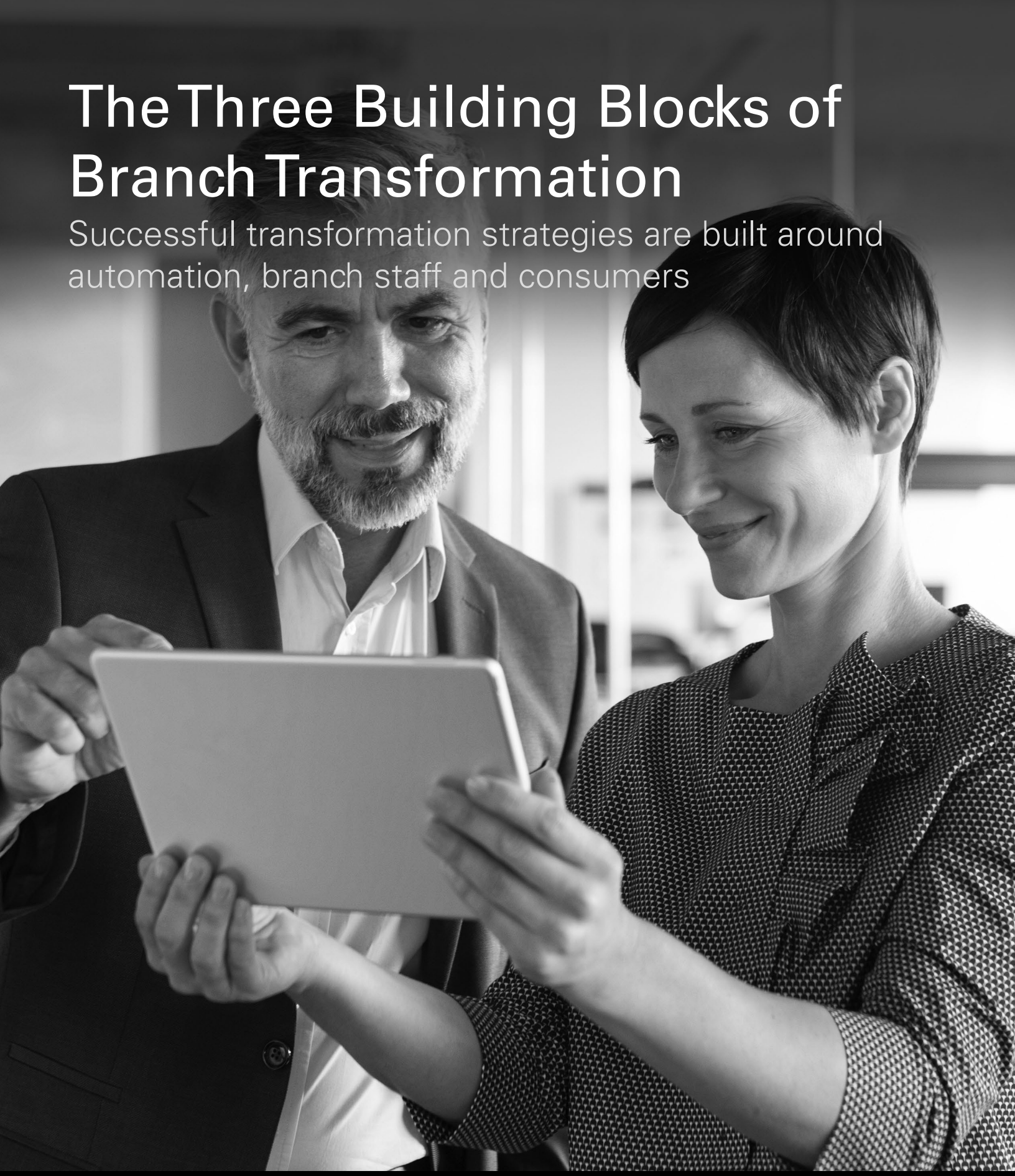
The Three Building Blocks of Branch Transformation

Successful transformation strategies are built around automation, branch staff and consumers



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Today's financial institutions are challenged to give consumers what they want: Everything.

Consumers want the convenience and speed of mobile technologies for transactions, plus personal advice and service through face-to-face interactions. And whether they walk into a branch or log on from a mobile device, consumers expect their banking experience to be seamless. They want it all.

