

Build a Branch Transformation
Strategy Tailored to You



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The days of the retail bank branch as a heavily trafficked and manually operated location are largely behind us. For years, significant market forces have applied pressure on traditional banking models, causing financial institutions around the world to reimagine the branch and overcome challenges related to.



BANKING OPERATIONS

- Operational efficiency
- Increasing competition
- Stagnant revenue
- Evolving risk and compliance
- Siloed back-end systems



CONSUMER EXPERIENCE

- Aligning offerings with consumer preferences
- Allowing consumers to do more at the ATM
- Providing always-on access to cash outside the branch
- Teaching consumers how to interact with technology
- Helping consumers feel safe while banking

The message to many financial institutions has been loud and clear: Transform your business models, especially around the expensive branch channel, or risk failure.

With decades of experience, Diebold Nixdorf takes a consultative approach to helping you evolve your branch to meet the needs of today's consumer while improving your operational efficiency.

The Current State of the Industry

Even in the most mature markets, consumers state they still want to receive advice, discuss certain high-value products face-to-face in a branch and, ultimately, deepen their relationships with their financial institutions. As a result, the branch is not being abandoned; it is being transformed.

Financial institutions around the world are in various stages of branch transformation and technology integration. Some major banks, such as Bank of America, PNC and TD Bank are conducting pilot projects with large rollouts planned soon. Others are just now thinking about starting a pilot.

At Diebold Nixdorf, we see the industry gaining momentum with their branch transformation initiatives as real-world benefits are being realized and documented. In our experience, the most effective route to transformation often comes from a gradual **evolution, not revolution.**

Many financial institutions typically start by adopting well-established, practical, disruptive technologies that enable incremental improvements. For example, they might adopt efficiency-creating technology, such as deposit automation at the ATM, before nontraditional retail banking experiences, such as two-way video transactions.

On the other hand, disruptive technologies are what many picture when they hear “branch transformation.” These technologies do create value for the financial institution and consumer, but can be more difficult to drive adoption because they require behavior changes by staff and customers.

We recommend most financial institutions start by embracing a strategy of evolution built around disruptive technologies that meet the needs and preferences of that institution’s specific customer base without overwhelming consumers or staff members.



Automation Pilot

Bank of America’s successful test of fully automated branches is inspiring future implementations.

Tellerless

PNC and TD Bank also tested tellerless models in the past couple of years with plans for larger rollouts.

Three Steps to a Sustainable Branch Model

While each branch's situation is unique, developing a sustainable branch transformation strategy tailored to your specific needs is within reach by planning around demographics, taking a careful approach to design and integrating digitization.

STEP ONE: UNDERSTAND DEMOGRAPHICS OF CUSTOMERS AND STAFF

Start by understanding who your customers are and what they want from you. The more precise you can be in gathering, analyzing and acting upon data, the more appropriate a strategy you can devise.

When developing your framework:

- Mine into proprietary customer research
- Collect new data on customer preferences and behaviors
- Analyze aspects such as branch traffic and transaction mixes

Additionally, consider your staff members. If you plan to turn tellers into sellers prepared to boost consumer engagement, consider how you will make that transition smooth through training, putting people in roles that suit their strengths and adopting connected technologies.

STEP ONE: UNDERSTAND DEMOGRAPHICS OF CUSTOMERS AND STAFF

When it comes to redefining the branch experience, design matters. Plan to address:

Physical Design:

Look at creating positive experiences through:

- Aesthetic appeal
- Size and traffic of branch
- Customer journey

Operational Design

Analyze existing traffic patterns, current allocation of staff members' time and other operational variables, such as:

- Staff/customer interactions
- Secure cash access
- Operational flow

Channel Design

Find the right balance of automation and human engagement for customers and your budget by considering your:

- Banking channel mix
- Ideal customer experience
- Customer/technology interactions

Brand Design

Create a future-proof, sustainable approach to branch transformation that strives to:

- Improve brand perceptions
- Meet customer expectations
- Replicability of model



Consumers Want

- Anytime, anywhere access
- Fast, effortless interactions
- Accurate, secure transactions
- Personalized, comfortable service



Think Through

how design affects:

- People
- Processes
- Technology

STEP THREE: BRIDGE THE PHYSICAL AND DIGITAL WORLDS

As the world is increasingly digitized, it is essential to connect physical components of the banking experience to the digital channels customers love.

