

## Must-Have Analytics for Branch Planning & Performance Management

by [Kevin Halsey](#) (202-337-7873)

Across the industry, the rate of branch closures has accelerated while operating leverage has simultaneously improved. It's no secret that banks continue to rationalize their branch networks and optimize their delivery channels. To make the right branch and channel decisions with confidence, managers need insights on customer preferences and channel use, profitability metrics, market opportunity, and competition. These insights help drive channel decisions, and CPG's analytical tools can help. We put our tools to work in three areas:

### Market Opportunity Analytics

Market opportunity can vary significantly across a branch network. It is important that banks are able to objectively differentiate opportunities as the tactics and strategies for branches in highly attractive markets will differ from those in less attractive markets. Top performing retail banks use these analytics to inform branch sales goal setting for example. CPG works closely with clients to define market opportunity, selecting the variables and analytical methodology that most closely aligns to the institution's strategic priorities.



*(Continued on back)*

## Betting on Retail Banking & Branches

by [Mary Beth Sullivan](#) (202-337-7872)

JPMorgan Chase announced last month that it will use part of its benefits from tax reform to expand its retail banking franchise - 400 new branches and thousands of new jobs. This is an interesting announcement for a lot of reasons, not the least of which is that many other large banks have announced plans to close branches in the coming years - including Wells Fargo, which recently announced it plans to close 800 more branches by 2020.

So, what's the future of the retail branch? I agree with those who believe that branches are vital to the success of any retail banking operation. While transactions and routine servicing requests continue to transition to digital channels (much like they transitioned to ATMs when that channel was introduced), branches remain the channel of preference for consumers and small businesses when choosing a bank or credit union and opening an account and are still a preferred transaction and service channel for many. In a recent survey, 71% of credit union members say the branch is their primary way of interacting with their credit union.

Interestingly, since 2000, the number of bank branches in the U.S. has increased by 5%. Bank of America has 2,766 fewer branches, while JPMorgan Chase has opened more than it has closed. Marianne Lake, the CFO of JPMorgan Chase, said recently "75% of growth in deposits this quarter [2Q 2017] came from customers visiting our branches."

*(Continued on back)*

Total Branch Counts	2000	2017	Change	
Total U.S. Branches	85,473	89,847	4,374	5%
Bank of America Corporation	7,371	4,605	(2,766)	-38%
JPMorgan Chase & Co.	5,037	5,291	254	5%

## Marketers: Get Thee to a Branch!

by [Mary Ellen Georgas](#) (917-328-7828)

When was the last time you, as a bank marketer, visited a branch? Do you know what the branch managers are doing on the front lines every day to market the bank's products and services? Have you asked for their insights on the customer experience? Or what they think about bank sales goals and marketing plans?

***If you can't remember the last time you visited a branch or talked with a branch manager...***

You'll be amazed at what you learn and—if you are open to it—just how many aha! moments you can have at a branch. These insights will help you build stronger value propositions, create more effective sales and cross-sell campaigns, make smarter spending decisions, and understand better what your customers really think of your bank.

While branch traffic is declining, the importance of a branch to the bank cannot be understated. Branches are still the reason half of

new customers choose a bank and home to half of new account openings. Digital channels have not outmoded personal advice, guidance, or even certain transactions for many people—including millennials. This is especially true when it comes to big-ticket credit and investment decisions.

Marketers, you have an abundance of data that could help branch managers!

Sharing data on a branch's current and past performance, customer base, and potential of the market, gives branch managers the baseline data they need to create an informed plan for success.

***Given the option to either close a branch or find a better way to utilize the space...***

Branch managers become extremely resourceful in suggesting creative ways to maintain branches and jobs. They understand the

*(Continued on back)*

## Must-Have Analytics (continued)

### Branch Performance Analytics

Using a variety of metrics, including profitability and sales results, branch performance is evaluated in line with an institution's strategic priorities and objectives. Insights from this analysis and the market opportunity analysis can be combined to inform decisions related to resource allocation and the priorities for enhanced sales management. CPG's BankRank performance matrix helps clients think about these critical branch planning decisions on a branch-by-branch and market-by-market basis.

