Video Banking:

The next chapter in a bank's digital transformation

Vidyo® Efma

Contents

Background

In Q1 2016, Efma, a not-for-profit association of 3,300 retail financial services companies in more than 130 countries, and Vidyo, a leading visual collaboration provider Vidyo conducted a series of Think Tank meetings to understand the role that video banking plays in the digital transformation of banks. Sixty-three banking professionals from 24 countries participated in the meetings.

Additional quantitative data was collected regarding attitudes toward video banking via an online survey that was conducted in Q1 2016.Respondents included 136 bankers from 52 countries. This report consolidates the outcomes of these two activities and integrates primary information gathered from Vidyo's experience in implementing video banking systems with banks around the globe.

Is Digital Transformation Jeopardizing Customer Engagement?

How important is the quality of customer engagement for the success of your business?

1% Not very important

Important

Not important at all

12%

Extremely Important

87%
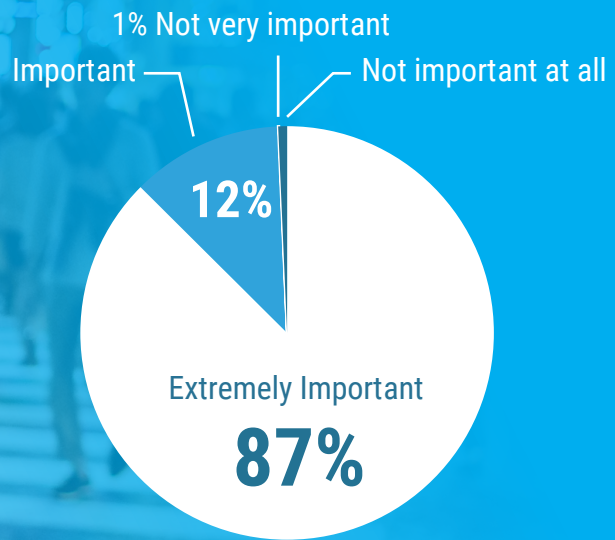
Establishing and maintaining strong relationships with customers is central to a bank's success.   According to Investopedia, a respected online resource for investing education, relationship banking enhances profitability.[1] By cross-selling a broad array of financial products and services, banks are able to strengthen their relationships with customers and increase loyalty.

As a result, excellence in customer engagement must be a priority for banks. From the sample of 136 banking professionals, 99 percent of the respondents said that the quality of customer engagement is either "Important" or "Extremely Important" to the success of their business.

In an attempt to quantify the impact of customer engagement on a bank's bottom line, Gallup Research conducted a study in 2013 with US Retail Banks and found that customers who were "fully engaged" brought to their primary bank an additional $402 in revenue per year, compared with customers who were "disengaged." Additional revenues from fully engaged customers reached $869 when clients were "mass affluent" clients.[2]

But what is happening to customer engagement right now? As financial service transactions become less personal and more virtual, how can banks maintain strong and meaningful relationships with their customers? Face-to-face relationships are increasingly being replaced by digital technologies. How can banks fully capture cross-selling opportunities with their customers if they are not able to communicate with them in-person?

The Promises of Face-to-Face Video Banking

Face-to-face video banking, when customers and bank staff engage in banking transactions or consultations through remote video collaboration sessions, seems to be an obvious solution. According to the survey, video banking is perceived as a way to enhance the customer experience when compared to more traditional banking channels. It not only enables the same kind of high-quality interaction as a branch visit, but also offers more convenience to customers, since they can make their transactions from the comfort of their homes instead of traveling to the bank. Video banking also enables new and valuable engagement opportunities, such as the ability to include people who would not be able to attend in-person meetings, like remote subject matter experts or customer family members.

The results of our survey strongly suggest that video bank solutions would be a welcome addition to existing options, with 93 percent of survey participants responding that they felt video banking would have a "Positive" or "Strongly Positive" impact on customer satisfaction.

This indication of consumer enthusiasm and high level of interest in video banking makes perfect sense considering how today's free video conferencing apps such as Google Hangouts, Skype and Facetime are being embraced by the general public as a trusted and effective means of communication. The time is now for the widespread adoption of video banking.

