

The State of Retail Banking:
A Survey of C-level Banking Executives

2016



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Executive Summary

Banking executives are fully aware that today's consumers have become more demanding as they report that their organizations look to roll out new products and services to appeal to consumers' ever-changing needs. However, banks still fall short when it comes to personalization and filling the gaps in terms of customer experience.

TimeTrade recently conducted its annual survey of 100 C-level banking executives and asked in-depth questions regarding plans for enhancing customer experience at their financial institution. The survey reveals that more than half of executive respondents believe they are already providing a highly personalized experience to their customers. That contrasts, however, with more than half of 2,000 consumers surveyed for a [Q2 2016 TimeTrade study](#) who indicated they do not perceive they have a personal relationship with an employee at their local branch. In other words, they do not feel as though their bank knows them as a customer.

Banking leaders also must keep in mind that millennials—fast becoming the largest demographic—are buying their first homes, starting to plan for retirement, and looking more seriously into wealth management, and they want in-person guidance for such major decisions.

Bankers also should realize that consumers remain apprehensive about automation. When presented

with the scenario of a truly automated bank with no employees present, consumers opted for a scenario where a person was available to help. This indicates that a high-value, in-person meeting remains very desirable, giving banks a prime opportunity for cross-selling, which is greatly needed since consumers admit that insurance and wealth management are the services they use least with their bank.

Banking executives report that customer experience and mobile banking are the main drivers behind software investments they plan to make during the next 18 months, so it seems banks are placing emphasis on the customer experience. However, only time will tell if banks will follow through and provide a truly personalized and consistent experience at all customer touchpoints.

This report examines the highlights from TimeTrade's Q2 2016 banking executive survey and discusses what financial institutions can do to meet customers' needs and close the gap in customer experience.

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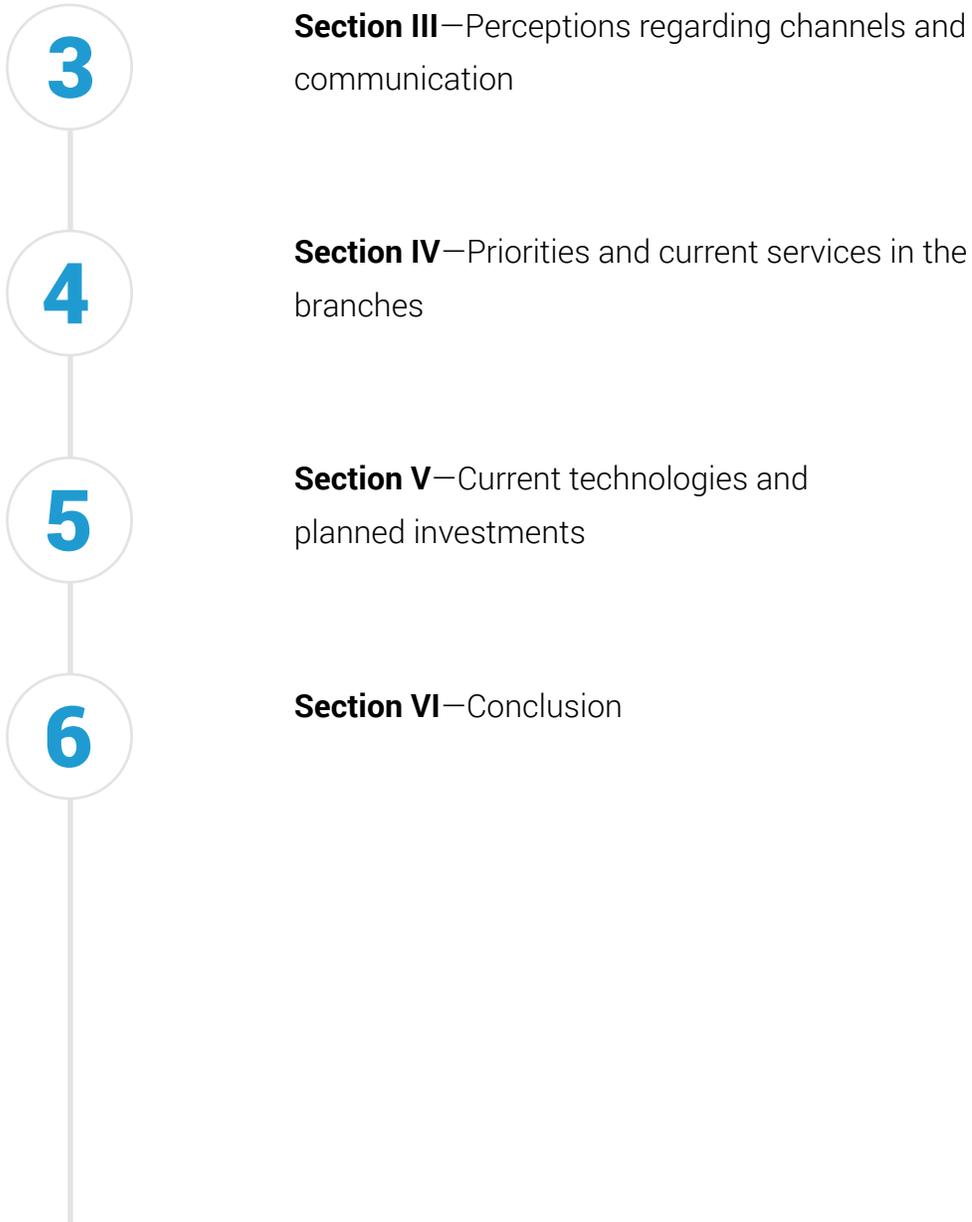
Key Findings

- **Banks are confident they are offering personalized service:** More than half of bank executives report they are providing a high level of personalization to their customers.
- **Social and mobile are top priority channels for banking decision makers:** More than half of bank executives want to improve their social and mobile channels, more so than web, contact center, ATM or branch.
- **New products and services and having new technology are top priorities for banks:** Nearly half of bank executives report that providing new products and services are in-branch priorities, followed by branch design, wait times and providing more specialists.
- **Merchant services and mobile payments are top services offered, following checking, savings and loans:** When banking executives were asked which services their banks offered in addition to traditional services, merchant services and mobile payments were the top services mentioned followed by securities and real estate services.
- **Banks would like a balance of consumers using digital/mobile channels versus going into the branch:** More than half of banking executives want customers to have a balance of in-branch visits versus online/mobile/ATM.
- **Consumers are not ready for fully automated branches:** When banking consumers were asked how they felt about experimental bank branches that have no tellers and every transaction is automated, more than half would still like the option of being able to talk to a teller.

