

sheffield haworth

CONSUMER BANKING – WHAT’S IN ‘STORE’

Face-to face banking is back in vogue. As banks continue to find profitable ways to turn branches into stores, the lines between the two worlds are blurring. Some bank branches now look and operate more like trendy retailers than traditional banks and every facet of the customer experience is being orchestrated for maximum impact. It is not enough to start calling branches ‘stores’ as some banks are starting to do, but success will come by trying to ratchet the sales and service culture to the next level, and delivering this through at least some talent brought in from the dynamic world of retail.

Some key themes are emerging in the consumer banking landscape, which are briefly discussed in this paper:

STRAYING FROM THE COURSE

A new breed of individuals are joining the ranks of consumer bankers. Expertise is being brought in from mainstream retail businesses including designers from fashion retailers, to heed the daily drumbeat of competition- the focus is on improving the customer experience. Consumer banks hoping to blend retail with banking, are debunking conventional wisdom and actively seeking to hire talented retailers to lead their branches, ensuring a new breed of renamed and reborn bankers- Store managers. This concept is fast gaining momentum and is now ready for prime time. There are a number of reasons why this idea is gaining currency- retailers are bringing in a breath of fresh air, they are more nimble in their approach, adapt faster to change and above all strive continuously to nurture the sales culture.

Many banks, however, still prefer the tested ‘look and feel’, and like experienced bankers running their branches. These banks are happy to ‘wait and see’ competition go through the trials and tribulations of training non-bankers, whilst they continue to focus on customers.

That said, Executive Search firms are increasingly being asked to ‘look outside the box’, for an injection of retail sales talent, which is a polite way of saying the traditional order is changing, and the consumer banking door is ajar to usher in transformation. Store managers sought may not be consumer bankers at all, but anyone smart enough to learn the business, people-oriented, willing to woo customers and win mindshare.

LET THE SLEEPING GIANTS AWAKE

Extended opening hours at key bank branches to echo retail, not banking, hours is the new norm. Customer shopping habits are driving banks to take a hard look at the missed opportunities, at their doorsteps. Service ethos is taking a fresh meaning, with interactive digital media capabilities being used as an extension of branch service models, concierges becoming part of the employee mix, and using information to anticipate and proactively suggest banking solutions - the bars are being raised for responsiveness. Banks are beginning to imitate retailers on aspects like gaining a thorough understanding of the needs and buying patterns of segments they aspire to serve and delight, putting stronger emphasis on people empowerment, and re-designing reward structures to elicit desired behaviors with clear, measurable goals.

sheffield haworth

sheffield haworth

This trend to achieve sustainable and differentiated advantage is getting steam at consumer banks. Executive Search firms are again coming to the rescue, with their researchers pulling together reams of information to guide consumer banking think tanks on putting their best foot forward-particularly with the designing of reward structures that will attract the best talent. Bespoke solutions are also being sought based on detailed analysis covering all aspects of competitors' businesses- after all, these banks wish to avoid other players nipping at their heels.

TUNING IN WITH CUSTOMERS

Banks are trying to emulate the high street retailers and taking cues from them, to devise differentiating experiences and solutions - and become retail enterprises that are truly customer focused. The consumer banking space is crowded and customers are increasingly seeking greater advocacy and control of their banking relationships. Like retailers, consumer banks are designing customer experiences such that they not only personify the brand statement, but also support and meet customer aspirations. It is now recognized that banking customers respond to atmospheric elements and that there may be clear links to a 'stores' atmosphere and its financial performance. Value creation will come through operational excellence, superior efficiency, process innovation which in turn will foster customer loyalty and bring industry leadership. Whilst these are the most sought-after capabilities, and yet difficult to achieve- shortened processes, streamlined account processes, quick account opening are setting the tone. Banks that have heard the wake up call are beginning to continuously monitor and proactively manage customer experiences.

Search firms can indirectly help in unlocking customer advocacy in consumer banking. As they are client focused, always looking at ways to benefit clients, they are a key source for providing an outsiders perspective on perception in the market. It is quite usual for search firms to carry out competitor analysis and perception studies on behalf of clients-assisting with the identification of key levers for growth.

The skills required to compete effectively in consumer banking are evolving and talent is short. Given that talent is a very important contributor to enhance business performance, and for creating competitive advantage, banks need to review and push the envelope to ensure they have the right resources shaping their future.

Notes for editors*

Sheffield Haworth is a financial services executive search firm with over 80 staff based in offices in New York, London, Hong Kong & Tokyo. Sheffield Haworth undertakes search assignments on behalf of financial services firms, banks, securities houses and corporates.

For further information please contact;

Tarun Ghulati, Strategic Advisor; e:ghulati@sheffieldhaworth.com

OR

Visit our website www.sheffieldhaworth.com or telephone + 44 (0)20 7236 2400

sheffield haworth