



Customer Service Level Improvement in a Major Bank



Background

A major US bank with over 1200 branches, through its full-service commercial banks and specialized subsidiaries, provides such services as consumer banking, investment management, corporate finance, security brokerage, and private banking, as well as customized financial services to individuals, investors and small, medium, and large companies.

The bank possessed a long history of superior financial performance, ranking it in the top ten in both ROA and ROE among its peers. The bank's performance was more impressive.

Challenge

Building from a long history of strong financial performance, the bank's vision was to become the first preference of those who need world-class financial products and services. But increased competition from commercial banks, and non-bank competitors who operated under fewer regulations, forced this bank to rethink and restructure its retail branches.

Electronic banking continued to gain in customer acceptance, but branch banking continued to dominate the financial services industry. The branch teller was the primary bank contact, representing 95 percent of customer contacts at the bank's branches.

Because of the volume of customers and transactions, and the costs associated with the service, branch managers had to continuously improve branch efficiency. A primary problem facing bank's branch managers was finding out how to improve customer service (defined primarily as reduced customer wait time) while still providing cost-efficient staffing. The bank's Executive Vice President emphasized the importance of continuously improving customer service: "we have over 200 million moments of truth taking place every year and it takes every one of us at our bank to make those moments of truth come out in the customers' favor". The bank wanted to improve the customer service level by at least by 10% from the current level.

Solution

We introduced the Customer Wait-time Optimization Model to report on customer waiting times at each branch during each half hour period. This enabled them to establish separate service level targets for individual branches by calendar day. The company used our optimization solution throughout its branches without receiving any complaint or challenge to the validity of the data. The company was projected to save several million dollars as a direct result of our optimization solution. Improved scheduling and reduced personnel released an additional 14 percent of branch capacity, which the bank could use for value-added activities, such as new product sales.