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# Welcome to CFM's First Annual Retail Banking Technology Trends Report.

As traditional banking models continue to be disrupted, it's no secret that technology will continue to play a big part in responding to market shifts.

This report looks to better understand how financial institutions are leveraging technology in response to this constantly changing landscape.

From investments in self-service, to tablet-based interfaces and cash automation, we gathered insights from nearly 350 financial executives on what is working and what isn't when it comes to retail banking technology.

We hope you can use these benchmarks to help guide your efforts and tackle some of your biggest challenges. But be forewarned, there is **a lot** of data in here. So, grab a seat, put your feet up, and get comfortable with the trends that are taking over.

# What's inside?

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## Key Takeaways

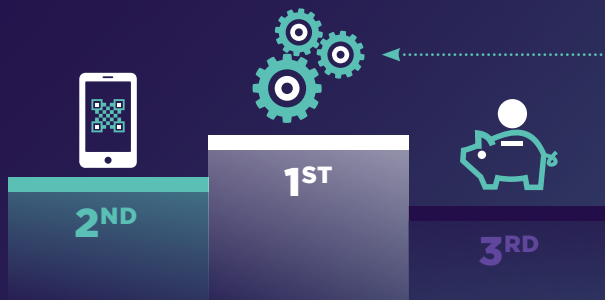
While we **strongly** encourage that you take the time to read the full report, we get the time-crunched reality of today's busy executive.

For those who want instant gratification, here's your scannable highlight of key findings.

Financial institutions are feeling slightly more optimistic about their use of technology, but agree they **are still behind the curve**. The average executive gave themselves a **62** on how progressive their technology efforts are.



0 | STONE AGE | TECH PROGRESSIVENESS | BLEEDING EDGE | 100



**Increasing branch efficiency, improving digital banking capabilities, and cutting costs** are the top three initiatives on financial executives' minds.

**85%**

of institutions are maintaining or increasing their 2022 technology budgets.



**60%** ranked integration with their core as the most important feature they look for when selecting new technology.

Financial executives are seeing a ROI on their technology spend:

**35%**

of institutions have seen an increase in sales.

Nearly **30%**

reported increased FTE staffing efficiency.



**#1**

**Self-service solutions** (ATMs/ITMs) were ranked as the #1 most critical technology to retail branch strategies.



**1 in 3** financial institutions are operating on a **Universal Associate model** where one staff member can handle nearly all client transaction and banking needs.

**100%**

of financial institutions who have deployed a **Universal Associate model** are seeing benefits. Those who have tablet-based associates experienced the highest satisfaction operating on this model.



“Making operations more efficient (and yes more effective at the same time) by incorporating technology can help financial institutions ease the current labor gap significantly. If you can’t find people, “hire” integrated technology as your newest employee.

You can run a branch effectively with 2-3 people using core-integrated cash recyclers and self-service kiosks that ensure optimal user functionality and more universal staffing models, while providing security, dual control, and automation of transactions.”

JOHN W. SMITH  
CEO, CFM



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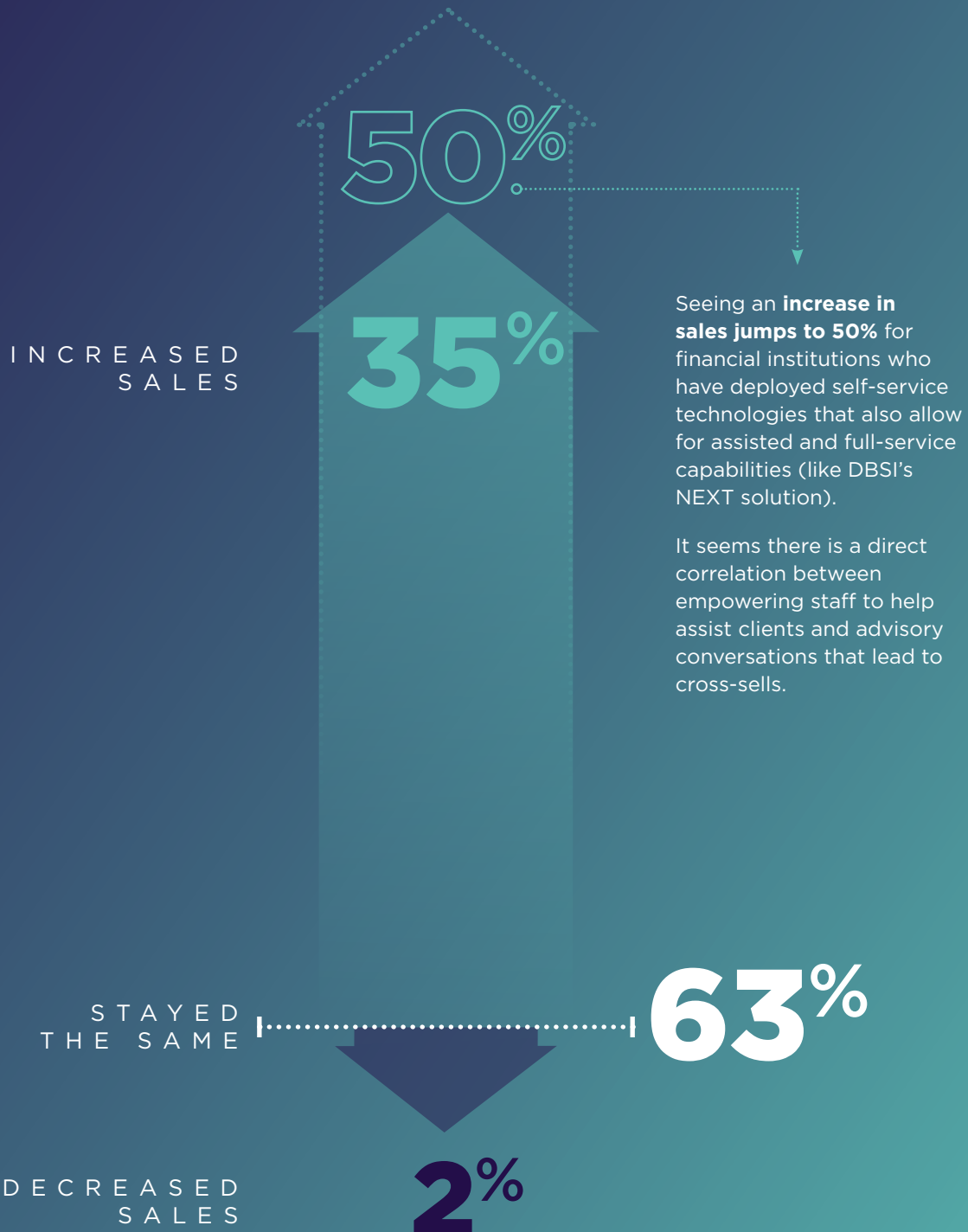
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# THE STATE OF TECHNOLOGY

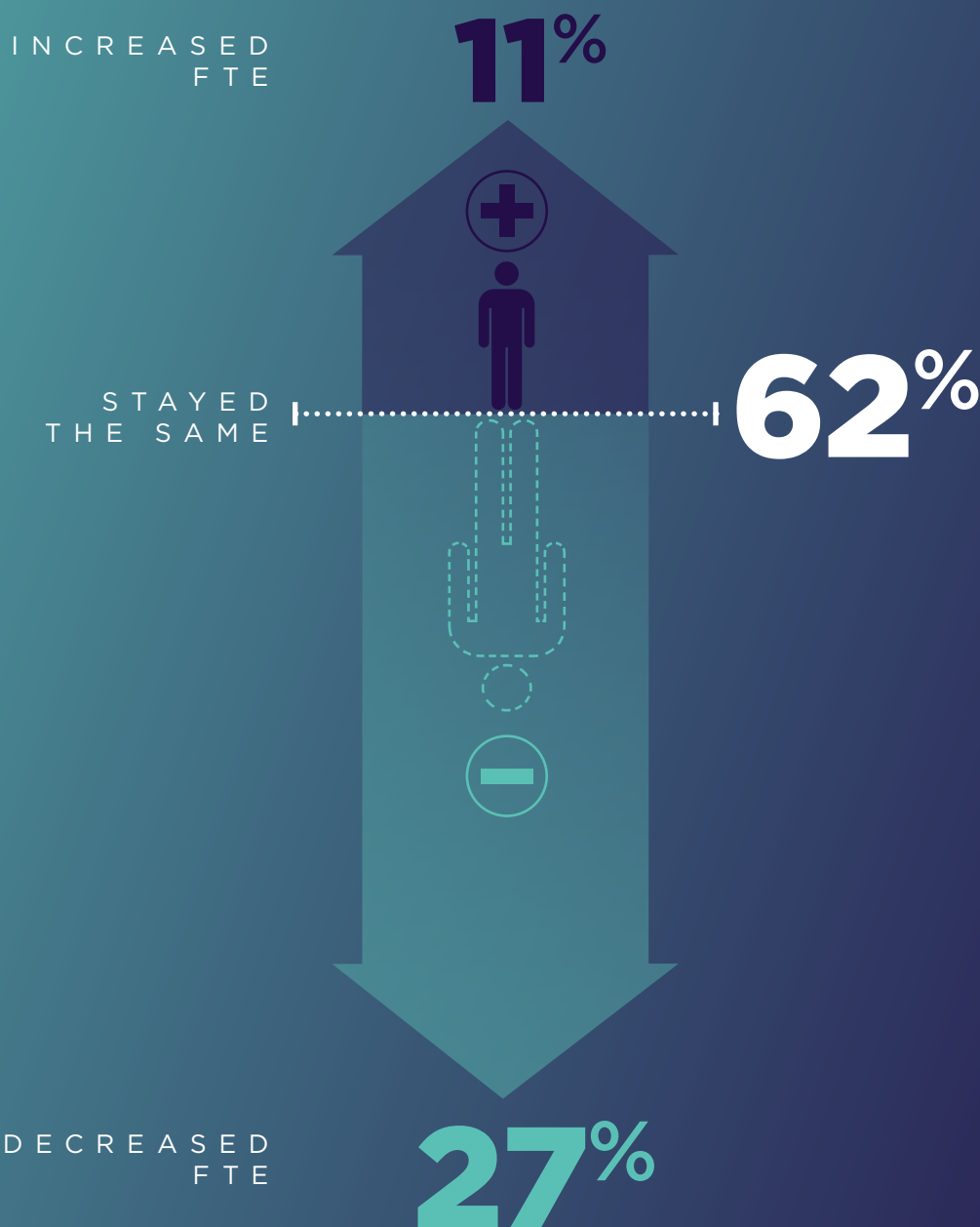


98% of financial executives report that **technology is helping to drive or maintain sales in the branch.**



