

Evolving customer needs and solutions: *branch transformation and teller automation*



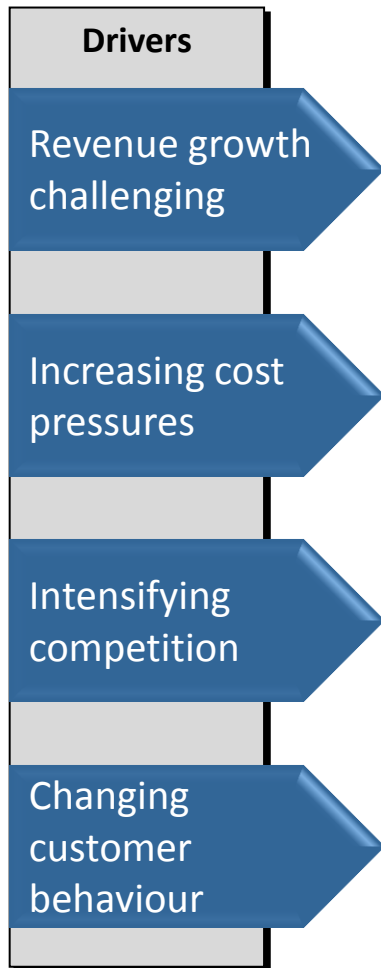
Berlin | 1-2 June 2015
Morten Jorgensen, Director, RBR

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Agenda

- ▶ **Market context**
- ▶ Evolving customer needs
- ▶ Branch transformation
- ▶ Teller automation

The retail banking sector is facing significant challenges with increasing complexity of customer interactions and persistent cost pressures

