

New banking experience

A close look at the changing face of consumer banking and why banks now think more like retailers

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Remember a few years back when they said that the bank branch was dead? Well, it turns out they were wide of the mark. Internet and mobile banking may have grown and evolved, but the branch is holding its own in the multichannel mix -- though its role is changing rapidly.

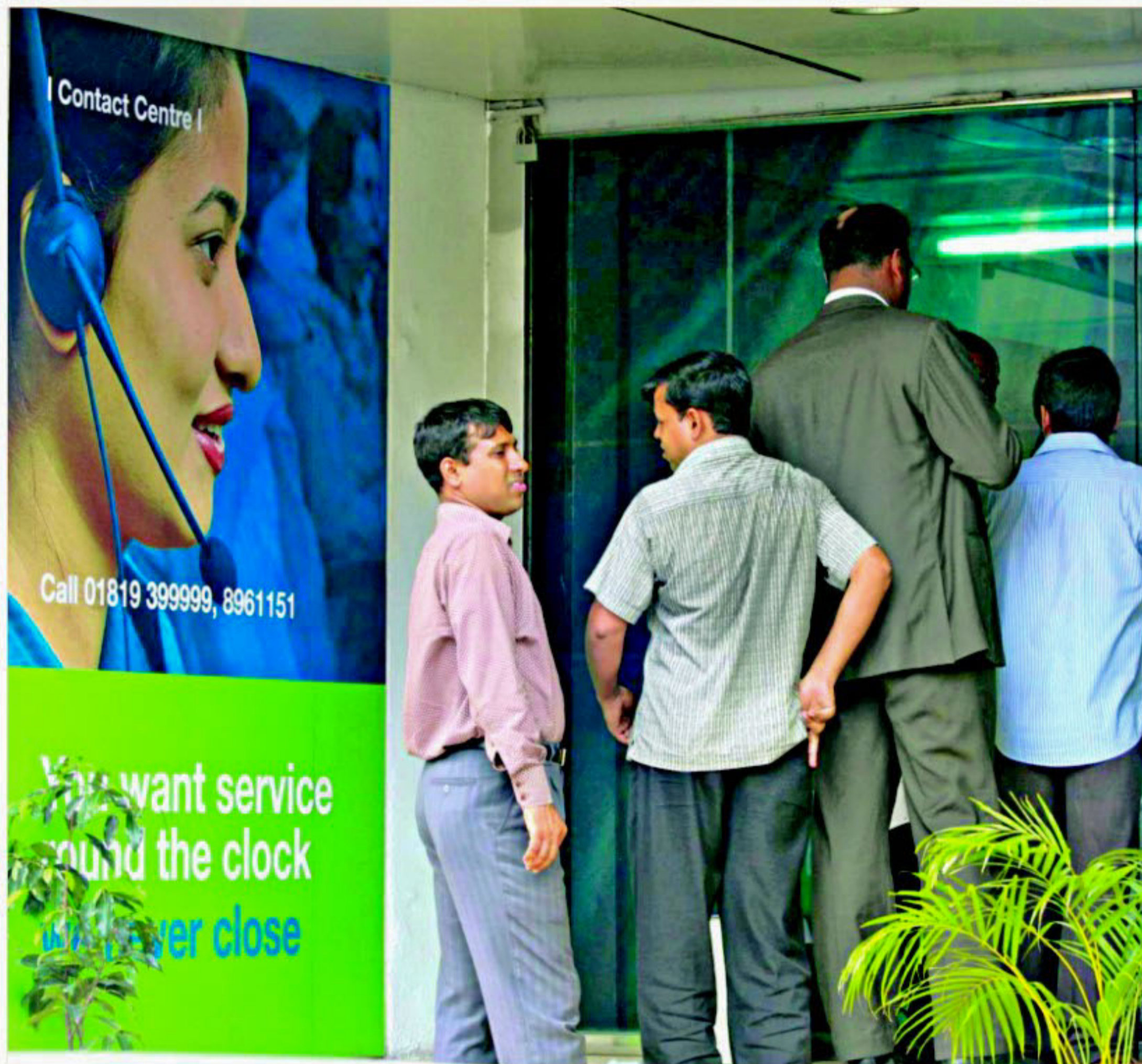
Unlike yesteryear, customers don't need to come to the bank for routine transactions. Internet, mobile, ATMs and phone banking can take care of most basic banking needs. This has allowed bank branches to focus more on giving customer advice and selling a wider range of products.