- **Use of universal bankers is declining:** Only 40 percent of banking executives report using universal bankers (employees trained as tellers and customer service representatives).
- **Banks are under-selling wealth management and insurance:** Insurance and wealth management are the bank services that consumers use the least. This indicates that these services are undersold and there is significant room for cross-selling improvement.
- **Consumers are open to in-branch appointments to meet with bank specialists:** The majority of survey respondents would be willing to schedule an appointment to meet with a specialist in the branch.
- **Apathy toward café-style branches:** Though café-style branches have generated industry buzz for a few years, survey results reveal that less than one-third of banks plan on introducing them.
- **Customer experience and cross-selling are expected to be banks' priorities:** The banking executives surveyed report that customer experience solutions and cross-selling platforms are the top technologies they will invest in over the next 18 months.
- **Customer experience and mobile banking are driving software investments:** Forty-nine percent of banking executives report that customer experience and mobile banking are the top factors driving their software investments.
- **Banks want to know what their customers think of them:** More than half of executive respondents (60 percent) provide a survey after an in-branch visit.

2.1 Report Scope and Structure

State of Retail Banking 2016: A Survey of C-level Banking Executives is structured as follows:



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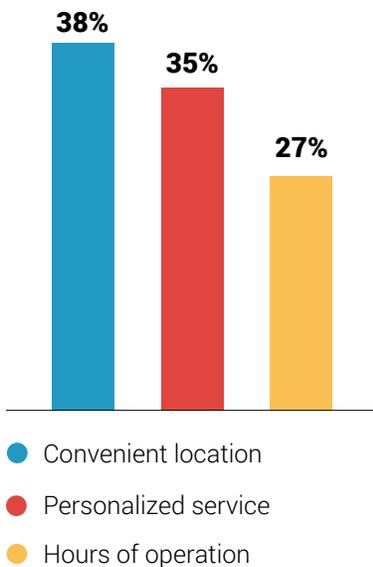
Perceptions Regarding Channels and Communication

The two recurring topics that come up in banking customer experience conversations today are personalization and omnichannel. As customers have become more demanding than ever, banks realize they must engage with them at every touchpoint across every channel, while providing a highly personal experience. Results from the TimeTrade survey indicate that more than half (52 percent) of bank executives report they are providing a high level of personalization to their customers (**Figure 1**).

Figure 1. Do you feel your company is providing a personalized experience to your customers?



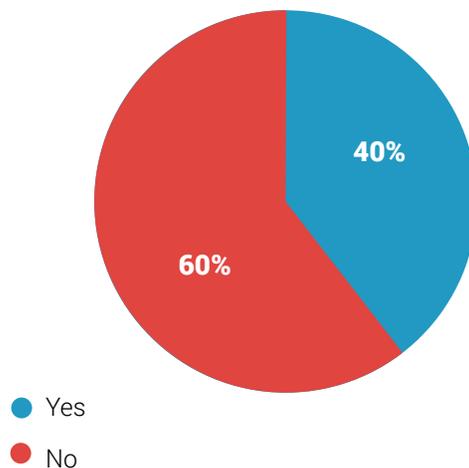
Figure 2. Consumers: What is most important to you when you visit your branch?



In the previously mentioned Q2 2016 TimeTrade study, respondents identified personalized service as a top priority when they visit their branch (**Figure 2**).

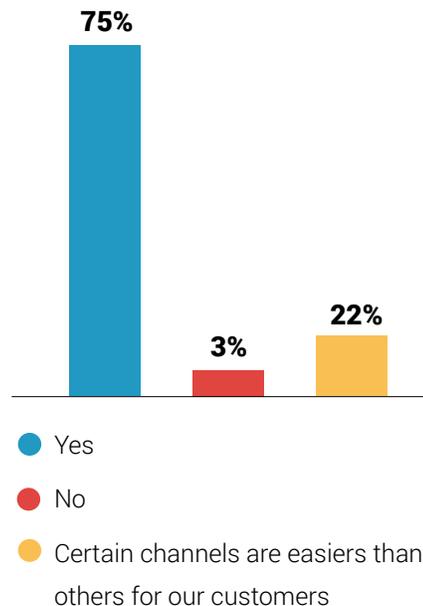
Although personalized service is a priority for consumers, more than half (60 percent) report they do not have a banking relationship with a member of the staff at their local branch (**Figure 3**). In other words, they do not feel they have a personal connection with their bank. Clearly there is a gap between the consumers' perception and the bank executives' perception of the level of customer service being provided, as more than half of bank executives are confident that their organization is providing a highly personalized experience to their customers.

Figure 3. Consumers: Do you have a banking relationship with a member of the staff or your local branch?



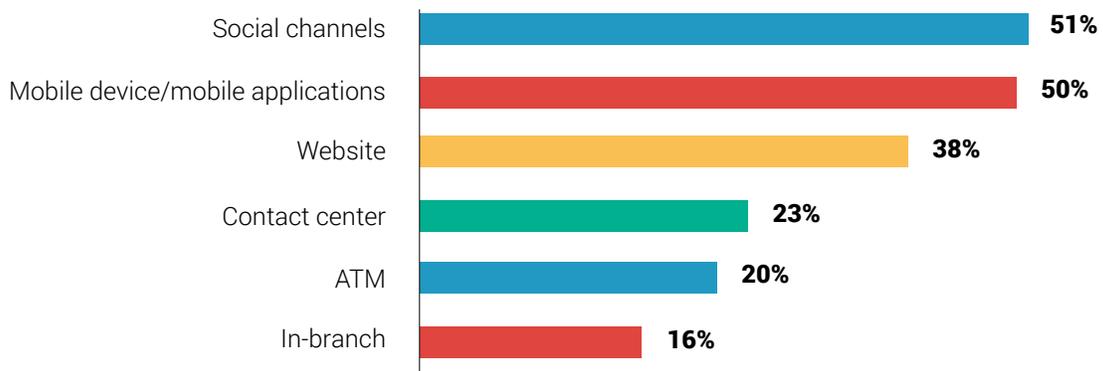
Despite the fact that the majority of customers don't feel a strong connection with their bank, an overwhelming number of executives feel their bank is easy to work with (**Figure 4**).

