The self-service pump up: How the right tools fuel branch engagement and profits

In an age when customers expect maximum convenience and minimal waiting, branches can play a big role in building a relationship bridge.

BY DAVID JOHNSON

Even as digital banking gains ground, many customers still prefer human, face-to-face interaction for complex products such as mortgages and investments. And while 60 percent of banking customers use digital channels, online banking only generates 25 percent of sales, according to research by McKinsey & Company.

Make no mistake: Branches remain relevant. But as with any investment, you must monitor, tune and protect them. As demographics shift and technology evolves, financial institutions must also adapt their branches to future-proof their investments.

REVITALIZED BRANCHES, REKINDLED RELATIONSHIPS

Here, there is good news. New tools today breathe fresh air into traditional branches and bring customers with them. Even with smaller real estate footprints and shortened staff hours, branches that leverage technology increase monthly transactions and account openings.

Digital transformations occur globally at different levels and speeds. From robot greeters in Japan and India to teller-less branches, technology can automate most of the transactional activities that branches handle today. But just because you can doesn't mean you should.

"One size does not fit all"—even within a single financial institution—but trying to make it work can give you sizeable fits. Thus leaders should analyze each branch and its distinct customer base to determine which activities require "high touch" versus high tech. Brand expectations and customer preferences must also figure into any branch transformation decisions.

While potential efficiencies exist, branch transformation isn't purely operational. The branch revivals around us serve to expand customer relationships. Right now, the branch remains a key component for long-term relationship building. On the one hand, every transformation strategy should start with the customer in mind. And on the other: What do customers want anyway?

THE INCREASING WEIGHT OF NO WAIT

Across every demographic, customers want exceptional service with minimal wait times.

More than half of banking customers surveyed by Celent said long wait times would prompt them to bank elsewhere; and a poor branch experience was the leading reason customers said they'd change banks.

As the "original channel," the branch far predates omnichannel concept by centuries. (Italy's Banca Monte dei Paschi di Siena has been at it since 1472.) As such, customers walk into a branch with higher service expectations than when they log on to an account. They want to be welcomed and served—without sacrificing features they can access through their tablets or phones. To retain relevance, branch transformations should extend the benefits of the online banking world—such as speed, convenience and self-service—into the physical branch.

CUSTOMER POWER: NOW IS THE HOUR

Self-service has become normalized by other industries. In retail, shoppers can purchase everything from shoes to sushi in just a few clicks, tailored to product, delivery and communication preferences. Customers don't just enjoy online access and capabilities: They expect them.

For financial institutions, that means customers want to bank on their own terms. Robust self-service tools in the branch give them a fresh experience, a sense of control and a reason to come on in.

Interactive kiosks, for example, embed most branch services into a self-service machine. Solutions that seamlessly integrate to core banking systems enable transactions without any staff intervention. That reduces wait times for common, low-value activities such as cash recycling and extends "banker's hours" for customers accustomed to an "always on" mentality.

Many self-service tools also meet customers' needs for personalization with multilingual capabilities and biometric security features. Fingerprint scanners (and sometimes even facial recognition) take the place of yet another password and PIN, to the delight of customers.

Advanced self-service kiosks offer similar convenience to an ATM but allow customers to complete most of the business they'd normally conduct at the branch independently—such as making large deposits, account transfers, cashing checks, paying loans, and authenticating over-limit cash withdrawals.

Such tools can make the branch a desirable, convenient destination—especially with the added benefit

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of having help steps away if needed. The technology also frees staff to connect with their customers, rather than rush them through the queue.

DIGITAL TOOLS, PEOPLE SKILLS

Branch transformation and self-service change the role of the teller as well as the skill set the position requires. To serve customers expertly, tellers must adopt more concierge-like roles with deep product knowledge and the authority to make decisions and complete advanced transactions.

Self-service tools, instead of replacing teller positions, elevate their importance. In general, branch staff become better utilized and happier when banks remove routine transactional tasks from their plates. Financial institutions with transactional-only tellers suffer higher turnover rates than branches with more skilled, customer-focused staff.

A successful transition of branch staff from tellers to sellers requires genuine connections with customers. And the branch still represents the best place to build deep, trusting relationships.

THE BIG PICTURE: BETTER BENEFITS FOR SMART INSTITUTIONS

Many financial institutions get ahead by going digital. Self-service technology has sped up transactions and streamlined branch operations, thus reserving tellers consultative services and higher value transactions.

Moving forward, financial institutions must strategically recalibrate their square footage, staff and technology to meet modern customer demand. If they hit the right balance for their brand, location and client base, they stand to benefit from:

» *Improved customer experiences*

» *Extended banking hours (without adding staff)*

» *Faster, more efficient transactions*

» *Smaller footprints and reduced real estate needs*

» *Better staff utilization, resulting in lower full-time employee needs and less turnover.*

To truly revitalize a branch, leaders shouldn't separate their physical and digital strategies. A winning strategy, in every channel, helps customers help themselves—powered by a bank that knows itself.

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