AURIGA PERSPECTIVE

Innovation in banking automation

By Brendan Thorpe, Business Development Manager, Auriga SpA

There is a dichotomy between the aims of reducing transactional costs and driving increased sales

The retail banking world has been an interesting one to inhabit for the last few years and will be for a few more to come as the competition between the banks for customers and their revenue hots up. The battle lines now seem to be firmly drawn and all of the major players are starting to deliver refreshed branch styles that have moved away from the traditional model.

The layers of bullet-proof glass that effectively isolated banks from customers for years are being removed, and new machines are being delivered to bank branches that do everything from making a reasonable espresso to enabling financial transactions. Tellers now interact directly with customers in environments that are specifically designed to be warm and welcoming and as unbank-like as possible. The strategy behind this openness is to enable a bank to interact more fully with customers and to develop a deeper more meaningful relationship with them.

The backdrop to this is typically an increased focus on transactional value. However, pushing low-value transactions to self-service in order to reduce the processing costs means that you are effectively losing contact with the customers with whom you are seeking to create a more meaningful relationship. This essentially creates a dichotomy between the aims of reducing transactional costs and driving increased sales. It also has the effect of creating a disjointed customer experience where for certain interactions customers are treated like royalty, and for other, lower value transactions the emphasis is on speed and efficiency.

The environment must be customer -centric, and marketing and sales have to be relevant

Creating a customer-centric environment

Managing this dichotomy is a challenge, but from the projects in which Auriga has been involved it has become evident that there are some common themes amongst the banks that have carried out this process most successfully. The key ones are that the environment must be customer-centric, and marketing and sales have to be relevant. Whilst this may seem obvious, these two simple points have often been overlooked in the drive to cut transactional costs and make sales.

The concept of customer-centric banking has a very different underlying philosophy to the traditional banking environment where channels have distinct boundaries and the customers are presented with disjointed experiences. Traditional transactions are very much channel-based with little if any crossover. Transactions that start in one channel end in that channel, and often queries to customer services are also channel-based, with representatives being unable to cross boundaries to help resolve customers' problems.

In a customer-centric model, the experience is integrated across channels and customers' interactions with the bank are delivered in a way that is most convenient and relevant to that particular individual. This means that channel boundaries must be broken down, transactions must be made able to cross boundaries and bank representatives must be empowered to help customers with many different tasks. In many ways the innovation and redesign of the branch environment has become the driving force behind the implementation of multichannel banking platforms such as Auriga's WinWebServer.

Using software innovatively

For a lot of these issues the key enabler is software – you can have the warmest, most welcoming branch in the world with the best coffee machine and the fastest deposit terminals, but ultimately it is all about being able to deliver services in a way that is relevant to the customer. This has meant that a lot of the innovation that has taken place actually lies, not in the hardware or layout of the branch, but in the way that software has been used to re-engage with customers and to manage their interactions with the bank more intelligently. The founding principle of this is that if you can increase the breadth and depth of the relationship, you reduce the chances of that customer moving to another provider.

There are a number of ways of doing this, but in all of them the key ingredient is *relevance*. What I mean by this can be seen in this example from a bank in Italy. As part of its branch redesign, one of this bank's aims was to deliver out-of-hours banking, particularly to enable business customers to make end of day deposits. This service offering resulted in a change in customer behaviour: businesses now saw the ATM as a safe where they could deposit their daily takings so that they would not have to keep a float for the next day. However, this meant that particularly at weekends, the withdrawal they required the following day exceeded their daily ATM limit.

The obvious solution would be to increase daily limits, however this brings with it other issues related to security and risk. Auriga's WinWebServer offered an alternative solution: by using its multi-channel technology, a system was implemented that enabled a withdrawal above the cardholder's daily limit to be booked in advance, either via the internet or mobile channel. To ensure the security of the transaction, customers are given a one-time passcode at the time of booking which they must use at the ATM in conjunction with their card and PIN. The bank's business banking customers can now do all of the transactions they require out-of-hours in a secure environment.

The main benefit to the bank for approaching the problem in this way is that it created an extra point of interaction that is relevant to the customer and extends the breadth of their relationship. That extra touchpoint also creates a further marketing opportunity, and this leads on to the next key element – effective marketing through CRM.

Integrating and targeting marketing across channels

It is a well-accepted principle that if you deliver a marketing message to someone when they are already thinking about the subject, it is likely to be more successful than a message delivered when they are thinking about something else. Consequently, if a bank can expand its points of interaction and deliver messages when customers are already engaged, then the communication is more likely to be successful. It can increase the chance of success even further if that message is targeted. For example, suggesting to a customer that they might like to talk to a representative about savings products when they are making a deposit at an ATM is both well-timed and effective. This is particularly true if that message can be personalised by referencing the fact that the bank has noticed they are keeping a large amount of money in their deposit account.

Auriga has taken this concept a stage further. If the customer making the deposit agrees that they would like to talk with a representative, then an effective follow-on to the marketing is to immediately offer an appointment with a relevant consultant at the branch, or the possibility of discussing it by phone, at a convenient time. The appointment can then be booked on-screen, a confirmation note printed and a reminder sent by email or SMS. The same solution can also be delivered via a concierge kiosk in a branch or via the mobile or internet channels.

This action has a number of advantages. First, it precipitates an immediate response from the customer to take some form of action, and second, it helps banks with another issue: addressing the way bank representatives are perceived by customers. Auriga has helped banks address this by enabling one of the key steps that banks have taken in order to change customer perception in this area: the use of appointments. Rather than being available on an on-demand basis, advisors are made available by appointment only – a move designed to encourage respect for the representative's time.

These services are heavily reliant on the new generation of web-based banking systems that are capable of enabling different channels to interact, delivering a 'joined up' approach to the customer. Auriga's product set is designed specifically to deliver this integrated approach, as it uses a web-based architecture to manage customer interactions across a range of different channels in a coordinated way. This enables our banking customers to deliver services in a flexible manner, handling the dichotomy between transactional costs and sales efficiently whilst setting clear service differentiators that allow them to gain a real competitive advantage. ■

If a bank can expand its points of interaction and deliver messages when customers are already engaged, then the communication is more likely to be successful

Banks can set clear service differentiators that will allow them to gain a real competitive advantage through software