



branch *transformation*

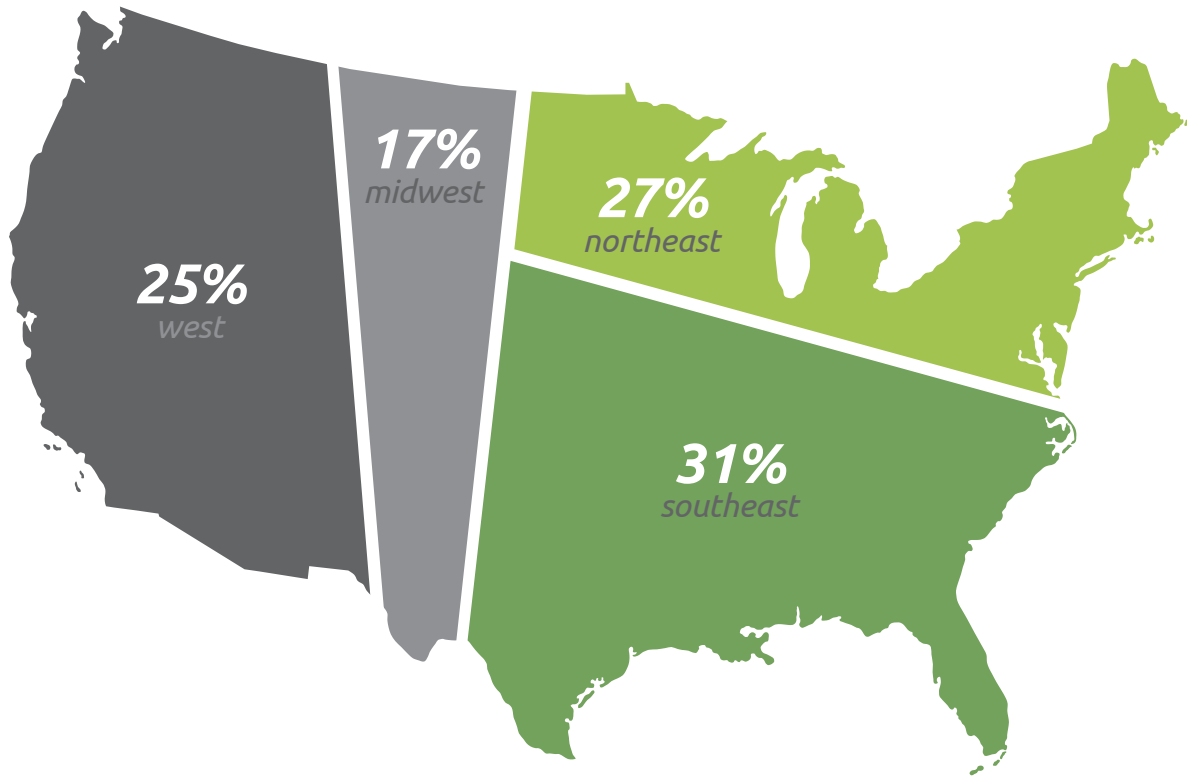
2017

a report about the evolving banking center

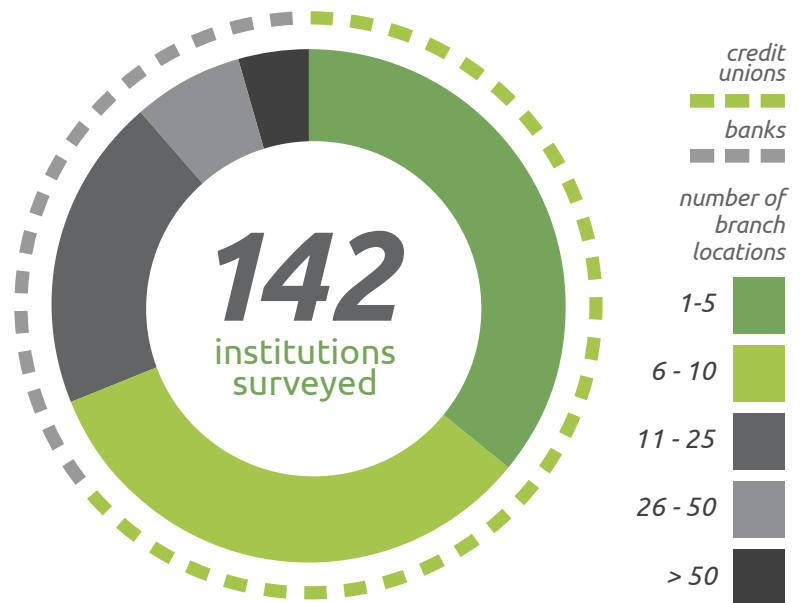
