FROM BRANCHES TO EXPERIENCE CENTRES

Leading the way in the transformation of the branch network into experience stores
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive summary</td>
<td>3</td>
</tr>
<tr>
<td>Context: there’s still life in your branch network</td>
<td>5</td>
</tr>
<tr>
<td>Goodbye bank branch – hello “Experience Store”</td>
<td>10</td>
</tr>
<tr>
<td>The route to success: getting it right</td>
<td>26</td>
</tr>
<tr>
<td>Conclusion: the new economics of branch network transformation</td>
<td>32</td>
</tr>
<tr>
<td>Blending Physical and Digital</td>
<td>33</td>
</tr>
</tbody>
</table>
Executive summary

Across the world, banks’ physical branch networks are being impacted by trends including the shift to digital transactions, customers’ continuing demand for a “human touch” and consumers’ rising expectations set by other retail experiences. But while the pressure will continue, the best response isn’t to cut back towards zero branches.

Instead, the solution lies in transforming the branch network – a strategy that can take out significant cost while improving revenue through the network. In Accenture’s view, what’s needed is to turn traditional branches into “experience stores”: an agile, integrated network of environments that are multi-format, geographically-tailored and digitally-enabled.

These new branches will be experience-led and empower the front line with convenient technology. They’ll also emphasise the human touch that customers still demand at key financial moments, by complementing the technology with empathy.

What will your branch network look like in 2025?

We expect it to have...
- 30% fewer traditional branches
- 20% new experience stores
- 70% fewer tellers
- 50% of staff in new ‘relationship’ roles
- 30% less floor space

Do you agree? If not, what’s your vision?
To create an experience store network successfully, banks will need to take a modular, globally-standardised and locally-flexible approach to customer offerings and experiences based on a 'kit of parts'. They’ll also need to manage the overall business and systems architectures on a cross-channel global basis and drive employees’ behavioural change starting from the customer experience mindset, not a procedural or regulatory standpoint.

Accenture believes that those banks who undertake this type of transformation will succeed in addressing the long-standing “problem” of their branch network and turn it into a positive asset – as well as a source of differentiation and competitive advantage with customers compared to their digital-only challengers. Those players who move earliest to seize this opportunity will have a head-start in realising the benefits. So the question is: why not start today?
Context: there’s still life in your branch network

There’s a widespread perception that the days of the bank branch network may be over. But the reality is more complex – as reflected by a growing realisation that customers still demand human interactions at key moments and that the network generates reassurance and trust for all customers, even digital-only ones. So, how to reshape the network? And how fast?

Some trends suggest the branch is dead...

It’s easy to point to industry trends that appear to sound the death-knell of the traditional branch. As more sales and servicing activities have gone digital (see Figure 1) traditional work in the network has undergone a radical reduction, making the branches less economical on a standalone basis. With digital transactions projected to keep rising and cash transactions falling back, the decline in traditional in-branch activities looks set to continue.

Hardly surprising, then, that significant further reductions in the number of bank branches are in prospect, largely driven by restructuring programmes launched to reduce costs. And the pressure on branches is being exacerbated by new FinTech entrants, whose digital-only propositions are challenging banks’ existing customer service models. With Accenture research1 projecting that 35% of banking revenues estimated to be at risk by 2020 because of disruption from FinTechs, this challenge will only increase.
FIGURE 1
Evolution of sales percentage per channel 2010-2017, with sales progressively moving away from branches to digital channels"
Virgin Money had recorded a 200 per cent uplift in sales at branches that were located near one of its “lounges.”

...while others show it’s actually alive and kicking

However, the indicators suggesting that branches are history are countered by signs that they’re very much part of the future for banks and their customers. While different generations exhibit differing needs and expectations, customers of all ages share a desire for greater personalisation – including a ‘human touch’ at key financial moments in their lives. Many want these human experiences to be blended with digital speed and convenience: Accenture research shows 49% of customers globally want instant access to face-to-face advice via a mobile device.

There’s also growing evidence that the branch network has a positive impact on customers’ behaviour and buying decisions. Why? Because the physical presence creates a “halo effect” bolstering acquisition activities even among digital-only customers, as it provides re-assurance and a sense of trust: “If all else fails, I can always go to the branch.” There are even signs that highly digitally-engaged customers use branch-based services more often.
Retail’s influence on banking continues to grow...

