

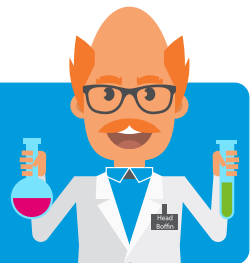


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Murder on the bank floor

Murder on the bank floor: Why banking staff are experiencing an epidemic of 'approach anxiety'



The drive to digitalisation

Thanks to a new wave of digital systems and tools, banks have been busy rationalising their workforce: streamlining workflow, automating the back office, replacing people with apps. And no wonder – with the latest cavalry charge of open regulation and digitisation thundering over us, many commentators are proclaiming that “banks must adopt or die”.¹

One founder of a UK challenger bank even suggests that traditional banks could be reduced to “dumb pipes”. In the same way that regulatory changes in the water industry are forcing Thames Water (and others) to open up their pipework to start-ups, it appears that banks might become lumps of infrastructure for younger, more nimble innovators to exploit.

But is face-to-face banking really so out of date?

In this new 'epoch' of banking, digital start-ups are emerging that offer phone-app only banking platforms. One challenger, Atom Bank, boasts £110 million in its accounts from UK customers. Atom is an amazing success story but, compared with a UK high-street monolith like RBS, which in 2016 had £419.5 billion in deposits,² Atom has less than 0.02% of the total income from one competitor.

To put the demand for face-to-face retail banking in context, one of the UK's bigger banks has roughly 15 million customers; about 5 million are active branch users generating close to 300 million service transactions. In-branch transactions aren't going to go away any time soon and Atom & co have some way to go before they kill off the high street.

That's not to say that UK banks wouldn't welcome an opportunity to downsize their retail estate and headcount. If they could get it working, banks would undoubtedly offer a digital teller based on Google's latest speech analytics machine; boasting speech recognition error rates of less than 6%, this product may well be more accurate than Maureen,³ who has worked in the branch for the past 30 years. Yet, whilst they prod and poke 'digital Maureen' to get her up and running, banks are investing in other ways to enhance the face-to-face customer experience.

¹ http://www.capco.com/~/_media/Capco/Insights/Events/future-of-banking-2017-special-report

² <https://www.statista.com/statistics/421239/banks-customers-deposits-the-royal-bank-of-scotland/>

³ Apologies to Maureen, who has steadfastly endured leadership changes over the last quarter-century

Ripping down walls



A 'modernised and refreshed branch network'

One of the biggest investments in the past three to five years across all major retail banking brands has been in transforming retail space. Previously, the major city centre banks had up to **70% of all the floor space** closed off as 'back office' – but no more.

We spent **180 hours** observing banking hall interactions across **17 different branches** and witnessed first-hand how the major banks are struggling to get their people to adapt to the new environment.

In the drive to make everyone customer-facing, walls are literally being broken down as the back rooms are opened out and 'transformed'. Gone are the common rooms and back office consultation booths where mortgage advisors could whittle their days away. Small pods now replace the imposing customer service desk.

Dialogue makes a difference

Picture the scene in one of the main high-street branches. You are at a Leeds city centre branch at 3pm on a Thursday afternoon, waiting to pay in a cheque. As you walk in, you notice a wall full of internet banking terminals and automated cash deposit machines (CDMs). You ignore them and join the queue for the cashier.

There are 12 people in front of you and nobody is going anywhere fast. After a few minutes, a customer services advisor approaches the queue. Addressing no one in particular, she shouts in a gruff Northern accent, "Anyone want to use the machines?" People in the queue stare at the floor; hoping they don't get approached. You look even more intensely at your phone and avoid all eye contact. The advisor tuts and shuffles off.

Welcome to the new banking hall role: the 'queue walker'. This individual's sole objective (and bonus) depends on preventing customers from reaching the front desk and increasing their use of the CDM machines. What we observed was a range of conversations; some, as in the above example, had 0% success rates, while other advisors persuaded people to move from the queue to a CDM over 80% of the time.

What made the difference?

Success hinged on how the queue walker articulated the benefits to the customer. Great examples we heard included "Come with me and we can get it done faster for you" and "Have you seen Doris, our new cashier?" *gestures to the CDM* "She's quicker to use. Let me show you."

One banking hall superstar would observe any slight reluctance and even add in a personal guarantee: "If it doesn't work, I'll take you straight to the front of the queue and do it personally for you. Here, here's my card."

Benny Hill banking

As employee numbers are cut, customer advisors and cashiers are expected to get active, jumping out from behind their booths to help customers in the banking hall. And with the 'impenetrable barrier' of the service desk now dismantled, customer service staff are also expected to get out there and multitask. But almost all of them reported that they resent being pushed out from behind their desks and feel vulnerable and exposed once thrust onto the floor.

