

How are you handling the disruption to your bank—and meeting consumer demands?

The way consumers bank has changed dramatically and it's critical for financial institutions to adjust to meet their new demands.

Four insights for FIs adjusting to disruption

Financial institutions had to quickly adjust to incredible changes brought on by COVID-19. Many are still adjusting, and will continue to adapt well into the future.

In this ebook we'll cover some of the challenges you face, our perspective on them and how we have your back so you can meet the changing demands of your customers.

The challenges:

1. Need for contactless and greater demands for digital solutions
2. Global trends impacting banking
3. How the use of cash is changing
4. The future of the branch



According to a Citizen's Bank survey of 1,091 consumers and 252 business leaders, 50% of consumers and 76% of businesses say the pandemic has changed the way they interact with their FIs—and a majority of both expect that to be permanent.

A top priority for FIs is meeting the new and growing demands for digital and contactless banking. But before you can meet the demand, you have to understand how your customers want to access your services, from digital banking to your bricks-and-mortar branches to your ATMs and ITMs.

As Forbes reported in their article, [“6 Months In: How Banks and Bankers Are Responding to COVID-19,”](#) the customer experience will continue to be front and center.

“The quality of the customer experience will continue to take priority over the transaction,” said Dino Trevisani, General Manager, Financial Services Market, IBM North America. “And the next phase will be to anticipate—not just respond to—customer needs and desires.”

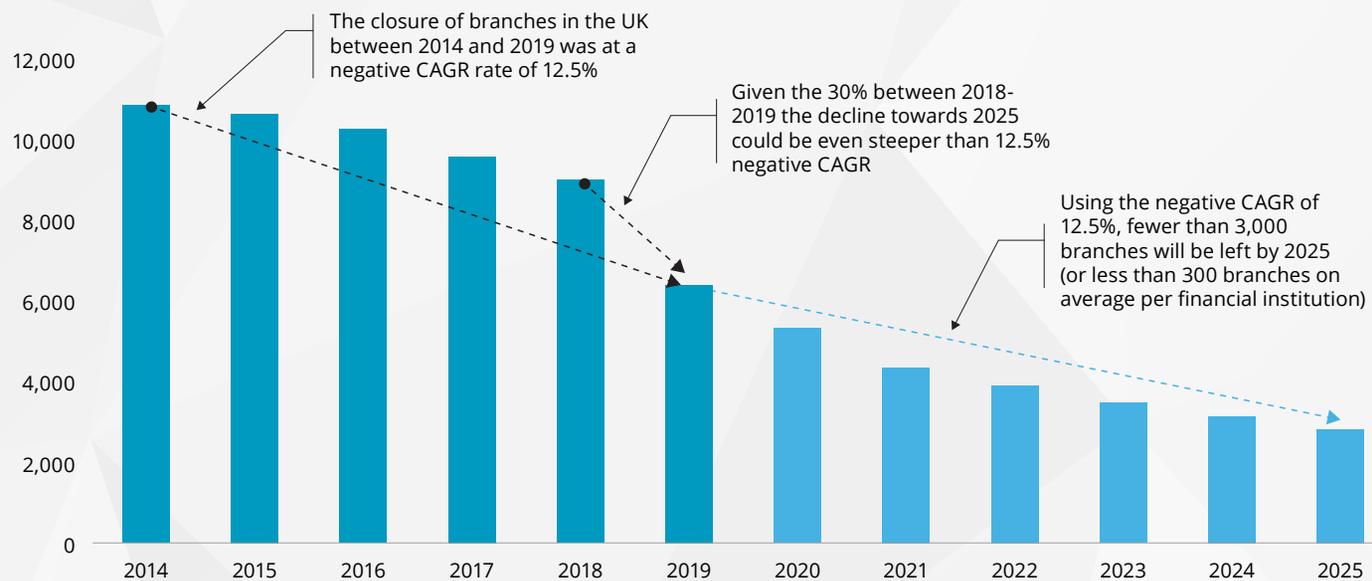




**The growing demand
for contactless and
digital solutions**

Branch closures, an accelerated pattern

UK branch closures (2014-2025)



*Source: ONS Data (2019)

Financial institutions were already steadily closing branches year-over-year, but COVID-19 accelerated that pattern with consumers and businesses preferring contactless, digital ways to bank. That meant banks around the world had to quickly adjust to meet their customer's changing and growing demands.