These countervailing – even contradictory – indicators over the value and relevance of branches, are further complicated by the impact of other retail experiences on customers’ perceptions and expectations of their in-branch experience.

Today’s consumers expect to shop how they want across the integrated marketplace, with retail stores becoming places of differentiated, curated experiences as part of fulfilling that desire. In recent Accenture research, 78% of retail customers globally cited the ability to touch, feel and try products as a top reason to shop in-store. And 32% of European customers said they choose physical stores over online for the ability to speak to a sales associate.

The implications for bank branches are profound. Customers love digital for routine transactions, but want human contact when they need it – and the fact it’s available in physical branches gives them reassurance about the bank’s brand. So branches still have a vital role as visible, tangible locations that provide a positive and personalised experience. And the staff in them must be capable of delivering service beyond sales and recommendations beyond choice.

All of this means the endgame isn’t zero branches, but different branches. The question is how to ensure these new outlets deliver what customers really want – and do so at scale across the network.
Virgin Money’s branded boutique lounges complement its full-service branches and boost in-branch revenue generation

Virgin Money in the UK has created a network of branded boutique customer relationship lounges that complement its branches. Conceived as brand-led “non-sales” environments where customers can have a coffee and relax, the lounges have been deployed in seven major cities. Designed and created in collaboration with Accenture’s Allen International, the lounges handle roles including acquiring new customers, differentiating the Virgin Money brand and engaging with communities. They also act as a retail academy for staff training across the bank’s physical network.

The results have been impressive. Visitor numbers to the lounges are running at 68,000 a month, with a net promoter score of 85%. Perhaps most tellingly, Virgin Money has seen sales increase by 200% in full-service branches located near the lounges.
Goodbye bank branch – hello “Experience Store”

The trends we’ve described among banking customers and across the retail industry are pushing banks inexorably towards a new model for the physical branch: one that’s led not by the need to house transactional activities in a particular location, but by the vital importance of meeting customers’ changing expectations and providing them with an experience that they’ll come back for.

It’s a model that we’ve termed the “Experience Store”. It will be smaller and more agile, borrowing freely from leading retail innovators. And the branch networks that embrace it will share eight vital attributes or activities – with the balance between these attributes varying widely, depending on each store’s location, function and target customers. The experience store network will...
1. Showcase products and provide complex advice

The physical retail space offered by banks must evolve radically, from the traditional banking hall to a place where customers can experience the products and services offered by the bank and the companies it collaborates with. This will involve four distinct activities:

- **Brand awareness and community building** – Co-working with local SMEs and providing workplace facilities, while also collecting data and feedback to improve digital products.

- **Advisory and customer acquisition** – Managing conversations on wealth creation and providing detailed guidance and advice, while supporting customers’ life events by creating immersive experiences that add value.

- **Engagement and education** – Providing digital and financial education alongside access to “partner” products, while also helping customers manage their finances and access digital services.

- **Help and self-initiated services** – including self-service problem resolution, digital “debugs” and account management.

---

**Eight things that the “experience store” network of the future will do – to varying degrees in each outlet**

01. Showcase products and provide complex advice

02. Operate as an integrated component of the overall channel strategy

03. Lead with experience

04. Manage the territory, not the branch

05. Deploy a mix of formats across geographies

06. Empower the front-line with simple mobile technology

07. Emphasise the human touch, with the front-line complementing technology with empathy

08. Utilise other networks with new formats
2. Operate as an integrated component of the overall channel strategy

In the next few years, mobile will become the default primary contact channel for day-to-day sales and service across all retail banks. Mobile apps will smooth the customer’s path to other channels, by enabling hand-offs in which the customer is already authenticated and their needs understood.

As simpler, transactional traffic migrates to self-service channels, seamless cross-channel integration will become even more crucial, with the physical stores bringing ‘humanity’ to the digital-led experience. This change of role will affect both the priorities and processes for front-line staff, with the focus moving from ‘once and done’ requests to more complex face-to-face interactions like advice, customer care/relationship-building, complaints/issue resolution and supporting or finalising cross-channel processes.

With the store playing a supportive role, processes will also have to evolve to support multi-stage task management, cross-channel referrals, appointment-booking – including virtual wait-time management – and authentication across integrated channels.

This change of role will affect both the priorities and processes for front-line staff
3. Lead with experience

Many banks have grasped the importance of improving the in-branch experience for customers and making major investments to achieve this. These programmes are generally aimed at modernising the branches, while also creating ‘lifestyle’ experiences within the stores and repositioning them to cover more parts of the value chain.

