



Get clarity on what's ahead

Crowe 2020 Financial Services Conference

**BRANCHES AND
SERVICE DELIVERY**

SMART DECISIONS. LASTING VALUE.™



YOUR PRESENTERS



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TOPICS



Industry Situation



Key Considerations



What to Do and What to Avoid

POLLING QUESTION 1

What is your role?

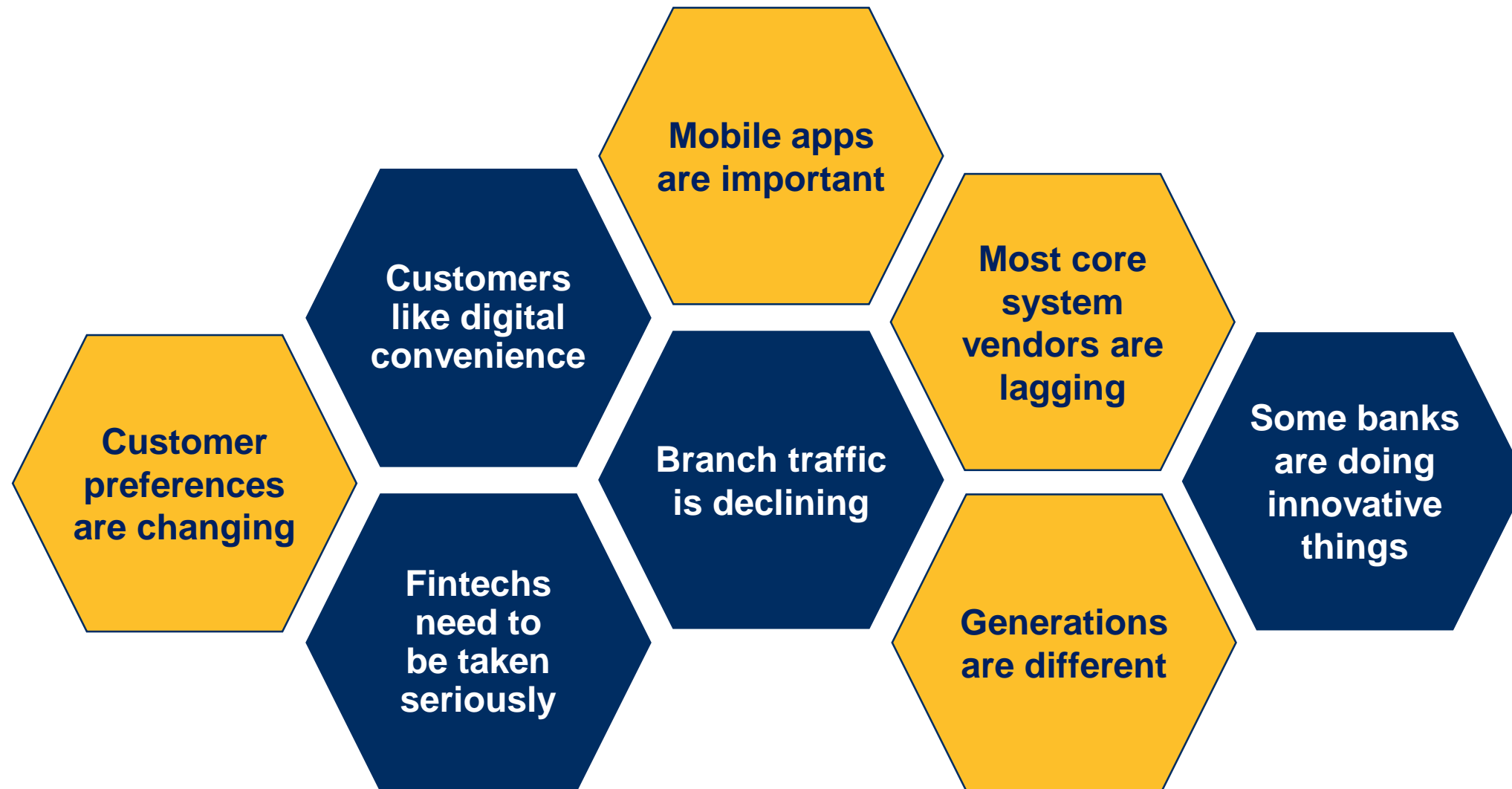
- A. Chief Executive Officer
- B. Board Member
- C. Accounting & Finance
- D. Risk Management
- E. Credit Management
- F. Retail
- G. Commercial
- H. Operations
- I. Technology
- J. Other