Banking Channels	Convenience for the Customer	Cost for the Bank	Customer Engagement
Branch Visit	Low	High	High
Remote Banking Web, Mobile, Phone . . .	High	Low	Low
Face-to-Face Video Banking	High	Low	High

Early Adopters Already See The Payoff

The first video banking services were launched as early as 2011, and subsequently many banks have established pilot programs or have already completed their rollout of video banking offerings.

> *"We found out that the close selling rate of a video banking meeting is similar to what we experience with physical meetings"*
>
> *Giovanni Rossi*
> *Director of Branch*
> *Network, CheBanca!*

The successful adoption of any new and different service offering by the consumer public is largely dependent on the user's perceptions of the quality of that experience. Accordingly, it is much more likely that user's experience will be positive when the video banking is available over a network that is stable, reliable and controlled from end-to-end. For this reason, most banks choose to initially offer their video services from the banks' own properties, allowing their customers to visually communicate with banking experts via the bank's proprietary corporate network. These services are usually offered either through the use of dedicated kiosks within their branches, on ATMs and ITMs, or in private meeting rooms where a bank teller can host customers and invite remote subject matter experts and/or family members to join remotely as needed.

Some of these projects have been very sucessful and led banks to be willing to expand the video offerings beyond the bank network so that their customers could access the services wherever they happened to be, over the public Internet via desktop and mobile devices. To do this, banks really needed a visual communications solution that would provide a high quality experience over variable Internet connections and would scale both easily and affordably.

As several banks have discovered, there are now innovative technologies that meet these requirements including Vidyo's VidyoWorks™ platform. Vidyo's breakthrough technology has enabled banks to significantly broaden their online and mobile video banking services, giving their patrons much more freedom of choice.

What would you expect to be the impact of customer satisfaction of implementing a high quality video banking service?

0% Negative

0% Strongly Negative

Neutral

7%

Strongly Positive
36%

Positive
57%
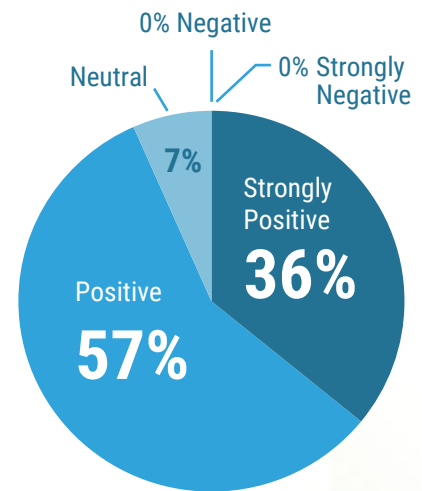
Examples of Successful Early Adopters

IndusInd Bank: Pioneering the First Face-to-Face Online Video Banking Service Across India

2015

1000
DAILY VIDEO CALLS

65%
REPEAT USAGE

One successful early adopter of online video banking is IndusInd Bank, one of the fastest growing next-generation private sector banks in India. IndusInd launched their Video Branch service in June 2014, and made it available to their customers via desktop and mobile devices.

IndusInd Bank customers are now able to connect with their branch manager, relationship manager or with a centralized video branch executive. Patrons of the bank who are not residents of India are also able to experience this personalized video banking service from outside the country.

The offering encompasses all banking services that had previously been only available via IndusInd Bank Phone Banking. Additionally, Bank customers can choose to make other kinds of financial transactions such as opting for fixed deposits or recurring deposits, or transferring funds through NEFT and RTGS.

The IndusInd Bank launch was supported by an extensive nationwide advertising campaign and the new service is now positioned as a key innovation, creating a competitive advantage for the bank. Since the launch, IndusInd had seen a massive ramp-up of the service and by mid-2015 the system was supporting 1,000 daily video calls and experiencing higher than 65 percent repeat usage.

Our Video Branch 'face-to-face' online banking customer service, powered by Vidyo, is the next frontier of banking and brings our branch managers and centralized banking services closer to our customers with highly personal interaction. VidyoWorksTM is the only solution that could deliver on the promise of high quality connectivity from any location, on any device over any network and we are pleased to offer this very high-quality, easy to use service to our customers."

