

Massachusetts Bankers Association Retail & Technology Conference 2011 Highlights: Reshaping the Branch Channel

Predicting the end of branch banking has been popular for many years. Until recently these predictions have been more hype than substance. Now, however, the confluence of recent events is starting to force some changes—to what a branch is, does, how it is managed, and what bankers need to be thinking about.

Branches continue to play a critical role in banking, but that role is shifting due largely to declining check payment volumes and new retail banking profitability dynamics. Banks looking to optimize their branch network should focus on these five key imperatives:

- 1. Redefine:** Start by rethinking the role of the branch to ensure branches meet contribution requirements and customer needs. Align the purpose of the branch with individual market opportunities and then let the branch purpose determine layout, staffing, and requisite capabilities.
- 2. Reallocate:** Branch networks consume significant resources and capital, some of which may now be better spent supporting emerging channels and other investments. At the same time, most banks cannot afford to reduce their existing footprint in their most attractive markets. Thus, retail banking today requires a fact-based, analytical approach for evaluating market potential and branch performance to determine and prioritize branch network optimization opportunities.
- 3. Reformat:** While the need exists for a variety of office types, most new branch prototypes tend to be smaller, designed to support the universal associate model, and facilitate efficient service and cross-selling. Effective branch designs also help to enhance the customer experience and enable reductions in operating costs.
- 4. Reengineer:** Banks need to look for opportunities to reduce costs and create a better environment for servicing and counseling customers by eliminating administrative, operational, and outdated activities that do not need to be performed on the front lines. Technology plays a key role in this effort, with branch capture, cash recyclers, and the like contributing to efficient and effective processes.
- 5. Reenergize:** Excellent facility and process designs can yield poor results if execution is not managed effectively. Recognize that employee satisfaction impacts customer satisfaction, experience, and loyalty, and ensure staff have the right information, tools, and training to fulfill their intended responsibilities.

Massachusetts Bankers Association's Retail & Technology Conference 2011

Presented by:

Gary Stein
Partner
Capital Performance Group

"Reshaping the Branch Channel" was presented on June 2, 2011. Key takeaways of the speech are presented at left. For more information on the strategies discussed at the annual convention, please contact Gary Stein at (202) 337-7876 or gstein@capitalperform.com.

