

# CHEAT CODES

HOW TO BEAT THE BRANCH EFFICIENCY GAME IN 2023

# WHAT WE'LL BE COVERING TODAY

- 1 Branch channel myths debunked: How has the branch rebounded from the pandemic and where will it continue to trend?
- 2 Where are others in their branch modernization efforts and what's getting in the way?
- 3 What are the top branch staffing and technology strategies for 2023?
- 4 Q&A

# MEET THE EXPERTS



**BOB MEARA**  
Sr. Banking Analyst  
Celent



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Chief Strategy Officer  
CFM



2 X FINTECH  
PRODUCT OF  
THE YEAR

OVER 675 CUSTOMERS



# CELENT

1000s  
OF FS SPECIFIC TECHNOLOGY  
CASE STUDIES

LARGEST  
FS SPECIFIC VENDOR  
DATABASE

BESPOKE  
ANALYSIS, ADVICE, AND  
PERSONALIZED INSIGHTS

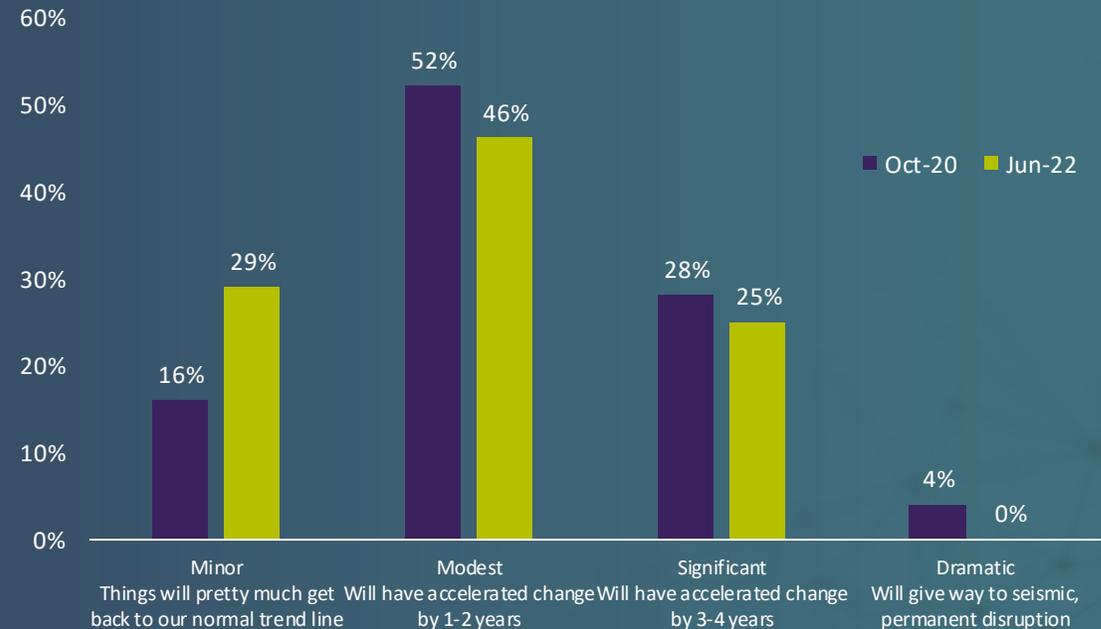
A person wearing a white lab coat is pointing at a tablet screen. The background is a dark, blurred indoor setting. The text is overlaid on the left side of the image.

# CHEAT CODE #1 BRANCH CHANNEL MYTHS DEBUNKED

# COVID-19 LED TO A STEP-CHANGE IN CHANNEL UTILIZATION BUT WAS LESS IMPACTFUL THAN MANY FEARED

- NA financial institutions anticipated a greater impact from the pandemic than has played out since then.
- Channel “right-sizing” preceded the pandemic and continue afterwards.
- Teller transactions continue to migrate to ATMs, secondarily digital. Some banks cite ATM xas >4x higher than in-branch.
- Yet the branch channel remains banks’ primary sales channel across asset tiers and demographics.
- This changes the calculus for branch channel investment.