Romesh Sobt
Managing Director and CEO,
IndusInd Bank

Barclays: Initiation of Face-to-Face Banking in the United Kingdom

To provide a new, secure, video-based service so that their customers could engage in banking activities wherever and whenever, Barclays Retail Bank launched its Video Anywhere service in the U.K. in December 2014.

Today, in addition to the availability of bank representatives in a growing number of Barclays branches, the 24/7 service offers customers to speak to a video banker that can be accessed via smartphone, tablet or computer at a time and place convenient to them. At Barclays, video banking has become a powerful tool in deepening relationships with Clients and Customer; allowing multiple video bankers to be in one place enabling quick and easy sharing of best practice whilst also providing workforce flexibility without the constraints of the traditional Retail Network operating times.

The Barclays Video Anywhere service, initially offered only to Barclays Premier customers, will soon be available to the broader Barclays customer base. The phased roll out over the next 6 months targeting specific customer profiles such as frequent retail network users, digitally savvy but nervous adopters and customers with accessibility requirements.

"Customers continue to demand human touch and empathy and there is significant benefit to provide not only a voice, but a face of Barclays. The majority of our customers who experienced video banking now demand that their future servicing activity takes place via a video interaction. And If I take a like-for-like servicing request via traditional telephony vs. video banking, the NPS is almost double. It has incredible value for us as an organization."

Simon Separghan
Director of Global Contact Centres
& Omni Channels of Barclays Retail Bank

Video Banking On the Way to Becoming Mainstream

2016 **10%**
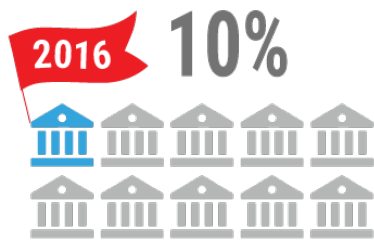
of banks have already
deployed a video banking service

2017 **50%**

plan to launch a video banking
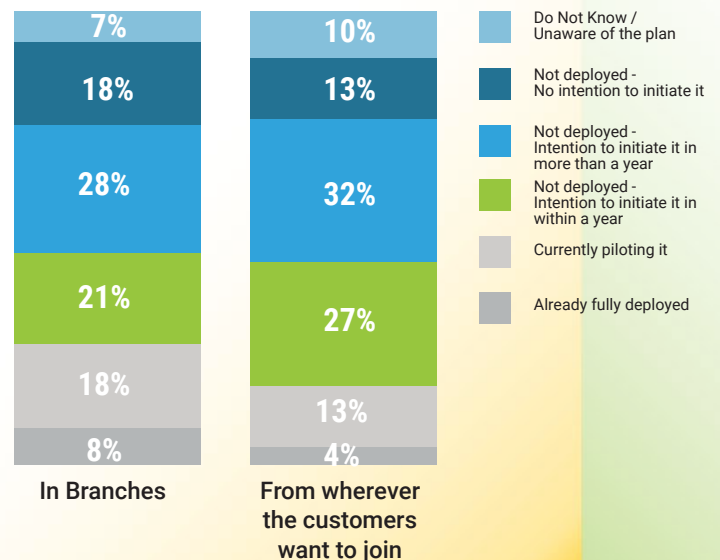service within 12 months

2018⁺ **80%**

plan to launch a video
banking service in longer term

When asked about their bank's plans for the future, (not including those who were not aware of their organization's plans for the future), 81 percent of the survey's respondents claimed that their institution had intentions to deploy or are already deploying video banking services within their branches, and 84 percent claimed they had intentions to deploy or are already deploying such services that would be accessible to customers from personal devices wherever they happened to be via desktop and mobile applications. Out of all respondents surveyed who have not already deployed or are currently piloting a video banking service and are aware of their organization's plans for the future, nearly 80 percent intend to offer video banking services to

their customers either in branch or directly to customers. With more and more banking institutions launching, piloting or seriously evaluating the option of offering video banking to their customers, the chances are high for this type of service to soon be as ubiquitous as online banking is today.

