



The untapped opportunity in
**bank branch
transformation**

Bank branches are in a state of flux. As banking moves increasingly to digital formats the role of the bank branch is evolving fast.

Using data around how and when customers use branches will empower banks to optimize their branch assets and customer experience so that both they and their customers benefit.

Video data analytics and network audio systems will play a key role in taking banking into the future. **Here's how:**

Bank evolution: the changing business model

For hundreds of years, bank branches have been the physical manifestation of what banks are designed to be: solid, stable, secure places in which to keep hard-earned money. Indeed, the neoclassical style of architecture used for many bank branches over decades was designed to reinforce the sense of solidity and security that would give customers confidence that their money was held in a safe place.

However, times change, and while the fundamentals of retail banking have remained largely unaltered – lending money, taking deposits, and generating revenue through interest or issuing bonds – the nature of money and how customers use and access it has been transformed.

And when most money is represented as data rather than cash, the need for thick stone walls, bullet-proof glass, and deep, secure vaults is vastly reduced.

The role and need for bank branches is being examined. Some commentators would have you believe that the bank branch is dying out but, to coin a phrase, reports of their death have been greatly exaggerated. What is evident, however, is that the nature of the bank branch is transforming.





Challenges to retail banking

The branches of retail banks remain an important representation of the bank's brand, and a vital physical touchpoint with the customer. Although running branches account for about a third of a retail bank's operating expenses¹, they are where strong customer relationships are built and significant interactions, such as mortgage lending or investment consultations, take place.

The challenge therefore is how to devise a strategy, implement service delivery models and use technologies to the greatest effect to serve all types of bank customers: from the long-time customer who values great service and human interaction; to those focused on quick, efficient access to banking services. And with Open Banking, which will enable the provision of banking services by a wider range of organizations and brands than ever before – the competitive environment for retail banks has never been more challenging.

Therefore, to remain competitive, bank branches need to focus on providing excellent customer experience which is also why optimizing operational efficiency through fine-tuning staff – and space utilization, becomes extremely important.

Every retail bank is involved in branch transformation. Consumer research and data will be used in defining what the branch experience needs to be. But while asking customers for their opinions gives one perspective, observing their use of the bank branch gives a more accurate view on how a bank can adapt its services and operations on an almost real-time basis.

Advanced video analytics can be used alongside customer experience enhancers, to help banks optimize the in-branch customer experience. For example, video analytics can be used to improve customer satisfaction by reducing waiting times and thereby also increasing operational efficiency. How audio is used in-branch can build on this experience to deliver a more pleasant environment that transforms branches into spaces that people like to visit.

Today, banks are not taking enough advantage of the benefits these technologies can provide in branch transformation, and even furthermore, using it to measure and ensure their ongoing success.

This brochure aims to help you understand how your bank can employ video analytics and network audio systems to ensure that branches continue to play a valuable role in the decades to come.

What is the purpose of a modern bank branch?

Across the European Union, 9,100 branches were closed during 2016². Using the UK as an example, where two-thirds (63%) of people bank online³, during 2017 more than 700 bank branches were closed, indicating an accelerating rate of closure and meaning that the country is now served by around 8,000 bank branches. This represents less than half the number of banks – 17,831 – that served the UK in 1989, according to the University of Nottingham⁴. Data specialist CACI estimates that there will be a further 37% decline in branch visits by 2022⁵ – the equivalent of 3,367 branches “doing nothing”.

Technology has meant the nature of banking has changed to a multi-channel experience. In the US for example, 65 percent of customers interact with their banks through multiple channels. But while digital channels have gained popularity, they have not yet completely replaced in branch services.

While the pace of change is different in every region and economy, what can be agreed is that the bank branch is far from dead. Rather than seeing it as a liability, banks can turn their branches into an asset – a way to further engage customers and attract people to engage with the bank’s brand.

By adding new purposes to the branch – such as offering café services or meeting rooms – bank branches can become what is known as the “third place”: a social meeting place between work and home. For this to succeed however, banks need to continually assess the best location and in-branch offerings to provide the best outcomes for the bank (increased visitor numbers) and its clients (a better experience).

Accenture recently summarized three essential roles of the modern bank branch⁶:

- ▲ **DIGITAL AMBASSADOR:** Banks can help non-digitally-savvy customers to use digital tools. This could help reduce banks costs and increase a bank’s customer base.
- ▲ **ADVISORY HUB:** Branches act as full-service advisory hubs for complex products, long-term financial planning, and other highly specialized services.
- ▲ **PROBLEM SOLVER:** Banks can act as a key touchpoint for addressing a range of customer queries, such as mortgages and pensions.

Using analytics to better understand operational efficiency and customer experience

Increased digitization of banking services has reduced the need for people to visit branches. A Visa survey found that 77% of Europeans use their phones to bank and make every day payments⁷.

While studies indicate that younger demographics do a lot of their banking and financial research online, many things in banking are best conducted face-to-face: business banking, mortgage advice, pensions and loans, for example. Not to mention cash withdrawals, as our own research revealed that consumers feel far safer using ATMs that are located inside bank branches⁸.