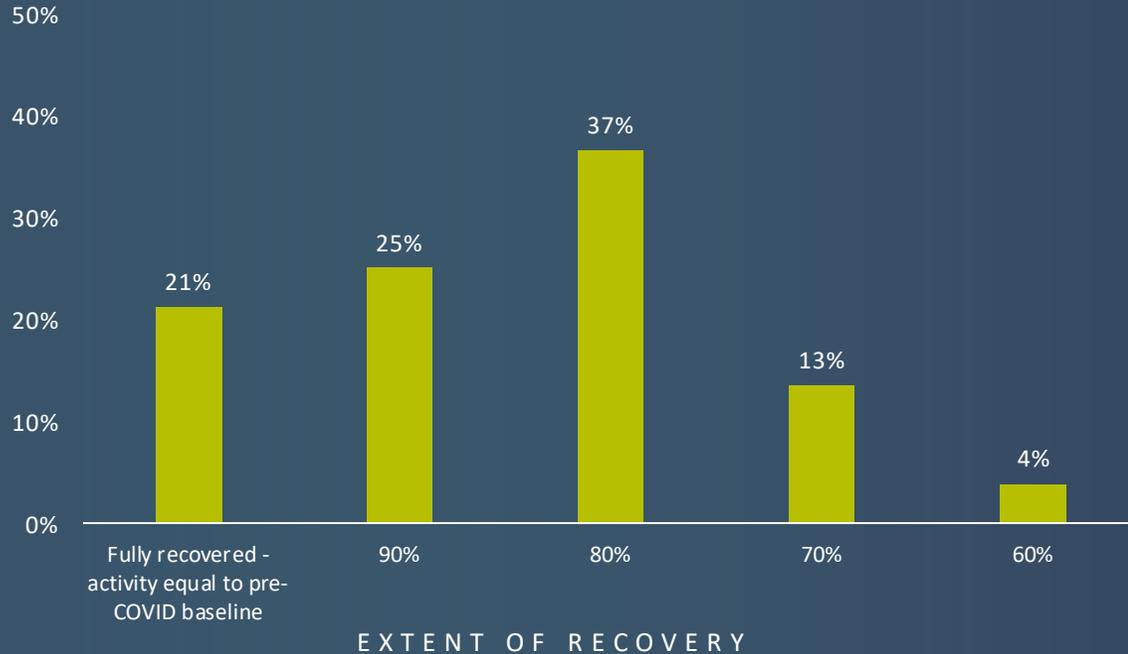
COVID-19 IMPACT ON CUSTOMER UTILIZATION OF BRANCH NETWORK



Source: Celent Branch Transformation Research Panel survey, June 2022, n= 57

# MOST HAVE SEEN >80% OF BRANCH TRAFFIC RETURN, POST-LOCKDOWN & ARE SEEING A RETURN TO HISTORIC TRANSACTION MIGRATION RATES

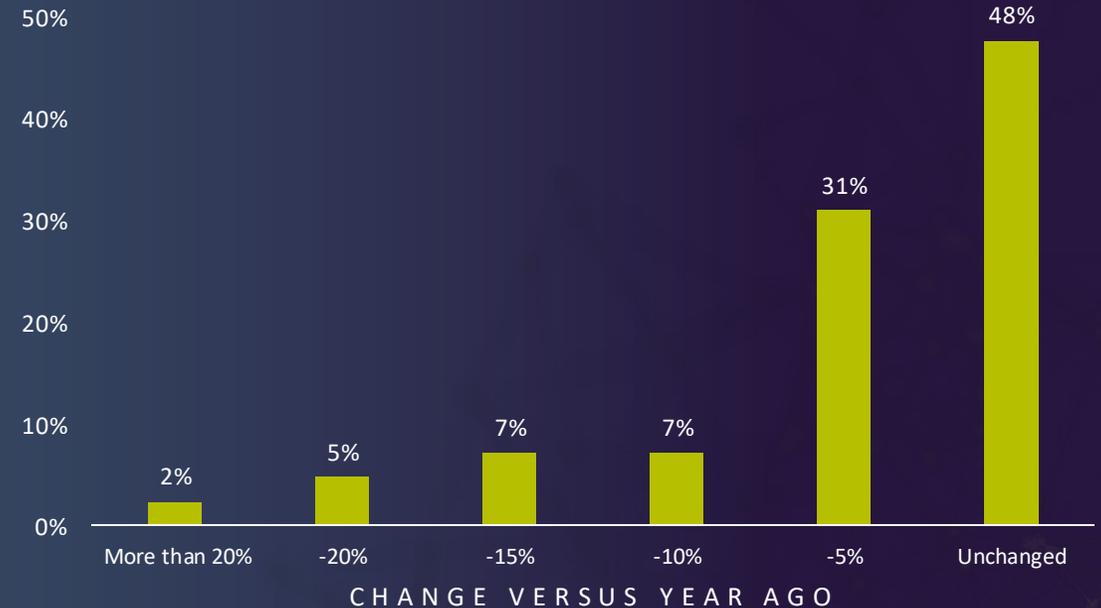
COVID-19 IMPACT ON CUSTOMER UTILIZATION OF BRANCH NETWORK



Q: In retrospect, which best describes the impact you believe COVID-19 had on your customer's utilization of the branch channel?"