Digital-first, contactless ways to pay and bank

Mobile payments: Already on the rise before the pandemic, mobile payments give consumers the ability to pay using their digital wallets—and it's here to stay. Beyond meeting safety concerns, they satisfy growing demand for ease and convenience.

Digital banking: For years online and mobile banking have become a large part of how people interact with their bank to pay bills and move their money—and the pandemic only increased it. Banks have to be extra vigilant about their digital solutions working in every possible way their customers need it to now and in the future.

ATM innovations: New technologies are eliminating the need for consumers to enter their physical card into the ATM card reader. Instead, they can rely on account verification via text message or by using a banking app or other mobile payment app on their mobile device.

Video banking: It's become a bit of a running joke that if you invested in Zoom before the pandemic you were lucky—video has become a chief way people are coping with lockdowns and social distancing, and that includes banks. FIs that had already incorporated video into their ATM machines were also fortunate. But it's now imperative for banks to adopt the technology moving forward—it's a trend that's only going to grow and eventually consumers will simply expect to have the option.





Global trends
impacting banking

The financial industry is in a precarious position with COVID-19.

Not only did banks have to make all the necessary changes for their customers' and their employees' safety, they've also been seen as a resource for dealing with the pandemic. Outside of changing consumer needs and demands impacted by COVID-19, there are four main global areas impacting the FI industry.



Political

- Geo-political tensions in the Middle East, UK, Russia, China & Saudi Arabia
- Trade disputes in Russia, Saudi Arabia, China and the U.S.
- China's secure-and-control protectionism



Social

- Digital-first consumers, growing adoption of online/mobile transactions
- Demand for contactless experiences
- Accelerating behavioral changes and heightened demand for safety protocols
- Demand for remote/assisted-based self-service



Economic

- Global economic contractions, recessions, oil price and GDP declines
- IT investment and project growth stalls
- Increased cash in circulation
- \$142 trillion dispensed from ATMs



Technology

- Accelerated demand for contactless, touchless, video-based banking
- Growth in BYPD transactions (also "transactions" was misspelled)
- Increasing authentication methods, including facial recognition, voice and palm biometrics
- 5G connectivity emerges

Increased ATM changes and trends

Pandemic disruptions also spurred new ATM innovations and fast-tracked others as FIs looked to enable contactless withdrawals and other transactions that would usually involve touching a screen.

Current ATM trends



Cash dispense



Multi-function



Cash recycling



ITM assisted service

Possible future ATM market trends

Estimated future ATM market volumes | Total Market





**How the use of
cash is changing**

The use of cash during the pandemic has been somewhat unpredictable. While some consumers don't want to touch cash and coin, others began withdrawing and hoarding it.

This unpredictability means FIs have had to track and analyze their cash operations to make sure things like the expense of extra money movements didn't impact their business.