Unfortunately, the traditional branch model isn't set up to meet modern (and changing) needs. Historically, branches were designed like mini-fortresses and supported by multi-step, manual workflows to meet security and compliance requirements. Many branch features that were intended to project strength, privacy and security are now roadblocks to the accessibility and transparency consumers expect today.

Branch transformation is necessary to preserve branch performance and relevance in an increasingly digital world. While consumers may "want it all," there's not a one-size-fits-all approach to transformation. There are many ways to modernize branches, from adding technology and lounges to right-sizing real estate. Where should a financial institution begin?

Building Blocks

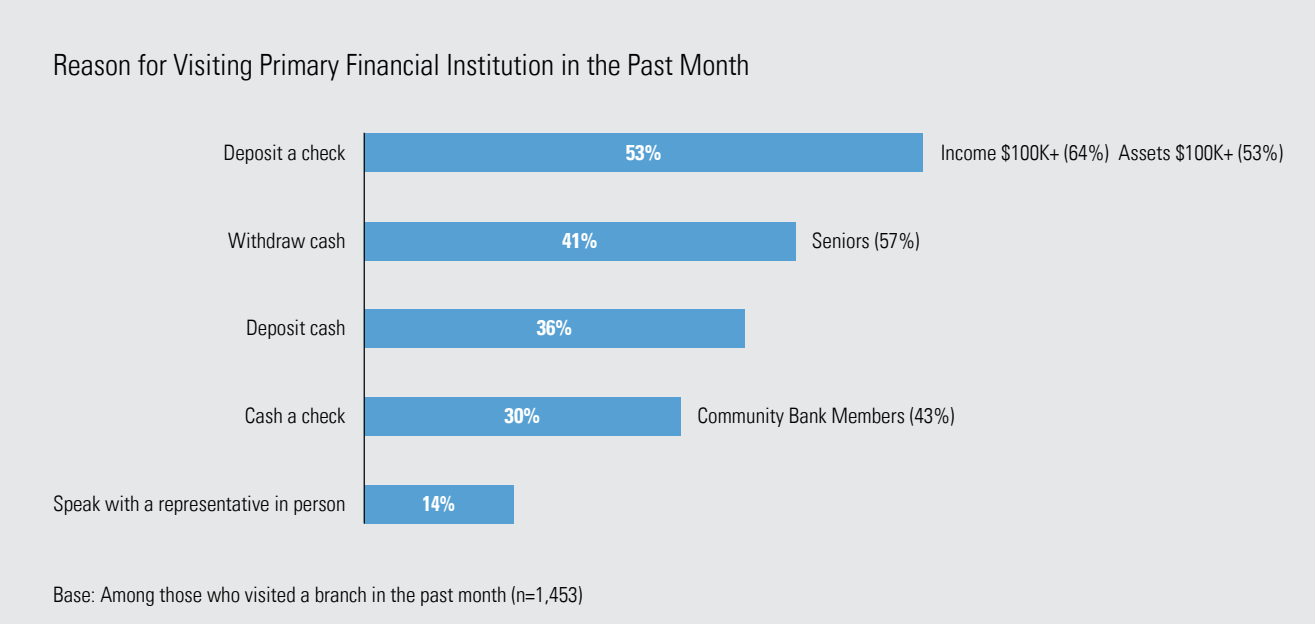
Branch transformation should build on the strengths of other channels and stay tightly aligned with an overall consumer engagement plan. Three key elements create the building blocks of a successful branch transformation strategy: automation, branch staff and consumers.

Automation is a Must

Automation technologies bring the convenience and speed of digital banking into the physical branch. By replacing manual tasks with automation, financial institutions can gain operational benefits and immediate ROI.

According to 2019 Expectations & Experiences: Channels and New Entrants consumer trends research from Fiserv, the leading reason consumers walk into a branch is to deposit checks, followed by withdrawing cash, depositing cash and cashing checks. Half of those transactions involve cash – and they all can be automated or transitioned to self-service.

The benefits of automation start to add up fast, since both cost and risk drop significantly when simple transactions – like counting cash – aren't handled by people. In general, any slow and labor-intensive tasks are good candidates for automation.