## Even better, **technology is starting to drive staffing efficiency.**

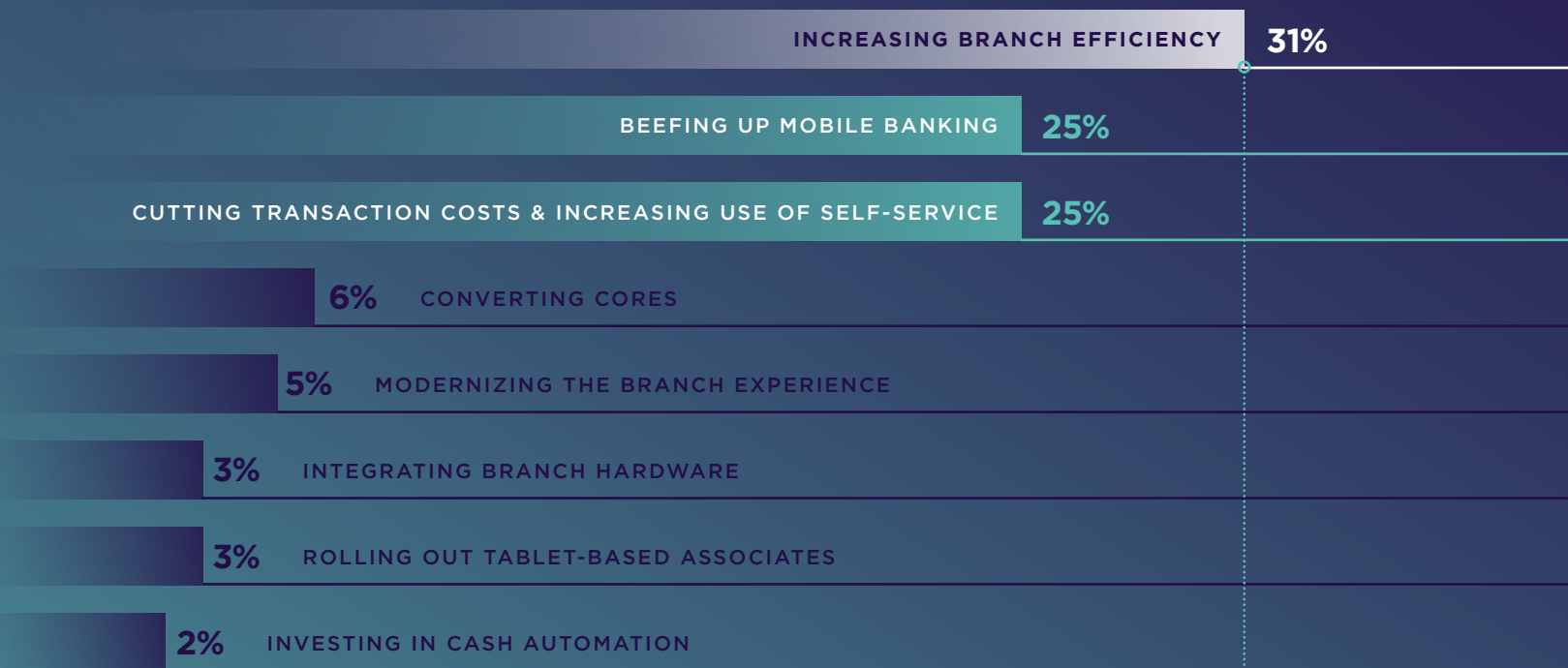
How has your full-time employee (FTE) count been affected by your investment in retail banking technologies?





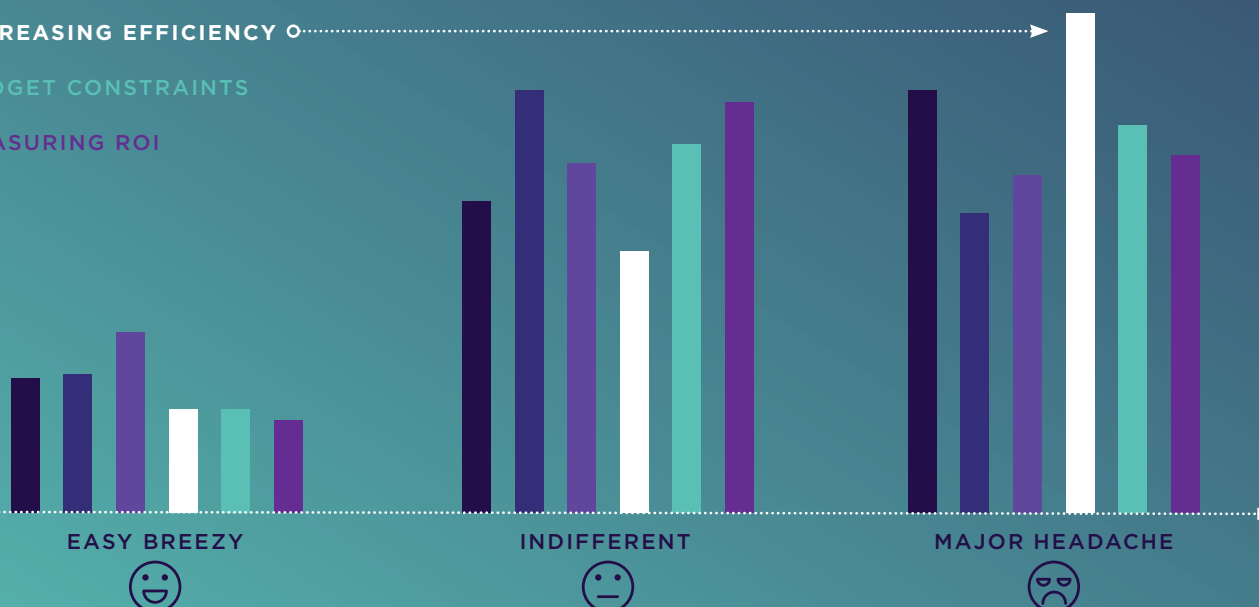
## Increasing branch efficiency is a top initiative for financial executives.

Ranked by priority to their 2022 strategy, here are the most important reasons institutions are investing in retail banking technologies.

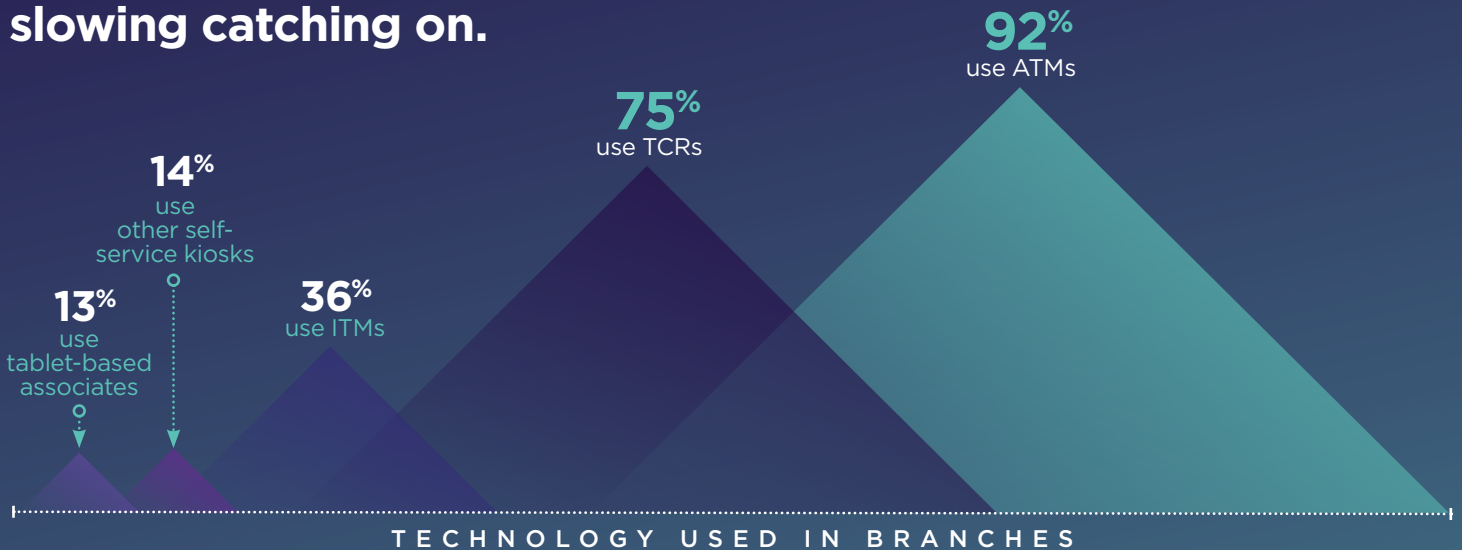


- STAYING RELEVANT
- CENTRALIZING/AUGMENTING STAFF
- SECURITY
- INCREASING EFFICIENCY
- BUDGET CONSTRAINTS
- MEASURING ROI

Unsurprisingly, increasing efficiency is also the number one challenge keeping banking execs up at night.



ATMs and TCRs are running the tech game, **but self-service is slowing catching on.**



## Self-service is the most critical item in branch technology strategies.

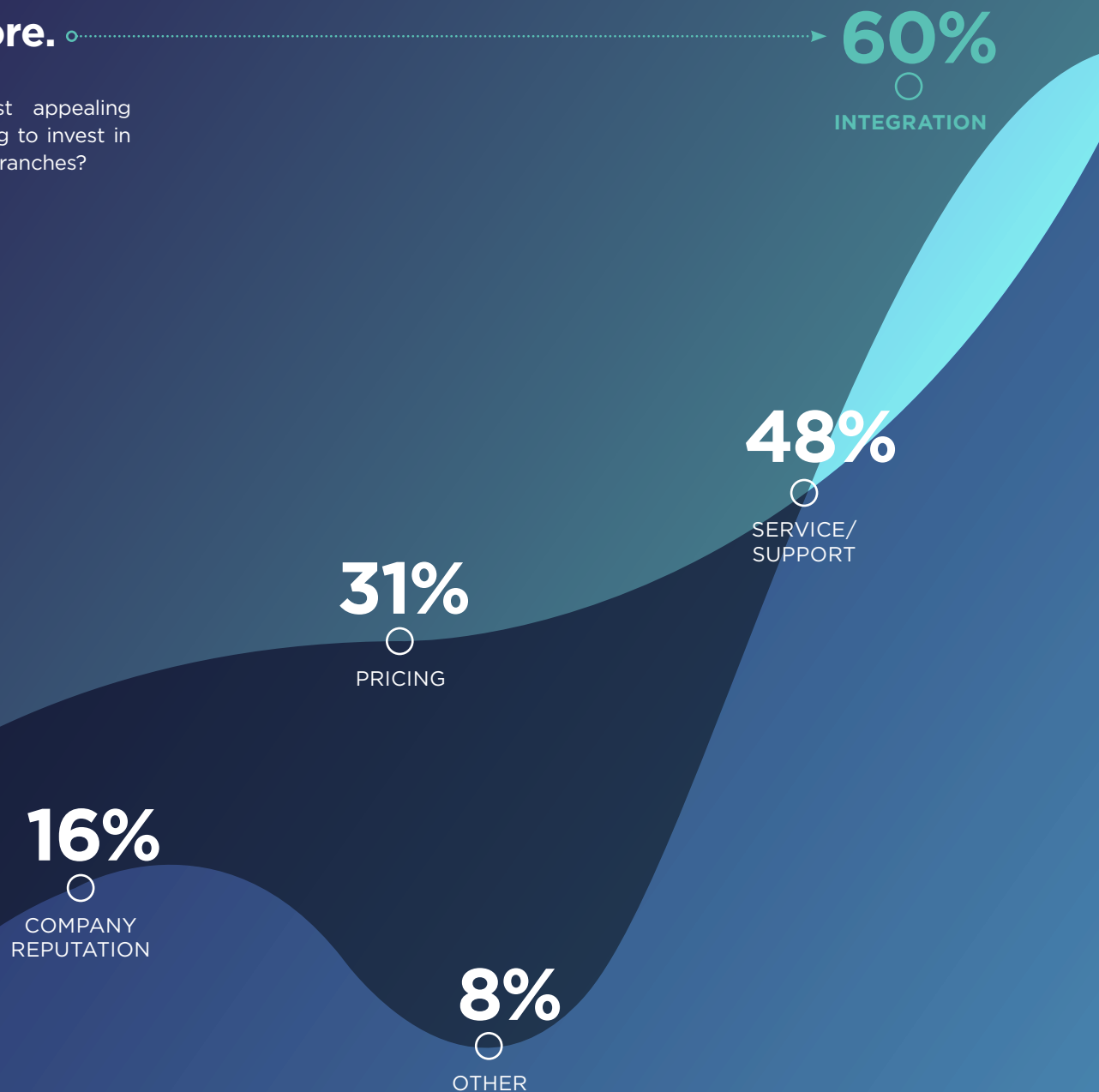
How critical are these different technologies in your 2022 branch technology strategy?





Financial executives  
favor technology that  
**integrates with their  
banking core.**

What are the most appealing  
features when looking to invest in  
technology for your branches?



There is still a lot of room for **technology integrations into banking cores.**

INTEGRATED ← ..... → NOT INTEGRATED

TELLER CASH RECYCLERS/DISPENSERS

65%

SELF-SERVICE (ATMs/ITMs)

49%

10%

TABLET-BASED ASSOCIATE APPLICATIONS

Financial institutions are feeling slightly more optimistic about their use of technology, **but agree they are still behind the curve.**

How would you rank your institution when it comes to your technology progressiveness?