The best path toward effective digitization depends on understanding your customers and establishing the experience you want to offer. Examples of models to consider include:

Self-Service

Some forward-thinking financial institutions are deploying remote, fully self-service branches that feature limited or no bank staff at the branch.

- They rely on technology for extensive automation of transactions for low operating costs.
- This allows banks to enter markets in a more cost-effective manner than usual.

For many institutions, a move to an all-selfservice model would be considered a drastic shift, but for some, conditions are right to realize major efficiencies through this format.

Assisted Self-Service

In this model, self-service units allow consumers to perform banking transactions but can also accommodate assistance from branch personnel.

- ATMs and kiosks allow everything from simple deposits and withdrawals to card dispensing, loan applications and other non-cash functions.
- Staff members armed with tablets use software to monitor self-service units, determine who is using them, and proactively assist and engage consumers.
- Two-way video connections allow consumers to access remote experts and expanded banking services through the self-service channel.

This model not only frees up staff and expedites transactions, but it gives staff members the insights they need to form rich relationships and more effectively pitch products and services to consumers.

Teller Automation

Some customers and markets demand personal interaction with trusted individuals, but it is still possible to create process efficiencies in these scenarios by automating time-consuming teller responsibilities.

- Teller cash recyclers provide tellers a more efficient, accurate, secure and less time-consuming way to perform their duties in the branch..
- Instead of counting cash, staff members engage in more face-to-face dialog with customers.

As you develop your approach, consider how you can offer customers an omnichannel experience that connects commerce from various aspects of your enterprise architecture.

Experienced advisors can help you determine the right technology mix for you, based on your goals and what has been shown to work in similar situations, as well as how to tie it all together for better consumer experiences, no matter the channel being accessed.



Digitization

By digitizing informationintensive processes, costs can be cut by up to 90 percent and turnaround times improved by several orders of magnitude¹ Digitization could include:

- Solely self-service
- Assisted self-service
- Teller automation
- Mobile/NFC enablement

Success Stories

Every branch transformation story is unique—and so is our approach to each. Diebold Nixdorf has helped financial institutions around the world achieve their goals and create a sustainable path forward.



BANKING OUTSIDE THE BOX

Think different, Act different, Be different was the mantra of this 800+ member credit union that broke from 78 years of protocols, procedures and policies to redefine the branch experience, resulting in membership growth through:



TEST AND LEARN
Technology Bar for customers



REMOTE VIDEO
with privacy pods



Mix of assisted and self-service
TECHNOLOGIES



TECH WITH A PERSONAL TOUCH

Automation and a **focus on personal connections** helped the community bank boost customer satisfaction and achieve greater efficiencies at its 21 branches, including:



50% INCREASE
in cross-selling rates



44% INCREASE
in self-service transactions



90% INCREASE
in mobile deposits



CUSTOMER OVERLOAD

Long lines and crowded lobbies inspired Serbia's 5th largest bank to open its floorplans and invest in automation that:



IMPROVED
resource allocation



REDUCED
costs and increased revenue



IMPROVED
customer satisfaction

Find Your Path With Diebold Nixdorf

The most important thing to keep in mind about branch transformation is that the right strategy depends primarily on you. The path chosen for one financial institution should not necessarily mirror that of another—listen to and analyze the needs of your stakeholders to find out what strategy is best for your branch or network.

Some financial institutions will pursue and find success through revolutionary change, including the tellerless branch models. However, even more revolutionary ideas are on the horizon. For example, the proliferation of robo-advisors demonstrates how a concept like artificial intelligence is being integrated into the world of financial services, and the current demand for secure blockchain software developers likely foreshadows a shift in the way people will soon transact.² We are also finding more ways to make access to financial services convenient, from miniaturized ATM concepts to new mobile applications and banking channel integration.

But for many financial institutions, the momentum for success will be found in a strategy of gradual, sustainable evolution. Chances are good that you can benefit by harnessing disruptive technologies to build a strategy tailored to your demographic, design and digitization needs.

At Diebold Nixdorf, we incorporate this philosophy when developing the devices that drive branch transformation. In recent years, we have integrated disruptive technologies, such as contactless (NFC) interfaces, two-way video, advanced cash-recycling cassettes and biometric authentication into our offerings to enable convenient, comfortable interactions as first steps to achieving branch transformation.



Future innovation will be driven by:

- Artificial Intelligence
- Blockchain Software
- Miniturization
- Mobile Enablement



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