In the experience store network of the future, three innovations will have a particularly powerful impact on the customer experience:

- **Community spaces** – These are places for the community to use: open, inclusive social spaces that allow businesses and customer groups to meet and engage, and which become part of the fabric of local communities.

- **Digital tools** – Available throughout the branch, these tools will allow customers and staff to have digitally-enabled conversations at a “Genius Bar”. The tools will also support digital learning and foster the migration to self-service.

- **Blended retail areas** – As banking services and retail services such as cafés come together, we’ll see experience stores evolve into blended retail spaces that will attract more people into a single space.
4. Manage the territory, not the branch

The move to experience stores will involve targeting a lighter branch footprint, not fewer branches. This means maintaining or expanding the range of branch types in the network while reducing the size and number of branches. This recalibration of the network will see three levels of store emerge, as shown in Figure 2:

- **The “Experience Hub”** – Highly visible flagship branches, typically medium-to-large, delivering the full branch experience to engage, retain and win customers. It will aim to exert an extended “halo effect” to support acquisition of both digital and physical customers and will offer the full range of products and services, including “premium” services like complex advice and bancassurance. It will also offer physical cash services, especially for SME customers.

- **The “Complement” store** – Typically smaller branches that support the retention of existing customers in a re-sized micro-market format, with the product/service focus and modules varying based on local market needs (digital, self-service, acquisition, etc). The Complement stores will house a limited range of specialists, have flexible roles for staff and help to educate customers on the use of remote channels.

- **The “Satellite”** – These will be pop-up or mobile branches and individual professionals working in a particular region with the goal of acquiring customers and selling products, reporting directly to their territory’s Experience Hub. Satellites can be permanent (such as ‘SME hunters’) or seasonal (such as campus campaigns aimed at students). Depending on the products or services involved, the Satellites will refer clients up to the micro-market Complement stores or even to their local Experience Hub.

In the more digitally sophisticated markets, we think banks will continue to reduce the number of traditional full-service branches in their networks, consolidating around a smaller number of flagship stores or Experience Hubs – mostly in urban areas – while creating new lower-level stores for specific purposes.
FIGURE 2
The three levels of store in the “experience store” network

01. SATELLITES
- Customer acquisition
- Selling standard products
- Specialised services

02. COMPLEMENT
- Self-service transactions
- Selling standard products
- Support by Hub for complex products

03. EXPERIENCE HUB
- Experience focus
- Assisted transactions
- Selling both standard and complex products
- Advisory services and specialists
- Cash services

Range of attraction of the "Experience Hub & Micro-Market Complements" model

Range of attraction for satellites

Range/"halo" of attraction of the flagship branch

Range of attraction for traditional branches

 VS

EXPERIENCE HUB

COMPLEMENT

SATELLITES
5. Deploy a mix of formats across local “micro-markets”

The experience store network will include a range of formats tailored to local needs and expectations across different local micro-markets. Our view is that five formats will emerge, each with its performance measured using different key performance indicators (KPIs).

**Flagship Store**

The flagship store is the “crown jewel” of the store network. It’s a signature presentation of the brand’s physical experience – effectively a three-dimensional, multi-sensorial advertisement – and acts as a showroom of all the bank’s products and services. So, while it is designed to serve customers’ every requirement, the store also builds brand awareness and is a test-bed for new interactions, technologies and services.

**Digital self-service store**

The digital self-service store serves a dual purpose: first, to provide convenient self-service options and digital education to customers as needed; and second, to maintain the bank’s presence in the community with less need for investment. Among other roles, it helps customers move to digital and self-serve channels and tests out new digitally-assisted interactions between staff and customers.

**KPIs for the flagship store:**
- Increased brand, product and service awareness
- Online and offline engagement – social media responses and footfall
- The “halo effect” – sales increases in-store and in the neighbouring stores in the network
- Staff and customer engagement – net promoter scores (NPS) and employee scoring
- Community engagement

**KPIs for the digital self-service store:**
- Increased usage of digital services in specific geographic locations
- Reduced operational costs – number of staff and scale of unit
- Cross sales
Pop-up store
The pop-up store is a temporary location positioned to meet customer demands or build brand reputation among a target customer segment and/or in a high-traffic area. Deployed quickly, it generates leads and enquiries, enables physical engagement with customers away from the traditional branch environment and tests out new methods of customer engagement.

