



# branch *transformation*

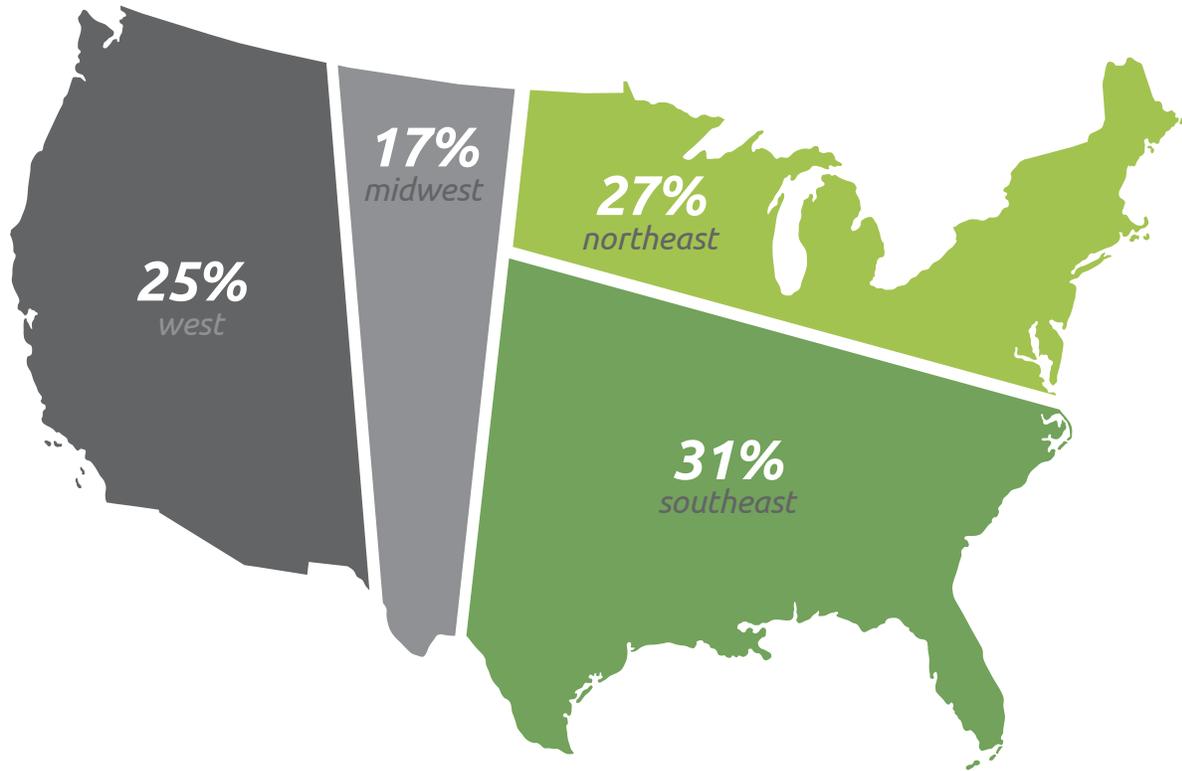
2017

a report about the evolving banking center

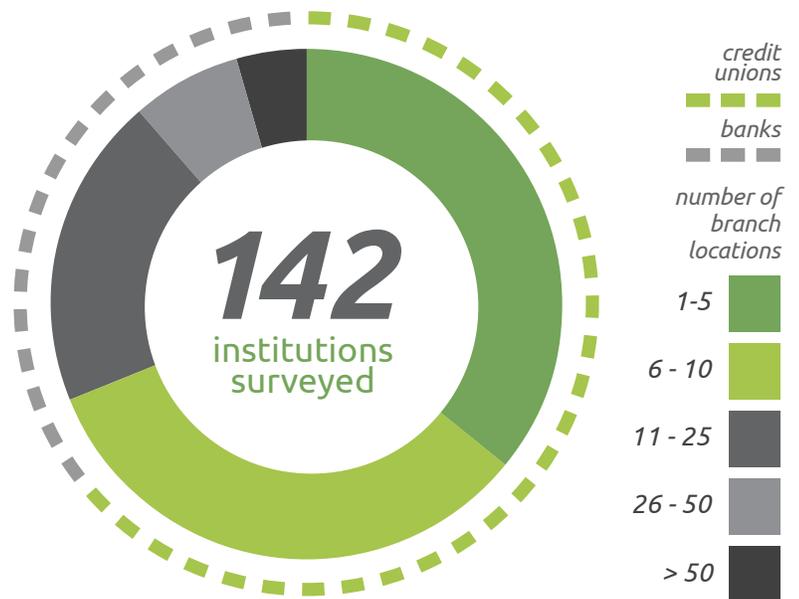
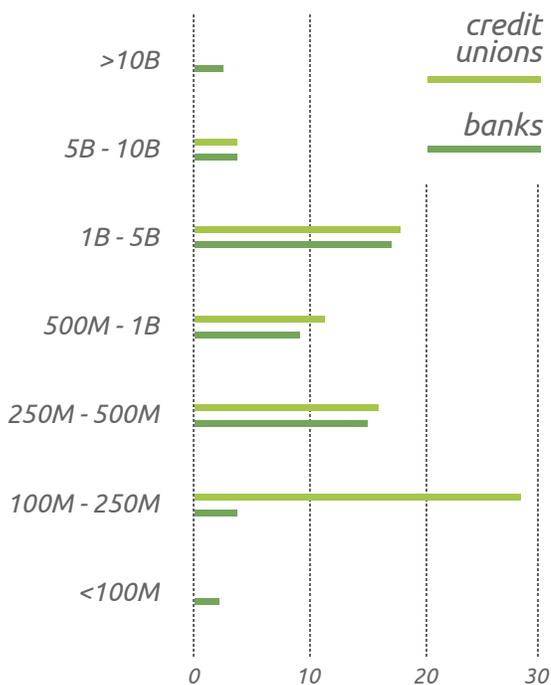
POWERED BY



