



**The Introduction of RFID Technology into the
Branch Environment:
Tailoring the Customer Experience**

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“Society’s shift to an Experience Economy creates a need for a more personal connection between the consumer and service provider. RFID offers great potential to further develop and heighten these relationships.”

- Jim Kueneke, Senior Vice President of Retail, NewGround

Executive Overview

RFID technology is the newest innovation to revolutionize the customer experience within the financial services environment. The competition among financial institutions to acquire and hold onto a larger share of the market has grown fierce in today’s economy. Pricing alone won’t lay the competition to rest. Instead, the great market differentiator has become the customer experience.

According to the research study, The Relationship Experience, conducted by the BAI and NewGround, 46% of respondents say there will be significant changes in banking to come — including more competition and an increased focus on customer relationships.

Experts believe that financial institutions will need to focus more on retail practices and less on banking transactions to increase market share. More than half of respondents to the BAI study (55%) say that branches in the future will be more dynamic and multi-sensory in order to promote stronger customer ties and raise the game of relationship banking.

RFID technology is one of the dynamic features financial institutions have begun to adapt and integrate into their facilities to create an environment that supports this type of customer experience. Although RFID technology has been widely used in the retail industry for inventory management purposes, its use in retail marketing is relatively new. New techniques and applications are being explored by financial institutions to enhance the banking experience through this innovative tool.

Drawing on the technology expertise and insights of NewGround, this white paper will examine how RFID technology improves the customer experience. It discusses how financial institutions have begun to incorporate RFID into facilities and future applications of the technology. Finally, the white paper concludes with best practices for integrating and developing RFID technology into your own branches.

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What is RFID?

Radio Frequency Identification (RFID) is an automatic identification method that relies on storing and remotely retrieving data using devices called RFID tags or transponders. It is basically a technology that uses radio waves to automatically identify individual items. A typical RFID system contains three components: an RFID tag, and RFID reader, and a computer network.

An RFID tag (or chip) is a microchip with a coiled antenna that can be applied to or incorporated into a product for the purpose of identification using radio waves. RFID tags come in three general varieties: passive, active, or semi passive (also known as battery-assisted). Passive tags require no internal power source, thus being pure passive devices (they are only active when a reader is nearby to power them), whereas semi-passive and active tags require a power source, usually a small battery.

A reader is a device that interprets the tag data. As tags pass through the low-power radio waves emitted by the reader, the information on a tag is decoded and transmitted to a host computer system or network where the customer or product information is available for analysis or further processing.

RFID technology has seen much success in the retail industry when used for inventory management purposes. This type of application is used to track inventory and alert management to stock depletion.

Most people are also familiar with the use of RFID technology for convenience purposes through such applications as Mobil's SpeedPass™ for paying at the pump, or the increasingly common

'contactless' credit cards from MasterCard® (PayPass®), Visa (payWave) and American Express® (ExpressPay).

But how will RFID benefit financial institutions? In today's experience economy a financial institution's goal is not to move customers in and out of the branch as quickly as possible, but instead to create a customized experience that will make the customer want to linger, browse and learn more about products and services. It's this very initiative that RFID supports.



Why RFID for the Financial Industry?

According to NewGround, RFID technology is breaking open a higher quality of sales and service in the financial industry. It provides a more personal and engaging customer experience.

Early adopters of RFID are commonly using the technology within their financial centers for customer recognition and tracking. For this purpose, RFID tags are embedded in credit or debit cards. As a customer enters a facility, the reader recognizes the customer and triggers a notice on a financial representative's computer screen, alerting them to the customer and possible ways to tailor their sales and service based on the customer's profile. Using this technique, employees are able to greet customers by name, and have immediate access to the latest information on the customer's relationship with the financial institution and learn more about their financial needs.

For instance, the RFID tag could trigger a customer profile showing the customer is near retirement age. The financial representative would then inquire if the customer has thought about CDs, trusts, or investments. Or, if the profile showed that a customer's pending loan application has just been approved, the employee could invite the customer to sign the final paperwork while they're in the branch that day, and inquire if they have any interest in home-owners insurance.

It also prompts employees to give extra attention to high-value customers. Experts believe that by positioning RFID-enabled cards as VIP cards that offer special services, banks can readily entice customers to carry them in their wallets. In fact, research firm Gartner calls RFID technology "the most convenient of several technologies that

can help ensure that bank staff is aware when a particular customer enters the bank's premises."

In addition to this approach, digital signage is now working in combination with RFID technology to target customer segmentations to deliver more targeted and personalized communications. Typically with this application, the RFID tag is embedded in a brochure located in or near a retail center within the facility. As a customer picks up a brochure the tag triggers specific product or service messaging to play on a nearby digital screen accordingly.

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-Jim Kueneke, Senior Vice President of Retail, NewGround

Experts believe that the true power of digital signage is its ability to deliver high-impact, relevant messages to targeted audiences when it counts, and that these developments represent a new era in marketing — one that is characterized by one-on-one and real-time messages that come together to deliver a unique customer experience.

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“RFID technology has the capability to allow the financial industry to customize the banking experience to be so completely in tune with the individual’s needs that it could transform the banking process as we know it today,” says Jim Kueneker, Senior Vice President of Retail, NewGround.