Q: In terms of average monthly transaction activity, to what extent has network activity recovered from peak lockdown lows? Select which best applies in percentage terms.

AVERAGE MONTHLY TRANSACTION VOLUME VERSUS YEAR AGO

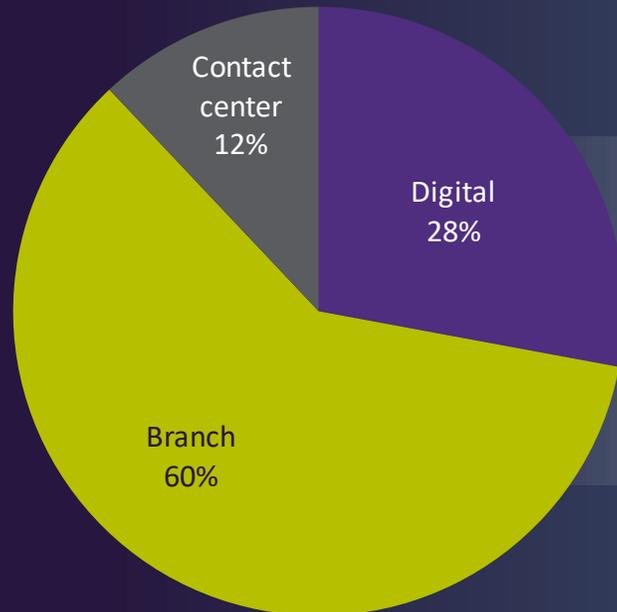


Q: Consider your average monthly branch transaction volume across the entire network over the past quarter. How does it compare to the same period one year ago?"

# MASSIVE GROWTH IN DIGITAL CHANNEL UTILIZATION HAS NOT TRANSLATED TO COMMENSURATE GROWTH IN DIGITAL SALES. THE BRANCH REMAINS VITAL.

## PAST QUARTER "NEW TO BANK" SALES ATTRIBUTION

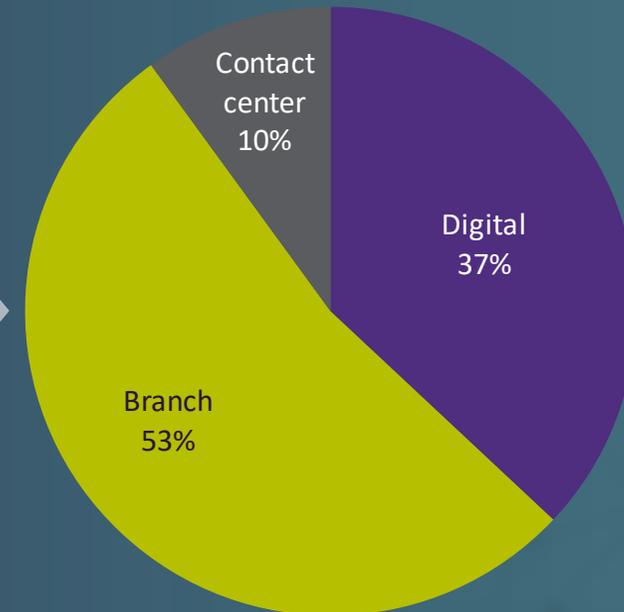
"New to Bank" Sales Attribution



Digital Branch Contact center

## EXPECTATION ONE YEAR FROM NOW

"New To Bank" Sales Attribution Expectation



Digital Branch Contact center

Q: What is your current or past quarter "new to bank" sales attribution by channel? What do you expect this to look like one year from now?

# SO...*WHAT* IS HAPPENING?



*WHAT* is driving the return of traffic volume beyond what was expected?



*WHAT* is helping the branch maintain its role as the main sales channel?



*WHAT* is preventing the branch from being respected, even though it's the #1 sales channel?

