TIC Best Practices:
A Branch Perspective

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Executive Summary:

While the debate rages on for some in the battle for Branch Image Capture (BIC) supremacy between Back Counter Capture (BCC) and Teller Image Capture (TIC), we now have plenty of successful TIC implementations, and sufficient practical evidence for defining best practice approaches.

Industry trends clearly show Teller Image Capture picking up steam with the majority of new branch imaging projects focused on capturing images at the teller line. This includes Financial Institutions (FI) having never implemented a BIC solution, going straight to TIC as well as FI's who implemented a back counter solution, now seeing the benefits of migrating to a front counter model. There are plenty of reasons for this, with the most important being a compelling ROI. A Global Concepts ROI model for an average FI indicates a net savings for back counter capture at .90 cents per item while net savings per item for teller capture is $1.35, this takes into consideration the additional investment required. That's a 50% gain per item! In addition to quantitative benefits, a TIC solution also provides improved customer satisfaction and is strongly preferred by branch staff. With the help of the Aite Group, Panini has developed our own extensive ROI model to help you determine financial benefits for your organization.

Even with all the benefits, capturing images at the front counter still encounters occasional objections, typically based on myths or concerns that have been proven false in successful implementations. Success however requires careful planning of the overall solution ranging from hardware & software selection to system and workflow design and even to business processes and branch policies & procedures. Our goal in this paper is to help identify and ease concerns surrounding TIC by providing an inside look at what makes TIC successful from the point of view of the group with the largest impact and usually the greatest concern, **the retail branch**.

Overcoming Myths:

One of the biggest obstacles to gaining support for Teller Image Capture are objections surrounding the solution based on myths propagated during early years of distributed capture. These come from many directions including the Retail Bank, Item Processing (IP) and even senior management. However, with so many successful capture implementations at the teller line, there is now strong evidence refuting these concerns. Let's take a look at the most frequently heard objections:

Myth: TIC transactions take a longer time to process, which would have a negative effect on customer satisfaction.

Fact: **Over 90% of all teller transactions are 5 items or less. For these transactions, TIC has been proven to actually save time in comparison to branch studies done prior to TIC.**

Myth: Requires teller to focus on operations, not sales and service.

Fact: **Just the opposite is true; the teller no longer needs to be focused on documents for keying data such as account number, transaction amount, etc. Instead, this data collection is now automated and the teller actually gets to focus on the customer while the TIC solution is processing items. This allows for increased sales and service time, not less.**

Myth: Capturing items at the teller line will turn my tellers into proof operators.

Fact: **With proper hardware, software and system configuration, tellers need to key a very small percentage of items. Also, for large item volume transactions where debits and credits don't match, keying and balancing can be deferred to Item Processing.**

Myth: TIC requires an increase in branch staff.

Fact: **TIC requires no additional FTEs in branch staff while providing ability to greatly reduce back office Item Processing staff.**

Myth: Capturing items at the back counter is less intrusive for our branch staff and therefore an easier process for them.

Fact: **Back Counter Capture adds work to your branch by introducing an additional step after the regular teller transaction. TIC integrates the capture of items into existing teller transaction workflow. Branch staffs having used both models prefer TIC by an overwhelming margin.**

Myth: The ROI for TIC is not there. Capturing items at the back counter gives me the majority of cost savings with a much lower price tag.

Fact: **The ROI exists and has been proven by many FI's. Many people feel transportation costs are the most significant area of savings. However, they are not considering other benefits of TIC including; reduced FTEs in Item Processing, decreased clearing costs associated with earlier clearing times, reduced proof correction costs, etc.**

FI's need to overcome these basic concerns and rationalize fundamental differences and views of Branch Image Capture existing between two groups with the most exposure to the project: Retail and Item Processing. Item Processing generally prefers the back counter model as it is a similar workflow to the current process. With the branch scanning the work, the sort operator may be different, but Proof is still keying and balancing items. They just have the benefit of getting them sooner. Branches however don't like this approach. As mentioned before, they just see this as additional work. They are still processing transactions just as before, but now they have the added workflow of scanning these transactions at a later time. These new responsibilities also come without any real benefit to the branch. With a TIC model, capture processes becomes easier to accomplish by integrating workflows, which makes a tellers overall job easier. End result…the branch supports Teller Image Capture vs. fighting Back Counter Capture.

Best Practices:

The following Best Practices will help you create a successful TIC environment and are all currently used at FI's that have deployed image capture at the teller line.

Focus on Customer and End User Experience:

- Customer Satisfaction: In the end, this is what really matters to the branch. Customers happy with their FI tend to consolidate financial relationships, allowing your institution to gain a larger wallet share of services. What makes retail branch customers happy besides a suite of products and services suiting their needs? How about, fast efficient transactions, and friendly and knowledgeable branch personnel with proper tools to solve their problem or issue.
- Teller & Branch Staff Satisfaction: The ability to provide excellent customer service in the branch also relies heavily on branch staff job satisfaction. TIC is highly preferred by all levels of branch personnel over BCC as it allows them to do their job more efficiently with less hassle. Providing easy to use, intuitive systems and processes that don't add extra work are key. Also be aware of legacy policies and procedures that should be modified to consider the TIC operating environment.
- Operational Efficiency: There is a fine balance here. Don't make things too complex, which add undue burden and stress. However, it is also possible to make things more difficult by over simplifying. What some see as less invasive actually is more so by the people who need to perform the task. Keep it simple while providing the right tools for the job.