INDUSTRY SITUATION



BANKERS DON'T NEED CONVINCING



A “HEADS I WIN...TAILS YOU LOSE” SITUATION

Customer Expectations	Impacts on the Bank
 Branch when I need it	 Legacy cost structure - declining markets or questionable office locations and less visits
 Answer my questions 24x7	 Expand hours – convenience and availability
 Outstanding service	 Legacy “order-taker” staffing and service model – struggle to pivot to sales and/or consultation
 Useful new capabilities	 Additional services increase costs – but no apparent ability to charge for the services
 Competitive rates and low to no fees	 Margin squeeze continues – how can we differentiate a commoditized set of products

BREAKING UP IS EASY TO DO

With unprecedented access to information, it is easier than ever for an existing or potential customer to quickly compare financial services providers from anywhere at anytime and set-up a new deposit account, or for that matter, a payment account.



It is possible to lose a deposit customer, or part of your deposit customer, to a competitor in under (5) minutes...and you won't even know - until its too late – or will you ever know?

FOCUS ITEMS FOR BANKERS



Interchange Revenue Decline

- Fintech revenues are often a slice of card revenues
- Other providers are replacing bank's card as customer's preferred card for payments
- Payment apps are replacing cards



Missed Opportunities

- Banks are often eliminated based on lack of certain digital functionality
- Marketing by big banks and fintechs gets people's attention
- Lenders with online presence are capturing applications through speed and rates
- Digital apps are providing transparency and information to borrowers



Eroding Deposit Base & Fee Income

- Customers are moving/leaving balances in other places (e.g. Starbucks, PayPal, etc.)
- Digital banks are competing based on low fees
- Customers are splitting banking relationships



Customer Wealth Transfer

- Customer base is aging and their heirs may not be bank customers
- Digital apps are making it easy for bank customers to invest funds elsewhere
- Personal financial management apps offer helpful tools and advice

POLLING QUESTION 2

Which industry trend is your organization least prepared for?

- A. Competing digitally
- B. Develop relationship building capabilities
- C. Automating processes
- D. Optimizing physical delivery of service
- E. Building non-interest revenue sources
- F. We are well prepared for the future



KEY CONSIDERATIONS



HOW BANKS ARE TRANSFORMING



Optimizing
Branch
Locations



Enhancing
Digital Service
Delivery



Redefining
Branch Operating
Model



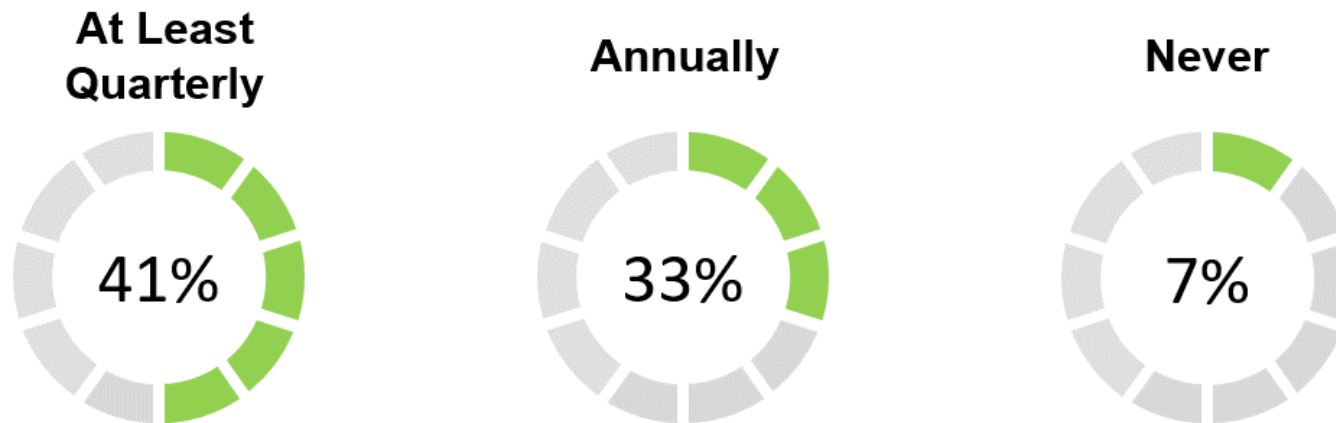
Improving
Customer Relationship
Management