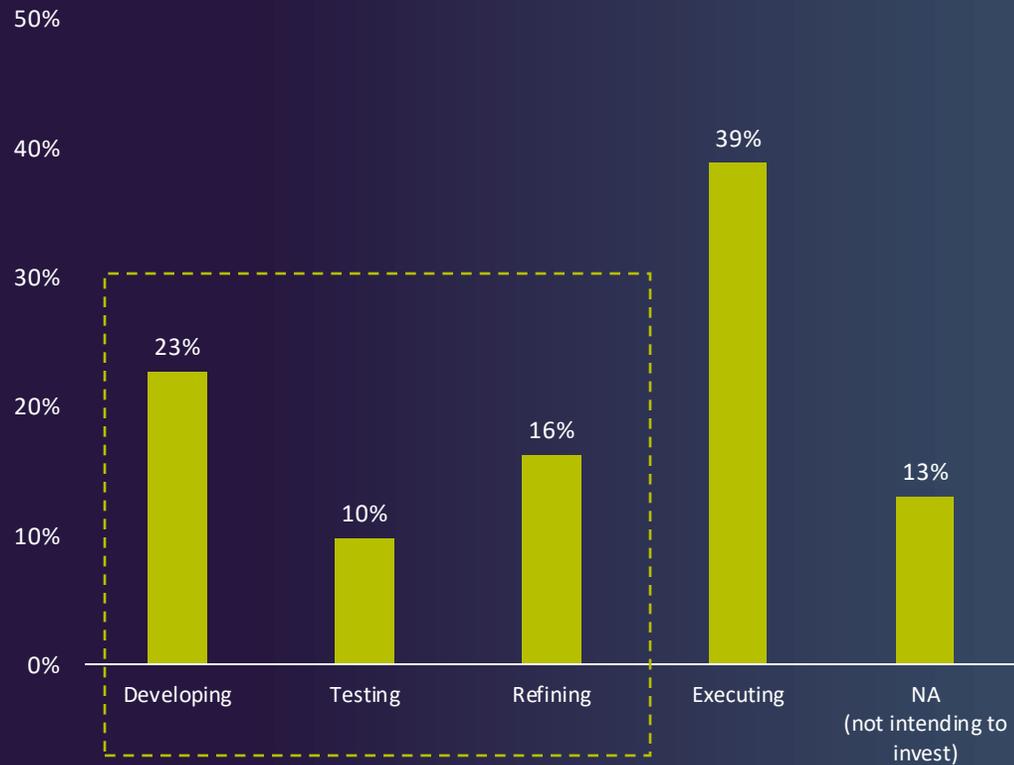


# CHEAT CODE #2 CONQUERING BRANCH MODERNIZATION

# COVID-19 ACCELERATED DIGITAL INITIATIVES, BUT STALLED BRANCH PROGRESS

HALF THE INDUSTRY STILL LACKS A FIRM PLAN

State of Branch Transformation Strategy



Q: Which option best describes your institution's branch transformation strategy?

...AND LACKS A CLEAR VISION FOR THE NETWORK

Clarity of Vision for the Future Branch Network



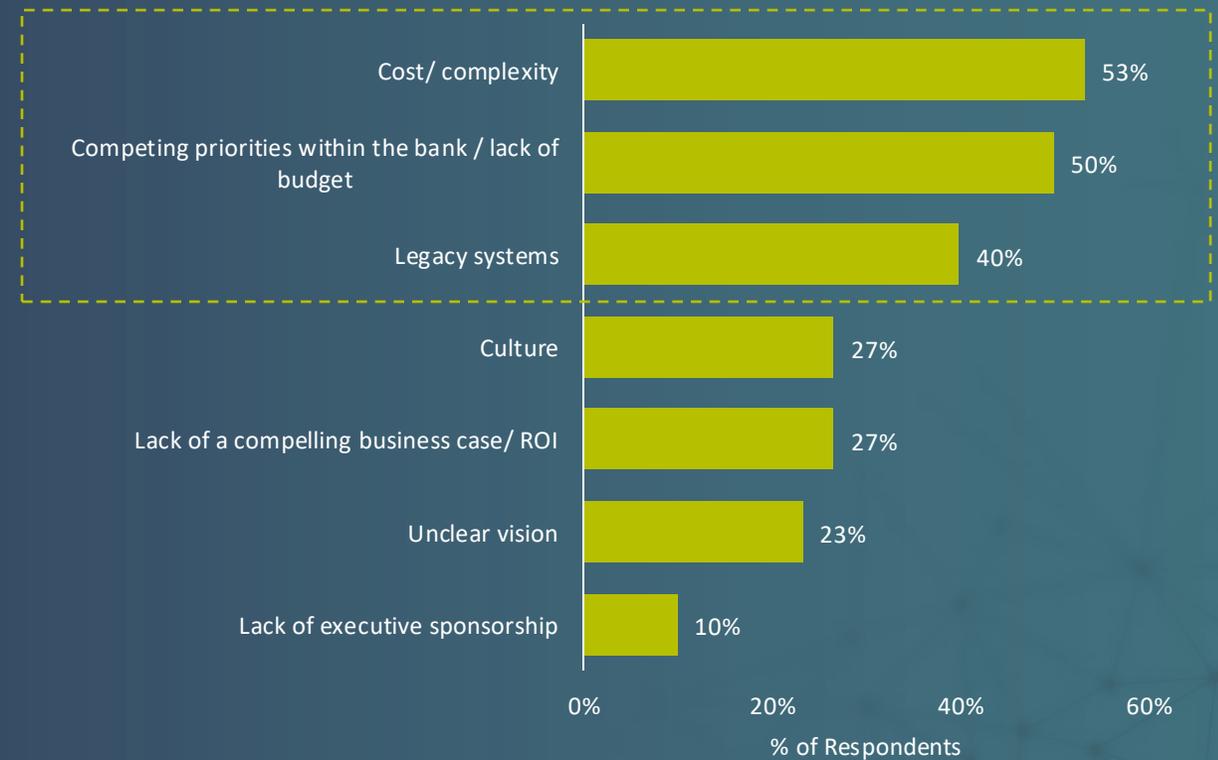
Q: How clear is your institution's vision for what your branch network will look like three years from now?