Business Process Improvement:

- Cohesive Distributed Capture Strategy: Although most FI's still like face-to-face interaction with customers for relationship building, getting large volume commercial transactions out of the branch is a benefit to both the bank and the customer. This simplifies the life of both stakeholders. This is especially true when the business decision maker is not the one bringing the deposit to the branch. FI's should have a cohesive strategy encouraging a holistic view of TIC and RDC even if ownership of these platforms lies in different functional business units within an organization.
- Emphasize routine scanner cleaning: Imaging equipment requires regular cleaning to perform at optimal levels. This is known by item processing staff based on a history of working with this type of equipment; however branches are not accustomed to this. Dust, paper particles, debris, etc. affect things such as MICR read rates, CAR read rates, double feed detection, image quality and will degrade performance over time. Don't rely on tellers to routinely clean devices; automated tools prompt cleaning on a regular schedule and walk the user through the cleaning process.
- Don't short change training: Proper training is a must and Teller training should be designed to optimize teller capture efficiencies. This includes not only differences in software and transaction workflow, but also how to process exceptions, how to operate and clean the scanner and how to use and rely on technology (no need to second guess the CAR read, use the batch feeder, etc.)

Policies and Procedures:

- New & existing processes require careful consideration: Be careful not to add processes minimizing efficiency or adding undue burden to transactions. Think about how new or existing process affects efficiency of the transaction, customer, and teller. What is the purpose of this process and is there a better way? For example, not trusting the technology – scanning one check at a time and verifying each one even if read is good, undue supervisor overrides, etc.
- Performance incentives should support TIC: Don't throw a wrench into efficiency; make sure balancing, reversals, incentives and performance measurements support TIC. It's not uncommon for a teller's performance and incentives to be connected to balancing. Most out of balance conditions at the teller line are found either at the time of transaction or when balancing out for the day. Without TIC, tellers could fix transactions at end of day without penalty. With TIC, transactions cannot be reversed after they are sent to IP, which could be seconds or minutes after the transaction. Be sure your implementation supports a process allowing the branch to fix transactions at end of day without negatively impacting a teller's record. Don't penalize branch staff for using new technology that saves the bank money.
- Trust the branch: Retail branches do know how to balance; they have been balancing cash for years. They understand debits and credits and the need to balance. Give them a well-designed system with appropriate policies and procedures, along with sufficient training and support and they will succeed.

System Design and Workflow Recommendations:

- No need for a back counter device: All transactions, regardless of item volume, can be efficiently captured at the teller line. This simplifies the transaction process. Some believe large volume items should be drop-and-go at the back counter. However, having two completely different workflows is confusing and causes greater problems. This approach also kills some of the ROI associated with TIC. Back counter capture typically requires use of internal tickets such as cash ins and outs, G/L tickets, and proof corrections are still generated and mailed from a central location.

- No limit on number of items captured at the teller line: Even though all items are captured at the teller line, items may or may not be captured at time of transaction. There are many variables here including number of items, how busy the branch is, speed of scanner used, commercial window, etc. Usually this is not a hard rule, but guidelines are given to tellers and they use their best judgment to determine when to scan at time of transaction and when to defer large volume transactions. An FI also must determine how long a teller should look at an out of balance transaction. Typically this is limited to either a time frame or size of a transaction. As long as cash is in balance, consider effect on teller performance. If a debit vs. credit out of balance affects their performance review, they will continue to look - no matter how long it takes. Sales and service is still their primary function. Allow this type of balancing to be deferred to IP.

- Teller System Integration: I have seen good system integration and poor system integration. This is one area really needing attention. It should not be looked at as what is easiest from a systems perspective (what is least costly way to integrate), but what creates the most seamless interface. In essence, the teller should not see any difference between teller system and item capture software. Also, teller systems should be optimized for image capture. One should not just drop a capture workflow into the middle of an existing teller system transaction. Spending too little time on this critical dimension can negatively impact overall success of a TIC project as it affects customers through longer transaction times and tellers through a frustrating transaction process.

- Capture and data correction workflow: One of the largest impacts on transaction efficiency is how images are displayed to the user and the workflow for handling exceptions. If debits and credits match (CAR did its job) and there are no MICR rejects, then there is no need for the teller to review, just move on to host posting and receipt printing. If there are exceptions, an efficient workflow for directing tellers to failed CAR items or MICR rejected items is critical. Image IP queues can be used as a great template for efficient handling of exceptions. Misreads are trickier, but still can be handled with efficiency.

