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THE DIGITAL *Dynamic*

It's mid-morning at the local branch and a customer strolls into the lobby. She's greeted warmly by the teller, with whom she's on a first-name basis. They chat about the customer's upcoming vacation as she makes a deposit, and the teller makes sure to share information about how her debit card will work overseas. The customer then goes over to discuss a potential auto loan with the banker, who's already familiar with her situation and long-term goals and thus is able to offer targeted, personalized advice. Fifteen minutes later the customer walks out of the branch, her business complete and her sense of value as a customer confirmed.

Record scratch. Freeze frame. While this scenario probably still plays out every day in many branches across the country, it's not news to anyone that it nevertheless represents a model that is fundamentally changing. Customers are increasingly interested in conducting their business remotely, via website or phone, and institutions are increasingly likely to respond by undergoing a digital transformation as they rethink their branch structures.

While the advantages of this digital transformation are well documented, it may be worth asking what community institutions are losing when customers are more likely to phone into a call center or log on to a chat function than walk in the door. How can institutions keep the retention benefits, the cross-selling opportunities, and yes, the warm fuzzy feeling of human connection when their interactions move from IRL to digital spaces?

THE HUMAN CONNECTION

Despite the evidence, both anecdotal and research-based, that customers still like going to the branch, the trend is clear – more and more people are interested in opening an account online, and almost everyone expects to be able to complete the vast majority of their transactions digitally.

"It took eighteen years for the ATM to get to 50 million users, and this is similar," says Jeffrey Marsico, the executive vice president of the Kafafian Group. "The norm will start to be more and more folks opening accounts online. Ally Bank doesn't have any branches and they have plenty of customers – most of whom are price-driven CD customers, by the way."

One thing that hasn't changed just yet is that front-line staff members are still central to successful customer interactions. These days, however, they're just as likely to be interacting over the phone or through a computer screen, as opposed to a teller line.

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"The greatest gift that we can give another human being is to let them know that they have been heard, acknowledged and understood," says Joe Sullivan, the president and CEO of Market Insights. "We need to get underneath all of the banking stuff and address the core human need – they want their banker to hear that they're having financial troubles or that they need capital to expand their business, and they want that banker to hand them something besides canned platitudes or a sales pitch."

As customer interactions move to remote and digital avenues, customer service representatives will need a new skill set. For example, tellers may have traditionally gotten by with politeness, cheer and efficiency, while waiting for conversational cues to lead to cross-selling opportunities. But those talents alone are no longer as effective when shifted to the digital realm. Sullivan says that front-line staff members need training in connection skills, such as empathy and active listening.

"Empathy is our ability to put ourselves in the shoes of the customer," he explains. "Be curious and don't give scripts or platitudes. Ask about their kids or business with genuine interest. Cultivate the connection by asking good questions, really listening and telling your own story as well. These skills are channel-agnostic. They will work over the phone, in a branch or over chat."

These personal connections and soft skills are built from bones of processes and strategies. Having a system in place that takes purely online customers and gives them a "home" is the way to start building a connection that rewards both the institution and the customer. Just because someone opens an account online and transacts entirely from a mobile app doesn't mean that they shouldn't be able to access a human representative.

"When someone fills out an online account application, that account should be automatically attributed to the closest branch and that person should automatically be assigned a representative," says Marsico.

At the account opening, that representative should reach out to the new customer as part of the onboarding process. Whether an email or a phone call, this outreach serves the purpose of letting the new customer know that if they have any problems, they have someone at the institution ready to talk.

Besides building personal connections and people skills, financial institutions should also have a very clear purpose and identity. Sullivan worked with a small community bank that staked its identity on being as simple and easy to bank with as possible, saving customers time and stress. Another small community bank based in a rural area hit hard by the recession built its identity on helping customers reach a level of personal financial security.

"When you have a clear purpose, you help customers and employees find you because you're doing something that's bigger than banking," Sullivan explains. "It attracts people who resonate with your purpose, and it helps your customers feel aligned with you."

COLD, HARD FACTS

Making digital connections feel as pleasant as chatting with a favorite teller is a byproduct of imagining new ways of building that customer-banker relationship. While some customers will open an account online, even more will come to the branch to open an account and then never come back. Whether you never get the chance to have a face-to-face conversation or if you only get one, the onboarding process is crucial to establishing trust and lines of communication.

