

A New Way to Serve Customers

In the 1980's and 1990's financial institutions focused on efficiency and cost-cutting steering customers away from physical branches to ATMs, call centers and online services. Today branches are being seen in a new light. The physical branch as an integral component of the banking sales strategy, functioning as a key channel for attracting new customers.

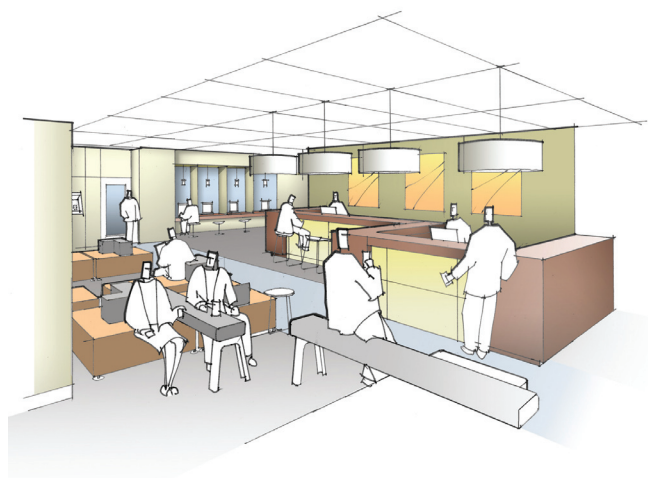
In July 2006, the Steelcase Workspace Futures team began a initial 3 month secondary research study to gain a better understanding of the retail banking business and financial institutions. In September the team launched a second phase of the study, beginning a 7 month user-centered observational research phase to get a first-hand look and hear what end-users and customers say and do. The team visited 30 branches worldwide and completed an in-depth study of 9 financial institutions. Within the U.S., the researchers visited branches in various parts of the country: Midwest, East Coast, West Coast and South. These branches represented a mix of community, regional, and national financial institutions. They observed at both urban and rural branches, as well as de novos and existing facilities. In addition to the United States, the team visited Canada, Germany, Italy and Spain. The research team also conducted end-user focus

groups to determine what their thoughts were on the meaning of money, the current and ideal banking experience.

Our Process

Steelcase employs a user-centered design process of discovery and design as the cornerstone of generating insight driven solutions. Our process begins with a understanding phase studying

secondary research followed by a period of first-hand observation in the field. The next two initial phases help us to gather user insights and assure that our concepts develop in relevant directions. The ultimate goal is an iterative process of concept refinement that leads to new, more effective user-centered solutions. This type of research differs from the quantitative research methods that many



financial institutions are already engaged in. Mapping software that integrates information such as traffic flow and census data allows for improved ROI models and

pinpointing prime locations. While the science of identifying optimum branch locations has advanced quickly, the understanding of the branch experience has not developed at an equal pace.

What we observed

(Customer Behavioral Modes — reference chart)

Curbside visitors — Choose not to enter the branch lobby but instead use the drive-thru or external ATM

In/out visitors — Walk into the lobby and quickly leave without conducting a transaction they may be getting basic information or look at current interest rates.

Early birds — Customers waiting outside of the branch before the branch has opened.

Beeline customers — These individuals go into the branch and walk directly to the teller line.

Assistance seekers — Enter the branch and immediately attempt to identify a branch employee

Respite seekers — They see the branch as a destination site and may choose to sit and stay because of the comfort the space provides — typically seen in urban locations.

Involved sidekicks — Individuals joining a customer to provide assistance.

Unengaged tagalong — visitors accompanying a customer and providing no assistance.

Why do customers enter a branch?

Even with the ease of online banking and ubiquity of ATMs, customers still utilize the physical branch as a key service channel.

- When customers have a complaint they often prefer to visit the branch and deal face to face with a branch employee.
- Check cashers represent both a new customer acquisition segment and a resource draining customer group.
- Anxiety regarding one's personal finances influences a customer's decision to enter the branch.

- A number of customers choose to enter the branch because they enjoy the social interaction with branch employees.
- A major segment of customers who enter the branch do so because they are uncomfortable using automated technologies including ATMs and online banking.
- There are varying policies on when ATM deposited funds become available. Depending on the specific cutoff time for a particular institution, funds may be available the same day or the next day.
- Branches also offer various forms of consultation.
- Customers typically set up an appointment beforehand to meet with the consultant.

Our Findings

Improving branch performance depends on meeting the needs of financial institutions as well as those of consumers. Each have their own unique set of needs with things in common. Industry convention is to focus on branch needs, specifically efficiencies, often at the expense of customers. Discovery through user-centered design research provides an approach to uncovering insights that suggest ways that architecture, furniture and technology can converge to create a better branch experience.

When asked to describe the meaning of money, customers associate money with words such as security, freedom, importance. Financial products are viewed as useful tools to help save and manage money, yet significant barriers prevent customers from engaging branch employees and learning about products.

