



Opportunity Knocks: The Differentiation Dilemma

Financial Industry Perspective



OPPORTUNITY KNOCKS: THE DIFFERENTIATION DILEMMA

Now that the election cycle is upon us, we have certainly observed those politicians running for the highest office in the land in full force campaign mode. This includes, among other things, a fair measure of self-promotion. It is not only politicians who are skilled at making their achievements and virtues known. Differentiating yourself by advertising your skill set and past accomplishments is fundamental to job searches, and successfully promoting the virtues of your products and services is paramount to the success of nearly all commercial businesses.

It stands to reason, that the same general practices should be embraced by financial institutions wanting to differentiate their brand. Yet, too often it seems like a good opportunity missed. As noted by Mark Twain, “I was seldom able to see an opportunity until it had ceased to be one.”

The Need to Differentiate

PwC in their Industry Perspectives publication entitled 2015 Retail Banking Trends stated, “...we foresee the acceleration of a trend that’s been under way since the end of the financial crisis: the increased commoditization of retail banking products. This new reality is putting pressure on banks to distinguish themselves in an intensely competitive, low-growth, low-margin environment.”ⁱ

Service Differentiation, Not Product!

Financial institutions generally agree that their products are similar to competitors’ offerings, and go on to state that they intend to differentiate on “service.” If this is really the case, then the logical next step is to effectively “advertise” or promote the

initiatives they have undertaken to improve their service level to customers. But why is this opportunity often missed? Good question!

Opportunities, Often Overlooked

Glory has been selling technologies that improve branch service levels for many years. Some of those technologies like our self-serve lobby coin counter bring convenience to your clientele while also filling a needed service. Yet we only see any messaging about “This is a free (or low cost) service to our customers (or members), which we are happy to provide!” once in a while.

Glory also is the recognized market leader for teller-assist automation by virtue of our successes with in-branch teller cash dispensers and cash recyclers. These devices benefit customers in several ways. They make branch cash secure so that staff can serve clients in a more open environment. They make the branch environment safer for both clients and staff, and they also make cash-in and out transactions more accurate and efficient.

Faster processing and eliminating the need for redundant counting of cash mean improved service and shorter wait times for clients.

For those that have implemented these types of technologies, why not promote these things? Customers want efficient service, shorter wait times, a safer place to do their banking, and alert, attentive staff.

According to a July 2014 whitepaper published by IDC, approximately 52.5% of customers who were dissatisfied with their branch listed “Too slow” or “Inattentive staff” as the reasons for their dissatisfaction.ⁱⁱ Quoting from this same whitepaper, “This shows the necessity of cash automation – making use of automated teller safes, cash recyclers, and cash management solutions – to reduce costs and allow branch staff to spend more time engaging with customers.”ⁱⁱⁱ

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As stated in the Raddon Financial Group’s CEO Strategies Group Recap, “Process improvements that enhance the consumer experience should be leveraged as a differentiator so organizations are less reliant on attractive pricing and low fees to win and retain business.”^{iv}

These are tangible deliverables that should be promoted in any case where a financial institution is trying to differentiate on “service” rather than “product.” Sometimes ‘blowing your own horn’ is the only way to accomplish this!

The Service Differentiation ‘Reward’

According to the Ritz-Carlton Leadership Center, “When your financial institution focuses on providing excellent and genuine customer service, you will differentiate yourself from your competition, improve your brand’s reputation and create customer loyalty and trust. Aren’t these long-term dividends worth your time and investment?”^v

Continuing the Conversation

If you are thinking that you may be missing an opportunity to differentiate your brand by undertaking some self-promotion around your branch technology investments, your Glory Account Manager can certainly share some ideas about how and where to begin. If you haven't already implemented these types of technologies, Glory can also help you get started on solutions that improve both branch efficiency and service level, while yielding tangible benefits that can also be marketed to differentiate your brand and separate your institution from the pack!

i Industry Perspectives: 2015 Retail Banking Trends, PwC, A. Jain and S. Shanker.

ii End-to-End Benefits of a Transformed Branch Network, IDC Financial Insights, 2014, Page 3

iii Ibid, Page 8.

iv CEO Strategies Group Recap: What Are the Key Issues Facing Financial Institutions Today?, The Raddon Report, G. Ulankiewicz, February 25, 2016.

v Customer Service Strategies for Banks, The Ritz-Carlton Leadership Center Blog, February 11, 2015

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