

LANDMARK BANK, MISSOURI, USA

An NCR Interactive Teller Case Study



"Working with NCR to implement the interactive tellers has created a solution that is great for our customers, great for all our staff and great for our bottom line. And as our feedback shows, it's creating really positive moments for our customers every day."

– Shon Aguero, EVP/Retail
Banking Executive,
Landmark Bank





KEY HIGHLIGHTS

Industry/Market:

Community banking in the USA

Solution:

- NCR Interactive Teller Machines (ITMs)

Results:

- Landmark has created strong competitive differentiation in its area thanks to its 7x7x7 service: Interactive Tellers available from 7 a.m. to 7 p.m., seven days a week.
- Approximately 45 percent of all transactions are conducted outside traditional banking hours, more than justifying the decision to extend hours through ITMs.
- Landmark's in-branch bankers have more time to focus on understanding their customers' financial needs and building customer relationships.
- Following the deployment of the ITMs, Landmark has accelerated its year-over-year growth in the number of household customers and exceeded its annual targets for core, business, household and wealth management referrals and loan production.
- Landmark has controlled overall staffing expense by centralizing more of its ITM teller staff and staffing branches more efficiently.

THE CUSTOMER

From one small branch in 1867 to more than 40 branches and 50 ATMs today, Landmark Bank has served a wide spread of mid-size and small rural communities across Missouri, Texas and Oklahoma for more than 150 years. Privately held by five generations of the same family, it now has assets worth more than \$2.5 billion and a brand built on strong relationships, the trust of the communities it serves — and fierce loyalty to its 76,000 retail and 15,000 business customers.

“We always tell our customers that we practice honest traditional banking,” says Shon Aguero, of Landmark Bank. “We’re a safe and secure option for their hard-earned funds. And as we tell people that come into our branches, we’re always available for a face-to-face meeting. Landmark Bank is a community bank — and supporting that community is incredibly important to us.”

THE CHALLENGE

In 2014, even though the number of branch transactions were in decline, Landmark found it still needed a way to handle teller transactions more effectively across multiple locations, particularly in remote or rural areas.

Certain infrastructure elements, such as the pneumatic tubes used in its estate of drive-throughs, were approaching end of life, so Landmark was looking to make smart investments for replacement. Research showed investments in the branch network would deliver long-term value, and that consumers wanted more banking options at more convenient days and times than the bank had been providing.

“This is the age of Google and Amazon and Uber,” says Nick Kieffer, SVP/Retail Strategy Executive, Landmark Bank. “Those are the companies that set consumer expectations and they inevitably filter through into banking and financial services. That’s the reality. It’s all about access, convenience and availability. We can’t continue to ask busy customers to adjust their lives to fit traditional banking hours. We need to adjust traditional banking hours to fit our customers’ lives.”

Landmark made the strategic decision to expand its branch operations as part of its Here for You banking philosophy. The approach had four key pillars: exceptional products and services; knowledgeable and customer-focused bankers; helping customers to identify their financial needs; and, of course, access and convenience.

The first stage was to expand Landmark’s call center hours to give customers a wider window of opportunity to engage with the bank. The second stage was to develop the bank’s 7x7x7 initiative to make bank teller services available from 7 a.m. to 7 p.m., seven days a week — providing further opportunity to innovate and deliver on their face-to-face pledge

But this came with a different challenge: How could Landmark offer high-quality service when customers wanted it — but without dramatically increasing the number of full-time employees? With many services requiring dual control for security and risk mitigation, staffing for extended hours was a major consideration, in addition to normal branch operating costs such as utilities.

“We came up with the 7x7x7 initiative to deliver a service that would be meaningful to our existing customers and give us a competitive edge that would appeal to potential new customers,” Tonya Keith, Video Teller Manager, Landmark Bank. “But there was certainly a challenge around finding the right employees who wanted to or were able to work those critical extra hours during the week or over the weekend, especially in the more remote communities who we felt could really benefit from the 7x7x7 service.”



THE SOLUTION

To meet this twin challenge of making its customers' lives more convenient without incurring significant branch operating expenses, Landmark Bank turned to NCR's Interactive Teller (ITM) solution to replace the pneumatic tubes in all of its branch drive-through lanes.

“Getting the drive-through right is essential for our customers,” says Shon Aguero. “Widespread and rural communities like ours are connected by car. That’s the real convenience and accessibility factor for our customers.”

Using live, interactive video, the ITMs give customers the opportunity to interact with a bank teller through the traditional ATM channel in real time. Engaging with Landmark's tellers via video gives customers instant access to centrally located bankers who can offer personalized advice across a wide range of financial products and services — without having to visit a branch during standard banking hours.

Nick Kieffer says: “NCR was really the only company offering this kind of service when we were evaluating it. What’s more, the NCR team had a forward-thinking approach to a new service, which we found very appealing. We already had a strong partnership with NCR, and we have worked well together in the past to implement technologically complex but customer-friendly solutions — so that really sealed the deal.”

