



MODERN CUSTOMERS COME FIRST

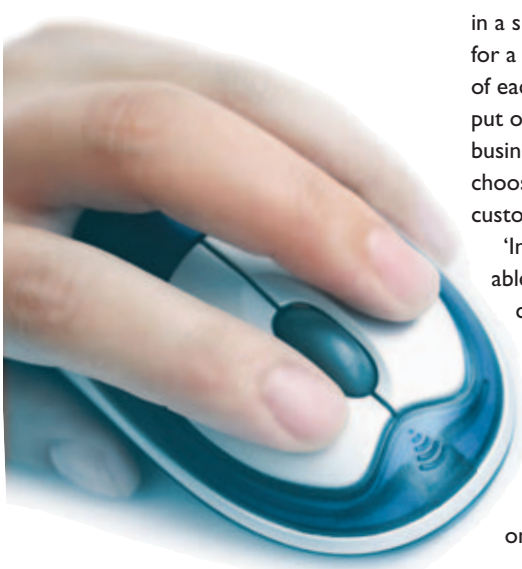
Now that banks recognise how important branch networks are for customer contact, many realise that innovation is needed to align the branch with other channels, Barclays' **Stuart Gilmour** tells *Future Banking*.

Banks now reach their customers through a broader range of channels than ever before, and although some in the industry once thought the days of the branch had passed, the current trend is to place it firmly at the heart of customer service strategy – though in a very different way.

Branches are still valuable in the eyes of customers. As banks look to reinvent themselves as customer-centric organisations, so they need to focus on developing their branches, services and technology, to ensure that they are doing the best job for their customers across all channels.

At the same time, however, banks need to justify the investment in branches with returns.

'After the contact centre, the branch network remains the busiest channel.



- The branch has returned to the heart of the customer service experience
- But banks need to justify the investment in branches with returns
- Technology like video-conferencing could change what we mean by face-to-face contact.

There is still a strong desire for face-to-face contact, and the branch provides banks with an opportunity for a lot of customer interaction,' remarks Stuart Gilmour, head of application development, commercial banking and wealth for Barclays.

One of the key changes, of course, is behind the scenes, where customer relationship management systems provide staff with a holistic view of customers and the profile of their past transactions.

'It is hard not to sound like I'm speaking from a textbook, but it is true that we are in a situation now where it is important for a bank to have a complete, single view of each customer. That is necessary to put our customers at the centre of our business, regardless of the channels they choose to interact with us. It is the crux of customer-centricity,' believes Gilmour.

'In the branch, therefore, we must be able to carry on from discussions that a customer may have had on the phone or online. Interactions start in one channel, but are often concluded through another, particularly if we are talking about customers buying new products. In the branch, we cannot afford to go back to square one,' he adds.



Behind the scenes

Gilmour has witnessed much of the extensive work that Barclays has done to embed customer-centricity, but he admits that much still needs to be done. One of the key strands to its efforts will be to continue deploying more sophisticated technology, both behind the counter and in front of the customer.

The bank has a history of innovation in branch technology. In 2007, for instance, it marked the 40th anniversary of the world's first ATM machine, which was at a Barclays branch in London. The industry has changed immeasurably since then, and technological innovation is more important than ever in determining a bank's level of customer service.

One technology that has garnered much interest is the self-service kiosk, sometimes referred to as common use self service (CUSS) systems. Some banks' efforts at branch redevelopment have viewed CUSS technology as a means to allow customers to handle many



transactions, including product sales, directly with the customer, thus freeing up staff to have a more advisory, expert role.

Gilmour recognises the value of CUSS technology, and feels it will be an increasingly important part of bank branches in the years ahead. Customers, he believes, will become increasingly familiar with CUSS and will become more receptive to its use, eventually pushing it to tipping point and its place in the branch infrastructure.

Barclays has certainly looked at CUSS technology, and has come to the conclusion that it will add great value to its customer service, especially if its role is clearly defined within a broader approach to branch development. The bank already has technology for paying-in cheques, and has installed kiosks and coin collecting machines in many branches.

Gilmour sees these as important branch services and welcomes their automation.

“I believe that self-service technology has a key role to play in providing convenience

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and speed to customers. I personally always use such devices.”

He also believes, however, that the branch must simultaneously maximise opportunities for face-to-face interaction with customers. Talking directly to customers like this is partly about creating opportunities to cross-sell, but personal interaction is also a vital part of its service offering, greatly helping a bank build personalised customer relationships.

Ideally, the branch of the future will incorporate CUSS technology, advanced CRM systems to provide a deeper understanding of customers' needs, and informed staff who give the bank a human face. Banks need to ensure that all of these elements work together with all channels,

with clear lines of communication and consistent service, whether a customer is talking with a member of staff, using a kiosk or conducting transactions online.

“I see the branch as a key component in building a relationship with customers able to meet all their demands by whatever means is appropriate. It is the customer-centricity and relationship which is important,” says Gilmour.

