



Reimagining Branch Ops

For a contactless customer and employee experience with a solution construct



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1. Foreword

The pandemic has shifted gears towards a contactless world. This has forced banks and credit unions to rethink **user experiences** from first principles. Branches which were the center of operations for banks went contactless, laying the foundation for next-generation banking. It is now time for them to catapult their operational and consumption experience to higher levels.

The approach to reimagination, as discussed forthcoming, is structured and future proofed by being customer centric. The rise of consumer and branch personas, “phygital” (physical + digital) experiences, customer journey funnel, reimagination periodic table are key highlights from this paper.

This whitepaper is aimed at helping traditional banks to reimagine branch operations in the most tangible, practical and methodical way.

Takeaways from this white paper:

- Customer and Branch persona as the milestones for reimagination
- A new thought framework of customer centric journey for banks to reimagine
- List of key business processes in Employee-Customer interactions and touchpoints
- Reimagination blueprint in a periodic table format

Executive summary

New normal in the post-pandemic world will push banking to become more customer centric. Bankers need to reimagine from the consumers' lens to stay competitive and grow

Business processes have been reimaged as below

Primary Research & Insights

1. Gauge impact of COVID-19 on Banks
2. Gauge impact of COVID-19 on Credit Unions
3. Decode the industry shift

Consumer-Branch Persona

1. Envision four main consumer personas
2. Devise 4 corresponding branch personas

Business Processes

1. Construct post pandemic customers' journey
2. Identify 3 key areas for business processes
3. Identify customer touchpoints and L1 employee processes

Solution Construct

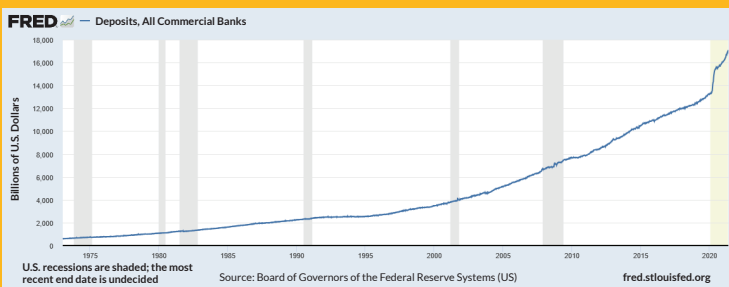
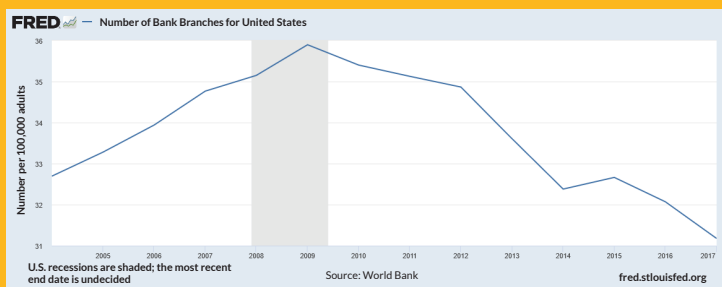
1. Construct a solution for identified areas
2. Position Hexaware's strong BPS ecosystem of partners
3. Construct assessment blueprint for branch operations

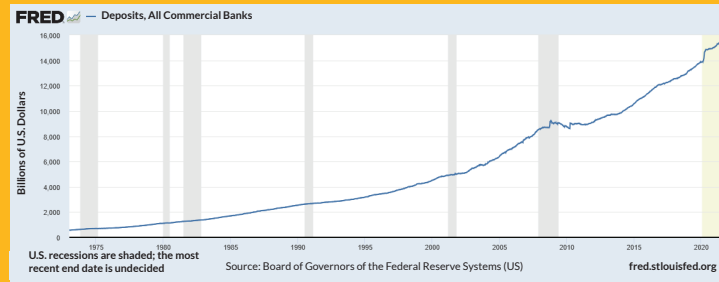
**Future-proof
model through a
structured approach...**

2. Industry Insights

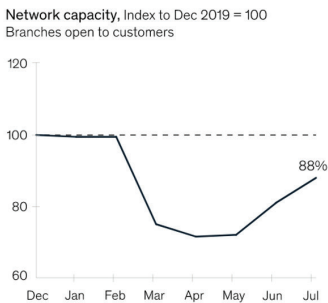
Banking has been heavily dependent on physical touchpoints so far. But the pandemic has accelerated the need to have minimum contact points and more of experience-driven customer journeys. To understand the roadmap banking is embarking on, let us start with latest insights from the North American region.

Density of bank branches have been decreasing and the pandemic has catalyzed the same. While the population is still growing, banks are able to cater to better experiences and have meaningful relationships with the customers. We can observe both - the deposits and lending data has been quite strong during the pandemic from the below graphs

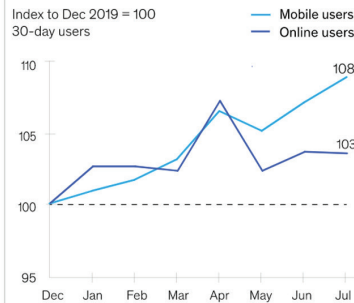




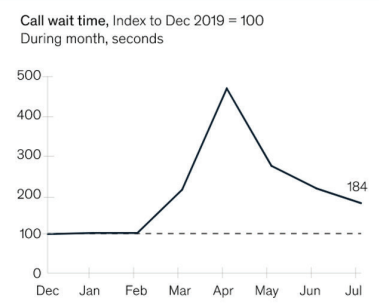
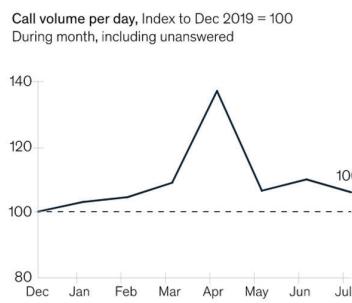
US branch capacity is down roughly 12% since December 2019



