

## Market commentary

# A new world of opportunity awaits inside the digital branch

**In the wake of the vast and seismic cultural shifts brought on by COVID-19, many industries are rethinking their offline and online strategies.**

The physical world is either being replaced by or merging with the digital world, and customer experiences are becoming connected in ways never seen before. Banking is no exception.

While the branch experience remains just as critical as before, with many account holders still citing it as a prerequisite for bank choice, expectations around its services and functions are changing. Digital branches are here and are fortifying their brick and mortar counterparts, creating new connections between the digital and physical worlds.

A digital branch removes much of the human touchpoints and replaces them with self-service kiosks, touchscreens and

technologies aimed at anticipating account holder needs and delivering a seamless experience across channels.

That success of these branch experiences depends on a financial institution's (FI's) ability to identify the entirety of their account holders' needs through technology-enabled channel services. FIs need to be ready to identify who their account holders are, what they need from their bank, what products and services they require, and how they engage across various channels. This 360-degree view of an individual and their financial needs requires a data and analytics strategy that links disparate systems and offers real time, insight-backed actions.



Every meaningful and personalized interaction in 2021 begins with data, and FIs need to embrace third-party integrations in order to capture a holistic, data-informed view of customer behavior. Third parties, such as those involved in lending application processing, help gather data that compliments internal FI data. Processing all of this information thoroughly requires the usage of intelligent machine learning, tasked with creating insights about customer behavior and identifying must-have digital branch features.

Those must-have features will highlight for a FI what should become their innovation strategy for the digital branch. Mining of data should lead to a SWOT (strengths, weaknesses, opportunities and threats) analysis of a FI's products and services offerings, but it is the adoption of open API finance technologies that will make it possible to innovate quickly and match account holder expectations. In this model, FI cores become nimble and agile hosts of transformative plug and play technologies that provide compelling customer experiences. The usage of open APIs also helps FIs of all sizes manage customer relationships and pursue new account holders.

Other digital-first tools like chatbots or virtual assistants will become staples of the digital branch, replacing the hip-to-hip banker experience with intuitive conversational banking practices. Account holders will gladly accept these technologies if, and only if, there is an added value that a human cannot provide. For example, if the digital branch merely replaces traditional banker questions with digital prompts, the account holder will become frustrated. The digital branch

needs to replace and enhance, anticipating who the account holder is, why they are there, and offering insightful actions based on their most recent behavior.

The digital branch is the next great opportunity in banking. Its promise of connecting account holders seamlessly from channel to channel is both exciting and intimidating. For some it may spell the end of the physical branch, which is not accurate. For others it may signify an insurmountable technology stack, which is also not accurate.

**With any great seismic shift in culture, the technological response must be equally as transformative — and it simply must be. Digital branches are here and they are here to stay.**

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