

Filene Research Institute 

SO YOU WANT TO TALK ABOUT...

THE FUTURE OF BRANCHES

OCTOBER 06, 2022



WELCOME

TODAY'S AGENDA

- Trends
- Trust
- Technology
- Panel Discussion



CHRISTIE KIMBELL

Chief Product Officer
Filene Research Institute

WELCOME

SPECIAL GUESTS



NICOLE ALCORN

SVP + Chief Member
Experience Officer
Teachers Credit Union



EMILIO COOPER

SVP, Retail Banking
Bethpage Federal Credit Union



MAI-LINH HOANG

Vice President, Corporate
Strategy & Marketing
Collins Community Credit Union



COREY WAITE

President
Rubicon

TRENDS

CONSUMERS SHIFT TO DIGITAL

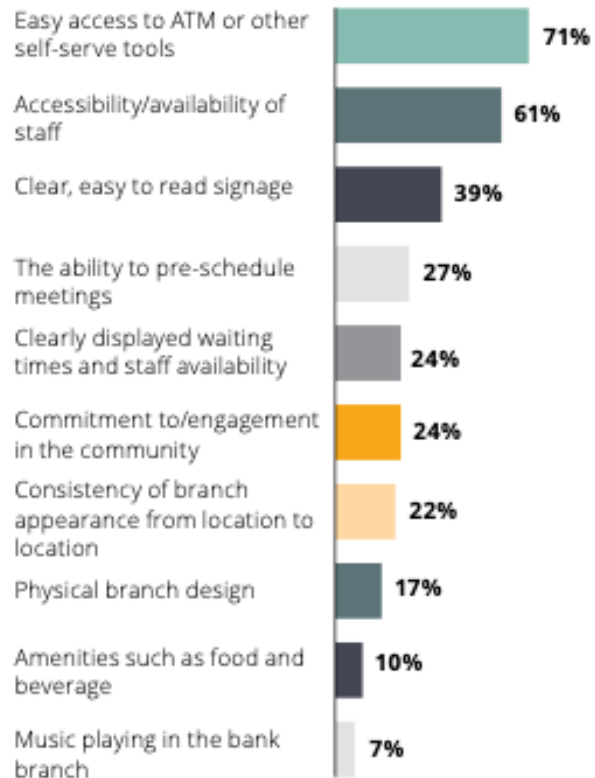
- Mobile continues to grow as preferred channel for engagement, with **61% of consumers using digital banking at least once a week**.
- **64% of leaders** believe that in the next 3 years they will decrease the number of branches they operate
- About **1/3 of the branch closures** that occurred between 2017-2021 were in **low- to moderate-income** neighborhoods or neighborhoods made up of **predominantly racial minority residents**.

Between 2017 and 2021,
9% of all bank branch locations
closed, a loss of around **7,500**
branches.

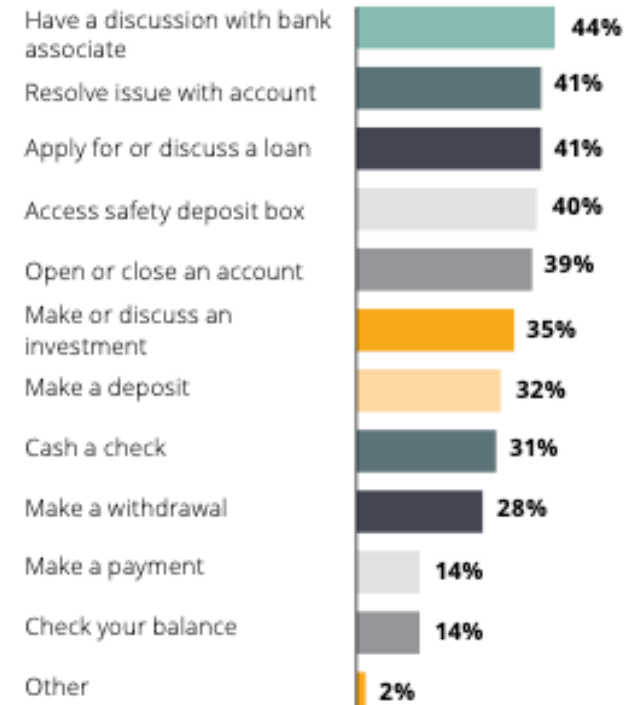
Sources: Statista, Galileo, FDIC, NCRC, Digital Banking Report, March 2022

DRIVERS FOR BRANCH ENGAGEMENT

Which of the following attributes are important for you in a physical banking experience?



