

The Bank of the Future's Present

*Nova Retail Group says stop talking and do something.
The future is already here.*

FOR IMMEDIATE RELEASE

Aug. 9, 2013 – PORTSMOUTH, N.H. — What is the “Bank of the Future?” The term often evokes images of George Jetson and his boy Elroy waiting at the drive-thru in their hover car. For almost a decade, countless books, seminars, and articles have promoted various interpretations of the future bank. However, what once



seemed to be a “distant future” is here now and moving at light speed. Time can no longer be afforded to merely conjecture about what financial institutions *may* need but should be used to actively address current customer demand. As we are on the cusp of what could forever change the way banking is done, no one has any tried and true

answers. Thoughtful expertise and innovative thinking, however, generates a real-world formula to carve the path to unprecedented success.

Grow small

The Bank of the Future issue has fueled an ongoing debate questioning the need for brick and mortar branches. The retail industry is always looking to economically and strategically grow, while expanding marketing and sales. Successful retailers see the opportunity for wider distribution as customers embrace other channels where they *command and control* their time and accomplishments. To keep up with the current economic climate, retailers are rethinking store deployment. Bigger is no longer better.

Having examined the current industry shift drivers, challenges and retail trends, Scott Dustin, President of Nova Retail Group and operations expert, observes that “organizations continue to struggle with how to embrace rapidly advancing technology, diverse demographics, and the erosion of the in-branch experience.”

We are dealing with a changed consumer in a challenging economy. Technology dependence and proficiency is rising at breakneck speed prompting institutions to pour

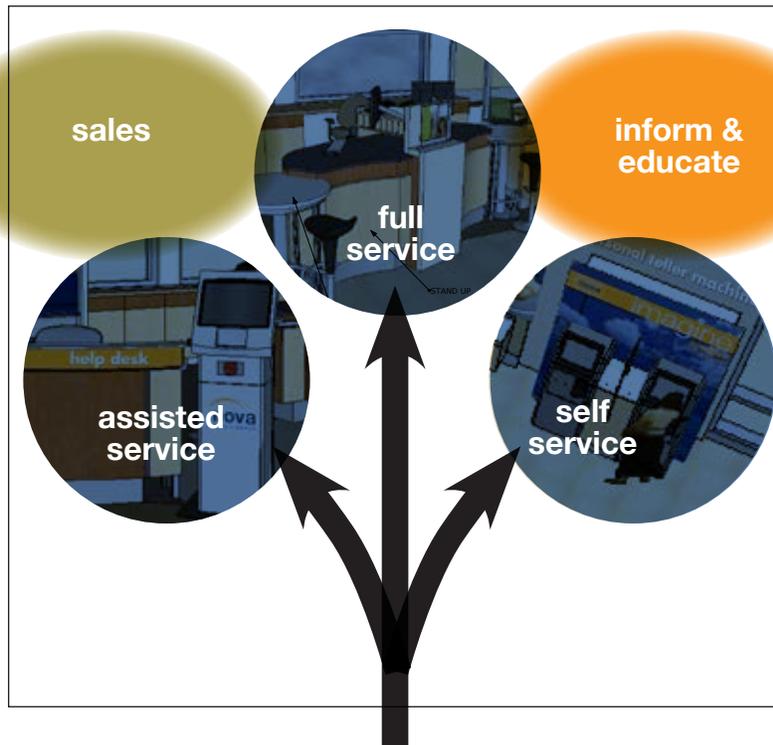
diminishing budgets into these channels and leaving less to attend to facilities.

Nova maintains that the physical branch will not be rendered obsolete, but will need to evolve if institutions are to remain competitive. The branch remains the preferred location for consultation and problem resolution¹. Taking cues from the retail industry, financial institutions need to reinvent the role of branches to fit into the multichannel scheme and ensure that the branch satisfies the customer need to *inquire and interact*. We now see compact versions of the big box retailers such as Walmart, Target and Best Buy cropping up to attract more customers, reduce overhead and increase revenues.



In the wake of recent years, people no longer regard “safe and secure” as a 3,500 sq ft cavernous bank buildings. Customers are now responding to organizations demonstrating more responsible approaches to doing business with convenient and friendly service². Institutions can effectively function in footprints no larger than 1,800 sq ft while affording to rapidly expand their network and strategically surround their targeted consumer base. On average, three smaller “Express Branches” can be implemented for the cost of a single traditional one.