He also notes with interest the exciting innovations that are emerging in the area of self-service, among them a system deployed in Germany that changes the layout of the branch during the day to mirror customers' changing needs. For instance, a self-service system can be positioned in a small, secure banking area during the night, but then move inside during the day when the branch is open.

This approach recognises that customers change how they use their branch, depending on the time of day. This is just the kind of customer-centric thinking that Gilmour feels will define bank branches in the future.

‘The UK already has lots of banking halls, so we are starting to see that kind of mix here,’ notes Gilmour.

The key for banks is to identify successfully where technology implementation will add real value.

‘Technology plays a part in building customer profiles and helping staff to recommend appropriate products. It also plays a role in ensuring compliance with regulatory requirements, addressing concerns that guidance given by the bank must be robust and correct,’ he adds.

Furthermore, there is uncertainty about the growing amount of interaction with customers that will take place through self-service systems, including online banking portals, will lead people to visit their bank branch far less frequently, or that a move to self-service and online channels will undermine the value of the branch at all.

‘As a customer, I use automated self-service technology and don't often go to staffed branches except for product advice,



which is hard to do online, and foreign currency transactions," he remarks.

The crucial difference at a branch, however, is the knowledge and expertise of its staff. Product advice, therefore, becomes a key value and the people working in the branch will over time develop a different range of skills to what has been seen in the past.

'Staff are the key interface with customers. They are critical in identifying customers' needs and improving their understanding of what the bank can offer,' believes Gilmour.

Technology face-to-face

Looking much further down the line, advances in technologies such as video-conferencing could change what we mean by virtual face-to-face contact.

While the value of the branch may firmly rest on the ability to interact with bank representatives who know about the customer, but who also bring specific expertise to bear on the advice given in the future that advisor may not need to be physically located in the branch.

Gilmour foresees a time when high quality video-conferencing technology will bring people in different locations together in a bank branch in such a way that the interaction loses none of authenticity.

'The branch could look radically different in the future. Some things have been tried that were before their time, but video-conferencing may return, so we may see apparent face-to-face conversations between people who are miles apart,' says Gilmour.

'With Cisco's new teleconferencing system, for example, it looks like the other person is sitting at the other end of the table, and the speed and quality mean there are no jerky movements, and the audio is not out of synch,' he adds.

Were customers to become familiar with this kind of remote, face-to-face interaction with banking advisors, this would beg the question whether this would then spill out of the branch and go online. Could this trend for video-conferencing - started in the branch - ultimately become a feature of the online banking portal and, therefore, undermine the value of the branch?



Branches are still central

In July 2007, Barclays launched its new pre-paid Travel Money Card. The re-loadable card, which is PIN-protected, can be used at ATMs and payment terminals world-wide, wherever Visa is accepted. The card is intended to replace cash and travellers' cheques in the wallets of customers travelling abroad. It is personalised and it may well help to prevent fraud or loss of money through theft.

Once again Gilmour thinks not – at least not in the foreseeable future. In the branch, the quality of such interactions would depend on how personal, authentic and realistic they appear to the customer, and to achieve a sufficient level of quality would require the high-end technology that - for now – only the bank could provide.

'It could happen online in the future, but there might be a lack of control over delivery. For example, the bank would not be able to compensate for a customer's webcam being of a lower specification,' believes Gilmour.

Branching back

Barclays has many branch development projects under way, though it is currently keen to keep the details under wraps. This in itself is testament to a firm belief that investment in branch infrastructure could help a bank to carve out a significant competitive edge, provided that the technology and services are dictated primarily by the wishes of the customer and not solely by the needs of the bank.

For Barclays, innovation in its branch infrastructure is not only important to the success of its moves into global markets, but also to its established operations in mature markets like the UK. Setting up operations in new countries gives the bank



The card can be loaded with different currencies – Sterling, US dollars or Euros – at branches of Barclays, as well as by telephone. The cards can hold the equivalent of between £100 and £2,500 and are expected to become more popular as customers experience the additional protection that they can offer.

While the branch is not the sole point of contact for the charging of the card, it is one of only two channels through which these services can be accessed.

an almost clean slate for its approach the branch requirements of the customer and the need to integrate all delivery channels, so is in itself a stimulus for innovation.

The role of branches within a customer-centric strategy will no doubt continue to evolve, and they may soon be unrecognisable from the Barclays branch in Enfield where the first ATM was used. The opportunity certainly exists for banks to add value to their branch networks, but it will require investment and commitment to a long-term strategy focused firmly on customers. FBA

Stuart Gilmour Barclays Bank plc

Stuart Gilmour is head of application development, commercial banking and wealth for Barclays. He was previously head of concept labs where day-to-day responsibilities included the leadership and direction of rapid application development teams. These teams provided technological solutions and support to enable the various parts of Barclays, to explore and validate new or changed processes, identify valuable business opportunities and determine appropriate solutions to business challenges.