# DRIVERS OF CHANGE ABOUND AS WELL AS CHALLENGES

## DRIVERS OF CHANGE TO THE BRANCH NETWORK



## CHALLENGES TO BRANCH CHANNEL TRANSFORMATION



# SO...*WHY* SHOULD YOU CARE?



Transformation has lots of meanings that need to be defined per institution



A digital-only focus can harm the #1 sales channel: the branch



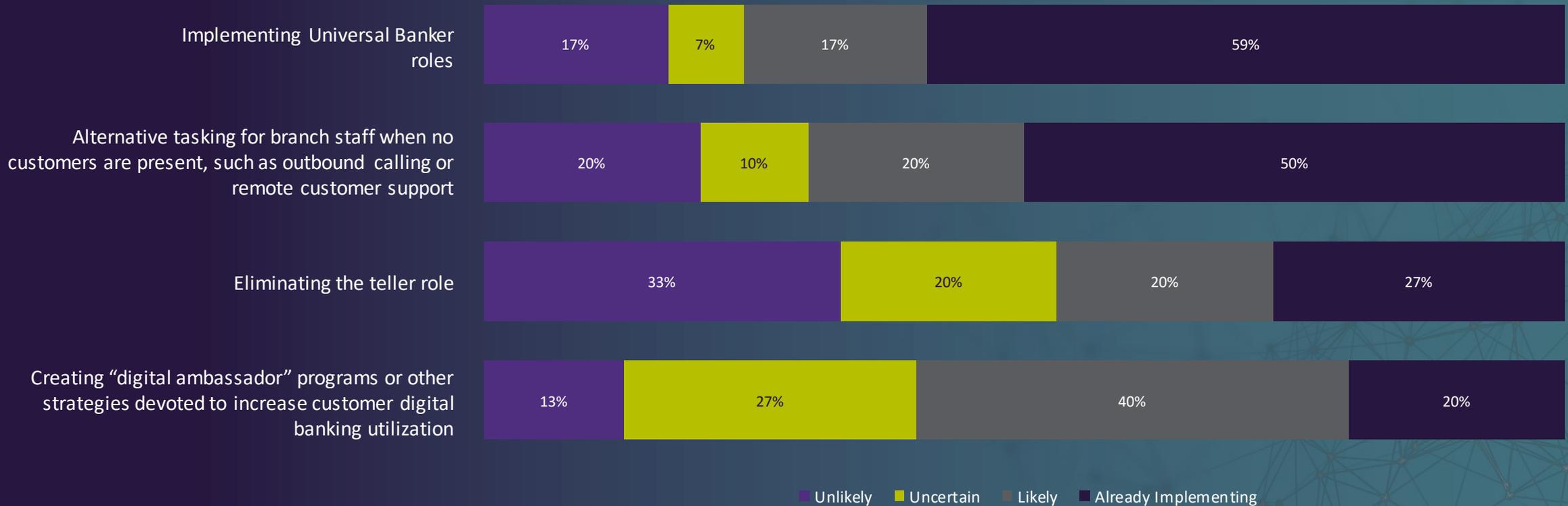
Technology can be a lever to growth and efficiency