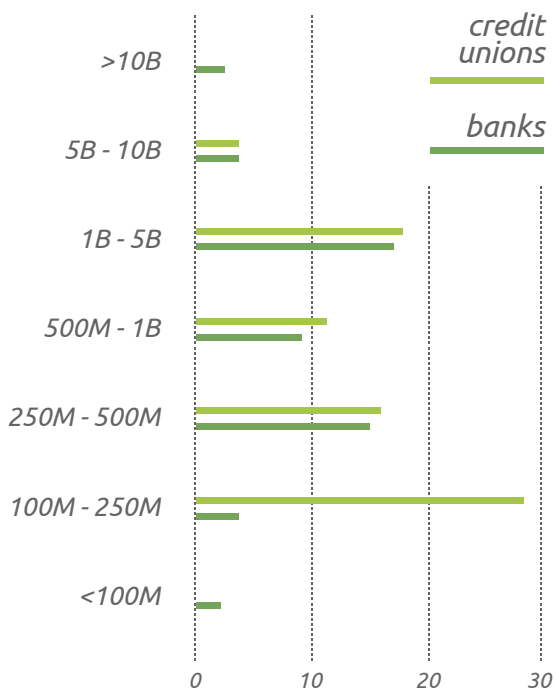
POWERED BY



who responded?



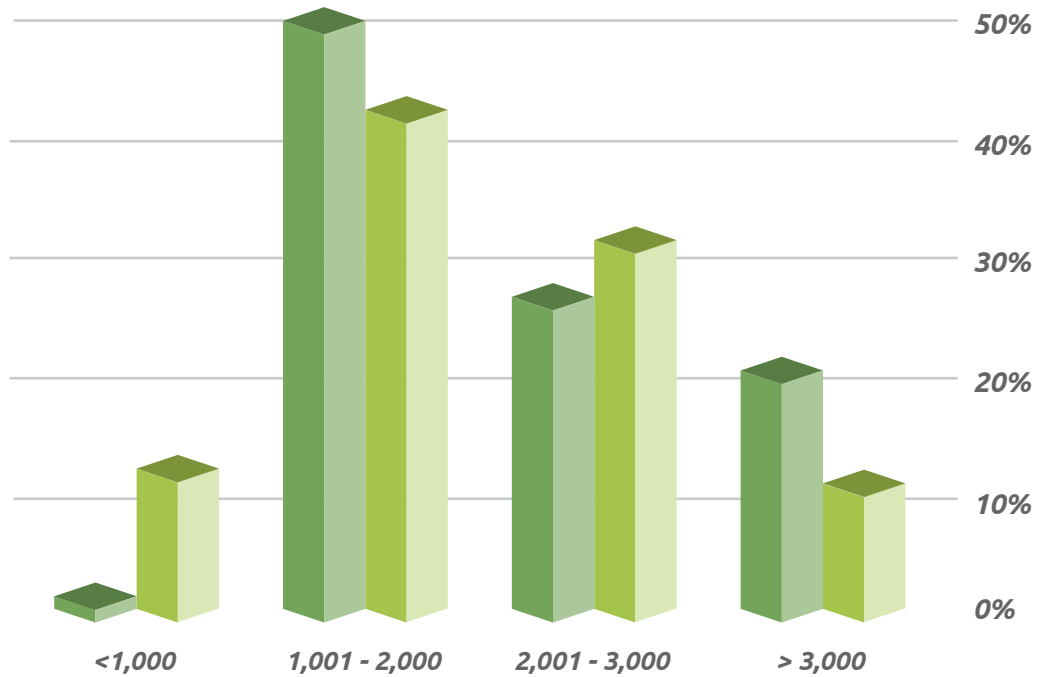
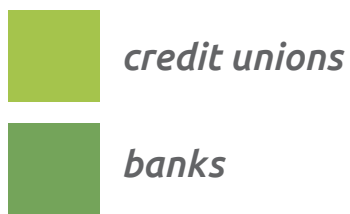
assets & branches



who responded?

