

WINCOR NIXDORF PERSPECTIVE

Branch banking: Alive and thriving

By Michael Engel, Director CTO Office & Head of Global Software Sales, Wincor-Nixdorf



Michael Engel
Wincor Nixdorf

The branch is dead. Long live the branch. So what camp are you in?

Over the past several years, we have seen a number of retail banks in Europe, the Americas and Asia sharply shrink their branch networks and heavily automate teller transactions in their remaining locations to reduce costs. Branches are, arguably, banks' number one expense given the people, equipment and buildings necessary to run them, and in a market hard hit by the financial crisis, it should come as no surprise that many financial institutions have cut where they can save the most.

For some, that model may indeed be a thing of the past

More recently, however, we have seen numerous banks rethink their branch automation strategy and explore new ways to enhance the customer experience and, equally important, anchor their brand. Why the growing interest now? Because many financial institutions, after focusing heavily on traditional self-service and online channels over the past several years, have come to realise the importance of the branch as their primary human interface to customers. A certain level of interaction – 'the personal touch' – is necessary to maintain and strengthen customer loyalty. Personal contact with customers, banks generally agree, is the 'sticky' factor that is missing in the virtual world and that branches as a destination can provide.

Viva la branch!

For this forward-looking group, the message is loud and clear: Viva la branch! Which is not to say that these banks, in their push to 'personalise' their branch operations, plan to revert back to counters full of tellers. On the contrary, there is a new type of branch driven by innovation and automation: state-of-the-art, multi-touch screen self-service kiosks with two-way video/audio technology for

interactive consulting; teller-assisted cash handling via cash recyclers and automatic teller safes; digital signage to help navigate services, promote products and communicate the brand; free wifi lounges for conducting personal mobile online banking; and bank advisors with mobile tablet devices running an integrated customer relationship management app, ready to assist customers and manage all branch devices and transactions remotely.

The goal is to reduce branch size and costs while boosting the customer experience and service quality at the same time. Some banks use the savings in their established branch networks to invest in greater coverage of their respective markets by opening additional new branches. These branches are designed to be much smaller but are highly automated and utilise assisted self-service concepts. They offer a full range of products and services and that little human touch of dedicated personal customer interaction. This is just one of many scenarios that are possible for satisfying individual branch requirements in different markets and regions.

Customised solutions for a diverse world

In German branches, Wincor Nixdorf began implementing assisted self-service concepts by moving all cash transactions from the teller to a self-service zone more than 15 years ago. We know, however, that we cannot always transfer the same concepts to other markets due to differences in banking processes and customer behaviour, expectations and culture. According to the principle 'one size does not fit all', we have created a portfolio of consulting services to analyse market and customer needs together with the banks' strategic targets and to jointly develop a branch automation strategy that perfectly fits each bank's individual goals.

To implement this strategy, we use our proven portfolio of building blocks, assembling them into a customised end-to-end solution. Innovations such as tablet-based assisted self-service solutions

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complement the standard portfolio. On top of this, we are partnering with strategic customers in every market to develop further innovative solutions that raise the bar for automation, design and functionality and that can be customised to meet individual regional requirements.

Bridging gaps across delivery channels

The systems, of course, are powered by advanced software, the backbone of this new-age branch concept. The software is especially designed to overcome one of the biggest problems hindering banks today as they expand their stationary self-service and teller-assisted branch offerings to include online and mobile banking – namely, the isolation of delivery channels.

At Wincor Nixdorf we have developed multivendor software to bridge these gaps: ProClassic/Enterprise (PC/E), a strategic, server-based software platform that enables banks to provide multi-channel delivery seamlessly and uniformly. The platform drives all banking devices and correlates customer information across all channels, whether it is the self-service ATM, the assisted automatic teller safe, the mobile device or the internet. What is more, it simplifies processes as new functions, products and services need only be implemented once to be used across all channels.

A crucial component of our multi-channel ProClassic/Enterprise platform is the PC/E Transaction Safe, which handles communications with banks' various back-end systems such as their core banking, authorisation and payment systems, but more importantly provides the transactional bracket for transactions coming in from various customer touch points. This server component enables customers to choose a channel to initiate a transaction and later finalise it at their channel of choice.

For example, a customer may want to prepare a transaction on his or her smartphone running an ATM app, in essence using the device as an alternative ATM screen. The transaction is stored in the safe and can be finalised at an ATM or an assisted self-service terminal, for instance. In this particular case, the customer receives a secured 2D barcode message or NFC tag containing the transaction data stored in the PC/E Transaction Safe and then scans it to complete the transaction. The process may sound familiar to many frequent flyers who are already using their smartphones today to beat queues and check in quickly at airports.

Indeed, we see some parallels between airline check-in and retail banking self-services. Today, air travellers are increasingly checking in at terminals by themselves, typically with an agent nearby to help with any issues. Similarly, in one of our many different assisted self-service scenarios, a 'floating' bank teller equipped with a tablet computer is available to assist multiple customers and also to cross sell. The teller has a complete overview of customers' data and the devices being used. If there is a problem, the teller is alerted via a red light flashing on the tablet's dashboard. And if the customer needs help with a transaction, the teller can initiate it through the PC/E Transaction Safe. But even in cases where there is no teller or banker available, technology can close the gap. A press of a button can initiate a video conference with a 'personal teller'. The teller can look into the PC/E Transaction Safe, pick up the pending transaction and assist the customer in completing the transaction, including the device interaction, remotely from a central call centre. This technology can be used in branches, at home or at drive-through ATMs. These are just some examples of how our software can intelligently connect processes that are in ATM and teller silos today.

Our ProClassic/Enterprise platform and, in particular, the PC/E Transaction Safe make seamless banking possible while lowering operating costs as processing is shifted to the central application server for the management of the entire fleet of devices. The vendor-independent solution also offers high system availability and scalability.

Furthermore, unlike traditional approaches to application development that often involve fragmented and hardwired architectures which are inflexible, we use services-oriented architecture (SOA) in our software development activities, which is designed for navigating change – a huge benefit in the fast-moving retail banking sector. SOA services are standards-based, reusable process components that use common interfaces, allowing them to operate with other existing and future banking services.

Branch automation and transformation is an area in which Wincor Nixdorf has an advantage – it can offer not only hardware and software, but also branch design know-how, operational services and retail IT consulting expertise. Building 'branches of the future' is something we have done ever since we started the business. ■

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