



# 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?

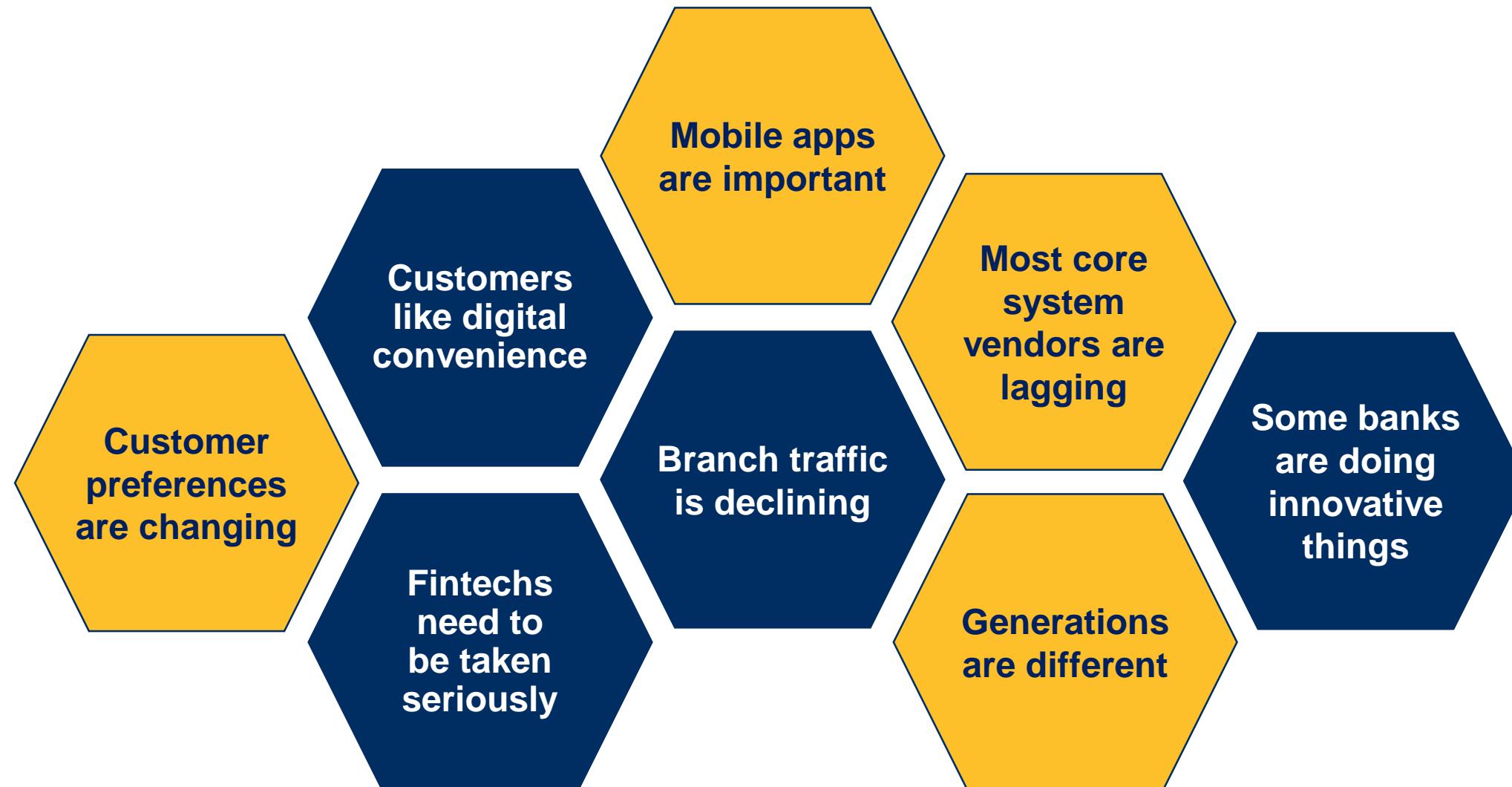
- A. Chief Executive Officer
- B. Board Member
- C. Accounting & Finance
- D. Risk Management
- E. Credit Management
- F. Retail
- G. Commercial
- H. Operations
- I. Technology
- J. Other



# INDUSTRY SITUATION



## BANKERS DON'T NEED CONVINCING



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

### Customer Expectations

 Branch when I need it
 Answer my questions 24x7
 Outstanding service
 Useful new capabilities
 Competitive rates and low to no fees

### Impacts on the Bank

 Legacy cost structure - declining markets or questionable office locations and less visits
 Expand hours – convenience and availability
 Legacy “order-taker” staffing and service model – struggle to pivot to sales and/or consultation
 Additional services increase costs – but no apparent ability to charge for the services
 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?**

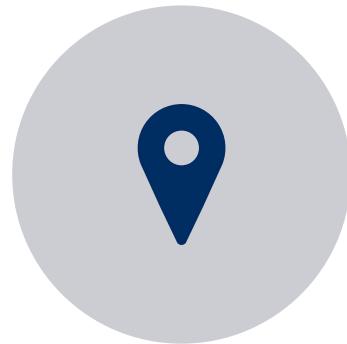
- A. Competing digitally
- B. Develop relationship building capabilities
- C. Automating processes
- D. Optimizing physical delivery of service
- E. Building non-interest revenue sources
- F. We are well prepared for the future