0 | ..... | 100  
STONE AGE | TECH PROGRESSIVENESS | BLEEDING EDGE



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# TRENDS IN BRANCH TECHNOLOGY

TELLER CASH  
RECYCLERS

SELF-  
SERVICE

UNIVERSAL ASSOCIATES &  
TABLET-BASED TELLER INTERFACES

## TRENDS IN BRANCH TECH

TELLER CASH  
RECYCLERS

Let's get a bit more granular and dig into specific technologies. We'll start with one of the most foundational to a retail branch: **the cash recycler**.

**Side note:** For such an essential technology to open retail branch experiences, we were surprised to learn that there is **1/4 of the industry not leveraging these technologies!**



As of 2022, **75% of financial institutions leverage TCRs** in at least one of their branches.

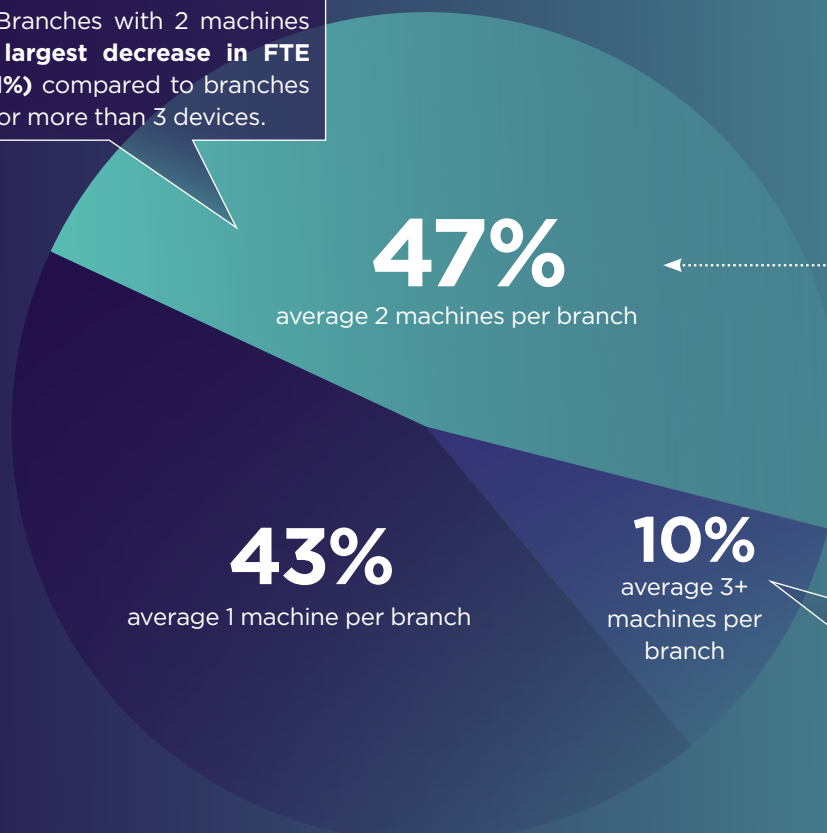
Most institutions have **2 devices per branch**.



**Pro tip:** Branches with 2 machines saw the **largest decrease in FTE count (41%)** compared to branches with 0, 1, or more than 3 devices.

It's not just a single machine that institutions are adding to their branches. While it was a close race between a single machine or a duo, **two devices took the lead**.

*How many teller cash recyclers do you have on average in each branch?*



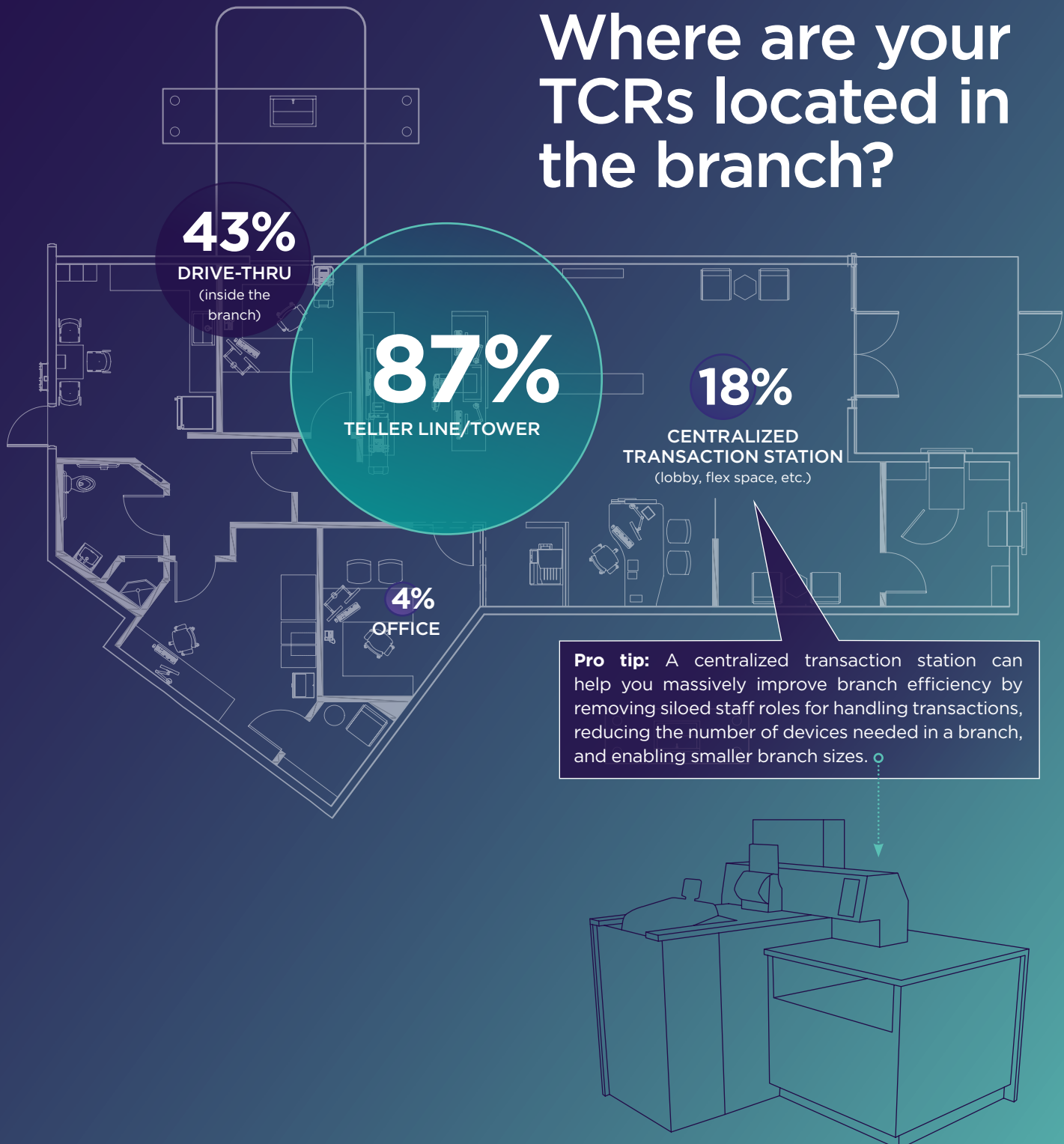
**10%**  
average 3+  
machines per  
branch

**Pro tip:** Branches with 3+ machines saw the **largest increase in sales (43%)** compared to branches with 2 or less.



Most use TCRs in teller lines, **but shared technology stations are gaining traction.**

