Cisco Meraki

E-BOOK

Building the Secure Branch for Today and Tomorrow

For financial services organizations to increase their role as trusted advisors to customers, they must leverage their branch locations in combination with personalized digital experiences, strengthened relationships, and enhanced security.

Let's explore how today's market forces are leading the industry to build the secure branch of the future.

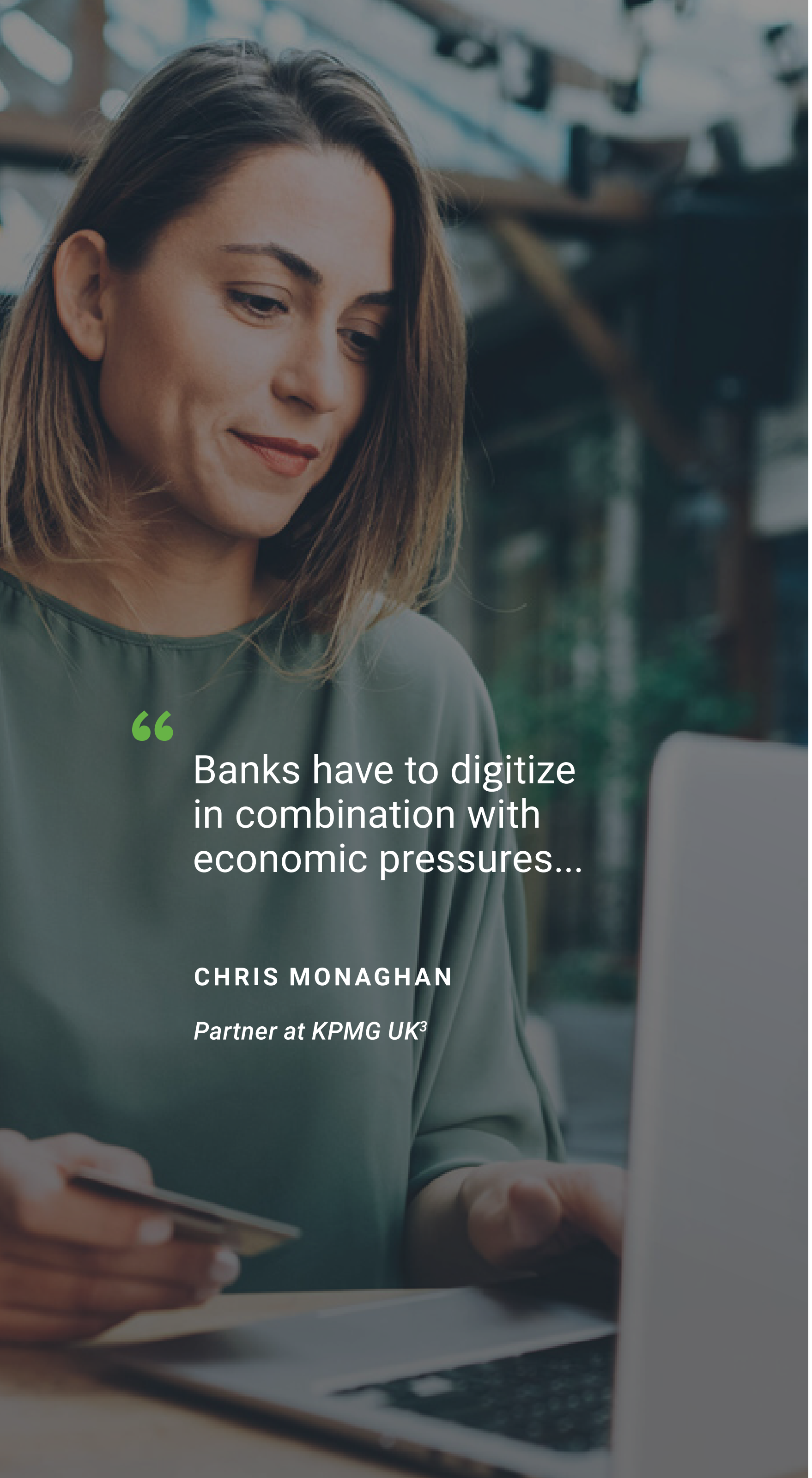
1. FINANCIAL SERVICES ORGANIZATIONS MUST THINK BIG – AND SMALL
2. THE DIGITAL TRANSFORMATION HAS ONLY JUST BEGUN
3. BRANCHES ARE HERE TO STAY
4. AGILITY IS KING
5. TODAY'S TECH DECISIONS PREPARE FOR TOMORROW

1. FINANCIAL SERVICES ORGANIZATIONS MUST THINK BIG – AND SMALL

Omnichannel demands a singular platform

Customer experience, digital transformation, and brand reputation are becoming even more intertwined, encouraging financial services organizations to integrate online, mobile, and physical channels.