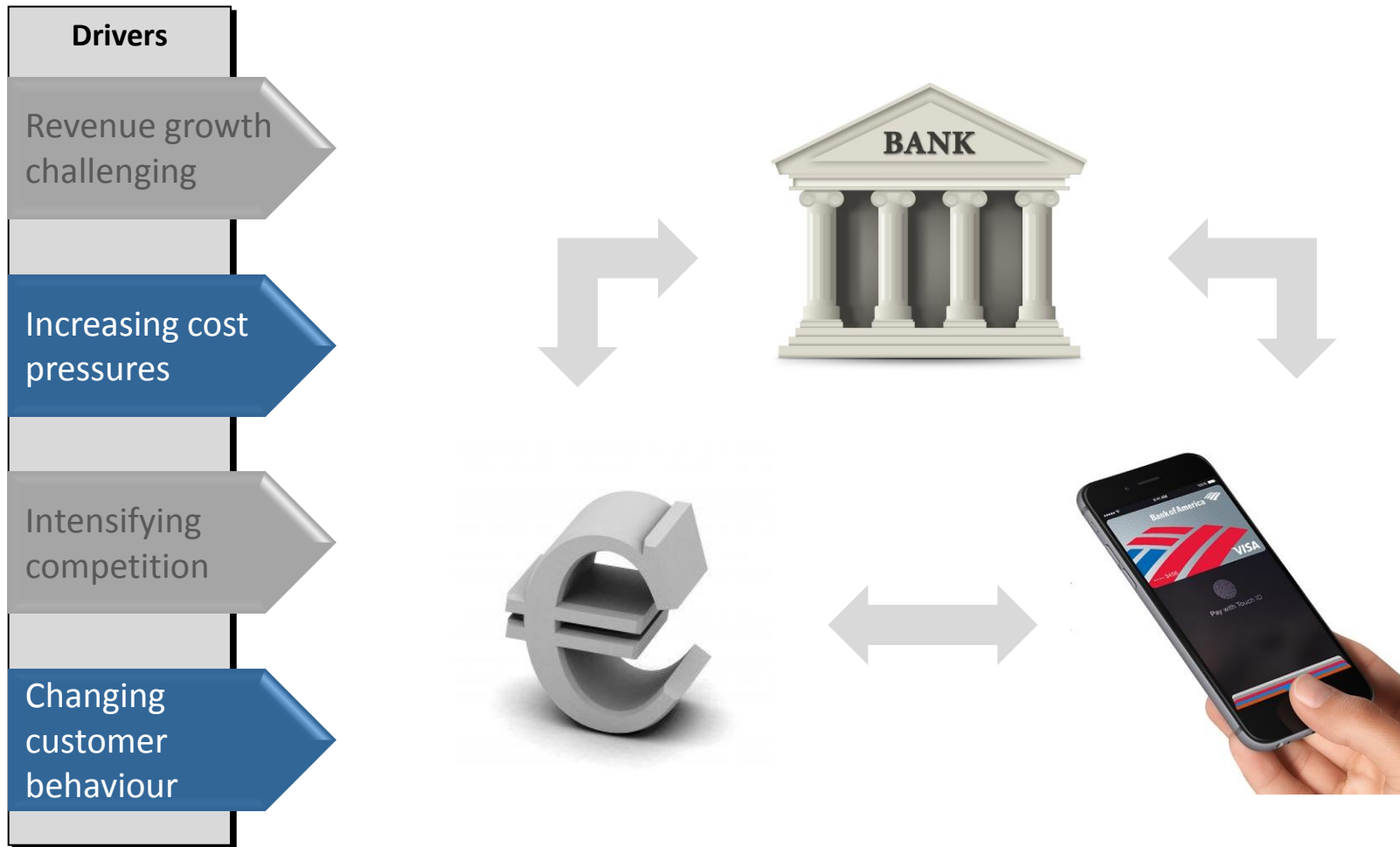


The branch remains the primary channel for acquiring and deepening customer relationships, but it is costly to operate and faces competition from direct channels