Mobile and online activity continues to increase, with spikes in April



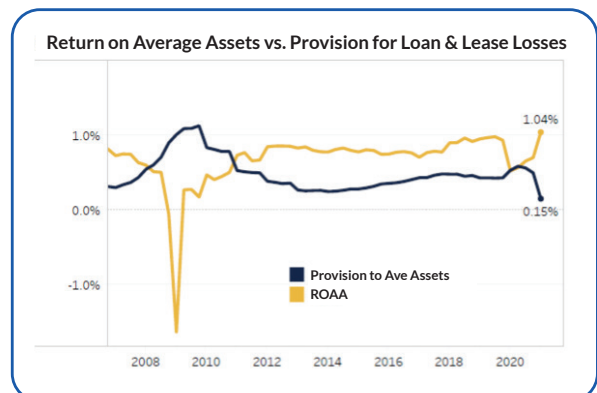
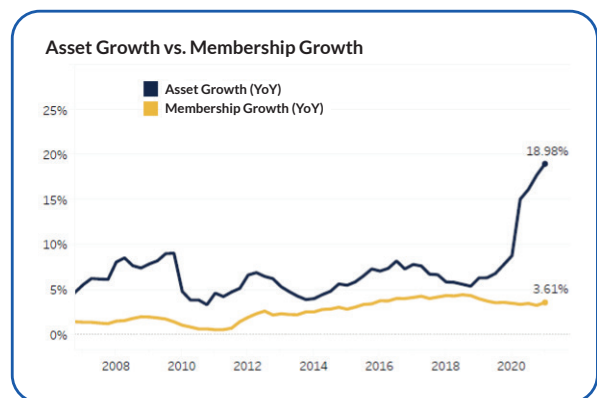
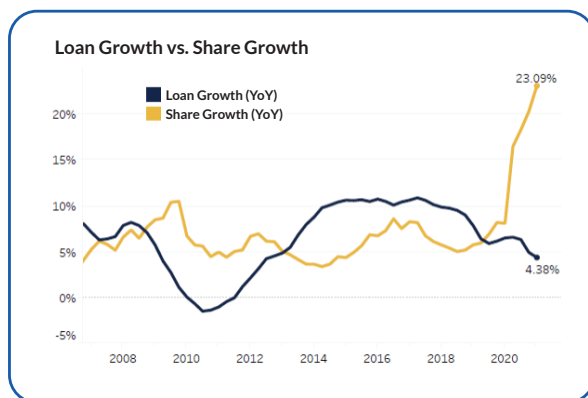
Contact center volumes peaked in April



Source: McKinsey Finalta Remote Banking Pulse check, July 2020

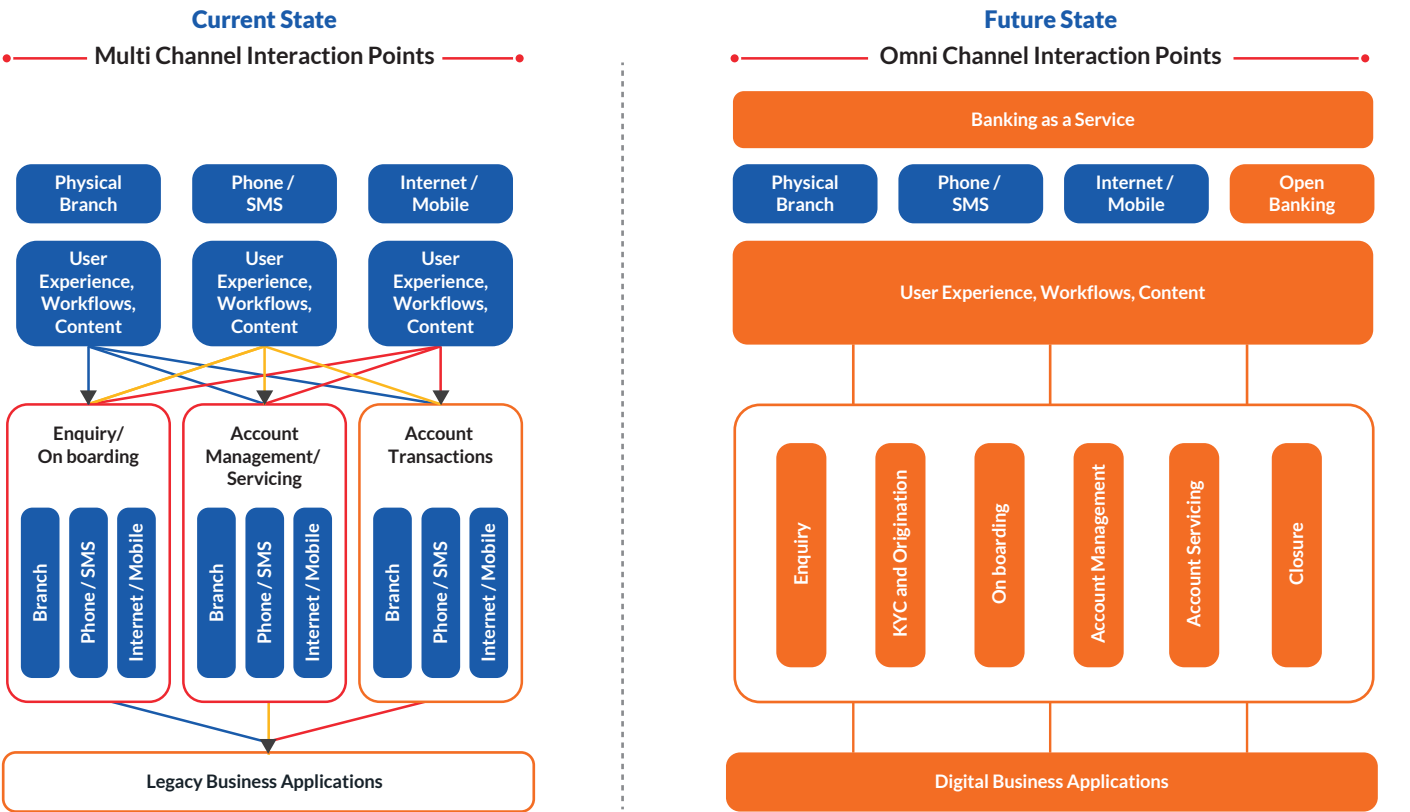
According to a McKinsey report on branch performance and call center traffic, there is a close correlation with technology and the **phygital banking** experience. Customers have started taking the omni-channel approach by banking via all possible avenues from the **mobile banking apps** to the internet. The peaks have been observed in waiting time, mobile usage and adoption of contactless banking experience which sets the way for a reimagined phygital experience post pandemic.

