

AURIGA PERSPECTIVE

Transformational branches require transformational software:

Don't let software choice limit your next branch of the future

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The 'branch of the future' is an ever-popular term. And while it may have been coined in the past, the term is more relevant today than it has ever been. Banks across the world are facing an unprecedented combination of challenges: regulatory and cost pressures, low interest rate environments, tougher competition and increasingly demanding customers. It is a familiar story – branches will have to work harder than ever, and it is now truer than ever.

Banks have long known they need to differentiate themselves to attract and retain customers, but this now means remaining relevant in an industry that is changing all around them and at a faster and faster pace. Banks are no longer just compared to banks; both the benchmark and goalposts are moving. The iOS/Android generations have very different expectations to 'Generation Y' or even 'Generation Z', and they are about to rock the banking industry. If achieving functionality and personalisation across channels was the 2000-2015 challenge for 'omni-channel', 2016's is to optimise customer experience and value between and across channels.

For many established banks, the number of branches they expect to have within their network will be reduced in 2016. For FinTech startups and new banks, this can present real estate opportunities, however many long-standing branches are no longer in the 'right' part of town. 'Branches of the future' need to be located in convenient high footfall locations. In the UK, for example, there is currently a 'race towards 300', as research has shown more than three quarters of the banking population could be adequately serviced by a significantly reduced branch footprint. A smaller network may lower the branch costs for the bigger banks in the long term (post-restructuring), but it necessarily brings with it increased expectations of throughput and productivity.

As always, branches remain a critical and relevant touchpoint for customers, and the reasons for this vary across segments. Are there transactions that are not possible elsewhere? Does the customer need support or consultation? Banks want and need relationships with their customers and to deliver these cost-effectively. Against the backdrop of decreasing branch numbers in western Europe, the challenges for the branch of the future are therefore three-fold: to attract new customers, create stronger loyalty and become more profitable.

Finding the right ingredients

Auriga is committed to the branch of the future. We think it is the key to the 'bank of the future'. Every day, somewhere in the world, a bank launches its own version and shape of future distribution. New model branches in Italy are representative of the changes in many parts of the world. Common elements are digitalisation and the increase in the amount of technology deployed. The typical branch of the future has a large self-service area with an array of self-service devices: cash-in and cash-out ATMs, recycling ATMs, ASD/ASSTs (Assisted Self-Service Devices/ Assisted Self-Service Terminals), digital signage and kiosks. To ensure a differentiated customer experience and profitable branch, a 'meeter greeter' or consultant is available to support customers and spot ever-important sales or human relationship opportunities.

So in the broad topic of branch transformation, which elements stand out as most important? What differentiates? Different layouts and designs are obviously important as environments can change customer behaviour. And few would argue that staff roles, device choice and functionality are not vital 'ingredients'. We often see, however, that it is the design of what the customer does not see or experience – the invisible part of the iceberg – that can determine how successful the concept will ultimately be. Bringing together the 'ingredients' to deliver increased customer loyalty and branch

profitability requires banks to have a branch of the future operating model and software to support it.

At a macro-operational level, many banks are choosing to adopt hub and spoke strategies, with one large hub branch and several smaller outlets in the surrounding area. This change comes within networks where multiple software solutions have been historically used across channels and devices, products and locations. It is a complex challenge then in 2016 to manage the context within and across branches and to integrate a branch of the future within the bank's omni-channel experience.

Choosing a best of breed 'branch of the future' software solution

Auriga's solution to the challenges of managing the bank of the future is our omni-channel platform WinWebServer (WWS) and its module for branches, WWS Branch. As a 'best of breed' software solution, WWS enables true choice of hardware from multiple vendors in all zones of the branch. For Auriga, multi-vendor software capabilities mean more than supporting just the traditional large vendors (NCR, Diebold and Wincor Nixdorf) – our WWS management solution supports the new hardware suppliers joining the branch battle and those coming from the teller world (such as Glory or ARCA). To complete the digitalisation of the branch of the future, WWS also manages kiosks and digital signage.

So why do we think a best of breed, multivendor approach is such an important one for branch of the future software? Firstly, we live in an uncertain and rapidly changing world, and therefore the branch of the future needs to keep up with the latest consumer trends. In the relatively recent past, we have seen the take-off of contactless cards in payments and the rise of BYOD (Bring Your Own Device) in other contexts. Front-office flexibility will be a source of competitive differentiation through innovation. Secondly, banks need to rapidly be able to take advantage of customer-friendly cost-reduction opportunities such as the introduction of ATMs without PIN pads (NCR), or back office efficiencies such as teller cash recyclers and ATMs with interchangeable cassettes (Wincor Nixdorf). Thirdly, being future-proof means reducing risks to branch performance. After a long period of stability in the hardware market, big changes are now afoot. Who would have predicted five years ago that Diebold would acquire Phoenix

Interactive and merge with Wincor Nixdorf? Range (and parts) rationalisation and changes in support terms are inevitable.

We think the branch of the future means that all devices should work and be managed seamlessly. But why should technical seamlessness matter so much in creating a good customer experience? Because customers can tell when a skilled member of staff is doing a great job in spite of their branch environment. Banks who want their customers to be loyal to the bank and not a specific individual need the ability to give consistently excellent service wherever and whenever their customers touch them. In a WWS branch of the future, customers can benefit from the same loyalty-increasing experience across all devices. For example, meeter greeters are supplied with tablets, and staff can monitor customer activity and personalise service throughout the branch with marketing messages.

Many banks will already know that unified device management – a.k.a 'seamlessness' – can mean reduced operational complexity and costs compared to running multiple platforms. However, Auriga sees every day how the total cost of ownership for branch management platforms extends beyond the seen integration and update efforts and licensing costs. In a branch of the future, the responsiveness and innovation-inhibiting effects of multiple platforms may be strategic costs banks are simply not able to bear. With WWS, only one monitoring system is needed to be able to control the whole customer experience in-branch, and the bank can easily define and deploy the same new marketing campaign or service across all devices inside all 'hubs and spokes' and on all digital channels.

The right software solution for the branch of the future will be one that is constantly ready for the future. So Auriga has designed WWS to allow increasingly comprehensive services and customisation to meet bank customers' individual needs. In the 'always on' world, WWS underpins all of its customer experience benefits with greater availability and accessibility of self-service functions.

The path to the branch of the future is a complex and ever-changing challenge but with consistent goals. Banks choosing Auriga's WWS take an important step on their path to achieve more loyal customers, new customers and more profitable branches. ■

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