Customer lounge
The lounge attracts customers into the store by providing amenities and convenience in addition to banking services. Modelled on airport lounges and retail hospitality suites, it promotes the brand through physical benefits of membership and acts as a hub for events, community engagement and third-party partnerships.

Neighbourhood advice store
The advisory store without walls embodies the physical/digital blur like no other. It is a best-of-both-worlds model that merges elements of traditional branches and virtual banks. This store is small, staffed with financial advisors and acts as a physical point of locally-tailored services around customer care, problem resolution and product enquiries and sales.

KPIs for the pop-up store:
- Level of consumer interactions
- Product sales, enquiries or registrations
- Lead generation/customer acquisition

KPIs for the customer lounge:
- Customer acquisition/retention
- Footfall and usage
- Product referrals, and digital and physical network sales
- NPS scores
- Level of community engagement and positive brand association

KPIs for the neighbourhood advice store:
- Product enquiries, meetings, agreements and sales
- NPS scores
- Level of community engagement and positive brand association
- Customer acquisition
- Footfall and usage
Capital One is generating a “halo effect” for digital customer acquisition across its network through a new flagship branch concept.

Capital One in the US has worked closely with Accenture’s Allen International to develop a new flagship branch concept that incorporates free wi-fi and an in-branch café.

The concept takes an innovative approach to integrating digital experiences with a physical presence and a human touch. A community space in the branch creates a warm and comfortable environment for customers and the public – thereby providing a better customer experience and boosting community engagement.

The branch is equipped with digital tools throughout, enabling customers and branch staff to have digitally-enabled conversations at the “Genius Bar”. Tools are also available that enable digital learning and support customers’ migration to self-service offerings. At the same time, the café area attracts footfall into the branch, resulting in increased brand awareness and greater sales opportunities.
6. Empower the front-line with simple mobile technology

The experience store network will equip and empower the front-line staff with relevant, targeted, easy-to-use technology based mostly around mobile platforms and devices. The resulting customer interactions in-store will be shaped by four trends pinpointed in the Accenture Technology Vision 2018.

**Trend 1: Citizen AI – the newest member of the banking workforce**

AI is moving out the back office to become a visible member of the banking team, through innovations including intelligent ATM/ITM devices, biometric authentication and use of data analytics to drive the in-store experience. Automated in-store monitoring will recognise customers and respond with appropriate content and prompts to staff.

**Trend 2: Extended reality (XR) – the end of distance**

XR will be used to market and manage customer relationships, create meaningful customer engagements and improve workforce performance. By replacing “screen-on” devices, augmented reality devices will support immersive and seamless customer interactions – including virtual “physical documentation” instead of paper forms.

**Trend 3: Data veracity – build the future on truth**

With big data comes big responsibility. Technologies such as facial recognition and biometric identification bring major benefits like better cross-channel integration and security. However, these technologies need to be used responsibly, transparently and ethically to comply with data privacy regulations and retain customers’ trust.

**Trend 4: Internet of thinking – put smart banking on the edge of consumer interactions**

Opportunities for new types of interaction in the experience stores include next-generation ATMs equipped with biometric authentication and integrated video calling – enabling customised, faster and more responsive interactions 24/7, with a user experience consistent with mobile and internet banking.
Basic tooling and the “human digital” store journey

To respond effectively to these trends and opportunities, banks will need to continue to roll out the basic tooling – including CRM, collaboration and knowledge management tools – needed to foster relationships and support integration. The “digital-first” branch will leverage technology from other channels and embrace new technologies in-store to support every stage of the “human digital” store customer journey (see Figure 3).

FIGURE 3
The “human digital” customer journey supported and enabled by the digital-first experience store
7. Emphasise the human touch, with the front-line complementing technology with empathy

The shift to a digital-first experience store model means the stores will become a destination for customers who specifically need human support. The simpler, less emotive and more transactional activities will have shifted to other channels.

As a result, the staff in the stores will need to bring ‘humanity’ to the model. This will mean handling more complex and potentially emotive conversations and taking on a wider and more stretching range of roles, from brand champion to events & community leader and from social media engager to financial coach. In parallel, activities that enable cross-channel processes will become more of a focus.