Figure 4. Do you feel it is easy for customers to interact with your bank?



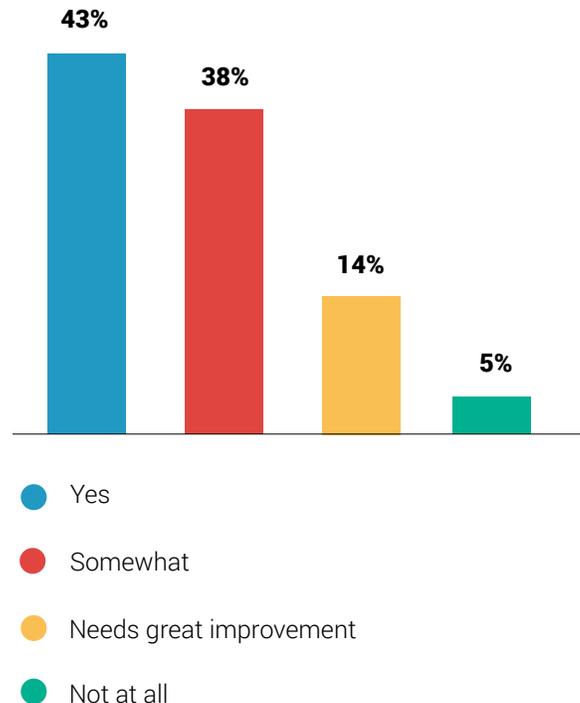
When it comes to improving interaction with customers, social (51 percent) and mobile (50 percent) are the channels banking executives most want to improve (Figure 5).

Figure 5. Which channels do you feel your company needs to improve in terms of interacting with customers? (Choose all that apply)



Less than half (43 percent) of consumers feel that banks today are providing a consistent experience across all channels (Figure 6). Though as previously mentioned in Figure 3, a personal relationship is still lacking.

Figure 6. Do you feel that banks today are providing a consistent customer experience across all channels (web, email, social media, call center, in-branch, mobile and text)?



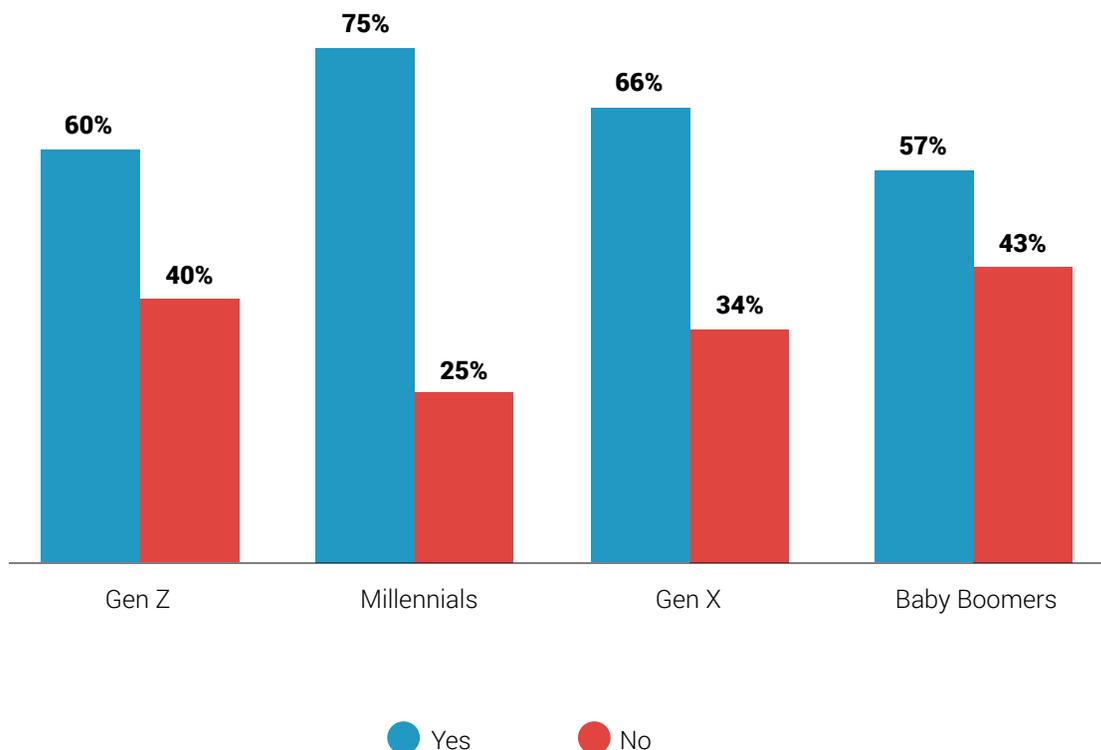
A key factor banks must consider when offering products and services is the different objectives and habits of the various age groups they serve.

For example, at a time when millennials are now overtaking baby boomers as the largest demographic in the U.S. (with a corresponding transfer of wealth estimated at \$300 trillion), there is a tremendous opportunity for banks to provide them with prompt and highly personalized customer service. This reflects that millennials are reaching the stage of life where they are making major purchasing and financial planning decisions (mortgages and retirement savings).

Even though this generation has embraced sharing models such as Airbnb and Uber, they want personal, face-to-face consultation when it comes to decisions that involve ownership.

For example, the Q2 2016 TimeTrade consumer survey reveals that 75 percent of millennials are willing to book an appointment for an in-branch meeting with a mortgage specialist or wealth management advisor (**Figure 7**).