Credit Unions have showcased a stable growth in their membership and shares. The figures on loan growth, asset growth on average assets have seen spikes during the pandemic showcasing strong indicators that members of CUSOs (Credit union service organizations) have embraced the phygital change and would be interested in serving better experiences for their members post the pandemic. Credit Unions have showcased a strong willingness but certain regions in North America need more technology support to customize their technological journey.



If banks are able to integrate their processes and provide a true omni-channel banking experience, they will be in a great position in the upcoming decades. Having sound workflows, consistent customer experience and a seamless journey based on modern **digital banking platforms** will improve the **customer experience trends in banking** factor multifold. The below infographic highlights the differences between what banks predominantly have and what needs to be the future to have a seamless omni-channel experience.

Channel Performance



The below infographic details them in a nutshell for actionable insights. Thus, these indicators give us key insights on what could be the future of branch banking for a post pandemic world

7 Key Insights

Observation



No. of branches decreased drastically



Membership growth is lagging across many states in the US



Membership growth is very high in select 6-8 states in the US



CUSOs Asset growth and Bank deposits increase



Sharp increase in ROAA of CUSOs



Post-COVID world is likely to have low interest rates



Digital experience is scattered across channels

Insights

Branches are becoming lean & consumer driven

CUSOs need to prioritize reimagination and strategize to win in the new normal world

Topline growth for CUSOs are high as the banking expectations are met

Existing bottom line customers are navigating to a “phygital” experience

Member service has embraced digital modes of engagement

Banks & CUSOs need revenue diversification via cross/up sell, lifestyle, etc.

Omni-channel focus and consistency in consumer experience is imperative

3. Consumer-Branch Persona

Where does the Bank's customers and service offerings stand?

3.1.1 Customer Segmentation

Banks have significant diversity in the clientele base. Customers vary across socio-demographics and going forward, geographical boundaries diminish, catering services to the world and increasing the footprint of banks globally. As we approach a customer centric journey, each customer must be profiled, serviced and delighted to have increased lifetime value. So, approaching a contactless world, where do the customers fit?

We can broadly bucket customers into four major buckets of behavior towards technology – Pessimism, Realism, Optimism and Challenge.



“Pessimists” can be those who exhibit an aversion towards adoption of technology. The products and services are generally simple and not complex, yet the customers rely on physical banking methods and are quite comfortable with the traditional methods of banking.



“Realists” can be those who exhibit realism in the processes. They see banking as a means to end and value human touchpoints. Considering the industry trends, they would like to play safe and keep banking simple, and physical. But they do not have an aversion towards technology and newer methods of banking.



“Optimists” are those who exhibit an inclination towards technology and digital processes. They feel good being delighted with new products and services and are open to explore new opportunities and products. They value the banking products and services offered by bankers.



“Challengers” are those who love connecting and experimenting via digital processes. They value and expect new offerings from the bankers. They also exhibit a digital-first approach in all the modes of operation they operate. They want banking to be a part of their lifestyle and not a mundane operational activity.

3.1.2 Customizing Branch Experiences

There are four major trends to be highlighted in branch designs. **Banking industry** today is hugely influenced by retail consumption experience. The physical branch is an experience store for the customers to come and experience banking. Rise of Phygital transformation has set the expectations high and customers expect more from banks just like the way retail industry offers them products. Let us explore how each branch format is being reimagined from various use cases across the globe.



Boutique” Concept - The branch for “Pessimists” requires physical contacts and a refined customer experience that preserves touchpoints and ensures a retail centric banking experience. A Shop model is very similar to the way retail markets evolve.

A leading New Zealand bank which has introduced its new branch has conceptualized it with uniquely identifiable design. This new branch is equipped with stand-up areas, self-service stations, semi-private cubbies, and fully-private meeting spaces

Café” Concept - The branch for “Realists” is an upgrade to “Shop” concept where the retail experience is customized to fit their physical touchpoints. Like a Lounge/Spa where personalized service is provided, it provides a better in-branch experience.

A renowned bank in the United Kingdom has launched Lounge formats of branches where people can get a different banking experience. It includes gamification of services, personalization and a higher degree of banking service





“Techie” Concept - The branch design for “Optimists” can start becoming completely digital. Similar to Uber, though banking is done digitally, on-support and on-demand physical experiences can be mapped to customers. This is the stepping stone for digital transformation.

A leading bank in the Asian region has launched a café type branch at Singapore having state-of-the-art digital experience for the consumers. A tech digital lifestyle is portrayed and allows a new banking experience for the generation of tomorrow

“Neo” Concept - The branch for “Challengers” is the neo-branch format going completely digital with value offerings. In the long run this increases customer lifetime value and decreases customer churn rate and servicing cost.

A complete digital bank which is built on open banking principles, APIfication and microservices. This is the destination for banks which embark on a digitization journey.



3.1.3 Persona Analysis

Thus, there are four distinct personas in consumers and there are four key branch concepts that banks can undertake to serve their consumer personas.

For e.g.,-

The more “Challengers” in a bank’s customer base, opting for a **digital transformation strategy** can be the best option.

The more “Realists” in a bank’s customer base, phygital branches can be the best option.

A mix of “Pessimists, Realists, Optimists and Challengers” in different locations may signal an appropriate strategy in each of these locations.

Thus, depending on the traits exhibited by the bank’s customers, the branch concepts can be customized for better **customer service**. This will satiate their customers’ expectations in a structured approach which will lead to an increase in the customers’ lifetime value for the bank.