Based on data and feedback collected from the Think Tank meetings and the results from the online survey that was conducted, it is likely that in the not-too-distant future, video banking will be a common way for banking customers to engage with bank representatives to participate in a broad variety of transactions.

What is the current status of video banking deployment within your organization?

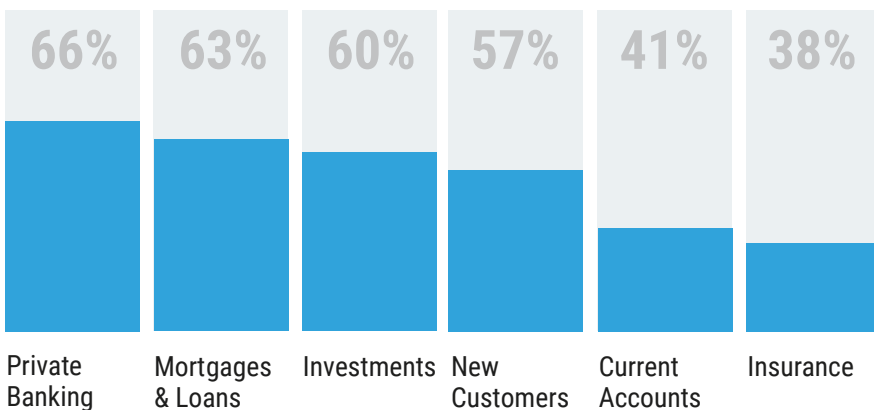| In Branches	From wherever the customers want to join	
7%	10%	Do Not Know / Unaware of the plan
18%	13%	Not deployed - No intention to initiate it
28%	32%	Not deployed - Intention to initiate it in more than a year
21%	27%	Not deployed - Intention to initiate it in within a year
18%	13%	Currently piloting it
8%	4%	Already fully deployed

Shaping a Video Banking Service

As financial institutions plan for this future of video banking, there are basic considerations that need to be resolved before implementing such services. Banks should deliberate questions such as:
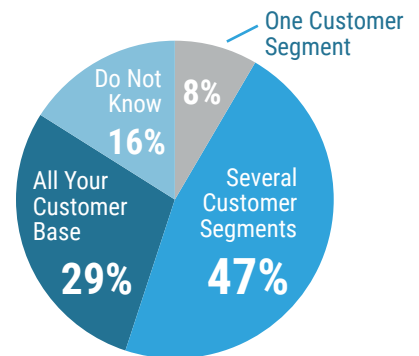
- What are the primary objectives of the video banking service?

- What type of customers would be most likely to use the service?

- Which banking services should be offered?

- How should the service be delivered?

Nearly 75 percent of survey respondents felt that video banking should be a service that is available for a broad customer based, not only to a limited customer segment. Deciding which services to offer to which customers criteria would need to be completed in the planning stages of the program.

Which services make the most sense to offer through video banking?

