

The Last Bank in Town



By LORI BELTON

More than 7,000 American bank branches shut their doors for the final time between 2015 and 2018. What does that mean for banks and how they serve their customers in the coming decades?



A Global Issue

Over the same period in the UK, there were 3000 branch closures. In fact, it's a similar story all across the west. In Germany, one in four bank branches have closed since the turn of the century. In Australia, branches have been closing at a rate of 15 per month since the late 90s.

The reasons for such closures are well reported, relating to the convergence of two major trends. First, digital channels, such as mobile banking apps, have taken over as the primary way that people interact with their banks. Second, cash transactions have made way for card payments, direct bank transfers, and services such as PayPal.

If people can bank without visiting a physical bank, then why retain that location?

According to research by Bankrate, there's a sizeable group of people who still prefer to visit physical bank branches; 26% of Americans surveyed said they had visited a bank or credit union branch in the past week. In the same research, Dan Geller, Ph.D., a behavioral finance scientist, says that a large part of why consumers choose to visit a physical bank branch has to do with their level of comfort. This matches research by Age UK—a British charity that supports older people—which says that many older people feel more comfortable when they handle financial transactions face to face.

Similarly, and perhaps correlated, Bankrate has found that well-off consumers visit bank branches more often, which perhaps isn't surprising when the poorest in society tend to be unbanked; in 2017 14.1 million Americans had no access to banking.

But are physical bank branches the only way to serve these needs?

If the trend continues and fewer customers set foot in a bank branch, then the cost of serving those who do will increase. That not only makes closures more likely, but it could also make it harder for financial institutions to serve those who lack banking access altogether.

So, if the last branch in town closes, how should banks serve those customers who value personal interaction?



Talk To Customers Their Way

Cloud communications can help you talk to your customers their way. Learn how to adopt a holistic communications strategy.

Face to Face Doesn't Have to Mean In Person

Face-to-face communication has proven benefits for mental wellbeing and, while it's not as simple as saying that most communication is non-verbal, face to face communication increases both trust and empathy.

So, it's understandable why people prefer to see another human when they're conducting important financial transactions. However, it's not necessarily true that customer and banker must be in the same physical location in order to gain those benefits.

Coutts is the British bank used by Queen Elizabeth II, among many other wealthy individuals. While it is part of the Royal Bank of Scotland group, Coutts is free to innovate in the ways that serve its particular customer base. As a private bank, one of the key benefits that Coutts offers its customers is an individual relationship manager who acts as their primary contact with the bank.

Echoing the Bankrate research, Coutts wanted to offer their customers a more intimate form of access to their relationship manager than what was possible over an ordinary telephone call. To offer face-to-face service to customers wherever they were, Coutts turned to

OpenTok, the live video API from Nexmo, the Vonage API platform. Using OpenTok, Coutts built a multipoint video banking calling solution that let their customers speak directly to their relationship manager and other experts using their PCs or mobile devices.

Similarly, other banks and financial providers are using video calling to bridge the gap between remote delivery of services and the fundamental human need for face-to-face contact during important and stressful situations.

While video calling might not replace physical bank branches entirely, they certainly can help banks serve customers in a personal way and at a predictable cost, regardless of their location.

Separating Everyday Banking from Significant Banking Events

Does this mean that banks are about to return to the very high-contact 20th century model, only without so many branches? No.

Customers love self-service. As such, most bank customers do not want to have a video call just to make a quick check of their balance or to see if a payment went through. The key will be to identify which of those customer interactions show an increased ROI when delivered directly by a human agent.

These significant banking events, such as applying for a mortgage, not only have the financial margin to pay for a higher-touch interaction, but they're also the extraordinary events where people appreciate greater guidance.

Video in an Omnichannel World

Importantly, banks must see video as just one part of a customer communication mix that forms an ongoing conversation—no matter the channel. And while video calling is an example of something that's easy to add to an existing communication infrastructure, it's only by building an integrated contact center and communication strategy with cloud communication APIs that banks will truly be able to serve their customers while reducing their reliance on an expensive branch portfolio.

Please fill out the form and we will be in touch with you shortly.

1.844.324.0340

Are you a Developer?

Company Name

Select Country

Product of Interest

Existing traffic to switch?

Traffic Volume Monthly (Optional)

Message (optional)

//