Figure 7. Consumers: Would you be willing to schedule an appointment to meet with a specialist in the branch (e.g., mortgage specialist, wealth management advisor)? (By Demographic)

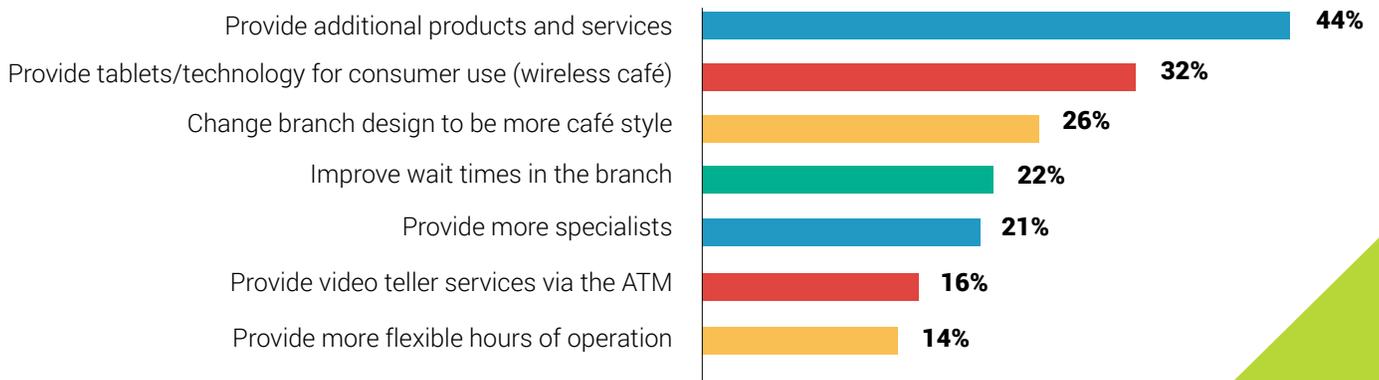


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Priorities and Current Services in the Branch

As consumer needs evolve, banks are trying to adjust the priorities of the branch to meet current market demands. Providing new products and services (44 percent) and new technologies (32 percent) are the in-branch priorities for banks, according to the executives surveyed by TimeTrade (**Figure 8**).

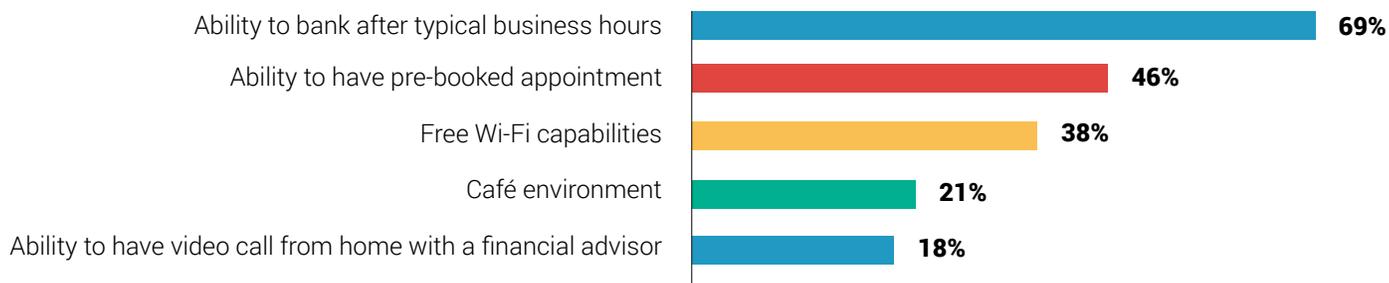
Figure 8. How are you looking to improve your in-branch experience in the next 18 months? (Choose all that apply)



Properly aligning service enhancements with customer needs is critical for banks that are seeking to enhance customer experience. When consumers were asked for the Q2 2016 TimeTrade survey what service enhancements they would like, 69 percent chose the ability to bank outside of typical business hours and 46 percent wanted to schedule banking appointments (**Figure 9**). There is a clear disconnect between customer wants and what banks plan to deliver. Bank executives ranked providing more flexible hours of operation as their lowest priority.

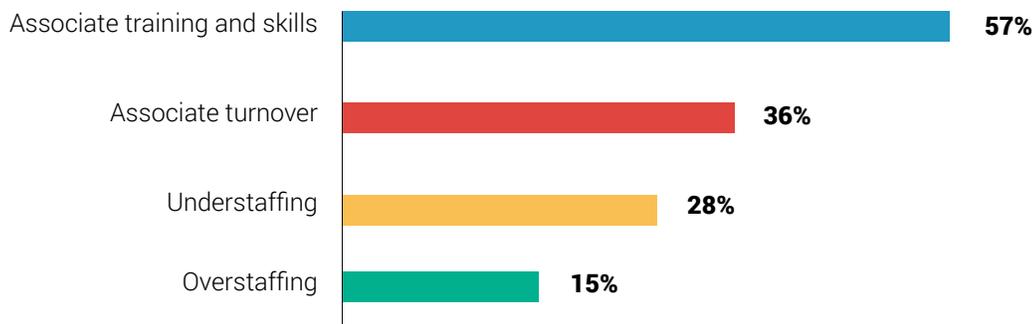
Improving wait times at the branch also was a low priority. The fact that customers can only bank during certain hours and may have to wait in line when seeking specific information will cause frustration. Banks must align their service enhancements with customers' needs in order to enhance customer experience.