OUR 2020 INTERN SURVEY

Appears the branch is not dead!



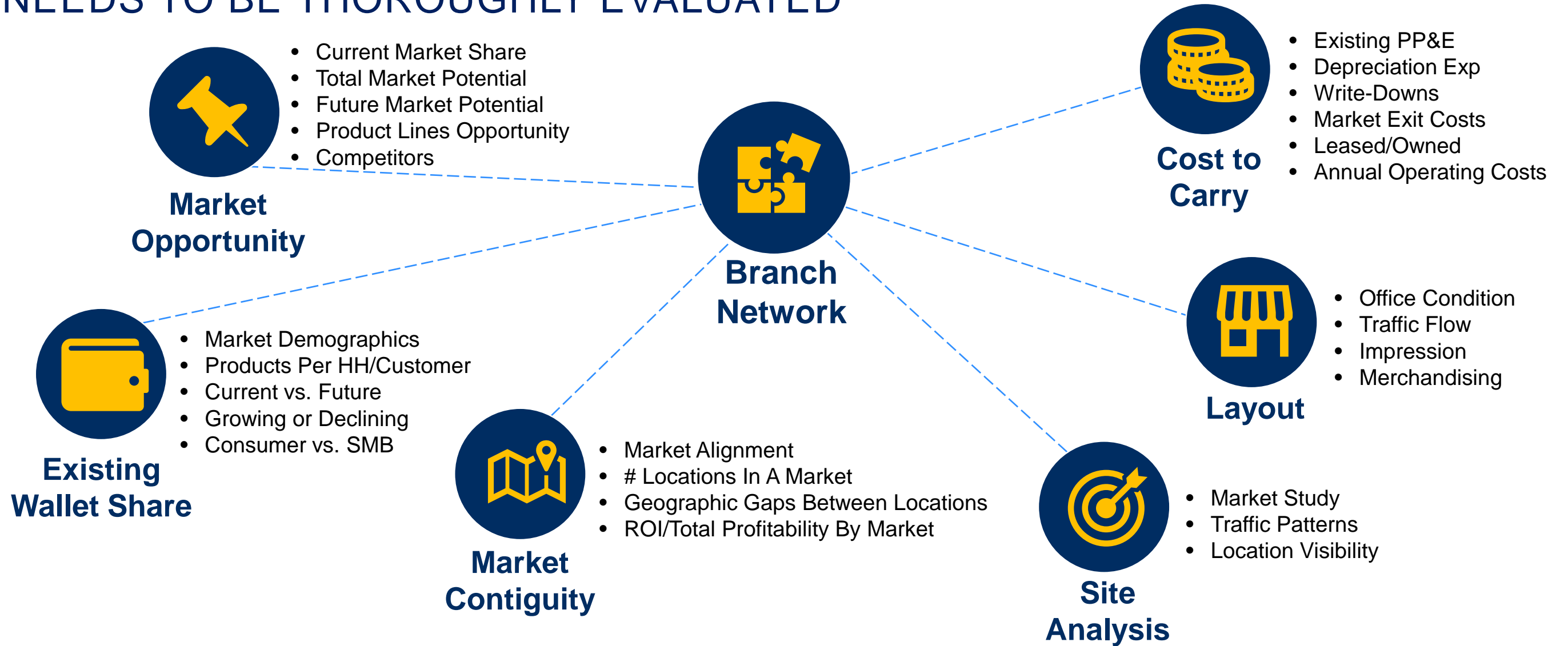
Frequency of Branch Visits



These stats closely match most national published studies as to the frequency of physical branch visits by consumers....but they remain well below the levels of ten years ago...and they are not going up – or would they at some time in the future?

