

# Resetting Service for the Financial Institution

Using Your Branch to Better Embrace the Customer of the Future



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# Executive Summary

Online, mobile, omnichannel, untethered, data mining, automation, and remote communication are all now buzzwords surrounding the new technologies and resources financial institutions have to help them re-invent their branch experience. Many new capabilities are now available, making this an exciting time for those institutions that can look to the future and enhance their offerings.

While technology is driving change, it can also be a tremendous challenge for financial institutions as they work to keep pace and even take advantage of the dramatic shift in customer needs and expectations. Millennials, baby boomers, small businesses – all are important market segments with very different wants and needs. Driven by technology, the new demand is for a complete online presence, complemented by more flexibility in personalized services, and specialized expertise available in every branch.

Suffice it to say, financial institutions of all sizes and in every geography are experiencing a dramatic shift in customer behaviors, needs and expectations—are you ready for the challenge?





# Part 1

## Trends and implications for branches

As demographics shift and technology evolves, customers' behavior and their expectations for financial services are also changing. Today's disruptive technologies and trends are driving the need for financial services companies to completely transform their branches.

Some of the most prevalent trends affecting banks and credit unions are:

- The digital era continues to require rapid innovation, transformation, and investment
- Transactional services have moved online, and through mobile apps
- There is still a need and value for branches to offer in-person services and expert advice

As the population shifts in age, Gen Z and millennials are a driving force behind many new business trends. They are more technically adept than any generation before them. With these customers' propensity to do most everything online using phones, tablets, and watches, it might be tempting to conclude that branches and their in-person transactions will phase out. Some transactions will, but not all. When Gen Z and millennials visit the branch, they expect high levels of experience and expertise, beyond what they can get online. These experiences are less frequent, but they bring the opportunity for richer interactions and revenue generating opportunities for the financial institution.

Gen Z and millennials seek the aid of a knowledgeable financial advisor when doing a more complex transaction for the first time, or when specific expertise is needed. With so many options available, millennials need help understanding how different products meet their needs, as well as the costs and benefits of each. They will seek out help with the following types of services:

- Beginning to establish credit
- Opening accounts for the first time
- Financing larger purchases such as a vehicle or home furnishings
- Purchasing a home, establishing a mortgage
- Consolidating debt such as student loans
- Saving for retirement and tax advantages, such as 401(k)
- Obtaining a loan to establish a new business or purchase an existing one



At the same time, the older customers – baby boomers – are still an important demographic for the financial services industry. Although their population continues to shrink in number, they generally have larger balances. Financial institutions can't afford to overlook this group as they plan for the future of their branches. Baby boomers tend to value personal communication, and are more frequent branch visitors.

## The customer of the future is here

As branches look to restructure and retool, they must take care to ensure that changes will not be short-sighted. Large-scale changes must be carefully considered, to ensure they will endure – for at least the next 10 years. Flexibility will be key as financial institutions adjust to the moving target that is their customer base. Changes that happen now must be the foundation for the evolution of the customer experience. New technology must support new processes, and vice versa. The system must be designed such that a change to one part is supported by the others.

As the current customer base ages out, branch management must consider the needs of their “up and coming” customers – Gen Z. This generation is at the age now where they will choose the bank that they are likely to partner with for many years. This means banks need to respond now to this generation's desires. Specifically, they desire the accessibility and comfort of online transactions, coupled with personalized, rich, knowledgeable brand experiences. Every customer visit to a physical branch is another opportunity to deepen the relationship and reinforce the brand.

To survive the population shift, financial institutions must properly serve a tech-savvy customer base online as well as in-person. Adding to the challenge is that their online systems must also support the other populations – mainly baby boomers – who tend to have larger portfolios. User interfaces must be friendly, and the people in their branches must be approachable and knowledgeable. The service experience remains important for all ages, whether it occurs online or in-person.

New technology must support new processes, and vice versa.

The system must be designed such that a change to one part is supported by the others.



## Continuing to serve small business

Financial institutions have always partnered with small business. While technology is evolving to better serve this customer, management will want to continue understanding and building strategy around these customers' unique needs.

