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Reimagining branch transformation and omnichannel strategies

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To retain and grow their businesses, financial institutions are increasingly forced to address the needs of a more mobile-centric customer. Today, most institutions have deployed mobile banking applications and continue to seek ways to exploit their digital channels to drive transaction growth. At the same time, numerous futurists and industry pundits point toward a future featuring fully digital banks driven by the needs of the tech-savvy Millennial customer demographic.

Two trends are becoming increasingly evident among financial institutions around the globe: 1) Institutions speak of their branch transformation plans and omnichannel strategies, but 2) Very few institutions are able to articulate specifically what they plan to do and what they plan to achieve through these initiatives.

The challenge in identifying the appropriate strategy frequently comes down to a fundamental strategic tension: While financial institutions can envision a future in which more customer interactions migrate to digital channels, retail footprints remain an important asset. After all, more than 70% of new account and product sales activities still take place at the branch, and it is also generally agreed that accounts opened in the branch tend to be more profitable. Given this tension, how do institutions implement branch transformation and omnichannel strategies that are meaningful over the intermediate term and still future-proof them for a digital future?

Even while more client interactions migrate to digital channels, retail footprints remain an important asset

A number of financial institutions, especially in western Europe, have aggressively transformed their branch operations – some to the point where branches contain neither cash nor teller stations. Cash is only dispensed via self-service devices. However, many of these transformations are now being reimagined as institutions seek to enable more effective sales and support capabilities within the branch environment. Branch transformation may initially be about migrating transactions away from the higher-cost teller window to the lower-cost self-service channel, but focusing solely on this will not grow the business. Branch transformation must be extended to include strategies for enhanced customer engagement that drives sales.

Respecting the uniqueness of each channel

Similar issues are evident within financial institutions' now ever-present omnichannel strategy statements. In most cases, institutions speak about omnichannel in one of two ways: either it refers to delivering the same look, feel and product capabilities across all channels, or it refers to delivering similar experiences to all customers across all channels. These definitions miss the mark.

Consumers choose to interact through different channels for various reasons. At the ATM, they generally want to complete a quick interaction. Consumers likely visit a branch because they have an issue to resolve or information to gather, and they feel the need for direct interaction. On their tablets, consumers 'lean back' to manage transactions and track their finances. On their PCs and laptop devices, they 'lean forward' to search, evaluate and analyse options. Each of these channels offers a different means of interaction and depth of engagement.

As a result, omnichannel is not about a need for consistency across users or across channels. Well-crafted client experiences should allow consumers to figure out how to interact with various channels differently and intuitively. Creating a 'consistent user experience across channels' is an overly simplified approach that may have been appropriate in the early stages of omnichannel transformation but lacks the nuanced approach necessary to drive value through optimised client interactions.

Financial institutions can and should look to other industries (such as retail and hospitality) for clues to delivering better omnichannel experiences. Options as simple as enabling a customer to order online and pick up at a local store are relevant. And it is not just about creating these types of consumer experiences. Strategic user interface (UI) and user experience (UX) creation are becoming table stakes for leading retailers. The value comes from understanding where a customer is within a certain experience and guiding that customer to a successful outcome as he or she migrates across various channels.

Redefining omnichannel strategies

This approach has led to a different definition of how omnichannel and branch transformation come together:

> As branches are transformed to accommodate the needs of an increasingly mobile and digital world, knowledgeable branch resources will remain central to delivering a *meaningful orchestration of great client experiences across multiple channels* as part of an omnichannel strategy.

The definition focuses on two critical guiding principles:

1. Resources in the branch will remain important assets for financial institutions to optimise in order to deliver omnichannel experiences in ways that grow the business;
2. Banks need to be aware of and orchestrate customer engagement as customers move between channels in order to optimise these experiences and opportunities.

A few examples may be helpful:

Accessing cash at the ATM through a mobile device. Cross-channel integration can enable a customer to stage a cash withdrawal when away from an ATM using his phone, tablet or other portable computer. The pending transaction is then stored remotely, and at a later time, the customer goes to the ATM, authenticates himself and completes the transaction quickly and securely. A digital receipt with a personalised marketing message is delivered back to the mobile device.

Scheduling at the ATM. Once a customer accesses an ATM, she can be presented with a marketing message personalised for her and her unique situation (e.g. location, banking products used, transaction history, etc.). Being respectful of the need for quick transactions at the ATM channel, the customer is given the opportunity to, with a few simple keystrokes, set an appointment with a subject matter expert. The appointment may be set up as a Skype-like session or a face-to-face meeting at a branch near the customer's work or home. A reminder is sent to the customer's mobile device prior to the meeting. In this scenario, the ATM is best suited to the short-duration interaction of setting up an appointment. However, financial institutions could also extend a deeper interaction to the ATM channel by allowing customers to speak directly with a financial institution representative via video right from the terminal if that is consistent with the customer's desired experience. This may extend the length of an ATM engagement, but it also enables consumers to get more done in a single interaction.

Reimagining off-premise banking. Diebold recently showcased a more aggressive point of view at Money2020 with its Responsive Banking Concept, a conceptual banking platform featuring four connected 'experience zones' intended to inspire future digital-to-physical convergence banking capabilities. The concept includes touch surfaces, sensing devices, queue management, cardless transaction capabilities, intelligent virtual tellers and two-way video conferencing, all of which are intended to provoke discussion within the industry as to how branch transformation and omnichannel experiences may begin to be reimagined.

A number of the Responsive Banking Concept's hardware and software solutions are continuing forward within Diebold's Research and Development Incubation Labs. Some will become commercially available. Others will be replaced. But Diebold expects to pilot many of these concepts with forward-looking customers through the remainder of 2015.

Engaging in strategic branch transformation and omnichannel discussions today will enable financial institutions to explore new methods of engagement that can extend more branch-like capabilities to remote customers. In doing so, institutions can enhance their opportunities for strengthening customer relationships, leading to more positive engagements and increased business. ■

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