It's a challenging transition for many staff and their leadership teams. In the words of one branch manager, "It was like a Benny Hill film when we started with the new concept, with staff running after customers. We were diving on customers as soon as they came in. Then, we went through a process where customer advisors were hiding in their booths to avoid customers. It went from the sublime to ridiculous. What is so hard about speaking to customers?"

What indeed? This is a skilled, articulate and confident population of professionals. What's preventing them from getting out into the banking hall and doing the job they're trained to do? There's something strange going on. We call it 'Approach Anxiety'.

When we spoke to the banking hall staff, they would say things like "God, they might ask me anything"; "I don't know anything about CHAPS or foreign currency"; "It's the rejection I don't like". Essentially, they were concerned that they might not have the answers, as this on-the-spot approach opens up the possibility of conversations that veer outside their normal area of expertise.



Bolt-on customer experience

Along with many others, one British bank recently stripped its workforce down to the bone, cutting close to 2,000 jobs and closing over 200 branches. Then (not surprisingly) it saw a decline in customer experience scores. Net Promoter Score (NPS) dropped to -20. For comparison, Apple retail regularly comes in at +80.

So, the bank invested about £2.5 million in a team of 80 people to go around the remaining retail estate and show the staff how to solve customer issues and create an optimal customer experience. This was a tough role for this field-based team, as they had to win over a sceptical branch manager and challenge colleagues to 'improve service' without being held accountable for the results. After 18 months, there had been no improvement on NPS, which was still hovering at about -12. But, perhaps most importantly, the initiative failed because there was no clear plan of 'what good looked like' and no collective agreement on the specifics that needed to change other than aspirational rhetoric around 'deliver great service'.

Providing better banking to the UK high street

A different bank had similar challenges but approached it in a completely different way. After conducting a survey of 6,000 retail customers, they realised that they were delivering a 'generic' banking service. They wanted their people to behave differently, but understood that the current operational and sales KPIs were hindering their success, so they took an incredibly bold move and **completely removed sales targets** from all customer-facing staff. The idea was to give them the freedom to hold more meaningful conversations with customers, without the pressure of hitting a number:

They recruited an internal team of 33 'champions' whose pure focus was to train and mentor the 6,000 front-line staff. In this case, the champions had a very clear behavioural blueprint for success, including a toolkit of specific things that the front-line teams should be doing and saying. This bank's Net Promoter Score reached +23 points at the end of 2016 – a massive improvement from -24 when they started the programme.

Throwing away the KPIs

During his time as MD of the UK branch network, one visionary in customer service leadership had the courage to be the first to link variable pay to customer service metrics: with 100% of an individual's bonus based on achieving customer satisfaction scores for the branch they worked in.

To communicate the changes, rather than rely on the typical cascade from the top through the leadership lines, he adopted a 'hyper-communication' approach direct to front-line colleagues and management alike, with messaging delivered via two-weekly Wednesday morning conference calls. At its peak, 15,000 employees participated in what was an optional activity.

The impact of removing sales targets from the front line was profound. Customer Satisfaction grew from 68% to mid-91% in a three-year period, with Employee Engagement matching that trend with a shift from 62% to 93%.



In summary

Change in UK banking is inevitable. The rise of digital challenger banks can only be a good thing for customers who want an online relationship – and there are many of them. But there are still many more, tens of millions of UK consumers, who value a face-to-face experience.

When investing in a retail transformation and potentially changing the fundamentals underpinning the roles of thousands of employees, it's important that banking industry leaders don't underestimate the real emotional impact this can have on their people – and the real financial impact that can have on their results. Approach anxiety is a real issue for banking hall staff and it should be a priority concern for those who manage them. In the words of one bank manager: "You may think this is simple, you may think it's just a lick of paint, but we were not prepared for the radical changes this would have on our team."

Front-line staff need to be supported and led through this change, the measurement systems need to drive the right behaviour and leaders need to be able to demonstrate what great service looks like beyond meaningless superlatives such as "give the best banking experience in the industry". The bank, with its team of champions, nailed it because it truly wanted to go on a business transformation – more so than any client we have seen. This wasn't box-ticking; it was a commitment to transforming hearts, minds and behaviours in a deep-rooted way.

Next steps

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Andy is our self-confessed analytical geek. Through his work with companies such as Tesco, Virgin, BT, Lex Autolease, Dunelm, Wickes and many other **FTSE 100** companies, Andy has pioneered a science-based 'conversation analysis' approach to identify specifically what their top performers do differently. This has led to some tremendous uplifts in sales and customer service performance, including one sales organisation hitting **150%** of target, with Andy's work being credited for driving a **£55 million** improvement in net profits.

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