Arranging the customer personas namely “Pessimists”, “Realists”, “Optimists” and “Challengers” in the order of traits such as physical contact, perception, and digital adaptability, we can do a comparative analysis as mentioned below -

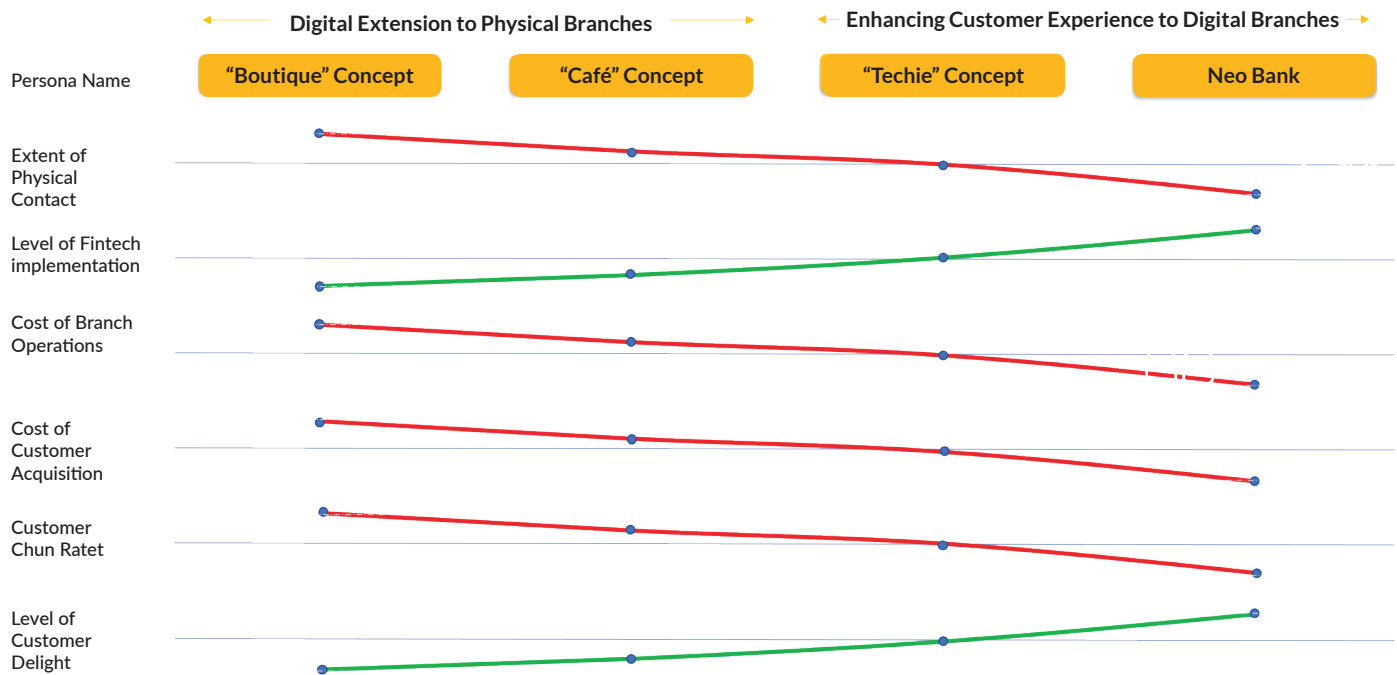
Customer Persona Analysis



Similarly, for the branch, the concepts can be arranged in the order of adoption of fintech implementation. For Pessimists and Realists, “Boutique” and “Café” concepts delight them with digitally enhanced yet physical touchpoints.

For Optimists and Challengers, “Techie” and “Neo” concepts fit as they are persona who are moved by digital adoption. Below is an illustration of the same.





