BAI Banking Strategies
EXECUTIVE REPORT

Evolution of banking branches

MARCH 2024

BAI POWERING SMART DECISIONS.

In this issue

Offering more with less?

BY RACHEL KONING BEALS
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There may be fewer physical bank branches these days, but the demands on their services and employees are only greater.

Our industry now favors smarter, efficiently run branch footprints in data-driven strategic locations. Within those walls, we accommodate simple transactions, then pivot to ever-complex advice—sometimes for the same customer. More technology is featured inside those spaces and as part of an omnichannel offering that includes a digital-first option favored by younger generations. It's a big ask of an institution's strategic planning, and it challenges right-sizing staffing.

But to ignore the branch is to ignore an important aspect of banking today and, believe it or not, tomorrow. In the March BAI Executive Report, "Evolution of Banking Branches," this reality forces us to get a bit graphic. Don't worry. We just mean we've drawn up some very telling BAI Banking Outlook research about the value of branches, both now and in the coming few years. Branches will look different, but they're not going away. And that's for customers who've long relied on popping through those doors on the regular, and those who might transact this way only for their biggest life moments, like buying a house.

As Rolland Johannsen, a senior consulting associate at Capital Performance Group, tells BAI's Katie Kuehner-Hebert in our lead article: "What digital channels don't do very well, and what branches do well, is problem resolution. Banks should make sure that each channel is designed for the functions that they do best to maximize the effectiveness of each channel—rather than try to make every channel do the same thing in the same way."

Such channels might include interactive teller machines, or ITMs, to support advanced transactions, including account openings, within a branch. ITMs are in the early adoption stage. This makes customer support from staff imperative.

The experts remind us that as branches integrate technology, these upgrades should be in service to streamlining transactions, not adding steps simply for the sake of showing off slick features. That's imperative so that branches can do what they do best: support, consultation, advice and relationship-building.

After all, customers typically enter a branch because they have to, not always because they want to.

Also in the March issue:

» Katherine Regnier, CEO of financial services solutions provider Coconut Software, contributes this month with a dispatch from a California credit union that views digital and in-person banking as two variations of the same pursuit. That approach requires a financial institution to prioritize upskilling talent so that knowledgeable "concierge" representatives move as seamlessly from product to product and service to service as the customers.

» We also push ourselves to imagine whether the still-nascent metaverse could be a bridge between traditional high-touch branch banking and self-directed digital. You can explore this technology in a Q&A with Portugal-based Banco BPI. The funny thing is, because it's VR, the experience replicates a traditional brick-and-mortar branch more than most digital experiences today.

Something to think about.

Rachel Koning Beals is Senior Editor at BAI.

From interactive teller machines to high-tech signage, more branches go digital

ITMs are in and tablet bars are out. Self-service features aren't only about efficiency—they must enhance the customer experience.

