



## The Robot Hotel

by [Steve Brown](#)

There is a hotel that just opened in Japan called the Henn Na, or "Strange" Hotel. Maybe that is because it is "manned" almost entirely by robots. As you check in, the English-speaking receptionist is a dinosaur with raptor talons and frightening T-rex teeth, although it is also nattily attired in a bellman's cap and a bow tie. Meanwhile, automated carts wheel your bag to your room and will also bring you room service food. The use of robots has required changes in some normal hotel practices as well though, so face recognition technology is used to enter rooms as it was found that robots are no good at replacing lost keys. This hotel concept was designed to save on employee costs in a country with a shrinking workforce. The trend is beginning to roll out to Japanese banks as well. Japan's biggest bank, Mitsubishi UFJ Financial Group, has robots that roam the lobby, politely asking customers in any of 19 languages which services they would like. SoftBank, as well, is experimenting with robots in the branch and they hope to have them fully functional by the 2020 Olympics.

For most community banks, the idea of robots wandering the branches may seem a bit nuts, but things are changing. Consider how the rapid migration of customer preferences to electronic channels has created challenges and led to changes all over. Banks now must continually review which services to offer and how to go about offering them just to keep up. This process has also called into question the size and scope of the branch network. Some say branches are dead while others say that people still need face-to-face help for more complex tasks. Ultimately, some level of balance will be achieved, but it will be interesting to see the state of customer interaction in 10Ys.

Until then, banks continue to search for the right balance. Clearly, it saves banks a lot of money to reduce staff in branches and consolidate customer service functions into a central call center. There are plenty of drawbacks though as well. We have all found ourselves at one time or another in an interminable loop of options when calling for product or service help, with none of the choices relating to our reason for calling. We can only think that robot employees in either a hotel or a bank branch may have the same problem. The only way a robot can effectively function is by anticipating every inquiry a customer may have.

In the Japanese bank branch, the bank bot explains exactly which functions it can assist with to help narrow the options. This is perhaps not so different from bank tellers of not so long ago, who carried out specific tasks and otherwise referred a customer to someone else for more specialized assistance. Modern customer service personnel need to be capable of taking care of numerous tasks from start to finish.

It's a good idea to review with staff that personal service can be found through numerous channels and to be certain that the service they provide is truly helpful and personal. At a recent financial services event, the CEO of German bank Fidor Bank argued that the best interaction online generally beats mediocre in-person contact. Fidor is a pioneer in the use of technology, so clearly their view skews towards greater use of it. In order to be successful, community banks need to learn from the

most advanced providers, so this should be worthy of note. As an aside, Fidor is exploring a move into the US market using a branchless platform that will appeal to tech savvy international customers.

In the Japanese hotel, it was found that robots were ineffective at making beds and manning security cameras. But through the use of advanced technology, the price of a hotel room there is about 33% the price of a normal Japanese hotel. One day, we would like to check-in for a hotel stay with a receptionist T-rex in a bellman's cap. In the meantime, make sure your customer service staff is anything but robotic.

## **BANK NEWS**

### **Fined**

Brokerage firm Edward Jones has reportedly agreed to pay \$20mm to settle charges it overcharged retail customers related to municipal bond sales between 2009 and 2012. The bonds were reportedly sold to clients at higher prices than had been negotiated with the issuer.

### **Annual Raise**

HR firm Towers Watson reports a survey of large employers finds base pay raises in 2016 will average 3% or about the same as in 2015.

### **Payments Competition**

Samsung will reportedly launch Samsung Pay next month as it seeks to compete with Apple Pay and be available on Android phones.

### **Banking Fraud**

A CA businessman that ran a mortgage company has pled guilty to defrauding some large US banks of nearly \$12mm related to funding requests for mortgage loans that didn't exist. The company reportedly submitted 43 fake funding requests on its warehouse line of credit.

### **Expensive**

A survey by Bankrate.com finds states with the highest average mortgage closing costs for a \$200k mortgage are HI (\$2,163); NJ (\$2,094); CT (\$2,033); WV (\$1,971) and AZ (\$1,969). This compares to a national average of \$1,849.

### **Tablet Technology**

Research by IDC finds demand for tablets worldwide fell 7.0% YOY in Q2 and 3.9% vs. Q1.

### **Reward Types**

A survey by Ipsos and the ABA finds the most common credit card reward people use is cash back (51%), followed by general points (23%), airline miles (13%), hotel points (5%) and other (1%).

### **Credit Count**

A survey by Ipsos and the ABA finds 78% of US adults have at least 1 credit card and 33% have 3 cards or more.

### **Job Security**

A survey by online marketplace Udemy finds 83% of people feel very or somewhat secure in their current job.

### **Employer Match**

Research by benefits consulting firm Aon Hewitt finds the average retirement plan employer match that large employers offer is 6% of an employee's salary.

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