

**DIEBOLD NIXDORF PERSPECTIVE**

# Transforming branch transformation



Raja Bose  
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**Retailers do not think in terms of channels – they often do not even use the word ‘channel’**

Vice President of Global Advisory Services, Raja Bose, and Branch Transformation Business Development Lead, Anna Friedrich, share the common goal of partnering with financial institutions (FIs) on strategic initiatives that will drive long-term success. We spoke with the duo recently about how their unique roles within Diebold Nixdorf support the organisation's customer-centric approach, and why they believe it is so vital for FIs to reframe their perspective on branch transformation.

**Bulletin:** The industry has been talking about branch transformation for more than a decade. What has changed during that time?

**Raja Bose (RB):** Yes, as an industry we have talked so much about branch transformation and the branch of the future. And what we have come to realise here at Diebold Nixdorf is that this is not really the most useful way to think about it. Today the challenge is less about “*How do I update my branch?*” Instead, FIs should be thinking, “*How do I deliver the right experience to my consumers when and where they want it?*” It is a very strategic question that moves past the branch or the smartphone and focuses on the sum of a consumer's engagement with an FI – regardless of their interaction method. We are helping our customers shift the way they think about the entire consumer journey and drive ‘experience-driven banking’ as opposed to ‘banking transformation’.

**Anna Friedrich (AF):** We have learned a lot from our strong presence in the retail market where we see that retailers do not think in terms of channels – they often do not even use the word ‘channel’. The focus is really on how to enable more seamless experiences and remove pain points for consumers, and to identify the touchpoints that deliver what they need. Likewise, experience-driven banking offers a much more holistic approach to connecting with consumers.

**RB:** Exactly. We are working with our customers to build and enable ecosystems that will support

transactions and data flow among every single touchpoint and channel in their network, whether physical or digital.

**Bulletin:** So you are anticipating a future where the channel is secondary; but for many FIs, that future can still feel very far away.

**RB:** That is true. The ideal partner for FIs on this journey is someone with the capability and insight to orchestrate solutions above all the channels and silos, a sort of ‘experience architect’ who can identify emerging opportunities and execute innovative strategies in a more holistic way.

**AF:** We see that as one of Diebold Nixdorf's biggest differentiators in the marketplace: we have the ability to act as experience architects for our clients because our expertise is very targeted, and our teams are incredibly knowledgeable about the challenges and opportunities in the financial industry. We can partner strategically with our customers to build customised solutions that fit their current-state and future-state needs.

**Bulletin:** This approach could entail big, weighty changes to retail banking processes, technology, infrastructure, etc. How do you help FIs sort out where to start?

**AF:** In the financial industry, there is a tendency to think of projects in very complex terms – and then to carry them out in very complex ways. An IT project may take three to five years. And sometimes that is the right strategy for that particular financial institution. We are working to help our customers find the right balance between long-term strategic direction and short-term test-and-learn. Retail banking networks have got to try things out on a small scale – across many touchpoints.

**RB:** I am a big believer in small changes that happen rapidly. You do not need to pull out your entire middleware infrastructure to create omnichannel solutions. You do not need to renovate your entire branch network with fancy technological bells and whistles. You can make quick changes or

enhancements, see what works and add to it. Think of how software companies work today. They create an app, make it available, and the first version has some kinks. But every two weeks there is an upgrade (pushed out automatically, mind you), and finally you have a solution that works really well.

**Bulletin:** Do you think FIs are ready to have a different conversation? Are they ready to go beyond branch transformation?

**RB:** I think they are generally very excited to attack their business objectives from a fresh perspective. Keep in mind we are not talking about getting rid of the bank branch. But when we talk to bankers around the world and ask them about how they are investing, they are often focusing more on digital investments rather than branch investments. Yet the reality is that the majority of their new deposit and loan accounts still originate in their branches. And the accounts opened in branches are generally more profitable than those opened through digital channels.

**AF:** Right – today there are not many alternatives, from a consumer's point of view, to have a convenient and meaningful end-to-end banking experience across all channels. Most digital banking channels are still focused on transactions, not service and sales. Through the experience-driven approach, we are trying to move FIs to an environment where they can provide more services and interactions through existing or new touchpoints... And, perhaps even more importantly, enable FIs to take better advantage of the data they are getting from their customers to provide more individual experiences.

**RB:** So for example, it should go something like the following: OK, we have looked at the numbers, and we have an opportunity to increase wallet share among millennials with an income of more than \$100,000 per year. Our research suggests this group would like to do these five things at our bank. Let's take our investment dollars to improve how we deliver those five things – that could include integration of capabilities into the mobile app, improving the experience at the ATM, adding new service concepts at the branch, improving data mining capabilities... the list goes on.

But the point is, it should not matter which team in the bank is getting the investment, it should be more about delivering the right experience for the FI's target consumers.

**Bulletin:** It sounds like regardless of what we call it, you both believe there is still a place for a transformed branch or a 'branch of the future' – in the future.

**AF:** You know, it is very interesting. I am based in Germany, and in nearby countries like Denmark and Sweden, we are getting a peek into the future. Those are 90% cashless societies. Granted, they are small areas, but they give us a taste of what is to come. And what is so fascinating is that while we are seeing so much of the banking experience shift to digital, there is still this desire to differentiate through human experience. So the pendulum is swinging back a little, I think. In Poland, for example, one of the country's largest banks was an online-only FI, until three years ago when they realised they could actually use some brick-and-mortar branches.

**RB:** It is so hard to differentiate among digital-only banks. FIs lose the stickiness they had in the past when they move so radically to an online or digital-first model.

**AF:** It is a very good point. And it underscores why we work with our customers to develop tools, systems, employee resources, etc. that enable flexibility and connectivity between the physical and digital worlds. Everything we create today needs to be sustainable for the long term – and that means recognising that high-tech and high-touch environments are equally important and must be equally available to consumers who are setting higher and higher bars for customer service expectations. ■

*Is your curiosity piqued by experience-driven banking? Find out more about their approach at [DieboldNixdorf.com/RBR](http://DieboldNixdorf.com/RBR)*



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