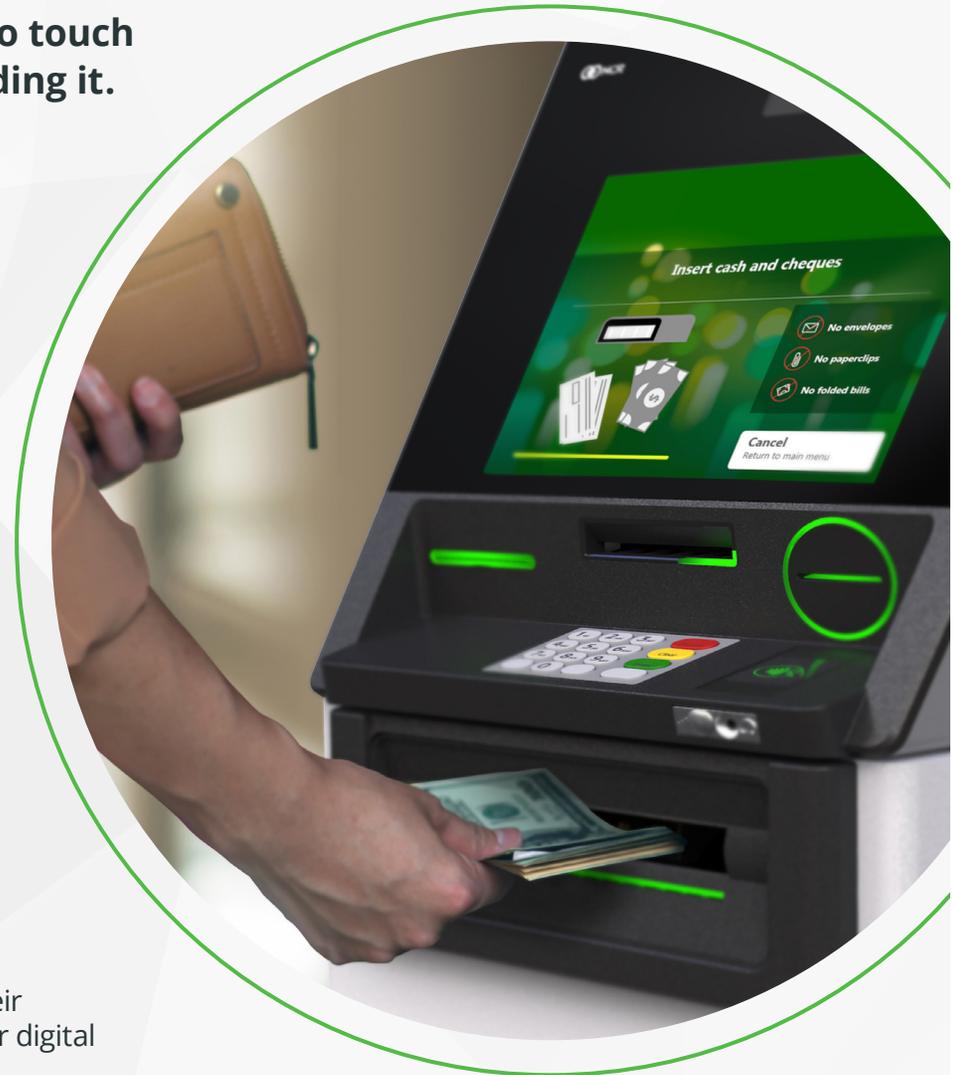
Here's a breakdown of cash use by segment:

Consumers are generally using less cash while opting for more electronic payments. What that means for FIs: Withdrawals are being made less often but with higher value. And there's been an increase in drive-up and remote services and contactless-enabled ATMs.

Businesses are shifting to digital and managing multiple payment mechanisms (mobile, cash, coin and check) with less access to branches. What that means for FIs: An increased focus on branch and ATM network transformation to give business remote access to a growing array of services.

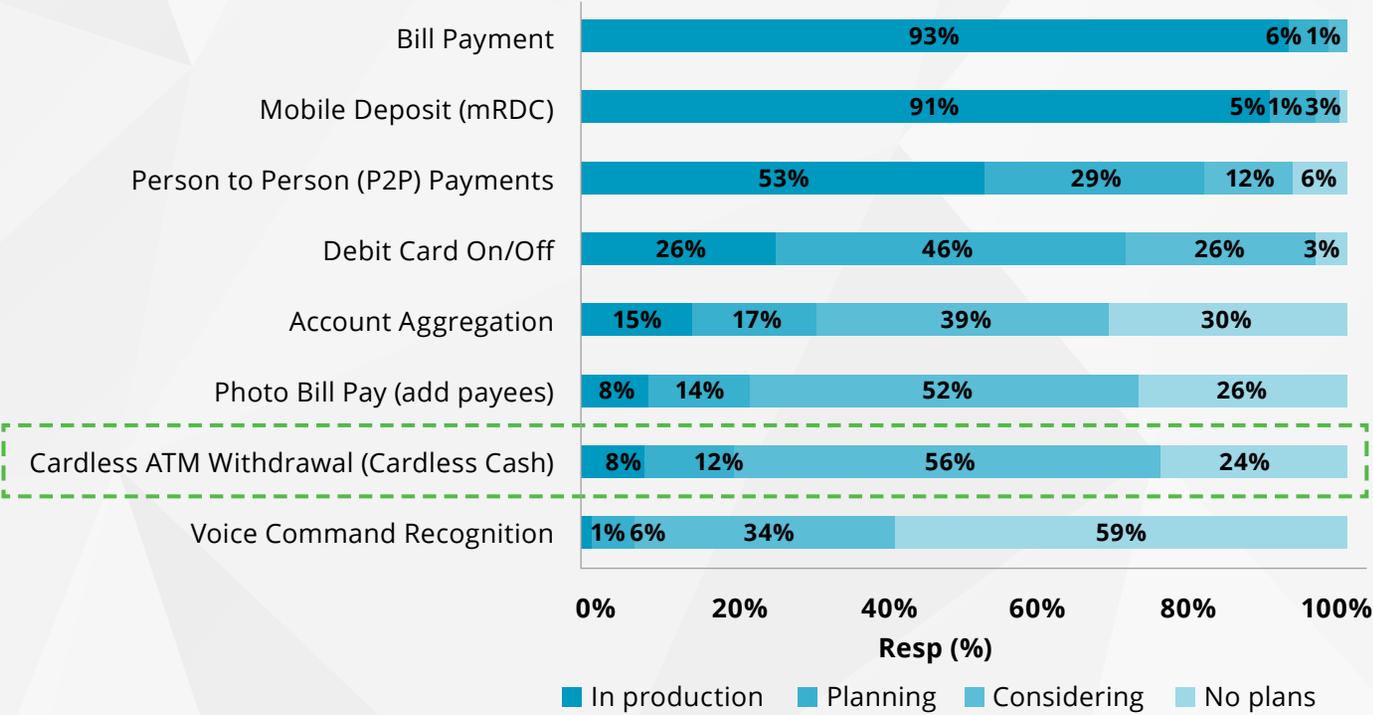
Governments responded to efforts to reduce the use of cash with a push to digital and economic intervention (cash injection) and low interest rates. How that impacted FIs: Profit margins were squeezed, regulation to protect banking services increased and branch closure policies changed.