# CHEAT CODE #3 POWER PLAYERS: PEOPLE & TECHNOLOGY

# SOME INSTITUTIONS ARE ENGAGED IN STAFFING CHANGES.

## HUMAN CAPITAL STRATEGY CHANGE LIKELIHOOD

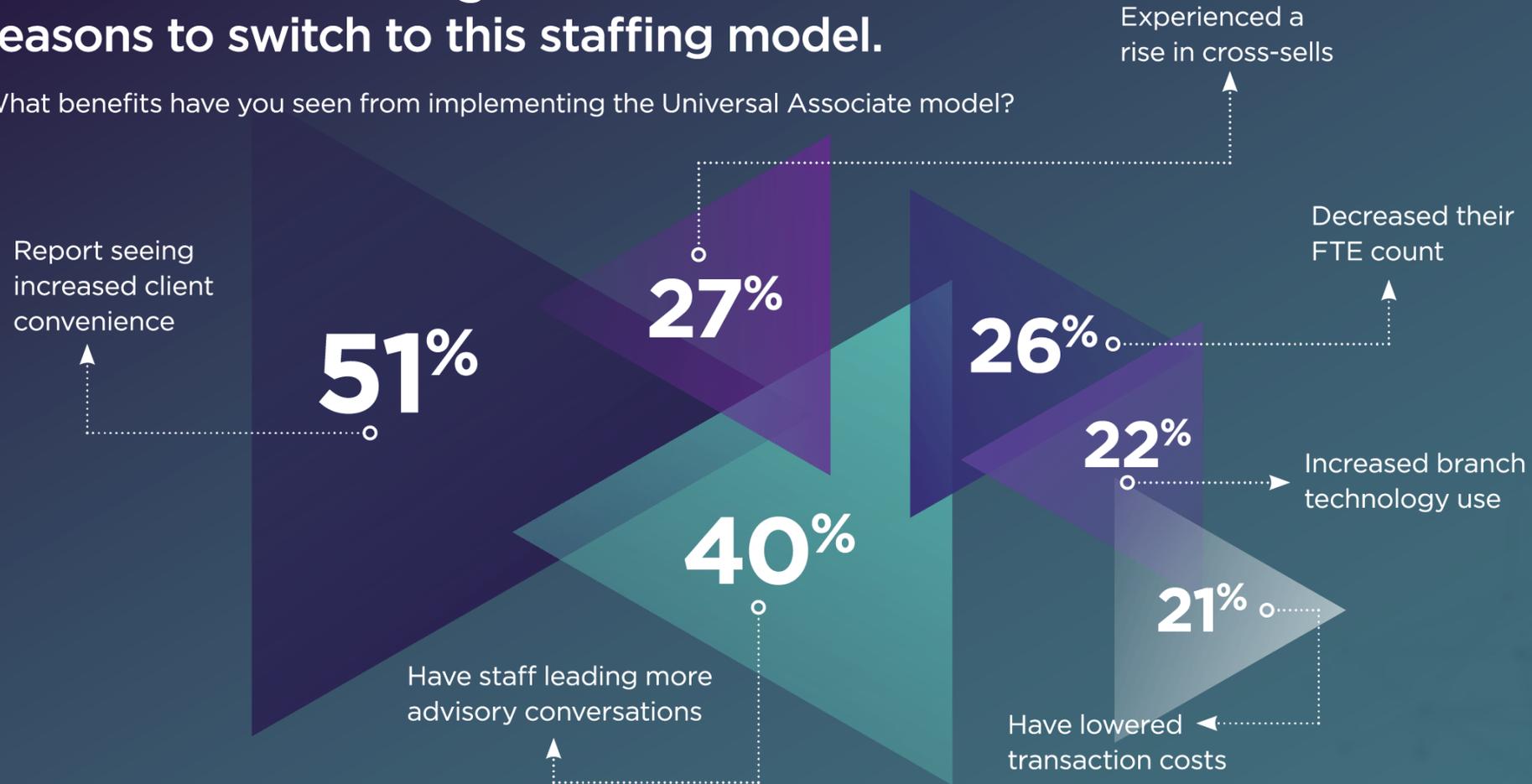


Q: Has COVID-19 changed your views on human capital strategies? For each, indicate the impact COVID-19 has had, if any, on your likeliness to implement.