Streamlining to direct more focus on sales and service in these smaller spaces promotes customer-staff engagement and boost cross selling. In-person banking is rewarded with education and human interaction, while augmenting other channel efforts. This format drastically reduces overhead by optimally employing three to four highly trained staff members to handle sales, service, consultation, and problem resolution providing a complete, customer-centric experience.



A fine balance

The transition to the new branch model must account for all customer segments. “A modern branch will accommodate different banking styles, emphasizing the human element while being operationally efficient,” says Dustin.

As technological advances become key to an institution’s success, branches should be wary of alienating existing customer segments or ignoring the growth segments that find in-branch experiences antiquated. Offering something for every kind of customer will strike a critical balance.

The Click and Run. As the X, Y and Millennium generations continue to self serve themselves away from the in-branch experience, organizations must adopt innovations like the Advanced ATM and Personal Teller machines to allow them to manage their own time and experience. The Click and Run users tend not to need or want to ask for assistance. Likewise, they see traditional full service assistance as outdated and often an impediment to their hectic daily routines.

The Hybrid. The vast majority of customers and members may fall into the assisted service category. This group is more than willing to direct their own experience within the branch, but needs some guidance initially when learning new technologies. Once the Hybrid consumers receive one-on-one training and education on Advanced ATMs and Personal Teller machines, they will conduct a vast majority of their own every day transac-

tions. This will free the branch staff to focus on cross selling of services, consultation and problem resolution. One-on-one interaction also allows the organization to train consumers on mobile banking applications and on-line banking techniques. The educational process itself will provide an opportunity to foster customer loyalty and retention.

The Traditional. The last segment preferring the traditional branch transaction and often having the greatest wealth will most likely resist learning new technologies and adopting a self-service model. The Express Branch builds in teller pods or a compact teller area for the familiar full-service transactions. Regardless of technological advances, the Traditional customer defines the in-branch experiences by human interaction and looks forward to seeing who handles their money.

Brand it and they will come

Introducing a new concept requires thorough communication. Branding and promotions in the Express Branches are central to connecting these with the entire network and marketing efforts while cueing customers to understand the reinvented quality of these outposts. “Finding the balance between effective communication with the right scale of aesthetic in these smaller spaces can be challenging,” according to Nova’s Creative Director Linda Getz. “These Express Branch interiors need to be treated like swatches of the brand’s personality.” These environments should be programmed to clearly

reference the network's standard use of branding, but appropriately edited. All locations should tell the same story and in doing so, also develop a brand-founded culture. "The branch is the brand's meeting place and this is ultimately what connects people emotionally while differentiating one institution from another," says Getz. Promotional messaging should be simple to quickly and easily bridge the customer to the associates and the products, while reflecting the purpose of the branch.

As the network expands with Express Branches, so does the brand's reach. Multiple locations means more opportunity to amplify the name at the street level when the exterior is proficiently treated to draw attention.



"Designing Better Brand Experiences" is Nova Retail Group's driving passion. Nova believes that the retail space is where brand lives to be experienced and to become a coveted culture. Partnering with clients, Nova cost effectively designs high-performing sales environments and communications programs that energize loyalty and future revenue. With expertise spanning more than 25 years, we provide retail communications, brand engagement and design build services to create a better brand experience unique to you.

Before the future is past

Banks and credit unions need to consider the branch of today and tomorrow with the built-in flexibility to adapt to the ever-changing retail and technology landscape. Focus placed on the next three to five years, rather than 10 to 15, will help institutions maneuver through an industry that is now in constant flux. The institutions that can manage to evenly develop and integrate all channels will stay most competitive.

The Express Branch concept makes everyone happy. It's transitional, cost-effective, efficient, user-friendly and can seamlessly supplement an existing network while keeping the branch alive. Expanding with smaller outlets is a smart and responsible way to increase brand awareness and maximize distribution channels, leveraging a brand's biggest and most distinctive asset: the human experience.

¹ *Branch Transformation: Strategies to Position Your Branch Network for the Future*, Diebold consulting

¹ *Cisco Customer Experience Report*, Cisco IBSG



www.novaretailgroup.com

If you would like more information about this topic, please contact Scott Dustin at 603-294-4488 or email at sdustin@novaretailgroup.com.