FINASTRA

WHITE PAPER

CHANNEL SOLUTIONS

The Evolving Role of the Branch in an Omni-Channel World

THE FUTURE OF
FINANCE IS OPEN

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EXECUTIVE SUMMARY

It's no secret that banking traffic is shifting from the branch toward Internet and mobile channels at an increasing rate. But, while it's accurate to say that branch traffic is on the decline, the branch is still a vital channel. The difference is the branch is no longer an island. Instead, it is one critical component of a cohesive, customer-centric, omni-channel strategy. In a true omni-channel environment, one channel does not replace the other, nor does it operate separately in isolation. To bring a true retail vision to banking, the branches, call center, ATM network, online banking and mobile channels have to operate in harmony, bringing a seamless, personalized experience to customers.

Enterprise Consolidation and Automation: From Many to One

> " After years of much talk, but little action, branch transformation is very much upon us. In an October 2014 survey of North American financial institutions, 75 percent expect modest to significant changes in their branch networks over the next five years. "

Bob Meara
Senior Analyst, Banking Group, Celent

Consumers want to move fluidly from one channel to the next—to start a transaction online, like a loan application and, if they choose, complete it in the branch. They want to research something online and have their teller explain more about it when they go into the branch. Yes, an institution may choose to have fewer branches, but for most, those branch personnel will transform from transaction processors to true financial services experts, bringing value to customers by offering personal service in a whole new way.

For most, that means dramatic change, from the way they use technology and business intelligence, to the way they interact with their customers, to the mindset of their personnel. It's an era of enterprise consolidation and channel convergence; a time when institutions harness customer data and use each interaction to identify what that customer needs and wants. Above all, the customer experience is king—every day, regardless of channel. The branch is very much a part of this evolving new retail model.

Today, many banking enterprises operate in siloed, multi-vendor environments, saddled with solutions that don't integrate well with each other. Although some institutions have automated their branches, these workflows don't extend to the other channels. That presents a real dilemma when it comes to sales and service.

For example, if one of your customers lost her ATM card, she would contact the call center to report what happened. The CSR would take down all of the pertinent information, then email the appropriate department to issue a new ATM card. From there, it's very easy for the request to get lost in the tangle of processes. Maybe the appropriate person got the request; maybe he or she took action—or maybe not.

A week later, the customer may go into the branch to find out why she hasn't received a replacement card. The teller will take down all of the information (again) and call the appropriate department to follow up. Not only is the process inefficient, but it is impersonal. The customer has to explain her dilemma again and again, until the situation is finally resolved. That's not the best way to build a relationship.

By applying a Branch Automation and Sales & Service tool, like Finastra's Encore,® to this scenario, it plays out much differently. In this environment, not only is workflow defined throughout the organization, data is extracted from multiple customer touch points, so anyone working with that customer has a complete, up-to-date, 360-degree view of all banking interactions regardless of channel.

In this consolidated environment, when that customer calls in to report a lost ATM card, the CSR logs the information and it's automatically routed to the appropriate department for follow up. Everything is visible in the system, including request status. At the same time, Encore pulls up that customer's file, which details all the relationships that specific customer has with the financial institution.

It also displays business intelligence information by adding it to the onscreen customer folder, including the caller's demographic segment, the fact that she's a profitable customer and what she is most likely to buy. The person handling the lost ATM card now has the opportunity to speak with that customer about something that's relevant to her. The service request and the sales conversation are both detailed in that customer profile, so the next time that customer walks into a branch, the teller can follow up on the conversation, offering to answer questions on the product or service discussed. If the customer is interested in the additional product, a referral is immediately sent for quick follow up.

Now instead of having one workflow for each channel, there's one, comprehensive, automated workflow that links front and back office operations seamlessly—with complete visibility into where things are in the process.

This Isn't Just A Smarter Way to Resolve Issues

When a customer applies for a loan online, it flows through to underwriting, decisioning and document prep. Upon approval, the system alerts the loan officer and customer, who can choose a time and date to come into the branch for finalization. When that customer chooses a convenient time, Encore automatically populates the loan officer's Outlook calendar, attaching the appropriate documents needed for the meeting. Everything works—literally—like clockwork.