## Where are your TCRs located in the branch?

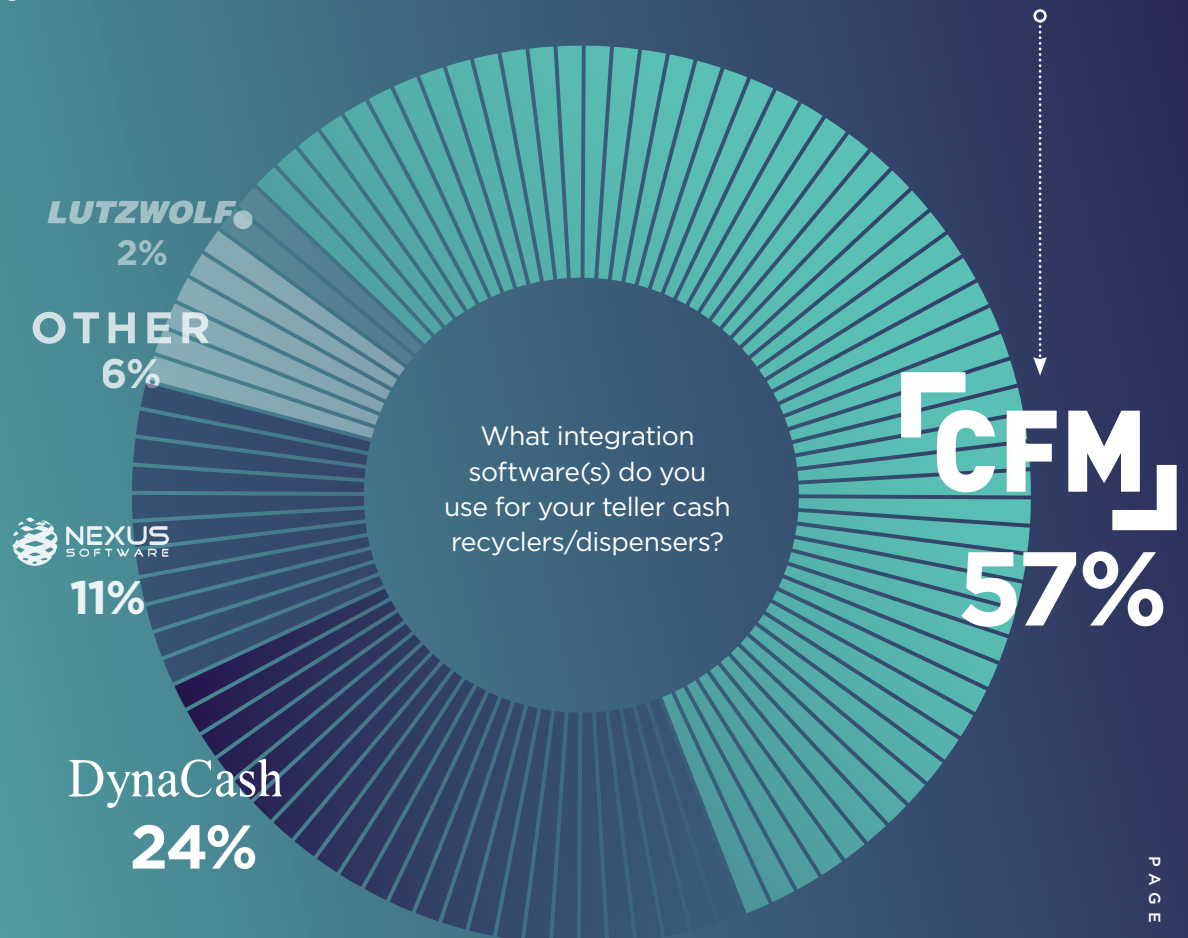


# Three brands lead as favorites.

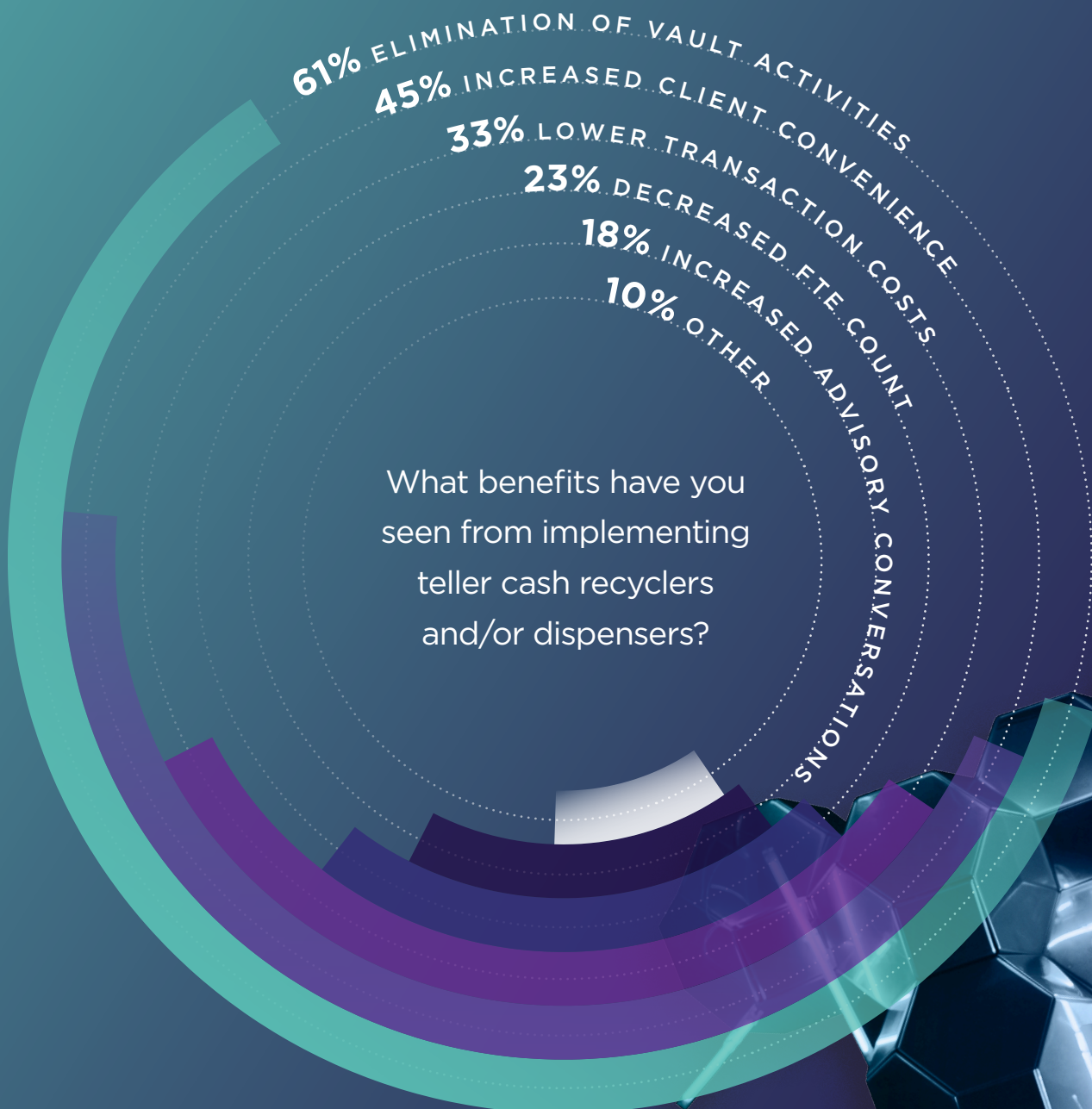
What brands of cash recyclers do you use?




And CFM is the leading software integration for cash automation devices.



# TCRs are helping to **improve branch experiences and operations.**







“Cash recycling has been on a decade long growth curve in bank branches. Previously though, institutions often implemented cash recycling when doing so could be cost-justified based on FTE reduction.

This limited recycling to high cash volume branches. Going forward, cash recycling in teller pods, ATMs and ITMs will be central to post-pandemic branch redesign.”

BOB MEARA  
SR. ANALYST, CELENT

## TRENDS IN BRANCH TECH

## SELF-SERVICE

With staffing and operating costs at an all-time high, it's no surprise **92% of financial institutions leverage self-service** in their branches.

**92%**  
ATMs



**36%**  
ITMs



**14%**  
other  
self-service kiosks



SELF-SERVICE TYPES USED IN BRANCHES

## Increased client convenience is the #1 leading benefit.

What benefits have you seen from  
implementing self-service solutions?

**3%**  
faster market  
penetration

**19%**  
augmented  
staff

**22%**  
decreased  
FTE count

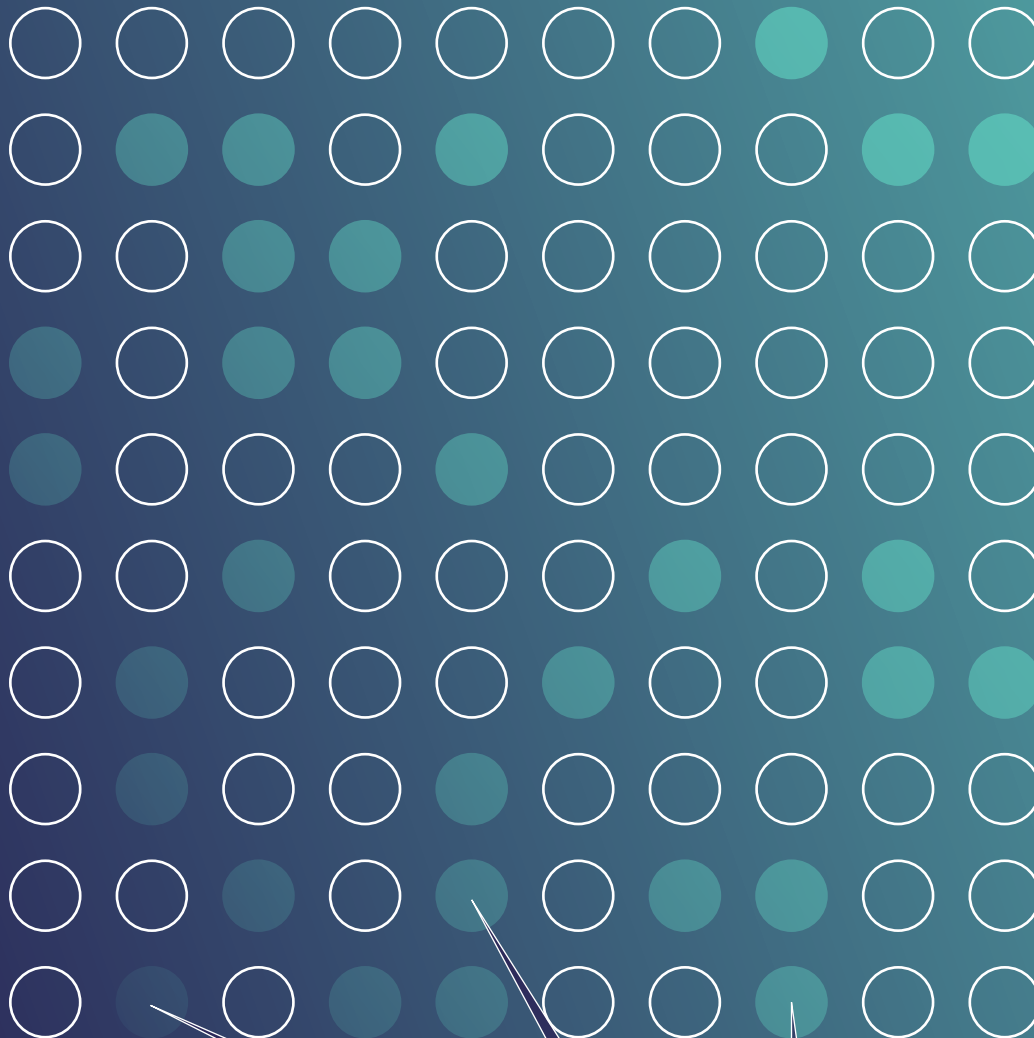
**33%**  
lowered  
transaction costs

**40%**  
extended  
business hours

**60%**  
increased client  
convenience

## Self-service machines are severely underutilized by staff as an alternative transaction station.

Can your associates use your self-service solutions as a **transaction station**?



☐ NO  
☒ YES

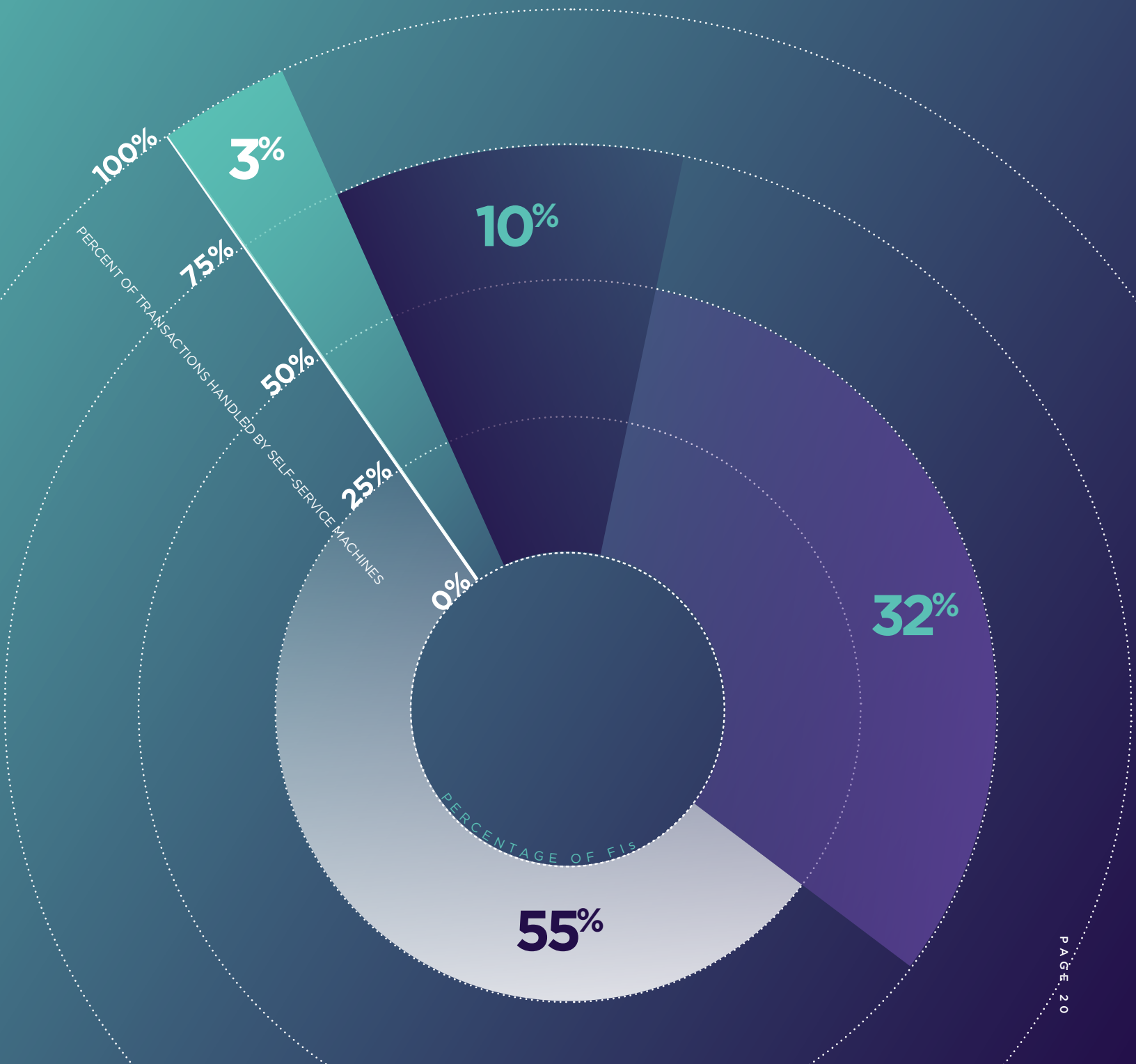
**Pro tip:** Boost your branch efficiency and client experience by **adding flexibility** for associates to drive assisted and full-service transactions **from a tablet interface**. Check out how this works with GENIX and NOMADIX [here](https://www.whycfm.com/our-products/genix/).

(<https://www.whycfm.com/our-products/genix/>)



## 45% of financial institutions have seen a quarter or higher of their transactions migrate from tellers to self-service.

What percentage of transactions do your self-service machines handle as compared to tellers?



Self-service solutions are popular  
outside and inside the branch.

## Where do you have your self-service solutions located?





“The right balance of self-service and personal engagement positions credit unions to serve both their current and future members how—and when—they wish to interact.”