Crowe conducted a survey of (89) Summer Interns earlier this year. The objective of the survey was to gain insight into the banking habits of these 19 to 21 year old college students who are on the path to adulthood!

EVERY BRICK AND MORTAR LOCATION NEEDS TO BE THOROUGHLY EVALUATED





WHAT BANKERS ARE DOING ABOUT DIGITAL



Strategy

- Making digital a specific part of their strategic plan
- Creating a senior level “Chief Digital Banking Officer”
- Setting up initiatives to apply digital automation to back office processes, as well as customer facing activities



Technology

- Deploying robust online account opening
- Expanding treasury management service offerings
- Updating websites (e.g. chat)
- Reconsidering their core system



Process

- Designing processes for customer experience
- Learning from Work From Home to digitize processes
- Applying workflow automation and machine learning



Innovation

- Partnering with fintechs on new functionality for customers
- Deploying “digital only” brands
- Adding new digital features to product sets
- Establishing Innovation Programs

FOCUS ON EXPERIENCE



Map Your Digital Customer Experience “The Journey”

- ⦿ Identify Touchpoints
- ⦿ Keep it Simple
- ⦿ Align Service Delivery & Support



Onboarding is Essential

- ⦿ Streamlined, Product Packages and Choices
- ⦿ Provide Access to Help if Needed
- ⦿ Virtual Card Issuance – (follow with plastic if needed)
- ⦿ Real-Time Funding is Expected



Design for Digital

- ⦿ Allow for customer to begin online and complete in branch or other self-service channel of choice
- ⦿ Align Digital and Mobile Experiences – know where to resume the process if paused by customer
- ⦿ Connect Social Media (Facebook pages, Twitter) with online opening

POLLING QUESTION 3

What is your current approach to using workflow automation like RPA or IPA to automate traditional activities?

- A. We already have created RPA or IPA tools that replace human activities that include posting transactions to customer accounts or to the general ledger.
- B. We have created RPA or IPA tools that replace human activities but they are not related to posting transactions.
- C. We are in research and development.
- D. We are not currently pursuing.





AN OPERATING MODEL FOCUSED ON PEOPLE



Serve the Customer Where They Are

- ⦿ Ensure sales teams are building relationships with customers who do come into the location
- ⦿ Deploy sales people when possible who live in the markets your organization serves
- ⦿ Find ways to serve customers outside of the location with contact centers and mobile staff



Staff for Flexibility and Productivity

- ⦿ Deploy universal bankers scheduled for customer needs
- ⦿ Deliver coordinated service across branch, salespeople, contact centers and digital channels
- ⦿ Align people to teams rather than locations



Invest in Training

- ⦿ Don't assume most bankers know how to sell effectively – most are order takers
- ⦿ Set a vision for how an effective sales person behaves and set out to emphasize these characteristics
- ⦿ Align rewards programs with the behavior you want to execute – new loans, new accounts, existing cross-sell, etc.



Provide the Tools and Support

- ⦿ Leverage and Drive use of a Customer Relationship Management (CRM) approach
- ⦿ Mobility with access to bank information and systems
- ⦿ Have back office processes which allow front office focus on customers



ANALYZE PRODUCTS & SERVICES



Are Your Brick & Mortar Products Viable Online?

- ⦿ Grouping is key toward effective cross-sell – Overdraft Coverage, Debit Card, Savings, etc.
- ⦿ Make real-time product recommendations based on new customer characteristics
- ⦿ Set appropriate follow-up intervals for new account onboarding



Create a Product Value Matrix

- ⦿ Shop the competition – local, online and out-of-market
- ⦿ Have a compelling call to action for digital account opening
- ⦿ Streamline in-person account opening and delivery of services
- ⦿ Price – Value – Experience – all need to be part of your overall digital solution



Tailor Labeling and Features of Your Offerings

- ⦿ Baby Boomers – make retirement income last...
- ⦿ Gen X – preparing for retirement
- ⦿ Millennial's – home financing and beginning to save for retirement
- ⦿ Gen Z – build good financial habits – learn to save
- ⦿ Affinity Groups – fans of community, teams, pets, etc.



