

Making Retail Bank Branches Functional...*and profitable*

Banks across the country are looking to shed locations then re-purpose remaining branches

From travel to retail, technology is upending every industry. Until recently banks have been insulated by their complex platforms and systems that have slowed the market penetration of entrepreneurial innovation. Those days are gone as consumers embrace mobile banking and e-commerce. Players, like PayPal and Square, who initially facilitated online transactions now have their sights set on business lending and join the ranks of OnDeck Capital, Inc., Intuit, Cabbage, and others competing to lend to small businesses. The *Wall Street Journal* reported in September 2015 that PayPal issues an average of more than \$2 million in loans to U.S. small businesses each day ([click to read article](#)). It is no wonder that recent articles have appeared under headlines like [“The retail bank branch is doomed and banks don’t even know it”](#), and [“Hundreds of Bank of America branches are disappearing”](#). Deposits and commercial loans are not the only thing eluding financial institutions. Community banks are also struggling to originate residential home mortgages. For example, online lender Quicken Loans has surged to the #3 spot of the nation’s top residential mortgage lenders.

Banking is a big ship slow to change course, but the ubiquity of online banking, including financing, will require all banks to re-think the way they do business, especially with brick and mortar locations.

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What is a bank branch to do?

As banks discover their role in the new economy they will inevitably continue closing retail branch locations.

The remaining locations will need to be renovated and re-purposed to meet the needs of clients. Despite the persistent winds of technological change, people still like doing business locally, face-to-face. This fact will save, albeit only some, bank branches. As banks re-evaluate their business models and develop products and services around person-to-person interaction the branches will change dramatically.

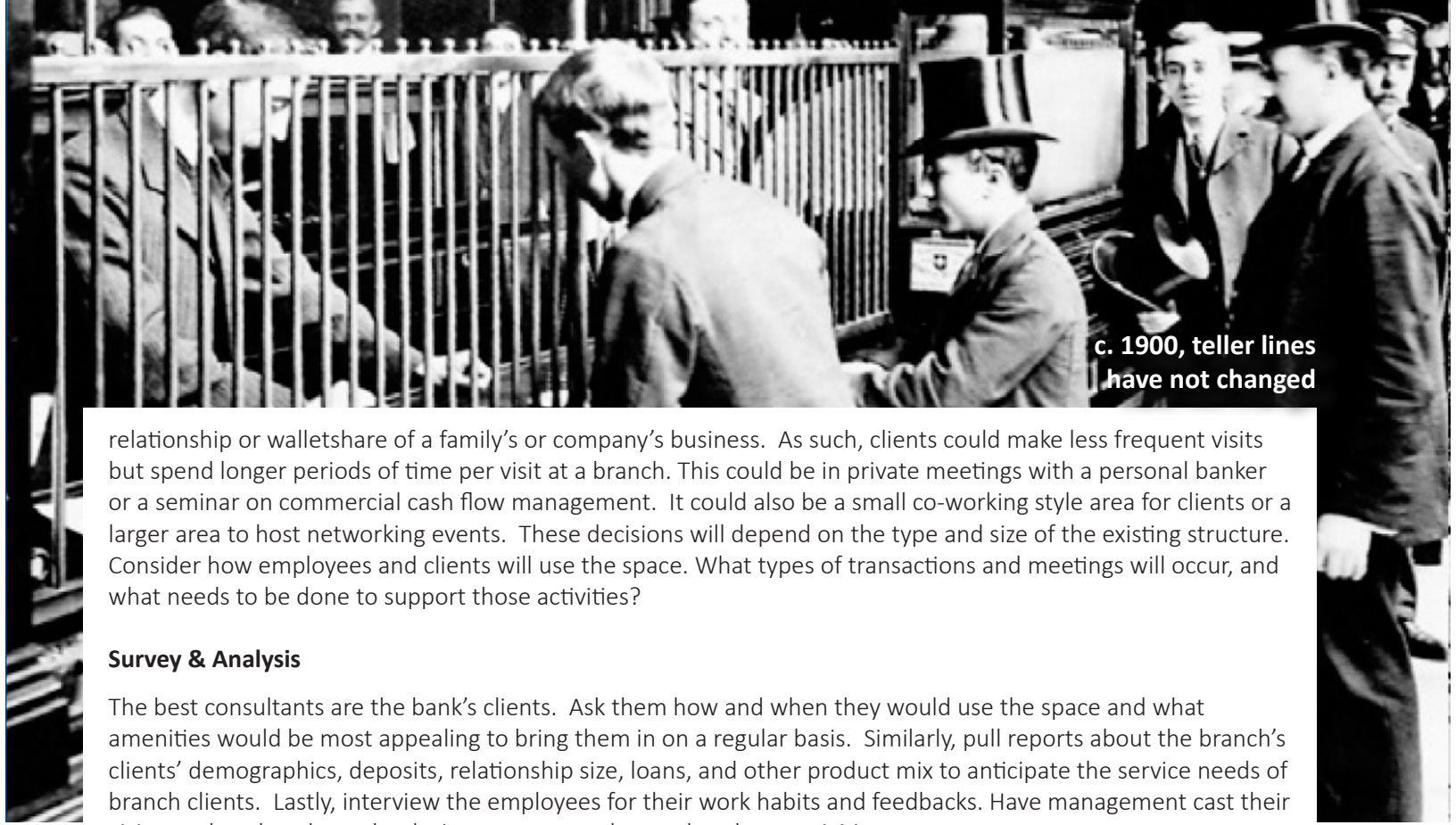
With the central idea that people value personal interactions, banks need to re-think and re-engineer their design away from quick transactions to designs that foster deep relationships.