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"A much more sophisticated onboarding process than currently exists in the community banking space is the way to go to make personal connections with customers that make them stickier – to bring in more business from that customer and to foster loyalty," Marsico says.

The kind of process Marsico has in mind will use a variety of touch points, from automatically assigning an online customer a banking representative to creating a detailed follow-up plan based on what the institution knows about the customer. If a customer opens a checking account online and asks for a small attached line of credit, the institution will have instant access to their credit score, their outstanding credits and a variety of other data points.

"They should tailor offers to that new customer, either via online messaging, direct emails or informing their representative, so that when they make that initial contact as a part of onboarding they know exactly what that customer is likely to be interested in in terms of additional products and services," Marsico says.

It sounds simple, but good onboarding can be a delicate business. In some cases translating data into conversational topics can be difficult without coming across as intrusive. For example, a representative may be able to see that a customer just put a down payment on a house and want to reach out about mortgages, but being able to do that in a seamless and unobtrusive way can be challenging. Even if the representative is simply trying to strike up a conversation about a customer's kids or business, it can take on a different vibe when coming from a chat window or phone speaker instead of a smiling face in a branch lobby. Sullivan suggests that sincere curiosity and a knack for asking the right questions can help overcome this hurdle.

"It goes back to training front-line staff in connection and empathy skills, and not just waiting for cues in conversation," he notes. "They should be asking questions that allow a door to be opened."

Marsico agrees, pointing out that even if it may be awkward, a customer is likely to be won over if the representative is handling it well.

"You definitely have to overcome the creepy factor," he says. "But once you do, I bet your customers will appreciate knowing that their institution offers mortgages that might be right for them, instead of letting them go online and put their mortgage out to bid to bankers they don't even know."

Another potential hazard of digital communication is falling into the traditional cross-selling rut. Even data-driven opportunities can fall flat, and digital channels tend to make sales pitches even more obvious. Institutions can learn from the missteps of the aggressive sales tactics from other organizations and offer a quick and frictionless process that focuses on customers accomplishing their objectives. "Back away from cross-selling and ask instead how to connect with customers," Sullivan says. "If we feed their need to be heard, we set a foundation of trust. From there, cross-selling opportunities will happen naturally and bankers are uniquely trained and qualified to point those out, and it will be much more accepted."

Institutions that really get to know even their online customers during onboarding and prioritize connection above cross-selling will get the cross-selling opportunities once they're doing a good job in the other areas. And a part of knowing the customer – even those you don't see – is identifying the most profitable customers in each branch and ensuring they're receiving top-tier service.

"In each branch, maybe 50% of the customers are unprofitable," Marsico says. "There are techniques to raise these people up to be profitable, but those who are low balance and high transaction customers, or who are far away from that profitability hurdle – the institution needs to learn how to efficiently serve them. Those that are in the top 20% of profits should be receiving white glove service, even if they're digital-only customers."

COMFORT FOOD

Institutions with a strong handle on digital relationships have created a strong sense of identity and have a sophisticated process and well-trained staff members who can translate data research into warm, helpful conversations that don't feel like sales pitches or bare-bones transactions. But Marsico points out that the vast majority of deposit accounts are still opened in a branch, no matter how digitized the rest of banking or human life in general is becoming.

"I think financial services are still a very personal thing for people," he says. "I think that's just a cultural norm in the United States."

Similarly, he's found that though you'd expect a branch manager to be the main touch point for customers, it's actually the loss of a key long-term teller that often has the most negative and disruptive impact on a branch.

"Some customers only come in occasionally, but they see John the teller every time, so they have that comfort of knowing John," Marsico explains. "It's like the 'Norm' effect when you're walking into Cheers. When John leaves, the branch is going to get negative feedback because people miss John."

In fact, institutions will benefit from understanding that more and more, branches are like comfort food for many of their customers.

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"I don't want a cheeseburger and fries to disappear off the face of the earth, even if I only eat them once a year," says Marsico. "I may never use my local branch, but it's comforting to know that it's there. My bank puts the name and phone number of my customer service representative from the nearest branch at the top of my statement. In effect, they realize they're comfort food and they're okay with that. They know you probably won't call, but it's there if you want to."

To customers, the chat window and their smartphone may be the salad they pack for lunch every day, and the institution wants to be sure that meal is easy to get and enjoyable to eat. But it's just as important that they know that the branch – their occasional cheeseburger – is ready and waiting whenever they want it. ▪

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