Branching out: The case for the human touch in banking
by Frederic Brunier and Stefano Trombetta
Everyone loves Apple. Its beautifully designed products and unparalleled in-store experiences promote a “lifestyle” that attracts legions of devoted fans. Similarly, Starbucks offers one-of-a-kind beverages, food and experiences that keep their customers coming back for more.

Banks are beginning to realize that they, too, can deliver more engaging experiences. Capital One, for example, is augmenting its branch network with Capital One 360 Cafés—community spaces in which visitors can manage their banking transactions, meet with bank associates, or simply enjoy coffee and free Wi-Fi.1 There is more banks can learn from the likes of Apple and Starbucks—especially when it comes to the role of their employees.

Digital channels now allow customers to carry out many transactions traditionally handled by the retail branch workforce. That leaves branches as differentiating physical assets and branch talent, much like Apple Store associates, to act as the human face of the brand. These employees will support customers’ use of digital interactions. And offer new and differentiated customer experiences that bring together the best attributes of in-person and online banking. The experiences branch talent provide will ultimately enable banks to tap new sources of profitability and form a formidable defense against the growing numbers of digital-only players.
The My Cash threat

Few industries compare with retail banking when it comes to the potential financial impact of digital disruption. Among retail banks, up to one-third (32 percent) of revenues are at risk. This is especially evident in banks’ “My Cash” business, which focuses on customers’ day-to-day management of their income, expenses, assets and credit card accounts.

Branch employees who historically helped customers manage their My Cash transactions are feeling the digital heat. And it’s not only because customers are defecting to other providers. Even customers who have no intention of leaving a bank are simply not using branches as they once did. The Accenture Strategy 2014 Global Consumer Pulse Research showed that consumers interacted with their banks, on average, 17 times each month. Of those interactions, 11 took place online or through other digital channels such as mobile devices, social media, video chat and instant messaging. Branch visits, which accounted for fewer than two of customers’ monthly bank interactions, declined by 6 percent in the last year alone. Many industry watchers see customers’ growing appetite for digital My Cash products and services as the beginning of the end of the branch workforce. That sort of thinking is understandable. But it’s wrong.
The My Life opportunity

While My Cash business in branches is declining, it’s only one aspect of retail banking. The other business is focused on more strategic “My Life” services, which help banking customers build and manage wealth over time and achieve long-term goals such as home ownership or retirement security. Branches are strong players in this lucrative market. Many customers turn to branches when they need complex financial products, such as mortgages and pension services. Customers’ reliance on branches for My Life services will continue, despite the emergence of online tools such as mortgage calculators and investment trackers. Digital tools provide information, not insights to help customers turn financial information into meaningful action. That’s the domain of highly skilled branch talent.

When it comes to making decisions that shape their financial futures, My Life customers expect and demand high-touch, human-touch services that complement and build upon their digital interactions. They rely on access to financial experts who can help them understand their options and finalize the transactions they may have started online. They need trusted advisors who can guide them in developing sound financial strategies. And they may even want highly skilled bank representatives to manage their finances. It is doubtful that digital players—with their limited physical presence and their focus on automating transactions—will ever be able to deliver the high-touch, personalized customer services that branch talent can.

The importance of personalized banking experiences cannot be overstated. The Accenture Strategy 2014 Global Consumer Pulse Research has shown that 34 percent of customers who switched financial providers in the last year did so because of a poor customer service experience. By comparison, only 7 percent defected because of the quality of a bank’s digital interactions or services.4 These findings suggest that the human branch experience will be the differentiating factor of banking success in the future.

Customers do not tolerate poor customer service

34% of customers leave due to poor customer service
A new day for banking

The excess capacity in the branch workforce will be put to good use. Branch talent will no longer be primarily tasked with providing day-to-day transaction support or selling bank products. They will assume a more strategic role focused on delivering outcomes for higher-value customers across multiple channels. In this role, they will provide the critical human touch that enhances customers’ digital experiences, strengthens relationships, and underpins the higher-value strategic advisory services that will drive profitability.

Branch employees face several challenges when it comes to making this transition. One is an image problem. Seventy-one percent of customers consider their banking relationships to be transactional. Branches need to turn this perception on its head and offer services that are relationship-driven. Another is a skill deficit. While 22 percent of banks believe they won’t have the branch skills needed in coming years, early indicators suggest the skills gap will be much higher. Many banks don’t yet realize the new skill sets they will need.

Lack of skills a concern for banks

22% won’t have the right branch skills in the future
The human touch in the digital age

Taking advantage of My Life business opportunities will require banks to re-imagine their branch experiences and, by extension, the responsibilities and skill sets of their branch talent. Specifically, banks will need to do three things:

Shift the currency of branch talent

As trusted financial consultants, branch employees will be charged with helping customers achieve their financial goals in a radically different way. They need to be able to deliver strategic advisory services, communicate the intricacies of complex financial products, and identify solutions that best match the needs of each customer. This means moving beyond product mastery and developing active listening and assessment skills to position themselves as trusted partners who are there to personalize each customer’s selection process. Social skills will also be increasingly important, since advisory services and complex financial products simply don’t spark the same emotional connection as, for example, an iMac might. Branch talent needs to generate excitement among their My Life customers—not about banking services per se, but about the goals and lifestyles that those complex financial instruments will support. The abilities to assist, engage and excite will take center stage.

Create a hyper-personalized branch experience

Branch employees that understand the customer experiences in both the online and offline world will be better prepared to enhance those experiences with personalized services when the need arises. Having access to comprehensive customer information in real time—and knowing how to use it—will be key to creating a personalized and seamless interaction that may have begun in a different channel.

Digital technologies will also play a critical role in extending the human touch that My Life customers demand by allowing branch talent to connect with customers in entirely new ways. Social media and video conferencing, for example, can bring the branch experience into the customer’s home or place of work. While these formats for engaging with customers may not replace a true face-to-face branch encounter, they can go far in building personal relationships and meaningful experiences. Importantly, these remote advisory services will be available to all customers—even those whose local branch employees do not yet have the necessary strategic skills. With digital, human expertise is just one click away.

Treat branch talent like the strategic asset it is

In the digital age, customer satisfaction will become the critical metric. Other key performance indicators will include branch employees’ use of digital and human engagement channels, the number of relationships created, the quality of the advisory services delivered, and customers’ excitement once the interaction is over. Incentives and talent development programs need to be aligned to these new indicators of success. The same is true of rewards. Branch employees who develop the requisite social, digital and advisory skills will enjoy a more satisfying work experience. But that’s not enough. Banks should be willing to compensate them for the strategic role they play and the critical skills they bring to the table.
The human race

In the near future, a bank’s profitability will be highly dependent on each branch’s ability to deliver high-value My Life services. Those that excel will focus on bringing the virtual and physical experiences together by blending high-touch interactions with digital offerings. They will re-imagine the role of their branch workforce and equip their talent with new skills. Tomorrow’s winners will be the banks that see their branch employees for who they are: human beings that make every customer interaction a differentiated banking experience.
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