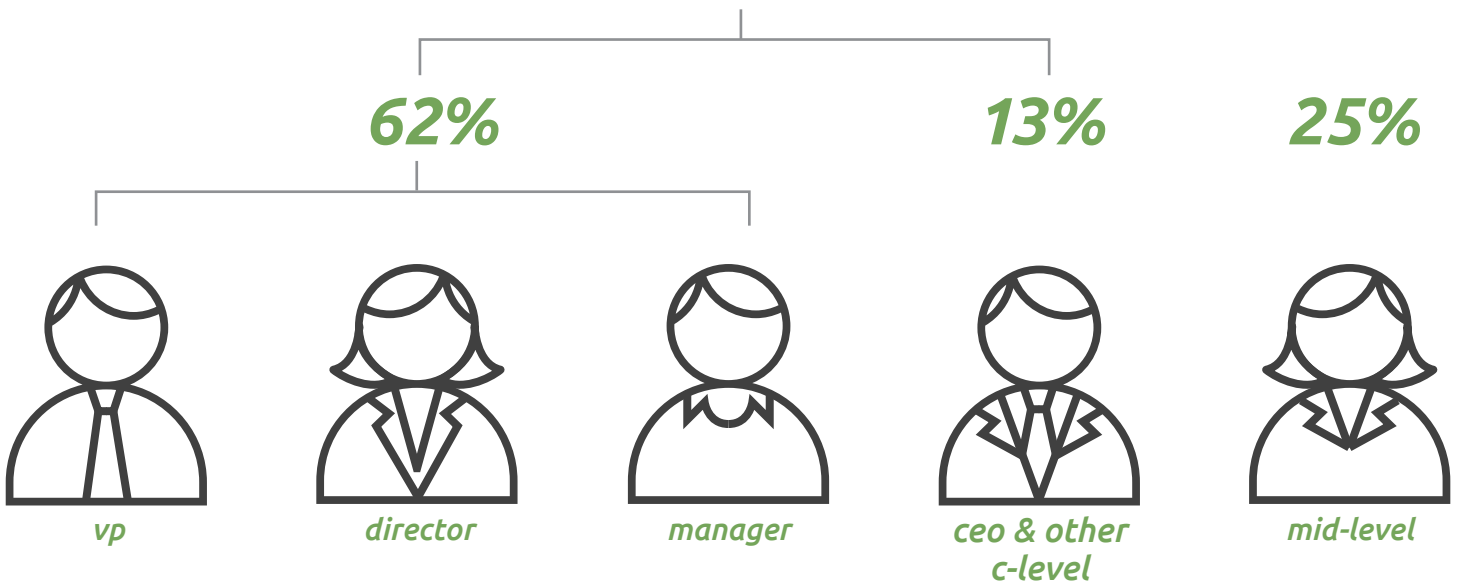
branch size

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%



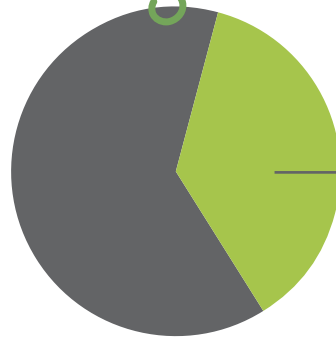
who's involved in branch decisions?

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%

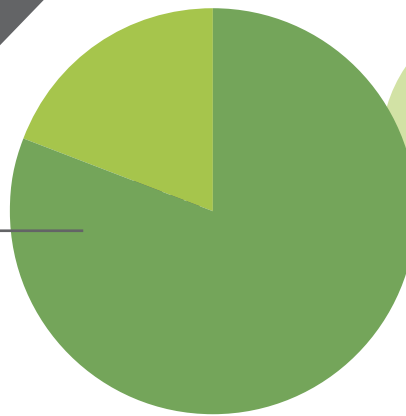
wanted to increase profitability



reducing branch size?

