The strategic need for retail banking institutions to improve customer engagement and reduce operating costs has led to a rethinking of the bank branch location. Branches must deliver more personalized customer experiences while operating with greater economy. Banks have to cut branch costs as they add innovative services that deliver a unified and connected experience to the customer. This could include a shift to paperless banking, seamless integration with online channels, co-browsing functionality and introduction of next-generation ATMs or options for video conferencing with off-site loan officers. However, existing data networks may not prove adequate to support these customer experience improvements. The advent of the software-defined wide area network (SD-WAN) offers a potential solution. SD-WAN enables a high degree of network flexibility, stronger security and, often, cost savings for banks that want to transform their branches.

**Redefining the Role of the Branch Location**

Branch banking isn’t going away, but it does need to transform and complement the digital banking experience. The Accenture survey data in Figure 1 illustrates that branches are still relevant, but under pressure to adapt.

![Figure 1 - Most frequent banking activities by channel](image)
The branch must now play a new role in the evolving, omni-channel relationship that banks now experience with their customers. Drivers of branch location change include the continued growth of mobile technologies and self-service banking. To improve the customer experience, it is critical for institutions to deliver consistent and personalized information online, over the phone or in the branch. Indeed, industry research reveals that 77% of retail banking institutions are in fact looking to upgrade or repurpose existing branches.\(^1\)

These changes in technology and customer engagement processes are pushing branches to evolve. The new technology approach to branch banking involves breaking down existing silos. It means improving integration between back-end systems, upgrading ATM technology, enabling on-site self-service banking and supporting new services like virtual loan closings. Committing to this type of technological change will help banks deliver the modern banking experience that customers are looking for, with fewer locations and less resources.

### Today’s Bank Branch Networking Challenges

**Customer Experience.** The network is an important consideration for branch transformation projects. As expectations grow that branches will provide bandwidth intensive services, current network capacity may no longer suffice. Branch networks need to deliver the best user experience to keep customers coming back and that requires a reliable, high performing network. The network also needs to be resilient whenever issues do occur, to ensure that the customer experience isn’t affected.

**Security.** Cybersecurity also remains a primary concern. Every branch location has to comply with new regulations aimed at reducing risks and protecting customer data and assets as well as the bank’s reputation. As internet use and cloud application access expands, branch locations can be a point of vulnerability in your network that you have to protect.

**Cost.** Operating costs are also a key concern for branches. Banks need to provide flexible branch capabilities at lower cost points. The network must support an optimal user experience for new services without new capital outlays or incremental operating expenses. Institutions are also not able to support the staffing of IT functions at the branch level. To adhere to budgets, banks need to be able to monitor and manage their networks centrally without jeopardizing performance or security.

As the branch banking model evolves, streamlining costs of operation must also be considered. Planning should not only include implementation of new technologies, but also a re-evaluation of the systems and network infrastructure. From a network perspective, the challenge is to make the branch as connected as possible while enabling new economies of operation.

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\(^1\) 77% of retail banking institutions are in fact looking to upgrade or repurpose existing branches.
SD-WAN: A Modern Approach to Branch Networking

Software defined wide area networking (SD-WAN) helps banks resolve many of the networking challenges they face today at their branch locations, by applying virtualization functions to an existing wide area network so it becomes application-aware and runs more efficiently and, as a result, more cost-effectively.

SD-WAN delivers unprecedented flexibility by enabling the network to adapt in real-time to shifting application demands. It’s able to recognize different applications and use that knowledge to apply a range of network and security policies to the traffic carrying them. For example, a policy could be created to send all business-critical applications like VoIP and business HTTP traffic over MPLS connections and all general HTTP traffic via the Internet connections.

SD-WAN also reduces hybrid network complexity. As shown in Figure 2, a single, uniform SD-WAN device goes into each branch. The device can then connect to the SD-WAN through any network connection or vendor. Banks can manage their entire WAN through a single centralized portal, including all underlying connections regardless of transport type or provider. No onsite configuration is required for the equipment, and the portal offers enhanced visibility over an entire network’s performance.

