



Six Strategies to Consider on Your Branch Transformation Journey

Branch transformation requires addressing six strategies: business model and management processes, marketing and sales, human resources, distribution/layout, omnichannel and customer engagement.

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Many banks are addressing the need to transform their branches by creating new formats and layouts with the latest digital bells and whistles, with some looking not at all like traditional banking spaces. JPMorgan Chase is openly sharing their efforts to converge their branch channel with innovative digital technology. Umpqua Bank, long recognized for offering free coffee and comfortable sitting areas in its stores (what it calls its branches), opened a flagship location almost two years ago featuring digital technology, including interactive wall screens, tablets, and mobile concierges, who can access commercial and private bankers via Bluetooth headsets to assist customers. PNC Bank has deployed very small pop-up branches in Atlanta, Chicago, and most recently in Charlotte, creating brand awareness and engaging customers without the need for a lot of space or permanent real estate.

Even as the overall numbers of bank branches are expected to decline, branches continue to be an important part of an omnichannel strategy for financial services organizations, balancing customer desire for nearby branches with their increased use of digital channels.

But true branch transformation is much broader than just changing the look and feel of banking interactions that take place in a bank's physical brick-and-mortar branches. It will require addressing six different strategies, and how these interconnect and evolve over the transformation journey. These strategies include:

1. Business model and management processes
2. Marketing and sales
3. Human resources
4. Branch distribution/layout
5. Omnichannel
6. Customer engagement

Each financial institution needs to develop their own branch transformation strategy that incorporates a combination of these strategies, reflecting their objectives and institutional culture, in an ongoing program to meet the needs of today's changing consumers.

• **Business model and management processes.** To make effective decisions about how to evolve their branch networks, banks need a standardized framework that gathers key performance data and creates a holistic view of their operations. Banks need visibility and actionable data on how employees are spending their time, on what activities and how they are interacting with customers. They can then tie the data to end-to-end processes that are aligned to corporate strategic and customer engagement goals. Categories of measurement and focus could include productivity, service deadlines, quality, financials and employee performance and satisfaction.

- **Marketing and sales.** Gaining market share and increasing revenue is an ever-present objective for most financial institutions. As a result, each organization’s branch transformation strategy should include not only revenue planning activities but also tools to help measure whether revenue objectives are being achieved, and where other changes may be needed. Marketing has an important role in communicating the value of branch transformation changes to employees, and also to educate customers on how the bank can help them manage their financial lives in different ways across all interaction channels. Branch sales efforts should be aligned with the rest of the organization and branch sales processes may need to be revised and brought up to date.
- **Human resources.** Financial institutions have an opportunity to leverage their branch network’s strongest asset – their employees – in new ways in response to evolving customer expectations and needs. Many financial institutions are actively using or at least piloting universal bankers and financial advisors rather than tellers in their branches. As these types of changes are rolled out, corresponding training and enablement programs are required, as well as the ability to assess where the use of alternate branch employee positions is most effective. Alternatively, banks can incorporate digital technology in branches to help with routine self-service transactions, but also have branch employees on hand to help customers open an account or resolve a more complex service issue. As employee roles evolve, so will the need for Human Resources efforts to identify, recruit and enable the right candidates for each position.
- **Branch distribution/layout.** Surveys indicate that one of the major factors influencing customers in their selection of a bank is the placement of branches near their home or workplace. Even as financial institutions decrease the size of their branch networks, they need to continue to test new formats, as mentioned earlier, while also making changes to existing older branches. In older and larger locations, branches can make minor renovations to remove excess teller windows to make room for new technology or add comfortable seating areas for customers to meet with branch staff. The real challenge will be to ensure that they maintain the right level of “local presence” for both existing and new customers while balancing branch expense.
- **Omnichannel.** Banks need to provide branch staff and all other customer-facing employees with a 360-degree view of customer history, inquiry statuses and overall customer health score for a more personalized, consistent experience across all customer touch points. By having a comprehensive view into this data, employees are empowered to follow-up on a previous interaction, reduce customer friction and increase sales opportunities. Behind the scenes, managers can monitor employee use of technology to better understand the activities and processes performed and make changes as needed to improve customer experience.
- **Customer engagement.** Beyond customer experience or customer satisfaction, banks need to engage customers and deepen relationships. It’s more important than ever to capture customer sentiments, behaviors and insights at the transaction-level during a branch visit as part of the customer journey, to help employees understand each customer segment and the impact their behavior has on the customer. In addition, banks need real-time visibility into employee behaviors and performance against goals to ensure that high standards of customer support are being provided. Digital innovations and customer expectations are changing at a rapid rate, and no one branch model will work across an expansive branch network. By addressing these six strategies, tailoring branch staffing, training, technology and processes to customer segments, and providing the business intelligence to assess success and missteps, you can better evolve your branches to meet the needs of customers now and in the future.

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