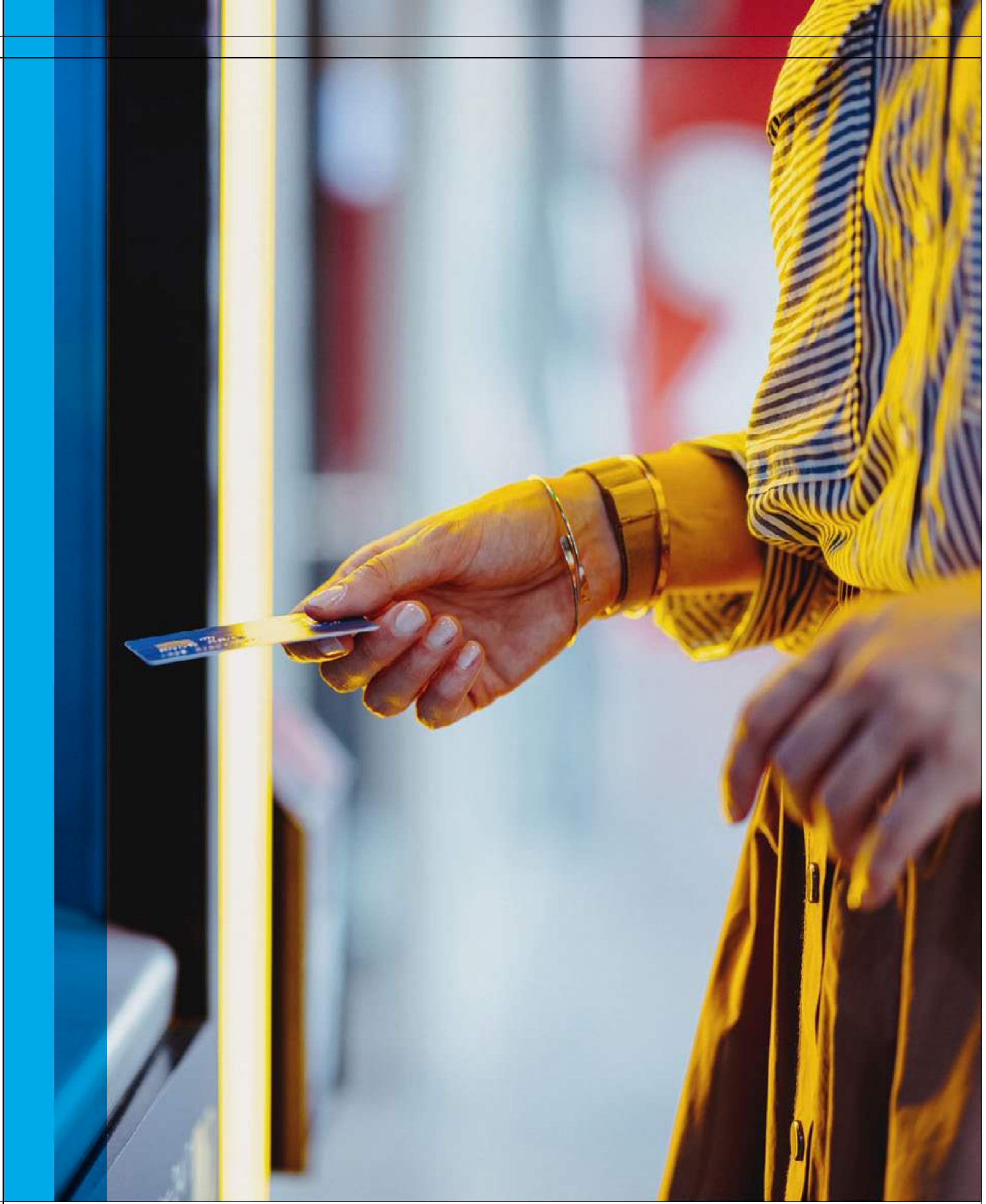
BY KATIE KUEHNER-HEBERT

New technologies continue to be introduced in the branches to enhance the customer experience—as well as to make employees' lives easier.

The migration of transactions to self-service is continuing to accelerate in the branches, including leveraging interactive teller machines, or ITMs, says Stuart Mackinnon, chief operating officer of NCR Atleos based in Atlanta.

ITMs can do all the transactions of an ATM but also support advanced transactions, including credit card payments, bill payments, access to extended types of transactions across multiple checking accounts and account opening.

"Other loan-related activities and problem-solving activities are also now available through that interactive video experience that you get on the ITM," Mackinnon says. "The bank will have converted



their traditional call center to one with centralized tellers who are now picking up the interactive video call from the ITM."

Some institutions have replaced all their ATMs with ITMs as they slowly convert their branches. They're keeping their tellers for six months or a year, until their customers are used to the technology and are comfortable with it. Tellers will walk a customer to the ITM and help them understand the technology.

Over time these banks may reduce teller hours, migrating after-hours service to the ITM. Some banks may also expand the hours of availability at the ITM, including offering full Saturday banking or even Sunday banking.

Whereas some banks seek to have a consistent self-service experience across all their branches, others have moved to the hub-and-spoke model where the flagship branch maintains tellers and the satellite branches have moved to ITMs.

"In this hub-and-spoke model, customers can conduct most of their daily banking needs at satellite locations and, should they need to do something more complex, they have the option to go to the flagship location on Main Street," Mackinnon says.

More institutions are also introducing advanced self-service devices in the lobby that can effectively deliver the same volume of cash as a teller cash recycler does behind the counter.

"Branch staff can be redeployed as greeters to help customers get comfortable with the new technology, though most customers readily adopt it because the screen flows are similar to the ones they use on their mobile phones," he says.

Solutions to maximize efficiency of cash management include transit cassettes, which allows a teller to move cash from behind the counter to out front into a self-service device without ever touching the cash and without requiring an armored car visit.

STUART MACKINNON
NCR ATLEOS

ITMS ARE ABOUT EXPANSION, NOT CONTRACTION

"There's still a lot of innovation to happen. Within the next 24 months, customers will be able to essentially drive the entire ATM or ITM transaction from their mobile device," Mackinnon says. "Instead of inserting their debit card into the machine, they can just tap their card or mobile device to initiate the transaction, and the machine will then either accept deposited cash or dispense cash withdrawn from their account."

