

How to responsibly (and productively) reopen your bank branches

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Efma feature

Matthias Spanke is a retail and visual merchandising expert with more than 25 years of experience working with international retailers. He is the founder and CEO of the visual merchandising agency BIG IDEAS. We spoke with him about the long-term COVID-19 impact on bank branches and what they can do to ensure safe reopenings.



You recently published a book titled 'Retail Isn't Dead'. Which strategies for a successful brick-and-mortar business does your book discuss?

Fundamental changes are defining the brick-and-mortar retail trade on a global scale. The COVID-19 crisis and its consequences are totally unprecedented for retailers. Notwithstanding the above, the e-commerce of the digitized age is changing the way customers shop. And those customers are carrying their expectations over to the brick-and-mortar retail trade.

Against this background, online trading is not only a competitor and challenge; it has also inspired and innovated the brick-and-mortar retail business.

This book presents 15 innovative strategies with which retailers are, and in the future will be, successful in our digitized era. These include the latest in-store technologies, methods for developing innovative brand experiences, sustainability as a physical retail strategy, and clever adaptations of the advantages of online shopping.

How can brick-and-mortar retailers adapt to a digitized world?

Customers love the speed and convenience of online retail, from quick and simple browsing through a vast number of products to payment at the touch of a button and delivery within a very short time to the hassle-free exchange of goods.

If within seconds, customers can navigate through product selections online and find merchandise they are looking for, they will expect that process to be just as easy offline. If they can submit a payment on the web at the touch of a button or via facial recognition, they will hope for the same service in brick-and-mortar retail.

In physical stores, the inventory on hand is limited, while online, there seems to be an unlimited selection. Here, you can navigate through an entire product range with just a few clicks instead of having the tedious task of seeking orientation in a cramped, potentially large store. International retailers demonstrate solutions for this: Macy's demonstrates how you can infinitely extend a product range in the truest sense of the word using virtual reality technology. The Home Depot leads its customers to the merchandise they want via the shortest route using its clever in-store navigation app.

If you have decided on an item, all you want to do is pay right away. You can do that in the online shop with just a click, fingerprint, or facial recognition. And the merchandise will already be on its way. There is nothing to keep physical retailers from offering the same service: From the checkout kiosk at Zara to Marks & Spencer's "Mobile, Pay, Go" to the "Just Walk Out" technology of Amazon Go, companies demonstrate how that works.



In your book, you also deal with different financial services — Could you tell me more about these best-practice examples?

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It doesn't look good for the traditional local banking business with branches. Many subsidiaries are closing for good, so the number of bank branches has been declining for several years. There are many reasons for this, but convenient online banking plays an essential role.

Capital One is a very innovative example: The bank decided to oppose the trend with a strategy of its own. Today, the financial institution demonstrates what progressive branches of the future can look like. In the USA, Capital One has established financial transactions with cafés. These offer hot drinks, food, free Wi-Fi, and a lot of seating to allow you to have a drink or work on your laptop in peace. There are also free ATMs and special areas where you can get advice from experts, their financial coaches, on all financial matters. The coffee shop areas are supplied by Peet's Coffee. If you order a coffee as a Capital One customer, you get it at half price.

With the Capital One cafés, the banking business becomes accessible to everyone again. At the same time, the brand can be experienced in a natural and relaxed way. The concept is geared entirely toward the needs of the target group. It creates customer relationships with an emotional bond. All this has been more than successful. With its community banking, Capital One has revolutionized the branch business.

To consumers, these branches are not just places where services are provided. The synthesis of banking services and meeting point allows for the branch to become part of the local community.

How can banks adapt to a digitized world?

Unfortunately, there is no strategy that works for every business. Ask your customers what they like about your branches and especially what they don't like. Develop strategies that in a creative and innovative way are tailored to your customers and even to each and every one individually.

Another example from the book is HSBC, who wants to become the "Bank of the Future" in retail banking. Appropriate steps have been taken by the bank in order to realize this vision. The biggest change for customers is the introduction of Pepper, the engaging, social humanoid robot, to HSBC's bank branches. Not only is the little fellow extremely helpful, but it also looks really cute with its big eyes.

Upon entering the HSBC branch, customers are greeted by Pepper in a friendly manner, and their needs are identified with a few questions. In the course of the conversation, the robot collects data on the customers' preferences, characteristics, and habits in order to personalize its answers accordingly. Since Pepper is very much like a colleague, if prompted it can pass along information to bank employees, which allows the team to focus on the essential points during its conversation with the customers. The robot unites the digital world with the real one and supports the staff. It makes processes more effective by completing routine tasks. This saves time, which benefits everyone involved.

HSBC was the first financial institution in the USA to introduce robot technology for private banking. Since then, transaction volumes at ATMs and new credit card applications have increased. In the New York branch alone, year over year business grew by 60 percent.

Banks were forced to close their branches due to the COVID-19 pandemic. What advice would you give to bank branches reopening at this point?

Customers around the world are still in a phase of restricted public life. And nobody knows whether or not new phases of tightening will return in a wave-like fashion after the restrictions have been eased. It goes without saying that consumers will gradually return to their professional and private everyday lives. But one thing is clear: At the moment, for customers things are definitely not the same as they used to be. They are now living with a new awareness and increased caution with respect to their health and safety. And this will be the case for a long time.

So, it's not enough to open your doors and wait for normal everyday life to return to retail. Currently, the biggest challenge is to dispel customers' fears of getting infected with the coronavirus. Bank branches are responsible now for the health of their customers. Thus, financial institutions should clearly communicate what appropriate measures they have to offer consumers. This can be done with instructions on display windows or door systems, for example.

Unless the following measures are not mandatory by law anyways, customers will feel safer if all employees wear a face mask, only a certain number of customers are let in, and clear walking routes and directions are specified. In addition, floor stickers can be used to remind customers throughout the branch to keep a clearly defined safe distance. Banks literally can and must show in this way: We are taking your health-related fears seriously and have taken effective measures for your safety.

What long-term impacts do you expect for brick-and-mortar stores?

Nobody would have imagined that wearing a face mask would be as usual as carrying a cellphone. COVID-19 has changed consumer behavior regardless of health and finance-related fears. Consumers who previously wouldn't have considered using the option of online shopping have practically been forced to familiarize themselves with it in recent weeks.

Whoever wants to re-attract previous customers or win over new ones for their brick-and-mortar locations has to develop strategies to offer the benefits of online shopping and even more. Strategies need to be developed that solve problems in a creative and innovative way while meeting even individual demands. After all, customer satisfaction alone will determine the success of a bank in the future as well.

Everyone needs to ask themselves four questions:

- What reason will customers have in a time of cautious opening to come into my branch?
- What feelings will they enter the store with after reopening?
- What have customers liked about my branch so far?
- And most of all, what did they not like already before the pandemic?

After all, the pain points in the customer experience are the greatest window of opportunity for any retailer. And that will

be the case more than ever during reopening after the crisis.



Episode 1 - Branch transformation post-Covid - a new mix of human and digital?

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