The SD-WAN software evaluates transport availability and performance metrics. It chooses the best WAN path for users, applications, and/or SLA customers. For example, if latency is occurring via a broadband connection, traffic deemed important could be routed via the MPLS or wireless network.

Centralized control supports strong security by creating a dynamic security perimeter that implements enterprise-level security at the branch locations. Because the security perimeter is implemented with software, it allows managers to verify compliance with security requirements at any time.

Today’s banks require an agile network that can adapt to their evolving requirements and enable the next generation banking customer experience while staying within budget. SD-WAN delivers on this promise by making your network more efficient and your business more agile, so you can deliver new services faster for the optimal user experience at every location.

Figure 2 - SD-WAN reference architecture. Low cost SD-WAN devices at branches combine with application-aware routing across MPLS, cloud and Internet connections.
CenturyLink Makes SD-WAN Easy to Implement and Maintain

CenturyLink can fast-track your SD-WAN deployment by providing the hardware, software and expertise that you need to realize the benefits of SD-WAN immediately. Our solution makes it easy for you to get started by providing zero-touch provisioning, automated configuration and centralized management.

You have the option to take advantage of a managed or co-managed model. Figure 3 shows how CenturyLink deploys its Managed Services and equipment for SD-WAN. Both models eliminate the need for resourcing at the branch level, but a managed service can further streamline costs if you don’t currently have, or are unable to hire, expertise in house to monitor and manage your network.

CenturyLink® SD-WAN confers a number of operational benefits:

- **Dynamically route traffic across the best connection** depending on real-time availability, performance or other custom policies. This enables high bandwidth and rich interactivity in the branch, which helps realize omni-channel strategy.
- **Utilize any network connection** to make it easier to manage different vendors or purchase transport from any vendor.
- **Proactively shape application transport policies** and network routes to cope with data spikes instead of having to upgrade circuits and bandwidth reactively which translates into greater agility for branch operations.
- **Deploy faster while reducing IT responsibilities at the branch level.** Centralized management lets you turn up new services, new locations and adjust polices remotely resulting in lower branch operating costs.
- **Improve WAN security.** CenturyLink SD-WAN security for a hybrid network includes encryption, tunneling, and penetration testing and monitoring. The overall security profile of the branch improves with a correctly-deployed SD-WAN solution.
- **Gather data about branch network operations in real time.** The bank’s IT department gains visibility into the network and application performance with SD-WAN. A single management console, uniform hardware and software deployment make it possible to monitor network and application performance at any point in the network. Endpoint management grows simpler as well. These capabilities also help with branch economics in this era of cost-pressure.
- **Reduced Capex and Opex:** In financial terms, CenturyLink SD-WAN offers a choice of vendors and streamlined hardware that flattens cost differences between locations. The centralized administrative console will result in lower administrative costs compared to the multi-site, multi-console approach required in legacy networks and eliminates capital expenditures given that there is no actual hardware to buy.

Want to learn more about CenturyLink SD-WAN? Contact our network experts today.
Why CenturyLink?

The bank branch networking benefits described in this brief are possible because CenturyLink is one of the world’s largest providers of network and voice services. Network management is in our DNA, with networking experts that are uniquely positioned to tailor a solution to meet your business’s specific requirements. We also understand the banking industry and will partner with you on implementing solutions like SD-WAN, that will help you improve operating efficiency so you can focus on innovation.

About CenturyLink Business

CenturyLink, Inc. is the third largest telecommunications company in the United States. Headquartered in Monroe, LA, CenturyLink is an S&P 500 company and is included among the Fortune 500 list of America’s largest corporations. CenturyLink Business delivers innovative private and public networking and managed services for global businesses on virtual, dedicated and colocation platforms. It is a global leader in data and voice networks, cloud infrastructure and hosted IT solutions for enterprise business customers.

For more information visit www.centurylink.com/enterprise.

1 Albertazzi, David – “Rethinking and Right-Sizing the Retail Branch” – Aite Group, 2015