BARBRA L. LOWMAN, CUDE  
PRESIDENT, CUNA STRATEGIC SERVICES (CSS)



## TRENDS IN BRANCH TECH

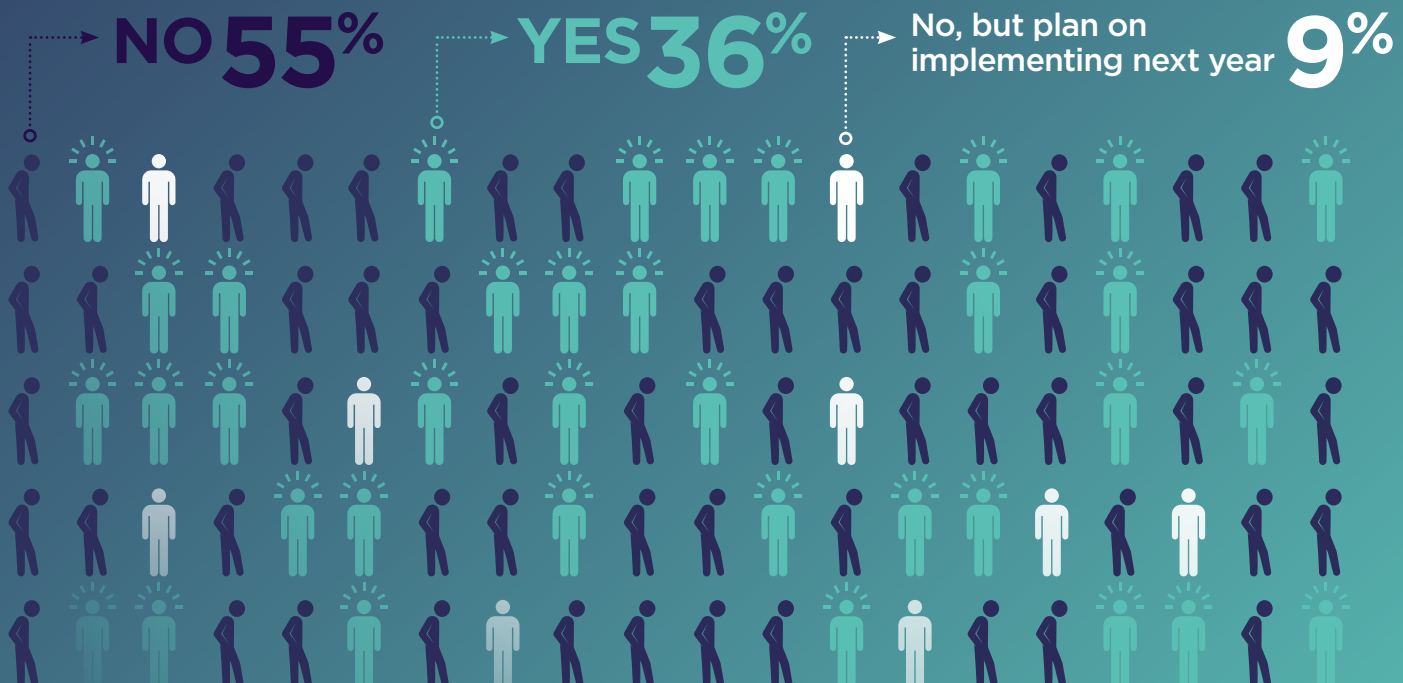
# UNIVERSAL ASSOCIATES & TABLET-BASED TELLER INTERFACES

The last emerging technology we'll deep dive into is tablet-based teller interfaces and Universal Associates.

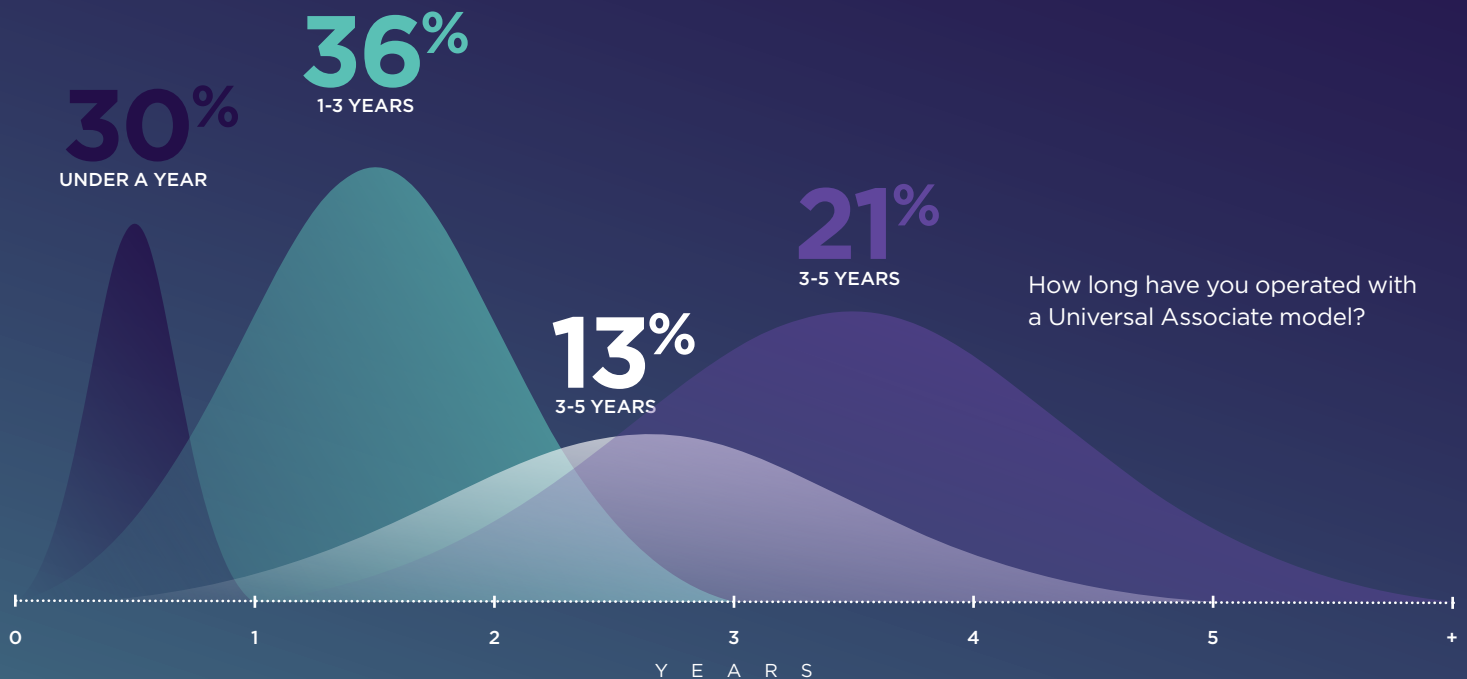
In case the term is unfamiliar, a Universal Associate (UA) is a cross-trained employee who can fulfill every (or nearly every) job and transaction needed in the branch, eliminating specialized roles, and offering a seamless client experience.

Universal Associates have almost reached **a tipping point.**

Do you operate on the Universal Associate model?

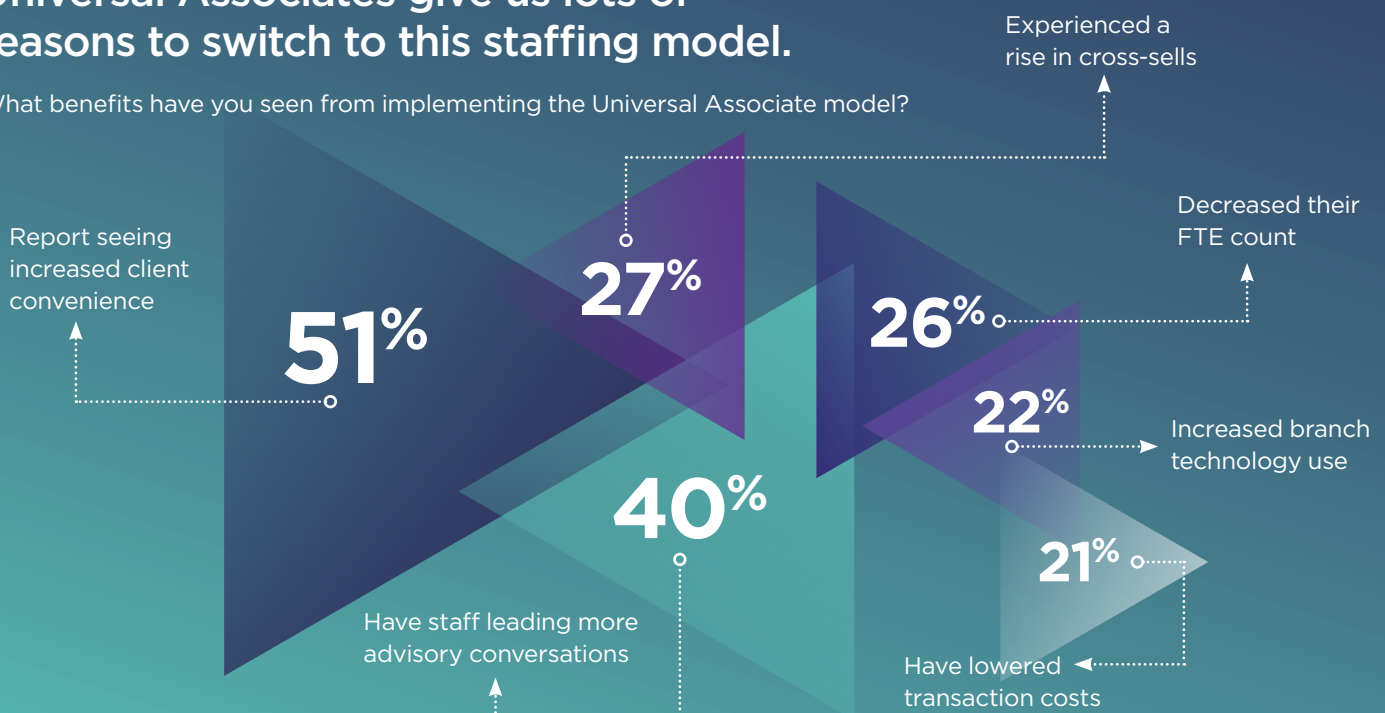


**This operating model has made a lot of traction in the last year.**  
But don't be fooled...there are a few veterans in the field, too!



## Universal Associates give us lots of reasons to switch to this staffing model.

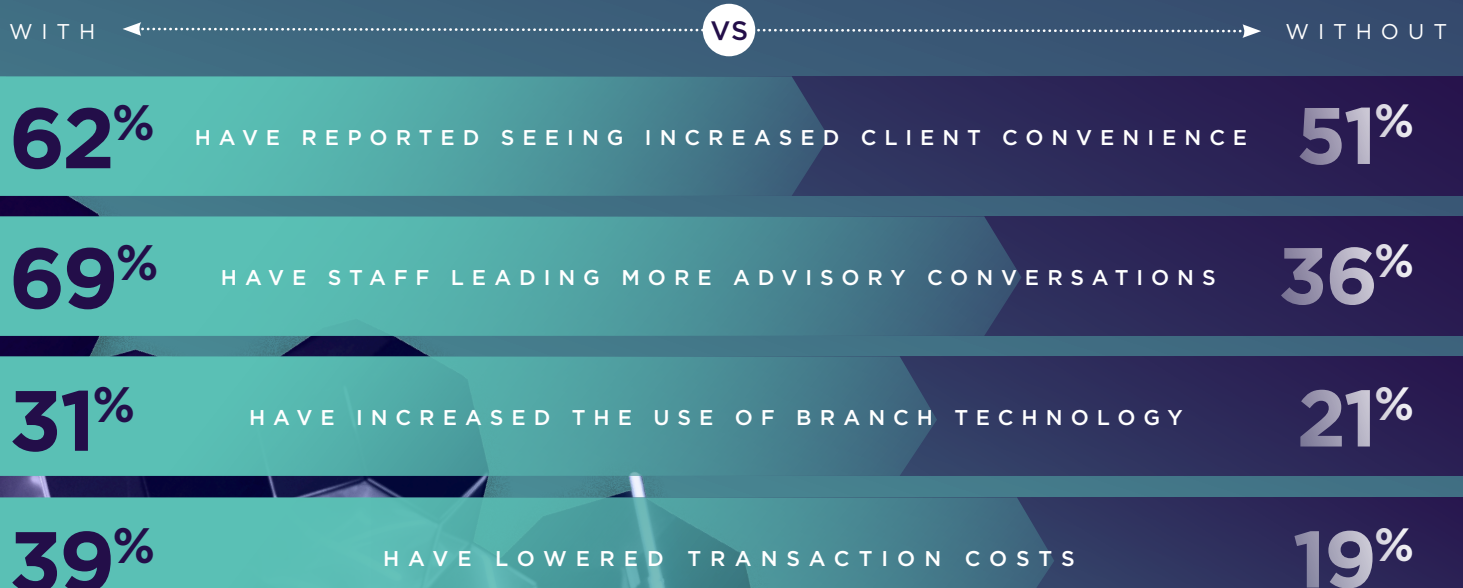
What benefits have you seen from implementing the Universal Associate model?



