

**GENETEC PERSPECTIVE**

# Charting the evolution of the modern bank



*Evgenia Ostrovskaya, Business Development  
Director at Genetec*

The Genetec team recently held a webinar in cooperation with partner Axis Communications on how technology is being used to redefine the branch experience. Here, I'll explore some of the key takeaways from the panel of industry experts.

Digital transformation is no longer a new concept, and the drive to digitise products and services has taken a front seat in many sectors over the last few years. COVID-19 and the consequent move to home working has stalled this progression in some sectors yet catalysed it in others, presenting a dichotomy. Retail banking was one of the sectors significantly affected by COVID-19, with customers unable to visit branches during lockdown and later facing restrictions on numbers allowed in-branch owing to social distancing. The sector was already transforming before the pandemic, with increasing numbers of customers turning to online banking, but with the decline of the traditional bank branch and the rapid adoption of new technologies, banking is now in for a seismic shift.

**The modern bank branch will serve as a digital ambassador, a trusted advisor and a problem solver**

## **What's driving transformation?**

The recent boom in digital banking services means that customers have more freedom and flexibility to manage their finances than ever before. Whilst a crowded marketplace presents opportunity, it also means that customers can easily switch to a competitor if they are dissatisfied. In fact, with high customer churn rates, the main challenge of modern banking is retaining existing customers and attracting new ones.

These difficulties have arisen because consumer habits are constantly evolving. They no longer just want traditional services – the modern consumer has regard to the entire experience. As a result, banks need to transform their operations with innovative new services to stay competitive or risk losing out to their competitors. It's important

to note that this customer-centric approach isn't just reserved for the banking sector; we're seeing customer experience coming to the fore in many industries. From grabbing a takeaway coffee to buying new clothes, businesses are striving to improve the customer journey at every interaction. So, the need for transformation really just boils down to the oft-recited adage, 'the customer is always right'.

## **The role of the modern branch**

It may seem that with so much emphasis on digital services, there simply isn't a place for the brick-and-mortar bank branch in the modern world. However, a report from Accenture shows that 40% of respondents felt convenient access to their bank's local branch was a key driver of bank loyalty. So, transformation certainly doesn't mean the end of the branch, it just means its role is evolving.

The modern bank branch will serve three main functions: as a digital ambassador, a trusted advisor and a problem solver.

Whilst the original move away from the branch was partly due to widespread digitisation, the pandemic has also had a dramatic effect on our collective reliance on technology. Demographics previously thought to be 'tech-illiterate' are now being forced to use new digital services to adapt to the COVID world. According to a report from Alvarez & Marsal and Retail Economics, about 25% of the UK's population (17.2 million people) plan to make permanent changes to the way they shop by moving to online channels, which illustrates just how much COVID is prompting real, lasting change in our day-to-day lives. This highlights an issue in terms of service provision. Whilst a growing number of customers want digital services, there is still a portion who yearn for the traditional approach and will look to their banks to help them learn how to use new services and navigate the internet safely, placing banks in the role of digital ambassadors.

The bank will also serve as a trusted advisor. Many people's important life decisions are made through their banks, whether opening savings accounts or securing mortgages. Again, despite the proliferation of digital services, chatbots and AI, human advice and interaction are a key part of this customer experience.

Last but not least, banks function as a problem solver. They facilitate the resolution of day-to-day financial issues, such as fraud, stolen money or lost cards – all services which require a human touch.

### **How can banks transform with the times?**

Revolutionising one of the longest-standing industries in the world is no easy feat. Yet, the key to achieving true transformation may be a surprising one: your security system. Though some industry leaders don't recognise how seemingly unrelated solutions can have wide-ranging operational benefits for other aspects of the business (such as IT, marketing or operations), many organisations are increasingly using their existing security platforms beyond their main function and as business intelligence tools.

Advanced video analytics, for example, can help financial institutions better understand how their customers are interacting with their branch and staff. By integrating analytics into an existing surveillance system, banks can measure how long customers have been in-store and monitor queue times. Using this data, banks can optimise the space as necessary – by adding more staff or increasing the size or changing the function of an area. In this way, banks can continually optimise each branch space in almost real time. Furthermore, when this process is done at scale and banks pool data between branches, it becomes clear how it can bring efficiencies to the wider organisation.

With different integrations, these same security tools can be used to help manage and maintain social distancing too. Banks can measure footfall and occupancy rates in certain areas of a branch, allowing them to better optimise the space with customer health and safety in mind. It's a win-win, with the data bringing siloed departments together and heightening business performance.

### **What's standing in the way?**

Despite the importance of technology throughout the process, one of the biggest hurdles banks must overcome is the conflict of priorities across different

departments. Even if the technology is generating huge amounts of data, if it isn't centralised so as to be accessible by different teams, it serves little purpose – especially in the context of transformation. For example, if security staff can't share footage and data with the wider business, it can't be used to help optimisation. Financial institutions must take a more holistic approach to operations and improve cross-departmental co-operation. By increasing data sharing across departments, banks can begin making improvements at every stage of the customer journey.

Another fundamental aspect of transformation is the adoption of the cloud. The cloud underpins the entire transformation process because put simply, it ensures agility. Moving away from static, on-premises assets and towards the cloud means that banks can scale operations up and down more easily – and thus respond better to fluctuating market conditions.

### **Final thoughts**

With the rise of digital banking services, it may seem that the bank branch is no longer an important asset and nothing more than a costly physical investment. However, the branch is still a vital asset that serves as a brand beacon in local communities and should be a place where customers can get advice from trusted advisors about crucial life decisions.

Transformation is not an easy process, but by making the customer experience central to operations, banks can increase efficiencies and stay competitive. Customer surveys are a great tool for this, but the most accurate measurement will always be taken by observation. Rapid digitisation means that financial institutions can no longer wait three to five years to optimise operations through customer surveys and feedback. Instead, they need to leverage their data to evolve operational behaviour in line with their customers – in real time.

COVID-19 has created huge challenges for businesses around the world, but it has also offered an unprecedented opportunity to innovate and undertake transformational change more quickly than would've been possible otherwise. By utilising technology, breaking down siloes and sharing data, banks can be more responsive to their customers' needs and habits – driving efficiency, agility and keeping end users happy. ■

**The key to achieving true transformation may be a surprising one: your security system**

**Banks need to leverage their data to evolve operational behaviour in line with their customers – in real time**