For example, Accenture has developed a “next generation” branch in France where RFID chips play a central role. Beyond the identification aspect of cards where the digital display welcomes the customer and triggers the account manager to respond, lies the Holy Grail: cross-selling and up-selling the most appropriate products and services to branch visitors. What customers do in-store can be automatically transmitted to staff and allow

them to offer more personal service, as well as financial advice and recommendations. For instance, when a customer picks up a brochure about auto loans, loan officers would be alerted to the customer’s interest in this particular product.

Umpqua Bank is also driving this innovation with branches referred to as Community Centers. “Discover Walls” in each store deliver hourly multi-screen video presentations. When a visitor picks up a brochure or touches an item, relevant information about that product can instantly be displayed on the Discover Wall, e.g. when a customer picks up a mortgage brochure or touches a toy house, a screen on the wall will begin showing a video detailing average neighborhood home prices and local realtors.

FUTURE APPLICATIONS OF RFID

The adaptation of RFID by the financial industry has just begun, but already more innovative RFID applications are being created to heighten the customer relationship.

Some observers believe that the next step for financial institutions is to bypass the traditional card format altogether and embed the RFID chip in a mobile phone, like Sumitomo Mitsui Bank’s customers who can access the bank’s ATMs by holding a cell phone equipped with an RFID chip near the ATM, then use a PIN to get to their accounts.

In the United States, North Carolina-based Source Technologies offers financial institutions their RFID-enabled 7-Series Kiosk that performs functions such as cash acceptance, cash and card dispensing, imaging capabilities for check deposit, check printing, and more.

A financial institution in England is conducting a pilot program where they’ve put an RFID tag in a card that registers the customer as they enter the branch, and triggers a camera to photograph them. This is a security step that permits the branch employees to check their identity against a known picture of the customer that is stored in their core data processing system.

And finally, accessories embedded with RFID chips may become the new fashion trend. Case in point: the JCB Credit Card Casio Watch in Japan enables customers to pay for retail items by waving their watch at the register.

The possibilities are endless for ways to leverage RFID technology. As the technology becomes more widely accepted, expect to see more unique adaptations of RFID.

How to Begin with RFID?

Financial institutions can follow some simple steps to begin incorporating RFID technology into their operations. To begin with, financial institutions should find the right partner that will work with a financial institution to determine the right combination of strategic planning, hardware, software, and training that they will need to accomplish their business goals.

Partner With A Reliable Vendor

The first step in incorporating RFID Technology into your financial institution is to partner with a vendor that has the technical capabilities to provide and install RFID; but you also need to look for a partner that can, like you, see the whole picture, including how RFID will affect your branch environment, staff and customers. It is critical to partner with an experienced vendor to sharpen the usage of RFID with your marketing strategies for specific branch locations.

Partnering with a vendor who has a background in creating retail experiences will give you a leg up on the competition and help smooth the transition process. Every project has its trials and mishaps, but partnering with someone who understands what your ultimate goal is ensures a satisfactory installation.

Strategic Planning

“RFID Technology needs to be incorporated into your strategic business plan for your organization. Cost is not the only factor that needs to be addressed. RFID technology factors into your design plan, branch layout and fixture allocation,” says Kueneke.

Financial institutions need to take into consideration the “where’s” and “how’s” of RFID technology. How

will it enhance the customer experience within your branch? What type of application will you use?

Organizations also need to factor in how RFID technology will work with your staff, brand, and marketing. It's important to see the whole picture when planning your RFID program. Incorporating RFID technology into your facilities doesn't have to be complicated or costly, but organizations should strategize ways in which to use it to maximize it to its full sales potential within your branches.

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Train Employees How to Use

Train employees on the features and benefits of RFID Technology. Staff must be informed on how this sales tool will work and its purpose in the branch environment. Your employees must also know how to take advantage of the RFID technology to cross-sell. When an employee is alerted to a customer entering a facility, or a customer showing interest in a targeted message on digital signage, they need to know how to approach customers. Staff should be introduced to sales techniques and strategies that incorporate RFID technology.

Conclusion: RFID Tailors Individual Customer Experience

Financial institutions are distinguished in today's marketplace, not by pricing or rates, but by the experience they provide customers. It is the great differentiator in today's Experience Economy. RFID provides a competitive advantage to financial institutions within this landscape. It's heightening the sales and service levels at financial centers, through personal and tailored attention to the individual's specific needs and desires. RFID is customization of the customer experience at its highest level.

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About NewGround

NewGround is in the business of helping financial institutions grow. As a full-service design and implementation company, we build success through a comprehensive service set we call "The Core" – integrating Brand, Consult, Design, Retail, Build, and Culture. As industry thought leaders, our revolutionary approach is powered by *breakthrough* Ideas. As industry innovators, our head-turning experiences wow customers inside a *breakthrough* Space. Put the two together, and the result is *breakthrough* Growth for our clients' brands, market share, and bottom line.

The company's operational headquarters are in St. Louis, MO, with principal offices in Chicago, IL; San Francisco, CA; Portsmouth, NH and Toronto, Canada.

To learn more about NewGround, call 888.613.0001, or visit www.newground.com.