# THERE IS POWER IN THE PEOPLE

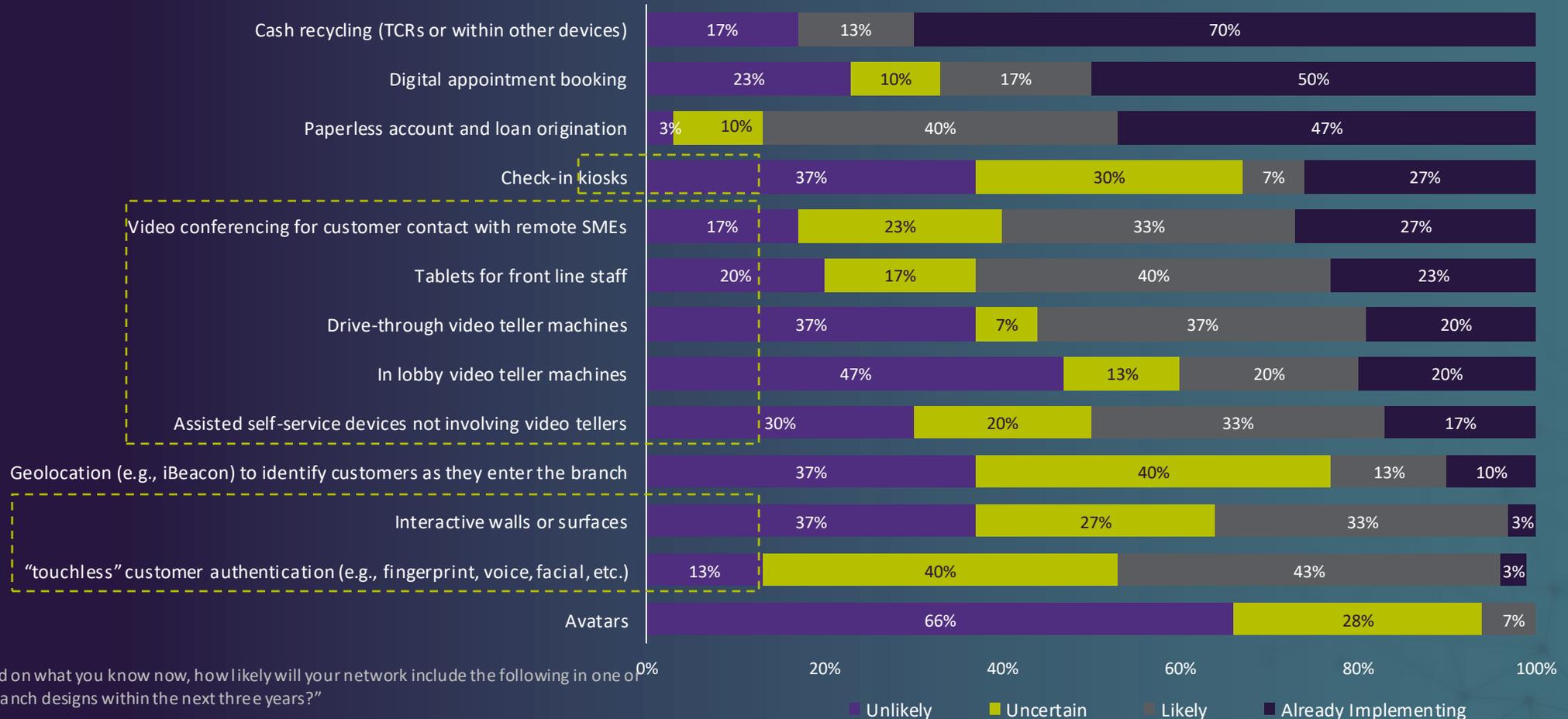
Universal Associates give us lots of reasons to switch to this staffing model.

What benefits have you seen from implementing the Universal Associate model?



# COVID-19 MAY HAVE ALTERED AMBITIONS BUT IT DID NOT CHANGE THE TECHNOLOGY MIX INSTITUTIONS ARE CONSIDERING

## BRANCH TECHNOLOGY IMPLEMENTATION LIKELIHOOD



Q: Based on what you know now, how likely will your network include the following in one of more branch designs within the next three years?"

# THERE IS A REASON INTEGRATION IS #1

**Those with integrated technologies win**  
in comparison to those who don't.

**36%**

36% of FIs with integrated tech have seen **an increase in sales** versus 11% without integrated tech.

**11%**

**33%**

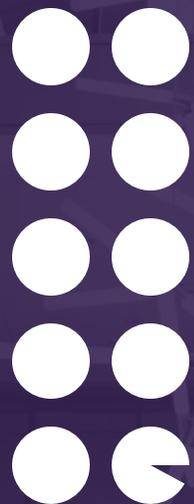
33% of FIs with integrated tech have seen a **decrease in FTE** versus 21% without integrated tech.

