

A POSSIBLE VISION FOR THE FUTURE OF BRANCHES

by [Steve Brown](#)

On the path to branch enlightenment, it pays to stop off at the Cushing Academy in Ashburnham, MA. This 147-year old private, 9-12 grade prep school deserves a moment of your attention, as it is the first school in the nation to radically redefine the concept of a library. In this tale, bankers might find an allegory that could hold the answer to how you can get more leverage out of your branch network. Several years ago, Headmaster James Tracy looked around and noticed that Cushing's most precious piece of real estate, its library, was barely used. Traffic was light on all but final exam week and, on average, only 30 books were checked out per day. While most headmasters would have shrugged and moved on to other pressing problems, Tracy knew they could do better. He asked the question, "Will this situation change in the future?" Reaching the conclusion that library traffic was only going to keep dropping, Tracy made some paradigm-altering changes. The first thing he did was to donate its 20k book collection. Then, he created more open space and upgraded the institutional furniture with comfortable sofas, chairs, desks and large screen TVs. He replaced the collection of books with 64 Kindle e-readers (with free access to 360k books alone), several rows of computers, a station where students can check out laptops, collaborative learning areas, classrooms with smart boards, study sections, screens for data feeds from research sites, a cyber cafe and increased the size and number of reference and circulation stations. The School subscribed to 13 new databases, as well as a whole array of electronic magazines and newspapers. On top of all that, Cushing decided that it was a good idea to spend \$12k on a professional-grade espresso machine. Critics and educators all over the nation went crazy and ripped into the school for being anti-intellectual, watering down learning and placating "the lowest common denominator of the Starbucks generation." Alumni went after the "book burning" Headmaster for wasting money, particularly pointing to the exorbitant "glorified coffee maker." However, while the angry backlash was occurring, a predictable thing happened - students began to use the library again. Instead of having access to 20k books, students can now instantly pull down more than a million. Instead of 20 students rushing to the library to get one of the 6 copies of David Copperfield, now all students can easily access multiple copies of the book. Oh, and that espresso machine that was the butt of so many jokes, it is not only highly utilized, but parents, students and prospective enrollees now come from miles around just to check it out - acting as a marketing tool. The library now is the building with the highest traffic on campus and is a hub where students and faculty gather, learn and explore together. Just as scrolls gave way to books, books are now giving way to e-books. Not only is digital media more efficient, but it also better prepares students for modern research methods. A similar analogy can be made to banking, as passbooks gave way to e-statements and now both checks and cash are giving way to digital payments. With all these changes can we do better? Can we create a more collaborative branch layout? Can we make that space more available to our core customers to come in and learn finance? Can we provide our small business customers with some of the tools, workspace and conference rooms they need in key geographical areas? Do we need the countless paper brochures that serve to confuse the customer and detract from the bank's brand? Do we really need to swivel our monitors in awkward fashion to show a client a transaction posting? The branch is in need of a glorious redesign along the lines of what Cushing Academy did. We need to make branches centers of collaboration where our customers want to come. We must prepare for the day when handling cash and checks are an anomaly. The next

time you are passing through Ashburnham, a couple of hours outside Boston, stop by Cushing's library, grab an espresso and let your imagination run wild.

BANK NEWS

Banker Sentiment

The latest Grant Thornton survey of bankers finds slightly less than 28% of those surveyed believed their local economies will improve in the next six months, down from 44% who felt that way in 2011.

Standard Settles

The top banking regulator for the State of New York reached a settlement with British bank Standard Chartered over allegations the bank laundered hundreds of billions of dollars for Iran and lied to regulators. Standard agreed to pay \$340mm to settle.

Wells Settles

Wells Fargo will pay \$6.5mm to settle SEC allegations it sold complex mortgage investments to nonprofit groups, local governments and other investors with "generally conservative investment objectives," without fully researching the products it sold or disclosing risks to customers.

NE Lending

Analysis by the Fed NY finds nearly 67% of small businesses in NY, NJ and CT that tried to get credit were able to do so. Overall, 36% received a portion of their desired financing, 14% received an undetermined amount and 13% were approved for the total amount requested. About 59% of the small businesses surveyed did not apply for credit in the prior 12 months, with 50% of those saying they did not try to get financing because they were afraid they would be turned down.

Small Biz

The National Federation of Independent Business' Small Business Optimism Index fell for the 2nd month in a row in July, amid ongoing economic malaise, higher joblessness and weaker consumer spending.

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