Figure 9. Consumers: What are some service enhancements you would like? (Choose all that apply)



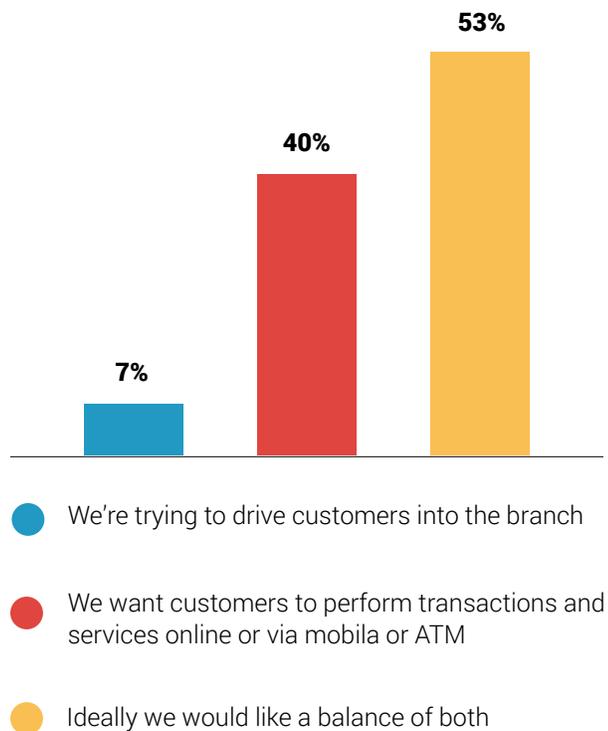
While satisfying customers is critical for any bank, there is another group—employees—that is equally vital to a bank’s ongoing success. That’s why employee-related issues are another key area for the bankers we surveyed. Banking executives report that training employees (57 percent) and employee turnover (36 percent) are top in-branch staffing priorities, followed by understaffing (28 percent) and overstaffing (15 percent) (**Figure 10**).

Figure 10. What are some in-branch staffing issues you would like to improve? (Choose all that apply)



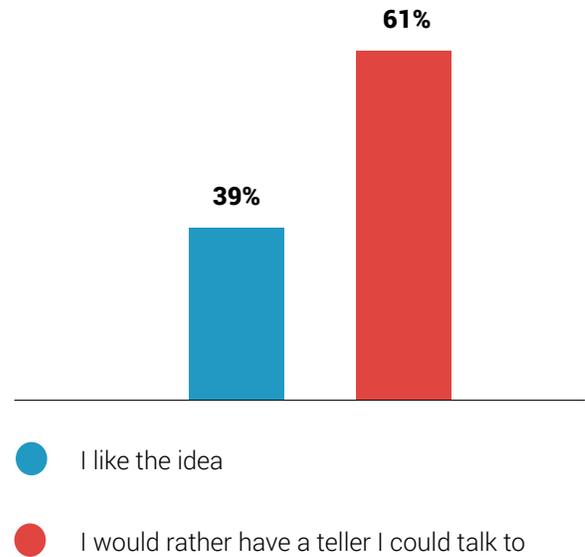
Another issue addressed in the banking executives’ survey involved the right balance of customers using in-branch vs. online services. More than half of executive respondents (52 percent) want customers to have a balance of in-branch visits versus online/mobile/ATM contact, while 40 percent prefer that customers perform transactions and service via online/mobile/ATM (**Figure 11**).

Figure 11. Is your company encouraging customers to visit the branch or perform transactions online/mobile or ATM?



When the Q2 consumer survey asked banking customers how they felt about experimental branches with no tellers where every transaction is automated, 61 percent say they would rather have a teller they could talk to (Figure 12). This shows that consumers are not yet completely comfortable with fully automated banking.

Figure 12. Consumers: How do you feel about experimental bank branches that have no tellers and every transaction is automated?



“Consumers can Facetime with friends and family, but they still want to look at a banker face to face. There is still a need for a physical space.”

— **Bob Meara**
Analyst, Celent

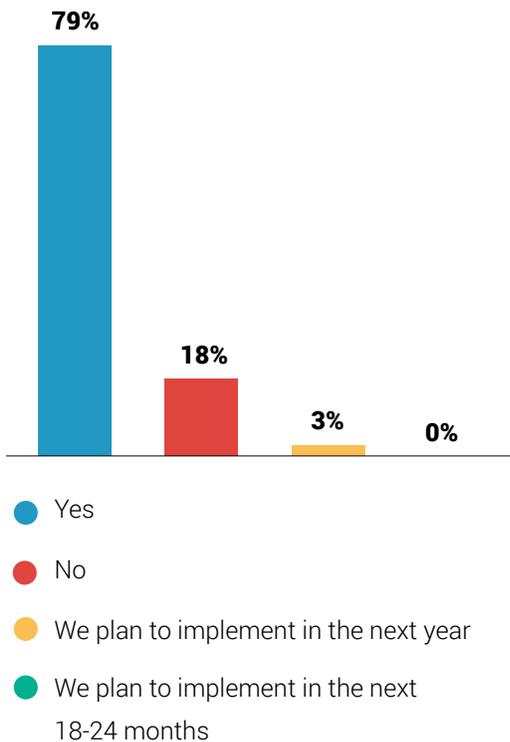
When banking executives were asked which services their banks provided, beyond traditional offerings such as checking, savings and loans, merchant services (56 percent) and mobile payments (51 percent) were the top services mentioned (Figure 13).

Figure 13. In addition to checking, savings, mortgages and loans, which of the following products do you currently offer? (Choose all that apply)



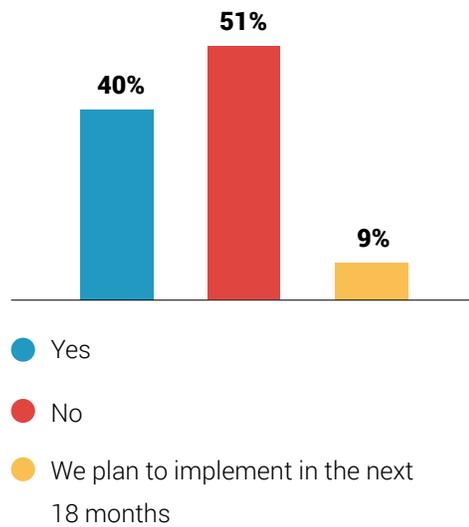
Another trend identified in the survey involves banks' increasing reliance on subject-matter experts who split their time among two or more locations. This approach reduces the cost of training and developing highly skilled employees for every branch when there isn't full-time demand for their services. An overwhelming majority of executives (79 percent) report their organization employs specialists who operate out of multiple branches (Figure 14).

Figure 14. Do you have Specialists or Advisors who operate out of multiple branches?



On a related topic, only 40 percent of banking executives report using cross-trained universal bankers in their branches (Figure 15).

Figure 15. Do you use Universal Bankers?