81%

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



2015

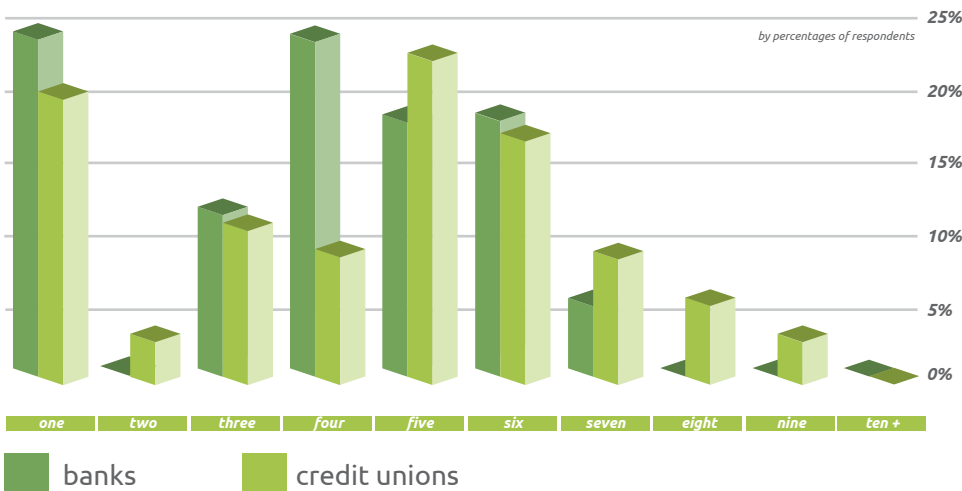
94%

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



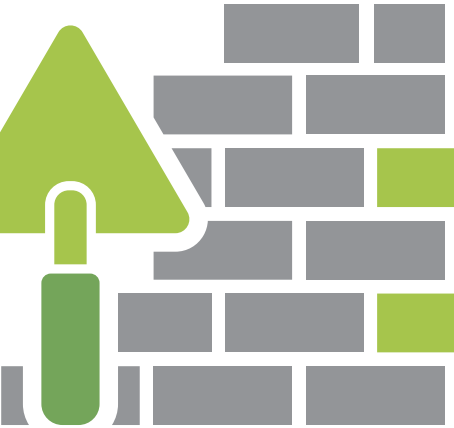
2015 vs 2016

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

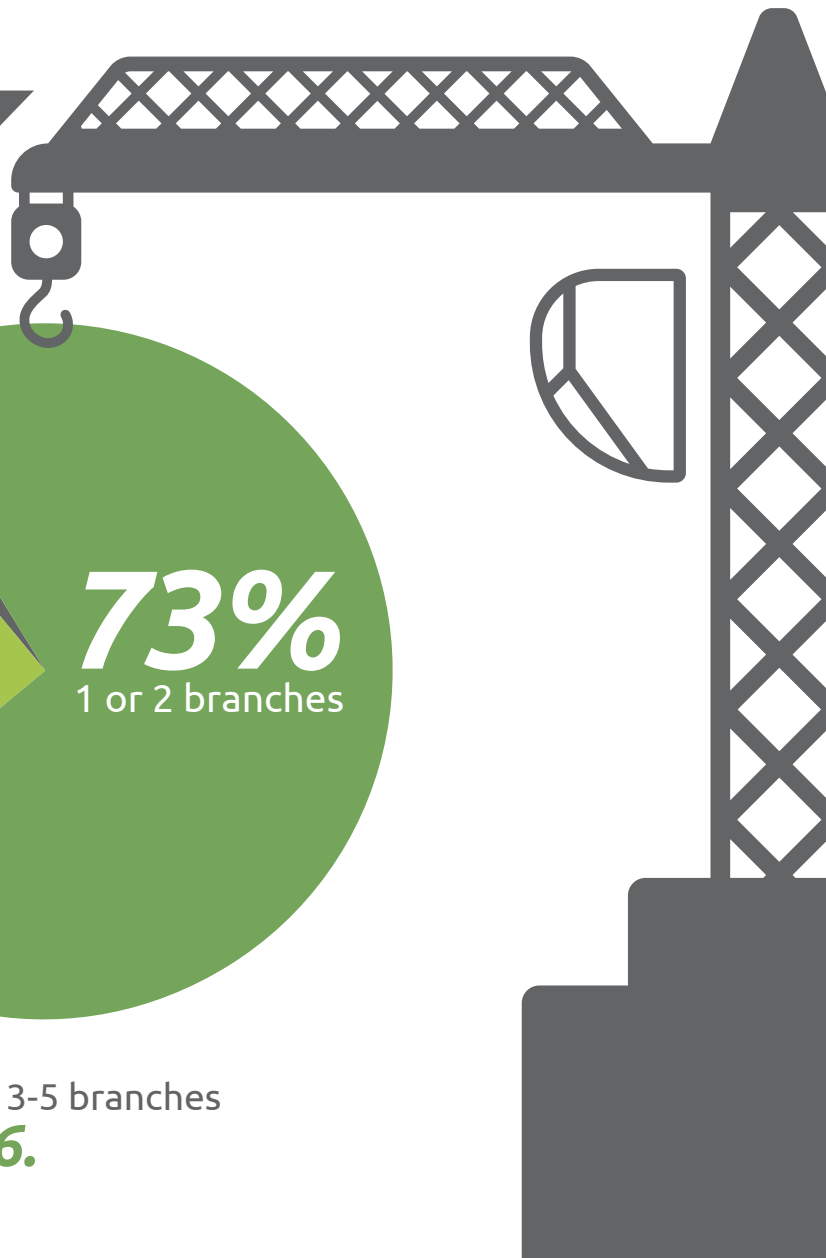
25%

3 to 5 branches

73%
1 or 2 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