To achieve this refined role and remain relevant to customers, banks are having to think more like retailers. This means, making branches much more inviting and tailoring services to customers' needs. It is not just about eye-catching features and smart technology; it is about transforming the entire experience of banking, right from welcoming people with a warm smile.

These days don't be surprised if your local branch looks more like a Starbucks coffee shop and is open late in the evening and over the weekend to suit you. In future, there will be fewer one-size-fits-all type of branches. Being customer focused, whether you are a bank or a retailer, means that you have to adapt to what your customers want, when they want it and how they want it.

At Standard Chartered, we're turning the concept of the traditional branch on its head, starting this year in Singapore, Hong Kong, Korea, Malaysia, Indonesia, Bangladesh and China. In the next generation branches that we have started to roll out across our footprint there, are no barriers between the customer and us. The shop front is open, the interior sleek and brightly lit. With Wi-Fi throughout, staff use laptops to serve customers at any desk. Touch screens let customers browse and email brochures to themselves. They can even use video conferencing to consult with specialists who may not be available at the branch. Meanwhile, automated check-in systems and comfortable waiting areas mean customers avoid the hassle of queuing.

Our customers helped us design this new branch experience. We set up a mock branch in a lab environment in Singapore and invited customers to test it. Based on their feedback, we made changes to the design and features before rolling them out into live branches. And we are not stopping there. Staff are cur-



Customers queue in front of an Standard Chartered ATM booth in Dhaka.

means that banks need to integrate customer experience across channels, not focus on investing in one above the other.

Basic banking needs have not changed: people still have to pay for goods and services, to save and invest, to buy homes and grow their wealth. We know that people bank because they need to. What we must focus on is making the experience simple and convenient -- whether through the branch, at the ATM, on the internet or by mobile phone -- so that customers can get on with living their lives. Banks are doing this not only by making services available through all channels, but fundamentally by thinking very differently about the customer. The way we see it, banks need to work at fitting into people's lives, not making them fit into ours.

Everywhere, all the time, technology is opening up new ways for banks to reach customers and enhance their experience. Mobile phone banking is one area witnessing rapid change, spurred by expanding 3G networks and smartphone technology.

Breeze, Standard Chartered's rich mobile banking app, lets customers bank on the go, right down to issuing e-cheques from their iPhones or iPads. Already, millions of customers around the world use phones to access mobile banking platforms at a time and place to suit them. In Africa, particular mobile technology is helping millions of people to access banking for the first time.

At Standard Chartered, as we expand our retail banking services, we will put the customer first, not become blinded by the pace of technological change, nor prioritise speed-to-market above security and service quality. At the end of the day, banking is about enabling customers to achieve their ambitions; it's about helping them to protect and grow their wealth and enhance their lifestyles. While channels of delivery will change, trust between the bank and the customer will remain pivotal.

As for the branch, we see it changing and adapting to customer needs and preferences but we do not see it going away. Despite predictions, the television did not make cinema redundant because cinema offered an experience television could not. Likewise, online and mobile banking will not make branches redundant as long as branches offer customers an experience and a benefit that no other channel can.

The writer is the group head of distribution channels at Standard Chartered Bank.

rently piloting iPads and hand-held devices for servicing and presenting information to customers.

Meanwhile we're also looking at ways of using more digital signage and posters in our branches, to improve communication and protect the environment. We are even trailing signature scents and music, a feature successfully deployed by big names such as Nike and Wal-Mart to improve the customer experience.

Why are we doing this? Against expectation in some quarters in the late 1990s, the branch remains vital in the channel mix. International research by Accenture has suggested that the branch is still the favoured channel for customer interaction, the dominant sales channel for more complex products and the most effective channel for acquiring new customers. Also, trust has taken

a completely new meaning in banking relationships since the global financial crisis. More and more customers prefer to see a physical manifestation of the brand that they are dealing with. Our own experience across Asia, Africa and the Middle East strongly supports this.

Technology will evolve and new ways of banking will keep emerging. Meanwhile, questions continue to be asked about which delivery channels will prevail. The answer is that all channels will. What is changing is that more customers will interact with banks seamlessly across multiple channels to fulfill their financial needs. A homebuyer wanting to take out a mortgage, for example, may research options online, get details over the phone or through web chat and then walk into the branch to buy the product. This

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Iraqi city sees hotel boom as pilgrims proliferate

AFP, Najaf, Iraq

The holy Shiite city of Najaf in central Iraq, home to the shrine of a revered cleric, is in the midst of a hotel building boom in a bid to dramatically ramp up the number of visiting pilgrims.