Given these shifts, the top three skills relevant for store staff over the next five years will be technical skills, an ability to change and learn and customer service. And the top two attributes will be proficiency with digital technologies and an ability to learn new work requirements quickly, reflecting shifts in employees’ key focus areas (see Figure 4). New roles will also require new ways of measuring, managing and rewarding staff performance, while balancing individual and team-based rewards.
8. Utilise other networks with new formats

There’ll be a convergence and cross-fertilisation between banking store formats and other retail environments, with collaborations and concessions creating shared retail experiences in bank branches and shared banking experience in other retail stores.

We’re already seeing cross-sector collaborations in other retail environments, such as Virgin Holidays operating in Next stores in the UK. With the emergence of experience stores, such alliances will increasingly involve banks, both as hosts and concessionaires.
FIGURE 4
Shifts in employee focus and behaviours in progressing from branch to experience store

YESTERDAY’S TYPICAL FOCUS AREAS

- Service-focused
- Procedural
- Digitally savvy
- Customer-oriented

TOMORROW’S FOCUS AREAS

- Sales & Advisory
- Digital & Financial Education
- Product & Procedure Knowledge
- Certification & Compliance
- Service, Transactions & Support

TYPICAL BEHAVIOURS

- Re-active
- Hierarchy-driven
- Open and communicative
- Team player
- Energetic

TYPICAL BEHAVIOURS

- Advice-focused
- Results-driven
- Self-motivated

From Branches to Experience Centres
To maintain and strengthen its leading position in Indian retail banking, SBI knew it needed to engage and embrace the millennial generation. So it launched a digital banking programme to remodel its branch environment and customer engagement to suit India’s fast-growing population of young consumers.

The bank set a timeline for building seven fully digital branches in just 14 weeks. To help it meet this ambitious schedule – which included strategy formulation, brand development, branch design and build, technology implementation and employee enablement – SBI chose Accenture as its sole partner.

Accenture, Allen International and SBI began by finalising the vision and shaping a new sub-brand – SBI InTouch – that reflected the differentiated service experience. Accenture then brought together a team from around the globe to design, build, equip and open the seven new branches.
The leading-edge digital devices deployed at the branches included interactive wall and table displays, tablets, multi-function kiosks and smart ATMs. These technologies enabled new service offerings including instant account opening and access to remote financial advisors via video-conferencing. Accenture and SBI also worked together to select, recruit and train appropriate internal staff.

Within the 14-week timeline, SBI became the first bank in India to develop and deliver a sub-brand targeting the country’s young, digitally proficient population – who immediately started to visit the new branches in phenomenally high numbers.

“\nThe success of the seven-branch launch propelled SBI forward with its wider digital bank programme.\n"
The route to success: getting it right

A bank looking to compete and win in the era of the “experience store” will need to harness six specific success factors.

1. Use a dedicated global and local function to continually optimise the stores across territories
2. Have a global standard for each module within a ‘new branch’ and use a ‘kit of parts’
3. Manage the overall business architecture and systems architecture cross-channel – and govern this globally
4. Be clear on the hand-offs between channels, as they will evolve as digital MVPs land
5. Treat the change programmatically, setting clear targets for a three-year horizon but remaining agile in terms of the end-state
6. Drive the employee behaviour change starting from the experience mindset – not from a procedural or regulatory standpoint
1. Use a dedicated global and local function to continually optimise the stores across territories

To manage the network in a dynamic way, banks will need to invest at a global level in more sophisticated store analytics techniques akin to those used in retailing. These technologies will be applied and flexed at a local level to optimise effectiveness, engagement and customer experience in each territory. The resulting analytical insights will help to inform continuous rightsizing of the branch network, improvements to services and targeted use of formats such as pop-up stores.

2. Have a global standard for each module within a ‘new branch’ and use a ‘kit of parts’

Banks need to reset the conversation to discuss not how many branches they need, but how many instances of a specific service are required in a particular location to meet customers’ needs. This shift in mindset will help banks standardise and modularise the functions of the store, implementing “modular service blocks” for the entire network to create a “kit of parts”.

