



White Paper

Shaping the retail banking industry

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Synopsis

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The retail banking environment is facing an uncertain future, with institutions needing to revolutionise their approach to their consumer or risk losing out to those prepared to do things differently.

A major influence is an ever-increasing reliance on mobile technology that has the capability to ensure less reliance on the traditional physical branch. It triggers new business opportunities and renders obsolete archaic business infrastructure, on a daily basis.

The traditional 9 to 5 bank is no longer the norm. Financial institutions must dive headfirst into mobile banking technology to keep up with the insatiable demand for mobility, which is not crossing generational boundaries.

Consumer expectations are also rapidly evolving; they expect their bank to be able to build their 'own' suite of products and personalise the entire experience. If these demands are not met, customers may look to switch, a process which has been made far simpler by the influences of 'open banking, open doors'.

Here, traditional banking institutions are facing fierce competition, and not only from other banks but from non-traditional competitors in the high-tech space.

With banks now being ranked on their customer service levels and being required to permanently display these ratings (as required by the Competition and Markets Authority (CMA)), the impact of any short-comings in this area will be highly visible.

Customers simply expect more. And for those banks who maintain a high street presence, the online and offline experience must be seamless, personal and engaging to ensure ongoing loyalty.

This is all against a backdrop of continued financial and economic uncertainty with Brexit-related issues undoubtedly influencing the industry for many years to come.

In order to succeed, banks must recognise that they are operating in an entirely new financial services industry and must transform their business models accordingly. They must analyse every element of the end-to-end customer experience in order to stay relevant.

The question posed is:

“How can retail banks evolve in the current environment to meet the ever changing needs of their customers, and what services are available to support the retail banking industry to deliver on their transformational goals?”

The answers are complex and challenging but the issue is of real importance and, by producing this discussion paper, Traka wishes to stimulate debate and encourage contributions from many voices.

Going forward we look forward to engaging with you and your colleagues and would be pleased to share additional points of view, information and insights. Feel free to reach out to one of us or to your usual Traka contacts to start the dialogue.

About the author

Mike Hills has spent his career helping customers protect people, assets and buildings with cutting-edge products services and software. He joined Traka UK in May 2018 as Market Development Manager, dedicated to serving the finance sector.





Introduction

The essential principles of customer services are timeless. Whilst customers have always wanted a friendly, efficient and reliable service, with the development of new technology, customer expectations have been raised.

Nowhere can this be seen more than in retail banking.

Customers demand a more efficient service than ever before. They expect to feel like the service has been personalised for them and they can be responded to, even about complex products, on an instant basis. And they desire a service they feel they can trust with their personal data.

The old adage of “know your customers” is still as true today as it ever was. With consumer behaviour changing rapidly, retail banks need to stay up-to-date, even one step ahead, of such customer expectations.

This requires going further than digital innovation, and for retail banks, to transform their value proposition to meet such distinct emerging customer needs.

It means focussing right to the core of every interaction, presenting a seamless experience whether it be in branch, online or via mobile app technology. And in a branch environment, an ability for the dedicated team to react quickly with the right information and assets, to ensure the smooth running of every high street operation.

Redefining consumer expectations

A quick search on any engine can instantly tell us just about anything we need to know, at any time of day or night, from any location. This expectation for fast 'accurate' response times has been transferred by consumers onto the high street.

The related online experience being so personalised is also how a consumer expects to be treated by any brand interaction – not just as 'another customer.' Customers need to feel listened and responded to with a tailored solution to meet individual requirements.

If these objectives are not achieved, social media has empowered consumers to voice their experience across a multitude of channels, incorporating visual evidence. And they know if they share publicly, they're likely to get a better response than any private communications.

Today, consumers expect much more from brands. And with the right technology and management systems in place, there's no reason why any retail business cannot meet (and exceed) the rising expectations. For those that get it right, consumers will respond with their loyalty, trust and even social recommendation.



Translating changing customer values to retail banking services

Such consumer behaviours and expectations are shifting in ways that are asking banks to both redefine their priorities and their role on the high street. The aim is to re-establish trust with consumers and secure their loyalty.

This will take more than a digital-first approach. As ¹PwC simply highlights, banks 'need to learn to be agile, innovative and adaptable in order to execute effectively – and deal with uncertainty as the future unfolds. They need to do things differently.'

Further research by ²Accenture Financial Services, identified six emerging trends that have profound implications for the banking sector.

These highlight the protection of data as a currency and the expectations for personalised rewards that go beyond 'traditional banking.' The desire for further advice and product information to support lifestyle decisions such as mortgage offers and services to buy a new car were cited.

Likewise, the balance was identified between welcoming automated support, as a route to greater control over the banking experience, and potential for improved speed and convenience.

For younger generations, Google, Apple, Facebook and Amazon (collectively known as GAFAM) are providing attractive alternatives to traditional banks. According to the research, 78% of respondents would bank with a tech firm like Amazon or Google.

Last but not least, the research found that banking customers are not yet ready to forgo the branch. In fact, easy access to a branch was the third biggest driving of loyalty. Indicative in the support of a local branch, was the essential requirement for a seamless experience between online, traditional and mobile services.

