

FUTURE BRANCHING

by [Steve Brown](#)

Gypsies have long used crystal balls to predict future events. Community bankers don't need a crystal ball to tell them industry changes have been happening at an extreme pace over the past few years. That said, bankers might need one when it comes to predicting how such changes will impact the future of branches. Since we are curious by nature, are always willing to test the status quo and have a soft spot in our hearts for gypsies, we offer up some of the most likely changes that already are or will soon show up in bank branches of the future. Competition, technology advances and increased demand from customers for new and better services are driving banks to change the very nature and look of the branch. Interactive and appealing customer experiences based on open floor plans will become more commonplace. Customers will be met by greeters at kiosks who say hello with a smile, offer to assist and carry a wireless tablet PC that tracks customer needs. Other technology advances will allow banks to provide internet banking alongside express terminals, private booths and other consultation areas. Customers that enter the branch will step into a more comfortable and technologically rich environment that includes biometrics, VOIP, RFID (these microchips can identify customers as they walk past a reader and give employees advance warning of customer arrival), behavioral monitoring (how long do customers wait, how do employees respond, etc.) and active marketing. Customer activity and interests will be tracked as soon as they enter the branch and employee screens will flash with the most likely products and services specific customers might buy given their unique tastes and history. Digital pens will capture electronic signatures and simplify forms processing. Interactive displays will be intelligent ones, constantly changing to reflect the interests of each customer. Even brochures picked up by customers will change pitches made on nearby video monitors. Branches will be designed with specific areas for ATMs, in-branch phones and video monitors to assist customers and provide a self-service option. Such areas will offer machines that accept deposits, cash checks, dispense money orders and support loan applications. The branch will provide product and service information through a full multimedia and entertainment experience that also includes community information and even advertisements for business partners. Branch managers will even be renamed customer relationship managers. Employees will help customers by video conferencing in experts as needed for collaborative selling of more difficult products and services. In short, bank branches will become more like retail stores and employees will be much more active salespeople. The main goal for branches will be to increase product sales, so music, paint color, coffee, improved air circulation, brochures, multimedia advertising, internet caf  s, investment centers, community rooms, wireless access, children play areas, comfortable couches, television screens and other features will be scattered everywhere. Customers demand to have the same information available to them through each and every banking delivery channel (i.e. branches, internet, ATMs, etc.), so bankers will adapt and provide a comprehensive integration of data. Overall, branches will be designed to create a comfortable space for customers to relax and speak to employees, creating a closer bond with the community. It doesn't take a gypsy with a crystal ball to know branches are changing.

BANK NEWS

M&A

Savannah Bancorp (\$871mm, GA) will acquire regional investment advisory firm Minis & Co for an undisclosed sum. Minis' assets under management are about \$500mm.

Discount Window

The FRB is reporting that banks borrowed an average of \$1.54B per day from them during the week ended Aug. 22, the highest level since September 2001 and more than 6x the average borrowed in recent weeks. Large banks including Citibank, JPMorgan, BofA and others said they borrowed in a coordinated effort to reassure the markets and remove the stigma of short-term borrowing from the FRB.

2Q Earnings

The FDIC reported banking industry profits fell 3.4% in the 2Q, as problem loans saw their biggest increase since 1990. Net income was also down as banks nearly doubled loan loss provisions.

Consumer Spending

A new Harris survey finds 45% of consumers say the economy is declining and 56% are worried about their financial situation.

Digital Debut for \$5 Bill

The Treasury Department said it will digitally unveil the new \$5 bill on September 20th in a move designed to show counterfeiters they are using the newest security technology available.

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