

NCR PERSPECTIVE

Managing the customer experience

By Paul Race, Director of Financial Industry Communications, NCR

In the current economic climate the focus is again on retail banking. As large financial institutions move back to basics, there is recognition of the importance of customer service as a driver for customer acquisition and retention in an increasingly competitive market.

Managing business performance and providing the best possible customer experience will reduce churn and drive profit. The key is to provide cost-effective, appropriate services when and where the customer requires them. Failing in this will cause customers to go elsewhere for these transactions, weakening the relationship with the bank, reducing revenues and hampering customer retention.

The challenge then is to manage the customer experience effectively by ensuring the consistent delivery of appropriate, timely and profitable services.

Retail financial institutions need to consider a number of factors in regard to service delivery:

- Are they providing the right services to the right customers?
- Are they providing the right services in the right locations?
- Is the service quality at the level required by the customers?
- Are the services the customer needs always available where and when required?

To take the self-service example, this final point goes beyond simple ATM availability.

'Availability' tells a partial story

Management of the ATM network is a key element of customer service. The average customer visits an ATM five times a month and the service provided not only has a profound effect on how they view the bank, but also upon how they choose to conduct future transactions. Banks may claim ATM

availability of 98%, but this does not tell the whole story. Broad availability figures do not say what services are available and they do not tell you the cost of those services being unavailable in terms of lost transactions. A machine might be available for certain services, but if it is not able to provide the complete transaction a customer wants – whether it is a deposit with a receipt or a cash withdrawal of a sum of £50 – then you have not fully met the customer's needs. In the first instance they may postpone the transaction or use a more expensive channel such as the teller. In the second they will probably complete the transaction for a different amount but with a level of dissatisfaction.

Assessing the cost of lost transactions

For strategic purposes, banks need to look beyond the traditional measures of availability, which do not reveal the impact on customer service and the cost of doing business.

The cost of lost transactions will be dependent on factors such as location, time and average transaction values at each ATM. It will also be affected by the proximity of competitor ATMs and resultant interchange fees due when your customer is forced to use this alternative facility. It is important that the ATM deployer has access to all such information, to understand how many transactions they have lost and what it has cost them. This clear and accurate insight enables prompt action to ensure the provision of a self-service network that fully meets customer needs, is cost-effective and maximises revenue-generating opportunities.

A strategic support mechanism

Comprehensive performance information not only enables a bank to manage its network effectively, but to make strategic decisions regarding ATM placement and the range of services offered. By developing a P&L for each ATM, you can optimise the business performance of the network, for example prioritising which units to move or upgrade – and when – for maximum returns.



It is also important that a bank has a comprehensive inventory of its network, including technology attributes (PC core specification, software release or firmware versions etc.) in order to segment its service offer.

Beyond this, a detailed analysis of user behaviour at each ATM will enable you to work out your detailed interchange position on a network-wide or even geographical basis.

Plotting your own ATMs on a map and comparing with competitor ATM locations, you can use interchange information to analyse by area where interchange is positive or negative. You can then consider whether ATMs need to be relocated or where new ones might be introduced. You could also look at what transactions customers are using to determine where to roll-out different capabilities.

Driving channel delivery

Self-service is about more than ATMs – it is also about automated branch transactions and achieving the optimal balance between teller and in-branch ATM transactions. An ability to monitor remotely TCR (Teller Cash Recycler) activity in the branch opens up other possibilities. A key aim of the introduction of new services at the ATM is to migrate low value transactions from the teller. It is important to be able to monitor the success of such a strategy and to adjust the tactical approach if appropriate.

Given real-time monitoring of what is happening at the branches and the ATMs, it is possible to balance the loading across the network and decide whether to offer more opportunities to perform a particular transaction via self-service rather than at tellers, or indeed in some instances (or at certain times of the day) withhold capabilities from some ATMs and encourage people to go back to the counters.

