

P E R S P E C T I V E

Leveraging the Branch to Provide
Better Customer Experience



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The branch and customer experience

As part of a highly commoditized business, banks are seeking new ways of differentiation, customer service being one of them. They are not just aiming to satisfy customers through service; their new agenda is to use service as a tool to build a memorable customer experience and long lasting relationships.

The branch was – and continues to be – at the heart of service delivery. Despite taking huge strides in channel innovation, retail banking is still a mass-market phenomenon, in which the branch plays a very important part. The branch is the personal face of an otherwise impersonal bank, and is instrumental in bringing it new customers and rooting it within the local community.

However, the branch's biggest drawback is its extremely high operating cost, which has driven banks to migrate transactions to low cost self-service channels and cut down their branch network where possible. These self-service technology-led channels, such as the ATM, Internet and Mobile have consequently reduced the number of customers walking into a branch to perform a routine transaction.

With the gap between the customer and the branch widening, and personal interaction – the foundation of the customer relationship – reducing, bank branches are finding it harder to retain customers on the strength of their products, pricing or distribution network. Banks realize that they need a more compelling proposition to bind the loyalty of their customers. That proposition is customer experience.

Trends impacting customer experience

While designing an optimal customer experience, banks must factor the following trends:

1. Changing customer needs: Customers are not just demanding more products and better value from financial service providers but also greater transparency and responsiveness.

2. Technological breakthroughs: Emerging technologies like cloud computing and mobility are enabling better operational frameworks, and the creation of new partnership models.

3. Regulatory impact: Regulations are becoming stronger, as are customers' concerns regarding privacy and transaction security.

4. Universal banking: Large banks, with a wide basket of products and services are more likely to have the advantage in future.

Ways to improve in-branch customer experience

Initiating contact before a branch visit: Having less time and more channels on their hands, customers usually start a conversation with their bank over the web, phone or email, before they actually visit the branch. Banks must be able to identify their customers' needs from such conversations and rather than waiting for the customers to show up at the branch, must proactively initiate contact with them through trusted advisors.

Delivering quick and easy fulfillment: Studies show that between 5 and 15 percent of customers leave the branch without being served and that 2 out of 3 customers are willing to change their bank after two poor service experiences. It is no secret that inefficient processes are a major cause of customer dissatisfaction. Branches need to streamline their processes and cut out duplication of data entry and documentation in order to convert conversations into revenue. Banks can employ the thumb rule of 5 to improve the service experience: keep wait times at under 5 minutes, limit the queue at a teller window to 5 people or less, and ensure that every transaction is completed within 5 minutes.

Creating a memorable "financial retailing experience": Taking a leaf out of the retailing book, several banks have refurbished their branches, to create a highbrow lounge ambience, complete with coffee bars and gaming consoles. However, these measures haven't significantly driven up foot traffic. Banks need to rethink the financial retailing experience and perhaps introduce more meaningful in-branch initiatives, such as product demonstrations or financial education in order to attract more visitors.

Having the right staff: The most important element in a branch is the staff. Customers usually visit the branch to seek help with a problem or a high involvement decision. Banks must ensure that their employees are well trained in both functional

aspects as well as soft skills, so that they can address queries ranging from which home loan product is most suitable to how to start saving for retirement. This calls for organizational commitment as well as resources.

Persisting with the conversation: Financial product sales don't come easy, and are usually a result of several meaningful conversations over time. Branch advisors must have the patience and perseverance to keep the conversation going with customers, building both the relationship and cross sales step by step. What's more, because conversations aren't always conducted within the branch, banks must equip their staff with the right tools – personal financial management tools and mobile devices, for example – to ensure that they are always within reach of customers, over phone, email or web. Such tools also enable branch staff to respond faster, perhaps even in real-time.

Conclusion

Although self-service banking options have risen in popularity, studies show that the number of teller transactions still outnumbers new account opening by a factor of 10. Banks are trying hard to migrate routine, low value transactions away from high cost branches to low cost electronic channels. At the

same time, they are reinventing the role of their branches by getting them to focus on sales and advisory functions rather than transaction fulfillment. And rightly so, because the branch is still the go-to channel for customers when they need to seek financial advice or solve a problem.

The branch is also the place where customer relationships are made. Branch staff can make the greatest impact on the quality of service delivery and customer experience, two of the biggest differentiators in a business that is largely commoditized. Banks seeking to improve in-branch customer experience, must ensure that their processes are streamlined and pain free; that their staff is well equipped with the right knowledge, tools and training to engage customers in meaningful conversations; and that they have the right systems to capture and keep track of every customer interaction.

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