While thousands of mostly Iranian religious tourists already pass through Najaf every day on what are marketed as nine-day tours of Iraq's holy Shiite sites, hoteliers and business groups in the city expect hotel capacity, currently at breaking point, to double in the next three years.

"Even if we multiplied the number of hotels in Najaf by 10 times, it would not be enough!" said Farhan Shibli, who already owns two hotels in the city and is building another.

"It is a great opportunity for investors, a golden chance -- these two cities, Najaf and Karbala, are ripe for investment in hotels," he added, referring to another holy Shiite shrine city close to Najaf.

The chamber of commerce in Najaf, about 150 kilometres (90 miles) south of Baghdad, estimates about 3,500 pilgrims arrive every day in the city of just 500,000 inhabitants, the vast majority of them from neighbouring Iran.

The tourists are mostly on package tours where they spend three days in Najaf principally to visit the shrine of Imam Ali, a seventh century Muslim leader, and three days in Karbala and Baghdad respectively.

Karbala, which has a population of 630,000, is the home to shrines to Imam Hussein and Imam Abbas, also revered among Shiites, while Baghdad houses a mausoleum to another such cleric, Imam Kadhim.

The tour groups typically also make a day trip to Samarra, north of the capital, to visit the gold-domed Askari shrine there.

But Najaf's 130 or so registered



Iraqi construction workers build the new Culture Palace in the central Iraqi holy city of Najaf.

hotels are barely able to deal with the influx, to the point where 40-odd sub-standard establishments take in pilgrims, according to the chamber of commerce.

"How many tourists come to Najaf depends on hotel capacity," said Zuheir Sharba, chairman of the chamber of commerce.

"If there are more rooms, more people will come. The problem is there is no additional capacity right now."

Sharba added: "Lots of hotels have rooms with four or five beds, but pilgrims who come don't seem to care. They just want a place to sleep for the

night." Shibli concurs, noting that religious tourists will pay money just to sleep in his hotels' lobbies, while others will cram several people into individual rooms.

"They just want to use the toilet, have a shower, and visit the shrine," he said.

As a result, the Najaf provincial council began giving out permits for new hotel construction two years ago, and hotel capacity is expected to double in the next three years.

Among the new buildings will be around 10 four-star complexes, though

the provincial council, in a nod to local religious sensitivities, has barred any of them from having a bar or a swimming pool.

At the moment, Najaf has just one four-star hotel, the Qasr Dur, around the corner from the Imam Ali shrine. Its manager welcomed the upcoming competition, and said it would be better for his business.

"As more four-star and five-star hotels come to Najaf, if anything, our prices could go up," said Salman al-Khatat, arguing that more up-market hotels would help build a bigger customer base.

"At the moment, many many people don't even come to Najaf because there are no four-star or five-star hotels."

Prices at the Qasr Dur start at \$115 a night for a double room, and rise to \$250 each night for a suite. By contrast, Shibli's Dhulfiqar hotel charges \$70 per night.

Most of Shibli's business, however, comes in the form of long-term deals with Iranian tour groups -- of his 60 rooms, 50 are contracted out at a rate of \$28 per bed per night.

Sharba from the chamber of commerce estimated at least 80 of Najaf's 130 hotels have similar arrangements.

The current system is a far cry from tourism in Najaf during the rule of dictator Saddam Hussein, Shibli said.

While his family has owned the Dhulfiqar, named after Imam Ali's twin-pronged sword, since 1985, he said that by the time Saddam was ousted by a US-led invasion in 2003, there were around 30 hotels in the city.

But hotels have proliferated in line with an increase in tourism, which directly and indirectly accounts for about 70 percent of all employment in Najaf, Sharba said.

Whereas in 2001, fewer than 300,000 tourists visited Iraq, that number increased more than five-fold to 1.52 million last year, according to tourism ministry spokesman Abdul Zahra al-Talalani.

Talalani said the ministry expects that figure to rise as much as 30 percent this year to approach two million.

"It's the main source of income for Najaf and Karbala, and jobs in hotels, restaurants, tourist transport, all of this has improved the economic situation in those cities, as well as surrounding towns and villages.

"Religious tourism to Najaf and Karbala," Talalani added, "forms the backbone of all tourism in this country."

Lots of hotels have rooms with four or five beds, but pilgrims who come don't seem to care. They just want a place to sleep for the night. Shibli concurs, noting that religious tourists will pay money just to sleep in his hotels' lobbies, while others will cram several people into individual rooms