



Lighting The Way To Optimize Branch Hours

🔗 profitability performance business customers

Summary: In an era of rising costs, it can be tempting to look at an underused branch and consider reducing hours. However, you may want to consider these things before you do.

A study by the University of Cambridge in the UK has found a way to split water into oxygen and hydrogen by mimicking photosynthesis in nature. The approach is scalable, so it is great for usage worldwide, as it both collects and stores energy in a much bigger way. This one looks like an interesting advance.

In banking, technology and customer behavioral changes are driving changes to branches. Today though, most community bank branches have regular hours, but customers not so much. So, while one branch might have a steady daily stream of customers lining up for tellers, another might have lonely stretches with nary a client in sight. But, regardless of how much business a branch conducts, fixed costs can be similar.

In an era of rising costs, it can be tempting to look at an underused branch and consider reducing hours as a cost-saving measure. Before you do, think about whether the money you save might be offset by lost sales and inconvenienced customers.

That's not to say that an underused branch can't have its hours of operation trimmed, of course. But, such changes must be done carefully, preferably with the help of some predictive analytics. By systematically analyzing branch usage patterns, your bank can get a more complete picture. This is true not just of periods when very few customers visit, but also of the impact that reducing hours might have on sales and customer satisfaction.

The trick is to avoid potential pitfalls when a branch reduces its hours. A few of the more significant traps to watch for: focusing on teller transactions while ignoring other measures of sales; potentially downplaying the needs of your small business owners; and even failing to take into account operating hours of nearby competitors, who might siphon off customers if your branch reduces hours.

Demographics will likely play an important role in your analysis as well. Some neighborhoods may be more active on weekends, others on weekdays. One day may be high-traffic, but produce few sales; another day might have less traffic but produce more sales. Once you discover patterns, delve further to find explanations for them to better tailor branch hours and keep your customers happy.

One key consideration when analyzing operating hours is branch sales. If you have good data on sales by day and hour, this can help determine how much of an impact reducing hours might have on sales. Ultimately, you will need to calculate whether any operational savings from fewer hours will offset potential lost sales.

The last part of the process is easy: repeat. One analysis gives you a snapshot in time, but keep in mind that times continually change. It is critical to regularly revisit the question of branch hours and to collect detailed data over time. Then, you can adapt as customer habits and demographics change.

We hope we have given you some things to think about when considering reducing hours in a branch. Optimizing branch hours is an effective cost-saving exercise. It is easier said than done, of course, but practice

makes perfect, so keep trying. Refining your branch hours and locations can definitely be worth it.

UPCOMING WEBINARS

WEBINAR REGISTRATION

How to Achieve Sustainable Loan Growth September 19 | 10:00AM PT

Navigating the Global Needs of Your Customers September 20 | 10:00AM PT

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.