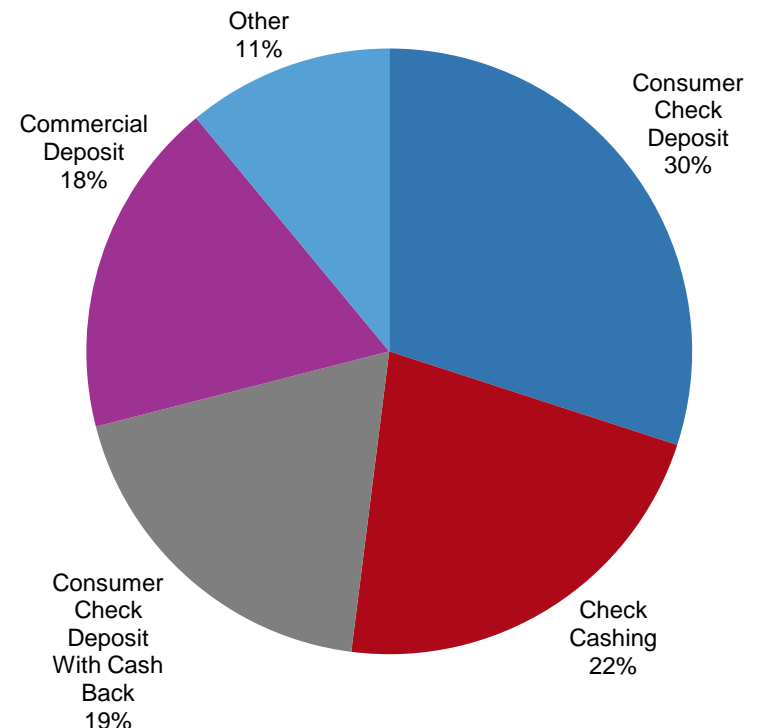


Source: FDIC, Cornerstone Advisors, Inc.

# A Renewed Sense of Urgency

- Increase in transactions initiated through self-service channels
- Check volumes declining
  - But, 87% of checks still deposited as paper (Fed Payments Study)
  - Plus, 41% of teller transactions involve cash back
- Heightened customer expectations
- Earnings pressure
- Legacy systems

