Transforming Retail Financial Services

A Three-Point Action Plan for FMs to Ensure a Brighter Future for Local Branches

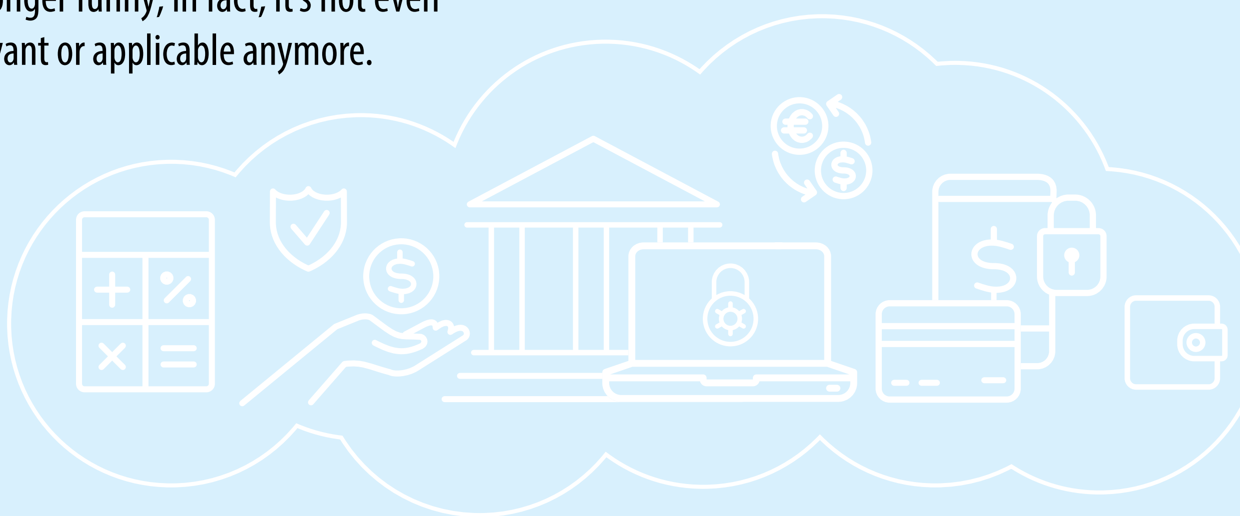
A Publication of ServiceChannel®
Transparency Drives Performance

The Consumer Revolution in Retail Financial Services

Technologies such as the Web, the cloud and mobile devices are impacting centuries-old banking business models and other financial services. According to Accenture, by 2020, different financial business models and new, innovative digital services could impact up to 80% of **existing banking revenues**.

These profound changes are nothing but good news for banking services consumers. That is because what has fundamentally changed is that **consumers are now clearly in charge**, while banks, credit unions and other financial services providers must deliver their products and services on the customer's terms, not theirs.

This includes providing online access to services (through web browsers and mobile apps) on a 24x7x365 basis as the customer demands. The old joke about banks operating on "bankers' hours" is no longer funny; in fact, it's not even relevant or applicable anymore.



The Future of Branches

One tangible way this consumer revolution is manifesting itself is visible through the declining traffic at the local branch office of any bank, credit union or other retail financial services company. Once the most prominent beacon of a brand's identity, bank branches are closing at the fastest rate in decades, according to a rather glum article in the *Wall Street Journal.* An obvious contributing factor to the bank branch's apparent demise is the rapidly growing preference for online banking.

According to Bank of America, in 2016, 62% of consumers used online banking as their primary banking method, up from 51% in the previous year. Conversely, the impact to consumer traffic in bank branches seems equally dire. According to research firm CACI, bank branch traffic will decrease by 36% over the next five years, averaging just four visits per year per customer, down from seven visits.

But… The Branch is Here to Stay

However, other industry stats reveal more promising signs for the future of local branches. For example, a consumer survey by Accenture showed that the **vast majority of banking customers still planned to rely on branches**. More recently, J.P. Morgan Chase, the largest bank in the United States and the sixth-largest in the world, seems to belie the negative bank branch trends, announcing that it was **investing in building more locations** throughout the US.

The reason for the optimism? It's simple; **banking consumers, even Millennials, still rely on branch offices heavily**. This includes some specific services that a branch can deliver (such as withdrawing cash at an ATM) that is not available through digital-only channels. There are also other customer segments who prefer the interaction with on-site staff for services such as applying for business loans or home mortgages, or financial advice, even if there are online options available.

accenture

"87% of consumers planned to use bank branches in the future – and want human interaction when they go there."

— Accenture North America Consumer Digital Banking Survey (2016)

CNBC.com

"J.P. Morgan Chase plans to spend $20 billion over five years… and open 400 branches in new U.S. locations."

— CNBC.com (January 2018)

Customer Experience: The Only KPI that Matters

The consumer revolution that the retail financial services industry and banking sector is currently undergoing is very familiar to what the multi-trillion dollar retail industry has faced and its corresponding impact on the "brick-and-mortar" shopping model. While retailers certainly have not solved all the complexities of the world's "going digital," there is little question that the more successful retail brands have adapted to the disruption better.