### Digital & Channel Usage Analytics

The growth of digital has produced major impacts on banks' abilities to attract, grow, and serve customers as well as impacts on the ways both customers and banks perceive branches. CPG helps banks develop insights from channel usage data to understand the implications for channel optimization. CPG has also helped clients to use this information as a performance management tool, increasing the effectiveness of onboarding programs and increasing enrollment and usage of digital channels.

CPG's analytics have helped clients to deliver the following results:

- ◆ Better placement of physical facilities in markets with higher opportunity.
- ◆ Better allocation of resources/investments leading to higher returns and improved financial performance.
- ◆ Higher sales volume and new-to-bank household acquisition rates.
- ◆ Lowered costs of transactions as a result of customers performing non-value-added tasks outside of the branch.

To learn more about how CPG can help you to build channel analytics, please contact [Kevin Halsey](#) (202-337-7873).

## Betting on Retail (continued)

Branches will remain vital, especially as deposit competition intensifies in coming years. Some banks are already working hard to dramatically transform the role of the branch. Consider Umpqua's Engage software development and branch transformation effort, which is designed to put people at the center of the branch value proposition (and better leverage expensive branch staff). Umpqua branches are being redesigned so that branch staff can multitask on digital channels while also attending to walk-in customers. Umpqua says the idea is to allow AI, digital channels and analytics to empower people, not replace them. The Engage software will guide the workflow in the branch, prioritize banker conversations and text chats, and help bankers navigate conversations. Customers will be able to pick their personal banker – and be able to interact with that person on all channels. These bankers are your "Best Financial Friends".

What other changes do you see for the future of bank branches? Do you agree that branches will remain vital for almost all banks in the battle for new customers and their hearts and wallets?

## Get Thee to a Branch! (continued)

importance of their branch to the local community. With better data, they can create a business plan that ensures a baseline level of profitability and the continued ability to contribute to a vibrant local community.

If there is a branch downstairs in your building, go there right now and introduce yourself to the branch manager. Spend time observing what happens and think about how your bank could make every customer experience better.

Read the full article on [ABA Banking Marketing](#).



## Can Retail Banking be Saved? Should it Be? by [Rolland Johannsen](#) (646-303-3312)

For many banks, retail is in danger of becoming a zombie business. A decade of historically low interest rates, vanishing fee income, and stubborn legacy costs have diminished business line profitability; rapid technology innovation has presented retail banking executives with a wide array of confusing, costly, and unproven investment options; and, demographic changes have created questions about the very relevancy of banks. Bank CEO's increasingly are asking: "Is it worth it?"

For most banks, their retail franchise is the most valuable part of the company. Our research shows that banks with large branch networks, low cost of funds, and high core deposit ratios relative to peers trade at higher market multiples and command higher acquisition premiums (15% higher in fact). While retail is the least profitable business line at many banks, an argument can be made that most banks would make little or no money without the retail franchise. The retail business is, in many cases, the company brand.

**We believe that the retail business can and should be saved.**

**Define the Business.** The complexity and diversity of the retail business creates significant challenges for retail banking executives who must choose among a broad range of options. The key is determining what they should do. A comprehensive strategy is

required to create a laser-like focus on value-added activities and to determine which target investments, resources and activities enhance both market and financial performance.

**Differentiate with Distribution.** Customers do not value all delivery channels equally for all transactions and interactions. Understanding the role and importance of each channel is critical in configuring multi-channel distribution networks that are cost-effective and create true market differentiation.

**Make "Customer Experience" more than a Slogan.** In order to turn customer service into a competitive weapon it must be defined from the customer's perspective and transitioned from an abstract guiding principle to a day-to-day operational and management process.

**Manage Rigorously and Consistently.** Management systems, structures and processes must be designed to identify issues and opportunities quickly, report performance and results consistently, focus talent and resources on value-added activities, and free up time to get out of the office and into the field.

Read the full article on [BAI Banking Strategies](#).