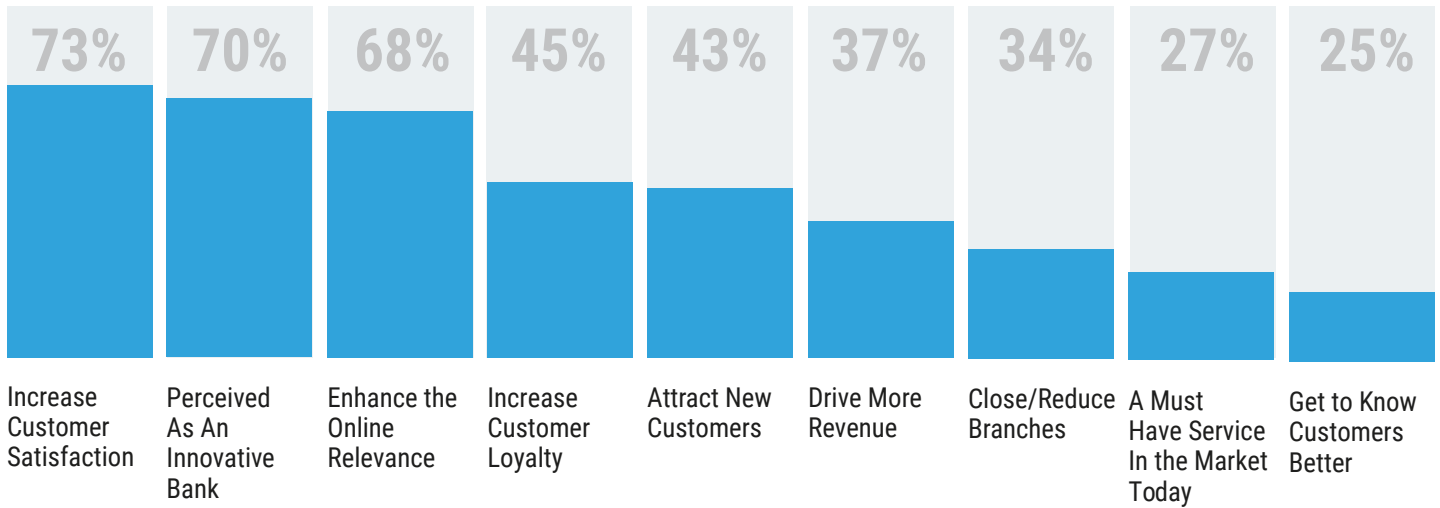| Private Banking	Mortgages & Loans	Investments	New Customers	Current Accounts	Insurance
66%	63%	60%	57%	41%	38%

Respondents indicated that complex services such as private banking, wealth management, mortgages and loans, savings and investment plans were the most important types of offerings to include as part of video banking services offered, although a significant number of bankers indicated that they would also consider using video to enable much simpler transactions and discussions ranging from introductory meetings for new customers and updates on current accounts or cards.

Respondents also identified the key motivators for offering video banking to their customers. On top of the list were increasing customer satisfaction and loyalty, building perception as an innovative bank, and enhancing the online experience.
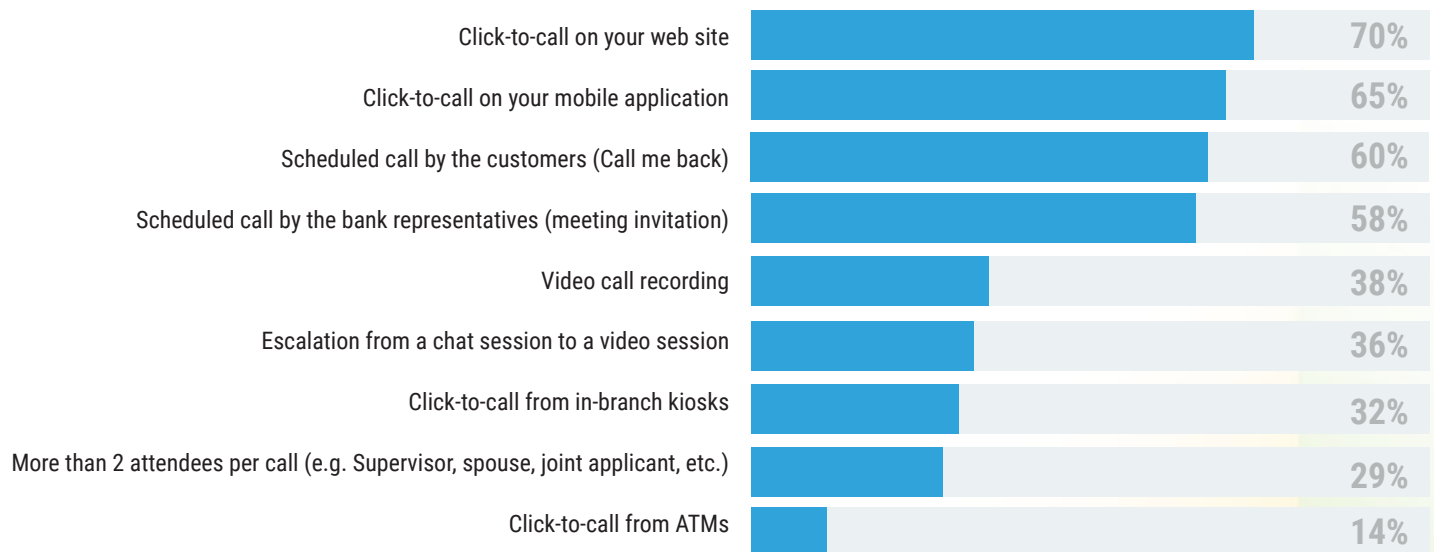
What are the main reasons for deploying a video banking service?