Strategic channel delivery

APTRA™ Vision from NCR is the only management tool that puts operational information and availability measurement into context with measures of business performance and customer experience within the self-service channel. A key feature for any manager is having access to a single, comprehensive view of all relevant data in one place rather than via a series of disconnected systems. The capability to deal with a complete set of data through a consolidated user interface is critical to effective and timely tactical and strategic decision-making.

APTRA Vision is easy to use. Web-enabled, it can

be accessed from any place and at any time. A configurable dashboard means different levels of visibility; in the case of an international bank, for example, individuals in particular countries could be given access to country-specific information, whereas headquarters staff could view the overall international situation.

The breadth of the solution also means that it is able to present different views to an operations manager who is concerned with availability, compared with the business manager who is making strategic decisions. In the latter instance, for example, the business manager is able to consider the transaction volume mix compared with the functionality of each self-service unit.

APTRA Vision offers a lot more than the ability to manage self-service availability, reduce repeat calls (by around 83%) and increase help desk productivity (up to fivefold). It also provides banks with the opportunity to further differentiate their customer service offer. At a time when one US bank is reporting up to 30% churn on new customers within the first year, the importance of delivering the service customers want where they want it cannot be underestimated. With APTRA Vision, banks can plan their service delivery to meet customer needs, manage interchange and derive competitive advantage by optimising the roll-out of new services.

APTRA Vision is available through a range of deployment models. Many financial institutions today are looking for faster implementations with lower up-front investment. To meet these needs, APTRA Vision is available as Software as a Service (SaaS). Conversely, other banks may prefer a more traditional software licence purchase. And for those institutions further down the outsourcing path, APTRA Vision is available as part of a managed services solution.

In a highly competitive environment, the successful retail financial institution is the one that is able to differentiate itself from the 'pack'. It is able to retain and acquire customers by providing the revenue-generating services they require whilst minimising the cost of doing so.

When margins are tight, a tool that not only enables increased service quality but also enhanced decision-making processes in regard to key delivery channels could well provide the advantage you need. ■

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AURIGA PERSPECTIVE

ATM monitoring requires integrated approach

There is a growing realisation within the banks that multi-vendor applications do work

The use of ATM status management and monitoring software is well established in Europe, and sophisticated off-the-shelf packages are becoming increasingly popular at the expense of proprietary solutions.

The *Bulletin* recently had the opportunity to speak to Brendan Thorpe, Business Development Manager at Auriga SpA, to discuss current market trends relating to ATM monitoring. Auriga is a provider of retail banking software applications and multi-channel solutions. Successful in its home market of Italy where its technology drives nearly half of the country's ATMs, Auriga's self-service solution encompass a wide range of elements from across the value chain, affording it a broad and unique perspective of the market.



Brendan Thorpe

*Business Development
Manager
Auriga SpA*

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Banking Automation Bulletin (B): *What is Auriga's view of the ATM market and specifically the demands from the banks for advanced software? Are you seeing growth in multi-vendor and multi-channel software and the variety of transactions available at the ATM?*

Brendan Thorpe (BT): The software market is still growing, albeit at a falling rate. Hardware vendors continue to dominate the market in most countries, and there are still many examples of banks running solutions which are vendor-specific. However, this is changing slowly as there is a growing realisation within the banks that multi-vendor applications do work.

The use of multi-channel solutions is also growing,

though mainly due to convergence within the internet and mobile channels rather than by design. A large part of this can be attributed to devices such as the iPhone, which not only have advanced capabilities but also provide a mechanism for distributing applications to users. This is pushing more banks to revisit the multi-channel concept and to look closely at where efficiencies can be made in their channels through the re-use of existing business logic.

As for transaction variety, I think it is true to say that for all banks the ATM channel still represents a dichotomy: it is an essential service expected by customers and therefore represents a cost; but it is also viewed as an under-utilised tool for generating revenue. Facilities other than cash services are often not provided on ATMs, the primary argument being the potential for these services to slow down the network during peak times by diverting resources away from dispensing cash.