Automation can complement or replace manual branch processes, depending on the level of autonomy that consumers demand. Tools like cash recyclers can automate cash handling to speed up transaction times, while self-service kiosks can execute advanced transactions without staff intervention, allowing consumers to conduct up to 80 percent of transactions at the kiosk and skip the teller line altogether.

However, skipping the line doesn't mean skimping out on interaction. Shorter lines lead to happier consumers and give tellers more time to focus on relationships and consultative selling. With more time, tellers can offer personal advice and relationship-based guidance on consumers' more complex financial questions.

A self-service kiosk can extend "banking hours" to 24/7, bringing another digital benefit into the physical space. Or they can help financial institutions cost-effectively expand into new markets. Even with smaller real estate footprints, branches that leverage self-service can see increased monthly transactions and account openings compared to their traditional branch locations.

Automation is a foundation for branch transformation because it results in increased efficiencies, a better consumer experience, lower costs and opportunities to manage resources in a new way.

Bring the Benefits of Automation into the Branch

- Faster, more efficient transactions
- Better staff utilization
- Improved customer experiences
- Extended banking hours (without adding staff)
- Smaller footprints and reduced real estate needs

Elevate Engagement Through Branch Staff

Transformation may be fueled by technology, but success relies on people. Branch staff must be prepared to evolve along with the branch.

Customer service has always been important, but the speed and convenience of digital channels has upped the bar on in-person interactions. A 2018 study by Celent, Delivering Excellent Customer Service, identified "poor branch experience" as the leading reason consumers say they'd change banks. And it doesn't take much to dampen satisfaction: consumers told Celent that long wait times would also prompt them to bank elsewhere.

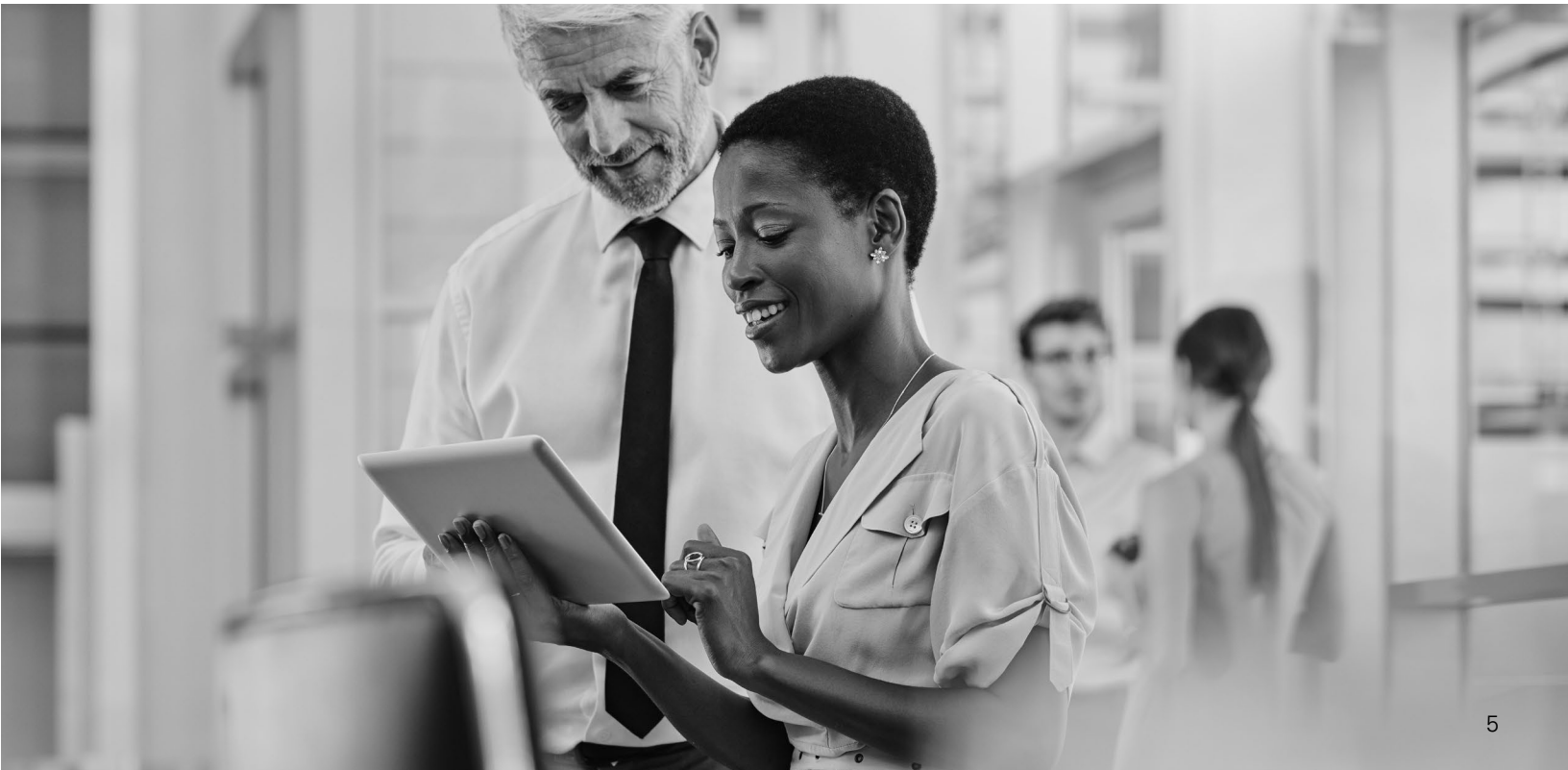
Online, consumers can access multiple accounts and services in one visit, so they expect your staff to handle all of their needs at once too. When consumers approach the teller counter, they expect immediate service, regardless of their request. That's where cash recyclers come in, freeing staff to respond to consumers.