The institutions that have been successful deploying ITMs have installed them to expand their geographic footprint without opening a branch or extending branch hours, says Rolland Johannsen, a senior consulting associate at Capital Performance Group LLC, headquartered in Washington, D.C. They have installed extensive employee and customer communication and incentive programs to encourage and reward adoption.

"Banks that have not been as successful deploying ITMs are the ones that have treated them like glorified ATMs and employed a 'build it and they will come' strategy," Johannsen says. "Branch-based self-service technology should not only be used to replace people and reduce expense, but be designed to actually enhance the customer experience."

Regarding omnichannel capabilities, certain technology platforms do a better job than others, but right now it's more "aspirational than reality," he says.

CREATE DISTINCT CHANNELS

However, certain types of channels are better at doing certain types of things than other channels, so banks should provide a superior experience on those things that the channels are designed to do well. For example, digital channels are designed to provide access to information to enable customers to transact certain types of business, or to provide fraud alerts or other types of information.

"What digital channels don't do very well and what branches do well is problem resolution," Johannsen says. "Banks should make sure that each channel is designed for the functions that they really do best, to maximize the effectiveness of each channel—rather than try to make every channel do the same thing in the same way."

Institutions should also leverage technology to empower staff to resolve problems for customers, he says. For example, two elderly women were recently scammed out of their life savings. Both had gone to a branch to execute large wire transfers that were totally out of character for their accounts. At one branch they were denied and then they went to another branch of the same bank and their transfers were approved.

"There was nothing in the bank's technology that allowed employees across those branches to have a consistent approach whether to approve that type of transaction," Johannsen says. "That's the type of thing that you want to be able to have technology do—provide

ROLLAND JOHANNSEN
CAPITAL PERFORMANCE GROUP

valuable information about a person's transaction history that empowers branch staff to do the most important pieces of their job."

Three types should be in the consideration set of every institution—self-service machines like ATMs and ITMs, cash automation like TCRs and digital signage, says Gina Bleedorn, president and CEO at Adrenaline, a brand experience company headquartered in Atlanta.

"This is not high-tech, but right-tech," Bleedorn says. "It serves the right purpose—automating predictable, transactional tasks and supporting the deepening of relationships."

What about the wrong tech? Tech bars with tablets were "once all the rage," designed to showcase mobile banking or provide opt-in product and service discovery, she says. But they were never used because they didn't serve the customer's immediate need.

"Vertical touch screens with interactive exploration or games also don't get used for much the same reason, plus consumers don't want the room to see what they're doing," Bleedorn says. "If someone wants to learn about your services, or play a game, they can do it on their own device on their own time."

Alternatively, digital signage works because it's the most "eyeball-catching" type of communication that can be second-screened without competing with a consumer device or inhibiting the service they entered for.

Many institutions also make deployment missteps, like not putting TCRs in open floor plans so staff headcount can be reduced.

GINA BLEEDORN
ADRENALINE

DON'T ABANDON SMART HUMAN CONNECTION

ITMs are in the early adoption stage, so most consumers don't know what they are or how to use them, making migration support by staff imperative. Institutions should deploy them outside, either through the drive-through or drive-up, or standalone 24-hour vestibules in a place where there isn't a branch presence.

"The least desirable use case is inside the branch lobby, especially presented as a human teller alternative," Bleedorn says. "No customer that walks in is going to choose a machine over a person, unless the lines are incredibly long. An ITM can be placed inside initially to teach customers, before relocating outside."

> **"This is not high-tech, but right-tech. It serves the right purpose—automating predictable, transactional tasks and supporting the deepening of relationships."**
>
> **GINA BLEEDORN**
> ADRENALINE

There is a major question about whether to integrate ATMs or ITMs with the core. Core integration is more expensive and often requires financial institutions to make updates, but efficiency gains make it worth the effort for many banks, she says. Of the institutions that haven't integrated their machines, they essentially have a dual-entry processing protocol, where they manually record ITM transactions onto their core system, and it's not in real time.

"At the end of the day, branch technology should be in service of streamlining transactions so branches can do what they do best—support consultation, advice and relationship-building," Bleedorn says. "People don't want to go to branches—they need to go to branches. When they do, tech should enable frictionless service so human connection can add real value."

Katie Kuehner-Hebert is a contributing writer for BAI.

Straight from the source

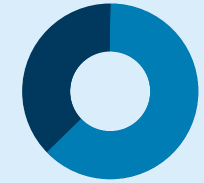
The BAI Banking Outlook reveals how customers are using, or not using, traditional branches now and in the next few years. Here's a by-the-numbers glimpse.