**Teller Transaction Mix**  
(Reported Share of Teller Transactions)

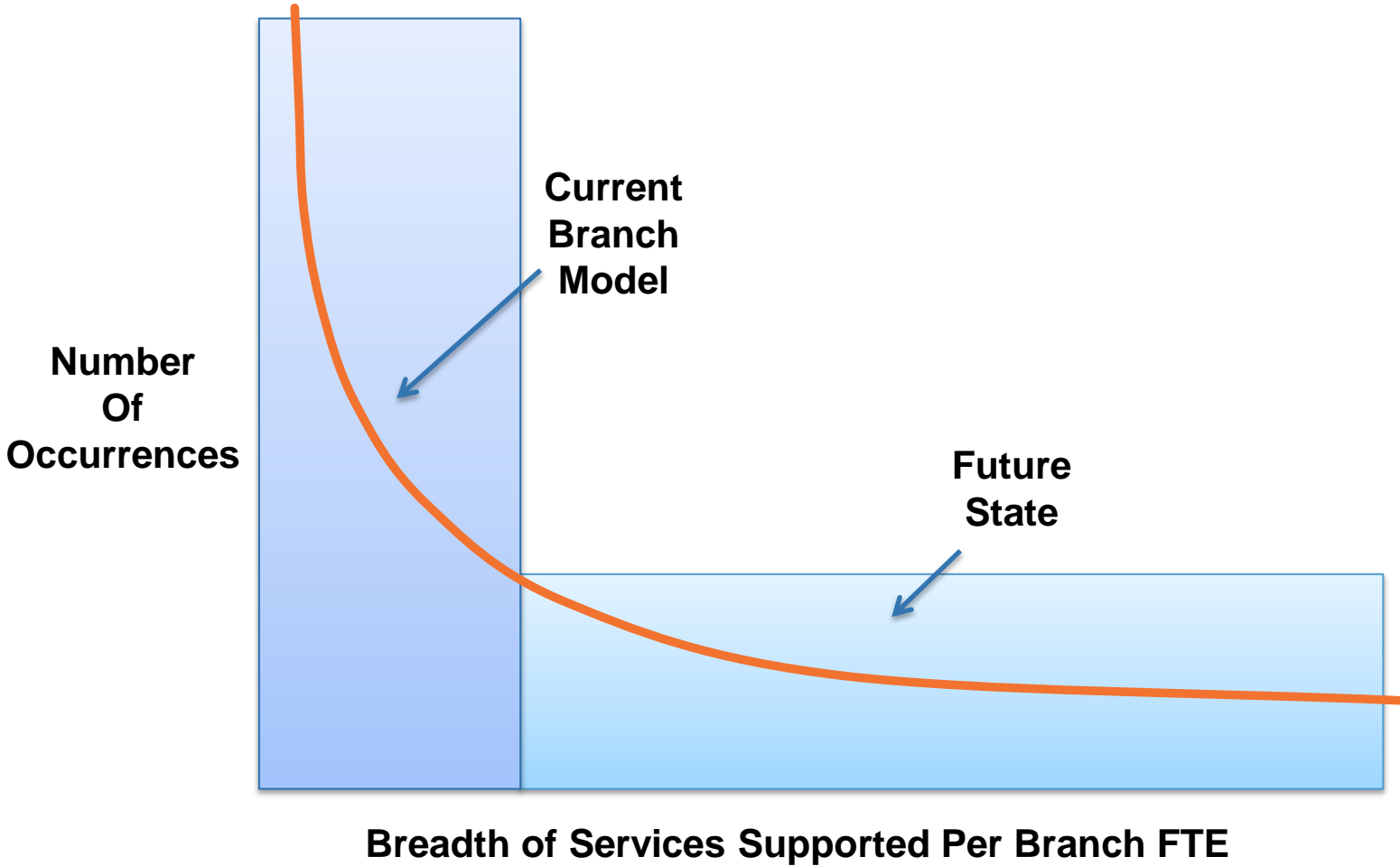


Source: Celent

# What role will the branch play in the future?

- Transaction => experience
  - Engaging interactions
- Routine vs. “critical” interactions
  - As routine declines each person-to-person interaction becomes that much more important
- Focused on the “customer of the future”
  - Branch only
  - Branch-centric
  - Online-oriented
  - Mobile-oriented

# Evolution of Customer Needs – The Long Tail



Source: ProfitStars

# Key Pillars in Branch Transformation

- Change the focus of the teller
  - Not transactions ... relationships
  - Not just service needs but product needs as well
- Understand the needs of the client
  - Life stages
- Solve problems
  - Profitably
- Streamline and simplify
  - Repeatable processes and workflows
  - People empowerment
  - Sustainable ... transcend individual relationships
  - Compliance

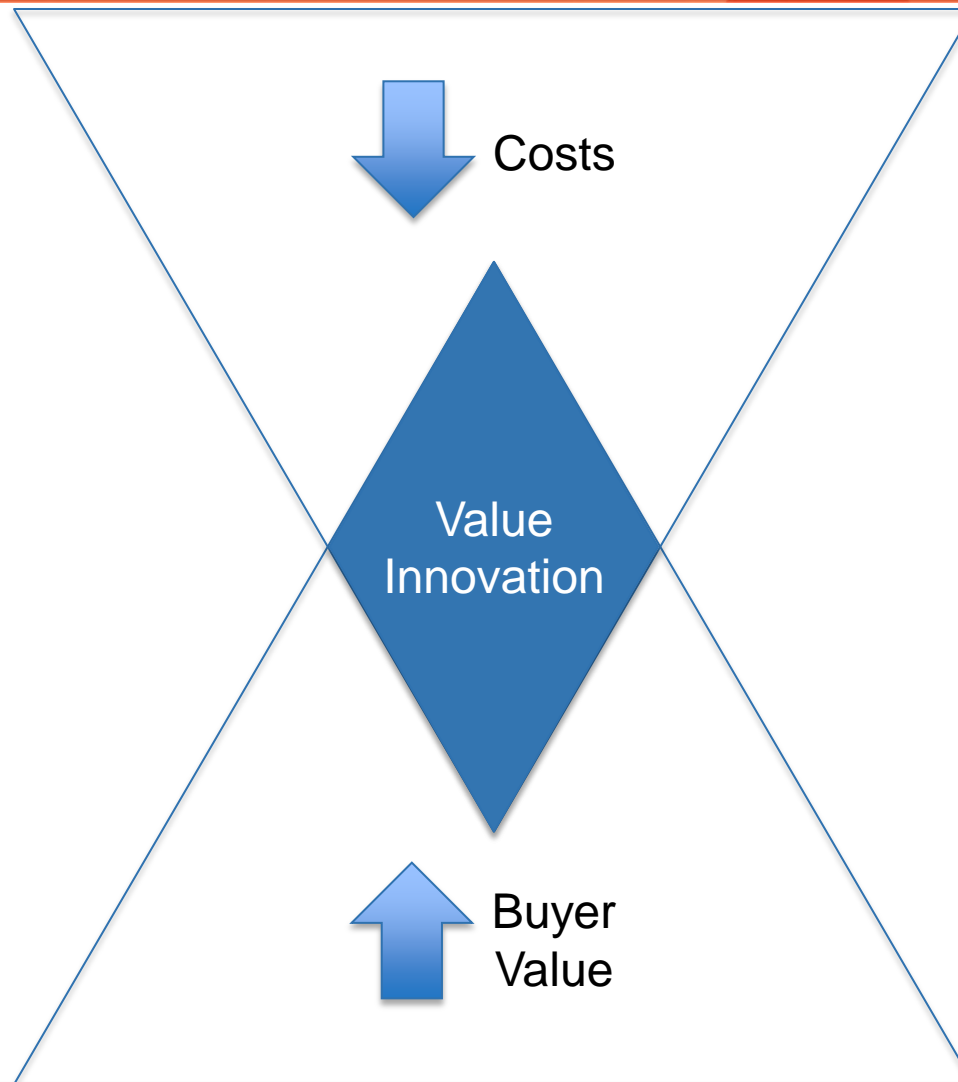
# The Role of Teller Image Capture - Financial

