Elevating Delivery Channels for Organizational Efficiency



Lately, community bank and credit union executives are taking a closer look at their service delivery models. Heightened consumer expectations, ongoing economic pressures, and the emergence of digital-first banks are the catalysts for change, driving the need for decisive action. To ensure long-term relevance and growth, leadership must prioritize innovation and agility in response to these market forces. While AI is hailed as the key to operational efficiency, what is often ignored is the inefficiency that is created by ongoing channel proliferation and the migration of activity away from all human assisted delivery channels. For banks and credit unions looking to differentiate, optimizing delivery channels (also known as channel optimization) is essential.

Why Channel Optimization Matters

In recent years, many financial transactions have shifted from traditional branch locations to digital platforms, providing customers and members with enhanced access to banking services.

But despite this digital transformation, many people continue to value human support when necessary, forcing financial institutions to operate within a complex ecosystem that [today] includes branches, mobile applications, websites, ATMs, ITMs, and contact centers.

While the lack of seamless integration across channels leads to fragmented customer experiences, increased manual processes, and higher operational costs, it also offers a significant opportunity for banks and credit unions to improve customer satisfaction and achieve organizational objectives by aligning channels more effectively.

The Importance of the Branch

Assessing channel use is paramount to aligning each vertical with the needs of customers and members. Contrary to popular belief, bank branches are still performing well. A recent study by BAI found that, while member behavior is shifting away from most traditional channels, the branch remains the second

most utilized, trailing digital. In fact, branches see more activity than ATMs, drive-up windows, and contact centers.

It is well-documented that customers and members are visiting branches less often, however not much attention has been paid to how they are now using other ways to bank, such as online or through ATMs. Because of this, many financial institutions believe the only way to save money is to close branches. However, sunsetting branches isn't always advisable, it can be problematic due to concerns about reputational risk, the potential for material deposit attrition, or CRA restrictions.

Although the consensus agreed that branches would 'all but disappear' once ATMs and digital banking became popular, they continue to offer a competitive advantage for the following reasons:

- Digital functionality has supplanted the branch as the most crucial factor for customers choosing their primary financial institution. Having a branch near where you live or work remains a prominent consideration.
- The long tail of the paper check and the restrictions many financial institutions put on mobile deposits as a fraud preventive suggest in-branch check cashing will remain necessary for the foreseeable future.
- The continued need many businesses have for coin and currency to be provided locally.
- Gen Z interacts with the branch more than Millennials, Gen X, or Boomers.

Permanently eliminating branches is not the solution. Instead, banks and credit unions should focus on optimizing the in-branch experience to better align with transactional activities while also providing support across digital and contact-center touchpoints. Financial institutions have sought to provide a seamless omni-channel experience to members for decades, but most financial institutions have continued to staff each delivery channel as an independent vertical, each delivering a separate and distinct experiences. Now is the time to take a different, tactical approach. When all channels are integrated and optimized, staff can be more effectively deployed, resources can be allocated based on their actual demand, and problems can be resolved more quickly, leading to better outcomes, reduced costs, and higher user satisfaction.

Moving Forward

When banks and credit unions gain a comprehensive understanding of how customers and members engage with branches and digital channels, as well as the volume of business generated, leadership is positioned to make more informed, strategic decisions. Analyzing real-time data enables executives to uncover new growth opportunities and pinpoint areas of spend, driving more effective resource allocation and service delivery.

Branches can serve as more than transactional touchpoints. By evolving these locations into advisory centers that provide guidance and support, financial institutions can deepen relationships, enhance member loyalty, and unlock additional revenue streams. This shift allows organizations to operate more efficiently and discover innovative ways to generate value.

Organizational success is amplified when departments collaborate seamlessly, and staff receive ongoing, high-quality training. Ensuring alignment and preparedness across teams empowers the institution to deliver consistent, high-level service and achieve operational excellence.

Even as advancements in technology enable banks and credit unions to operate more efficiently and reduce costs, it remains essential to ensure that staff are optimally utilized. By refining scheduling practices and fostering greater collaboration across teams, your organization can not only achieve further cost savings but also deliver a superior experience to customers and members. When staff operate as a cohesive unit rather than in silos, the result is improved service quality and increased customer satisfaction.

Engage fi Can Help

Engage fi recently helped a $5 billion financial institution reorganize themselves to become a truly customer-centric organization by demonstrating how their customers were utilizing each delivery channel and how each channel impacted their customers' journey. Through this process, we were able to help them reduce their overall staffing expense across all delivery channels by $12 million annually, or roughly 50%. To learn more, contact us or visit www.engagefi.com.

*https://thefinancialbrand.com/news/banking-branch-transformation/how-consumers-value-and-use-branches-is-shifting-in-subtle-ways-183768