Multi-Channel Integration Combined with Business Intelligence

In recent years, the demand for mobile banking, online account opening and remote deposit emerged so quickly that most institutions scrambled to get these products up and available, moving so fast that no real thought was given to how these channels worked as a whole. Not only does this siloed approach produce a disjointed customer experience, it hurts the institution in other ways.

Even though the institution acquired a massive amount of valuable customer data, without a centralized database this critical information difficult—if not impossible—to access, analyze and use. That means there was no way to get a clear picture of how individual customers preferred to interact with the bank, their habits, product interests or any real means of effective cross-selling.

Of course, funneling the data into one centralized, accessible database is only part of the equation. Transforming that data into meaningful insight takes analytics. The problem is, for most institutions the MCIF is relegated to the marketing department, its contents unbeknownst to the individuals actually interacting with the customers.

That Paradigm Is Changing, Too

Today, institutions are unleashing their business intelligence, flowing this into the enterprise consolidation tool for a single view of each customer, segment and relationship in order to make it actionable.

All of this insight is delivered to the front line, making it easier for them to talk to customers about products or services they need.

For example, if a customer comes in to make a deposit, the teller pulls up that customer's profile, which shows that, based on his segment and a host of other demographic and psychographic information, the next most likely product he will buy is a home equity loan. The teller can talk to the customer about the opportunity, and if there's an interest, refer him to an associate who can answer questions or start the loan process. Every pertinent detail of the interaction is recorded in the customer's profile. Not only is this important for follow up, but if the customer has no interest, it ensures that he won't get an email about a home equity loan the next day, or a message about it when he logs on to Internet banking. Just as important, this aggregated data enables the institution to gain a more accurate picture of that specific customer, so it can serve him better in the days—and hopefully years—to come.

Just think about what this could do to an outbound calling program. Now, marketing is reactive and personalized to consumer and business needs. You know how your customer interacts with your institution, what channel he or she used, and what transpired. Then you roll up all of this information to arm your staff with the data they need to do their jobs better than ever before. The branch is not dead, because the branch is where your customers go for personalized, consultative service from someone who knows and understands them.

New Technology. A Shift In Mindset.

> " *While consumers increasingly prefer to transact digitally, a majority—across all age demographics—prefer to engage face-to-face. That suggests that even as the number of branch interactions will continue to decline, those that remainwill be increasingly important. Front line employees will need timely and relevant information about each ustomer and be well-trained how to use it.* "

Bob Meara
Senior Analyst, Banking Group, Celent

Taking your institution from where it is now to this highly connected, automated, customer-centric environment requires both the right technology and a cultural change, particularly at the branch level.

If you don't use an MCIF, this is a mission-critical investment. But, the greatest need is a solution that can tie everything together— your channels, your operations and your data—with the ability to push business intelligence to the front line.

Finastra's Encore offers all of these features. It interfaces with other Finastra products or other best-of-breed providers to bring a cohesiveness, consistency and comprehensive customer view to your institution.

Empowered with this new information, your branch personnel transform from their own siloed, transaction-based roles into "universal associates" focused on sales and service. Perhaps the best analogy would be a cashier at a department store versus a personal shopper. The cashier takes care of the transaction efficiently. The personal shopper builds the relationship, using information, based on past purchases, to know what that customer likes and needs, to guide him or her toward the most appropriate new items. The customer no longer has to search around for what he or she needs. The associate instinctively (with help from real data) knows what to offer. The customer saves time and feels appreciated; the institution grows single-service households into loyal customers and increases revenue.

This is not to say that a cultural shift is easy, but it is essential to thrive in a changing financial world.

Needs-Based Selling In Action

With 23 offices in the southwest Chicagoland area and $1.6 billion in assets, Illinois-based Marquette Bank was already a success. However, to stay competitive, its staff needed new tools to help them cross-sell more effectively.

The institution implemented Finastra's Encore and Touché® Analyzer to gain a 360-degree customer view, segmenting customers to bring new power to its front line and outbound calling teams. Every interaction was recorded in the customer profile, and every time that customer called in or came into a branch, the associate had a complete picture of that individual and his or her propensities to buy.