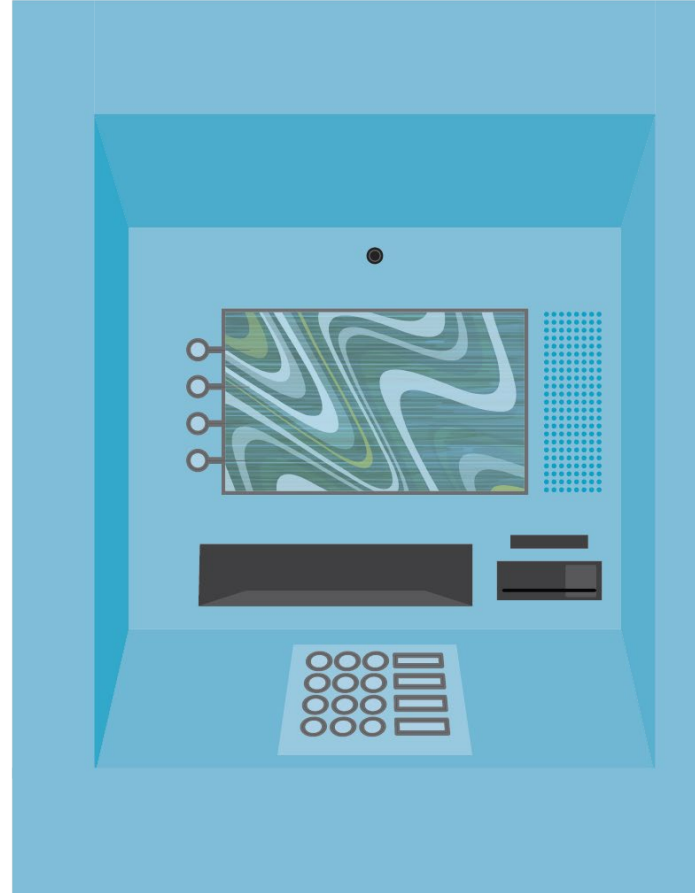
Which of the following activities would you prefer to perform in-branch as opposed to online?



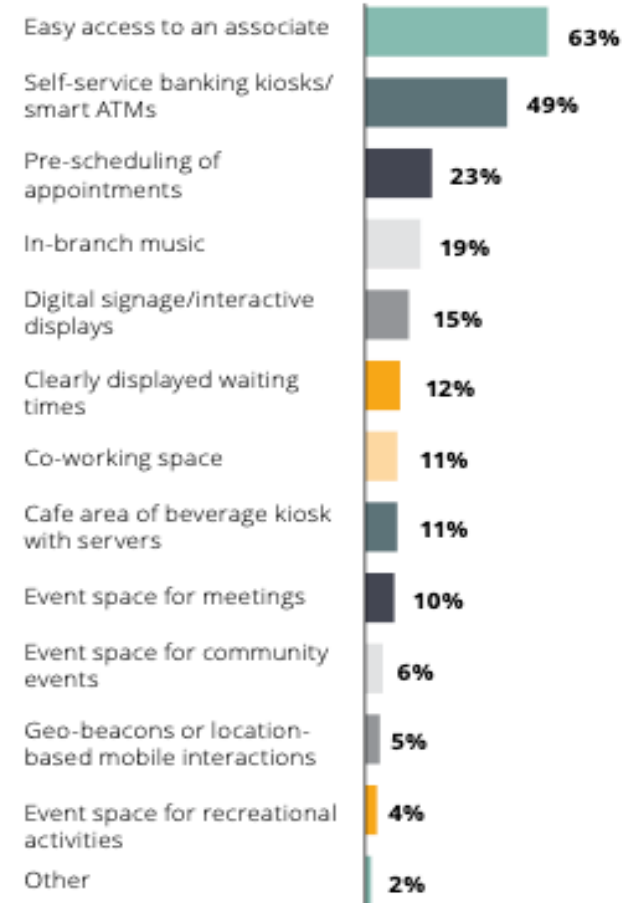
Sources: The 2020 Future of Branches Study, WBR Insights & Coconut Software

