

Smart Banking: Fine-tuning the Branch Experience for a Post COVID World

Banking, Financial Services and Insurance



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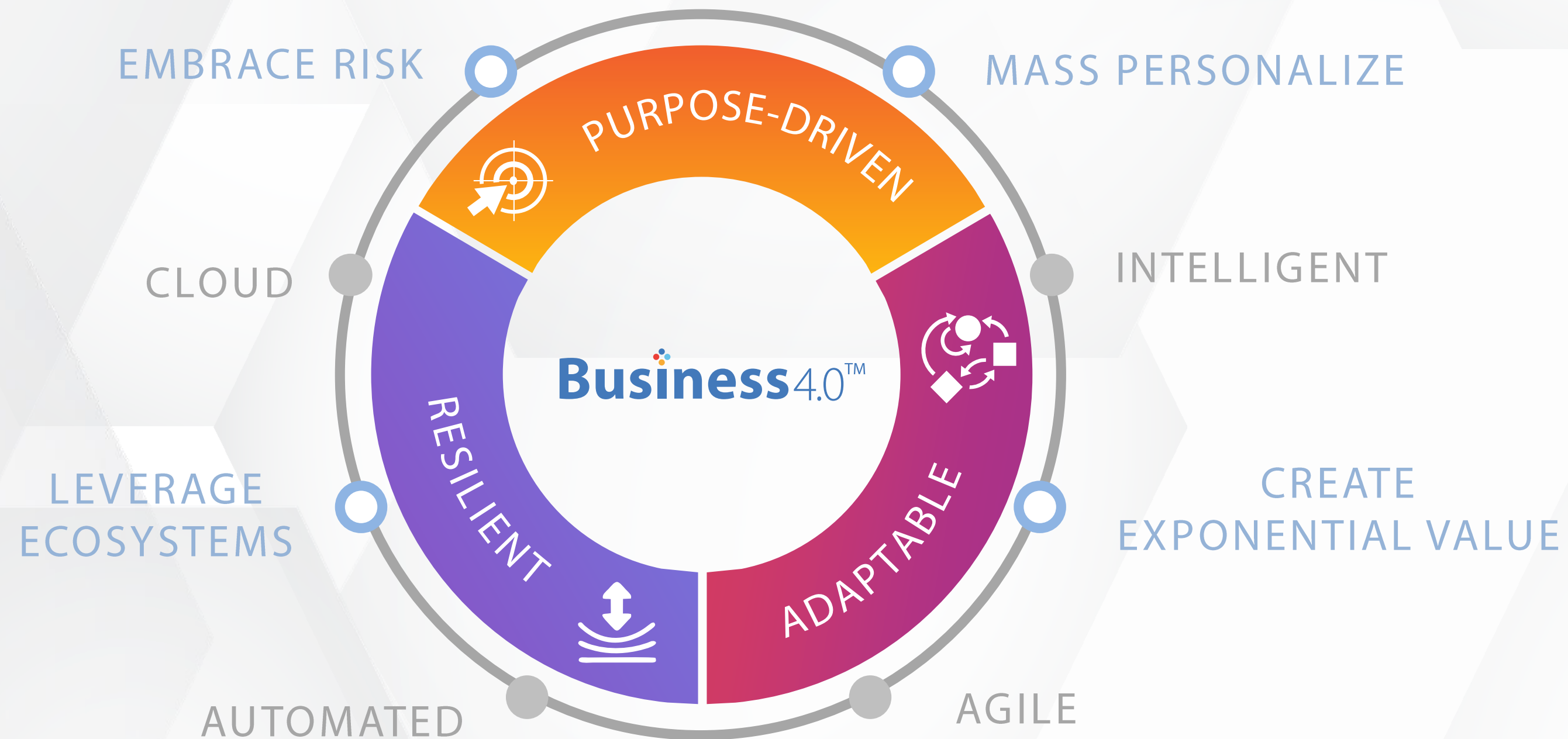


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About the Author

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Abstract

Globally, branches are still the preferred channel for complex banking activities like buying a mortgage and financial advisory. The branch continues to be one of the key vehicles for improving customer loyalty, net promoter score (NPS), and revenue. Though several banks have undertaken branch transformation initiatives over the last decade, the focus has been limited to staff management and cost and efficiency optimization. The ongoing COVID-19 crisis has introduced new challenges in branch operations, such as limited service, reduced operating hours, and unavailability of staff. Also, most branches lack privacy, social distancing facilities, security, safety infrastructure, tools to support branch staff,

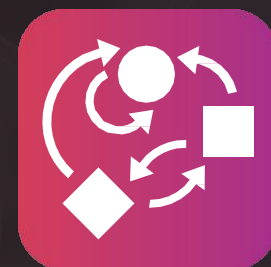
the right mix of technology and human touch, and the capability to deliver omni-channel experience. Consequently, transforming branches to deliver a smart customer experience has now become an urgent imperative. This white paper discusses how banks can complement existing branch transformation projects by building collaborative ecosystems backed by open banking platforms and application programming interface (API) frameworks. It also highlights how the adoption of the latest technologies can enable a safe and smart branch experience.