Small businesses (in this context, those that have less than \$10 million annual revenue) typically use the bank branch to deposit checks or large amounts of cash. This creates an opportunity to start a conversation and demonstrate additional capabilities of the institution, while the customer is in the branch.

Small business will remain an important segment for core branch services to business. The interpersonal interactions with these customers are an opportunity to build stronger customer relationships and complement the bevy of online services.

# Part II

## The concierge model

As customer expectations change, smart management will mean evolving the physical location into a service oriented environment. A successfully re-invented branch will result in increased efficiency, customer loyalty, consistency, and organizational branding. Customers will be happier, employees will be more satisfied, and financial services companies will be more profitable.

In planning, the implementation team might consider ways to:

- **Leverage technology** to support staff efficiencies that deliver timely offerings to meet customer needs.
- **Reduce costs** and overhead to be competitive and remain profitable.
- **Develop new services**, and update existing ones, to re-engage dialogue and opportunity.
- **Leverage customer loyalty**, ensuring that each customer has a range of service options and no reason to do business with any other bank.
- **Keep customers happy** – customers are loyal, until they have a bad experience, then their loyalty goes to a competitor. They share both good and bad experiences with their peers, increasingly using social media.
- **Continue to attract new customers** to continuously grow the customer base.

How does this all come together? There are three aspects to the solution:



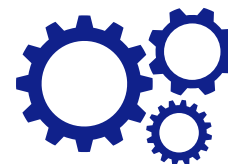
### Branch personnel

who are well trained in both the financial service products and the deployed technologies



### Business processes

created to streamline services, improve customer interactions, and save operational costs



### Technologies

that enable processes, improve the customer experience, and are wise long-term investments

## Part III

# Using data to enhance customer interactions

Evolving technology means that financial services institutions have even better access to information that can help with this transformation. Products such as Epson's OmniLink® – a receipt printer with built-in intelligence – collect appropriate transactional data real-time, as part of processing the customer interaction. This data can then be analyzed and aggregated to yield specific recommendations for enhancing customer service. Beyond basic services, this information can also be used to design ways to extend and deepen the relationship.



The OmniLink receipt printer has built-in intelligence to collect transactional data

Data can help guide the re-engineering process in many ways:

- Knowing when specific transaction types are occurring can help determine staffing, ensuring there are enough associates available to handle customer transactions quickly and effectively.
- Branch transactions can be analyzed to evaluate employee training needs, so that employees are experts in the types of products and services their customers might require. The need can vary by branch location and time of day, and the data can highlight specific trends.
- Customer transaction and demographic data can help employees identify upselling opportunities, to further serve customers and possibly move business away from competitors.
- Recognizing customer trends can influence design of customer loyalty incentive programs.



Currently, financial institutions know what each customer does, but they can't compare to other, similar customers. OmniLink has the ability to extract non-private data from transaction receipts, to be used for further, more detailed, analysis. The data can be compared to transactions of other customers with a similar demographic. This enables financial institutions to deliver personalized customer experiences using services such as data analytics, loyalty programs, and "smart" digital receipts.

# Part IV

## Technology and process

### Streamlining complex services

There are still services that require in-person contact. Some financial documents require in-person signatures, notary, and ID verification. Some types of services (i.e., mortgages and SBA loans) have many options and must be tailored to the customer's situation and needs.

Branches must be able to handle these transactions quickly and efficiently, while using the opportunity to build trust and loyalty with their customers. Having the right experts available to facilitate higher-quality customer interactions is one key to creating the “Genius Bar” concept at every branch. Making every employee an expert at everything is not only expensive but impractical.

One way to leverage banker expertise without having a specialist at each branch is to use technology. Using videoconferencing and an interactive projector, you can collaborate in real time from almost anywhere, integrate multiple meeting room tools into one device to increase productivity, and much more.



Use interactive projection collaboration across geographical boundaries



Scanned documents can be accessed from any branch

Other technology options include document scanners. For example, a wife and her husband can both bring important documents to any branch for scanning and processing a loan, even if their busy lives have them in different locations. This applies to small business as well – company executives can each go to their closest branch to have documents scanned. The relationship manager handling the project has access to all the documents, no matter where they originated. This type of efficiency can save time and money for the customer as well as the financial institution, helps streamline the entire documentation process, and leverages specialized expertise.