TECHNOLOGY TRENDS

- ITMs (Interactive Teller Machines)
- Augmented Reality
- Appointment Setting Technology
- Geofencing
- Biometrics
- QR Codes
 - Payments (China WeChat QR Code)
 - Brand extension (Chase uses on envelopes to download mobile app)
 - Security – QR linked to face or fingerprint scan



Which convenient features were available within the bank branch you visited most recently?



Source: https://scanova.io/blog/qr-codes-in-financial-institutions/#a_TD_Bank_United_States_of_America

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BIG.BRIGHT.MINDS.2022

REGISTER NOW FOR OUR BIGGEST EVENT OF THE YEAR!

big.bright.minds. is the culmination of all the best Filene has to offer and brings together a community of credit union leaders passionate about taking their credit unions forward.

REGISTER TODAY!

filene.org/bbm22

* FILENE MEMBER ACCESS ONLY



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OCTOBER 25-26

IN-PERSON
SOLD OUT
DENVER, CO

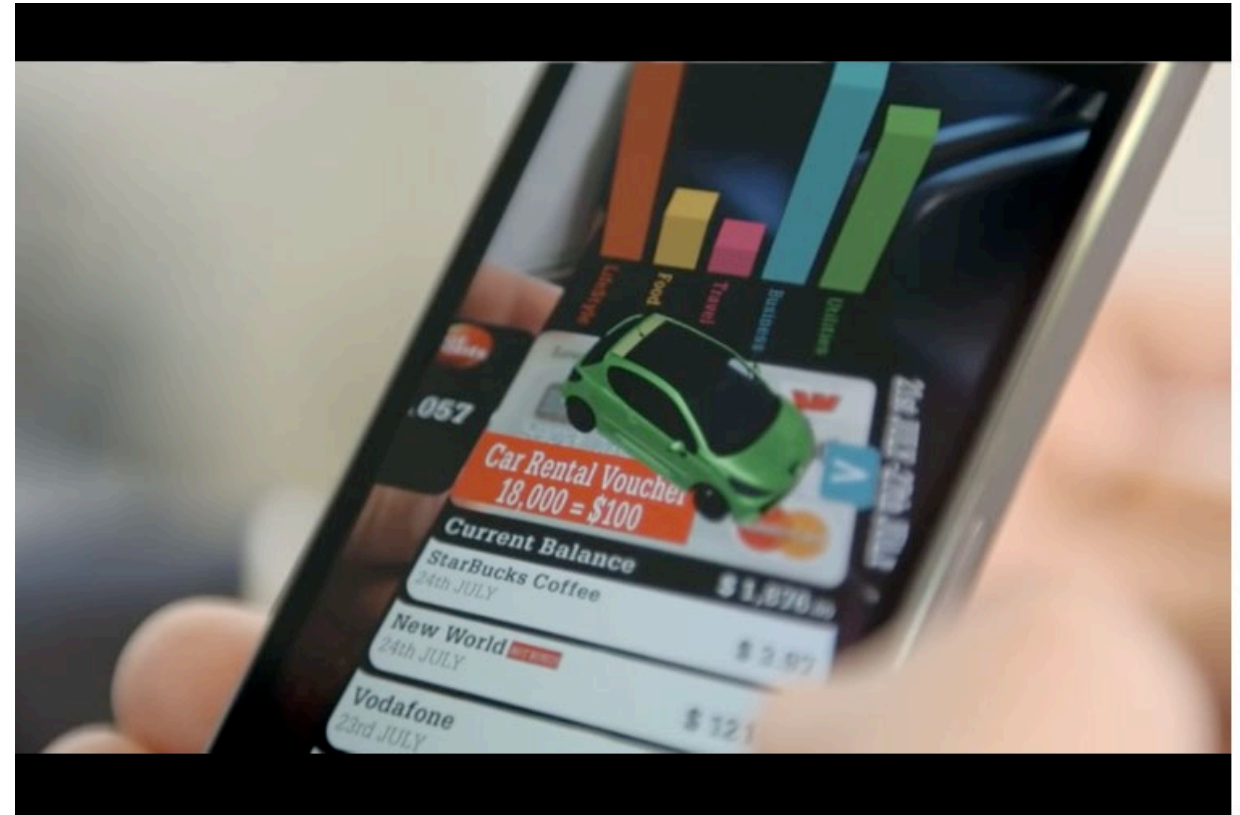
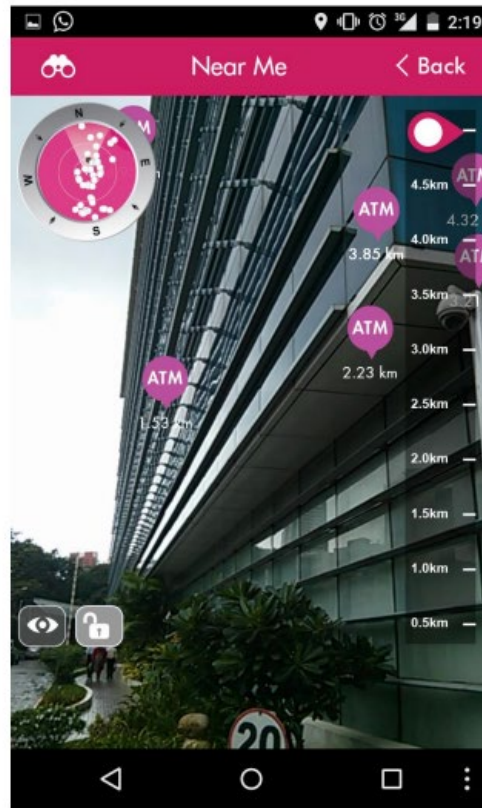
OR