# who responded?



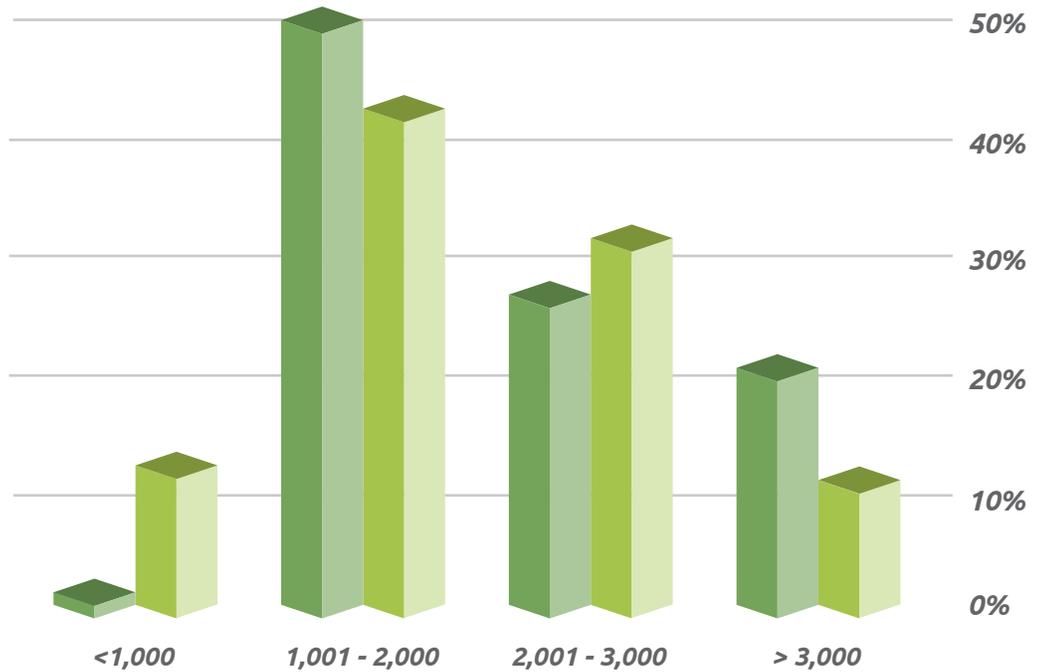
## assets & branches



# who responded?

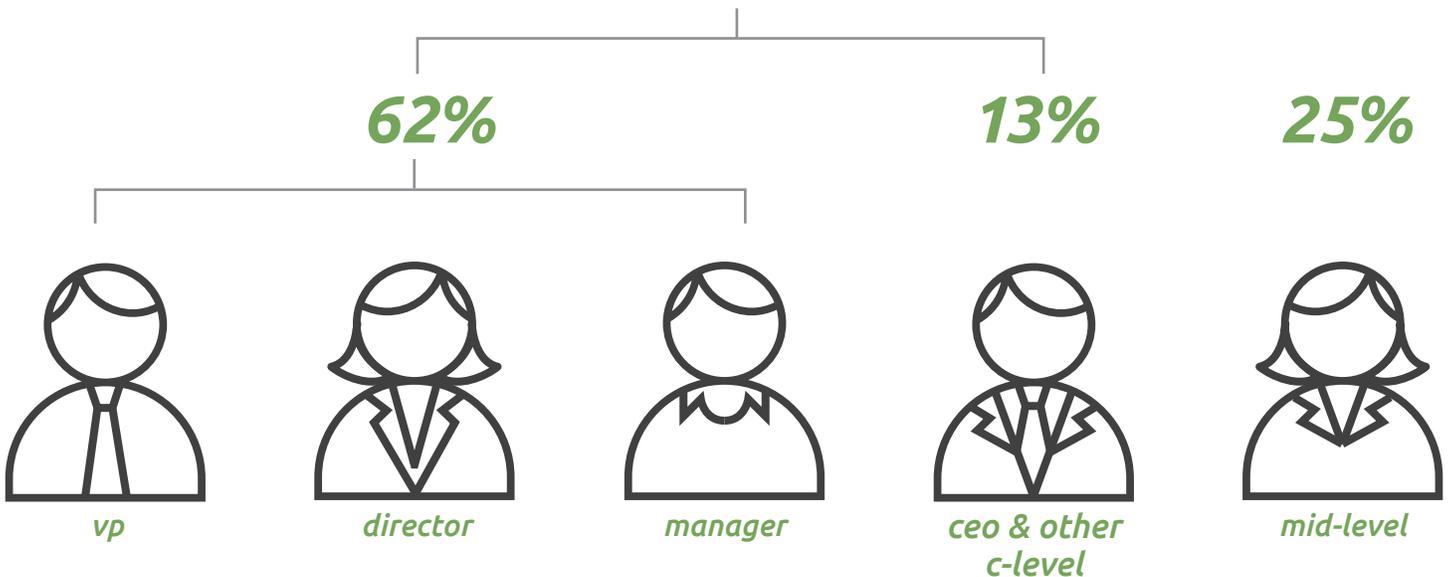
## branch size

The average square footage per branch across all respondents was **1,933 sq/ft.**



## job level

# 75% decision makers



# decision makers

the  
**CEO**  
**88%**



marketing  
**69%**

facilities  
**60%**



operations  
**44%**

board of  
directors  
**27%**



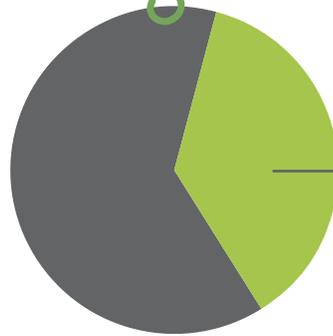
*who's involved in branch decisions?*

2015 **vs** 2016

Like last year, the CEO remains the single most critical person in major branch transformation decisions—but that number increased 16% this year.

# branch remodeling

who's remodeling?



**37%**

of *all institutions* surveyed are remodeling branches in 2016.

*35% of banks*  
*37% of credit unions*

2015 **vs** 2016

51% of all institutions surveyed last year reported remodeling locations, 14% more than in 2016. Contributing to that decrease was a shift in banks from 50% to 35% and in CUs from 60% to 37%

construction type

**77%**

of *all institutions remodeling* are doing so with an existing freestanding structure.