Conversations were easier, offers were personalized and, not long after implementing these tools and a true sales culture, the institution started seeing significant results. One six-month, outbound calling campaign yielded $500,000 in new wealth management business.

Just as important, with Encore the institution could go to its business customers' sites, acting like a mobile branch, opening accounts on the spot. These efforts have enabled Marquette to compete on a bigger scale and increase its deposit accounts by $40 million—a significant number for a $1.6 billion community bank.

Using Encore for enterprise consolidation also had a dramatic increase in productivity, eliminating paper, streamlining account opening and having such a significant impact that customers noticed the positive change.

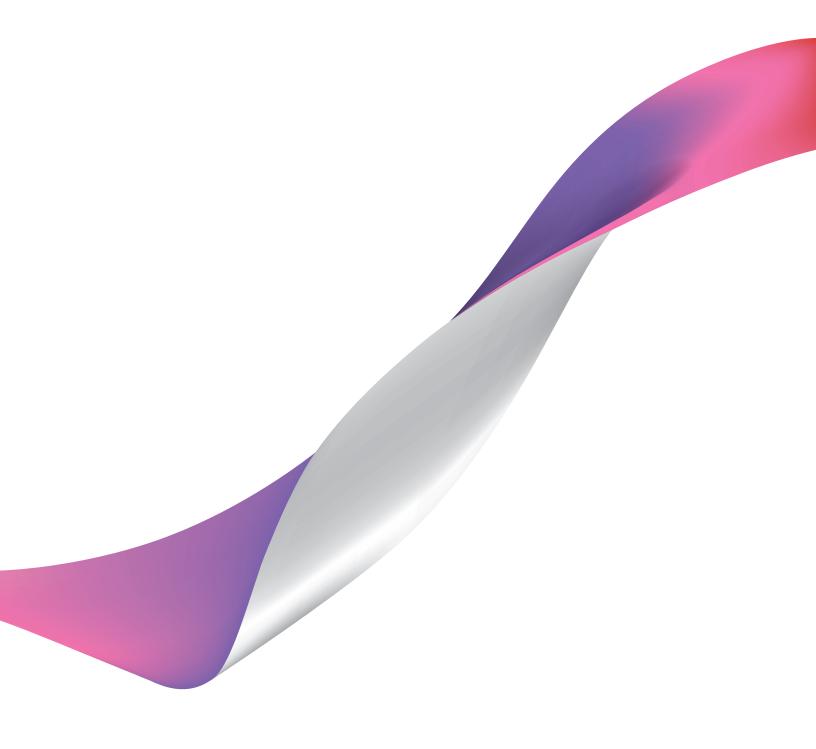# Channel Convergence, Consolidation and The Future

The financial services industry is undergoing a time of radical change, driven by new customer expectations and an always-on, connected world. While online channels and mobility take the spotlight, the branch still plays a major role in customer engagement, growth and retention.

It's not the branch of yesterday, no longer the hub of transactions. Instead, it's transforming to a place of customer engagement; a critical part of an omni-channel ecosystem.

There may be fewer branches down the road, but the role of the branch is now elevated beyond its original purpose; guided by a sales culture, data analytics and the technology to link operational elements into one, cohesive whole.

In many ways, institutions now have to deliver sales and service like the most sophisticated retailers in the world; to focus on providing a seamless, personalized customer experience. Like retailers, banks that are committed to improving service levels through enterprise consolidation and integrated delivery channels will be the ones positioned for success—and ready for the next wave of change that is on the horizon.

About Finastra

Finastra unlocks the potential of people and businesses in finance, creating a platform for open innovation. Formed in 2017 by the combination of Misys and D+H, we provide the broadest portfolio of financial services software in the world today – spanning retail banking, transaction banking, lending, and treasury and capital markets. Our solutions enable customers to deploy mission critical technology on premises or in the cloud. Our scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location – from global financial institutions, to community banks and credit unions. Through our open, secure and reliable solutions, customers are empowered to accelerate growth, optimize cost, mitigate risk and continually evolve to meet the changing needs of their customers. 48 of the world's top 50 banks use Finastra technology. Please visit **finastra.com**

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