- Financial justification of branch transformation initiatives
  - Transportation savings
  - Facilities and equipment savings
  - Reduced staffing and branch servicing costs
  - Accelerated clearing
  - Reduced research and adjustments
  - Reduced paper ticket costs
  - Reduced fraud losses

# The Role of Teller Image Capture - Experience

- Gateway to changing the focus of the teller
  - Teller more attentive
    - » Required to maximize benefits of sales-and-service investments
  - No surprises
    - » Balancing before customer leaves
    - » Non-negotiable items identified
  - Extended cutoff times

# Value Innovation



Source: W. Chan Kim & Renee Mauborgne, Blue Ocean Strategy

# Enterprise Value Proposition - Teller Image Capture

## Retail

- ✓ Increased speed
- ✓ Reduced keystrokes
- ✓ Improved efficiency
- ✓ Elimination of paper tickets
- ✓ Lower training costs
- ✓ Customer satisfaction
- ✓ Improved sales effectiveness with more heads-up time

## Commercial & Cash Mgmt.

- ✓ Faster funds availability
- ✓ Same day, all day service
- ✓ Lockbox and cash vault services
- ✓ Enables RDC sales & fee income

## Operations

- ✓ Improved and streamlined workflows
- ✓ Reduction of errors and exceptions
- ✓ Lower transportation costs
- ✓ Facilities, equipment and staff savings
- ✓ Accelerated and more cost effective clearing options

## Compliance & Risk Mgmt.

- ✓ Comprehensive risk mitigation controls
- ✓ Configurable business rules
- ✓ Secure, encrypted item transport
- ✓ User tracking
- ✓ Duplicate detection
- ✓ Integration with fraud services

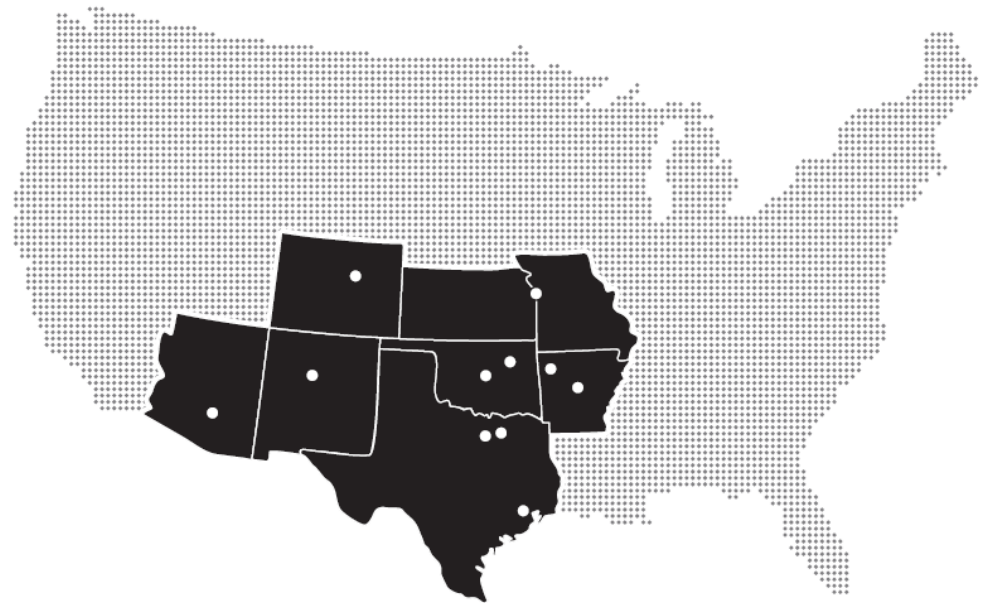
← Cost Savings, Enhanced Efficiencies and Customer Experience →