**19%**

are remodeling existing leased space in a multi-tenant building.



# branch remodeling

## why remodel?

**35%**

of *all institutions remodeling* claimed their primary reason for the remodel was to **improve the branch experience.**

**27%**

said they wanted to update or modernize branding and appearance

**10%**

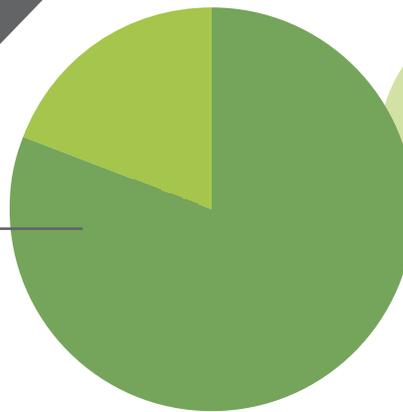
wanted to increase profitability



## reducing branch size?

**81%**

of *institutions remodeling* locations are **not** decreasing the size of the branch, down 13% from last year.



**2015**

**94%**

not decreasing size of new or remodeled branches



average number of employees for all institutions remodeling branches—**a decrease of 2 employees per branch compared to last year.**

## staffing changes



**In 2015**, 26% of banks and 10% of CUs reported that they'd have 10 or more employees in new branches. But in 2016, **nobody** anticipated having 10 employees. In fact, **0%** of banks reported having any more than **7** employees at a given branch.

Instead, nearly a quarter of all surveyed institutions said they'd **only have 1 employee**, which wasn't reported by anyone in 2015.

# branch remodeling

## branch partner strategy



of all institutions surveyed:

68%

are working with a *design/build firm* on branch projects.

19%

are working with a *marketing firm* on branch projects.

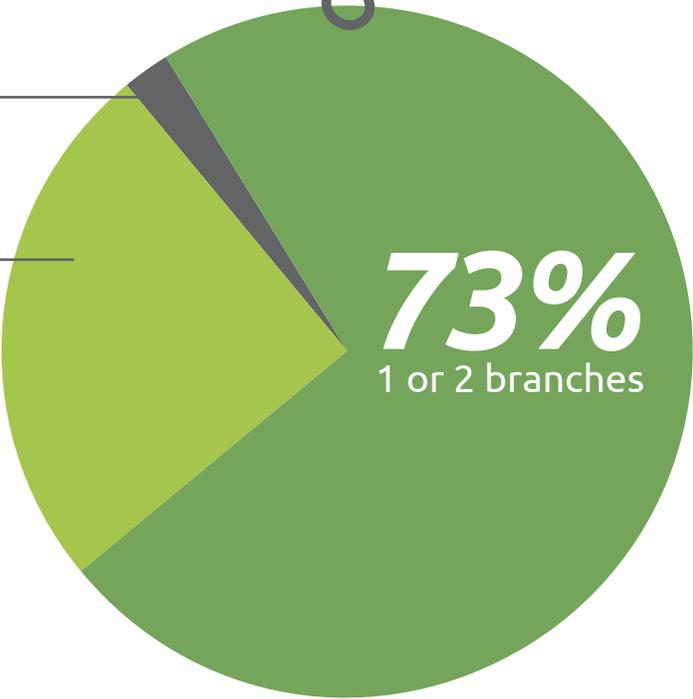
### how many remodels?

2%

6 to 9 branches

25%

3 to 5 branches



2015 vs 2016

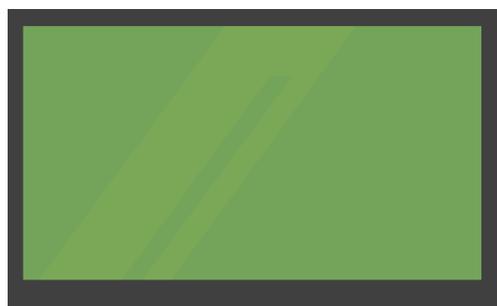
the percentage of institutions remodeling 3-5 branches *doubled from 2015 to 2016.*

