

technology innovators

Texas banks blazing the trail in consumer products

By Jamie Tanner



Apple introduced the iPhone in 2007; today, many of us complete numerous tasks daily on our smartphones, including banking. Just seven years after the advent of the smartphone, banks almost have to offer consumers mobile banking and other technological advances that didn't exist even a couple years ago just to keep up.

But Texas banks aren't just keeping up with the Joneses and meeting the demands of their customers, they're acting as innovators — giving their customers technological advances they'll love without even having to ask for them in the first place.

Henry Ford's famous adage applies here: "If I had asked people what they wanted, they would have said faster horses." Texas banks certainly aren't tone deaf to what their customers want but here are three banks trying to offer their customers the automobile instead of the faster horse.

TellerConnect

FirstCapital Bank of Texas

FirstCapital Bank of Texas, Midland, introduced TellerConnect this year. TellerConnect is a personal teller kiosk that allows customers to interact with a live teller 24 hours a day.

The busiest time at a bank is often when customers have time off during lunch or on their way home from work before banks close at 6 p.m. Bank CEO Brad Burgess also discovered there was a demand for his customers to make transactions during non-lobby hours; TellerConnect fills that void.

So how exactly does the video teller system work? The customer walks or drives up to a kiosk, touches the screen and a live teller assists in the teller transaction. Customers can see the tellers on a video screen and converse with them by talking aloud, talking through a handset or using text chat.

"We have a centralized teller operation located in Lubbock that operates these in all three of our markets," Burgess says. "They can do about 95 percent of what a face-to-face teller can do."

The tellers in Lubbock communicate with customers using a computer — similar to video chatting. They can see and hear the customer just like the customer can see and hear them.

Burgess says the highest volume of customers using TellerConnect is typically around 4 p.m. "But we're starting to see a lot of the transactions move to outside the normal banking hours in the 6 to 10 p.m. timeframe,"

Burgess says.

Currently, four tellers serve 12 kiosks at peak hours. At least two tellers serve the kiosks during periods of light customer

volume — typically midnight to 6 a.m. "As we continue to expand and roll it out into our current infrastructure, that may increase," Burgess says.

The process from discovering the technology to going live with TellerConnect at FirstCapital Bank of Texas branches took four years. They went live with their first retrofit branch in January.

The bank is also planning on retrofitting all of their branches with TellerConnect. Burgess says they're only two branches away from being completely retrofit and he expects that process to be completed in one of those branches by the end of the year.

Any bankers considering implementing a similar video teller service might be concerned that FirstCapital Bank of Texas is alienating the customers who are used to face-to-face teller interactions.

Burgess says the bank has personal bankers at every location who can complete teller transactions and they have rooms in each branch for commercial clients (TellerConnect is more geared toward consumer banking clients).

Though the traditional banking methods are still in place, Burgess says the response from his customers to TellerConnect has been overwhelmingly positive. "I think we did an extremely good job of communicating the change to our customers," Burgess says. "Some people when you make a change don't like it but even some of the ones that pushed back a little bit, once you get them to use it, they love it."

Customers love the video tellers but has the service been useful for FirstCapital Bank of Texas? Burgess says absolutely.

He sees the kiosks as another delivery mechanism for his customer base; it's efficient and they're able to offer service to their customers in a 24-hour arena. "It's something we can offer that other banks don't," Burgess says.



TellerConnect, a video teller system, allows FirstCapital Bank of Texas customers to do their banking in a 24-hour arena.

“Obviously it’s very efficient from the standpoint of being able to put your footprint out in your market.”

Other than retrofitting all of FirstCapital Bank of Texas’ branches, Burgess sees even greater potential for TellerConnect.

TellerConnect can be implemented outside of the branch setting in places like hospitals, universities or even a busy street corner. “So the location may be typically where you’d see an ATM but the service you’re getting is much more than that,” Burgess says.

Picture Pay

First Financial Bank

First Financial Bank, a \$5.45 billion community bank based out of Abilene, offers customers a unique bill payment solution within their mobile banking app. Marketed as Picture Pay, the mobile photo bill pay feature provides a new twist on paying bills.

When First Financial Bank customers get their cable bill in the mail, for example, instead of mailing the payment to the biller or typing in account numbers and credit card numbers through the cable company’s online payment system, customers launch the First Financial mobile app and simply snap a picture of the bill using their smartphone’s camera.

“The technology reads the biller’s information, including address, account number and amount due off the bill image. Customers only need to verify the amount to be paid, choose a payment account and a payment date, and then they’re done,” says Jeff Casey, senior vice president of alternative delivery channels.

“Adapting bill pay to fit within a mobile-centric experience can be tricky. With limited screen size and small keyboards, one of the more cumbersome steps is going through and typing the biller’s name, address, zip code and payment amount — not to mention you need to type in a sometimes lengthy account number,” Casey says. “Obviously if you

mistype anything, your payment could be delayed or possibly even applied to the wrong account; cutting out that manual entry protects the customer and simplifies the process.”

Some customers may not always have a paper bill in front of them or simply prefer to manually enter the billing information and, in the latest release, First Financial Bank has added that feature to the app. Casey tells the story of a customer who once wrote his billing information on a cocktail napkin and submitted a picture to the app; that’s when he realized they needed to add the manual entry feature. Casey still laughs about the story and keeps a picture of the napkin in his office.