Interior designers will save the bank branch

Interior design is more than paint chips and carpet samples. It is the analytical approach to creating functional, efficient and pleasant work environments. Excellence in design and re-imagining the user experience has propelled companies like Apple and Disney to dominate their industries. Below are considerations for a branch undergoing an interior re-design.

Functional use analysis

Many speculate that branches will become less of a place to do frequent, quick transactions, with those transactions performed electronically through desktops and mobile devices. Branches of the future could be seen as financial community centers, where the bank has a large



c. 1900, teller lines have not changed

relationship or walletshare of a family's or company's business. As such, clients could make less frequent visits but spend longer periods of time per visit at a branch. This could be in private meetings with a personal banker or a seminar on commercial cash flow management. It could also be a small co-working style area for clients or a larger area to host networking events. These decisions will depend on the type and size of the existing structure. Consider how employees and clients will use the space. What types of transactions and meetings will occur, and what needs to be done to support those activities?

Survey & Analysis

The best consultants are the bank's clients. Ask them how and when they would use the space and what amenities would be most appealing to bring them in on a regular basis. Similarly, pull reports about the branch's clients' demographics, deposits, relationship size, loans, and other product mix to anticipate the service needs of branch clients. Lastly, interview the employees for their work habits and feedbacks. Have management cast their vision and goals to have the design promote and appeal to these activities.

Concept Development

Once the research is performed and analyzed, the interior design firm will work on implementing ideas to achieve the goals. This includes space planning for optimal use and comfort of layout through lighting, color and material selections to stimulate the right outcomes. Systems analysis is also done to ensure that electric, HVAC, plumbing and other infrastructures are adequate. Lastly, the design should promote the marketing, branding and sales goals of the organizations and must be integrated into the concept development.

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Construction Procurement and Administration

After the design is solidified, a contractor or contractors are selected to do the job. The interior design firm will help oversee the construction or renovation of the space to ensure the outcome matches the original concept.

In the past 100 years bank branches have not evolved. Those banks willing to change will experience greater change in the next 10 years than the previous 100 years. Those not willing to change will not be around in 10 years.

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