



## Can Transforming Branches into Advice Centers Ease Closures?

branch strategies industry update customer service

**Summary:** Despite lower foot traffic since the pandemic, there is a renewed focus on branches as FIs find that customers still want human interaction for more complex operations. To complement the digital services they offer, CFIs should focus on transforming their branches from transaction-based sites to advice centers.

A modern-day hermit, Christopher Knight, [lived as a recluse for 27Ys](#) in the North Pond area of Maine's Belgrade Lakes. He survived by carrying out more than 1K burglaries on neighboring summer homes until he was caught in the act in 2013. It is said he had only two interactions with others during his isolation. Naturally, most people require more human interaction than this.

Bank branches are still closing across the US, [according to S&P Market Intelligence](#). Closures are riding on the back of greater digital adoption and are part of a strategy to simplify and automate major processes to increase efficiency. Research from Accenture shows that [only 3% of interactions](#) with financial institutions (FIs) occur face-to-face. However, when it comes to new products, 27% of consumers prefer the branch, ahead of mobile apps (22%) and websites (21%). Despite closures, in-person interactions are still important to establishing and maintaining customer relationships. Could this realization steer branches in a new direction?

In addition to exploring redesigns that in some cases include coffee shops and donut offerings, many community financial institutions (CFIs) are recognizing the opportunity to transform their branches from transaction centers to advice centers. These are places where customers can execute basic functions through technology and access highly trained advisors who understand their needs and guide them toward greater financial well-being, building trust and loyalty in the process.

Here are **two essential components of this modern branch**:

**1. Advanced technology.** In the modern branch, tellers are supplemented by smart ATMs, kiosks, service terminals, or interactive teller machines. These allow customers to conduct most of their transactions on their own — though help is at hand, should it be needed. The hardware is powered by sophisticated customer management systems and analytics, leading to hyper-personalized offerings and a consistent picture across all channels.

One Georgia-based CFI with \$2B in assets is on a journey to transform its branches to better serve its customers' long-term needs. Breaking ground on a new 3K-square-foot branch, an exec said: "The open concept lobby design will feature new service spots for members to connect one-on-one with our knowledgeable team members while increasing self-service options provided by multiple ATM+ terminals for the day-to-day banking needs of our members."

Another executive from a Michigan-based CFI with \$250MM in assets points out that the right technology enables the CFI to maintain a smaller footprint: "By the time we are done, over a multi-year plan, with all of our six current branches, we will reduce our square footage overhead by 35,000 square feet ... and provide more

service that the owners need.”

**2. Highly trained staff.** As customers perform basic operations with on-site technology, the [role of staff in the branch shifts from teller to universal banker](#). This requires highly trained professionals with the ability to engage with customers on a personal level to identify their needs. They also require deep knowledge of the CFI’s products and how they can best meet those customer needs. It is a huge mindset shift, and it is no surprise that it is proving a challenge for many institutions. On the upside, the universal banker position offers more long-term career potential and can provide a competitive advantage when seeking to attract and retain valuable talent.

A WA-based CFI with \$814MM in assets has upskilled its staff by introducing Branch Experience Guides to its network. They are there to help customers navigate the new technology, understand their needs, and connect them with the expertise they seek. A year in, customer satisfaction scores rose by 80%.

According to training company Clarity Advantage, this model is the most prevalent among CFIs implementing the advice center concept, as not all CFIs can afford to have the right level of expertise at every branch. “The pitch is, ‘Come to us for guidance and advice—and the branch team will guide you to our team of experts inside the bank,’” said Clarity Advantage’s president.

The economics of branches have changed significantly, but branches remain a crucial element of a customer-centric strategy. Advanced technology sitting beside skilled professionals allows CFIs to offer customers the blend of self-service options and personal interaction they crave and increase customer lifetime value and loyalty, while also streamlining their physical presence.

## AMERICAN EXPRESS EXITS FX BUSINESS OUTSIDE OF US

American Express has announced it will decommission foreign exchange services to business customers outside of the US by year end. Your CFI doesn’t have to be impacted by this—PCBB offers a variety of [foreign payments services](#). Contact [info@pcbb.com](mailto:info@pcbb.com) to learn more.

## ECONOMY & RATES

Rates As Of: 08/22/2023 07:02AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.57	0.02	1.15
6M	5.58	0.05	0.82
1Y	5.37	0.01	0.67
2Y	5.02	0.14	0.59
5Y	4.49	0.31	0.49
10Y	4.36	0.40	0.48
30Y	4.45	0.44	0.49
FF Market	FF Disc	IORR	
5.33	5.50	5.40	
SOFR	Prime	OBER	
5.30	8.50	5.31	

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