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Purpose-driven Approach to Creating Safe and Personalized Branches

With digital banking having gained ground, branch visits are typically limited to a specific intent that requires in-person interaction. Such visits must deliver a pleasant experience to retain customer loyalty. One way of achieving that is to understand in advance the intent of the customer visit and proactively plan to address all the requirements. This underscores the need for a comprehensive branch transformation initiative to create a safe, smart, and integrated interaction platform aimed at optimizing branch operations and delivering superior experience.



In our view, banks' approach to branch transformation in the post COVID world should consider six distinct aspects (see Figure 1). Defining a transformation strategy considering these aspects will help banks to build a resilient, adaptable, and purpose-driven branch banking model equipped with the capabilities to weather future COVID-like crises.



Resilient



Adaptable



Purpose-driven

Platform with enhanced health and safety to cater to post COVID realities

- Safe screening tunnels
- Guided branch navigation
- Co-browsing counters
- Customer engagement pods

Smart interaction platform with enhanced privacy and physical security controls to create a flexible branch ecosystem

- Tablets in branch
- Visitor warning system
- Intent prediction and screening
- Next best action recommendation
- Hot desks and expert connect
- Self quarantine pods
- Digital appointments

Branch-as-a-service model for new business opportunities and ecosystem partnerships to deliver beyond banking services

- White-labelled branch services
- Branch as an experience center
- Decision support systems
- Branch as a distributor of life-stage services
- In-branch guided assistance through advisory bots
- Paperless branches* and new customer acquisition
- Modular branches

Figure 1: Technology and Solution Enablers for Safe and Secure Branch Experience

* TCS, Going Paperless: A Strategy for Financial Institutions, Feb 2020, Accessed Aug 2020, <https://www.tcs.com/going-paperless-a-strategy-for-financial-institutions>

Evaluating the intent of the branch visit



Given that movement restrictions and safety measures are set to become somewhat permanent in the post COVID world, banks must make it mandatory for customers to book appointments to visit the bank. Pre-screening customers based on appointment information and interaction history can help determine the intent of the visit; banks can then evaluate if a visit is warranted, which in turn will help optimize branch operations. Given the ongoing COVID crisis, combining customer contact details with information on most frequently visited branches can help identify geographical clusters with the highest footfalls. This will help predict future impact due to customers from COVID clusters visiting banks, enabling branches to proactively take appropriate precautions and communicate with stakeholders. Customer visit prediction models that consider past interactions on assisted channels, failed transactions, and other data can help identify grievances and direct customers to the right staff at the branch resulting in better satisfaction, experience, and loyalty.

With the advent of open banking, a few banks have started offering multi-banking and financial aggregation services.^{1 2} Customers' transaction information pertaining to accounts held at other banks is accessed (after obtaining consent) through APIs. Contextual insights from such information are used to understand customers' life stage needs and arrive at the intent of the branch visit. These insights help banks to identify opportunities to convert prospects into customers, sell new products to existing customers, improve operational efficiency at the branch, and minimize the length of the visit, in turn resulting in reduced costs.



¹ NatWest, Life Moments, Open Banking, Accessed Aug 2020, <https://personal.natwest.com/personal/life-moments/open-banking.html>

² BBVA, BBVA launches the first data-based smart financial aggregator, Accessed Aug 2020, <https://www.bbva.com/en/bbva-launches-the-first-data-based-smart-financial-aggregator/>

Providing guided assistance in the branch

A branch visit starts with a greeting from a bank representative, registering at the front desk, and waiting to be serviced at the counter. Banks have tried to improve the branch experience through queue management, dedicated desks for priority and wealth customers, and concierge services. However, none of these measures are directed toward addressing threats posed by unauthenticated visitors or understanding the intent of walk-in prospects' visits resulting in loss of potential business opportunities.



In the post COVID world, branches may soon be subject to regulations mandating the provision of safe and smart engagement platforms. In-branch structural modifications could include screening tunnels equipped with proximity and motion sensors, metal detectors, thermal image capture, bluetooth low energy (BLE) sensors, smart cameras, and so on. Artificial intelligence (AI) and machine learning (ML) powered solutions can be used to discover the presence of the bank's app on customers' device, enable identity and appointment verification, and detect threat levels in real time. Verified customers can be allowed to enter the branch while additional screening procedures can be invoked for unauthenticated visitors. Identifying the purpose of the visit in advance helps direct customers to the right counters and enhances the in-branch experience. Some banks are using robots to guide customers within the branch. Banks must also consider using mixed reality technologies to provide contextual in-branch guidance to customers.³

³TCS, Mixed Reality: A New Era in Banking, Mar 2019, Accessed August 2020, <https://www.tcs.com/mixed-reality-new-era-in-banking>

Creating private and secure interaction spaces



Existing branches lack privacy as conversations between staff and customers are audible to others in the vicinity; safety measures such as social distancing facilities too are absent. Furthermore, branches are vulnerable to holdups as even cash boxes in tellers' cubicles are within easy reach of visitors.