Banks differentiate from the competition by providing products and services that go beyond traditional bank offerings. These additional services can be highly lucrative for banks, if a sufficient number of customers take advantage of them. Nearly half of banking executives surveyed (46 percent) feel they are successfully cross-selling wealth management and insurance services to their customers (**Figure 16**).

However, **Figure 17** shows that insurance and wealth management are the added bank services that consumers use the least. This indicates that these potentially revenue-generating services are undersold and there is significant room for improvement in cross-selling them.

Figure 16. Do you feel you are successfully cross-selling wealth management and insurance services?

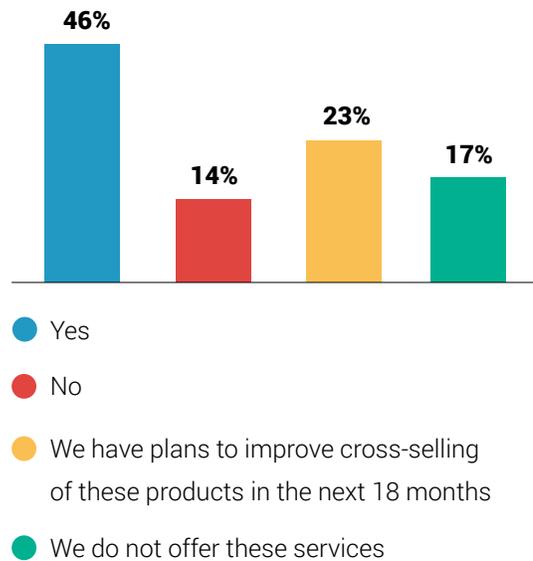


Figure 17. Consumers: Aside from checking and savings, what other services do you use your bank for? (Choose all that apply)

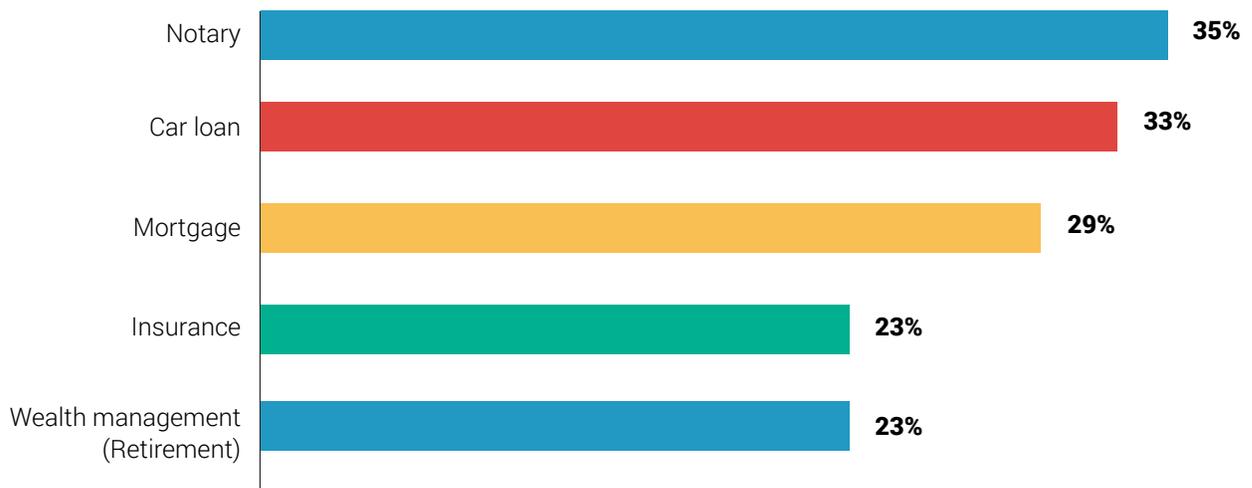
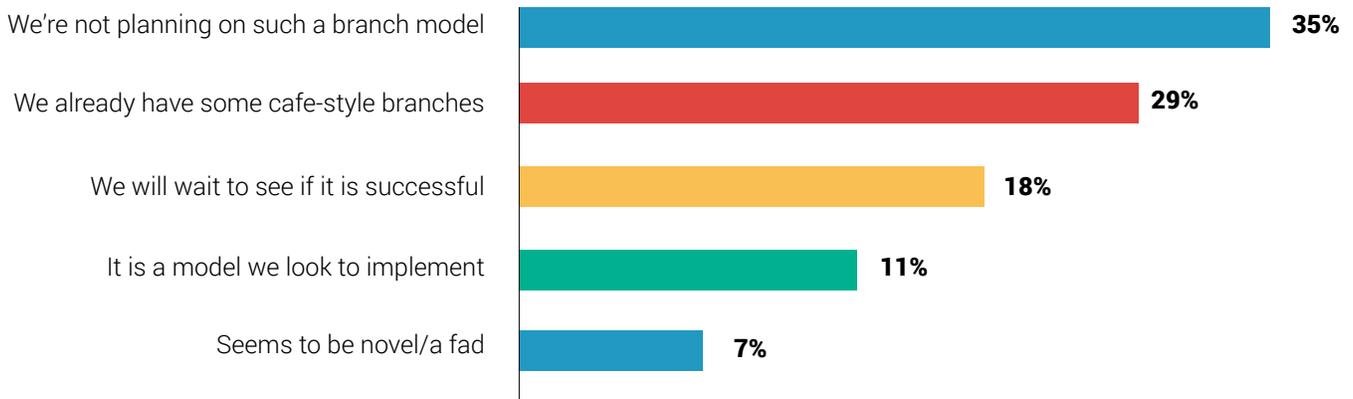


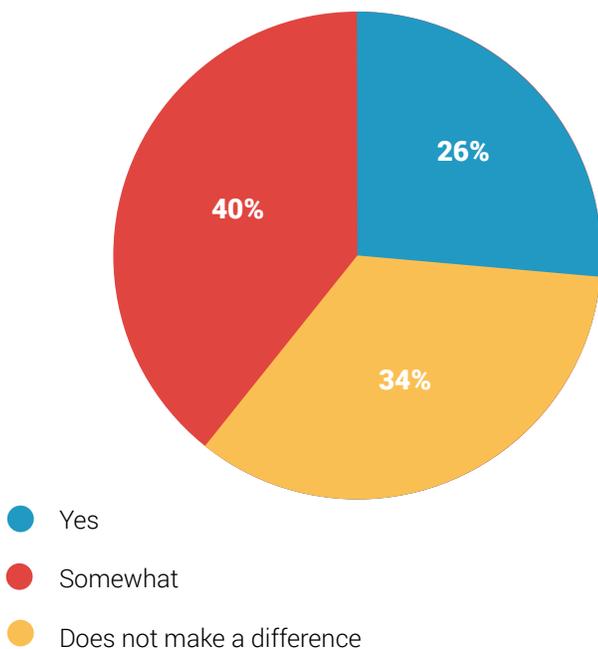
Figure 18. In regards to the cafe-style in-branch environment with coffee and free Wi-Fi, please indicate how this fits into your bank's branch strategy?