4. Devising a Customer Centric Strategy

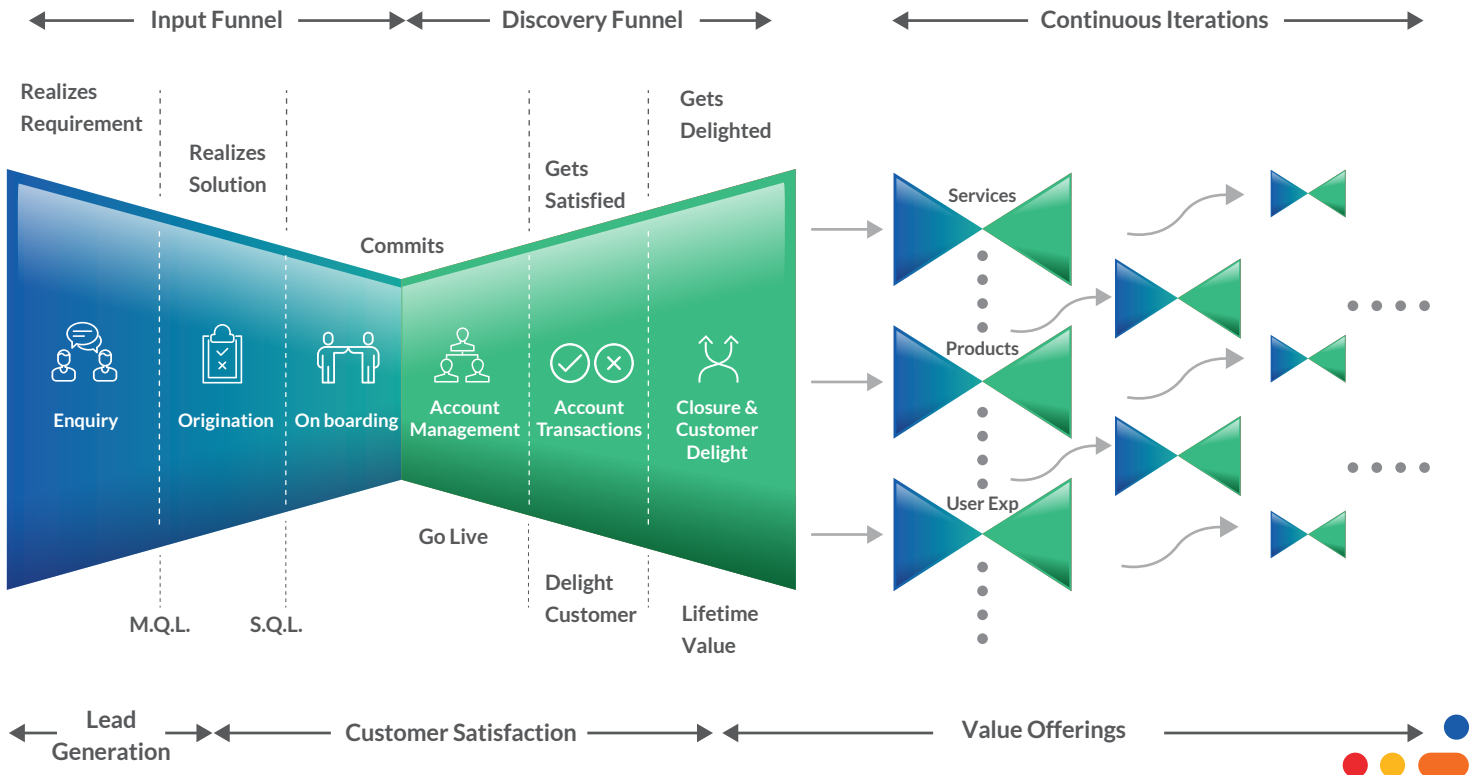
Customer journey decoded

4.1 First Principles

4.1.1 Reimagining Customer Journey

Customers undergo an experience when they sign up for a banking service. Tracing the journey and thinking from first principles helps to trace out the important checkpoints that are required for **customer experience** transformation. The below illustration details the stages that a customer undergoes as he banks. The customer is delighted via continuous iterations and hence customer churn rate is optimized to be as low as possible.

Reimagining Customer Journey



Input Funnel

The relationship with a customer starts from **Enquiry** where the customer is a prospective lead for the bank. The customer at this stage is a Marketing Qualified Lead (M.Q.L). Post Enquiry, the customer converts to a Sales Qualified Lead (S.Q.L) where the **origination** is completed successfully converting the customer into the funnel. Finally, the **onboarding** phase ensures the customer's needs and wants are properly mapped to the solutions and products offered by the branch. This ensures that there is a good product-customer fit and enables the track record to create a customer lifetime value over the next few years of relationship with the customer.

Discovery Funnel

Account management is typically serviced by the relationship manager to ensure that the customer's needs and wants are fulfilled. This includes activities like change of product, portfolio customization, restructuring of services, offers, etc. **Account Transactions** are activities done by the customer on the products mostly self-serviced or narrowed into the offerings given to the customer, which is followed by value offerings (cross-sell/up-sell) which is aimed at delighting the customer. **Closure & Customer Delight (Value Offerings)** depict the allied products and services that add value to the customer.

Continuous Iterations

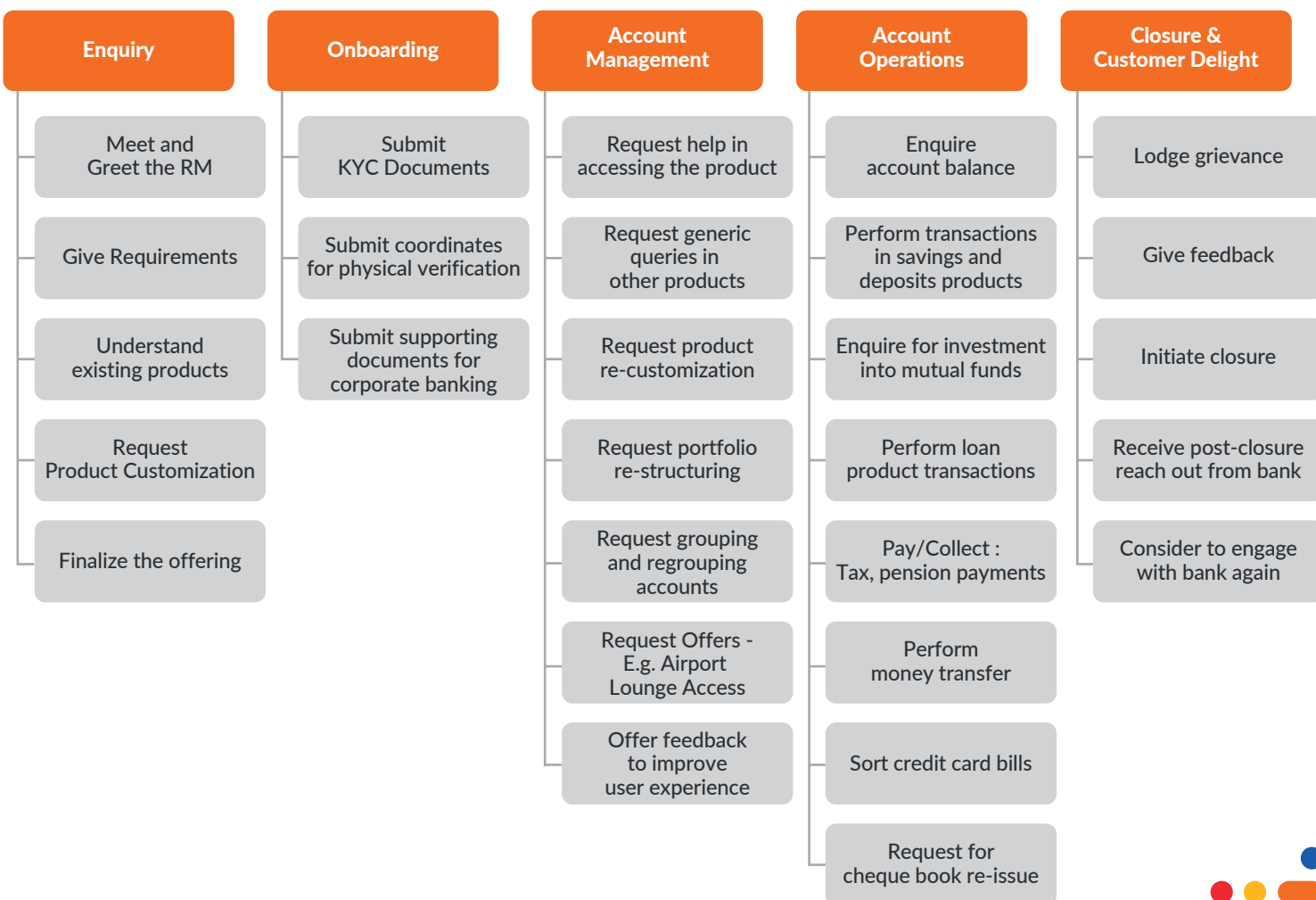
Once one-cycle of account management, transaction and value offering is over, the bank has to delight the customer again with other products and services. We believe that the customer's journey with the bank is a lifelong process and they should engage via multiple aspects like new products and services, enhanced experiences and other key customer-centric methodologies.