# most popular branch tech

percentages of all institutions implementing technology in the branch

## branch remodeling

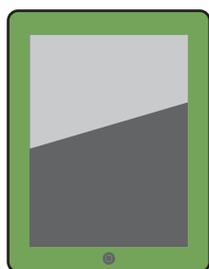
### branch technology



**81%**

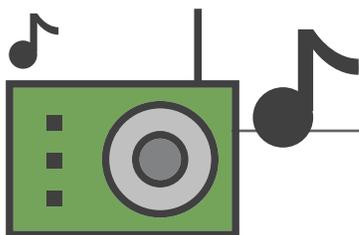
digital signage

+ up 22% from 2015



**44%**

tablet kiosks



**33%**

overhead music



**33%**

interactive teller machines



**25%**

video walls

+ up 12% from 2015



**13%**

video conferencing



**4%**

large format interactive kiosks

# adding branches



who's adding branches?

37% > 32%  
2016 2015

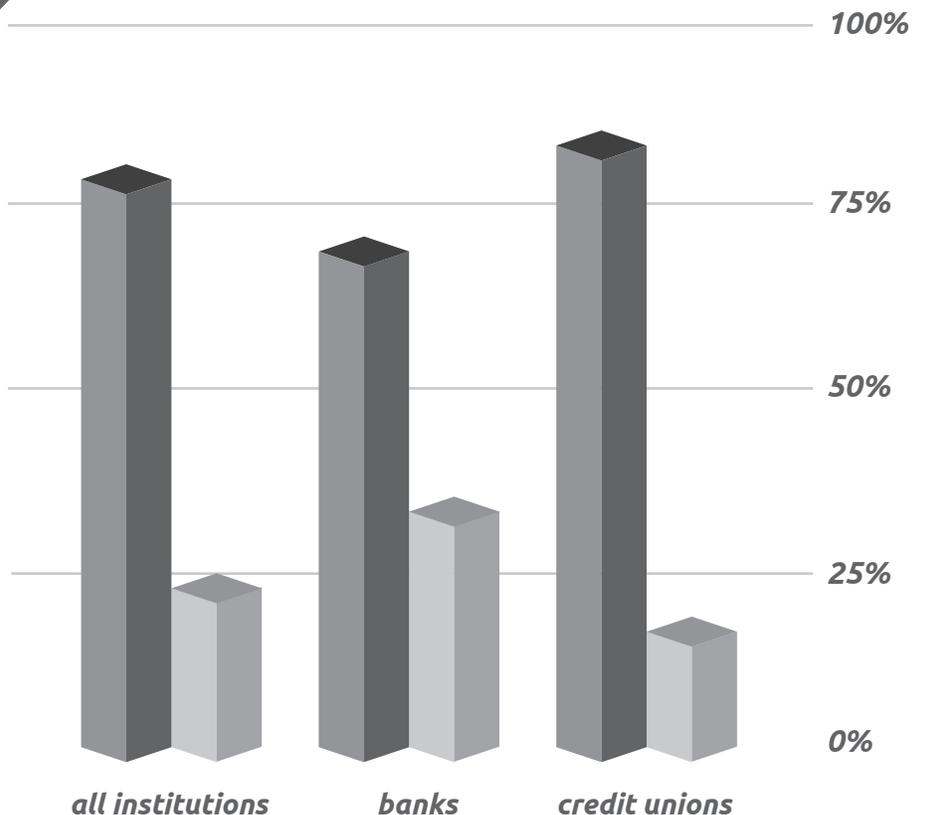
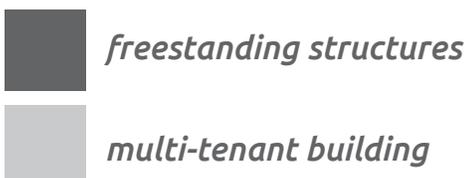
41% of banks 34% of credit unions

2015 vs 2016

The percentage of institutions adding branches increased 5% from last year, with banks accounting for more of that increase, up 7% from 2015 as compared with only a 2% increase for credit unions.