**21%**

# KEY TAKEAWAYS

- The branch channel is *not* dead!
- Branch modernization may be unpopular, but it remains critical for sales and should be viewed as required versus optional
- As branches get smaller and are staffed more lightly, blended Universal Associate staffing models are becoming a necessity
- Technology can help take cost out of the network to increase efficiency and sales effectiveness

CFM  
DELIVERS



98%

RENEWAL RATE



AMERICAN  
BUSINESS AWARDS

2X FINTECH  
PRODUCT OF THE  
YEAR

54K+

L I C E N S E S   S O L D

WE'VE BEEN HERE BEFORE

ARVEST

 **Associated Bank**

**NAVY**   
**FEDERAL**  
Credit Union

  
**UMPQUA**  
B · A · N · K

desert  
**ISFINANCIAL**  
CREDIT UNION

  
**Huntington**

# THE CFM INTEGRATED PRODUCT SUITE



The integration layer for all of your technology into your core.



Unlock your teller cash recyclers and allow transactions from anywhere.



A one-of-a-kind, highly-intuitive, and touch-first tablet based teller platform for universal associates.

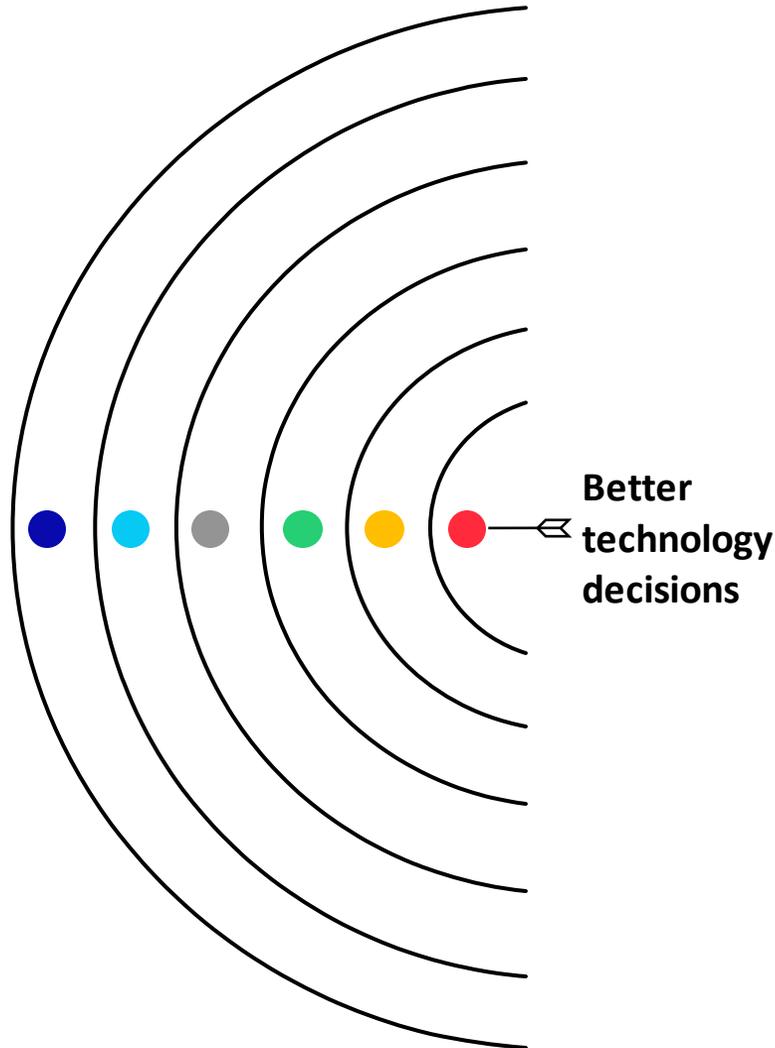


Turn your self-service kiosk into an assisted and full-service kiosk for ultimate efficiency.



The ultimate analytics and intelligent tool when it comes to managing the perform of your integrated technologies.

# CELENT IS THE LEADING RESEARCH AND ADVISORY FIRM FOCUSED ON TECHNOLOGY FOR FINANCIAL INSTITUTIONS GLOBALLY



- **1,000s of FS specific technology case studies**
  - Extensive database of global best practices from leading financial institutions
  - Annual awards highlighting best practices and new tech trends
- **Largest FS specific vendor database**

1,000s of vendors and demos analyzed to keep you up to speed on the latest tech
- **Bespoke analysis, advice, and personalized insights**

Unique bespoke insights via direct analyst engagement. Ongoing access to data and reports.
- **Evidence supported data**

Knowledge base of trusted industry advisors with 100s of years of expertise to challenge and support you
- **First to market trend analysis**

Trend reports to get you up to speed first on the latest, e.g. AI, APIs, 5G, IoT, quantum, blockchain, etc.
- **Network across the FS ecosystem**

We leverage our industry network via 5,000+ demos and calls to synthesize knowledge from all aspects of the industry



# THANK YOU FOR ATTENDING!

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