4.1.2 Interactions and Touchpoints

From the above funnel, there are 5 key areas for reimagination – **Enquiry, Onboarding, Account Management, Account Transaction and Closure & Customer Delight (Value Offerings)**. For these 5 areas, the list of interactions between the customers and employees are illustrated as below. These areas detail level one of business process that happen from a branch perspective and will be reimagined in the post-covid world.

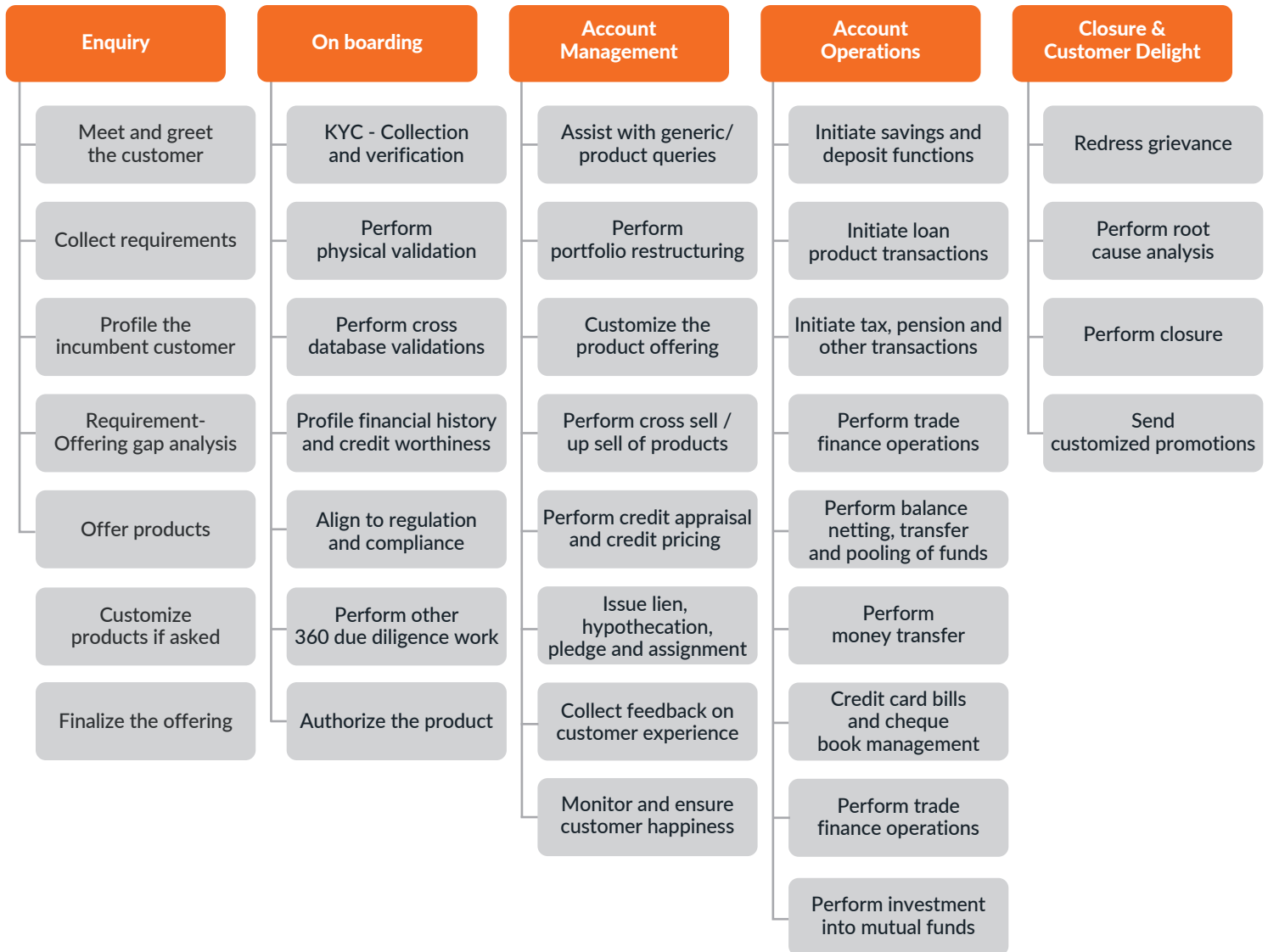
Processes include Product enquiry, KYC submission, Restructuring, Feedback, Grievance, Basic account management, Product Servicing and much more as mentioned below.