BY BAI RESEARCH / EDITED BY RACHEL KONING BEALS

Consumers' projected channel usage in 2026

35% HUMAN			65% DIGITAL		
Branch	Drive-up	Contact Center	Mobile	Online	ATM
20%	10%	5%	27%	26%	12%
3	5	6	1	2	4

Surveyed consumers across all generations ranked their expected preferred means for bank transactions in the next few years.



65%

Bank customers will use digital channels for 65% of their transactions by 2026.

Customer experience (CX) by generation

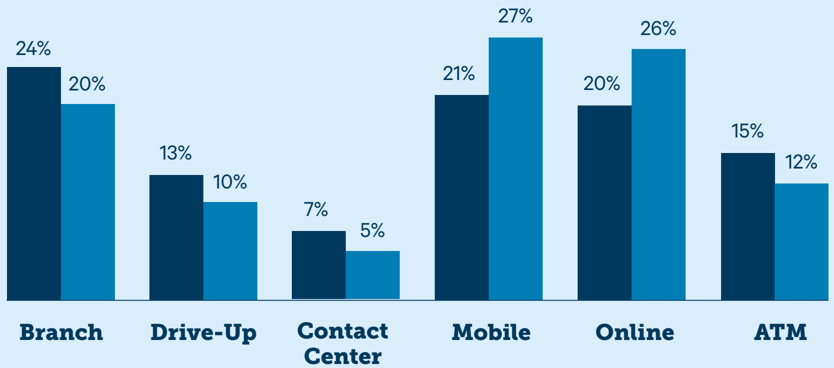
Improving CX varies across the generational segments

	GEN Z	MILLENNIAL	GEN X	BOOMER+
1	Give me tools to customize my experience	Have an easy way for me to report problems/complaints	Give me tools to customize my experience	Improve the branches for better in-person CX
2	Improve omnichannel experience	Give me tools to customize my experience	Improve omnichannel experience	Give me tools to customize my experience
3	Have an easy way for me to report problems/complaints	Enhance the mobile app (similar to Amazon)	Have more useful, real-time messages to improve day-to-day banking needs	Have an easy way for me to report problems/complaints

Traditional branch use continues to rank high for the Boomer generation, but a preference for an omnichannel experience means that banks must at least consider full-service offerings.

Projected channel usage trends

Branch and drive-up (human assisted) is predicted to decline in a few years as mobile and online usage increase

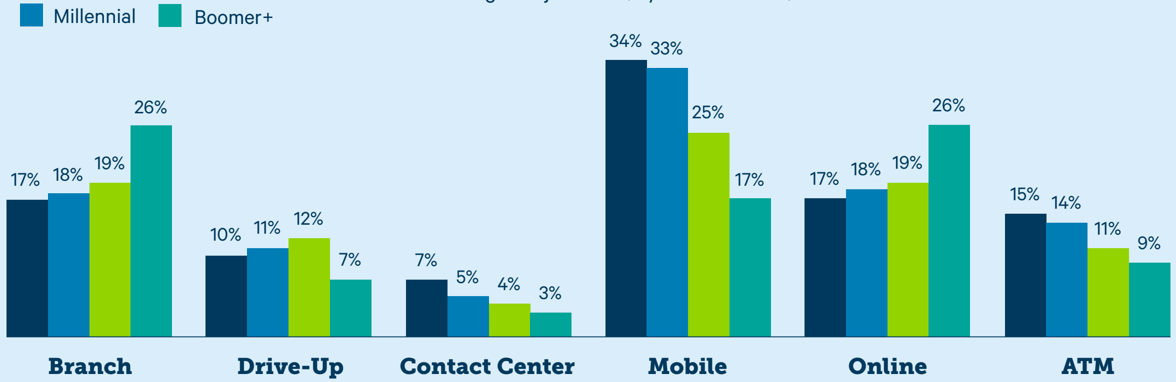


Branch use will continue to decline as most BAI research has flagged. But the expected drop is not precipitous, which poses a challenge as banks strategize for an omnichannel experience for customers. More likely, unique branch experiences will differentiate the market.

20%

Branch use to dip to 20% of bank transactions by 2026.

Projected channel use in 2026 by generation



Boomers stand out as preferred branch users, but popularity is relatively even across the other generations.

Top 3 channel preferences by financial activity

More difficult

	Branch	Video	Phone	Text	ATM	Online	Mobile	AI
Getting advice on a complex problem	1		2			3		
Applying for a loan	1					2	3	
Opening deposit / investment account	1					2	3	
Closing an account	1					3	2	
Solving a problem with an account	2		1				3	
Withdrawing funds	2				1		3	
Making a deposit	2					3	1	
Transferring funds	3					2	1	
Loan payment	3					2	1	
Learning about a simple product	3					1	2	
Checking balances			3			2	1	

Less difficult

BAI Research polled banking consumers about their preferred channel out of eight options, including branches, and depending on the specific transaction. Here, we show which channels earned a top 3 ranking for each customer need.

