

Five Steps for Measuring Success in Consumer Channels

New Metrics for Today's Consumer
Banking Environment

Consumers today expect the same kind of experience from banks that they have with other retailers. If major online retailers can track a shopper's purchasing preferences, a teller should be able to use a bank's data in a one-on-one interaction that helps to meet a customer's needs.

Today's technology – like mobile apps, predictive analytics, and machine learning – has created consumer expectations of real-time interaction with businesses and highly personalized offers.

In the world of banking, consumers can video chat with their business or financial advisers, or review financing offers from multiple financial institutions on any connected device from anywhere in the world, at any time. To remain competitive, midsize banks need to engage consumers in new ways with innovative product and service offerings delivered through multiple channels.

But this move toward greater innovation also brings new ways to measure branch and consumer channel performance. Traditional metrics, such as branch profitability, number of new accounts opened, or number of teller transactions, are no longer sufficient reflections of performance.

Five Steps for Better Performance Measurement

To find a better approach to measure performance and set goals in the face of changing customer preferences, emerging technologies, and new ways of generating revenue, consider the following five strategies.

1. Align Measures to the Role of the Channel

Branches and other consumer banking channels have three primary but equal responsibilities: sales, service, and retention. Sales-related performance measures are commonly in place and focus on new loans, deposit accounts, referrals, and other product adoption. Because service involves handling deposits and payments, responding to inquiries, and making account modifications, performance measures should quantify activities and grade the service experienced by the customer. Retention metrics must address both loan and deposit balances, as well as count consumer household and account growth. These measures can be applied in varying ways to branches, call centers, online banking, mobile banking, ATMs, and other consumer channels.

2. Focus on Employees' Responsibilities

Employees are motivated when they can see a clear connection between their daily activities and achievable goals. "Line of sight" performance measures can be directly affected by employee activities. Personal metrics might include number of customer interactions, additional accounts opened for customers, calls handled, loans made, and number of new customers. Team-based goals encourage effective sharing of work among employees.

3. Create Flexibility in Achieving Goals

No branch or channel is quite the same in the opportunities available to it or the customer base served. Goals that recognize varying market situations allow individual branches to maximize activity and achieve goals around products that are popular with its particular customers. One branch may generate a large number of loans, another may be used mainly to open new accounts, and yet another may serve several business treasury management customers. A point system creates flexibility to encompass different strengths of branches and channels. The number of points assigned to each product sale or activity reflects its value or profitability. Each team works toward its goals by combining activities that best fit its market and opportunities.

4. Use a Comprehensive Value Metric

The roles of sales, service, and retention are distinctly different. Some channels or branches may be particularly well positioned for service to customers with high transaction volumes, while others have many sales opportunities. A comprehensive value metric combines sales, service, and retention in a single measure of performance. Its associated goals can be used in multiple channels. Branch teams can achieve a similar level of value generation – in different ways, depending on their markets – by combining sales, service, and retention to maximize total value.

5. Apply Common Methodology Across Channels

Each channel plays a part in serving the overall customer base, but banks typically employ very different measures of success for branches, call centers, ATMs, and online and mobile banking. Through a comprehensive value metric applied universally, each channel can be gauged relative to others on an "apples to apples" basis for more effective resource allocation and strategy decisions.

A Better Approach to Measuring Value

Branch banking is not likely to go away. The metrics that banks use to evaluate branch and other channel performance need to change. Different sources of value, combined with the impact of nontraditional banking channels, offer new ways to measure success.

Crowe can help midsize banks understand and improve their performance measurement. Crowe offers financial services expertise built on more than 50 years of industry experience. Crowe also developed the Crowe Branch Value Metric to measure performance across multiple branch types, channels, and sources of value.

The insights provided by the Crowe Branch Value Metric, combined with Crowe professionals' industry knowledge and technical expertise, give banks tools to help make smart business decisions in an increasingly competitive market.



Learn More

Timothy Reimink
Managing Director
+1 616 774 6711
timothy.reimink@crowe.com

About Crowe

“Crowe” is the brand name under which the member firms of Crowe Global operate and provide professional services, and those firms together form the Crowe Global network of independent audit, tax, and consulting firms. Crowe may be used to refer to individual firms, to several such firms, or to all firms within the Crowe Global network. The Crowe Horwath Global Risk Consulting entities, Crowe Healthcare Risk Consulting LLC, and our affiliate in Grand Cayman are subsidiaries of Crowe LLP. Crowe LLP is an Indiana limited liability partnership and the U.S member firm of Crowe Global. Services to clients are provided by the individual member firms of Crowe Global, but Crowe Global itself is a Swiss entity that does not provide services to clients. Each member firm is a separate legal entity responsible only for its own acts and omissions and not those of any other Crowe Global network firm or other party. Visit www.crowe.com/disclosure for more information about Crowe LLP, its subsidiaries, and Crowe Global.

crowe.com