When it comes to upside potential for banks, TimeTrade research reveals that customers want banks to cross-sell to them, especially such value-added services as wealth management and insurance.

For example, 80 percent of consumers admit they would change their wealth management provider for better rates and more personalized service. Respondents also admit they would change their insurance company for

Figure 19. Consumers: Some banks are now offering cafe-style environments with free Wi-Fi. Would this influence where you choose to bank?



an agency that provides a better customer experience when it comes to handling claims.

Banks that effectively cross-sell these services also will have an opportunity to draw customers into the branch, as Generation Z (59 percent) and millennials (55 percent) report they prefer to discuss important questions in person with a financial advisor or an insurance agent.

Another hot survey topic involved café-style branches that offer consumers a place to relax and use free Wi-Fi while consultants/advisors are available to provide banking help. The TimeTrade banking executive survey reveals that less than one-third of banks plan on café-style branches (**Figure 18**).

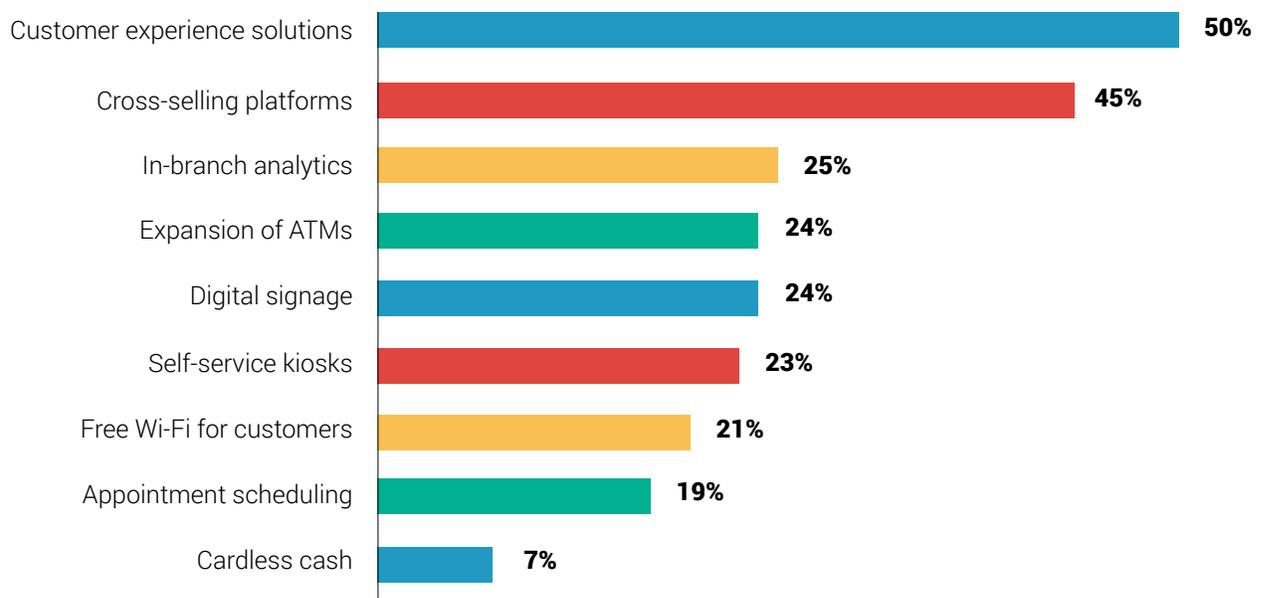
While banks such as Capital One operate café-style banks in various markets and Virgin Money provides tellerless lounges, consumers remain mostly uninterested in this model. Only 40 percent of respondents from the Q2 2016 TimeTrade survey said this type of facility makes a difference to them in terms of where they bank (**Figure 19**), and 34 percent say it only matters somewhat. It seems that banks are sensing this in the market, as only about one-third (**Figure 18**) are planning to implement café style branches.

5

Current Technologies and Planned Investments

Banks that use technology wisely will enhance customer service and increase operational efficiency. The banking executives surveyed report that customer experience solutions (50 percent) and cross-selling platforms (45 percent) are the top technologies they will invest in over the next 18 months (**Figure 20**).

Figure 20. What are some bank technologies your company will be investing in over the next 18 months? (Choose all that apply)



Banking executives also report that customer experience (49 percent) and mobile banking (49 percent) are the top factors driving software investments (**Figure 21**).

Figure 21. What are the strategic initiatives that are driving software investments this year? (Choose all that apply)

