As seen in BAI Banking Strategies

At the Roots of the Branch, Transformation via Analytics

New accounts aren't enough to make branches prosper. Every strategy requires specifics—and analytics to turn vagueness to clarity.

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No matter what pundits say—and they tend to say quite a bit, all the time—consumers and bankers land on the same page when it comes to the role branches and bankers play in multi-channel retail delivery.

According to *J.D. Power's 2017 U.S. Retail Banking Study*, the impact of branches on customer satisfaction remains paramount. "Across all customers in the study, overall satisfaction among those who visited a branch within the past 12 months is 27 index points higher [on a 1,000-point scale] than among those who did not visit a branch [824 vs. 797, respectively]. Additionally, 78 percent of new accounts are opened in the branch."

Top 4 Branch Transformation Initatives

	2016	2017
Migrate to digital	2	1
Optimize network	3	2
Optimize workforce	1	3
Deploy Technology	4	4

Kiran Analytics 2017 Workforce Strategies Survey

How to put this into context? A recent Kiran Analytics study supports this bankers' perspective. Fifty-nine percent of surveyed bankers said branches remain important because of face-to-face interaction—while 53 percent cited branding and reputation as the branch's key role.

Satisfaction in action: Branch transformation priorities

The consensus building around branch importance is prompting retail bankers to continue investment in branch transformation. Their goal: *Provide highly satisfying customer experiences in branches.* This applies whether customers prefer personal service, assisted self-service or self-service. Kiran's survey reveals that top branch transformation priorities remain consistent year over year, with slight shifts in priority.

Interaction in action: Branches, customers and digital education

Migrating customers to digital channels became the top transformational priority for bankers in the 2017 Kiran study.

A 2016 Gallup study found that among customers who visited a personal channel in the past three months, 25 percent expressed interest in accomplishing the same task digitally.

Indeed, bankers have ample opportunities to enhance customer satisfaction via front-line staff support to assist in the use of new mobile apps and online technologies.

Tom McDermott, managing partner of Inver Consulting says: "Two U.K. banks were leaders in defining the digital native role: Barclays' Digital Eagles and Lloyds' Digital Champions. Digital ambassadors are now a key component of Bank of America staffing. With many banks adding this role, think of this as the next step beyond Universal Banker."

Optimization meets operation: Networks primed for customer experience, efficiency and growth

There is no gold, silver or even bronze bullet to sharp shoot a self-service technology target. Most banks drive network optimization decisions based on multiple factors. These include:

- size,
- differentiation strategy,
- market position, and
- digital transformation maturity.

Leaders enlist innovative predictive analytics solutions and closely track the changes in consumer interactions and branch activities, rather than try on one-size-fits-all approaches.

Predicting banking's future: Data, predictive analytics and reshaping the branch workforce

Banks increasingly deploy advanced analytics to align selling capacity with market opportunity. Through predictive analytics, they gain a crucial advantage: accurate forecasting of customer arrivals and work content for customer-facing and noncustomer-facing activities.

Advanced analytics also assist with universal banker deployments. By assessing the optimal position mix for each branch, leading banks create a better match to customer needs—even as they optimize operational expenses.

Satisfied customers, meet your friendly (and empathetic) banker

When it comes to talent and bolstering customer relations, Kiran's study asked bankers which qualities the best staff members should possess. Nearly 78 percent—more than three out of four—identified "friendliness and empathy to build/maintain relationships" as the most desirable staff quality to improve customer interactions (with "consultative selling" in second.

According to a new study, the top network optimization priorities are:

- align branch formats with market opportunity
- consolidate or divesting branches
- experiment with new branch formats

The proof testifies that predictive analytics in talent acquisition identifies better candidates faster. When banks deploy predictive models based on existing top performers, focused scoring and ranking of candidates result. A crisp portrait emerges of the candidates for the position who are most qualified—and most likely to stay on the job.

Meant-to-be investments: Analytics are paying off

Ben Hopper, vice president, retail strategy and implementation for First Tennessee Bank, relates his experience: "With the addition of workforce optimization tools, we've been able to go to the next step of clearly delineating the actual work content of universal bankers, and where their 'generalist' abilities best support the customer engagement and experience we want in the lobby of the branch."

Wells Fargo has found a more effective way to hire candidates who will more likely perform better and stay longer: by using predictive analytics in its selection process. They measured the retention rate after an employee was on board for six months. They found personal banker retention improved by 12 percent and teller retention by 15 percent.

Data and advanced analytics, treated as a priority and applied with effective leadership, will yield positive results, save clients money and foster efficiency. New, innovative distribution and workforce optimization solutions provide the ability to intelligently transform your most valuable retail delivery assets: your branch channel and workforce. Such results, repeated and proven over time, will give the pundit peanut gallery something new and exciting to talk about.

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