



Deposit Automation – A New ROI

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In my recent travels and engagements I am consistently confronted with frequent conversations emphasizing an increased focus on **operational efficiencies through a reduction in expenses**. In fact, I hear efficiency rhetoric everywhere I go followed by some sort of magical savings guaranteed to boost the efficiency ratio or save 30% or more and so on... Really? I keep expecting Headset Vince, (the ShamWow! Guy) to pop out and say, “But if you act now.....”

Rarely do I ever hear the conversation hinged on the Customer Experience, Brand and/or Market Strategies needed to drive customer retention, growth, and/or profitability. So while we COULD examine the Functional Analysis of Deposit Operations or the implications of Tower Group’s recent study on branch channel costs or even review J.D. Power & Associates’ latest study on Retail Banking statistics and trends on year-over-year ATM Channel Deposit Growth, perhaps we **SHOULD shift the entire conversation back to the customer**. Back to the reasons why we so passionately serve our local communities! Back to developing a set of solutions to complement the overall strategy that will drive this conversation from ROI to RoI, “Retention of / from Investment”: the growth and retention of our profitable customers in relation to the investment made to acquire such customers.

The FI must determine how much they are willing to invest to pay for each additional customer gained (monthly/annually)... or inversely - how many customers is the FI subject to losing (monthly/annually) based on these consumer expectations?

The ATM is one of the major retail touch-points of both the existing and potential FI customer base. ATMs have evolved beyond checking your balance or getting quick cash. Today’s ATMs have evolved into express banking centers allowing a customer to transfer funds, make deposits (cash and check), and learn of the latest banking solutions. And ATM’s become a relatively inexpensive solution by comparison to a small branch operation as each ATM acts as an additional location and extends banking hours. In fact, a full service ATM can save millions of dollars in branch development and save up to \$50,000 per month in additional branch operation costs while expanding the service footprint and consistently communicating the FI Brand.

Deposit Automation is nothing new. The recent development of bulk note (Cash/Check) deposit has certainly been a catalyst for the increased adoption/usage rate at the ATM. Big box retailers have been training the consumer on self-services technologies for over a decade (i.e. Airline Kiosks, Red Box DVDs, Grocery Self-Checkouts). Today, consumers have come to expect the ability to research, compare and self-checkout. As a direct result, the consumer expectations are rapidly evolving. In fact, Deposit Automation at the ATM may simply be one of many required technologies needed in order to successfully compete.

Driving deposits to the ATM clearly increases the overall sales culture and effectiveness of the organization. As Deposit Automation is fully adopted, it is clear that the transactions successfully migrate from the branch to the ATM. While it is almost a certainty that ATM deposits double, there are instances of 500% increases in ATM activity!

Some tier one and tier two financial institutions claim that nearly 50% of all deposits are now made at the ATM. Rather than focusing on the deposit transaction, bank personnel can now focus on individualized / tailored solutions. With the proper strategy, adding just one additional product or service to an account as a result of increased sales effectiveness is sure to gain share of wallet.

It is key to develop a set of solutions to complement the overall strategy from ROI to RoI prior to implementing any new technologies. For a given institution, deposit automation may or may not be the best solution of choice. Each institution will need to assess its strategic plan and initiatives. Beyond the traditional ROI, it is important to remember the consumer experience, their behaviors and expectations, while driving increased sales effectiveness within the organization. It is critical to understand each institution's market niche while assessing the competitor's position in relation to the target customer. And finally, develop a plan to implement new technologies and to develop a system to ensure long-term benchmarks are met and achieved. A good rule of thumb is to always start with the customer experience then drive down the technology solutions that best complement your plan....

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