This is also prompting financial services organizations to consolidate technology in favor of a platform approach to simplify complex operations, drive efficiencies through cost savings and optimized internal IT resources, and leverage technology ecosystems.



> "Banks have to digitize in combination with economic pressures...
>
> **CHRIS MONAGHAN**
>
> *Partner at KPMG UK[3]*

All paths lead to transformation

Starting in 2020, consumer use of digital channels skyrocketed, a trend that is expected to continue. **Of the 43% of customers who primarily relied on in-person channels to contact brands for support, 33% switched to digital channels as their main communications conduit,** a global study determined[1].

Financial services organizations recognize the power of digital transformation. **75% named it a top priority** in a recent worldwide survey; improving customer experience was second[2].

1 KPMG, "Responding to consumer trends in the new reality"
2 The Financial Brand, "Top 7 Customer Experience Trends in Banking for 2021"
3 KPMG, "Responding to consumer trends in the new reality"

Whether financial services organizations focus on SMBs, consumers, or an array of different customers, the timing for digital transformation is pivotal.

The time is right now.

2. THE DIGITAL TRANSFORMATION HAS ONLY JUST BEGUN

Heroes, not villains

Financial services organizations did not create the most recent financial crisis, but their positive responses engendered good feelings—something they should not squander. Even though poor consumer financial habits add up to 5% of annual retail revenue, **"innovative digitally enabled advisory services" could increase financial services organizations' revenue by 9% annually,** according to Accenture[4].

"This is the ideal time for banks to start establishing more collaborative, trust-based, win-win relationships with their customers. This is an opportunity for them to be heroes rather than villains, and a chance to lay important foundations for future success," said Alan McIntyre, Senior Managing Director, Banking, at Accenture.

4 Accenture, "Purpose-Driven Banking: Looking Beyond COVID-19"

Local offices provide even the largest retail financial services organizations with the opportunity to engage face-to-face with customers, upselling and cross-selling the often-complex, sometimes integrated financial offerings available.

With the average financial services organization customer staying loyal for about 14 years, driving foot-traffic into a branch location can hold more potential than any TV commercial[5]. Relationships matter. It is, however, more difficult to forge these long-term relationships via a search engine. How, after all, can average consumers search 25 of the 40 services on offer if they do not know they exist?

5 Bankrate: "Survey: While checking fees vary wildly by race and age, Americans stay loyal to their banks"

3. BRANCHES ARE HERE TO STAY

Caffeine, credit, and counseling

Consumers need a source for financial guidance. **Of those consumers who experienced a "major life event with serious financial consequences," only 14% went to their financial services organization for help.** About one-third of small-business executives depended on their financial services organization for advice with their finances, according to Accenture.

A financial services organization's knowledge of its customers' monetary needs and habits, coupled with consumers' thirst for pertinent insight, can bolster a financial services organization's relationship with its clients if done transparently.

Financial services organizations are innovating, with some using branches as a platform for education and congregation. By delivering desired services unrelated to money, i.e. coffee, yoga, or Wi-Fi, they hope to attract consumers' attention for financial offerings like checking and savings accounts, credit cards, mortgages, and more.

> The pivot to digital has been supercharged.
>
> **JANE FRASER**
>
> *President of Citigroup and CEO of its consumer bank[7]*

4. AGILITY IS KING

The foundation is digital

Many patrons have now grown accustomed to financial services organizations' digital and contactless offerings–and want more.

That said, the most satisfied customers use all of a financial services organization's tools—mobile, in-person, and web—J.D. Power's "2020 U.S. Retail Banking Satisfaction Study" found[6]. Digital-only customers were least satisfied, and out of a possible score of 1,000, branch-dependent customers rated their overall satisfaction at 824, compared with 801 for digital-only customers.

6 J.D. Power, "Retail Banks Face Major Customer Satisfaction Challenge as World Shifts to Digital-Only Engagement, J.D. Power Finds"
7 Forbes: "The World's Best Banks: The Future of Banking is Digital After Coronavirus"

Financial services organizations use analytics tools to determine customer preferences, then design and adapt programs based on these insights into loyalty and penchants.

"With fewer customers visiting branches, it will be important for retail banks to replace the in-person service they would have provided with personalized services delivered instead through digital channels," said Paul McAdam, Senior Director, Banking Intelligence at J.D. Power.

In 2021 and beyond, as organizations resume regular business practices, digital transformation helps financial services organizations cut costs, enhance customer experience, ensure the safety of patrons and employees, move nimbly and quickly, and allow even the smallest provider to compete with the largest financial services organization as they address risk-management, an expected increase in foreclosures, and late payments on loans.

