

DIEBOLD NIXDORF PERSPECTIVE

Branch transformation: shifting to a holistic strategy

By Chris Gill, Senior Director, Diebold Nixdorf Global Advisory Services

There are opposing forces at work in the financial industry these days, and I see them causing trouble for many financial institutions (FIs). The pace of change has increased dramatically – everyone is looking over their shoulders at non-traditional competitors and fintech startups – but there's often still a sense of inertia around making transformational changes.

So when these two sentiments crash against one another, what happens?

- FIs rush to adopt whatever new feature their competitor has just implemented or any buzzworthy new technology, without doing the due diligence to understand whether it's right for their customers or their long-term growth strategy.
- Individual departments in the FI pursue new strategies or change processes without thinking through how these will impact the rest of the organisation or their customers, so initiatives that seem to have so much potential end up failing.

Both approaches travel the path of least resistance: they may move the needle momentarily or excite the board of directors, but how are they helping lay the foundation for the future?

As physical and digital channels converge, it's critically important that banks view branch transformation through the lens of a holistic strategy. Rather than focus strictly on modernising the lobby, or migrating transactions to the ATM, strategic branch transformation can give FIs a deeper understanding of their customers' pain points and enable them to implement changes that may incorporate more than one channel and thus involve more than one department inside the bank.

This is where a roadmap specifically devoted to transformation becomes important. I'm surprised at how often I peel back the curtain at FIs to discover they haven't developed a comprehensive implementation plan to support new customer solutions.

A good place to start if trying to shift to a consumer-journey-focused strategy is to map every possible journey with the processes behind each step:

- First, define the 'ideal' experience for a particular journey, say, making a cash deposit
 - Define target experience expectations
 - Create ideal (future-state) consumer journeys
- Second, define the changes to people, processes and branch design required. For example:
 - Determine the lobby management approach for introducing customers to deposit ATMs
 - Identify the employee skills and training required
- Third (yes, this should happen at the end!), optimise your technology
 - Determine the relative importance of adding new features
 - Ensure self-service devices are optimally located to facilitate customer adoption

Many FIs have yet to do the work of conducting a comprehensive analysis of their branches and customer channel usage, instead relying on anecdotal evidence, or worse, making decisions based on gut instincts. That's where an industry partner can provide the necessary depth of expertise to quickly analyse and guide the development of a transformation roadmap.

No matter what kind of FI you run, you're never going to need ALL the technology available out there today, just like your organisation certainly won't implement every new marketing strategy or buy into every single advertising channel. As consumers set the bar higher, it becomes more important than ever to think critically about how your organisation can grow in ways that matter to your customers.

Before you invest in new solutions, make sure you've done the due diligence to know it's a sound investment. At Diebold Nixdorf, we have global experts in retail and digital banking, armed with best practices learned in the trenches, who are focused on helping enhance consumer journeys in meaningful ways. And that can make all the difference. ■



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