Banks previously hadn't considered ATM channels strategic as branch infrastructure costs grew and footfall declined. But as they increased their investment in digital channels, FIs began to see ATMs as access points for digital services and reduced capital spending.



Many FIs in North America consider adding **cardless cash capability**

Mobile Transactional Capabilities Adoption



Source: Celent survey of North American financial institutions, October 2016.



**The future of
the branch**

What branches might look like **after the pandemic**

It's hard for anyone to know for certain what the financial industry will be like after the pandemic. What we do know is that COVID-19 accelerated a number of trends, including the rise of digital banking and the downgrading of the branch. For years the number of brick-and-mortar branches has been on the decline, but it doesn't mean they're going away completely; consumers still want the option of going to a physical location when needed.

Here's what's likely to trend:

- Purpose-built, smaller, more digitized branches
- The automation of routine transactions via self- & assisted-service
- Consumer experience design and reduced cost-to-serve
- Shift to advisory & sales focus
- Experiences designed for both consumers and small businesses
- Responding to emergencies with technology

Self-service at the branch will rise into the future

While your customers may not miss physically coming into your branch, they still place a high value on self-service there.

What FIs are already seeing with their ATMs:

- An increase in cash deposits and cash recycling
- Growth in non-cash self-service
- Account services for the non-digital consumer
- The use of ATM/ITM as ramp for digital to the digital enterprise

What questions to keep in mind as you transform:

- What's the best way to safely and hygienically deploy self-service for my customers?
- What are the smartest ways to ensure easy access to banking services?
- Will my self-service estate usage return to pre-COVID-19 levels in the future?



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**Let's make
change **simple****

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Cost effectively connect your customers to your tellers, anytime and anywhere

ITMs are an especially wise investment for FIs today. That's because they offer the benefit of personal, face-to-face service without requiring physical contact with a person.

In fact, ITMs have become a key business strategy for FIs looking to offer contactless ways for customers to engage.

With NCR's Interactive Teller, for instance, you can:

Migrate transactions and lower costs – Interactive Teller enables migration of routine, expensive transactions from the teller counter to the ATM channel, giving you the combined benefits of personal service, lower processing costs, faster transacting and smaller footprint branches.

Increase productivity – Live tellers are deployed instantly across multiple sites, matching customer demand for when and where live teller service is needed. This allows you to maximize workforce productivity while consistently managing the performance of your staff from a central location.

Enjoy increased sales and revenue growth – By extending your branch footprint and physical reach to engage more customers, Interactive Teller increases your opportunity to sell services and generate referrals for specialist financial reviews that can help you increase revenue.

Unlock amazing customer experience – Interactive Teller gives your customers live face-to-face interaction with tellers at the ATM, delivering a highly personalized, differentiated experience outside of normal branch hours.