How have they done this? Successfully adapting to disruption begins with the realization that retailers must fundamentally **change the in-store customer experience** in unique, engaging ways that add value to shoppers that they **cannot get from online** alone.

Banks and credit unions must come to this same realization when it comes to the renewed purpose of their own retail locations – their branch offices. These institutions must realize that **what has to change fundamentally is the role of the branch itself** – from a physical location that delivers run-of-the-mill banking services to **a destination spot that delivers unique customer experiences and services**, which further enhance the bank/consumer relationship.

Whether retail or financial services, consumers are voting with their feet – and their dollars – for those companies that deliver a compelling, welcoming environment. Getting people engaged with a brand in-person, when in a physical location, regardless of industry, can drive significant value for the customer, and more long term customer value.

Transforming the Retail Financial Experience

Coming to the realization that change is needed is the first step. However, planning how to, and then executing such a strategic and operational change is the next. This successful transformation for banks, credit unions and other retail financial institutions may take several forms:

Service-Oriented not Transaction-Oriented	The Branch as the Technology Hub	White-Glove Services
This requires a **complete change on the role of the bank branch itself**, from a facility that simply processes and supports routine transactions to one that delivers high-value, human-powered services. This is a cultural shift for banks who **need to make delivering the positive customer experience their highest priority** relative to other, more traditional priorities such as offering diverse financial products or growing their managed assets.	Successful retailers have learned to convert their stores into technology hubs by introducing high levels of interactivity that **blend digital with physical assets**. The experience at any Apple Store is a good example of this with its Genius Bar and other store employees being instrumental in using technology along with personal skills to deliver a rewarding and often memorable customer experience. Branches can act as technology hubs where customers come to access unique digital/online tools for conducting financial transactions or increasing their financial literacy. Accenture describes this as the branch acting as a "digital ambassador" that can serve to increase the digital penetration of the customer base. This can include on-site advisors educating technology laggards in how to better use more of the digital tools available through that bank or credit union. Thus, technology, that's always functional and operating, becomes a bridge between the physical and the digital, and with retail financial professionals' own relationship-building skills, critical for delivering **immersive, value-add customer experiences**.	This approach is an acknowledgement that what consumers really want is to **avoid the negative experiences** that are sometimes associated with going to a branch – long lines, rude service, parking shortages, and security & safety issues. Premium retailers have succeeded in the digital age by offering concierge services to win the hearts and gain the loyalty of shoppers. Personal shopping and high-end lounges are two examples of this in practice. The opportunity to provide white-glove services should begin the moment a customer sets foot inside any branch location. This requires a clean and comfortable facility with an inviting lounge that properly sets the mood for what customers can expect to experience while banking at that branch. Of course, safety and security should be a prime concern at all areas of a branch office, such as well-lit ATM consoles and kiosks. Appropriate privacy for conducting financial transactions and receiving consultation is also a must have.

Three-Point Action Plan for Facilities Management

Facilities themselves need to play an integral part in transforming all types of retail financial locations like bank or credit union branches. That means **facilities managers need to take an active and major role in this transformation** to ensure success for their companies.

To support this new approach, FMs should seize this opportunity to **position themselves as a strategic function indispensable in this digital journey**. There are many paths FMs can take; here are three they should absolutely consider taking action on in their day-to-day operations.

Three-Point Action Plan continued

1

Embrace Brand Uptime

It is not surprising to know that the **condition of a facility has a direct impact on how consumers view that company's brand**. A location's physical environment and corresponding customers' on-site experiences drive brand perception, word of mouth, repeat visits and more. Considering that a third of any company's intrinsic value can be rooted in its "brand equity," the state of the **local branches can be essential as they offer the most tangible way** for consumers to **interact with companies** in non-digital realms.

The positive experiences a customer has at a bank branch directly impacts that bank's ***Brand Uptime***. *Brand Uptime* is a facilities management measure of success, much like how a website or an app owner might consider its uptime to be instrumental in attracting and keeping customers on its platforms.

FMs are the ultimate stewards of *Brand Uptime* for their banks by being responsible for all aspects of the facilities, such as lighting, janitorial, HVAC and landscaping, and hence all aspects of a customer's experience – and even brand perception.

Therefore, it is imperative that FMs **implement a full *Brand Uptime* plan**, starting with a comprehensive assessment of their company's current capabilities as well as a complete plan of attack to address key issues, especially any issues that could hinder its transformation.

2

Modernize FM Operations through Service Automation

Maintaining the highest levels of *Brand Uptime* is nearly impossible without the visibility into the physical state of a location at any given time. Leading retail brands, banks and other consumer-facing companies address this by modernizing their FM operations specifically with new, readily available technologies and tools.

An obvious solution is to revamp the facilities management process completely through **service automation**. This technology leverages web- and mobile-based platforms to provide any empowered user with a unified interface for initiating/tracking/closing facilities service requests / work orders and their workflows. Digital technologies such as service automation are revolutionizing major industries and business functions such as facilities management by empowering users with **unprecedented levels of automation, visibility and speed**.