- Optimum dpm speed: FI's must consider efficiency for most transactions vs. scanner cost. With the majority of transactions having no more than 5 documents, speed is more about customer satisfaction as every second counts. However, you do hit a point of diminishing returns as overall capture time is affected by PC processor speed, available system memory and system workflow. Most FI's experience diminishing returns above 100 dpm on average transactions.
- CAR Optimization: For optimized CAR reads, look at both CAR Engine tuning and scanner hardware settings. Special attention should be given to forms definition not only during implementation, but as a continual process as new forms are put into use either by design or from acquisitions. Also, make sure to map cash-in and out amounts from deposit tickets to reduce teller keying. You should also experiment with LAR as it has increased read rates in certain instances. From a hardware perspective, although most scanners' out-of-box settings are already optimized for the majority of documents, you should test different image settings such as DPI levels and grayscale vs. bi-tonal. Even though conventional wisdom states bi-tonal images produce the highest read rates, this is being challenged today as grayscale images in some cases are providing superior rates.

Hardware and Software Decisions:

- Software Selection: Not all systems do a good job at TIC as some vendors put more time and effort into design. Look for successful implementations at FI's similar to your profile and goals. Speak to reference accounts and make site visits. Find out what they like and don't like. Look for best practices approaches from this paper; how do they handle exceptions processing, can I defer scanning of large transactions, can a teller defer keying and balancing to central IP, how transparent is integration between the teller app and capture solution?
- Scanner Selection: Define your preferred scanner feature set. Do you want a Multi-Function System including receipt printing capabilities? Would it be beneficial to have an embedded magstripe reader to remove need for a separate piece of hardware at the teller line? What speed scanner is right for your branch volumes considering average transactions and percentage of high item count transactions? Is there a practical use case for functionality such as a single pocket vs. two pocket unit? Pay close attention to features and functions that sound great, but in reality you would not use or don't have any real effect on overall solution efficiency or user satisfaction. Another area of concern should be total cost of ownership; product reliability, scalability, technology to reduce maintenance, and consumable useful life & cost all have an impact on overall solution cost and should be carefully evaluated.
- Trust the technology: Once you have selected the appropriate solution for your FI and taken time to design, configure, train and implement, the next step is trusting the technology. If you don't, inefficiency and frustration will prevail.

Trending Now:

Although not as prevalent in TIC installations as other topics discussed in this paper, there are a few technologies and processes currently attracting a lot of mind share. These topics all help improve the business case for TIC by increasing ROI and simplifying processes or support. They are considered progressive in nature but are proving to be relevant as technology behind TIC progresses into a more mature stage of the solutions life cycle.

- To spray or not to spray: An issue starting to gain attention is the actual need to spray tracking information on the back of items. This is a legacy IP practice and is helpful in finding original paper items if needed for rescan or verification of information. However, some banks have found costs to spray items are far greater than any additional research costs associated with not spraying. In a TIC environment, it is easier to find items than in central IP. You will still have all data normally sprayed on an item at time of capture. It can even be applied as a virtual endorsement on the image. Since you know the date, time, branch, teller, etc. it is not difficult for branch personnel to find a particular item. They are only looking through a small batch of work for one teller vs. IP which is looking through a much large batch of work.

- Device Management Solution: With a TIC implementation, you will have hundreds or thousands of new hardware devices to manage depending on the size of your organization. This presents a new set of challenges, especially inside retail branches unfamiliar with maintenance requirements of imaging equipment. This type of solution has many benefits. First it provides a way to manage these new branch assets as you can track where physical devices are located, what version of firmware is installed, what API is in use and how often they are being used. A device management solution should also have strong performance optimization capabilities. Create business rules for equipment cleaning routines and provide alerts to end users when cleaning needs to be performed while tracking completion. You should also be able to collect performance metrics such as MICR read rates, paper jam incidents, ink usage, and consumable wear with an ability to create alerts when a critical condition exists. Trend analysis reporting for use in preventative maintenance is also a required feature.

- Paperless Receipts: The continued move to a paperless branch eventually leads to paperless receipts. Whether these receipts are available through internet banking, email, or both, leading FI's are starting to plan for this move. The current crop of multi-function devices integrating printers into scanning solutions provide a cost effective bridge to paperless receipts until your FI is ready.

Conclusion:

TIC can result in better sales and service (faster transactions than non-image processes, more time to build customer rapport and cross sell, etc.), and increased ROI (no internal forms, greatly reduced proof corrections, reduced printing and mailing, reduced IP staff, etc.). As with any successful project, proper planning and effort of your TIC implementation can result in better sales and service, and increased ROI.

Regardless of whether your FI has decided to make the move to TIC or you're just interested in exploring the concept, Panini is here to help. We have a full set of products, services, and tools to help you make the correct decision for your institution while helping you achieve project success and a positive ROI. Panini has extensive experience in TIC with over 200,000 teller seats deployed to date and implementations ranging from top 5 banks to community financial institutions. You can benefit from our years of experience with tools such as our **ROI Worksheet** and "**The Compelling Case for Teller Capture**" whitepaper. If you are just beginning your project or have already implemented a teller capture solution, you may be able to benefit from our **CAR Optimization Services** and **Teller Image Capture Best Practices** workshop. Talk to a Panini representative today. Call us at 937.291.2195 or visit our website www.panini.com to request additional information.