The solution includes the physical ITMs as well as TellerNow, Network Manager and Dashboard software to enable transaction processing. Landmark also chose to install NetOp to support its new ITM channel, as well as NCR's Transaction Gateway to facilitate the posting of transactions. Additionally, the NCR team was on site to provide support during the installation and integration of the ITM system infrastructure as well as Landmark's first test ITM.

To get the most out of its investment in the ITM solution, Landmark also invested in training and education for its video tellers.

THE SOLUTIONS RESULTS

With 60 ITMs installed throughout its network, and a central team of 55 full-time and part-time video tellers based in two central locations, the ITM solution empowered Landmark to offer extended banking hours across its drive-through locations, delivering on its goal of improving access, convenience, and availability to its retail & business customers.

They've also been able to control their overall staffing expense. Landmark was able to centralize its video teller staff to a location (Columbia, Missouri) where a larger professional workforce is more readily available to accommodate weekends and extended hours. Not to be overlooked, branches have become more efficient at serving customers who do decide to come inside a branch location.

“Our ITMs and video tellers are available 7a.m to 7p.m., seven days a week, and we really don’t have any competitors who can match those hours. This is a huge differentiator for us and a significant convenience for our customers,” said Shon Aguero. “Our existing customers are almost universally positive about the new hours and services — while new customers consistently tell us that our extended teller hours are important reasons for them to choose Landmark Bank. Our small and micro business customers are particularly pleased that they no longer have to shut up shop just to get their daily transactions done.”

The video tellers can also help customers with more than traditional teller transactions, including money management, financial services and banking advice. What's more, now that drive-through tellers are now almost exclusively ITM tellers, in-branch bankers have more time to focus on identifying customers' financial needs and building customer relationships rather than straightforward transaction processing. It creates a differentiated service for customers who make the effort to park, get out of the car and go into the branch.

After the first full year of operation, Landmark Bank saw that year-on-year growth in household customers increased from 2.25 percent before the ITM deployment, to 3.9 percent once the ITM solution had been implemented. Surveys of new customers showed that convenient banking was the top priority for nearly every respondent and that more than 55 percent cited the extended teller hours as a source of convenience.

Landmark's analysis also showed that the bank exceeded its specific goals for referrals as follows:

- Core referrals by 108 percent
- Business referrals by 278 percent
- Household referrals by 166 percent
- Wealth management/investment referrals by 26 percent

In addition, Landmark saw an increase in loan production of almost \$20 million.

When they analyzed customer traffic patterns, they could also clearly see the business case for extending their hours. Before the ITMs were installed, the most popular time for banking had been about an hour before branch closure. Now approximately 45 percent of all transactions are conducted outside traditional hours, with the 6 p.m. hour proving particularly popular. On an average Sunday, Landmark services over 1,000 unique video sessions, and together with Saturday, the weekend activity accounts for higher volume than any day of the week other than the traditional Friday payday.

“We have been able to completely transform the idea of what banking is and when it can be done. We can still fulfill our promise to offer face-to-face banking, but our customers are now banking on their terms, which is much more positive than banking on ours,” concludes Shon Agüero. “They are getting big city banking capabilities with a hometown feel.”

IMPROVING THE CUSTOMER EXPERIENCE

Since the implementation of the ITM solution, Landmark's customers have noticed the difference in all kinds of ways. For example:

- A regular of the branch in Motor had his wallet and debit card stolen one weekend and was not sure who to call. He decided to try the video teller at the local enhanced drive-through. At first, he thought he would be dealing with just another machine, but a live teller appeared on-screen and helped him block his card, and arrange his account so that the thieves could not access his hard-earned money. He was very impressed that Landmark Bank cared so much for its customers and had such useful technology.
- An elder customer of the Denison branch told local staff that using the ITM over the weekend had been his best ever experience with a bank. He was very impressed with how convenient it had been to cash a check on a Sunday. He subsequently told all his acquaintances how “awesome” it was to have a seven-days-a-week service, and then told his other bank that they needed to “get on Landmark's level.”
- Having run her first ever five-mile race early one Sunday morning, a customer's daughter was promised a reward: a chocolate milk from the local convenience store. Unfortunately, the customer had left his wallet at home. To make sure his daughter got her much-anticipated treat, he pulled up to the ITM at his local drive-through where video tellers helped him get some quick cash and save the day.

CHANGES ARE GOOD

Landmark Bank is exceeding its customers' expectations — and its own targets — by implementing interactive teller machines in all its drive-throughs, extending available hours and days and giving its customers the convenience they're looking for in their busy lives.



WHY NCR?

NCR Corporation (NYSE: NCR) is a leader in omni-channel solutions, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables nearly 700 million transactions daily across retail, financial, travel, hospitality, telecom and technology, and small business. NCR solutions run the everyday transactions that make your life easier.

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