The branch experience was presented as a chance for banks to add more value, to seek advice with a 'human advisor' about complex products was the most important feature of branches in the future.

And underlying this is an expectation for an exact appointment time to suit the customer and services to be fast, efficient, with the latest accurate information available.





How banks are responding

The shifts in consumer behaviour and expectations have a host of implications for banks and how they serve their customers. Not least to let consumers define their experience and banks to have the right technology and management services in place to support providing tailored advice in an instant.

This focus should begin right from the core branch services, to add much desired value. Whilst the branch is still an important part of the banking experience, its role needs to appeal to a varied audience.

As banks look to implement branch efficiencies and drive down costs to serve their customers, they can design branches for specialist functions that will add the most value based on the needs of the local population and individual requirements.

Detailed tracking of branch activity will be important in informing these decisions and having quick access to essential items to maximise appointment requests.

Simple measures such as implementing asset management systems can also make a difference between a branch opening on time and having the latest data instantly available for frontline customer support.

The ultimate objective is to provide personalised services and value to customers by re-thinking and reinventing branch functions, making them more accessible to their personal needs and requirements.

Case example

Nationwide Building Society is the world's largest building society, with approximately 18,000 employees and around 650 branches across the UK.

The Building Society prides itself on being one of the largest savings providers and the second largest mortgages provider in the UK and promotes itself as running purely for the benefit of its customers, or 'members.'

Richard Newland, Director of Branch & Workplace Transformation at Nationwide said:

“Even more than getting a good ‘deal’ from a building society, the quality of our welcome, or our renowned level of service, we make sure our members feel safe with us, enough to trust us with their greatest assets. We are doing everything we can to evolve our business and focus our efforts on providing the best and most secure services that people value.”

So committed to its branch network, it has pledged to its 15 million members³ that every town and city with a Nationwide branch today, will still have one for at least the next two years.





Key efficiency

Nationwide has enhanced its operational efficiency to better provide for its members, by phasing out manual processes when it comes to key management.

As Richard explained: “Branch managers were being relied upon to ensure the management and safety of branch keys throughout the working day and overnight. This has been a time constraining and manual process, affecting every aspect of branch operations, including potential opening times. And yet it remained an essential part of branch security.”

“There was an opportunity to greatly improve our key management process, to make it easier for our colleagues to manage branch keys and ultimately better serve customers.”

Traka has supported Nationwide with the introduction of dedicated key management solutions, moving its branch network into a more digital system. Keys no longer need to leave the site and the audit trail capability has helped to remove the manual paper recording, allowing the status of keys to be established instantly, at any time. (See the full case study in Appendix.)

Nationwide is one example of an established retail banking institution that has evolved to understand the current customer-led environment. And where necessary, revolutionised its culture and branch management, and moved from manual to digital processes to accommodate.

As a result, Nationwide has recently scored in the top three for overall service to personal banking customers⁴.

Summary

Nationwide has seen the need to change, both from a product offering and branch running perspective to achieve its aspirations for the desired 'member' focussed future. It has also adapted its organisation and branch management processes to ensure it is best placed to present the best products and services on a tailored basis.

These ambitions are a testament to the trends identified by Accenture and are further indicative of the ideal that a simple focus on embracing digital and mobile technology and functionality is not enough.

Indeed, Deloitte, in its 2019 banking and capital markets outlook, suggests "Banks should discard grand visions of becoming "a technology company" and instead focus on customers, enhance trust as financial intermediaries..."⁵

It is critical banks listen to their customers and respond accordingly. For banks, understanding 24 / 7 365 branch services may not be viable, there is an expectation for longer out of hours customer support and weekend openings. The balance between automated, self-service and 'real' experiences must be assessed carefully, tailored to individual customer requirements and acceptance of traditional, online or mobile technology, to deliver on top quality service.

Here, with the integral role of encouraging bank loyalty that local branches still command, small investments in solutions such as key and asset management can make the operational difference to create a positive customer experience.

To conclude, Deloitte's industry summary is led with huge promise for the banking industry, and as it states "no better time than now for transformation." And this view is supported by Vincent Bastid, Secretary General of European Financial Management Association (Efma):⁶

"The retail banking industry is at an inflexion point and needs to determine its role going forward in the open banking ecosystem. There is opportunity to innovate through collaboration as well as reinvention. It is an exciting time to be in banking as regulation, innovation, competition and collaboration merge to form the bank of the future."





About Traka

Traka is the global leader in intelligent management solutions for keys and equipment. Our solutions help all types of organisations better control their important assets, improving productivity and accountability, and reducing risk in critical processes.

We continuously invest in the development of our technology to provide leading, innovative, secure and effective real-world solutions to the challenges that organisations face in managing keys and equipment. Our solutions are tailored to customer needs and requirements, providing the most value and impact on their business.

Traka is a global organisation with local support working to defined processes so that we are local when you need us and global when it counts.

Traka is part of ASSA ABLOY Global Solutions, dedicated to reimagining how people move through their world. Our expertise in customer journey mapping, innovation and service design leads to the invention of new security solutions that create value for our clients and exceptional experiences for end users.

For more information on Traka's range of intelligent asset management solutions, please visit www.traka.com

Sources

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