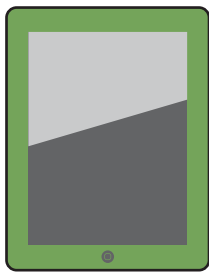
branch technology



81%

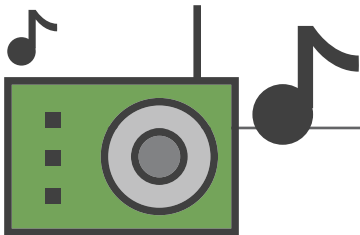
digital signage

+ 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

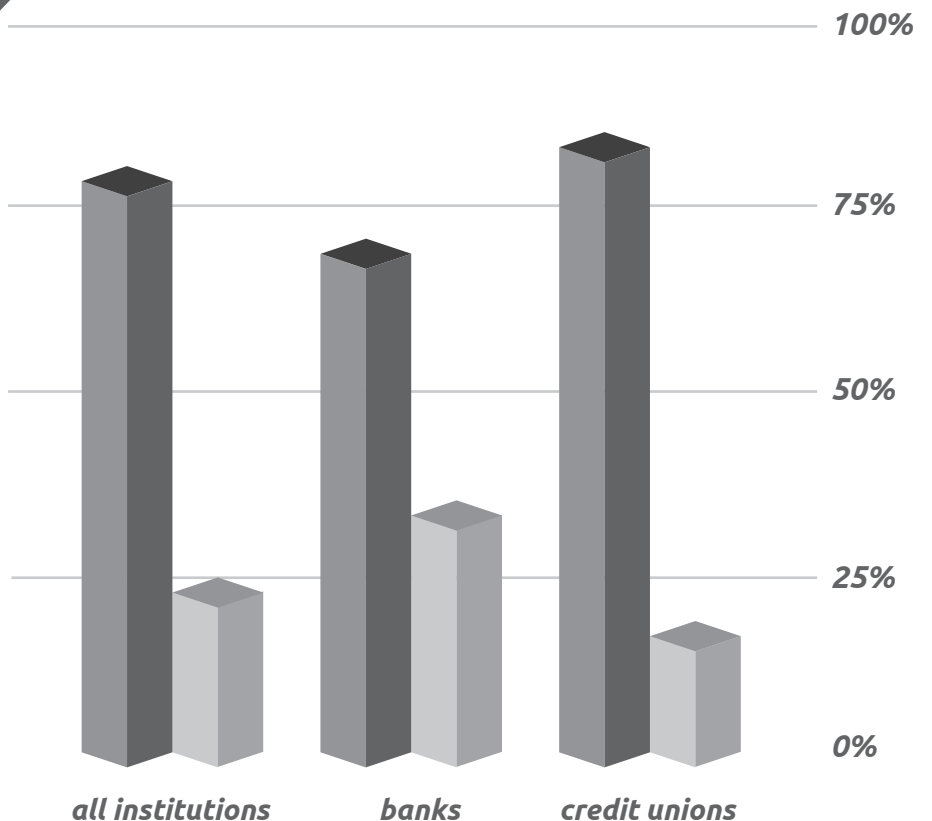
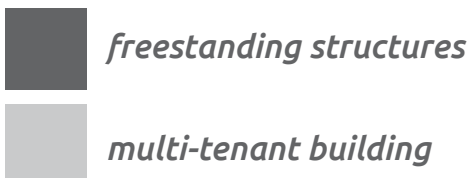
41% of banks **34%** of credit unions

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.