VIRTUAL

TECHNOLOGY TRENDS: AR APPLICATIONS



Ally – ATM/Branch Finder



Westpac

“Competitive strategy is about being **DIFFERENT**. It means deliberately choosing a different set of activities to deliver a unique mix of value.”

— MICHAEL PORTER

TRENDS: MEMBER-ONLY SOCIAL CLUBS

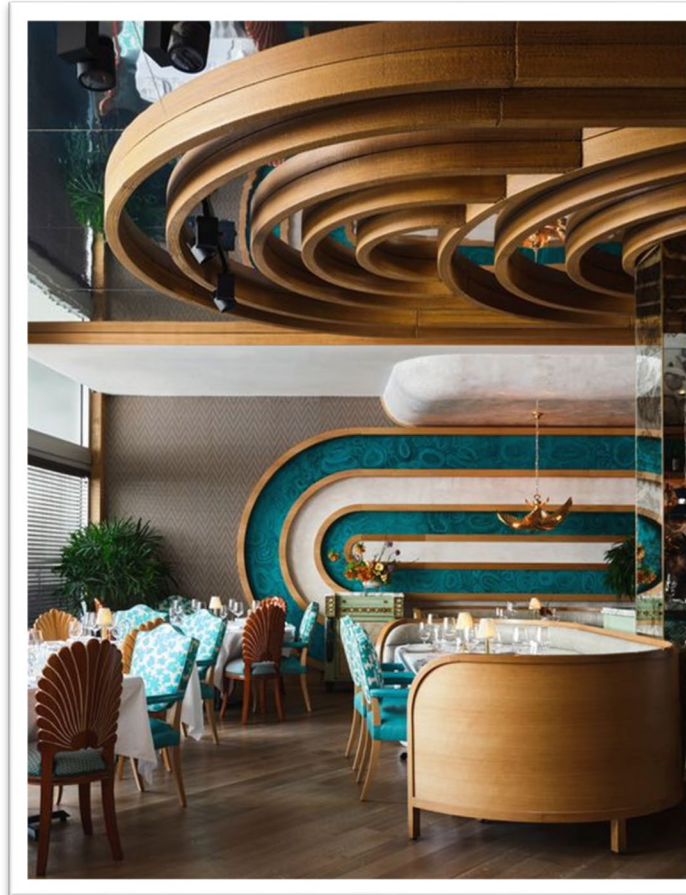
Concept

Welcome to the Golden Age of the Private Club

In the postpandemic era, private clubs are having a moment. What's behind the rush of new openings?

- Work-to-club vibe
- Dues + drinks, suites, service
- Planned events & activities

“The relationship is more symbiotic between members, staff and the physical space—it’s like a collective.”
—*Scott Sartiano, Zero Bond*



Credit Union Takeaways

Can credit unions use their membership requirements as an advantage?

- How can you make need for membership a benefit vs. a barrier?
- What products/services can you offer that creates a “collective” vibe?
