

GLORY

Branch Transformation:

The plain truth





BRANCH TRANSFORMATION: THE PLAIN TRUTH

What used to be the ‘branch of the future’ turned out to be more of a journey than a destination. If form is to follow function, then the same is true about the concept of branch transformation. Thought leaders and suppliers to the financial services industry have written volumes on the topic of branch transformation. In fact, according to a recent research report conducted by International Data Corporation (IDC), a whopping \$16 billion will be invested in branch transformation globally in 2017. But what exactly will that investment involve?

The simple fact is, while many are selling Branch Transformation, it is not something that can be bought off the shelf. Rather it is something you create and bring to life with human elements, supported by the right tools, facilities, and technologies in support of your vision.

Most financial institutions agree that Branch Transformation is about delivering a differentiated and excellent experience when customers visit your branches. It is widely accepted that this is a critical element in today’s omnichannel delivery model. It’s about attracting and building relationships with targeted customers and building a new, higher level of trust and engagement with them. To achieve this you must work toward greater efficiency throughout the branch footprint. All this, of course, leads to greater growth and profitability for your organisation.

In order to deliver the desired results, the solution is not as simple as buying someone’s product or range of products. Transformation really begins with your people, and then proceeds through the processes they use to deliver financial services. Lastly, your branch delivery must be fully supported by the design and functionality of your physical properties themselves.

**\$16 BILLION WILL BE
INVESTED IN BRANCH
TRANSFORMATION
GLOBALLY IN 2017.**

Source: International Data Corporation

PEOPLE FIRST

... PREPARE FRONTLINE BRANCH STAFF TO SERVE AS THE SINGLE POINT OF CONTACT FOR SATISFYING THE DIVERSE NEEDS OF WALK-IN CUSTOMERS.

Source: American Banker Association
announcing its new Universal Banker
Certificate

The first order of business in any branch transformation is about your people. To meet changing needs your staff must be willing and able to change their behaviour, develop new skills and meet new expectations. Training is crucial as is potentially changing your recruiting methodologies.

In the past training was often something that was 'tagged on' to the end of a big systems implementation project. Over time, however, organisations have learnt, often to their cost, that training needs to begin before the new machines even arrive at the branch. The very first challenge comes from how the branch, and in turn the staff, will view the new technology and the associated training.

Financial services staff can easily limit their view of themselves to their role as an expert, adopting a 'tell' approach when engaging customers. The more effective employees adopt a facilitator role, asking questions to identify and respond to the customers' real needs, delivering a more customer-centric approach to working with the client.

Getting proper training and retaining the right person is key. However, by itself, that is not enough.



PROCESS NEXT

You must not forget the process part. Branch processes will also need to adapt to support a different type of branch workforce. This is where technology can enable reduced branch staffing while also supporting expanded staff roles. Employing technology to simplify all transactions while also making them more efficient is essential to superb customer service.

For instance, branch staff cannot be “tethered” to a traditional teller line. According to Bancography, a leading financial industry consulting firm, “... the teller line must be redesigned to allow an employee to easily migrate from a paying and receiving station to a sales and service workstation.” Expanded branch staff roles, therefore, must be more than nominal. It’s more than simply becoming more productive, it’s about being successful in a much wider variety of tasks and duties.

Inefficient back office tasks also need to be minimised and customers need to perceive value in the service level delivered. In short, technology purchases must support the staff in their new roles while also enhancing the customer in-branch experience, or they should not be made.

... THE TELLER LINE MUST BE REDESIGNED TO ALLOW AN EMPLOYEE TO EASILY MIGRATE FROM A PAYING AND RECEIVING STATION TO A SALES AND SERVICE WORKSTATION.

Source: Bancography

PROPERTIES LAST

It would be counterintuitive to design your new branches prior to the people and process steps. The physical size, layout and design elements need to also complement the people, technologies and processes serving your clientele. Proper design is an important part of the transformation of your branches whether you're looking for smaller footprints, varying formats throughout the branch network, or a “greener” approach to branch banking.