Some banks have installed teller pods to ensure isolation and privacy for customer interactions.⁴ The use of tablets in branches and co-browsing environments has picked up. Although some banks have piloted such futuristic prototypes, extensive adoption is yet to be seen. The prevailing crisis mandates widespread adoption bolstered by additional measures such as concealed pods, automatic lockdown to prevent the entry of suspicious persons, bulletproof glass, and replaceable pods to protect against varied threats.

⁴ LaMACCHIA Group, Ardent Credit Union Celebrates New Branch, April 2020, Accessed Aug 2020, <https://www.lamacchiagroup.com/newsfeed/ardentcu-ribbon-cutting-ceremony>

Improving processes to drive better customer interactions

Banks face several operational challenges due to unavailability of staff, lack of information on the latest offerings, inability to make quick decisions, while serving customers at branches. Regulations aimed at consumer protection mandate restrictions on selling practices as well as disclosure of information to ensure that customers are not misled into buying inappropriate products. This makes it extremely important to arm branch staff with the right information.

Equipping branch staff with tools to enable connect with experts and bots to provide information on products will improve the quality of sales and service interactions. While robotic process automation (RPA) solutions have simplified sales journeys, processes such as credit decisioning, underwriting, and fees and charges require additional reviews hindering in-branch interactions. AI and ML powered tools and conversational interfaces built using natural language processing (NLP) techniques can extract insights from historical data and guide branch staff during customer servicing, for instance, by offering suggestions on the next best action. This will reduce dependence on subject matter experts as well as improve customers' propensity to buy, which could potentially increase revenues. Operational decisions driven by knowledge and insights will be contextually more accurate rather than decisions based on the limited knowledge of an individual staff member.





Creating a 'retail-like' experience in financial services

Simple banking products are sold through self-service channels but customers prefer personal interactions for complex products like buying a mortgage. Customers visit branches to learn more about financial products and 'experience' them before purchase – similar to consumers physically 'trying out' apparel at brick-and-mortar retail outlets despite their availability on online channels. Given customers still prefer human interactions for complex banking needs, some banks are toying with the concept of setting up experience centers to offer personalized service and experience that complements the digital experience.⁵ Bendigo Bank has already taken a step in this direction by opening a futuristic branch that caters to specific needs of a community while helping customers achieve their lifestyle goals.⁶

While 'experience-before-buy' is a novel concept in the financial services industry, banks that enable customers to virtually 'experience' the outcome of buying complex products such as mortgage (new home) will successfully differentiate themselves from their peers. Using or 'experiencing' the product before actual purchase could tempt prospects into buying the product increasing conversions as well as customer base. Implementing the 'experience-before-buy' model will, however, require banks to build partner ecosystems by leveraging API frameworks. Entering into ecosystem partnerships with industry players and peers will enable banks to distribute third party products and co-create experiences contextualized to the life stage of customers.



⁵ Westpac, Bold to bet against branches, June 2019, Accessed Aug 2020, <https://www.westpac.com.au/news/in-depth/2019/06/bold-to-bet-against-branches/>

⁶ Bendigo Bank, Bendigo Bank reimagines the 'branch of the future' in Carlton, Dec 2019, Aug 2020, <https://www.bendigobank.com.au/media-centre/bendigo-bank-reimagines-the-branch-of-the-future-in-carlton/>



Leveraging the shared workspace model



Creating smart branches is investment intensive and the way forward may lie in shared workspace models. This will help increase outreach leading to new customer acquisition, ultimately enhancing the revenue without pushing up costs. Eliminating the need to set up branches in multiple expensive locations will optimize operational costs. Going forward, the concept of 'branch-as-a-service' – modular and specialty spaces with plug-and-play workspace, customer engagement pods, experience centers, infrastructure, and so on – could well gain ground and evolve into a new source of revenue. Banks must also consider setting up kiosks in public spaces, malls, and retail outlets thereby reaping economies of scale and reducing overall investment and operating costs.



The Way Forward

The COVID-19 crisis offers banks an opportunity to revamp their branch experience. Given COVID restrictions are set to become more or less permanent, this is the right time for banks to introduce technology backed innovations in branches. Smart branches and experience centers will entail heavy investments but have the potential to create new business opportunities besides delivering a one-of-a-kind experience to retain and attract customers. And, obviously, banks that act fast will steal a march over their peers.

Contact

For more information on TCS' Banking & Financial Services, please visit <https://www.tcs.com/banking-financial-services>

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