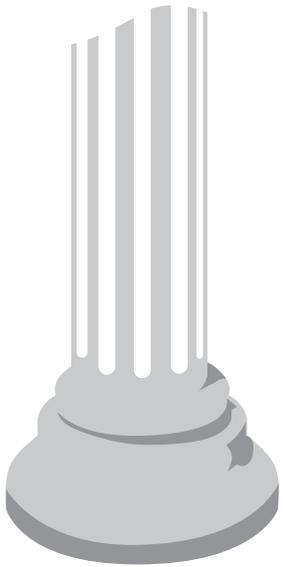
## construction type

the majority of both **banks & credit unions** are creating new locations in freestanding buildings.



# adding branches

## reducing branch size?



56%  
-24%

of *all institutions* are *not reducing branch size* with their new location—

a 24% decrease from last year.

Last year, 4 out of 5 institutions that reported adding branches said they would *not* reduce the branch size. In 2016, it's closer to half—with 44% reporting plan for new branches to be smaller.



## staff the branch

average number of employees per new branch:

5

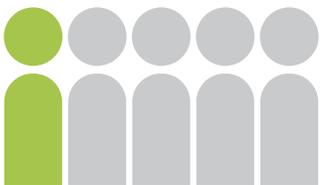
banks

5

credit union



last year, banks averaged 8 employees for new branches, while credit unions remained the same at 5 employees per new branch.



20%

of *all institutions* will use **3 or fewer** employees in their new locations.

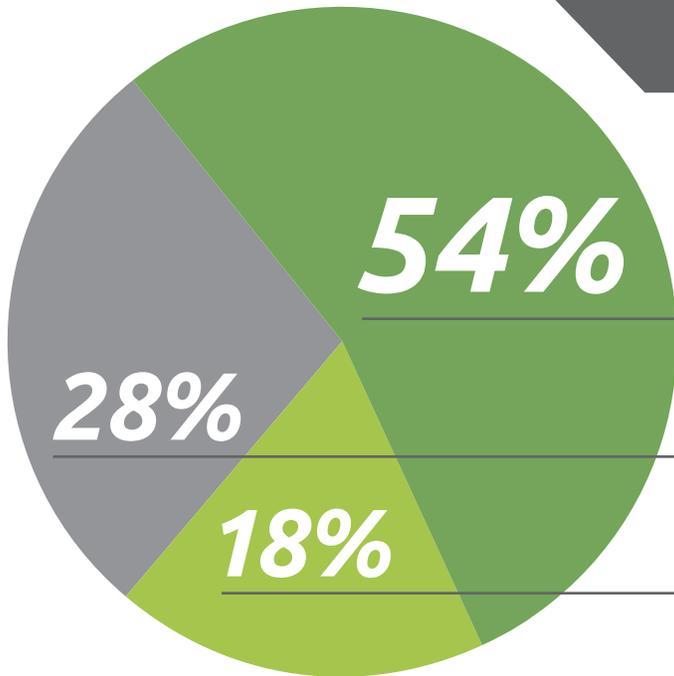


80%

of *all institutions* will use **4 or more** employees in their new locations.

# adding branches

## branch transformation strategy



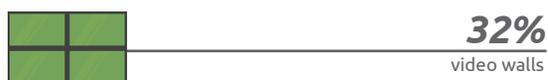
said their new branches were part of a **defined branch transformation strategy**

said their new branches were **a continuation of traditional branch design**

said their new branches were **a completely new approach**

*of all institutions adding new branches*

## branch technology



The trend of using more branch technology continues steadily, with double-digit growth in four main categories. However, while the popularity of large format interactive kiosks has grown to 63% in new branches, it actually dropped from 28% down to 4% for remodeled locations.