Millennials and Gen Z have the most monthly interactions

	Gen Z	Millennial	Gen X	Boomers	Total
Average Interactions (Month)	**73**	**64**	**40**	**28**	**51**
Mobile Banking	11.4	10.5	6.2	3.3	7.8
Online Banking	5.9	6.3	5.7	5.9	5.9
ATM (main bank)	4.0	3.1	1.7	1.2	2.5
Branch / Drive-up	3.6	2.7	1.8	1.1	2.3
Mobile Deposit (RDC)	2.9	2.7	1.3	0.6	1.9
Online chat	2.9	2.0	0.8	0.2	1.4
Live agent call	2.0	1.7	0.7	0.4	1.2

Omnichannel thinking matters. The high number of total monthly banking interactions among younger generations provides opportunities to interact with customers whose early-life banking relationships should be nurtured for a record wealth transfer.

3x

Gen Z's monthly banking interactions are nearly 3X that of Boomers

Is the branch's reality virtual?

Proponents say the metaverse is revolutionary. For banks, this might include transactional, retail and gaming VR experiences with a few familiar aspects of traditional branches.

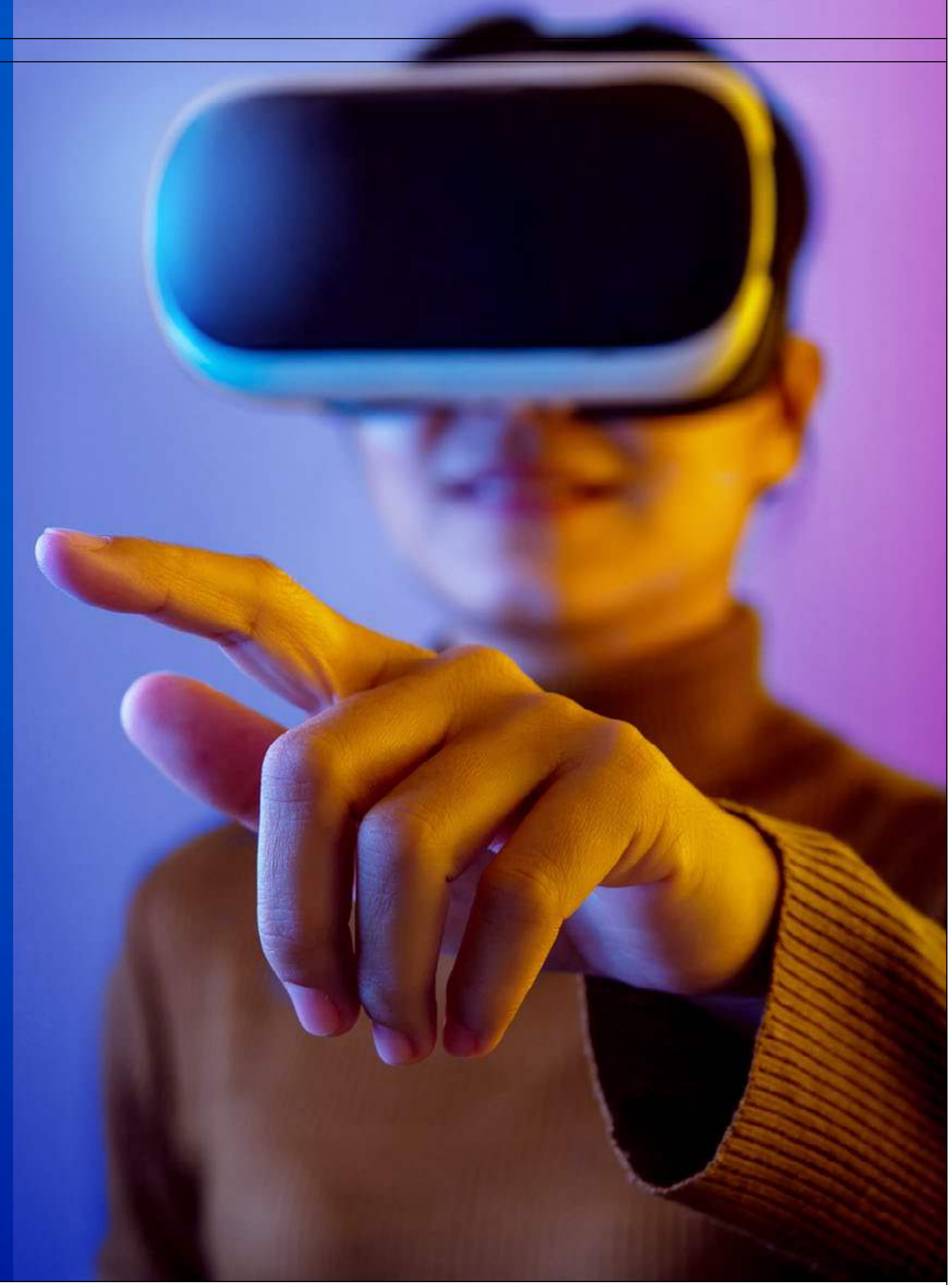
BY DAWN WOTAPKA

Imagine going to the bank, but not walking into a physical branch. It might sound impossible, but, in banking, virtual reality (VR) has the potential to reshape the industry's long-held traditions and norms.

While still in its nascent stages, VR and other immersive realities—augmented and mixed realities—have the potential to revolutionize how customers interact with banks, offering experiences that transcend traditional banking services. And yet some VR features harken back to the brick-and-mortar days, such as connecting banking and shopping experiences with an elevator reminiscent of department stores, or pedestrian friendly town centers.

VR is an as-yet mostly experimental format that presents opportunities for enhanced customer engagement, personalized financial education and innovative product demonstrations. To be sure, there are some things that technology can't outright replace, such as the classic safe deposit box.

To learn more about these transformational beginnings, BAI talked with Teresa Silva Sousa, Portugal-based Banco BPI's head of innovation and new business, about how the storied industry is being reshaped.



Users access the elevator just off the lobby in Banco BPI's VR bank branch. Services can be found throughout the bank's many virtual floors. Credit: Banco BPI

Banco BPI, part of CaixaBank S.A., earned a spot as a finalist in the 2023 BAI Global Innovation Awards for the early inclusion of its banking app, including a VR banking branch, on Meta's devices.

Some questions and answers have been edited for clarity and length.

BAI: Talk to us about VR in banking. Where are we with this?

Silva Sousa: VR in banking represents a promising frontier in the financial industry that might become a channel of contact with clients and, so, should be explored. However, widespread adoption is still underway, with challenges such as technological limitations, regulatory considerations and customer acceptance needing to be addressed. Nonetheless, as technology continues to evolve and consumer preferences shift, VR holds the promise of reshaping the banking landscape in profound ways, and we, as a bank, want to be ready.

