

AURIGA PERSPECTIVE

Omnichannel strategy boosts customer profitability

By Vincenzo Fiore, CEO Auriga

Omnichannel integration and branch transformation are rising up the agenda for banks as customers are increasingly using multiple channels in parallel – from smartphones to tablets, PCs and ATMs – and expect their banks to provide an integrated experience.

The key benefit of omnichannel integration for banks is a more profitable customer relationship. Products and services can be more effectively cross- and up-sold to customers by sending consistent marketing messages, and each campaign can have the same look and feel irrespective of the delivery channel. Other benefits of an omnichannel strategy include: closer integration of business operations; a greater emphasis on real-time information access and sharing; and consistent user interfaces across all channels.

Furthermore, personalisation is increasingly critical in financial services. In an omnichannel environment, users can customise their interactions across all their channels. For example they can use smartphones to configure their ATM menu and receive relevant one-to-one marketing messages. Personalisation enables banks to counter the risk of reduced customer satisfaction as a result of over-automation.

Omnichannel banking a top priority

A July 2014 survey of major international banks, entitled *ATM-mobile integration guide: Strategies for successful omnichannel banking*, by ATM Marketplace found that the majority of banks are actively engaged in branch transformation and omnichannel initiatives. The report, sponsored by Auriga, says that for 85% of respondents, investing in omnichannel integration is either a top priority or of significant importance. 54% of respondents have a branch transformation programme, while 38% have 'branches of the future' where they test new self-service applications.

However, many banks still need to integrate their ATM and mobile channels. Three quarters of respondents do not offer integrated mobile services at ATMs, while just a quarter have implemented technology enabling

customers to pre-stage transactions on their internet or mobile channels and complete them at ATMs.

The benefits of ATM-mobile integration identified by respondents include: more cross-selling; increased revenues; provision of more convenient banking opportunities for customers; better appeal to 'millennials'; improved user experience and convenience; and better customer service, satisfaction and retention.

Banks that still use legacy infrastructure face major competitive disadvantages compared to rivals that have omnichannel technology. Customers interacting with banks through multiple channels are likely to purchase more products and services from that institution.

The value of assisted self-service

The progressive 'digitalisation' of meeter-greeters in larger bank branches is a strong trend. Almost half of survey respondents have qualified, tablet-equipped staff providing assistance at self-service terminals, and the rest are planning to introduce them within three years. This service adds value to both the bank and the customer, as staff are able to identify in real time the attitudes and preferences of self-service users.

"We're seeing the 'tabletisation' of branch banking," says retail banking consultant David Cavell. "Every transaction taking place in branches will be pre-staged on tablets or iPads. These tablets will link to physical fulfilment devices in the branch for dispensing cash or accepting cash and cheque deposits. Branches will still have conventional ATMs, but these ATMs will offer a wide range of functions."

As banks will be operating networks of ATMs, automated deposit terminals, tablets, digital screens and other self-service equipment from different vendors, integrating these devices will require them to deploy multivendor software.

The popular hub-and-spoke configuration

The use of a hub-and-spoke structure is a common branch transformation strategy. It involves a small number of full-size branches and a larger number of



Vincenzo Fiore
Auriga

The key benefit of omnichannel integration for banks is a more profitable customer relationship

fully automated mini-branches offering self-service machines, videoconferencing links to remote staff, and assisted self-service. Frontline staff act as 'universal bankers', providing product advice and guidance, training and support for customers using self-service, and cross- and up-selling.

"Branch staff will need to develop inter-personal skills, as their primary role will be to manage relationships with customers," says Cavell. "The overall cost-savings in a branch which has deployed omnichannel technology and equipped its staff with tablets could be up to 50% of total costs per 1,000 ft², due to staff being fewer but more effective, and the reduction in operating costs."

For customers, the benefits of universal bankers include easier access to clear product information and advice, and greater attention and responsiveness.

Following the customers

Traditionally, banks have expected customers to come to their branches. Now, banks need to bring the branch to their customers. Barclays, for example, has opened small, fully automated branches at eight ASDA supermarkets in the UK.

In July 2014, US Bank and baseball team the Minnesota Twins launched a pilot of a mobile app enabling the team's supporters to sign up for a MasterCard rewards card at the stadium. By using mobile technology to scan applicants' driver's licences on-site, bank staff can go directly to the customer instead of waiting for them to walk into a branch.

According to Forrester Research, mobile will be the fastest-growing customer acquisition channel for banks between 2015 and 2019, and by 2017 more account openings will be made through online and mobile than through branches.

Redesigning the branch layout

Branch transformation requires a fundamental redesign of the traditional branch layout. Notable examples include Spain's CaixaBank, Germany's Deutsche Bank and Italy's UniCredit.

In November 2013, CaixaBank opened a 'branch of the future' in Barcelona that resembles an Apple Store and features advanced multifunction ATMs and tablets. The branch covers a 1,000 m² area with no physical barriers between customers and staff.

Deutsche Bank's Q110 open-plan concept branch in Berlin offers customers a café, a children's corner with childcare, video links to remote advisors,

in-branch advisors equipped with tablets, and advanced self-service terminals.

On entering UniCredit's 'branch of the future' in Milan, customers are greeted at a desk where staff manage queues and appointments with advisors, and provide immediate help with basic issues. In the waiting area, a touchscreen table, tablets and free wi-fi allow customers to browse the internet and view UniCredit products. An employee is available to demonstrate online and mobile banking services on customers' own mobile devices, and customers can talk to remote specialists in a videoconferencing room.

Integration and collaboration are key

True omnichannel banking includes not just integration but also collaboration between different channels. This means banks have a 360 degree real-time view of customers' needs and behaviours. Also, customers can initiate a transaction or product application on one channel and complete it seamlessly on another.

Using an omnichannel platform such as Auriga's WinWebServer (WWS) multivendor software, banks can offer customers personalised user interfaces and menus, and integrate branch employees' tablets with the self-service channels. The mobile banking channel can even be integrated with social media to attract millennials. Furthermore, bank employees can see on their tablet what a customer is doing at a self-service machine, their transaction history and account status, and the marketing promotions they have been sent.

For customers, using mobile devices to personalise their experience means having greater control over their accounts. For example, they can set up a facility for third-party ATM withdrawals from their account. This means a parent can send their child a one-time authentication code enabling them to withdraw cash from the parent's account without a card.

An urgent need

As the ATM Marketplace survey reveals, most banks recognize the importance of omnichannel integration but have yet to integrate their ATM and mobile channels. As people increasingly transact on mobile devices, banks need to accelerate their omnichannel rollout in order to reap the benefits of greater customer loyalty and profitability. ■

Auriga provides financial institutions with omnichannel software, services and consultancy for managing self-service, internet, mobile and branch banking. It has offices in Italy, London and Paris.

For more information, visit www.aurigaspa.com

Branch transformation requires a fundamental redesign of the traditional branch layout

True omnichannel banking includes not just integration but also collaboration between different channels