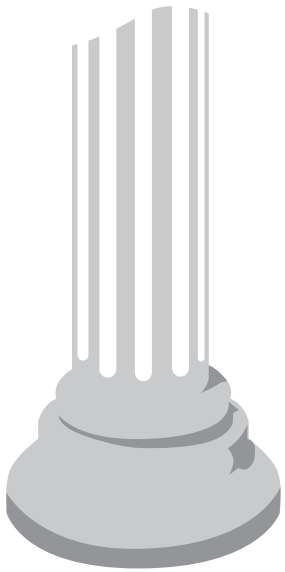
construction type

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

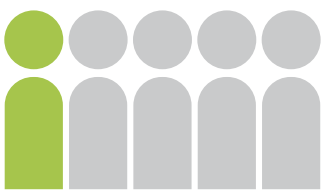
banks

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.

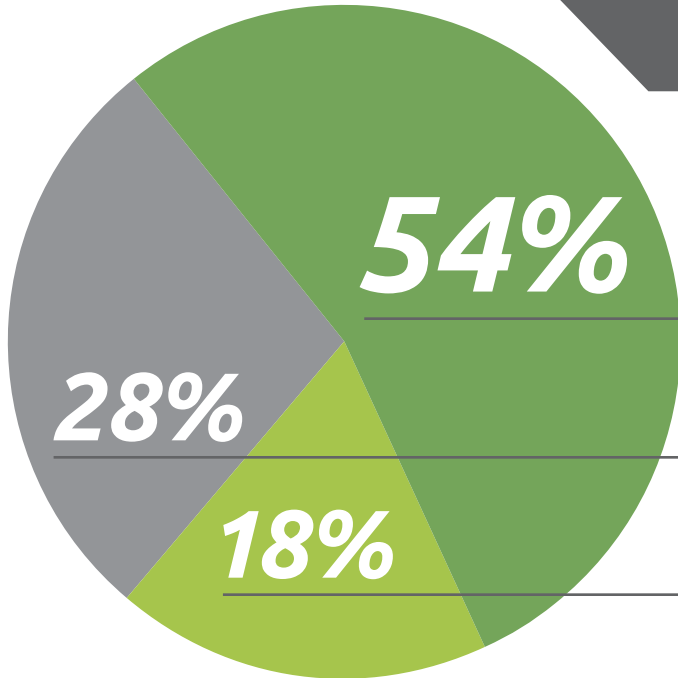


80%

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**

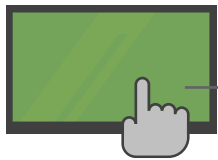
said their new branches were **a completely new approach**

of all institutions adding new branches

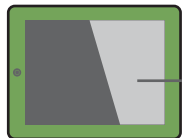
branch technology



84% + up 13% from 2015
digital signage



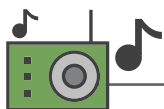
63% + up 10% from 2015
interactive kiosks