Who is the target customer, and how do they use it?

The target customer of banking in VR comprises individuals seeking innovative and immersive banking experiences, particularly those interested in exploring new technologies and digital solutions. Banking in the metaverse caters to a diverse audience, including tech-savvy consumers and digital natives who, in the future, will also be met by those seeking convenience and flexibility in their banking interactions. These target customers use BPI VR and banking in the metaverse to access financial services, engage with interactive content, explore virtual banking environments and participate in educational, sporting and recreational activities.

What role does the metaverse play?

The metaverse can be understood as the convergence of immersive realities, such as VR and augmented reality (AR), with virtual worlds (like Fortnite or Roblox) and the principles of Web 3.0, encompassing blockchain and digital assets. No one knows 100% what the metaverse encompasses, but it will likely be a sort of digital universe where users can interact with each other and with digital content in real time, blurring the lines between physical and digital experiences. It increasingly offers a seamless and interconnected digital environment where people can work, play, socialize and transact, opening up new opportunities for businesses and individuals alike.

The metaverse is not just a concept from science fiction anymore; it is becoming a tangible reality that will revolutionize many aspects of our lives, including banking. Customers will have the opportunity to engage with their finances in entirely new ways, from attending virtual financial literacy workshops to accessing personalized financial advice from virtual assistants to meeting with an account manager. Also, banks might set up the custody of digital assets or engage with clients in worlds such as Roblox or Fortnite.

One floor in our multi-floor branch features wine bottles, essentially explorable advice from a wine expert. You can "escape" further and tour a vineyard. You see with that, how there could be future opportunities for real estate and banking tie-ins, etc.

How does this experience compare with entering a bank branch? What are the pluses and minuses?

Banking in VR experiences offers several distinct complements to the experience "in-branch." Firstly, it provides users with unparalleled convenience and accessibility, allowing them to access banking services from the comfort of their own homes or virtually anywhere with an internet connection. Additionally, VR banking offers a highly immersive and interactive experience, enabling users to engage with their finances in a more engaging and intuitive manner.