Deliver personalized, digital-first experiences at every touchpoint

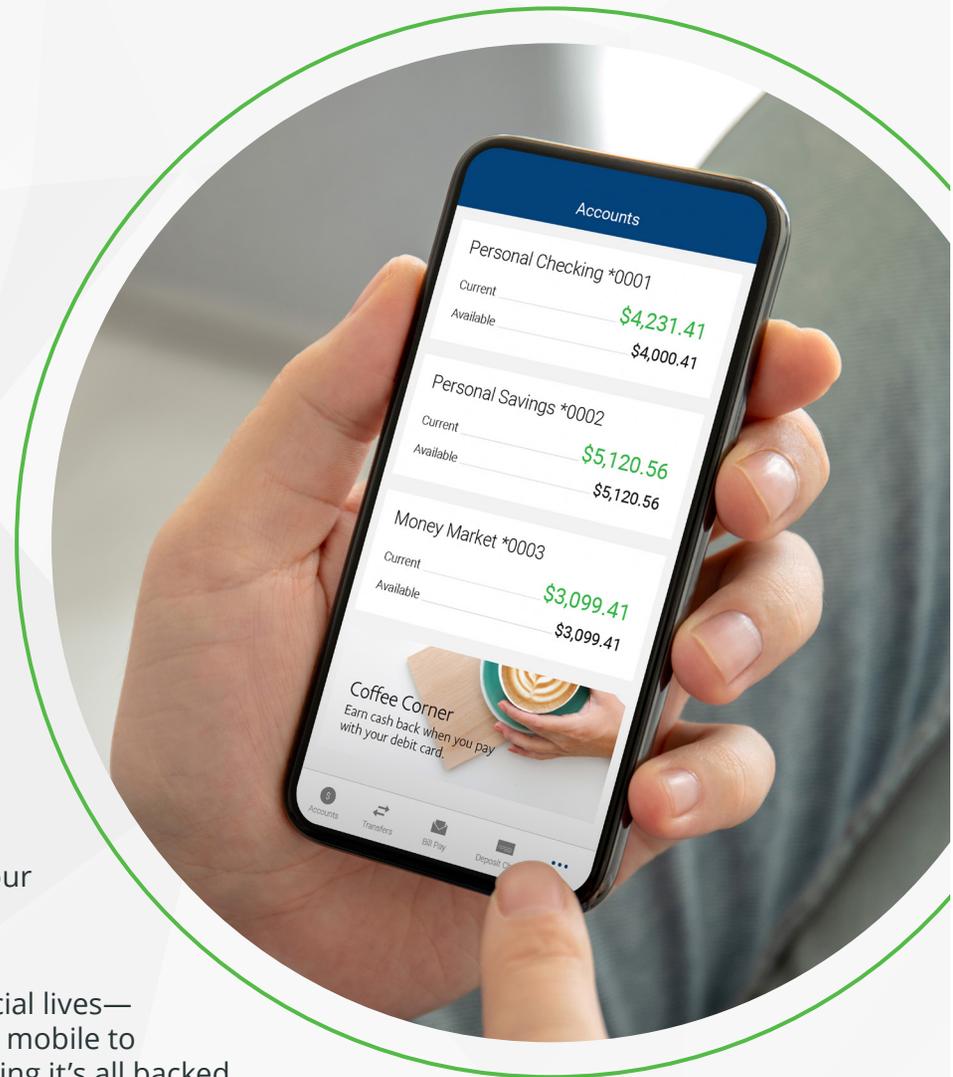
An increasing number of consumers and businesses are leaning on the digital channel to manage their financial lives. The time is now to make the most of your digital banking platform capabilities—when staying connected, providing critical updates and information and offering financial support is vital.

NCR Digital Banking provides the flexibility and scalability to accelerate digital-first experiences now, during these challenging times, and to help you better prepare for the future.

Accelerate growth – Easily open new accounts, grow deposits and drive revenue with our open, flexible platform. Use data-driven insights and complimentary marketing solutions to deliver targeted messages and offers that build loyalty and retention.

Drive innovation – Give your users the personalized service they want—how and when they want it. Control your experience and your roadmap with on-demand developer tools and support. And make your own vision a reality with our highly skilled Client Services team.

Differentiate with digital – Provide consumers and businesses the solutions they need to securely move money and manage their financial lives—all on a single platform. Extend beyond the table stakes of online and mobile to conversational and voice banking capabilities. And rest assured knowing it's all backed by our comprehensive security and fraud management practices.



**Change is simple when you're backed
by NCR. Get out in front by learning
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the ways we can help your bank at
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or call **1-800-CALL-NCR** today.**