People of all ages will always need a branch bank, some more regularly than others. Banks need to use technology and data(analytics) to solve business challenges, such as understanding:

- > Footfall behavior over the course of each day, week, month and year (staff utilization)
- > Which areas of a bank are used most? (floor utilization)
- > Customer demographics: gender, age, etc. (marketing)
- > How people are responding to campaigns
- > How weather conditions impact footfall
- > When queues are more likely to build

From this, operations can be streamlined with video analytics and customer experience can be improved through effective use of audio, such as relaxing, welcoming background music.



Operational efficiency optimizes in-branch processes and investing in customer experience attracts new customers and retains existing customers. These both work together as more and more visitors visit the branch: without constant review of operational efficiency, the customer experience will suffer. Therefore, efficiency and experience need to be balanced.

By using advanced analytics, as visitor number grow, banks can measure peak times of the day and deploy additional staff as necessary to reduce wait times and queue length. The customer experience is improved, while the efficient use of resources is optimized.

By understanding where data can be pulled from, how to analyze it and how to act on insights that the data presents, you can truly optimize the performance of your branches and your staff, which in turn improves the overall customer experience. That can only be good news for both customers and banks alike.

New ways video and audio are being used in bank branches

In-branch cameras have traditionally been utilized as a security device, but bank branches are now able to reap the benefits of video analytics technology. By integrating video analytics, network cameras become a multi-purpose device. Decision makers can learn new things about visitors' in-branch behavior, which has previously not been captured, and then use those insights to improve the overall experience.

It's not inconceivable that in the future, using facial recognition, banks will be able to spot their regular customers and anticipate their needs and provide better services.

Through analytics, the overall customer experience can be improved. This experience is further enhanced by network audio systems. You'd be surprised just how much of a difference the use of audio makes in branch transformation.

Some examples of how network audio could enhance the branch environment are:

- ▶ **BACKGROUND MUSIC** – Creates a pleasant environment and can help during times when customers are waiting to be assisted by relieving agitation and allowing them to enjoy their time in-branch, creating a positive overall experience.
- ▶ **ANNOUNCEMENTS** – Audio alerts can help mobilize staff to assist visitors when the floor becomes busy.
- ▶ **ZONING** – Provides ability to define different audio zones in each location and manage and connect remotely with multiple locations at any time, providing a consistent brand experience.
- ▶ **SOUNDMASKING** – Background music can be used to increase confidentiality. By having distracting music, it makes conversations more difficult to hear and follow, thus keeping private conversations with customers confidential from those who may be within earshot.



Conclusion

How can you make the most of your branch?

Banking is changing. The introduction and adoption of digital services means that the branch is no longer the only channel where their customers carry out their banking. The branch format needs to be enhanced, with new purpose and functionality, to enhance customer experience, by using video analytics to optimize floor and staff utilization and by pampering people's senses with relaxing background music.

In essence it boils down to:

- ▲ **ATTRACT** potential customers by enhancing the branch format with new purpose and functionality.
- ▲ **BALANCE** operational efficiency with customer experience
- ▲ **OPTIMIZE** floor and staff utilization with video analytics to manage resources and minimize waiting times
- ▲ **ENHANCE** customer experience with background music to make customers stay longer inside the branch.

Banks are very much at the beginning of the journey when it comes to video analytics, but as an extension of video surveillance solutions almost certainly already in place within the bank branch, adding video analytics makes entire sense.

To get the most out of you branch, take a look at the possibility of using these new technologies to make your branch the place people want to visit.



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Contact us to find out how! www.axis.com

¹ www.ibm.com/industries/banking-financial-markets/resources/branch-transformation-digital-era/

² uk.reuters.com/article/uk-europe-banks-closures/eu-banks-close-branches-cut-jobs-as-customers-go-online-idUKKCN1BN2DU

³ www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/bulletins/internetaccesshouseholdsandindividuals/2017

⁴ uk.reuters.com/article/uk-britain-banks-branches/british-banks-set-to-close-record-762-branches-this-year-idUKKCN1B31AY

⁵ CACI: How many branches does your bank need?

⁶ www.accenture.com/us-en/insight-digital-transforming-the-branch

⁷ www.visaeurope.com/newsroom/news/mobile-money-takes-off-as-77-of-europeans-use-their-phones-to-bank-and-make-everyday-payments

⁸ Global Consumer Perspectives on ATM Safety: www.axis.com/en-gb/solutions-by-industry/banking-and-finance/atm/overview

About Axis Communications

Axis enables a smarter and safer world by creating network solutions that provide insights for improving security and new ways of doing business. As the industry leader in network video, Axis offers products and services for video surveillance and analytics, access control, and audio systems. Axis has more than 3,500 dedicated employees in over 50 countries and collaborates with partners worldwide to deliver customer solutions. Axis was founded in 1984 and has its headquarters in Lund, Sweden.

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