73%	70%	68%	45%	43%	37%	34%	27%	25%
Increase Customer Satisfaction	Perceived As An Innovative Bank	Enhance the Online Relevance	Increase Customer Loyalty	Attract New Customers	Drive More Revenue	Close/Reduce Branches	A Must Have Service In the Market Today	Get to Know Customers Better

If you are deploying a video banking service which functions are you willing to offer?

Function	Percentage
Click-to-call on your web site	70%
Click-to-call on your mobile application	65%
Scheduled call by the customers (Call me back)	60%
Scheduled call by the bank representatives (meeting invitation)	58%
Video call recording	38%
Escalation from a chat session to a video session	36%
Click-to-call from in-branch kiosks	32%
More than 2 attendees per call (e.g. Supervisor, spouse, joint applicant, etc.)	29%
Click-to-call from ATMs	14%

Successfully Implementing a Video Banking Service

When asked to identify the challenges that might be encountered during the process of deploying a video banking service, potential issues were grouped into 3 categories:

Technology Challenges

How to overcome various technology barriers to deliver a great customer experience.

Organizational Challenges

Identifying and acquiring the required resource allocations to deliver a quality video banking solution. Will the new service require the hiring or training of new staff? Can existing contact center agents deliver the service in existing workspaces?

Cultural Challenges

How do banks ensure that their existing internal teams will embrace the service? How will customer adoption be managed within the bank and be driven externally?

What are the main challenges to deploying a video banking service?

Challenge	%
Customers do not have the right tools/devices to join video calls	47%
There are security and compliance concerns	46%
It is costly to implement	43%
Customers are not willing to have remote face-to-face interactions	33%
Internet is not good enough to guarantee a good quality video experience	28%
It's difficult to integrate the video banking channel in our omnichannel strategy	24%
It is complicated to use for the customers	24%
Video technologies are not mature enough for mass B2C deployment	24%
Bank staff are reluctant to engage with customers through video technologies	23%
It creates real estate challenges in the call centre	21%
Other	1%

The most common challenges banks identified included security, compliance, cost and customer preparedness (customer access to devices ready for video) however, all of the potential obstacles identified above by survey respondents would likely be addressed and overcome with the proper mix of appropriate technology, project management and change management.

Choosing The Right Visual Communication Technologies To Deliver The Perfect Experience

When surveyed about what they considered to be a satisfactory level of "success" for a new video banking service, most respondents indicated that they believed only a very high quality of service would be acceptable. The majority expectation was that it was necessary for the service to work almost always -- at least 80 percent of the time for over 75 percent of the respondents. Indeed, technical problems and failed calls would be significant reasons for customers to form a negative impression of the bank, and the bank could risk losing customers.

Taking all of the data and feedback into account, a profile emerges of the key characteristics needed by a video banking system to meet the understandably high expectations of both banks and their customers. Attention must be focused on:

High Quality Video & Audio

The quality of free consumer video offerings is simply not good enough for a competitive bank service. Banks need to ensure that the level of video and audio fidelity they offer with their service will further a positive image of the bank. The quality of the communication must be such that it enhances interactions and understanding between customer and bank employees. The technology that supports the system must provide high quality content sharing. The bank advisor must be able to visually share the details of a mortgage plan, or a particular investment plan, etc. The visual communications must be able to allow multiple participants (family members, third-party subject experts), to join the conference without any impact on quality of the interactions.

The Ability to Access the System from Any Device

The solution needs to be flexible enough to support customers from wherever they want to initiate a call/ transaction and allow them to use communication devices they already own such as desktops, laptops, tablets and smartphones. Nearly 70 percent of banks surveyed prioritize video banking availability via mobile and desktop over in-branch or ATM availability.