- Is there dedicated space you can use for working and social engagement?
- How do you think about the space in a way that is exclusive and inclusive?

Source: Wall Street Journal, Aug. 2022

TRENDS: INCUBATION LABS & INNOVATION HUBS

Concept

Dedicated organizational hubs for innovation and incubation.

“An Innovation Hub presents a compelling platform for harnessing capability, focusing investment and stimulating enterprise. The key to successful innovation hub development is to cluster the organization's capability around new and emerging economic areas of growth.”
—IKE Institute



Credit Union Takeaways

How are credit unions driving innovation and incubation internally and externally?

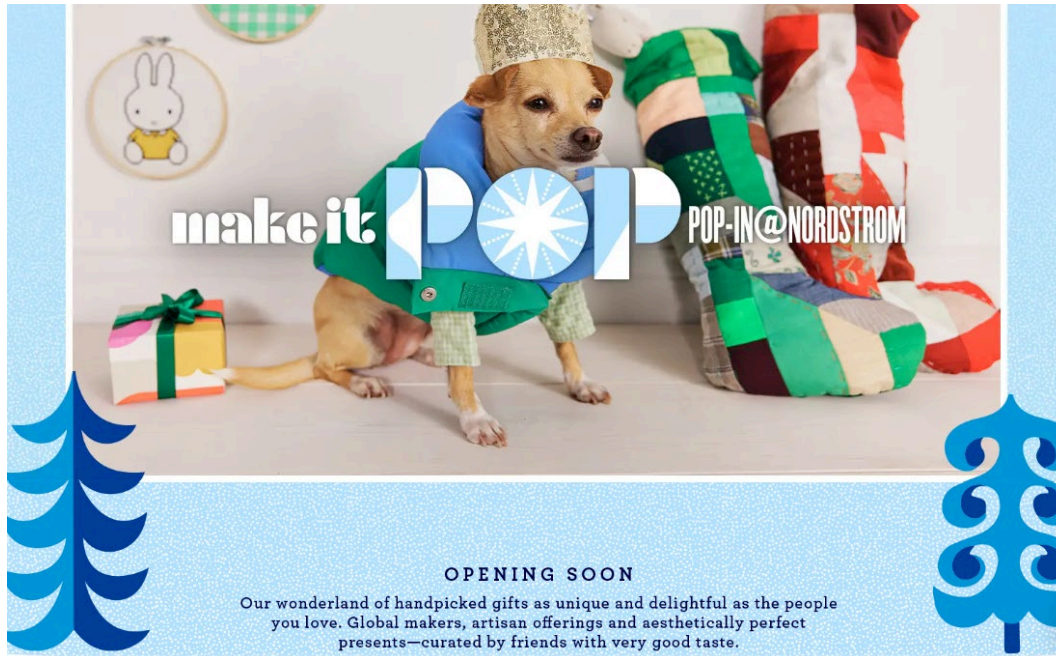
- How can you leverage your space to drive innovation?
- Are there pockets of growth that you can support and enable?
- How can you support incubation and entrepreneurship within your own members?