Several years ago, the Bank Administration Institute (BAI) conducted two major research studies. The first was the Frontline Experience and it was followed by the Frontline Factor. The former was about the importance of the branch staff in delivering an outstanding customer experience and the latter was about the frontline staff's role on building deeper client relationships.

While the outputs of these two studies are still pertinent, the frontline has now changed significantly. Not only is it staffed with people who have responsibilities that go well beyond transaction processing, but also, for many institutions, the frontline is no longer a line.



HOW TO PROCEED?

Technology, no doubt, has its place in the branch. Once you have determined who the right people are for your branch delivery and have a strategy to hire and train them, it is important to consider how you will empower them in their role. Eliminating and automating tasks that offer little value is key. Here are some proven and trending technologies to be considered as part of your Branch Transformation plans.



CONSIDER CASH RECYCLERS

The consensus is that the redefined role of the traditional teller must be supported by enabling technology that makes routine transaction processing simpler, faster, and more customer-focused. Enter the Teller Cash Recycler! According to an American Banker article entitled Channel Changers: the Rise of the Universal Banker, “Another piece of equipment proving key to the universal banker model is the cash recycler, which automates transactions, stores and dispenses money and lets multiple employees work out of the same drawer.”

This technology has gained wide spread market adoption in financial institutions of all sizes and types across the world. It is an essential element to free staff from securing, counting and authenticating cash and it enables them to engage with the customer throughout the branch visit.

ANOTHER PIECE OF EQUIPMENT PROVING KEY TO THE UNIVERSAL BANKER MODEL IS THE CASH RECYCLER, WHICH AUTOMATES TRANSACTIONS, STORES AND DISPENSES MONEY AND LETS MULTIPLE EMPLOYEES WORK OUT OF THE SAME DRAWER.

Source: American Banker article entitled Channel Changers: the Rise of the Universal Banker





USE VIDEO TO EXPAND, NOT REPLACE, OPPORTUNITIES FOR CUSTOMER ENGAGEMENT.

Source: Celent report entitled Video Banking: Lights, Camera, Transaction?

A VISION FOR VIDEO

The video teller has emerged as a way to reduce branch headcount, pool resources and still provide some level of personalised service. Recently, Celent published a report entitled, *Video Banking: Lights, Camera, Transaction?* In that report, Bob Meara, the author, explores the various methods whereby financial institutions can engage customers via telepresence using video capabilities. In Celent's view, they should "Use video to expand, not replace, opportunities for customer engagement." The study also states that Celent, "advocates enabling video alongside other methods of multichannel customer engagement. For in-branch teller transactions, however, Celent finds assisted self-service using in-person frontline staff, much more compelling and likely a better business case."

This is a critical point, because this format is also not for everyone. In a recent study by Glory regarding consumer preferences for self-service devices, 47% of respondents rarely or never select to use self-service machines when available. Now, consider that branch customers have likely gone out of their way to find a branch and come inside. It is essential that the technologies they find are focused on enhancing the face-to-face interaction while also making it efficient, rather than forcing them to use a machine when that may not be their preference.

ASSIMILATE ASSISTED-SERVICE

We also see the emerging technology of expanded function lobby kiosks as being important to the transformed branch. These kiosks can provide virtually all of the transactions that are traditionally performed by a teller either in a full self-service mode or in an assisted service mode. Those customers who want to 'go it alone' can and those that either request or need personal assistance can engage directly with a branch staff member. This gives every customer visiting the branch a choice of how to fulfil their needs.

As expressed by Kevin Travis of Novantas and quoted in Bank Technology News, "Assisted self-service is the way it will end up fairly quickly." The idea is to get customers more comfortable with using self-service technology, while at the same time, offering them an opportunity for face-to-face contact.

ASSISTED SELF-SERVICE IS THE WAY IT WILL END UP FAIRLY QUICKLY.

Source: Bank Technology News



SERVICE CAN SAVE THE DAY

With all of this technology empowering your branch staff, it is absolutely essential to have a service agreement from a trusted partner to ensure that this mission critical technology keeps a maximum uptime. Consider whether your service provider has a contractual agreement with the manufacturer for the usable life of your solution. This will ensure that the technicians who visit your branch can get parts, training and support when it is needed. The most effective way to achieve this is to work with the Original Equipment Manufacturer (OEM) whenever possible.