Customers need to be able to use standard operating systems and web browsers with which they are already familiar. Their experience must be consistently high quality regardless of the type of device and network they choose.

Reliability

When connecting to the system via mobile and public Internet channels, the video calls need to be able to work well over non-QoS networks, including Wi-Fi or 3G/4G connections. Since the quality of such networks fluctuates and can sometimes be very low, the video banking technology needs to be able to adapt to changing conditions, sustaining high quality video interactions over low bandwidth and a high level of resiliency so that the call is not affected by "noise" such as like packet loss and jitter.

Ease Of Use

The video banking service must assume that most end-users will have a low to fair level of technical know-how. Accordingly, the user interface across all devices needs to be straight-forward and intuitive. Customers should be able to seamlessly go from other applications on their phone or computer directly to the bank video call. The service needs to install, open and function with the most minimal software download possible. Similarly, customer-bank communications need to be enabled via in-browser collaboration using a basic plug-in installation or natively with WebRTC.

Integration Capability

A video banking service must be a fully integrated component of a bank's omni-channel strategy. A customer must be able to switch seamlessly between the video channel and other channels such as telephone, online chat and more. Information that a customer receives during an interaction via one channel should be immediately available for the bank staff assisting them in other channels. The video banking solution optimally should be able to integrate with existing technology and applications that the bank already uses, such as contact center software, chat collaboration platform, online and mobile applications, etc.

Security & Compliance

Guaranteeing that customers' transactions are private and secure are of the utmost importance. Mechanisms need to be in place to authenticate users, guarantee the privacy of all the information exchanged during the calls, prevent undesired persons to join a session, and more. Additional features, such as video and audio recording, archiving or digital signature capabilities may also be required to comply with regional banking laws and restrictions.

Scalability

The bank needs to consider what a successful implementation of the service will mean: hundreds of thousands, or even millions of customers at the largest banks. The technology that supports the service must be able to scale enormously to accommodate that level of activity, while at the same time not be prohibitively expensive.

For a video banking service to be successful, what would you set as the minimum video call success rate?

(percentage of video sessions that can actually be held without technical issue)

Value	Rate
18%	100%
47%	90%
13%	80%
5%	70%
5%	60%
2%	50%
4%	40%
4%	30%
	20%
	10%
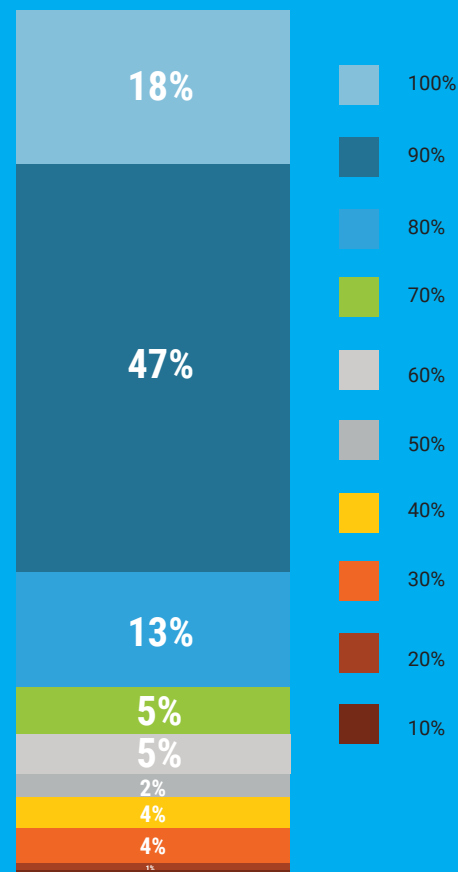
Additional Considerations

As part of the planning for a new video banking installation, there are considerations that go beyond deciding on the obvious variables such as: the most appropriate technology to use, who is the audience that is most likely to adopt the service, and what are the details of the offering.

The financial institution must determine if their existing employee culture is one that will support this change and if staff is amenable to being trained on the new aspects of their jobs. If the staff in any way does not fully understand or trust the changes, it may interfere with their ability to reflect a positive, professional image for the bank customers.