Success, therefore, means combining the best of all worlds and enabling customers to use whatever means they want, whenever and however they choose.

5. TODAY'S TECH DECISIONS PREPARE FOR TOMORROW

Customer-centric world

Making the right technology decisions helps in the journey toward digital transformation and secure branches.

Amassing and harnessing data is another part of the financial services industry's digital transformation. By carefully using information–data that may today be stored in multiple unconnected silos or data warehouses–and gathering info from end points such as smart cameras, mobile apps, and sensors, **financial services organizations can gain interconnected insights to provide personalized services to customers how, where, and when they want them.**

Analytics also helps financial services organizations adhere to regulations in their countries or regions of operation.

Seeking seamless security

Financial services organizations are tasked to protect data while simultaneously simplifying user access to the services they want and need. **Building a strong foundation for safety and security is dependent on the adoption of smart technology that is built to protect, both online and in the physical world.** That foundation, of a cloud-based platform, also enables financial services organizations to develop or adopt custom solutions that can help reinforce the customer experience.

Cobbling together separate vendors' so-called "best-of-breed" components—especially in a world of rapidly deployed end points, ranging from customer smartphones and tablets to smart cameras, routers, and sensors—is error-prone, costly, and time-intensive, both initially and ongoing. As retail financial services organizations experienced in 2020, those able to roll out remote workforces more rapidly than their competitors had more satisfied customers earlier in the pandemic.

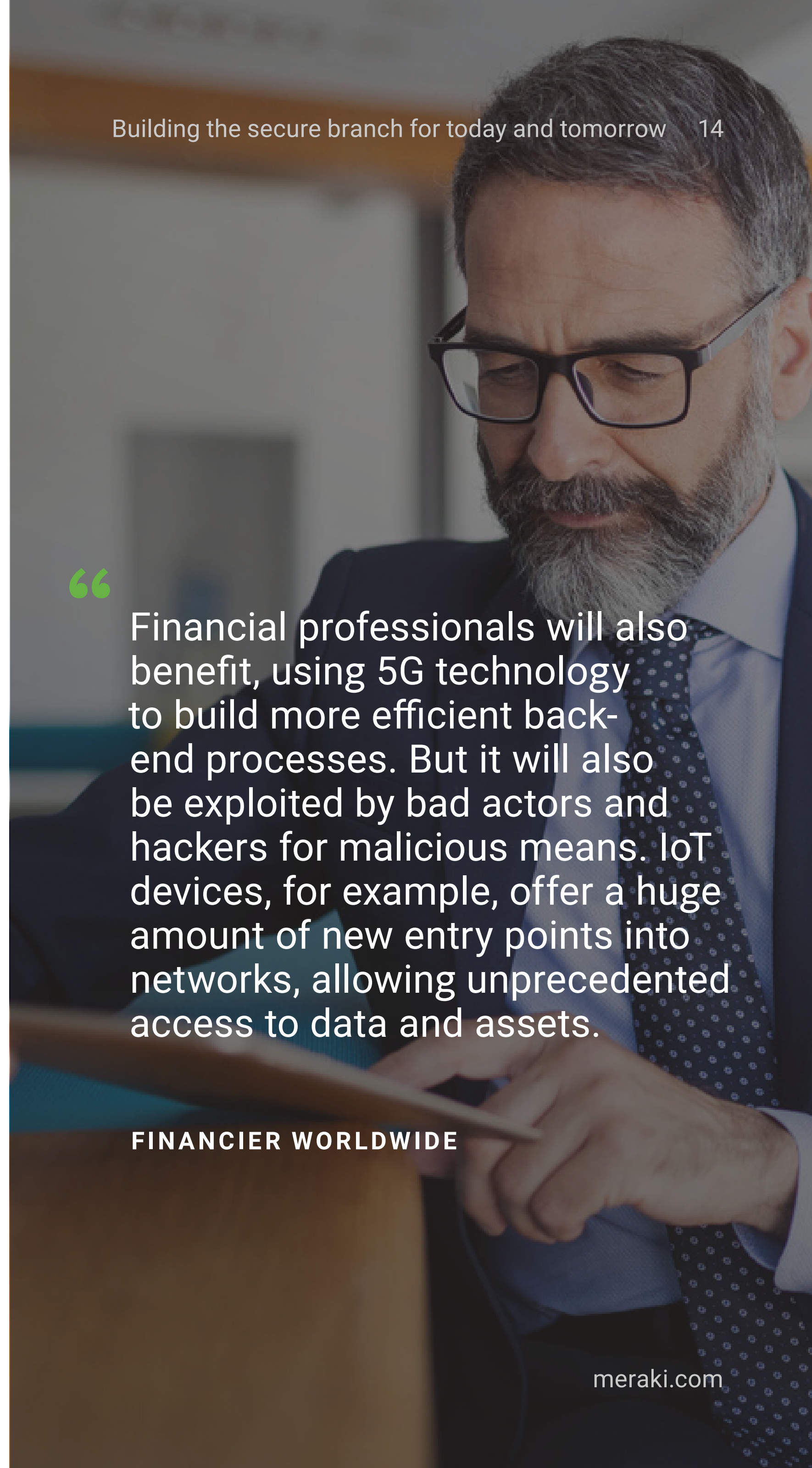
> "Security buyers often have dozens of different tools from multiple vendors, and generally have to use a fair amount of duct tape to get them to work together. This creates complexity, cost, and overhead.
>
> **MIKE HANLEY**
>
> *Chief Information Security Officer at Cisco, from the vendor's 2021 Security Outcomes Survey[8].*