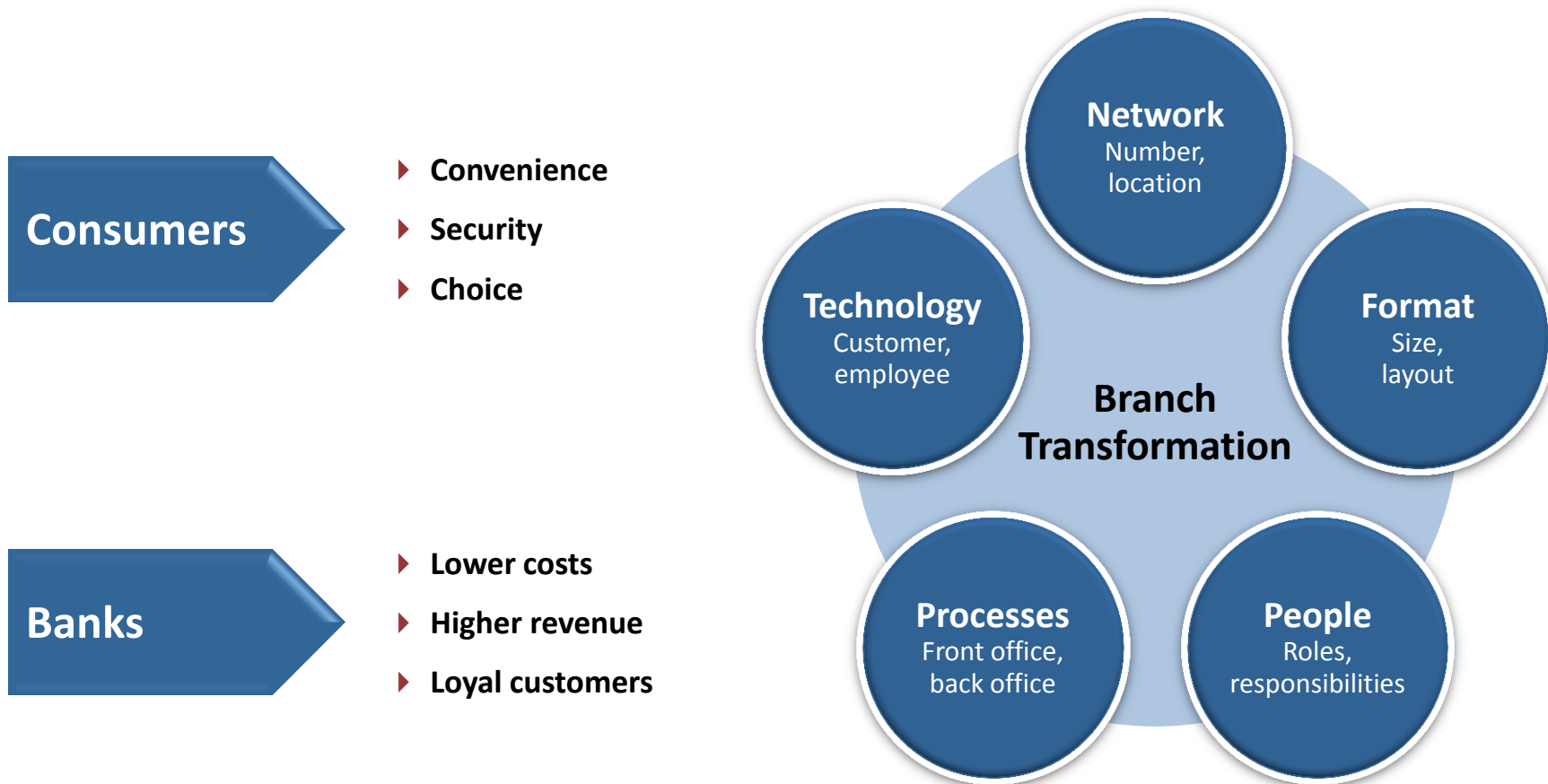
“stores [branches] are critically important to the overall acquisition strategy and service of our customers, even for millennials who don’t visit very often”