# James Morris

Senior Vice President and Manager of Consumer  
Banking Operations, BOK Financial

# About BOK Financial

- \$24 billion in assets
- Headquarters – Tulsa, OK
- 7 banking divisions
- 180 branch network
- Affiliates include investment, trust and mortgage
- TransFund ATM network



# BOK Financial Case Study

- Our decision to pursue new technology
- Project objectives and methodology
- Financial and non-financial benefits
- Current operational status and results
- Lessons learned



# Project Drivers

- Technology with limitations
- Multiple applications with duplicate data entry
- Branch sales team and teller staff disconnected



# Branch Delivery Automation Project Objectives

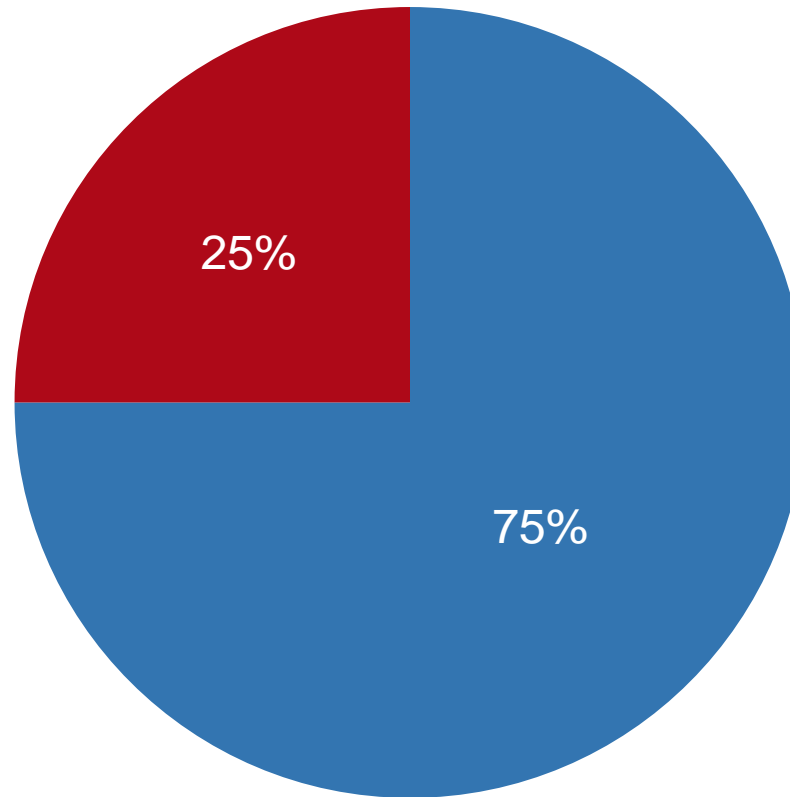
- Gain efficiencies
- Improve sales results
- Enhance the client experience



# Legacy Teller System

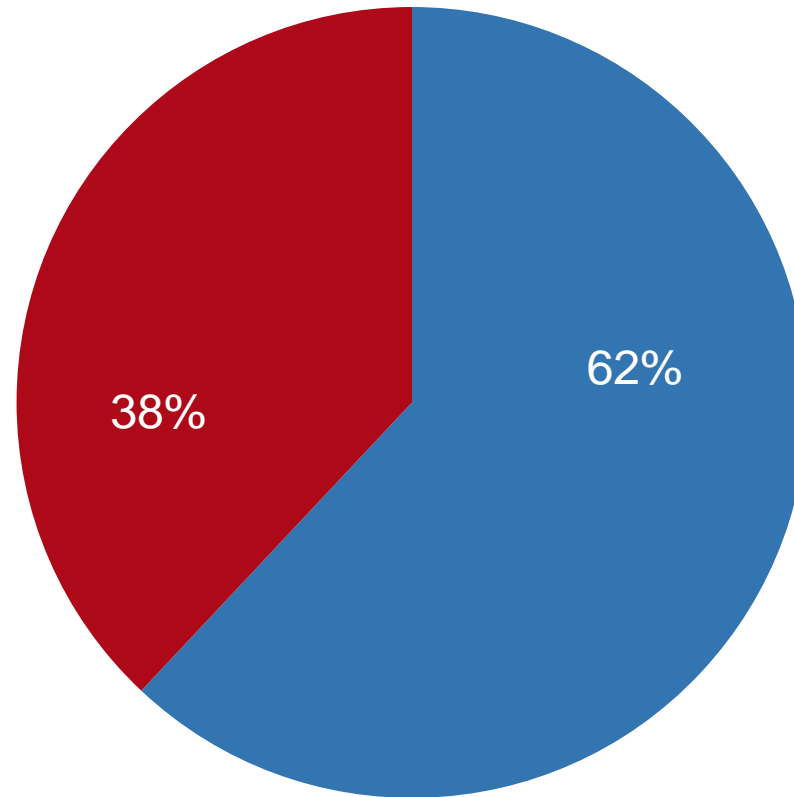
- Installed 1998
- Unsupported since 2005
- Limited integration