# adding branches

## how many new branches?

10%

adding 3-5 branches

3%

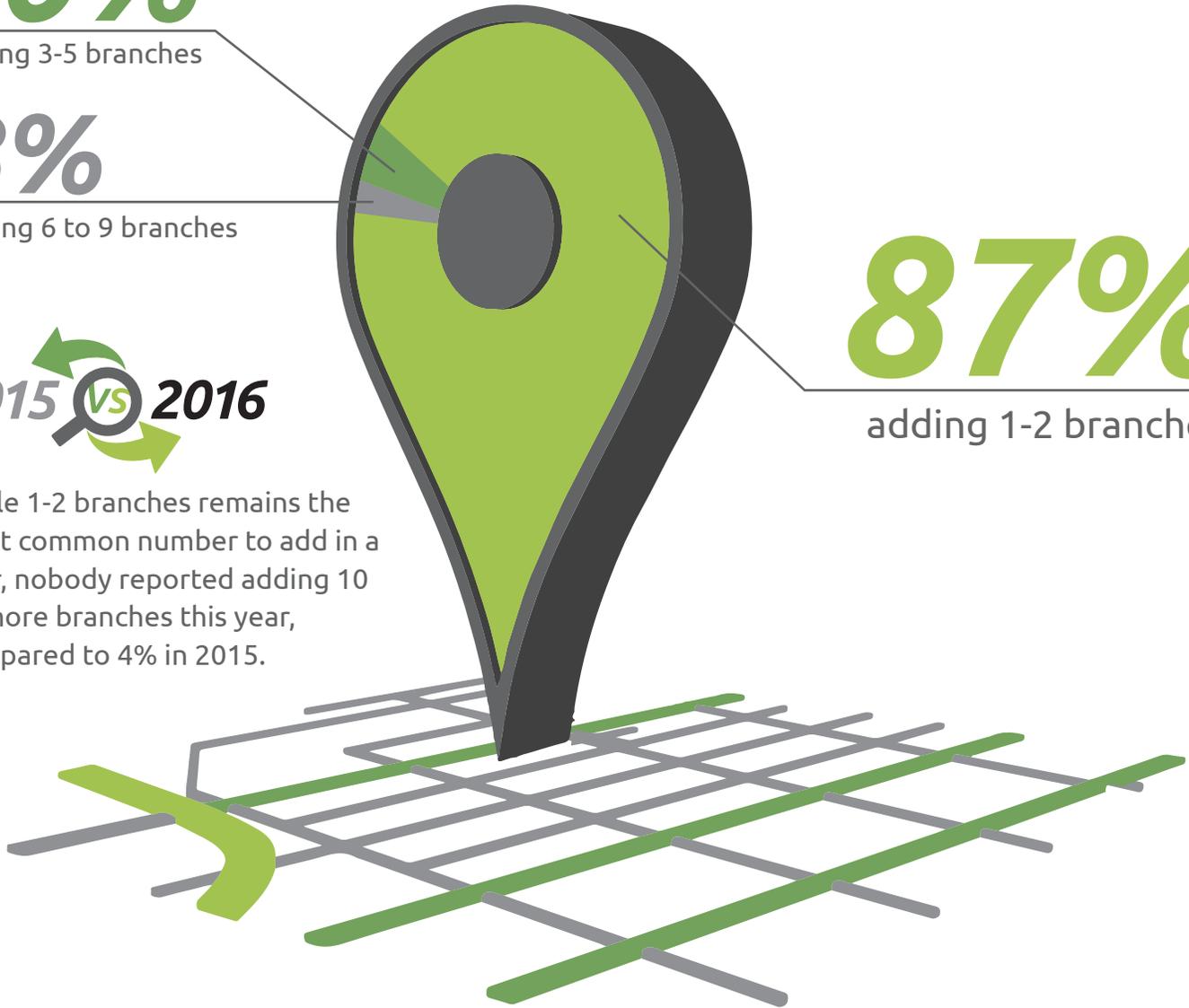
adding 6 to 9 branches

87%

adding 1-2 branches

2015 **vs** 2016

While 1-2 branches remains the most common number to add in a year, nobody reported adding 10 or more branches this year, compared to 4% in 2015.



## why new branches?

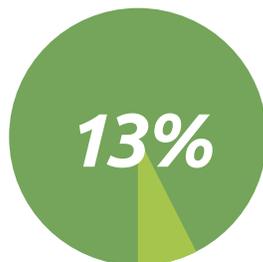
2015 **vs** 2016



attract new deposits



enhancing the branch experience



improve sales opportunities

Last year, 53% of respondents reported "expanding the branch network" as their primary reason for new branches. In 2016 that option was so infrequent, it was grouped with "other" (23%)