Source: Institute of Innovation and Knowledge Exchange

TRENDS: POP-UP SHOPS & EXPERIENCES

Concept

Limited time retail shops or experiences



Credit Union Takeaways

- What type of short-term experiences can you create to engage members?
- Can you support entrepreneurs to offer a place to share their products?
- Could you engage younger members to learn a new set of skills?

Source: Nordstrom

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RETHINKING PHYSICAL SPACE



QUESTION TO ANSWER

With digital transformation occurring in the financial services industry, how can credit unions leverage physical space to create value for members and communities?

SUPPORTING RESEARCH

- [S&P](#) reported that US banks closed a record number of retail branches in 2021 (net 2,927), building on a long trend of closures.
- While consumers rapidly adopt mobile banking, [CUNA research](#) found a physical location critical to serving small businesses, mortgage borrowers, and underserved communities.
- [Filene's research](#) identified opportunities to deepen financial inclusion through smart branch design that aligns with a community's needs and aesthetics.

SOURCE OF IDEA

- Landscape research for Filene's "Remixing the Value Proposition" Incubator
- Brainstorming meetings with Filene's Think Tank community of credit unions

TEST IDEAS

- Focus groups and design workshops with members and community partners to map out ideas for community space.
- Quick "renovation" of underutilized branches to test new uses of space (e.g., open working or meeting space for members) or service offerings.
- Experiment with offering services remotely in shared space at partner locations (e.g., meeting with prospective mortgage borrowers at community organization sites).

POTENTIAL TEST INSIGHTS

Industry consolidation and consumer adoption of mobile banking have left credit unions with branch networks that challenge their economic model. Through this test, Filene seeks insights into how credit unions can optimize existing branch footprints to complement their digital offerings and build affinity with current and potential members.

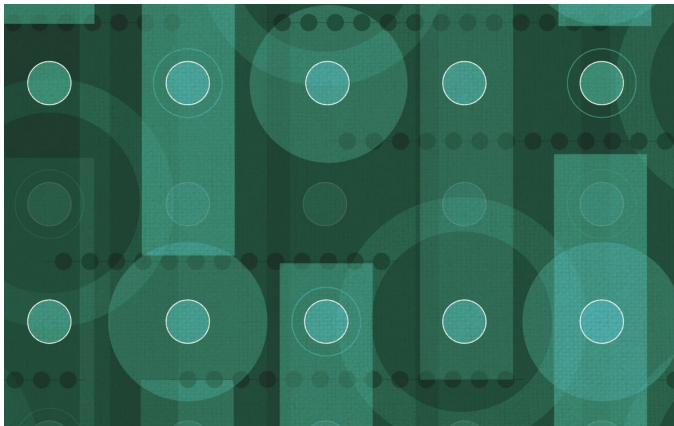


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UPCOMING WEBINARS



OCT 18, 2022 | 11:00 AM CT



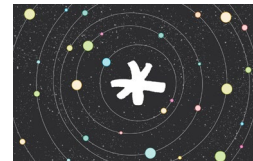
**Effectiveness of DEI in
Driving Organizational Change:
DEI Survey Read-out**



2022

NOV 03 | 11:00 AM CT

Advancing Racial Economic Equity through
Credit Union & Community Partnerships



NOV 10 | 11:00 AM CT

Grow with Filene



DEC 08 | 11:00 AM CT

The Year Ahead



2023

JAN 12 | 11:00 AM CT

Headquarters & Hybrid: What's Next?

LEARN MORE & REGISTER AT [FILENE.ORG/EVENTS](https://filene.org/events)

Q & A

THANK YOU

ACKNOWLEDGMENTS

Filene thanks its members and Inner Circle Sponsors for helping support this research from the Center for Emerging Technology.



Filene *

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QUESTIONS?



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