# Tablet-based associate platforms are an emerging technology.



Those who use tablets see significantly more benefits from the Universal Associate Model than those who don't.





“Digital transformation is not just about digital point of sale. It must include digitizing the client and employee experience, as well as the branch and back office operations.”

BRAD SMITH  
PARTNER, CORNERSTONE ADVISORS

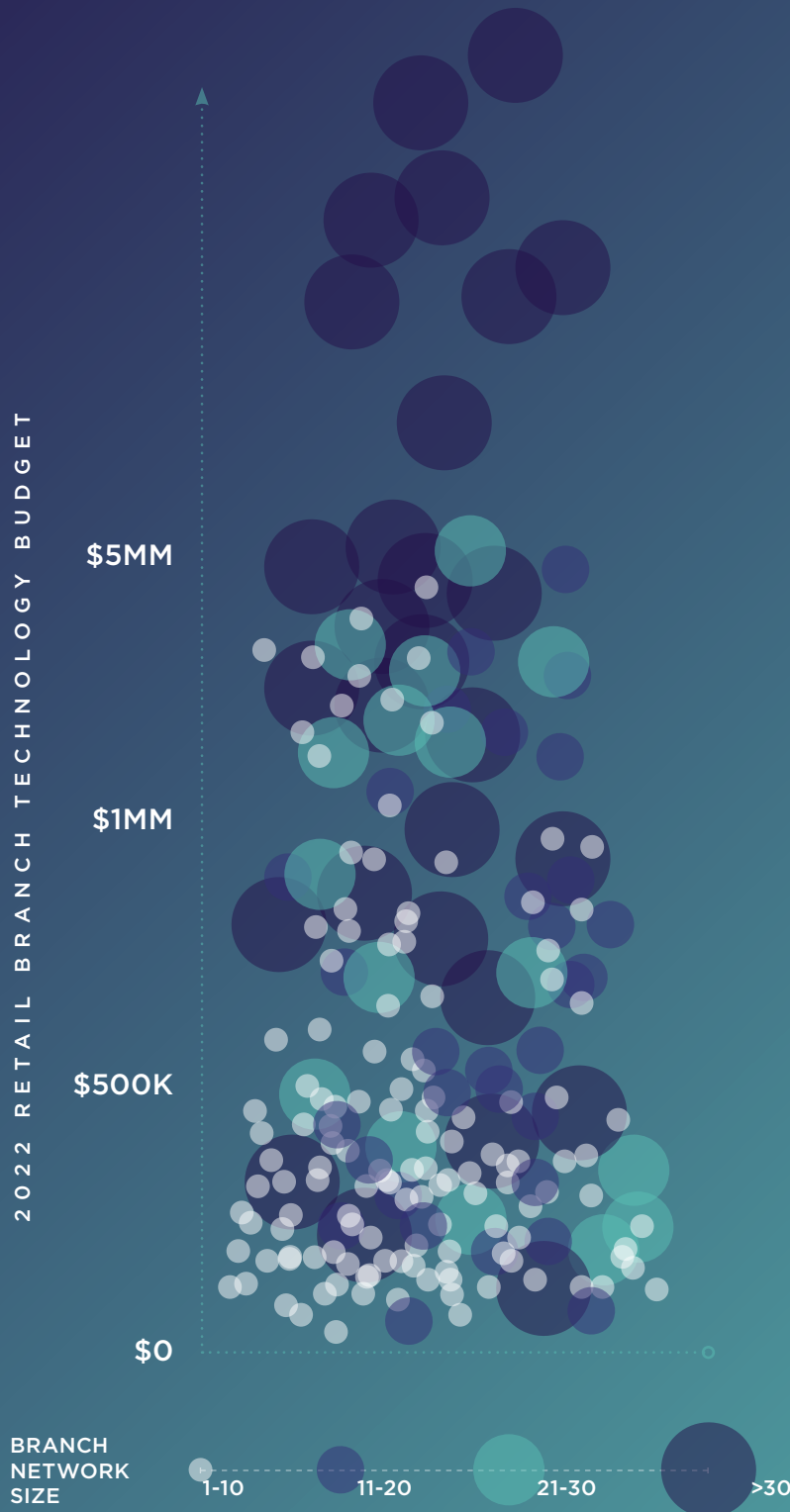


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# BUDGET & SPENDING BENCHMARKS

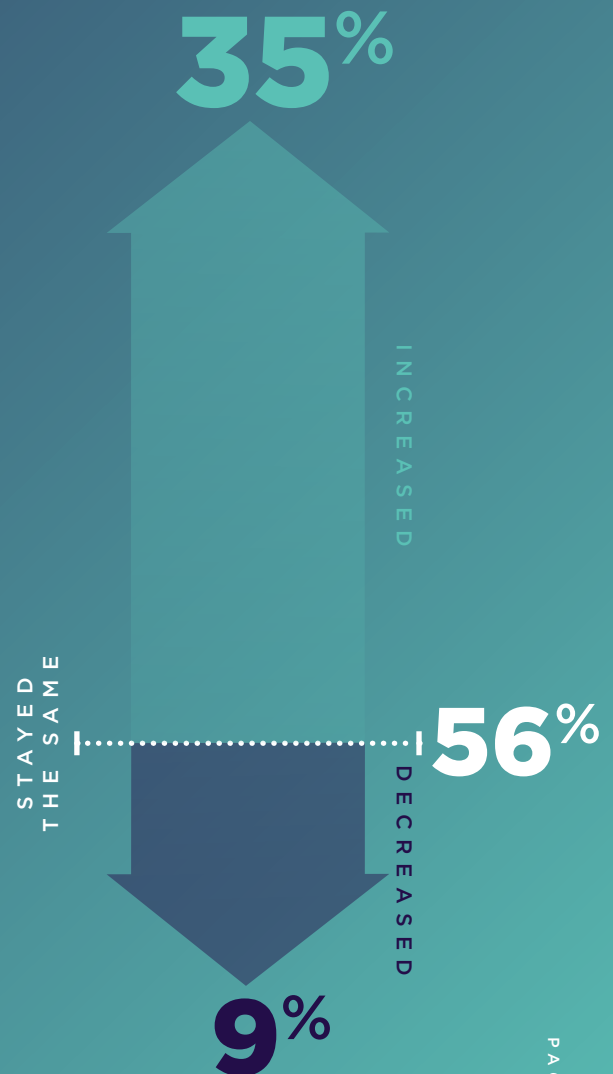
Now that we know the 'what' and 'why', let's talk about the 'how.'  
More specifically, **how much does all this cost?**

The majority of financial institutions (59%) have less than \$500,000 in their budget, but this is relative to branch network size.



Over 91% are increasing or keeping their technology budgets the same.

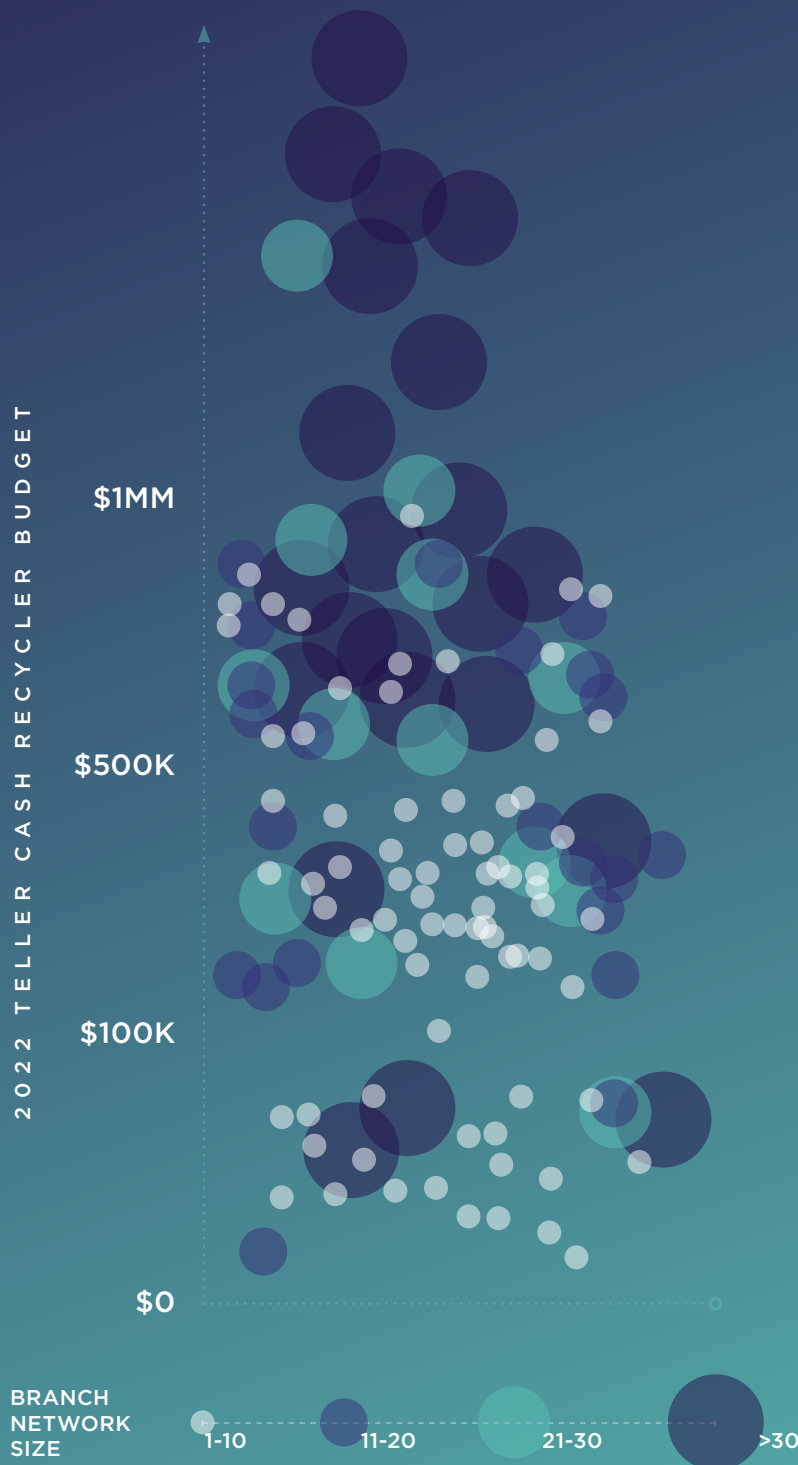
How does this compare to your 2021 retail branch technology budget?





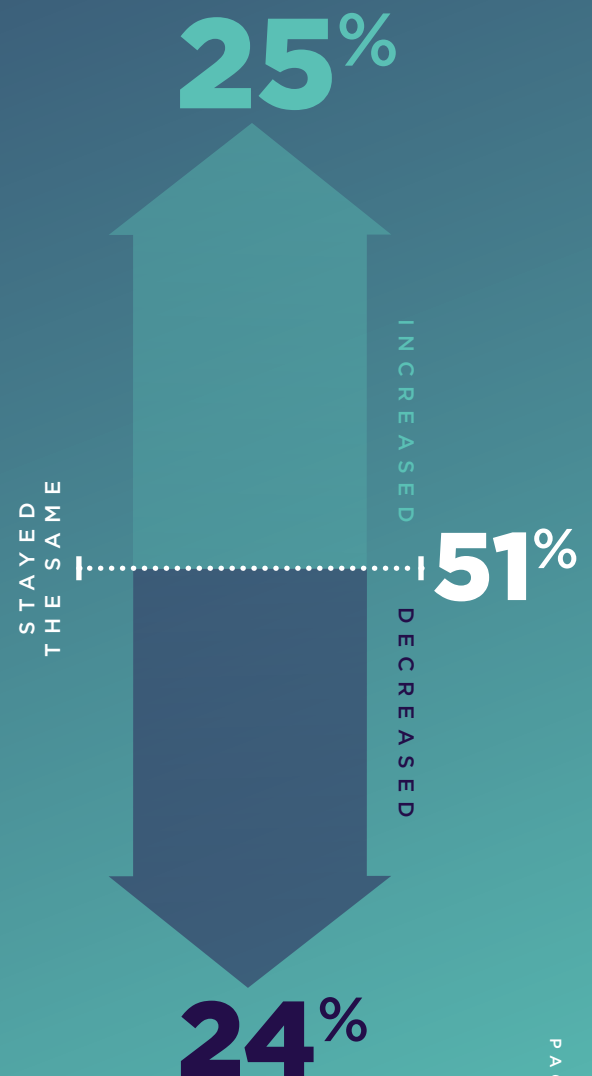
## Budgets broken down by technology: Teller Cash Recyclers

The average TCR costs between \$25,000 - \$35,000.