TARGET CUSTOMERS



Identify the Target Customer Groups

- ⦿ Look at current customer concentrations and trends – growing, declining – where are the gaps?
- ⦿ Understand why customers bank with you today
- ⦿ Demographics need to be investigated and analyzed through existing and new data sources
- ⦿ Affinity-Type Relationships are a good place to start



Data Insights Are Key to Refinement

- ⦿ Who is visiting your site? Where are they spending time?
- ⦿ Who is visiting your branches? Why?
- ⦿ Identify online habits of new and existing customers
- ⦿ What products are effective? Are there others which need to be cycled-out – or upgraded?



Collect and Use Customer Feedback

- ⦿ Use current customers to create Customer Councils or product feedback loops
- ⦿ Put Yourself Out There – solicit customer feedback following service interactions (online, call center, etc.)
- ⦿ Reward customers for time taken to write an online review



LEVERAGING STRENGTHS

There is no doubt that over the years your organizations have been there in support of the local communities, individuals and families, and businesses in the markets you serve. Your task, while we still have time, is to capitalize on the historical strength of your customer relationships (brand, image, relationships) and meet, no exceed, your customer needs.



Focus on Existing
Customers First



Don't Tell...Ask Them
What They Want and Why



Leverage Your Own
Customer Data to
Identify/Understand
Preferences and Patterns



Maintain Your Service
Strength – Personalize
Customer Interactions



ENGAGEMENT IS CRITICAL



Social Media – Search Engine Marketing

- ⦿ How will mobile users and internet browsers find you?
- ⦿ Be Consistent – social media campaigns, make your organization visible on common platforms
- ⦿ Timely and current messaging on social media platforms and financial blogs



Social Responsibility

- ⦿ Care About a Cause – education, environment, financial literacy
- ⦿ Highlight Current Customers – Community Spotlight – customers making an impact
- ⦿ Use customers in your advertisements – people like to see like to see local folks making an impact



Build An Online Community

- ⦿ Drive regular traffic to your website – community polls, give-a-ways, scholarships, etc.
- ⦿ Align corporate giving to community and promote online engagement (nominate a benefactor)
- ⦿ Ensure your organization dedicates the appropriate resources to make this channel a success



Use Data Intelligence

- ⦿ Existing relationships lead to additional opportunities – look inward to break out
- ⦿ Drive market intelligence and tactics that work back into the organization
- ⦿ Strong emphasis on empowering the sales teams to “do the right thing” using customer information

POLLING QUESTION 4

What will have the biggest impact on your organization's performance?

- A. Building employee skill sets
- B. Deploying advanced digital capabilities
- C. Optimizing branch locations
- D. Implementing a new retail operating model
- E. Having a strategic focus on digital banking
- F. Automating processes



WHAT TO DO AND WHAT TO AVOID



BRANCHES AND SERVICE DELIVERY: TRANSFORMATION IN PROCESS

What to Do

- ✓ Develop a Digital Roadmap
 - ✓ Customer Experience, Functionality
- ✓ Create Digital Focused Team
 - ✓ Chief Digital Banking Officer
- ✓ Optimize Branch Locations
 - ✓ Number, Location, Focus
- ✓ Update Layout of Branches
 - ✓ Flow, Mobility, Efficiency
- ✓ Adopt Customer Management Platform
 - ✓ Branches, Contact Center, Sales and Digital
- ✓ Build Employee Skillsets
 - ✓ Relationship Building, Remote Work
- ✓ Develop a Customer Engagement Strategy
 - ✓ Person-to-Person, Digital

What to Avoid

- X Chasing after the new shiny digital functionality without a plan
- X Assuming branch employees have the skills and motivation for being mobile and outbound oriented
- X Having top leaders not adopt CRM as a key tool
- X Living with poor quality data
- X Not using the data you have to better understand each customer
- X Assuming your customer will contact you first if they have a financial need
- X Staying siloed in your approach to customers

QUESTIONS AND RESPONSES



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