8 Cisco, "2021 Security Outcomes Survey"

Next-generation **standards**

New standards like Wi-Fi 6 and 5G will disrupt communication due to their speed, low latency, availability, and capabilities that encourage developers to create new or improved financial services and horizontal applications.

Wi-Fi 6 benefits include better high-density performance; consistent performance and faster speeds across a large number of diverse devices, and energy efficiency that improves devices' battery life. For its part, 5G allows financial organizations to collect steady streams of data from customers, devices like smart cameras and ATMs, and automate back-office processes such as claims adjustments, due to the next-generation wireless technology's ability to create more reliable and responsive networks.



> "Financial professionals will also benefit, using 5G technology to build more efficient back-end processes. But it will also be exploited by bad actors and hackers for malicious means. IoT devices, for example, offer a huge amount of new entry points into networks, allowing unprecedented access to data and assets.
>
> **FINANCIER WORLDWIDE**

The future is here

In some ways, the new world of financial services will feature alternate takes on the same challenges, like more and different security breaches, difficulty hiring and retaining top talent, doing more with less across departments, automating processes while improving customer experience, and bringing more agility and flexibility while maintaining controls and meeting government regulations.

Penn Mutual, for example, saved about $860,000 over three years when it replaced a latency-riddled VPN system with a cloud-based, wireless solution[9]. The firm's three-person network team now has visibility across the faster network via a single pane of glass, compared with it's prior "best-of-breed" system that was complex, time-intensive, and required on-site setup and security updates.

9 Cisco Meraki, "Penn Mutual: Driving impressive cost Savings with New Solution Across 42 Financial Services Sites"

For highly regulated markets like financial services, ensuring secure environments is crucial, and solutions that allow centralized and automated updates are key to success.

Initiatives should include short- and long-term goals that are embedded deeply within the organization, use analytics and data, digitalization of underwriting, use of machine learning (ML) and interactive risk reporting, and other technologies that enable financial services organizations to quickly adapt to the anticipated increase in government regulations, the demand for customer-centric transactions, and competition from old foes or new rivals.

End point security and data from these end points will loom as both opportunity and hurdles. Insecure smart cameras, for example, are a network weakness but protected smart cameras can cast light onto previously unknown business elements, such as drive-up or ATM traffic, thereby improving a branch's staffing or ATM-service scheduling. Smart devices on a cloud-based platform monitor flexible workspaces, social distancing, and density; manage physical security; ensure remote and on-site workers' systems are protected from cyber and other threats; and enhance experience for employees and customers.

> "By 2025, risk functions in banks will likely need to be fundamentally different than they are today. As hard as it may be to believe, the next ten years in risk management may be subject to more transformation than the last decade, and unless financial services organizations start to act now and prepare for these longer-term changes, they may be overwhelmed by the new requirements and demands they will face.
>
> **A MCKINSEY & COMPANY REPORT**[10]

10 McKinsey & Company, "The future of bank risk management"

Interwoven fabric

While digital transformation and its components, like customer experience, security, and IoT, could be overwhelming if viewed as a whole, it's best undertaken with long- and short-term strategies.

As organizations begin their SASE journeys (secure access service edge), **they're building a consolidated architectural solution that delivers effective, homogenous security and experience to users from anywhere and any device.**

With this holistic, long-term vision and a cloud-based platform, financial services organizations avoid piecemeal, multi-vendor approaches. By choosing a platform that leverages open APIs, financial services organizations can be confident they have a partner that takes complexity out of every step of their custom SASE journey with seamless integration across third-party systems and technologies.

With this platform as their foundation, financial services organizations are then galvanized to leverage insights into consumer behavior and can cost-effectively deliver the services they want via the channels they prefer—a winning combination for the branch of today and tomorrow.

Discover - Protect - Transform with
Cisco Meraki financial services solutions.

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