Despite the advantages of VR banking, traditional banking branches still offer certain benefits that cannot be replicated in virtual environments. For example, physical branches provide face-to-face interactions with bank staff, offering personalized assistance and advice to customers. Additionally, branches offer a tangible presence in local communities, fostering trust and relationships with customers. Furthermore, branches may offer services such as cash deposits and withdrawals, document notarization and access to safe deposit boxes, which may not be easily replicated in VR experiences.

Overall, while VR banking offers unique advantages in terms of convenience, accessibility and interactivity, it might work, together with apps and web banking, as another piece in an omnichannel

Banco BPI's VR bank branch includes an educational wine 'tasting' room. For banking customers, transactional experiences become richer, and for banks, co-branding and customization could open new revenue generation. Credit: Banco BPI

A VR putting green is just one of several features that play into increasing financial literacy for all ages. Banco BPI also co-developed, with the Portuguese Football Federation, a campaign that shares a stadium experience and teaches financial empowerment. Credit: Banco BPI

banking experience, with traditional banking branches continuing to play a valuable role in providing personalized services and building relationships with customers.

I know that financial literacy plays an important role. Where does that factor in?

One of the rooms in our virtual branch is a portal that gives access literally to the moon. There, users have a financial literacy quiz that focuses on promoting knowledge about key financial topics.

By integrating financial education resources and tools within the VR platform, BPI VR aims to empower users with the knowledge and skills necessary to make informed financial decisions… such as budgeting, saving and investing.

Moreover, we are very proud to say that BPI VR's financial literacy initiatives extend beyond traditional banking topics to include educational resources on broader societal issues, such as gender equality and diversity. For example, in a virtual stadium created with the Portuguese Football Federation, the co-branded VR platform allows the VR user to play goalkeeper and features educational content related to women's football, promoting gender equality in sports and beyond.

What type of work goes into developing this experience?

Our journey began with thorough research into VR technology and its potential applications in banking. We then engaged with VR experts, designers and developers to translate our vision into reality. Internal teams, including innovation, IT and communication, played pivotal roles in providing insights, feedback and support throughout the development process. Also, our external tech partners—in a first stage Unity and Fracture and, in a second stage, Next Reality—helped us implement what we have dreamed. Together, we navigated challenges, embraced innovation and ultimately delivered a cutting-edge VR banking experience.

How can a bank make actual money in VR?

Monetizing BPI VR involves several avenues, both currently and in the future. Presently, revenue generation can occur through space rental within the virtual branch for brands to showcase and sell their products or services. Additionally, partnerships with external organizations, such as the Portuguese Football Federation, can offer sponsorship opportunities or revenue-sharing arrangements. Looking ahead, potential monetization strategies include offering premium features or content within the VR experience for a subscription fee. [Platforms] might add targeted advertising, allowing brands to reach a highly engaged audience. As the technology evolves and user adoption grows, new monetization opportunities may emerge, such as virtual financial services or in-app purchases.

Where do you see VR banking in the next five years?

In the next five years, I see virtual banking becoming increasingly integrated into our everyday lives, offering customers enhanced digital experiences while complementing traditional banking services. As technology continues to evolve, virtual banking will likely play a more significant role in how customers manage their finances, with features such as virtual consultations, interactive financial education and streamlined transactions becoming more commonplace.

What current challenges need to be overcome?

As in any other technology, some challenges are still to be overcome. The first and most important is customer adoption—convincing customers to embrace VR banking experiences may pose a challenge, especially for those who are unfamiliar with the technology or skeptical about its benefits. Banks will need to educate customers about the value proposition of VR banking and show how it can be useful for them.

The second challenge is related to technical limitations, as VR technology still faces limitations in terms of hardware capabilities, such as resolution, processing power and comfort. Overcoming these limitations will require continued advancements in VR hardware and software development, which might also pose a challenge in terms of costs and investment.

The third challenge is related to security. Banks have the responsibility of addressing any concerns that clients may have about security, privacy or usability. For that, the connection with any banking system needs to be bulletproof in terms of cybersecurity, and compliance with various regulatory standards and data protection laws must be ensured.

The great news is that none of these challenges is impossible to overcome. Providing a seamless and intuitive user experience will drive adoption and investment, and research and development will face technical limitations and security issues. Overall, overcoming these challenges will require collaboration between banks, technology providers, regulators and customers to ensure that VR technology is effectively integrated into the banking ecosystems, delivering value to all stakeholders.

Dawn Wotapka is a contributing writer for BAI.

Transform your people before you transform your branches

The universal banking model, where staff can handle transactional requests, loans, wealth management and financial advice, is here to stay.