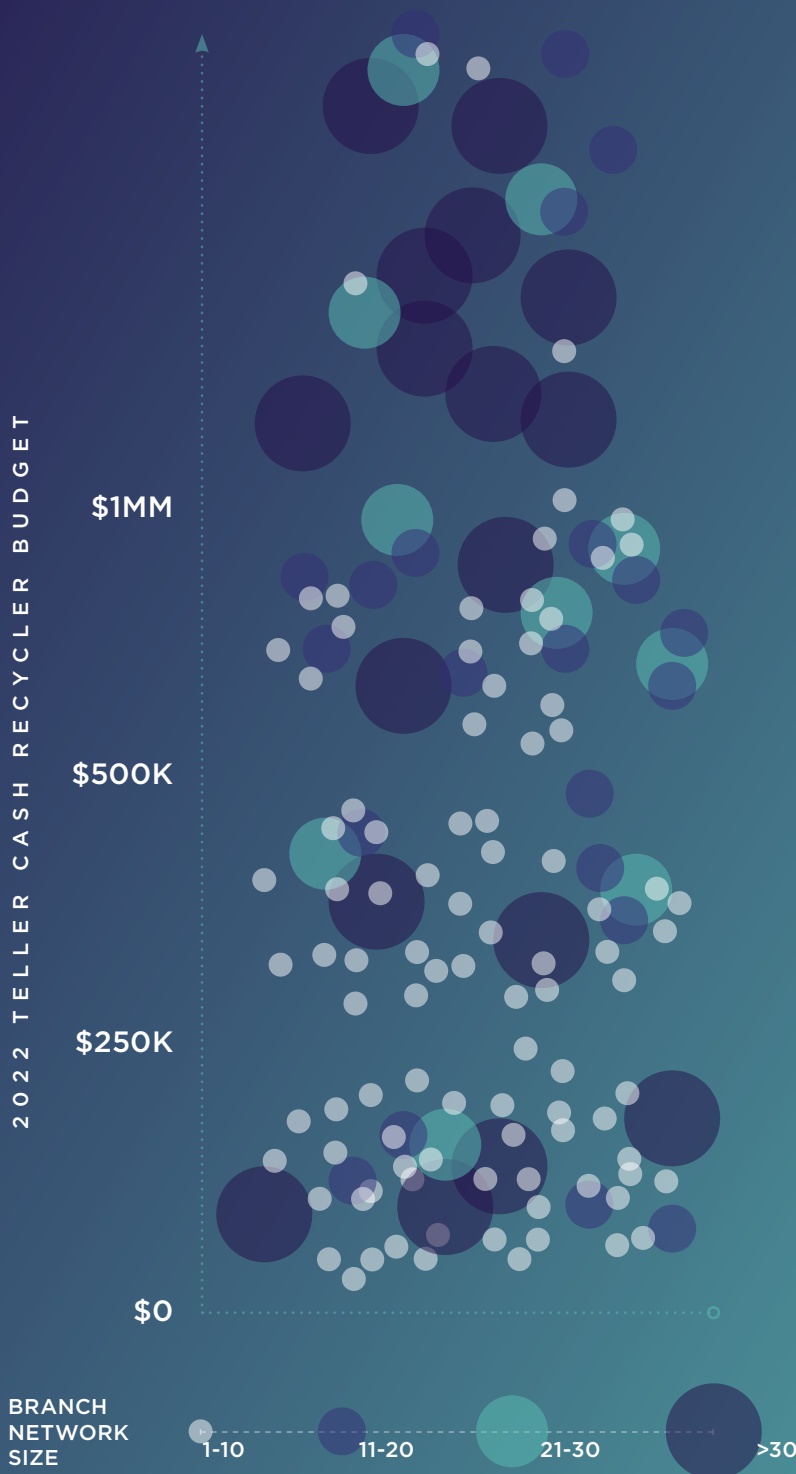
**Over 76%** are increasing or keeping their TCR budgets the same.

How does this compare to your 2021 teller cash recycler budget?



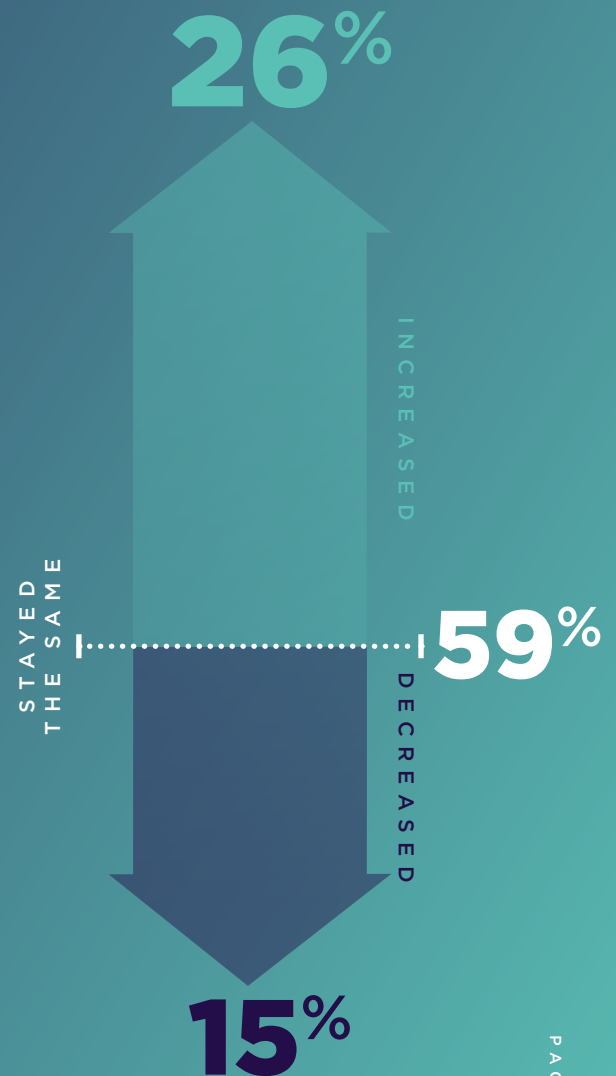
## Budgets broken down by technology: Self-Service Solutions

The average self-service kiosk costs \$35,000-\$45,000.

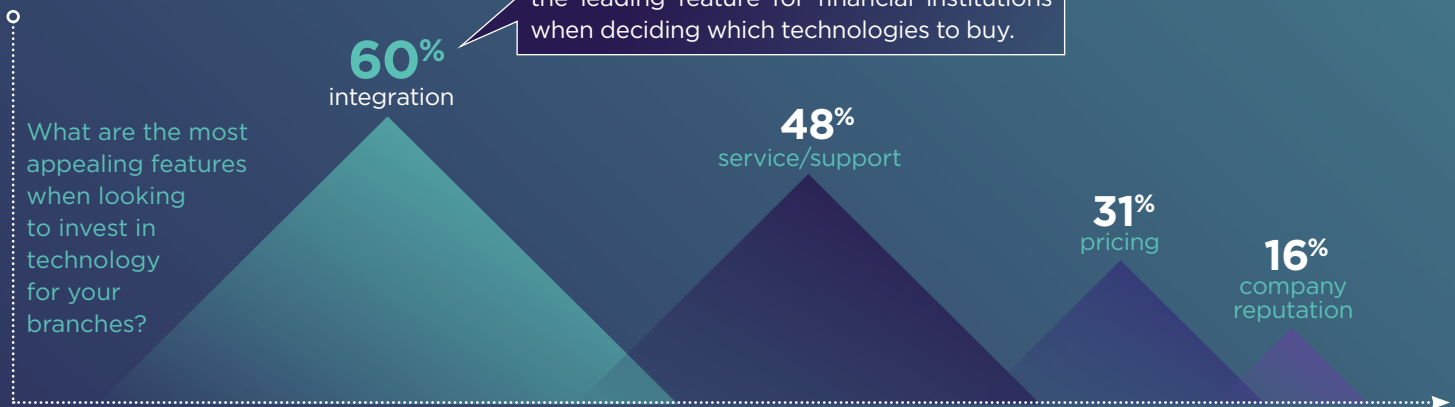


**Over 85%** are increasing or keeping their self-service budgets the same.

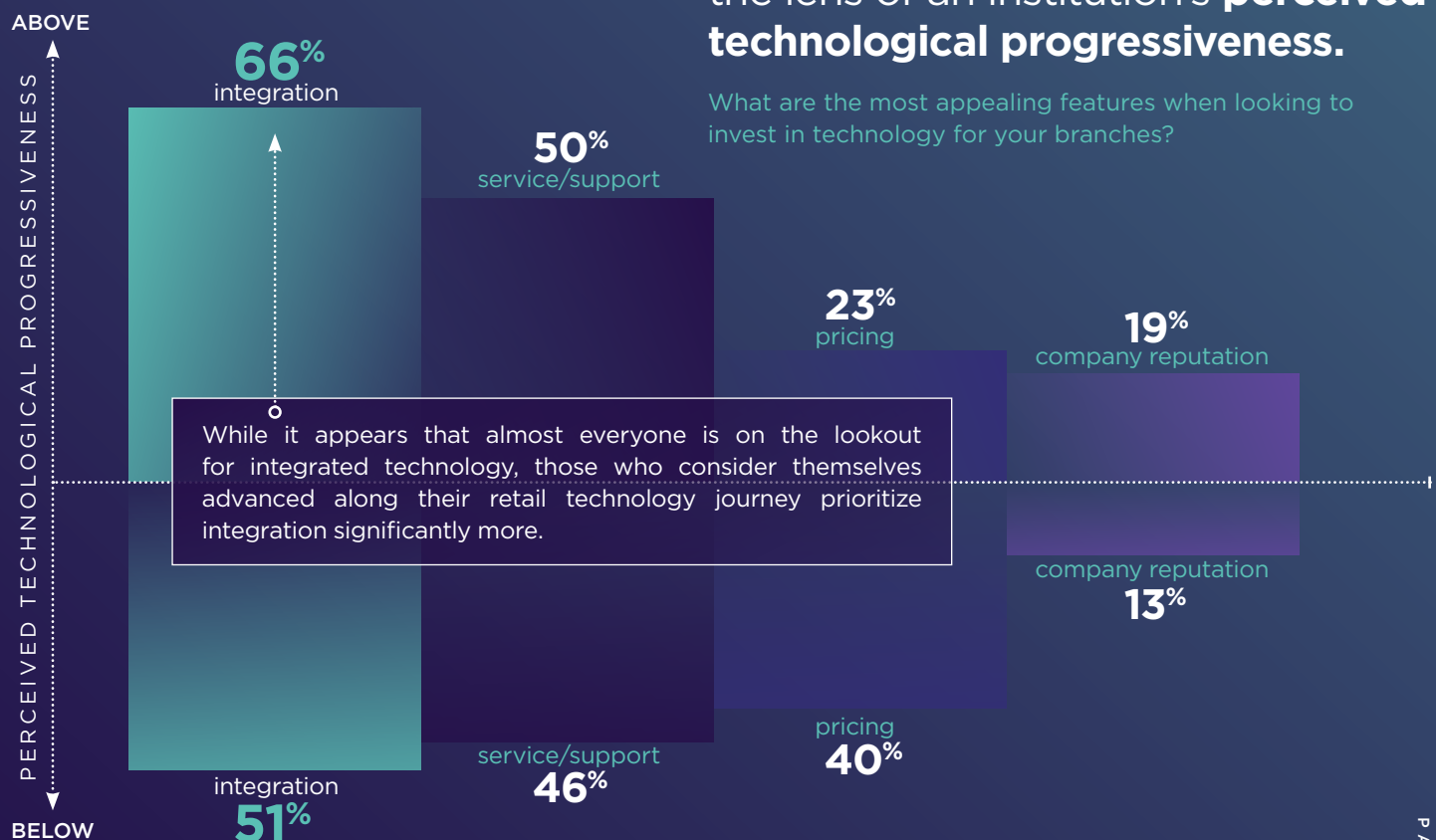
How does this compare to your 2021 self-service solutions budget?



