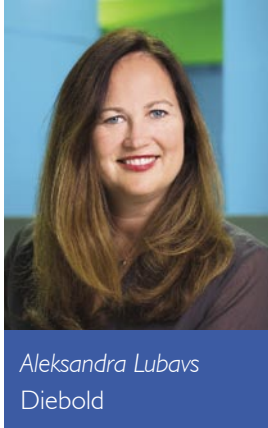


## DIEBOLD PERSPECTIVE

# Branch transformation

## *Creating a balanced, meaningful strategy*

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In the next two years, 40% of banking transactions will be performed by a generation born and raised in a world where screens have replaced telephones and answers are just a finger-tap or keystroke away. These millennials, though, can't be reduced to their voracious appetite for all things technological. It's key for financial institutions to understand that consumers – especially millennials – have never met a banking channel they didn't like.

The challenge for banks is how to enable these consumers and connect meaningfully with them in an increasingly digital world. Financial institutions must be able to objectively engage in a thoughtful branch transformation strategy, while humouring the subjective desires of an evolving clientele.

### From banking to retailification

Financial institutions have often chosen the conservative route over the riskier alternative, opting to hedge their bets on incremental changes while adopting a wait-and-see approach. Yet the retailification of the industry is not going away, and banks would do well to heed the burgeoning numbers of online lenders, mobile payments providers and retail aggregators closing the gap between consumer needs and digital convenience. Banks are expected to operate in the retail norm today, a landscape that includes agile integration and the rapid adoption of new technology.

In this rising tide of options, branches are actually revealed to be the linchpin of a successful transformation strategy. We've watched the retail trend of 'showrooming' (where buyers check out a purchase in-store before ultimately buying it online) reverse itself into one of 'webrooming', wherein consumers browse their options online before coming into a brick-and-mortar business to finalise the sale. Today, branches remain the

go-to channel for 63% of millennials who want to complete a complex transaction.

Forward-thinking banks are capitalising on the trend, transforming their staff not just from tellers to sellers, but from tellers to advisors. In a recent customer collaboration, Diebold Advisory Services helped a North American financial institution increase its sales productivity by 29% through 'right-sizing' the deployment of in-branch technology and developing a new staffing model. The goal was to change banking behaviour, automate standard transactions and free up the tellers' time.

In a similar transformation initiative, the Advisory Services team suggested implementing a new branch model that included self-service terminals and the training of 'universal bankers', employees who are capable of moving beyond transactional exchanges to provide an entirely different – and far more compelling – consumer experience than that which is currently possible in a digital format. The strategy led to a staggering 160% growth in new customers and moved the needle on product sales by 200%.

### Physical renovation is only the beginning

These days, the only constant in the financial industry is speed. Online and mobile outlets are accelerating past traditional financial institutions, finding ever-faster, more convenient and meaningful methods of reaching consumers. In this arms race, banks may find themselves feeling the pressure to close, reconfigure or drastically renovate their branches in some way to break through the noise and change consumers' perceptions. Yet speed means nothing if you're driving straight towards a brick wall.

A deep breath and some serious thought can help immensely. It is a fact that 68% of consumers still choose a bank based on the convenience of its brick-and-mortar location. Therefore, branch

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transformation is an undertaking that requires a comprehensive evaluation of a bank's long-term goals, not just a short-term audit of foot traffic.

Where one financial institution may find success through transforming its network to a hub-and-spoke model, another may discover that branch automation is where its focus should be. Perhaps partnering with a retail location to provide in-house micro-banks can offer consumers the availability they crave. Alternatively, café-style cashless branches can force consumers to rethink why they may want to visit a bank altogether.

While the driving forces behind branch transformation are myriad, there is one great unifier: above all, branch transformation must be approached with a holistic strategy that evaluates every aspect of the branch, from the people to the processes to the technology.

#### **A fresh look at self-service**

Technology is the great enabler. It can enable quicker, more convenient task completion for both bank employees and customers, freeing both parties to initiate higher-level (and potentially more lucrative) interactions. In fact, deposit automation technology can reduce up to 90% of teller transactions.

Advanced automation and digital technologies also enable a true omnichannel experience: the ability to begin a task in one location and finish it in another. In a world where redundant requests for information can literally mean the difference between gaining and losing a customer, cutting-edge technology isn't just a 'nice to have', it's a 'must have'.

Consider, for example, the rise of meeter-greeters who wield tablets rather than keyboards and monitor robust, real-time analytics that allow them to step in with helpful guidance when an in-branch customer requires it. Or consider the in-branch self-service terminal itself, reinvented for a modern, software-driven world to operate nimbly and flexibly as the branch's needs change.

In collaboration with Diebold's EMEA Center of Innovation, UBS recently rolled out more than 400 tailored self-service units across its Swiss branch network. With a hyper-focus on driving branch efficiencies through automation, Diebold and UBS landed on in-branch units that offer

cashless transactions such as bill pay and asset overviews. Now, UBS customers will have full freedom of choice as soon as they set foot into their local branch – and UBS has an operating system that can evolve over time.

#### **The consumer experience at the heart of branch transformation**

Freedom of choice, the evolution of services... these are concepts that will make all the difference as banks chart their courses over the next year, decade and century.

While financial institutions focus on creating a transformative banking experience through omnichannel interactions, consumers are leapfrogging ahead to the aggregator who can give them what they want in the fewest steps, regardless of whether those steps are physical or digital. Banks have an opportunity to emerge from this changing landscape as trusted, financial powerhouses that orchestrate meaningful, helpful engagements with consumers. It will come down to the choices they make long term, as part of a thoughtful, thoroughly vetted strategy that aims past the traditional revenue drivers, to embrace new and unexpected approaches to financial services and customer experiences. ■

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