Training should include identifying the most appropriate bank agents as the "on camera" representatives and making sure they are comfortable with their ability to communicate via video. They will not only need to maintain the same professional level of appearance as "in person" agents at the bank branches, but also be prepared to help customers with some of the basic functionality of the system. They need to be trained to offer this type of assistance.

Our data indicates that some of the banks that are currently offering video banking services learned that it was important that their video agents be highly knowledgeable, confident, and comfortable on camera, vis-à-vis traditional call center agents. Unlike traditional call center agents, video contact center representatives need to maintain eye contact with the customers with whom they are communicating. This means that they cannot easily look for additional information during a call or put the conversation on hold to be able to talk to their supervisors.

It is also important to create the right environment for the agents. Attention must be paid to things such as appropriate lighting, the color of the background in front of which the agents are sitting during the video calls, background noise, etc. Ideally, the bank needs to create an environment that will enhance the visual communications. In many cases, banks that are now offering this service, have created dedicated video banking booths for their agents in order to achieve these optimal conditions.

In situations in which video banking kiosks are offered for customer use inside of a bank branch, these considerations must also apply. Public video banking kiosks within bank branches need to ensure good-quality video and audio transmissions. Kiosks must be installed in a location that allows privacy, and the bank must provide a voice headset or handset to make sure that the conversation between customer and bank representative is not audible beyond the kiosk.

Lastly, the success of the video banking service is largely dependent on the promotion of the new offering – making sure bank customers are aware of the service, creating excitement around using the service, and ensuring they learn the benefits of participation in the service. The most successful banks have invested a high level of time and money for large-scale communications outreach, to achieve mass visibility and "buzz" about the new offering.

Conclusion

Video banking is nearing an inflection point. With customers interacting with banks digitally via mobile devices, personal computers, kiosks and other form factors, a majority of banks have indicated plans to deploy video banking solutions. Banks and customers should expect video banking services to be a common offering in the not too distant future.

Video banking, however, requires the combination of specific technological components to be effective including a high resolution, high performance across endpoints and variable Internet connections, the ability to meet banks' security standards and the potential to scale rapidly and affordably.

Yet, great technology alone does not guarantee success. Banks must create a strategic go-to-market plan that incorporates not only the technology deployment itself, but also training and marketing tactics to ensure both the bank employees and the customers are ready to embrace video banking services.

When successfully deployed video banking services not only can contribute to customer engagement, they can also positively impact customer loyalty and the public's perception of the bank as an innovator.

Currently, solutions exist that have been tested and deployed with great success by large and small banks globally. Selecting the right technology partner with a solid track record of successfully bringing video-enabled services to market will significantly bolster the ease of deployment and ensure a high level of customer acceptance. Vidyo powers video banking services for several Efma member organizations, the tools to succeed are available to today, look no further than Vidyo.

Millions of users around the world visually connect every day with Vidyo's secure, scalable technology and cloud-based services. Vidyo offers video collaboration solutions for companies that require the highest quality video interaction available. Recognized with over 110 patents, the company's software platform and APIs are used by enterprise customers, service providers, and ecosystem partners to create innovative HD quality video-enabled applications embedded into workflows and emerging IoT devices.

For more information: www.vidyo.com

As a global not-for-profit organisation, Efma brings together more than 3,300 retail financial services companies from over 130 countries. With a membership base consisting of almost a third of all large retail banks worldwide, Efma has proven to be a valuable resource for the global industry, offering members exclusive access to a multitude of resources, databases, studies, articles, news feeds and publications. Efma also provides numerous networking opportunities through working groups, webinars and international meetings. True to its vocation, Efma has recently developed an Innovation portal which aims to identify and award the most innovative projects in the retail financial services arena.

For more information: www.efma.com

Resources

[1] **Relationship Banking Definition | Investopedia**
http://www.investopedia.com/terms/r/relationship-banking.asp#ixzz435dGNRyh

[2] **Gallup Research, The Financial and Emotional Benefits of Fully Engaged Bank Customers, 2013**
http://www.gallup.com/opinion/gallup/173255/financial-emotional-benefits-fully-engaged-bank-customers.aspx