In response, staff must evolve into universal bankers. Tellers need to be well-versed in products and processes and comfortable selling them. To transition into full-service bankers, branch staff require more product and sales training, and possibly different levels of access and authority, to meet consumers' complex needs. With time savings gained from automation, staff can use their new skills to build connections that last, even as digital services grow.

Staff also need to be fluent in technology. Branch staff support self-service adoption by championing and demonstrating the technology for consumers, and by providing friendly and helpful support experiences when needed.

Keep in mind, with the rise of digital banking, consumers are coming into the bank because they want to – not necessarily because they have to. Most transactions can be completed through other channels, so consumers walk into the branch for something else: connection and engagement.

In the Celent study, consumers said they prefer in-person interaction for certain banking activities, like getting investment advice and setting financial goals. Banking is personal, and consumers want to be recognized and supported as individuals. As branches transform, they'll need customer service all-stars who are skilled at building strong relationships. Financial institutions must create exceptional in-branch experiences to maintain their relevance – and strengthen consumer relationships.



Go Beyond Consumer Expectations

A transformation strategy must address the people who use your services. As such, branch transformation plans may vary, even within brands, to meet unique consumer preferences.

Branch-by-branch, ask: What do my consumers want, need and expect when they walk in the door? Then, develop a plan that combines hardware, software and services to create the best possible consumer experience.

Carefully examine the consumer experience in total, not just within the physical branch. Find ways to link channels and eliminate gaps or friction between tools. Internal processes and operations should work seamlessly together to execute consumer-facing strategies.

The consumer should be at the center of every process and investment decision, whether it's executed at the teller counter or in the back office.

Balancing act

Despite an increase in digital capabilities, consumers across all age and income brackets still desire in-person experiences. Consumers don't want to replace the branch, they just want a better version of it.

Financial institutions must balance the high costs of meeting these needs while also supporting (and syncing with) multiple other channels. Branch transformation should incorporate the strengths of other channels, especially operational efficiencies gained through digital skillsets.

Successful transformations meet consumers' needs first, supported by people and improved processes and technology. To reach true transformation, all of the elements must work together.

Bottom line: Branches are Still Important

- Location is the leading reason consumers choose their primary financial organization, according to 2019 Expectations & Experiences quarterly consumer trends research from Fiserv. Customer service ranked third, after low or no fees.
- In the same Fiserv study, half of consumers said they visit their branch 1-2 times per month. Community bank members visit even more often.
- A 2018 Celent study found that 94 percent of adults prefer at least some face-to-face engagement with their financial institution.
- Celent also found that long wait times would prompt consumers to bank elsewhere. A poor branch experience was the leading reason customers said they'd change banks.

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