Interactions of Customer

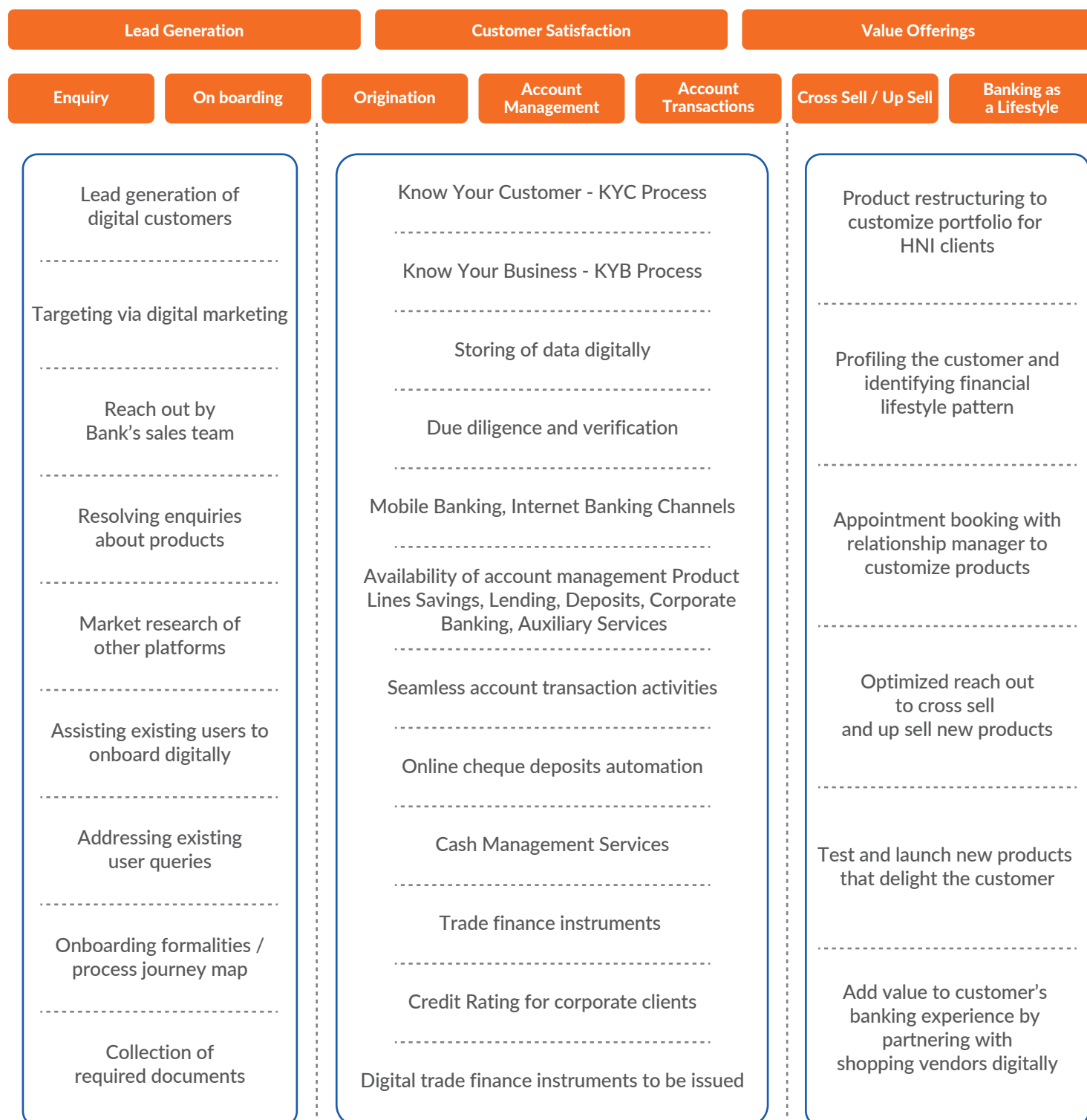


While designing the branch operations, employee experience also has to be counted in. This includes facilities to track customer performance, perform operations, portfolio analysis and much more. Empowering the customer and the employee will pave the way for a sustainable growth in the future. The illustration can be seen as below

Interactions + Touchpoints of Employee



Consolidating the above interactions, we have the list of business processes that align under the five key areas of reimaginings that were discussed before. These are key areas which need to be handpicked and reimagined digitally in the respective branch concepts to serve the customers better and have a high degree of customization.



5 Solution Construct

Comprehensive business process strategy

5.1 Reimagined Processes

Technology solutions for the 5 areas of business process as mentioned before, have been identified. These items are to be included in the checklist if a **banking institution** wants to reimagine its branch front. The level of customization has to be tailor made to fit the customer persona as decided/agreed upon.



Lead Generation

Customer Satisfaction

Value Offerings

Enquiry

On boarding

Origination

Account Management

Account Transactions

Cross Sell / Up Sell

Banking as a Lifestyle

Customer data aggregation



Attributes

Digital marketing



Push notifications



Customized landing pages



Cloud agnostic application

SMS / Text



Telephone / Mobile



Omni channel design

Voice/ Video calls



Chat/ IM



Virtual assistant/ Chatbot/ Voice assistant



Unified customer experience

Kiosk / ATM



Web portal
Online uploading of documents
Video KYC
Optical Character Recognition
Data lookup and verification



Attributes

Product lines (Retail and Corporate)
Payments module
Services module
Credit rating APIs
Trade finance
Cash Management Services
Securing credit to customer
Portfolio management
Guidance minimum preparation



Unified customer view

E Signatures
Biometric APIs
Cross database validation
Imagery and Communication APIs



