

Retail Banker INTERNATIONAL

August 2011 Issue 657-658

www.retailbankerinternational.com

New dawn for Nigeria

**Wave of M&A activity heralds
returning confidence in financial sector**



- Mauritius Commercial Bank's branch transformation programme
- Interview: Citigroup's Jonathan Larsen
- China: battle for deposits intensifies
- Bank of the West kicks off major ad campaign
- Facebook: Chase tops banking sector 'likes'



Analysis • Insight • Intelligence

MCB on to a winner with store strategy

The ROI of alternative distribution channels may rise and rise – but the branch will remain essential. Mauritius Commercial Bank has transformed its cold, grey branches into vibrant department store-like centres. **Duygu Tavan** discusses the retail store concept with retail banking chief manager Alain Law Min

Banks are no longer just banks. They are your friends on Facebook, they are the micro-bloggers you follow on Twitter, the broadcasters whose videos you watch on YouTube. Yet, the good old branch remains a vital and entrenched channel.

It is just its look that is changing. Bank branches are no longer just bank branches either.

Banks across the world have re-adjusted their branch concepts to serve what they perceive as the most important aspect of their banking proposition.

Lloyds TSB in the UK has promoted its community banking concept and National Bank of Greece has got i-bank, an electronic banking store. Franco-Belgian bank Dexia leads with an open store concept and Bancolumbia's branch model is based on the Facebook concept of a social hub.

In Africa, it is Mauritius Commercial Bank (MCB) that has adopted a very different branch banking proposition.

Department store concept

MCB's branch design is based on the department store concept, integrating the various service areas and customer segments.

The bank, which controls 40 percent of the Mauritian banking market's deposits, regularly promotes cars or kitchens, for instance, and operates in an open-space environment.

RBI spoke to Alain Law Min, chief manager retail banking at MCB, about the changes the bank has gone through.

MCB initially began a re-organisation nine years ago, decentralising front office activities to be closer to the customer, be more proactive and, overall, be more efficient by centralising some back office tasks.

"Although the process and organisational changes brought some marked improvements, these were not very visible to the customer," Min says. "Our infrastructure was not very attractive, it was very transactional, staff were behind glass panes."

In 2007, the bank commissioned UK-based design consultancy **allen international** to transform its head office branch.

"This was very challenging since the branch was located on three floors covering 4,600 square metres," says Min.

"It took us over a year to transform the branch because we did not close it down during the refurbishment. The new branch was launched in 2007. It was and still is very innovative in terms of its new design and concepts."

Tellers were moved on the first floor and a sales area was put on the ground floor.

And the end result has exceeded his expectations, Min says.

"We had positive feedback from our customers on both the open, modern layout and improved service levels," he adds. "For me, the biggest benefit was from the increased motivation of our staff."

The branch redesign included new service standards and concepts, including a comprehensive and practical training programme for staff in order to operate more effectively in the new environment, which, *inter alia*, consisted of role plays in a refurbished branch.

The bank also introduced an express service desk for quick transactions, such as collecting credit cards or cheque books or to request a payment transfer, which helped the bank increase cross-sale opportunities.

"Customers who are served rapidly are more likely to listen to a branch advisor," says Min. "We had a low cross-sale ratio before and the redesign made a big difference."

Large promotional space

In line with the department store concept, the bank created a large promotional space, visible through the 'shop' windows, which MCB regularly uses for joint promotional activities with third-party vendors."

The bank has so far partnered with car dealers to promote discounts on car loans and leasing facilities, including Jaguar, Hyundai and Ford.

The bank also has other promotions.

"Our latest campaign related to our housing loan promotion with discount vouchers offered for Schmidt fitted kitchens and for electrical appliances," Min says.

Make me over: what MCB staff are saying

Treenah Jadoo, back-office clerk:

"Our customers are amazed to see such a change."

Riaz Deebeely, teller: "Customers are very happy and so are we."

Philippe Lalljee, branch manager:

"Staff feel much better in this work environment and, consequently, deliver a better service."

Nathaniel Nanette, customer service representative (CSR):

"It is the quality of our service that sets us apart from the competition."

Joelle Rama, CSR:

"We are now in an avant-garde professional environment. Most of our customers have asked us if they had mistaken the address because they find themselves in such a beautiful environment."

"The fitted kitchens and appliances were on display in the head office main branch and two other branches. This enabled us proactively to market our home loan offer, benefitting from the high consumer footfall in the selected branches."

MCB holds four-to-five such promotions per year in four or five branches.

So far, the bank has completed the redesign of 38 out of 40 branches, which further enhanced its brand image, Min says. The other three branch redesigns are expected to be finished within the next three months.

"We regularly review the branch formats and our branch," he says. "In this respect, we will be moving two of our existing branches to shopping malls in the near future. In anticipation of these two move-

ments, we kept the level of investment to a strict minimum.”

Another new concept is what Min calls ‘active waiting’: the new open space exposes waiting customers to posters, brochures or digital screens as well as branch greeters and advisers who approach them to propose new services or products.

“The new open environment has created

a dramatic change for our customer advisers, they now interact more proactively with customers.”

Min says, as part of the ongoing branch development, the bank will extend its dedicated lounge areas for premium and business customers to selected branches.

The bank has already converted three of its branches into kiosks focusing on sales, dedi-

cated a newly opened branch at Ebene (a city with a high proportion of financial and IT professionals) to the premium market.

It is also in the process of converting a university branch to cater for the 18-25 year old segment, as well as providing dedicated lounge areas for the premium segments in at least five main branches for their full-service banking, Min says. ■

Spot the difference: MCB branches before the transformation and afterwards