An illustrative model of the kit of parts is shown in Figure 5. Each module can be used to help contain costs and adapt to customers’ needs in different geographies, enabling selected branch formats to be implemented cost-effectively. The kit of parts approach also means a region’s existing branches can be categorised based on business importance and visibility, and then reformatted accordingly across aspects ranging from physical furniture to graphical display technology.
**FIGURE 5**  
Illustrative list of modules in an experience store Kit of Parts

<table>
<thead>
<tr>
<th>KIT OF PARTS® MODULES</th>
<th>FLAGSHIP STORE</th>
<th>LOUNGE</th>
<th>DIGITAL SELF SERVICE STORE</th>
<th>POP-UP STORE</th>
<th>ADVISORY BRANCH WITHOUT WALLS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BRANDING</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>UNIVERSAL BANKER 2.0</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>SPECIALIST REMOTE ADVISOR</strong></td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>CO-WORKING</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td><strong>COMMUNITY SPACE</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td><strong>ADMINISTRATIVE SERVICE</strong></td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td><strong>MANUAL CASH</strong></td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>

Options for high-potential/density areas and digital halo effect creation  
Options to maintain presence/increase presence at lower cost

Module list is illustrative

- Brand Awareness and Community Building
- Advisory and Customer Acquisitions
- Engagement and Education
- Help & Self-Initiated Service

From Branches to Experience Centres
3. Manage the overall business architecture and systems architecture cross-channel – and govern this globally

To maintain consistency in the business and systems architecture, banks should use a single channel authority to review suggested changes to the kit of parts and manage cross-channel changes on an ongoing basis using a Customer Interaction Model (CIM). This ensures the branch channel will provide a consistent experience and won’t suffer from unplanned cross-channel impacts.

This approach will also enable higher agility in the network, as the lifecycle of the branch is shortened and new parts can be developed and deployed at a rapid pace without slowing down the wider transformation. ‘Service model’ roll-outs should be orchestrated across channels in tandem at a market level. The model must take account of the desired channel of interaction for every customer journey and every customer segment – including both happy and unhappy paths, to ensure the stores are not just the default option for difficult journeys and exceptions.

4. Be clear on the hand-offs between channels, as these will evolve as digital MVPs land

As well as using the CIM to continually manage cross-channel changes and maintain differentiation, the bank should also have clear hand-off points between channels to create a seamless customer experience. This is especially vital since the channels and hand-offs between them will evolve as digital minimum viable products (MVPs) become established.

Hand-offs will occur:

- **Between roles** – Staff should be aware of all customer/staff interactions within the branch, to ensure a continuous journey regardless of changes in personnel.

- **Between branches** – Customers should feel added value from having changed branches, such as the opportunity to talk with a specialist irrespective of location.

- **Across channels** – It’s increasingly important for the bank to be able to play the role of “digital back-up” and problem-solver across different areas of people’s lives. To support this, all customer interactions should be documented in the centralised CRM system and cross-channel hand-offs completed seamlessly in any direction.
5. Treat the change programmatically, setting clear targets for a three-year horizon but remaining agile in terms of the end-state

The lifecycle journeys of the “death” of old customer preferences and the “birth” of new ones are running at different paces in different markets – fast in the UK, for example, and slow in Mexico (see Figure 6). This means it’s vital for an international bank to manage the market globally at multi-speed in different geographies. The bank should use these factors to help it define a clear target end-state for each country – complete with economic targets – and use that end-state as the “north star” for changes to the network.

**FIGURE 6**
The shift from old to new customer preferences in selected markets worldwide

Source: Accenture Consumer Research
6. Drive the employee behavioural change starting from the experience mindset – not from a procedural or regulatory standpoint

The workforce will need to transition to become brand ambassadors and virtual sales staff, with a gradual elimination of the traditional service orientation. Success factors for this transition include behaviour-based talent acquisition focused on employees with retail and hospitality experience, and creating a set of target employee behaviours based on roles in the stores – financial advisor, community manager and so on.

Employees skills and behaviours will need to be rebalanced across five key skill areas. While understanding of systems and processes will still be an enabler for each skill area, this will be secondary to having the right behaviours and mindset.
Conclusion: the new economics of branch network transformation

In the past, many projects undertaken by banks to “restructure” their branch networks have really been closure programmes aimed simply at reducing the number of outlets to hit a cost target.

But despite these efforts, there’s still a clear sense across the industry that branch networks have not reached their optimal size or format. For example, average cost per transaction at branch locations tends to remain several times greater than through other channels, leading to decreased monthly transaction volume and increased transaction costs. So there is still more work to do.

As we’ve described, Accenture believes the solution lies in transforming the branch network into experience stores. Modelling the impact of this transformation on a large bank’s bottom line, we’ve revealed an opportunity to take out about 13% of cost that can then be reinvested in growth initiatives, while also improving revenue through the network by around 11%.

