



TRANSFORMING NODES:
**Bank Branches and ATM
Performance Optimization and
Automation**

From ORS Group
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Mobile banking apps, private financial transaction platforms like Venmo and PayPal, and device-agnostic trading platforms have challenged the banking model of yesterday— all-in-one financial services, hub-and-spoke branch banking, ATMs, and the typical customer-banker engagement experience.

In a PWC report of banking trends for 2018, the “phygital” customer (mostly digital, yet require some physical brand engagement) went to a branch for a number of transaction types that are still “branch dominant”: situations where people would rather go to a branch than go online or use a smart phone, contact a call center, etc.

- Applying for a new loan? Odds are, you’ll do this in a branch (59%)
- Applying for a new checking or savings account? Again, you’ll probably turn to a branch (58%) before any other channel
- People also like branches when applying for a new brokerage/ investment account (43%) or
- Using financial advisory services (37%)

Even as the economy improved from the recession of 2008, the state of the bank branch hasn’t. An estimated 10,000 bank branches have closed since 2008, and 869 branches have shut their doors in the first half of 2017 alone. While the closing of branches may ease some of the financial strain, banks can end up losing much more in the form of future business and customer loyalty—which, once lost, is difficult if not impossible to regain.

The bank branch of the future must offer the services that meet the needs of their unique demographic including:

- Rural or suburban versus urban locations
- Customers visiting a standalone office versus in-store branches
- Diverse demands like more mortgage applications in the suburbs, and perhaps more requests for small-business loans in the urban areas

Similarly, branches located in grocery stores or big box retailers tend to see traffic for quick services such as cashing checks, deposits or answering general questions.

The right mix of staff and technology is required to handle diverse customer needs that ensure every bank branch stays relevant to their customer base.



Branches must also improve their back-office functionality to deliver a high level of productivity while maintaining consistent customer satisfaction. Technologies like big data analytics, machine learning and AI, automation and others are bringing a new level of functionality for the branch office to move beyond just transactions to provide a value-added, multichannel banking experience that benefits both the organization and its customers.

Similar to a bank branch, the ATM serves as a critical node in a bank's delivery of customer experience at the point-of-use. In a study by Blackhawk Networks, it is revealed that over 87% of Americans still use cash as the primary form of payment. But this comes at a cost—nearly \$300B per year, as reported by Deloitte

Over the last 12 years, the deployment of ATMs rose by 65% to 58,000 machines in Canada and by 23% to 400,000 machines in the US.

— Applying Supply Chain economics to ATMs

As with any supply chain ecosystem, ATM cash management is a network of multiple direct and indirect players—ATM equipment nodes and management, cash management, transportation, customer service, and a reverse chain of bringing cash back to the central reserve.

The Deloitte report continues, "...North American retail banks have not effectively addressed the growing costs incurred across their cash supply chains. In general, banks have too much cash in their network and spend too much on their cash processing and distribution equipment and services. For example, retail banks often keep up to 40% more cash in their ATMs than required, when excess cash of 15% to 20% is considered sufficient. By reducing this differential, banks would have access to more excess cash that they could put to more productive use, rather than have it idling inside ATMs."

Applying Supply Chain economics to ATMs, it is easy to understand the same complexities apply to this market to manage visibility, availability, accountability, and optimization.



Demand forecasting

Statistical forecasting to develop time phased cash depletions out of branches and ATMs.



Inventory planning

Inventory planning that leverages target customer service levels to determine cash required at vaults, branches and ATMs.



Inventory replenishment

Economic order quantities to determine replenishment cycle that minimizes transportation and carrying costs, with constraints on cylinder sizes.

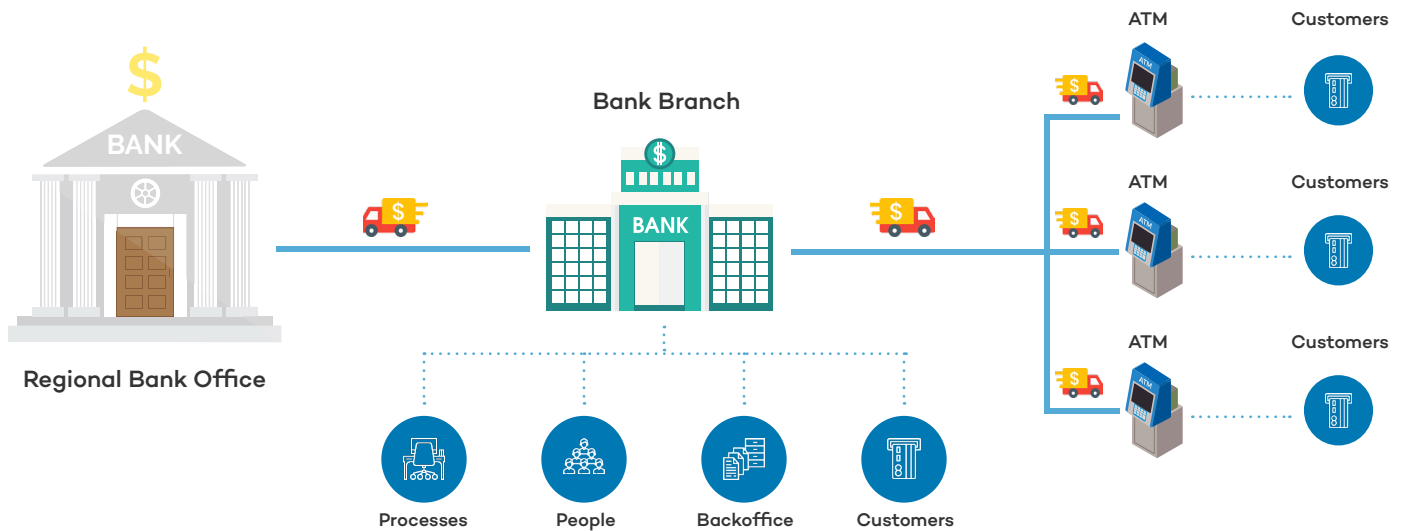


Supply planning

Constrained supply planning to create distribution plans from vaults to branches and ATMs based on forecast and target cash levels, respecting storage and transportation constraints

— Nodal Optimization

Banks should treat branches and ATMs as nodes in a supply chain ecosystem:



— ORS RoboCash

ORS RoboCash is an end-to-end Data Aggregation, Assimilation, and Analytics platform that brings together disparate silos of bank operations and ATM data, third party data, insurance data, and external data to enable a 360-degree view of the bank's various nodes: branches, ATMs, banking professionals, and customer servicing.

By applying sophisticated math, statistics, and econometrics, RoboCash drives insights, intelligence, and innovation in the banking process—from strategic planning to tactical execution to operational streamlining.

RoboCash helps banks transform their node operations from legacy to real-time, dynamic assets including:

- Branch operational efficiency
- Personnel utilization
- Cash management across nodes
- Demographic needs and patterns
- Customer service needs

The platform can help a bank understand its branch operational issues, cash management issues, and people/process/platform utilization, optimize them for profitability, and transform their entire bank nodal operations



As a reliable financial services provider to bespoke clients, we were looking to help our customers with detailed analysis reports on their portfolio. ORS solutions are ideal for bringing analytics, intelligence, and algorithmic decision automation to help our clients create risk-mitigated high-growth portfolios.

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