45% of financial institution executives say that **budget constraints** keep them up at night.



**This changes** when viewing through the lens of an institution's **perceived technological progressiveness**.





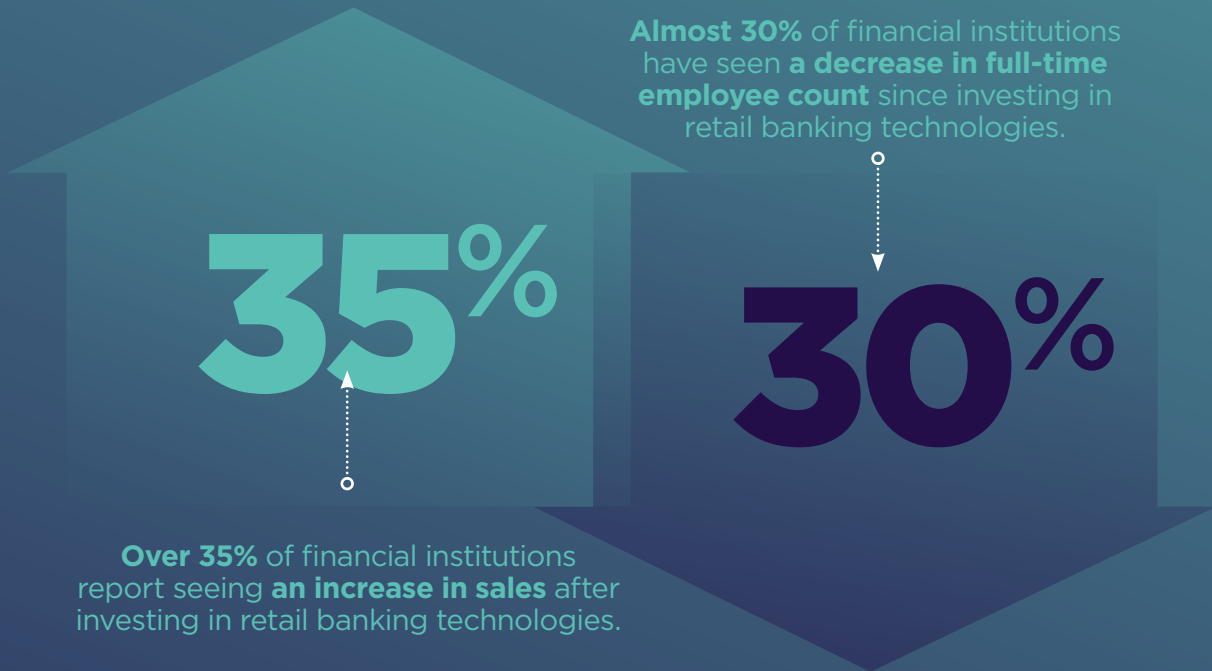
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# MEASURING RETURN ON INVESTMENT

**Is the juice worth the squeeze?**

While many see a lot of qualitative benefits from investing in technology, **many are seeing quantitative results, too.**

The combination of more sales and less overhead costs is a very lucrative formula for financial institutions looking to prove ROI on their tech investment.



The more confident an institution is in its technology strategy and its perceived technical progressiveness, the more positive the outcomes.

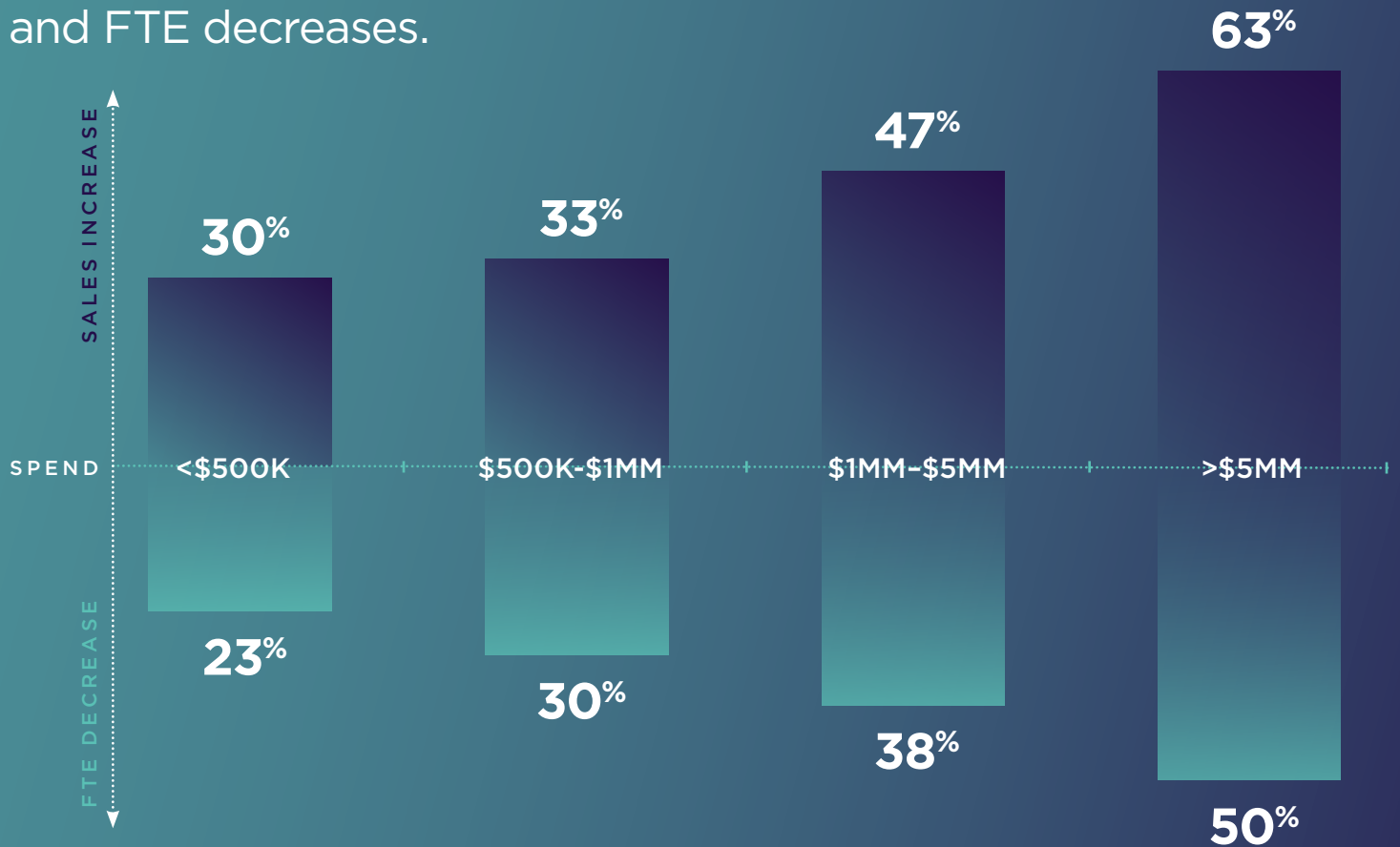


The type of technology being used is a critical factor to **optimizing the ROI** on your investment.





**There is a positive correlation** between spend, sales increases, and FTE decreases.



**Those with integrated technologies win** in comparison to those who don't.

36%

36% of FIs with integrated tech have seen **an increase in sales** versus 11% without integrated tech.

11%

33%

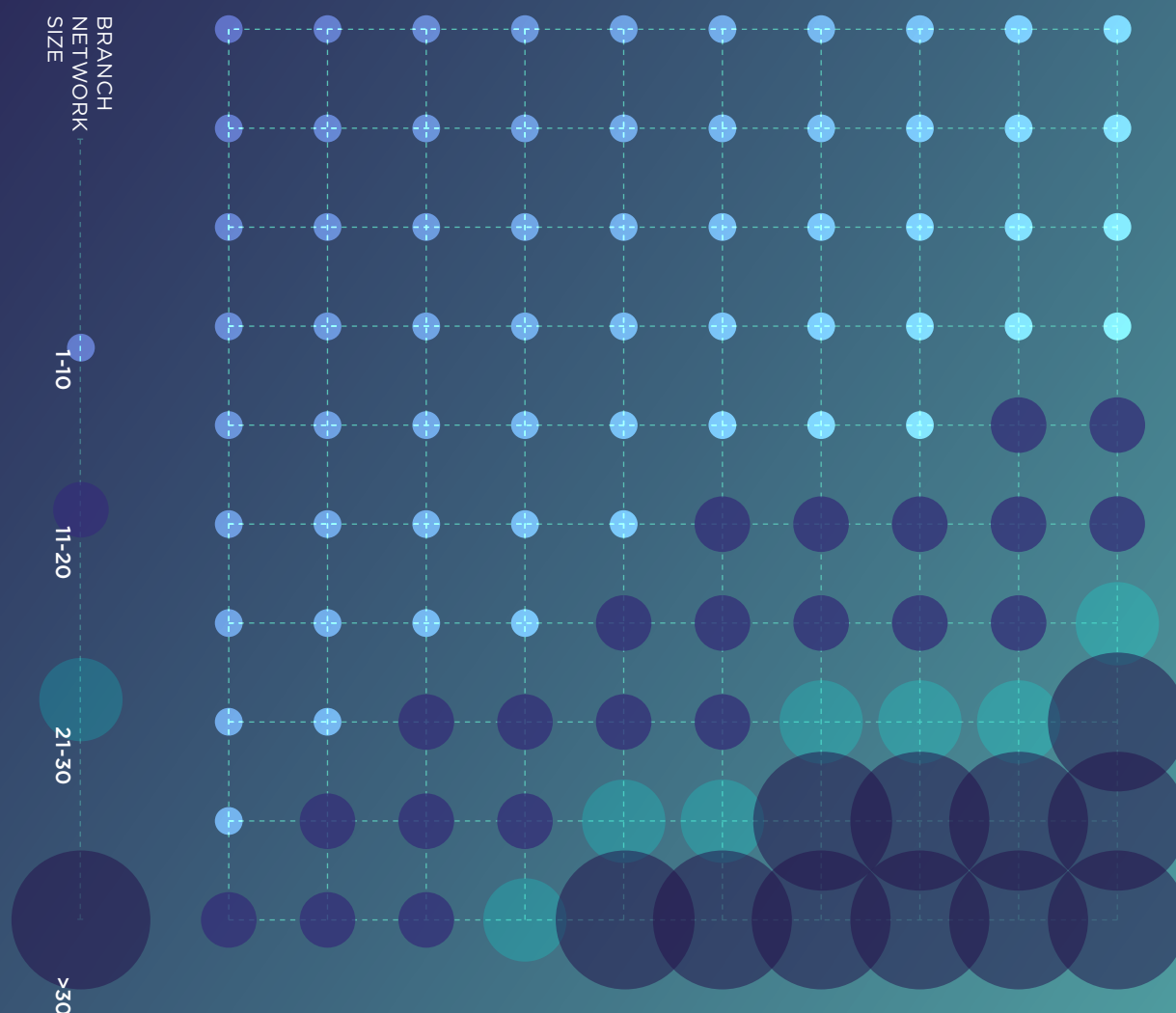
33% of FIs with integrated tech have seen a **decrease in FTE** versus 21% without integrated tech.

21%

## SURVEY METHODOLOGY

This survey was completed in April 2022 by CFM with the help of **330+** financial institution executives.

### BRANCH NETWORK SIZE DISTRIBUTION



Want to talk retail banking **technology and integration**?  
Our phone lines are always open (well, 8AM-5PM AZ time at least).

**INFO@WHYCFM.COM | 855.333.4236**