Service automation can also provide facilities managers with a wealth of data and on-demand reports that they can convert into actionable insights to continually **improve their operations and cut costs** – by negotiating better vendor rates, identifying and cutting loose under-performing service providers, or reducing/eliminating waste and fraud in general.

Without a service automation platform, maintaining and repairing facilities is a highly manual, time-consuming process. With service automation, **facilities management is now more self-service oriented**, enabling even non-FM bank employees to initiate service requests and track their progress.

In this sense, **service automation empowers all bank employees** to take a more active role in their bank's *Brand Uptime* at their local branches.

3

Enhance Safety & Security

It goes without saying that security is of utmost importance to the financial services industry. For bank branches, credit unions and the like, ensuring security is a holistic requirement not only for handling money and confidential customer data but also in terms of the physical security of the facilities.

Bank FMs would be prudent to make facilities security and customer/employee safety a focal area of their operations, as these arguably have **high impact** from a *Brand Uptime* standpoint.

For example, lock and security issues are very important and service response must be immediate. Some specific measures that bank FMs can take is ensuring proper lighting in all key areas of the branch. Also, they need to make sure that their banks have immediate access to physical security vendors such as locksmiths at all time and on-demand.

With service automation comes additional capabilities such as **automating the verification of credentials** (as well as on-site service provider technician identification and verification) and the **background checks of the many service providers** who come in and out of bank branches daily to complete various work orders.

Managing site access adds an **additional layer of authentication and access control** so facilities management can contribute to the overall safety and security measures – a business essential requirement for any bank, credit union or other retail financial services companies.

Major Regional Bank Improves Service Provider Relationships with Service Automation

Situation: The head of facilities management at a regional bank was looking to replace and update outdated modes of communications with its service providers, which consisted of emails and phone calls. As the bank grew, this legacy process became increasingly unruly and ineffective, leading to miscommunication about services provided and higher costs and delays in invoicing and paying vendors.

A driving factor to consider a different technology solution was to improve the bank's relationships with all of its facilities management vendors significantly, which the bank regarded as key performance indicators of its overall success with customers and vendors alike.

Solution: The bank chose to deploy service automation technology as the basis of its facilities management modernization. Through service automation, both the bank and its service providers could easily track, manage and resolve open work orders end-to-end, which increased visibility and accountability as well as improving communications.

Service automation also sped up the invoicing and payment process, which was now digitized and could be initiated through the platform. This factor alone improved the working relationship between the bank and its service providers, many of whom are customers themselves at the bank.

Today, the bank has extended its use of service automation beyond facilities management into other corporate functions such as Construction, Real Estate and Security. Service automation also enables these departments to collaborate more effectively by being able to share data and reports that can turn into important operational and business insights.

The Future Starts Now

A consumer revolution is well underway across all major industries with banking and other financial services being no exception. One short-term impact of this change is the decrease in customer reliance on bank branches in their legacy form.

However, many of the leading banks and credit unions are discovering that the combination of digital banking innovation *combined with* continued investment into their physical locations can positively impact overall customer experience.

To succeed, however, banks **have to change the role of the branches themselves** fundamentally.

Bank branches no longer can be simply physical locations that transact ordinary banking services. Instead, like other industries that increasingly focus on improving the 'experience,' they **must be destination spots that deliver unique customer interactions and services in a conducive environment**, such as white-glove level concierge services.

For facilities managers, this reality means that they **have to own and fully embrace the concept of *Brand Uptime***, which equates the state of a facility directly to the company's overall business performance.

This includes **embracing new, emerging technologies such as service automation** that are purpose-built to make FMs more proactive, intelligent and efficient in terms of their operations. These are important steps that all FMs can take as part of modernizing their functions to be aligned to the speed, efficiency and intelligence available in the era of the cloud, mobility, artificial intelligence and big data.

WANT MORE ABOUT FACILITIES MANAGEMENT?

Check out these free ebooks:

What You Need to Know to Succeed in Facilities Management in 2020

DOWNLOAD NOW

7 Trends That Will Impact Facilities Management

DOWNLOAD NOW

8 Financial Reports Every Facilities Manager Needs (and Every CFO Loves)

DOWNLOAD NOW

About ServiceChannel

ServiceChannel provides facilities managers with a single platform to source, procure, manage and pay for repair and maintenance services from commercial contractors across their enterprise. By delivering unprecedented transparency and data-driven analytics of service quality, across all trades, locations and contractors, facilities managers drive significant brand equity and ROI for their organizations without outsourcing or investing in new infrastructure.

The world's leading global brands use ServiceChannel solutions daily to help optimize millions of transactions and billions of dollars of spend annually.

ServiceChannel was named a GAP Inc. Strategic Partner, awarded two Nike Vendor Excellence Awards, and named Vendor of the Year by The Professional Retail Store Maintenance Association (PRSM).

ServiceChannel®
Transparency Drives Performance

Share This Ebook!