58% + up 13% from 2015
tablet kiosk



58% + up 24% from 2015
interactive tellers



37%
overhead music



32%
video walls



26%
video conferencing



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%

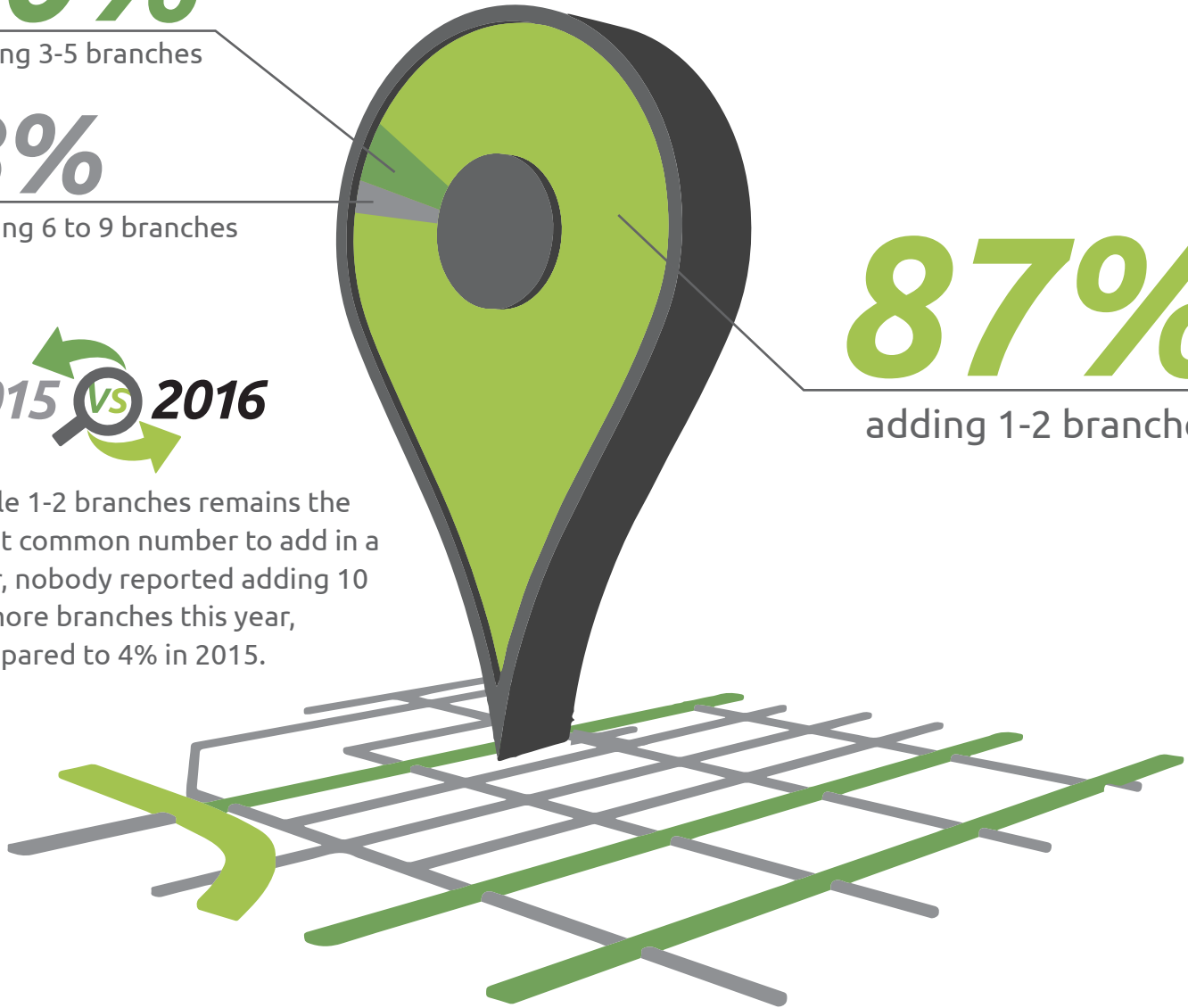
adding 6 to 9 branches

87%

adding 1-2 branches

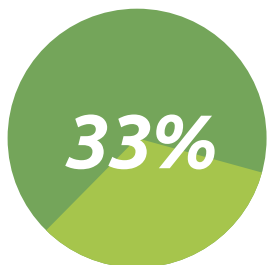
2015 vs 2016

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.

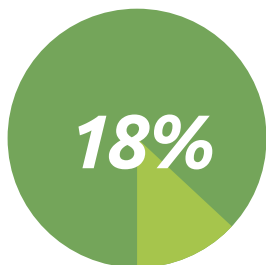


why new branches?

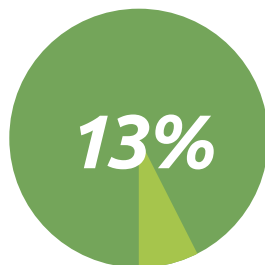
2015 vs 2016



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%)