Using smartphone cameras within mobile banking probably sounds familiar because it is used to deposit checks; Picture Pay is the logical next step. “We were the first institution in the nation to launch mobile photo bill pay in 2013 and have continued to see value from it,” Casey says. “Transaction volume has increased by 19.12 percent since the beginning of the year and we’ve seen a 15 percent increase in the number of users taking advantage of the service.”

Most notable, Casey says, is a 35 percent increase in “Pay Again” usage, indicating more and more customers are using Picture Pay as their primary bill payment method. The ability to create a payment without taking a picture allows customers to quickly go back in the app, choose Pay Again and simply enter the new amount due since the biller’s information has already been saved.

The picture is used primarily to capture the biller’s information the first time. Customers don’t have to take a picture of their bills every month, but according to Casey, many users still use the camera month to month.

First Financial Bank also sees additional revenue opportunities by offering expedited bill pay options for customers. “Expedited fees allow our customers to avoid hefty late fees while still initiating the payment from their trusted financial institution. Although traditionally offered through the biller’s site, expedited payment options are a great opportunity for additional revenue and to strengthen the customer relationship,” Casey argues.

First Financial Bank launched Picture Pay in 2013 and immediately saw a positive response from its customers. “We assumed a younger demographic and

customers who fall in our early adopter category would respond positively, but we’ve found that customers across the spectrum are embracing the technology.” Casey says. “Even some customers who we didn’t expect to quickly migrate



Jeff Casey showcases Picture Pay. First Financial Bank was the first institution in the nation to launch mobile photo bill pay.

toward Picture Pay because of their age or established habits turned out to be some of our highest volume users.”

Casey says other than positioning First Financial Bank as an innovator and driving mobile adoption, one of the biggest benefits from the technology has been eliminating the conversion hurdle when onboarding a new customer. The stickiness of traditional bill pay has been removed because the bank has made it easier to switch a new customer's entire bill payment relationship to First Financial using the app.

Picture Pay is additional proof that community banks can compete with features big banks offer.

Banker Link and mobile app

BBVA Compass

BBVA Compass, based in Houston, is constantly testing new innovations or improving current technology their customers use.

When the bank conducted research that found nearly 53 percent of their customers' transactions occur at the drive-thru, they went back to the drawing board and researched what customers liked and disliked about the drive-thru experience.

“When we did the research, it was shocking to discover that drive-thru banking looked almost the same as it did 60 years ago,” says Alex Carriles, director of self-service channels for BBVA Compass.

The bank found that its customers really liked talking with tellers so they used that as an opportunity to implement a video teller service called Banker Link.

Banker Link features a high-definition screen to chat with tellers who are located at a call center in San Antonio.

Carriles says BBVA Compass spared no detail when developing Banker Link. For added privacy, the kiosk features speakers directed at the driver, making it difficult for anyone else to listen in. They even made the back of the units look similar to fun house mirrors to hopefully distract rowdy children in the car.

So how are customers taking to Banker Link? “Our surveys show that the great majority either loved it or liked it,” Carriles says. “Banker link gives the customer a choice that includes extended banking hours.”

Banker Link is in seven locations in Texas. The first device was installed in November 2013 and Carriles says to expect more units to come.

BBVA Compass is also constantly making improvements to its mobile app, a key product customers expect from a large bank.

With the picture deposit feature in their mobile app, Carriles and his team noticed people were struggling with taking the pictures. “They kept focusing on the wrong image, such as their shoes, while taking the picture,” he says.

The app now tells you exactly how to position the phone and then the picture gets taken automatically.

Another feature in BBVA's mobile app is the ability to make real time payments between accounts so customers can send money to friends, family and others using their mobile phones. “When you transfer funds within BBVA

Compass, or pay your BBVA

Compass credit cards, it gives you immediate



BBVA Compass' commitment to innovation includes a new high-definition video teller service called Banker Link.

availability of your funds after you press send,” Carriles says.

Carriles explains that new, innovative products could play a huge role in improving the clarity and simplicity of banking services. Additionally, they can help banks continue to become more nimble, ensuring consumers can interact with their finances at speeds they've become accustomed to.

He describes a situation where a customer who is trying to purchase a big-ticket item — say a new TV or a cruise — inconveniently discovers he doesn't have sufficient funds at checkout. “What if that person could apply for a personal loan with one click of a smartphone, immediately transfer funds to his or her account and purchase the item using a debit card on the spot,” Carriles says. “That could be extremely convenient for our customers.”

BBVA Compass' commitment to innovation drives their every effort; they do extensive research and development of new technology in-house. “That, I think, is what gives us a competitive advantage,” he says. “It also drives us to introduce new offerings that make managing finances easier for our customers.”

Customers demand innovation from big banks; it appears BBVA Compass is more than capable of meeting those demands.

Texas banks at the forefront

These three Texas institutions prove that both community banks and large banks can use cutting-edge technology to attract new customers and improve the banking experiences of their current ones.

Kurzweil's Law (also known as the law of accelerating returns) states that technology improves at an exponential rate. Since the iPhone and mobile banking apps didn't exist a mere decade ago, it's anybody's guess what type of banking technology innovations we'll see in the future.

If the past gives us any clues as to what will come in the future, Texas banks could be at the forefront. ♦