The traditional physical bank branch network may not be dead, but it’s becoming increasingly outdated. Times – and customers – have moved on, and it’s time to catch up by making the branch fit for purpose again. Welcome to the era of the experience store.
Following the rapid advances of recent years, banking customers now take the speed and convenience of digital services as a given. To revitalize growth through improved customer engagement, trust and loyalty, firms now need to ‘change the conversation’ with their customers. The way to do this is by interacting with customers in a way that blends the best of the digital and physical experience.

Accenture has been leading this revolution:

Digital + AI = Experience

- Investing in the business uses of AI with real and practical experience of making these services work in financial services to enable highly tailored conversations, personalised to individual customers (e.g. our ‘Converse’ platform for Natural Language management).
- Incorporating the latest research, including our work under our alliance with The Alan Turing Institute, to drive the adoption of AI in customer care.
- Using our in-house agencies including Fjord, Karmarama and Kunstmann to give the digital experience the human touch.
Phygital

- Driving the re-invention of digital channels and branch and contact centre networks to take on their changing roles in the new digitised economy (including re-inventing the branch network to provide places where customers can seek education, guidance and advice around their wider financial wellbeing).
- Enabling connected customer experiences, both physical and digital, via our agency, Allen International.
- Optimising interactions for customers by blending the best of the digital and physical experience.

Data-Driven Experiences

- Accenture Analytics services—fast tracking the sensible and appropriate use of customer data to help improve experiences (such as not filling out the same form repeatedly) to create an integrated end-to-end approach.
- Using our Finance & Risk expertise to ensure a full understanding of the regulatory aspects of the GDPR.
- Investing in new ways to help manage ‘customer wellbeing’ (including our Life Cloud assets) to help financial services organisations move away from passive measures such as ‘satisfaction’.
- Applying our open banking and API expertise and experience to help providers design new offerings that customers find compelling and deliver them in more relevant ways.

Integrated and Transparent Interactions

- Assessing and understanding the ‘moments that matter’ when only a human will do, to help providers deliver offerings in a timely and hyper-personalised way.
- Accenture is at the heart of the end-to-end re-invention of customer interactions which blend the best of FinTech (for example our development of Accenture Mortgage Cloud), process simplification, regulatory compliance and digital decoupling—getting the best from legacy and new systems by running them together in smart ways.
CONTACT THE AUTHORS

Dr Peter Kirk
Managing Director,
Financial Services – UKI
peter.kirk@accenture.com

Can Kekevi
Managing Director,
Financial Services – UKI
can.kekevi@accenture.com

Adrien Kirschfink
Managing Director,
Financial Services – France & Benelux
adrien.kirschfink@accenture.com

Alex Trott
Managing Director,
Financial Services – Australia & New Zealand
alexander.t.trott@accenture.com

Martin Folino
Managing Director,
Financial Services – Mexico
martin.folino@accenture.com

Fergus Gordon
Managing Director,
Financial Services – Hong Kong & Greater China
fergus.gordon@accenture.com

Nic Preece
Design Director,
Allen International
(now part of Accenture Consulting)
nicolas.preece@allen-international.com

Richard Benson
Creative Managing Director, Allen International
(now part of Accenture Consulting)
richard.benson@allen-international.com

Robin Bevan
Managing Director, Javelin Group
(now part of Accenture Strategy)
robin.bevan@accenture.com

RESOURCES

2 World Retail Banking Report EFMA, https://www.efma.com/study/detail/28603; Public sources e.g. UK Payment Council
3 Jayne-Anne Gadhia, chief executive of Virgin Money in Financial Times: https://www.ft.com/content/c6f0d896-ab8e-11e3-90af-00144feab7de
6 Accenture analysis
7 Accenture analysis
ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 469,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com

ABOUT ACCENTURE RESEARCH

Accenture Research shapes trends and creates data-driven insights about the most pressing issues global organizations face. Combining the power of innovative research techniques with a deep understanding of our clients’ industries, our team of 250 researchers and analysts spans 23 countries and publishes hundreds of reports, articles and points of view every year. Our thought-provoking research—supported by proprietary data and partnerships with leading organizations such as MIT and Singularity—guides our innovations and allows us to transform theories and fresh ideas into real-world solutions for our clients. Visit us at www.accenture.com/research

Copyright © 2018 Accenture.
All rights reserved.
Accenture, its logo, and High performance. Delivered. are trademarks of Accenture.