Broad functional solutions

Digital vault
Secure audit trails
Blockchain



Secure seamless scalable platforms

Customer profiling



Attributes

Gamification of Banking



Shopping preferences



Augmented analytics for banks

Vendor/ Business collaborations



Customized offers



Customized products



Gamification of banking services

E-commerce spending analysis



Passbook transaction analysis



Customized user journeys

Social media reach out

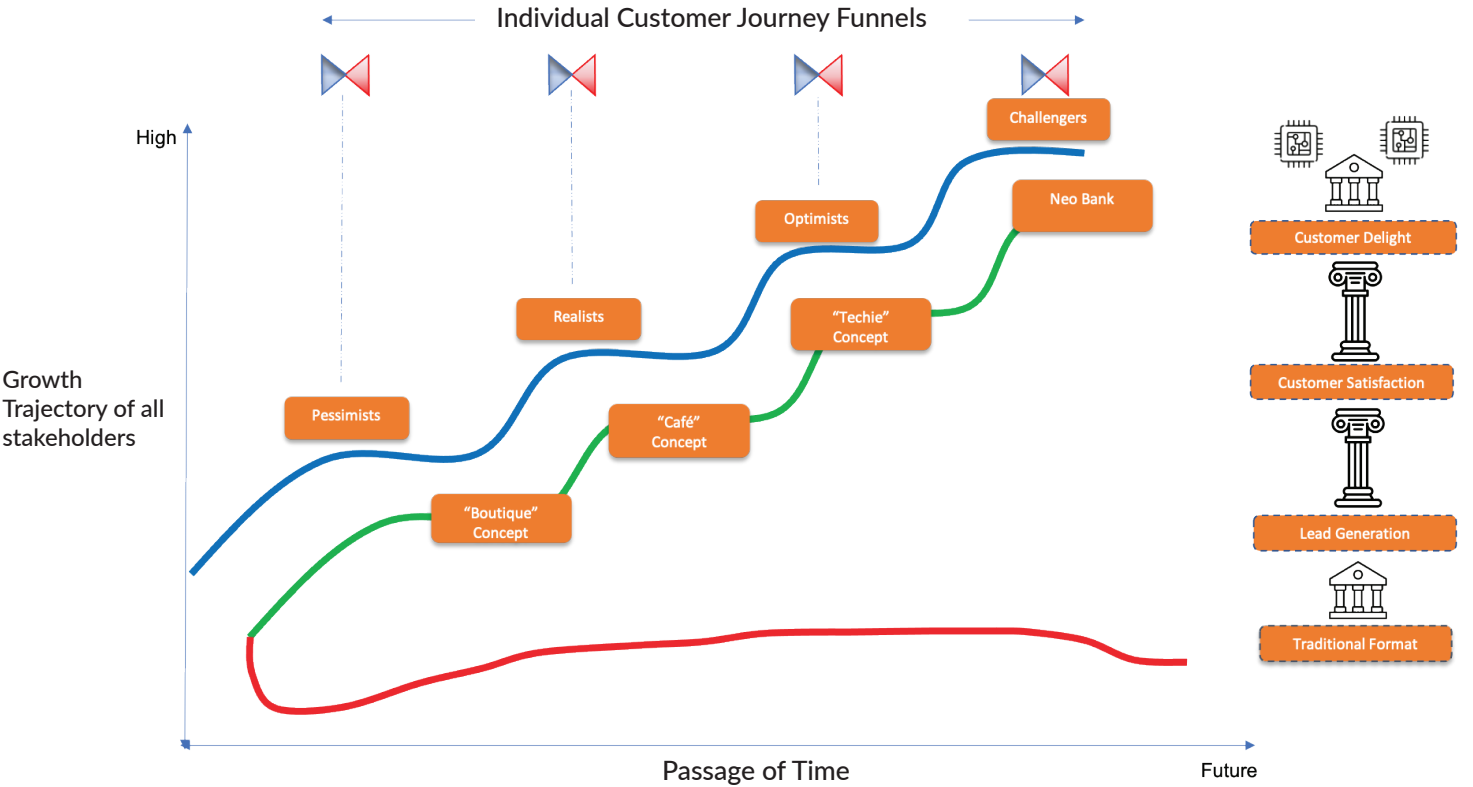


These solutions can be classified into three blocks that positions the priority levels as: **base** (b-block), **competitive** (c-block) and **differentiator** (d-block). Organizations should employ elements across the best practice frontier to stay competitive and offer customers best value and services. An illustration of the periodic table of elements can be found below

	b-Block elements					c-Block elements			d-Block elements			
Enquiry & Onboarding	Sms	Te	Atm	Pn		DmS	Bot	Pn	Dd	Bot	Lp	Vol
Origination and Due diligence	Wp	Up	Ph	Ap	Fp	Vid	Ocr		Div	Va	At	
Account management & Txns	Te	Dep	Le	Ac		Cr	Cm		Cq	Pr	Dcr	
Value offerings	Ve	Do	Pas			Shp	Cus		Gam	Eco	Soc	

Model illustration : Periodic table of elements for branch reimagination

5.2 Implementation



To implement such solutions and to reimagine branch from first principles, Hexaware offers technology consulting services to **financial institutions**. The banking practice at Hexaware, leverages its expertise to identify the best fit path for an organization's seamless journey towards **digital transformation in banking**. It creates an end-to-end solution construct to catapult banks in their growth journey, implementing a digital-first and a customer-centric approach. With tools, scorecards and proprietary models, the banking practice team consults world's leading banks, challengers, and fintech's to help meet their digital goals. Through Hexaware's global fintech partnerships, the team drives collaboration between the incumbents and the challengers catalyzing strengths with faster time-to-market and omni-channel **financial services**.

For more details, please write to marketing@hexaware.com

6 Conclusion

Banks and Credit Unions require a strategy to catapult customer experience for a new normal, post pandemic. This white paper has explored a structured method to reimagine bank branch operations that helps seamless transition among the customer cohorts of the banks with detailed insights in **customer journeys** that can be optimized. The whitepaper has covered the following aspects in key frameworks-

- Industry Insights and Indications
- Customer and Branch experience persona for the new normal
- A customer-centric journey funnel
- Identifying key areas of automation and business processes
- A clear solution construct for better branch experience transformation

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About Hexaware

Hexaware is the fastest growing next-generation provider of IT, BPO and consulting services. Our focus lies on taking a leadership position in helping our clients attain customer intimacy as their competitive advantage. Our digital offerings have helped our clients achieve operational excellence and customer delight by 'Powering Human-Machine Collaboration.' We are now on a journey of metamorphosing the experiences of our customer's customers by leveraging our industry-leading delivery and execution model, built around the strategy— 'Automate Everything', Cloudify Everything®, Transform Customer Experiences®.'

We serve customers in Banking, Financial Services, Capital Markets, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Hi-Tech & Professional Services (Tax, Audit, Accounting and Legal), Travel, Transportation and Logistics. We deliver highly evolved services in Rapid Application prototyping, development and deployment; Build, Migrate and Run Cloud solutions; Automation-based Application support; Enterprise Solutions for digitizing the back-office; Customer Experience Transformation; Business Intelligence & Analytics; Digital Assurance (Testing); Infrastructure Management Services; and Business Process Services.

Hexaware services customers in over two dozen languages, from every major time zone and every major regulatory zone. Our goal is to be the first IT services company in the world to have a 50% digital workforce.

Learn more about Hexaware at <https://www.hexaware.com>

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