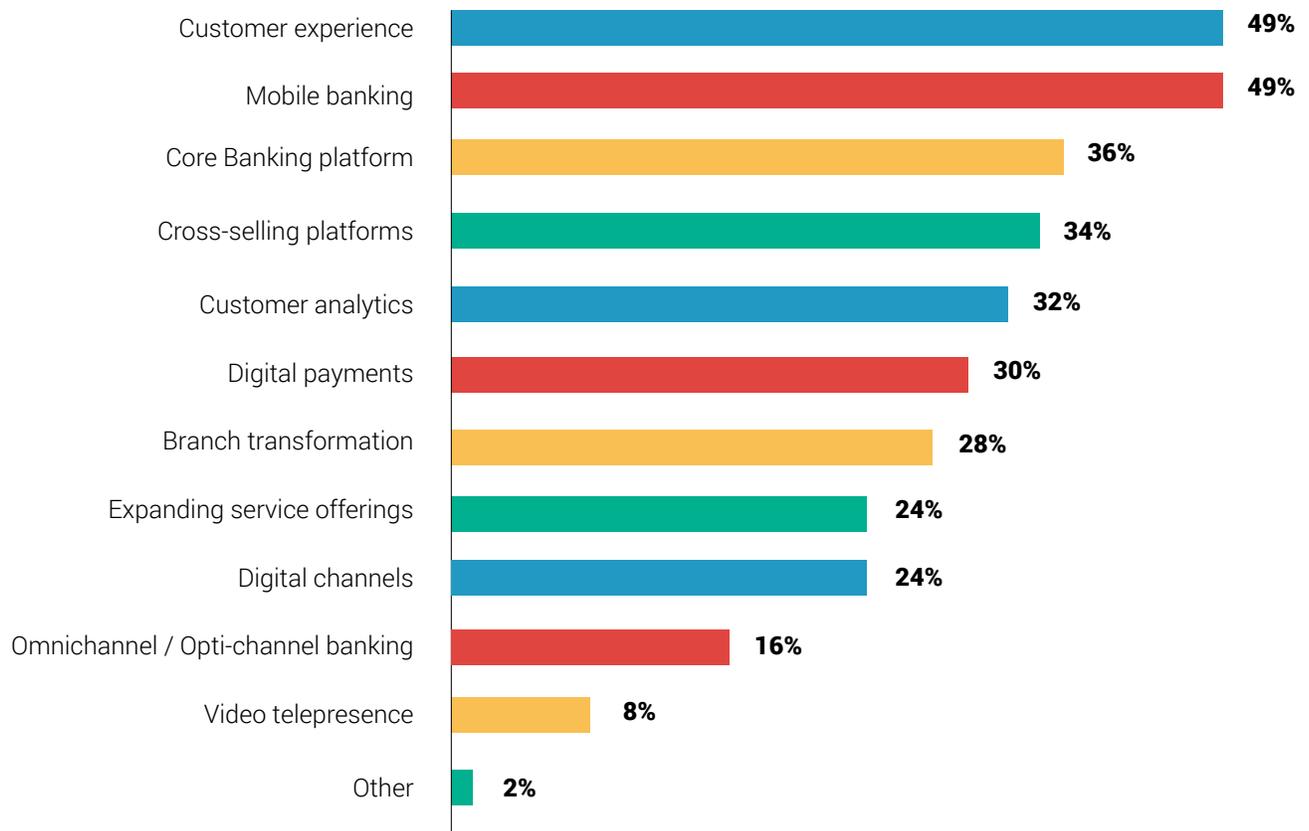
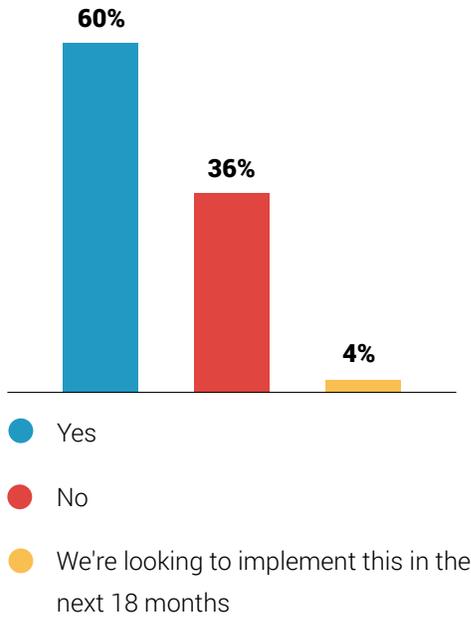


Figure 22. Do you provide a survey (whether it be through email or text) to your customers after they have an in-branch experience?



More than half of executive respondents (60 percent) said their bank provides a survey after an in-branch visit (Figure 22).

The banking executives report that they use the following vendors for CRM, core banking and workforce management platforms (Table 1). Under the category of “other” the answer of “homegrown” was lower this year for all three platforms, indicating the banks are looking to vendors for these capabilities as opposed to developing them in-house.

Table 1. CRM, Core Banking and Workforce Management platforms banks are using.

	CRM	Core Banking	Workforce Management
Platform	Salesforce Microsoft (Dynamics) SAP Oracle (Siebel) Infor IBM Other	Fiserv Oracle FIS Global Jack Henry Infosys (Finacle) Bottomline D+H (Harland Financial) Temenos Misys	Ceridian Kronos Aspect Verint Infor Kiran Analytics

6

Conclusion

The results of the **State of Retail Banking 2016 – A Survey of C-level Banking Executives** show that banking leaders are fully aware of the challenges they face in meeting the ever-changing needs of today's consumers. That's the driver behind almost every decision to roll out new products and services. They must make sure that these products and services offer customers an acceptable level of personalization, as more than half of 2,000 consumers surveyed for the Q2 2016 TimeTrade study indicate that they do not feel they have a personal relationship with an employee at their local branch. In other words, consumers want to feel that their financial institution knows them as an individual.

Among the most significant challenges for banks is the generational shift in which millennials are becoming the largest demographic group. As the oldest millennials reach their mid-30s, they are buying their first homes and

starting to plan for retirement. They are looking to banks for in-person guidance about such major decisions. There is a tremendous—and lucrative—opportunity for banks to solidify their relationships with this group.

A high-value, in-person meeting with a banker is still a priority, which gives banks a prime opportunity for cross-selling. This represents another tremendous business growth opportunity, because consumers confirm that insurance and wealth management are the banking services they use least.

So with bank executives indicating that customer experience is one of the main drivers behind the software investments they plan to make over the next 18 months, customers can only hope that their bank will follow through and provide a true, personalized experience at all touchpoints.



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TimeTrade creates conversations that drive business. The company provides an omnichannel appointment-driven personalization solution to leading retail banking, health and wellness, higher education, consumer retail, and telecom organizations. TimeTrade's SaaS-based, appointment-centric customer experience solution enables customers to convert digital first touch interactions into a high-value, in-person meeting. TimeTrade has driven 400 million connections between consumers and businesses, directly translating into more than \$3 billion in commerce every year.

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