# KEY CONSIDERATIONS



## HOW BANKS ARE TRANSFORMING



Optimizing  
Branch  
Locations



Enhancing  
Digital Service  
Delivery



Redefining  
Branch Operating  
Model



Improving  
Customer Relationship  
Management



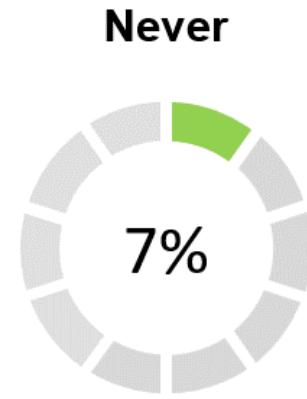
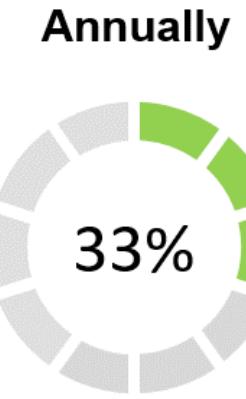
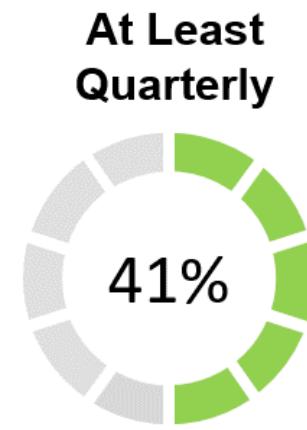


## OUR 2020 INTERN SURVEY

Appears the branch is not dead!



Frequency of Branch Visits



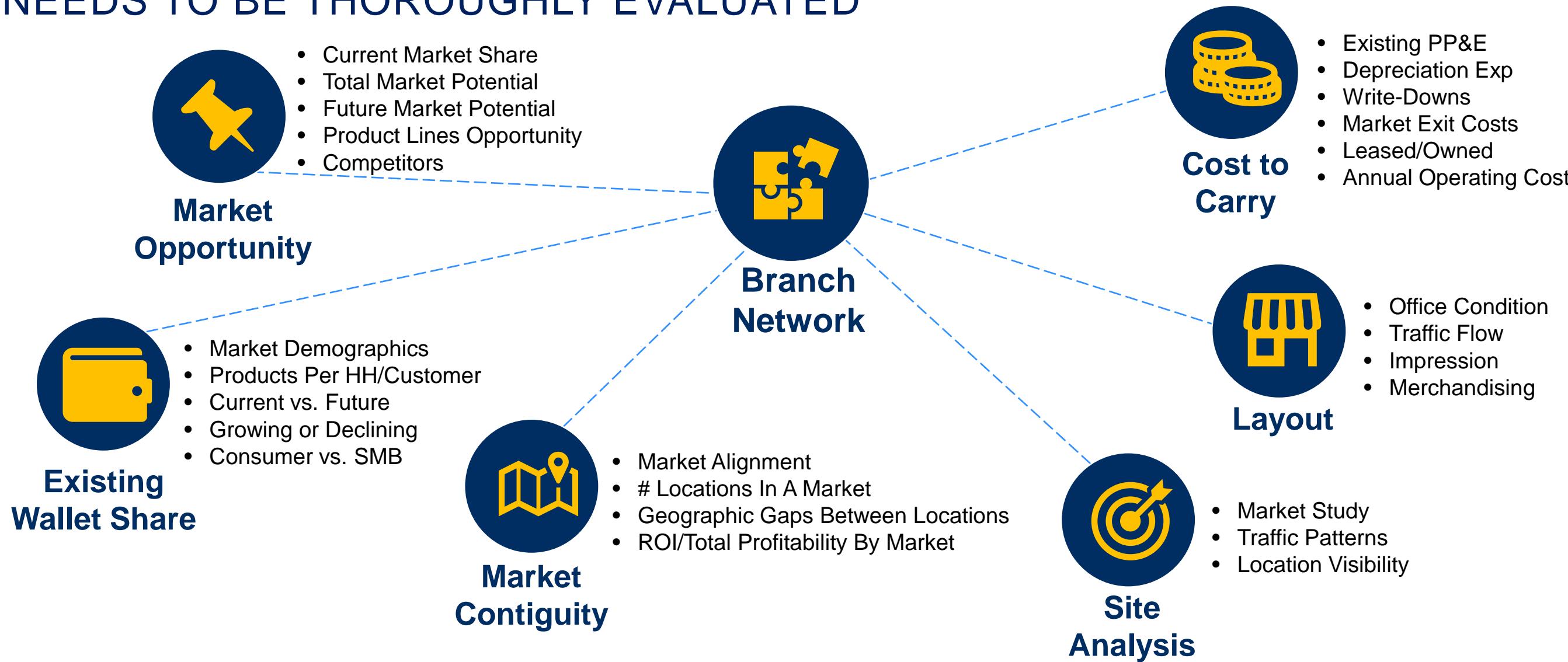
These stats closely match most national published studies as to the frequency of physical branch visits by consumers....but they remain well below the levels of ten years ago...and they are not going up – or would they at some time in the future?

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



Redefining  
Branch Operating  
Model



Enhancing  
Digital  
Service  
Delivery

## 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.



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## 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 the 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

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

## QUESTIONS AND RESPONSES



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