John Stumpf, CEO, Wells Fargo

Banks must adapt their service delivery strategy in order to meet the evolving consumer needs and to optimise cost efficiency



Falling numbers of branch visits is forcing banks to radically change the format, technology, process and staffing of their branch networks...



...and in many cases rationalise their footprint



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Banks close 390 U.S. branches in 3Q

UK bank branch closures likely to increase

By Tanya Powley

Banks and building societies look set to up UK branch closures

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Banks Cut 20,000 Branches After 2008

The numbers of branches serving customers across Europe continues to fall as lenders seek to slash costs.



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BANKING

Deutsche Bank announces major downsizing

Deutsche Bank wants to close hundreds of branches as part of a new strategy aimed at overhauling activities. The plan also foresees cuts in investment banking, with savings totaling billions of euros.

Germany's biggest bank announced on Monday the closure of up to 200 of the 700 branches the bank operates in Germany. The branches were planned to be closed by 2017, Deutsche Bank said.



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Rationalising branch networks is only part of the solution – remaining branches must be transformed

Traditional branch

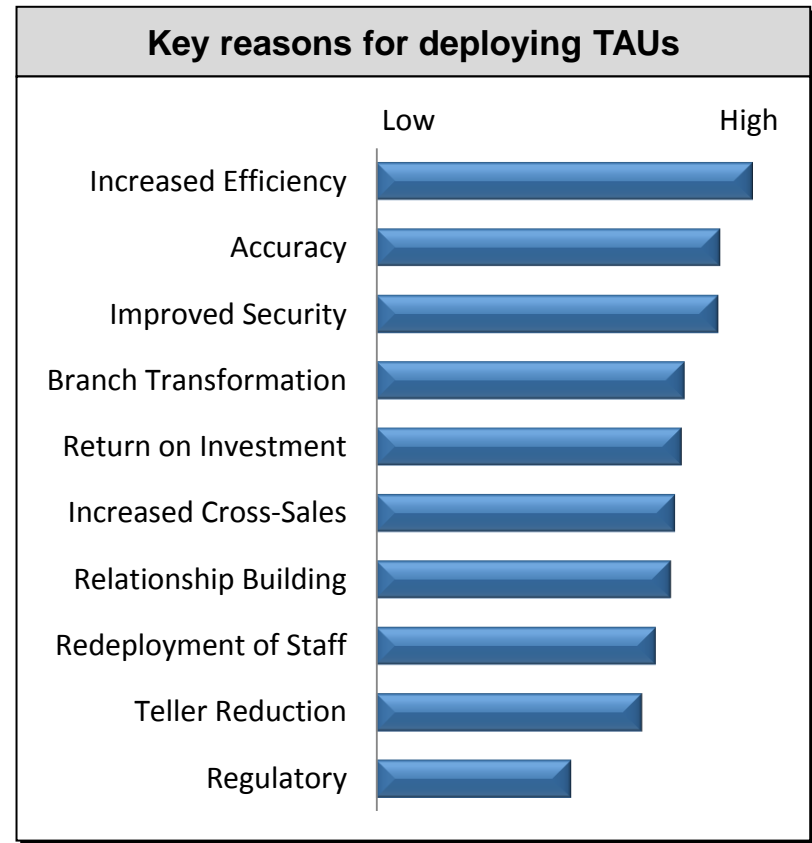
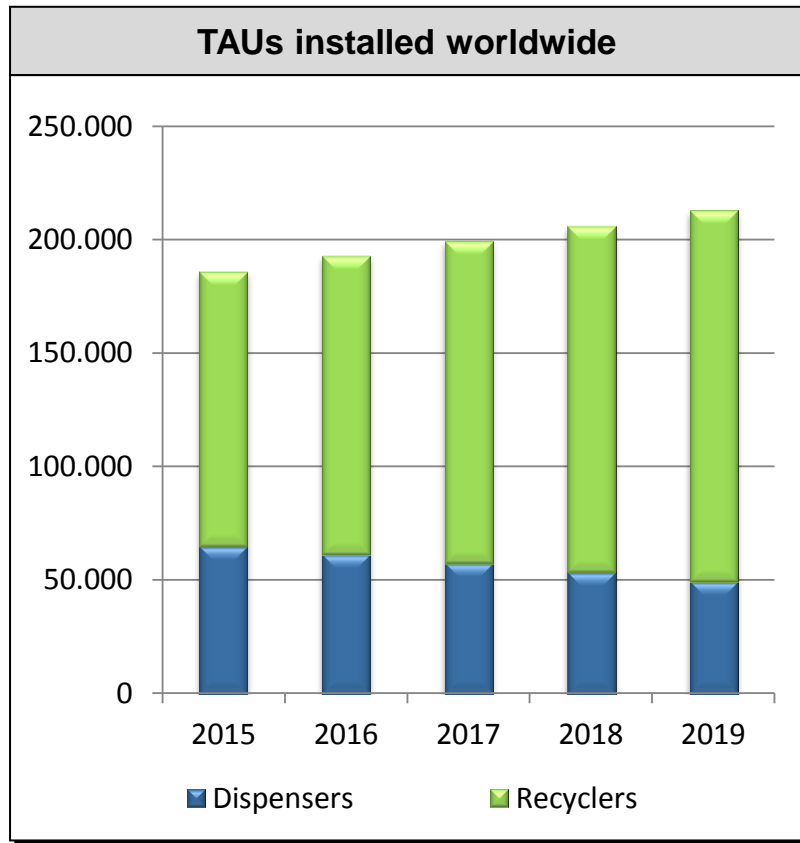


