INDUSTRY: FINANCIAL SERVICES

Building a Better Bank Branch Around Customers

The Challenge: Reimagine the Role of the Branch

The banking industry is in the midst of a customer experience revolution. New channels and technology offer amazing and convenient new ways to interact with customers. As a result, the role of the traditional bank branch channel is changing as well, moving away from simple teller transactions to focus more on complex, advice-based interactions.

A leading U.S. bank realized that any transformation of its retail network would need a strong customer focus. The bank wanted to create the optimal customer experience during every interaction with its customers at retail branches. It enlisted the help of Peppers & Rogers Group to identify gaps in the branch customer experience and define how those gaps could be closed.

The Approach: Redefine the Branch Experience

The evolution of the retail bank's priority from transactions to sales and advice is already underway. To gain a better understanding of the current situation, the team created a 360-degree assessment based on customer, employee, and market information. The team examined the current customer experience based on customer accessibility, convenience, enjoyability, and consistency, as well as studied elements of the bank's current organization, process, information, and technology. It conducted in-depth interviews and surveys with corporate and branch staff to identify existing vision and strategy, and experienced the branches first-hand through mystery shopping. In addition, the team reviewed all relevant strategies, business plans and policies to ascertain the current experience.

The assessment uncovered five strategic issues that the bank needed to address in its transformation. First, while the bank already had employee incentive and training programs in place, they were not targeted toward creating a better experience for the customer, and were instead focused on product-centric goals. A cultural change management program was recommended to shift behavior by incentivizing branch staff to deliver the right customer experience at each interaction.

A cultural change management program was recommended to shift behavior by incentivizing branch staff to deliver the right customer experience at each interaction.

Second, the branch network would benefit from a redesigned CRM strategy to drive increased share of wallet from existing customers. The team discovered that while the bank had a lot of current customer data, it was not being leveraged for the bank's and the customer's benefit. Simple measures such as a thorough on-boarding process and portfolio management by relationship managers would help the bank service customers better.

Third, the bank's communications with customers presented an opportunity to repair the industry's and bank's overall reputations. Transformation requires proactive, simplified, and transparent customer-centric communications that lead to increased consumer awareness, for example, about the bank's community involvement and other positive programs.

On the technology side, the team identified an opportunity to create a smoother multichannel experience for customers and

©2012 Peppers & Rogers Group. All rights protected and reserved.

Customer-centric Transformation Customer and company perspectives help redefine the branch customer experience

Customer Experience Framework				
Customer Perspective (Needs)	**Accessibility** *How accessible and available are transactions in retail channels?* • Proximity of branches to major residential areas • Availability and range of transactions within branch channels (e.g., ATM, VTM, Teller, RMs, etc.)	**Convenience** *How convenient is it to start and complete transactions?* • User-friendliness of application forms, screens, etc. • Digital vs. paper transactions • Waiting & processing times with employees	**Enjoyment** *How enjoyable is the customer experience in branches?* • Attractive and comfortable layout • Positive attitude of employees (e.g., welcoming, active listening, etc.) • Wow-factor in certain transactions	**Consistency** *How consistent is the customer experience among branches?* • Consistency level of employees across retail channels (e.g., meeters, tellers, RMs, etc.) • Consistency of processes (e.g., sales, service, and operational processes, etc.)
Company Perspective (Enablers)	**Organization** *How customer-centric is the retail banking organization?* • Roles and responsbilities • KPIs and targets • Training • Culture	**Process** *Are the branch processes mapped?* *Are the quality management processes in place?* *Are there SLAs in place?*	**Information** *Does the bank use the right customer experience metrics and measure correctly?* *Does the bank match the right offer with the right customer?*	**Technology** *Does the technology facilitate all necessary transactions?* *Do agent desktops provide all necessary information (e.g., contact history, 360° view of customers)?*

optimize back-office systems. These steps are critical to migrating simpler transactions away from the retail branches to more appropriate and cost-effective channels. The infrastructure must enable this change in consumer behavior.

And finally, Peppers & Rogers Group recommended that the bank prioritize and create a roadmap for its new initiatives. The bank already had numerous initiatives in place. Branch managers spent too much time reviewing, understanding, and launching the new programs, leaving them with less time to interact with customers and focus on their roles. By re-assessing the organizational structure and creating oversight for these initiatives, duplicate or conflicting initiatives could be eliminated. The end result would be that only the initiatives with the strongest customer experience impact would be launched and more resources would be dedicated to ensuring that they would be executed well.

The Insights: Take Action Around the Customer Experience

Given Peppers & Rogers Group's assessment and recommendations, the bank is currently reviewing its next steps, including aligning recommendations with organization strategy and goals, and prioritizing certain initiatives for pilots and deployment. The bank now has real data to understand its current state, as well as an independent set of recommendations to build the retail branch network of the future, designed for the benefit of both customers and the company.

About Peppers & Rogers Group Financial Services Practice

Using our unique tools and frameworks, we help financial institutions formulate strategies to increase revenues, manage different customer portfolios better, and increase sales and service effectiveness. Better customer experience management is an overarching enabler that increases the effectiveness and ROI of all other customer-centric initiatives. www.peppersandrogersgroup.com

©2012 Peppers & Rogers Group. All rights protected and reserved.