BY KATHERINE REGNIER

"Trying to transform your branches without transforming your people first is like giving someone without a license a new car," says Aaron Young, senior vice president of retail banking at Credit Union of Southern California (CU SoCal). "If you're going to spend a pretty penny on new technology, it'll be wasted if there isn't a qualified driver to take advantage of it."

Young has a favorite saying: "Every business problem is a people problem." Following this logic, he has made talent optimization a core piece of his branch transformation strategy. Why? "When your team is more engaged, folks will give more discretionary effort," he says. "And when they go the extra mile to make members happy, your whole business wins."

And the research to back up Young's approach is clear: the relationships people build remain one of

the most powerful customer retention tools financial institutions (FIs) have at their disposal.

According to Accenture's 2023 Global Banking Consumer Study, people still rely on in-person interactions at branches more than any other channel to open accounts, get advice and acquire new products, with 63% saying they "turn to branches to solve specific and complicated problems." And when customers speak with a trusted service representative and feel like they're getting good advice, they buy more products.

TRAIN REPRESENTATIVES AS 'PERSONAL SHOPPERS' FOR FINANCIAL WELLNESS'

While it's clear that relationship-building is essential for branches of the future, today's representatives aren't necessarily hired with that skill set. So, financial institutions must upskill their staff to deliver that level of service.

Some experts suggest that public-facing bank representatives transition from a "farmer mentality" to a "hunter mentality." In other words, they need a more proactive approach to finding the right products for different customers.

At CU SoCal, Young is adamant he'll never train staff to simply sell "the product of the day" (i.e., whatever product the FI has decided it wants to sell). Instead, CU SoCal's representatives are trained to get to know their customers intimately and make recommendations based on knowledge they uncover about the member's lifestyle and goals.

"Our culture and training at CU SoCal are based on coaching staff to recognize which products are appropriate for which stage of our customers' financial journeys," Young says. To achieve this, CU SoCal staff are trained to ask questions using the FORD model, a framework that considers a member's family, occupation, recreation and dreams.

While it's clear that relationship-building is essential for branches of the future, today's representatives aren't necessarily hired with that skill set. So, financial institutions must upskill their staff to deliver that level of service.

CU SoCal considers their reps more like personal shoppers than salespeople—they're helping customers find what fits well for any occasion. "For example," Young says, "my eldest daughter recently went off to college, and my son is going soon. Those are two big life events that require a certain type of financial advice." CU SoCal is in the process of revamping their onboarding strategy around the FORD model to help their advisors become not salespeople, but needs-based consultants that help people improve their financial health.

DRIVE DEPOSITOR LOYALTY WITH DEDICATED ADVISORS

Because of this mentality, CU SoCal has grown, for example, a loyalty program available to anyone with a deposit balance of $200,000 or more, from 1,000 to 3,000 members. The program offers

But with more channels comes more complexity, and now financial institutions are trying to improve customer experience by reducing the number of touchpoints required to complete a transaction or purchase a new product. Young says this isn't done with technology alone, but through employee upskilling programs as well.

one-to-one personalized service through a dedicated advisor and will soon include specialized rates on mortgages and access to other premium products for free.

By pairing these customers or members with their own dedicated advisors, CU SoCal is giving high-value members what they value most: face time with advisors qualified to guide them through some of life's most important decisions.

"At a time when large deposits are important for a lot of financial institutions," Young says, "this strategy has really helped us retain high depositors and attract more members as we grow the program."

The results speak for themselves: CU SoCal has grown deposits from $300 million to $1 billion through this program alone.

ADVICE CENTERS AREN'T NEW, BUT OMNICHANNEL BANKERS ARE

"The idea of the branch as an advice center has actually been around for a long time," says Young. "What's new, however, is the versatility of channels that advice is delivered through. It's becoming more necessary for staff to have the skill set to serve members, whether it's via video, phone or chat." A full 36% of customers still prefer video calls over in-person appointments.

But with more channels comes more complexity, and now financial institutions are trying to improve customer experience by reducing the number of touchpoints required to complete a transaction or purchase a new product. Young says this isn't done with technology alone, but through employee upskilling programs as well. One way Aaron is moving toward this goal is with a universal banking model, where staff are trained to be knowledgeable in everything from transactional requests to loans, wealth management and financial advice.

Young says CU SoCal is creating "omnichannel bankers" who can handle services across all channels. "Omnichannel bankers shouldn't only live in the branch," he says—they should be available anywhere so members can access them via their preferred channel. While technology can assist with this kind of efficiency, what will actually improve customer experience is the holistic knowledge of staff across services and channels.

At the end of the day, as Young puts it, "technology is important, but your people are the linchpin for achieving anything you want to achieve."

Katherine Regnier is CEO of Coconut Software.

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Evolution of banking branches

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