Open-plan branch



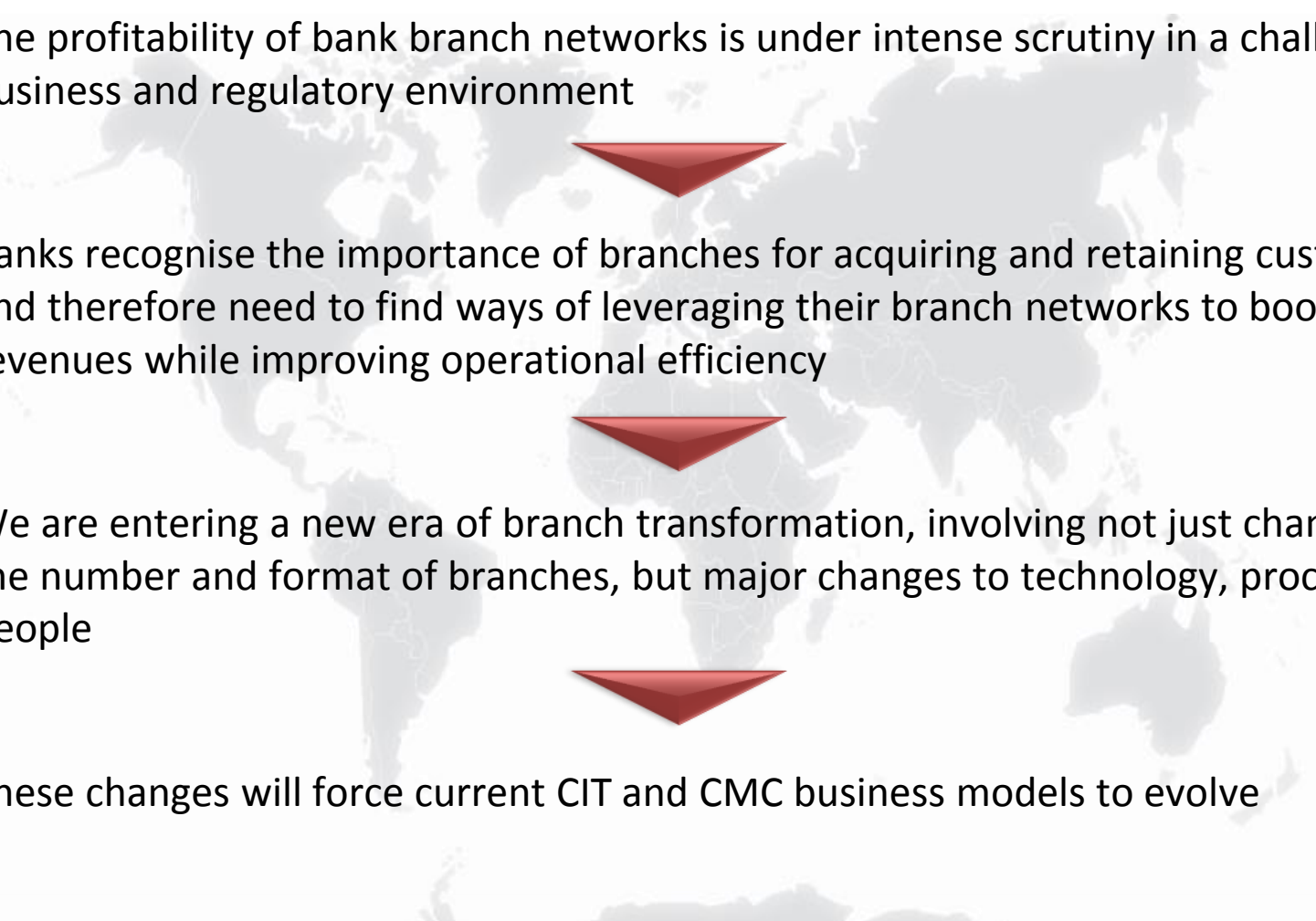
- ▶ Banks are responding to customer demand and competition by making the branch more attractive to use and more efficient to operate – shifting the focus from ***transactions*** to ***interactions***

Teller automation is a vital enabler of branch transformation – in particular the use of teller cash recyclers



Source: RBR "Teller Automation and Branch Transformation 2015"

Banks are under pressure to increase the efficiency of their retail networks, which will lead to major transformation of their branches

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- ▶ The profitability of bank branch networks is under intense scrutiny in a challenging business and regulatory environment
 - ▶ Banks recognise the importance of branches for acquiring and retaining customers, and therefore need to find ways of leveraging their branch networks to boost revenues while improving operational efficiency
 - ▶ We are entering a new era of branch transformation, involving not just changes to the number and format of branches, but major changes to technology, processes and people
 - ▶ These changes will force current CIT and CMC business models to evolve

Thank you for listening...

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- ▶ RBR is a leading research and consulting firm specialised in the areas of cards, payments and banking automation. Based in London, RBR serves clients across more than 100 countries through premium research reports, consulting, newsletters (*Banking Automation Bulletin*) and conferences



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