Management Services



- Intelligent user help desk support
- Remote firmware and pattern updates
- Activity journal capture and storage
- Event review and analysis

**System management
for optimum daily
performance**

Monitoring System



- Device alarms and alerts
- Real-time system status view
- Diagnostic remote control
- Assists intelligent service dispatch

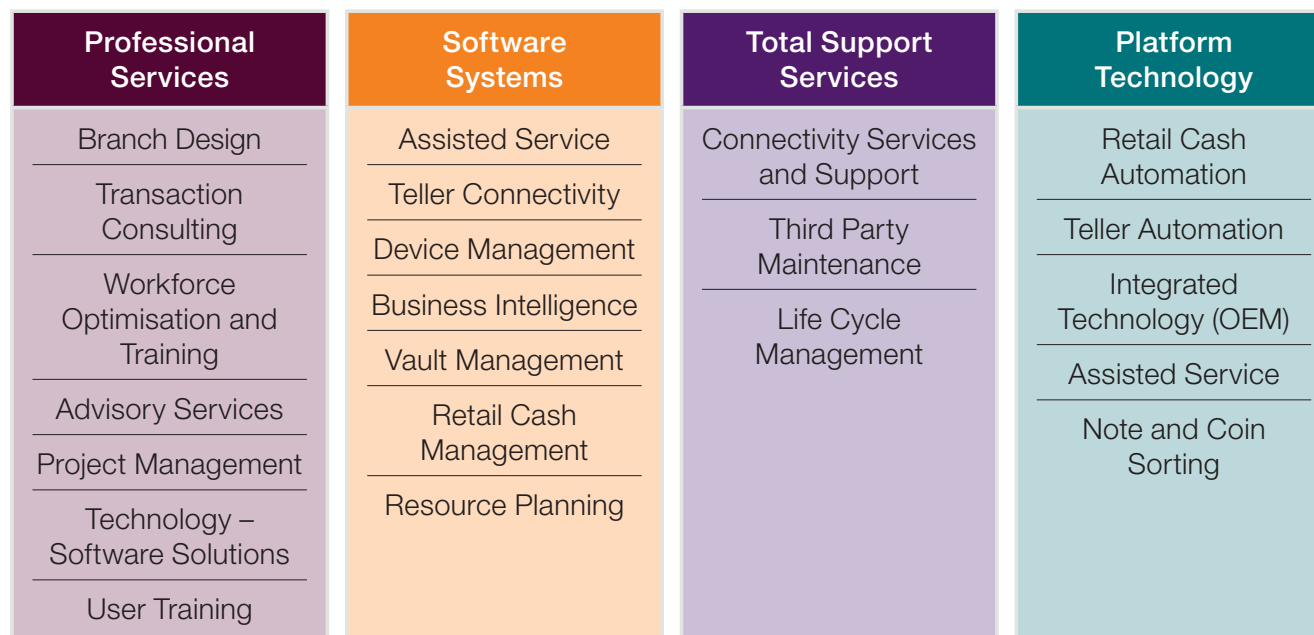
**Effective problem
resolution and faster
return to service**

Lastly, when looking at service providers consider how availability and support for your branches can be enhanced with technology that is supported by remote device management and proactive monitoring. Devices that are connected to the internet are transforming many facets of our daily lives and your branches are no exception.

MOVING FORWARD

Before launching into a review of the many offerings wrapped-up in the cloak of “Branch Transformation” solutions, remember it all starts with having a crystal clear view of what you are trying to accomplish, along with a precise understanding of what will be required of your people.

Make sure your technology supplier is not just providing products or an off-the-shelf branch transformation kit. It is far more important that your solutions provider be able to help you with these critical steps, including the implementation of best practices and management of the accompanying branch process changes, in your transformation journey.



Enabling Technologies + Professional Services = Customer Value Realisation

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