Tying the scanner to a documentation management system enables even more complete automation. Documents can be sent automatically to the designated expert and OCR (optical character recognition) can be used to parse and store the data. This can reduce human data entry errors and speeds up processing times.

Geographical constraints often drive the need for technology solutions. For industry-specific types of loans, specialists can be in any location and help customers remotely. A family physician who works outside of downtown has the same access to the healthcare industry expert. They can take all paperwork, tax forms, etc. to the local branch for scanning, the banker can do the review/approval, and the customer can return to the local branch to sign the final paperwork.



In industries that are highly specialized, such as healthcare, agriculture, oil and gas, commodities, international trade (import/export), franchising, etc., specialists in a central location can help navigate the customer's unique industry needs. They can prepare the loan documents, including those for the Small Business Administration, helping their customers to understand the specialized requirements. This can lead to more loan approvals, as the experts are more familiar with the industry-specific requirements.

## Supporting customer independence

Mobile receipt printers typically offer seamless integration with smart devices (smart phones, tablets) using wireless and Bluetooth® pairing. Bankers can print receipts from anywhere in the branch, enhancing the customer-employee interaction with its accompanying opportunity for deepening the relationship.

This type of mobility has many benefits, inside the branch, and out in the community. For the customer that comes into the branch with a check-only deposit, a service representative can complete the transaction anywhere in the branch that has a check scanner so the customer can avoid teller lines completely. The customer saves time and the representative can utilize the interaction to train the customer on ways they can self-serve, or introduce a new service to extend the relationship.

When a customer opens a new account, makes a deposit, or does a transfer, the banker can handle the entire transaction all the way through, avoiding the need for the customer to wait in line. Financial services personnel can use mobile receipt printers with tablets at a pop-up location (for example, at college orientations) to open new accounts and handle complete transactions just as they would in the branch.



Receipts can be printed from smart devices, by customers and employees, anywhere in the branch

## Technology update

In addition to the products described above, legacy products continue to be enhanced to support updates to existing processes. The multi-function teller device and the business check scanner are two such products.

For financial services personnel multi-function teller devices can speed processing while reducing errors. These types of devices can help make daily transactions more efficient for branch personnel and customers. For example, when an account is opened, the customer's photo ID is scanned. This eliminates the need for them to show ID when they come into a branch (it appears on the teller's monitor or tablet). Check scanning enables quick processing, and avoids errors that can be introduced through manual data entry. Efficiencies are realized on the front-end as transactions are processed fast and accurately, and on the back-end rework is eliminated.



Multi-function teller devices scan checks and IDs, as well as print receipts and cashier's checks

Small businesses that process checks will appreciate the ability to scan their own checks for automatic deposit using remote deposit capture (RDC) devices. These devices read checks and then connect with the financial institution to make the deposit. This process is much more efficient for the customer – they don't spend time going to the bank, and they can handle their transaction at any time of day. It also saves staffing at the branch.



Check scanners enable small businesses to automate their deposits

## Summing It All Up

Financial services organizations have an opportunity to engage their various customer bases in new ways that benefit both the customer and the organization. As branches are re-engineered to support this vision, specific recommendations might include:

- Concierge bankers can direct customers to specialists throughout the branch.
- Bankers using wireless technology can operate untethered throughout the branch, coming out from behind the counter to engage with customers.
- Information systems can help staff to get and give the right information, at the right time, while processing customer transactions.
- Baby boomers will be able to handle all of their banking needs at any branch.
- Millennials will have access to the specialized expertise they can't get online.
- Small businesses will have a physical location close by where they can make their frequent deposits and take care of all their daily banking needs.
- All customers will have easy and fast access to the types of services that are not available online, such as loan modifications, account setup, and expert advice.
- Branch tellers and officers will have the technology and training they need to address each customers' specific needs with confidence. They will be able to handle basic transactions but also to address more complex needs.
- Front-line employees will have the data and information at the right place and time to recommend additional products and services that can benefit the customer.



Technology is available now to support branch personnel as they strive to gain more efficiency, enhance customer loyalty, improve consistency, and reinforce organizational branding.

# About Epson

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