Although there is some validity in this line of reasoning, it is not entirely justified. There are forward-looking banks which are offering a broader range of transactions, encompassing everything from simple cash services to the purchase of theatre tickets. One such client of Auriga's has 60 different possible transactions currently running on its network. Its transaction data at peak loads for cash dispensing are no different to those of a cash dispensing-only network.

The distinguishing factor between banks tends to be the range of machines employed. In general, banks that offer intelligent deposit tend also to offer services beyond cash, aiming to maximise the return on the significant investments they have made in the channel.

B: *What is Auriga's view of the ATM monitoring market? How are banks using monitoring at the moment and could they do more with it?*

BT: As Auriga's self-service solutions incorporate a number of elements that are often provided by

separate vendors, its view on monitoring differs from that of other companies in the market. From this perspective, Auriga sees banks' current monitoring provisions as having significant room for improvement.

At the moment, most banks still use monitoring systems that are separate from their ATM applications, and in many cases provided by a different vendor. Many of these systems rely on the host protocols to provide information on the status of the ATMs and to carry requests back to the machines for status updates. Whilst the use of agents to actively gather information from the ATM is growing, this is still not the norm. For many banks this means monitoring is a reactive tool, responding to a limited set of notifications and alarms.

We believe that the ideal solution is an integrated monitoring application that enables both the ATM application and the hardware to be monitored in a unified manner; if the solution can also extend to the switch and monitor its performance, then even better. The monitoring solution then becomes proactive rather than reactive, and not simply a reporting tool.

For example, alarms raised because of a fault with a component on an ATM, such as a card reader, can often be resolved by resetting the individual component. If the application and the monitoring tools are integrated this can be done automatically by the monitoring tool, in many cases this means the issue can be resolved automatically without human intervention.

The ability to manage and monitor the network proactively has a positive impact on costs, uptime and efficiency within the channel. Perhaps more importantly, taking an integrated approach to channel monitoring means that the bank has the data available to identify its network's strengths and weaknesses more readily, so that it can plan accordingly.

B: *What trends and developments does Auriga see in the monitoring space?*

BT: The best place to look for an indication of where monitoring is likely to go is in the retail sector. Retail industries understand their customers' use of stores in much greater depth than the financial services sector understands its customers' habits. Both industries have very well-established business models. However, the retail sector is more open

to trying something new – and this is because of how it uses the data it holds about its customers and channels. In the financial sector, most banks have the data, but it is held in different systems and hence is more difficult to use. This comes back to two points: the first is Auriga's view of monitoring as an integrated set of tools; and the second is the issue of whether the ATM is treated as a cost centre or a revenue generator.

The level of investment required in the ATM channel is significant, and the current economic climate has focused attention clearly on the cost versus revenue issue. For many banks, interchange fees simply don't provide the revenues required to enable them to fund the network. This means that more banks are actively thinking about what else can be done with the ATM channel to generate revenue.

Whilst moving branch transactions to intelligent deposit machines can save money, it also adds complexity and cost to the self-service channel. The more complex the channel becomes and the greater the variety of transactions performed, the bigger the challenge for the monitoring solution. A large part of this comes from the data that will be required by the banks to understand not just which physical aspects of the network are working, but what the customers are using and how they are using it. Consequently, the trend will be towards more integrated monitoring solutions that provide a holistic view of the network encompassing hardware status, cash management, transaction data with back office functions for trouble ticket management, etc.

B: *Auriga is now expanding outside of Italy. What are the drivers that have contributed to its growth and success?*

BT: Auriga has been working successfully with financial institutions since 1992 and is winning new customers all the time. A lot of this success is due to the flexibility and depth of the solutions it has developed. In the self-service area the solution encompasses ATM driving, switching, monitoring, marketing and software distribution – as well as the ATM application itself. This integrated approach to the channel has a lot of benefits and provides answers to issues related to both cost of ownership and the use of the channel as a contact centre. In this way, Auriga occupies a fairly unique position in the market. ■

For more information, please visit www.aurigspa.com

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