# Expense Savings / Cost Avoidance



■ Teller System ■ Sales Platform

# Delivery Automation Project Costs



■ Teller System   ■ Sales Platform

# Expected Financial Benefits of Teller Image Capture

- Reduction in number of item processing centers
- Reduction in daily courier runs
- Additional funds availability
- Improved fraud prevention



# Expected Financial Benefits of Teller Image Capture

- Fraud reduction – 6%
- Staff reduction / saves – 64%
- Transportation reduction – 20%
- Facilities overhead – 6%
- Funds availability – 3%
- Other – 1%



# Expected Non-Financial Benefits of Teller Image Capture

- Increased referrals to sales bankers
  - Anecdotal evidence this is occurring
- Transformed client experience
  - Balanced transactions
  - Elimination of mid-day cut off times
  - Elimination of weather related posting delays
- Streamlined transactions

# Teller Project Timeline

- January 2010 kick-off
- Design/development – 17 weeks
- SIT and performance testing – 10 weeks
- UAT – 8 weeks
- November 2010 – 3 branch pilot
- January 2011 – 2<sup>nd</sup> phase pilot
- March 2011 – 12 week rollout begins
- May 2011 – rollout completed

# Current Status / Operations

- Rollout 90% complete
- Deposit processing
  - < 26 items – teller image capture with client present
  - 26 - 250 items – defer
  - > 250 – transport to IP center (future: back counter)
- Digital Check TS240
  - 50/75 dpm
  - Combo receipt printer
- Integrated with: positive pay, CTR aggregator

## Results So Far

- Teller acceptance is high
- Training effort is low
- Client experience is improving



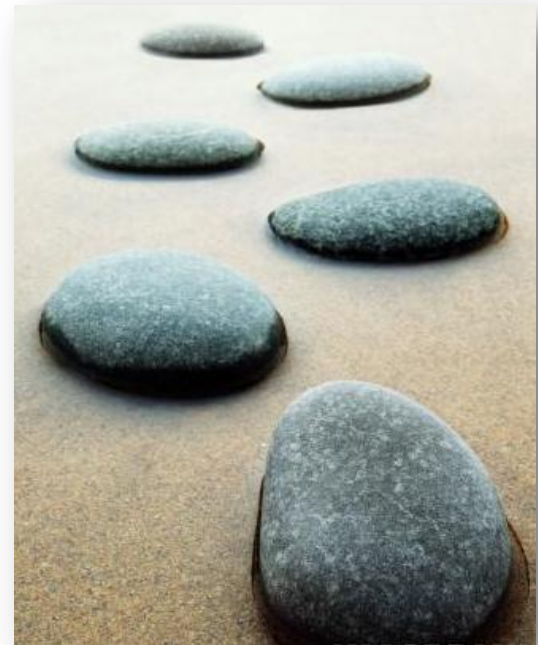
# Lessons Learned

- Need for back counter solution
- Still undetermined level of back office (image) support
- Underestimated need for 'downstream' testing
- Involvement of our process engineer was critical



# Next Steps

- Back counter solution in development
- Roadmap
  - Sales platform project
  - Duplicate detection assessment
  - Mobile deposit capture decision



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← **Cost Savings, Enhanced Efficiencies and Customer Experience** →

For more information, please visit [www.profitstars.com](http://www.profitstars.com), [www.branchdepositautomation.com](http://www.branchdepositautomation.com), or contact a ProfitStars Branch Deposit Automation Expert at [sales@profitstars.com](mailto:sales@profitstars.com) or 877.827.7101.



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