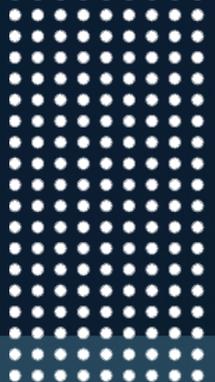


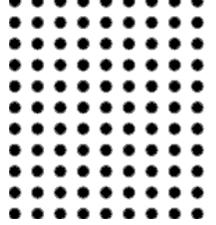


THE FUTURE OF BRANCH STRATEGY

MID-ATLANTIC CEO FORUM

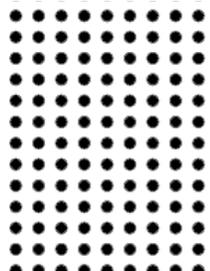
JIM CALIENDO
President & CEO
November 9th





the strategy

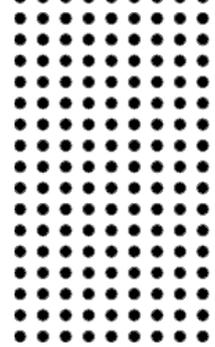
Redefine your branch network to maximize efficiencies, grow profitability, and drive growth for the next-gen consumer



I. Analyze and Optimize Your Network

II. Think Like A Retailer

III. Enhance Your Physical Space



a roadmap to success

1 ANALYZE AND OPTIMIZE YOUR NETWORK

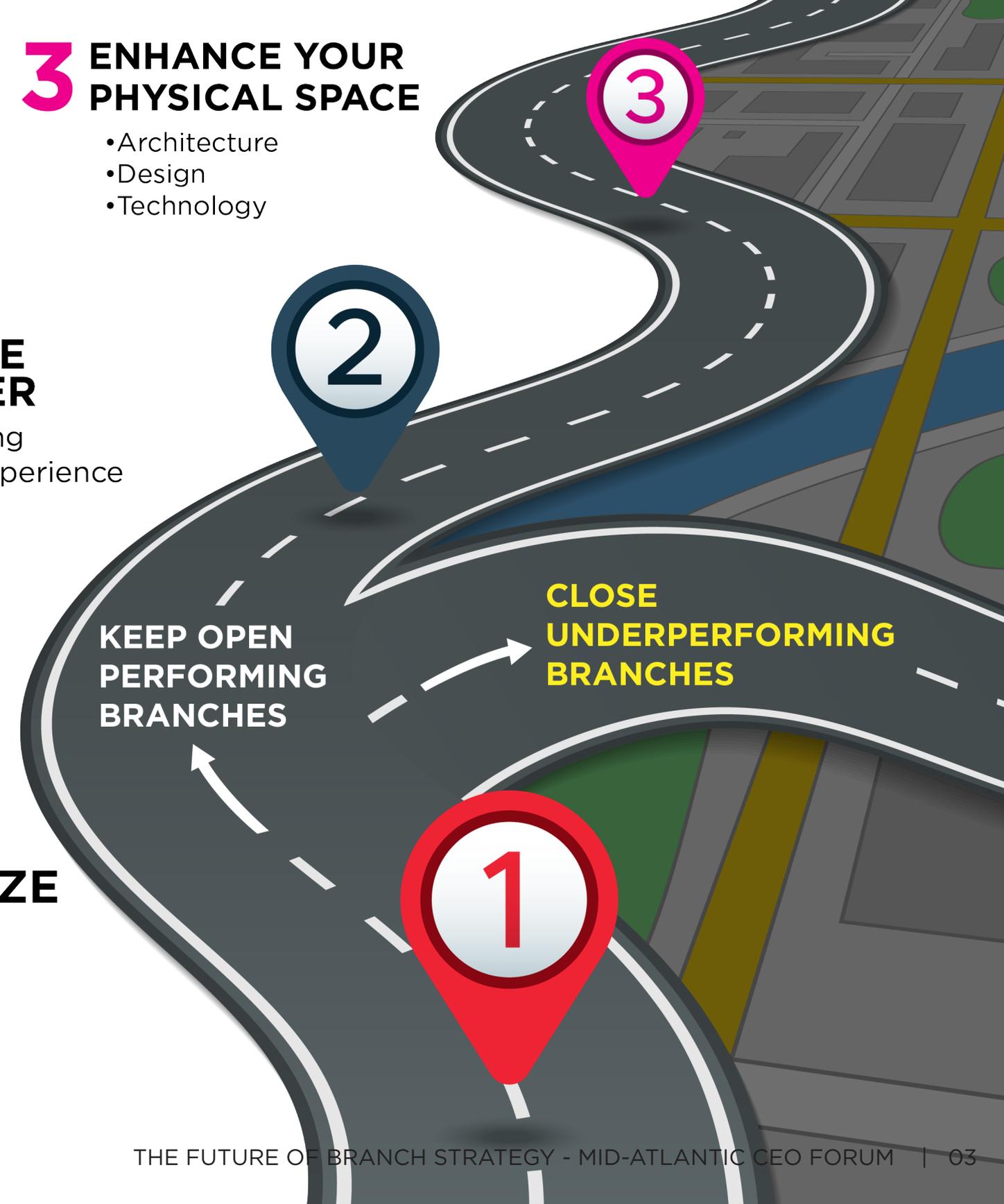
- Physical Plant/Space Planning
- Functional Obsolescence
- Hub & Spoke

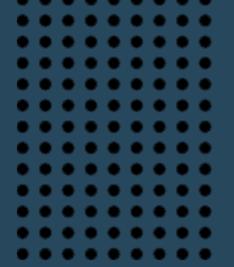
2 THINK LIKE A RETAILER

- Drive Branding
- Create An Experience

3 ENHANCE YOUR PHYSICAL SPACE

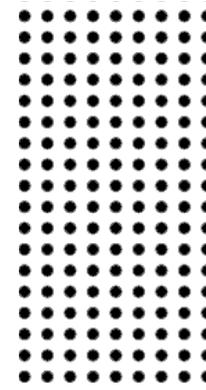
- Architecture
- Design
- Technology





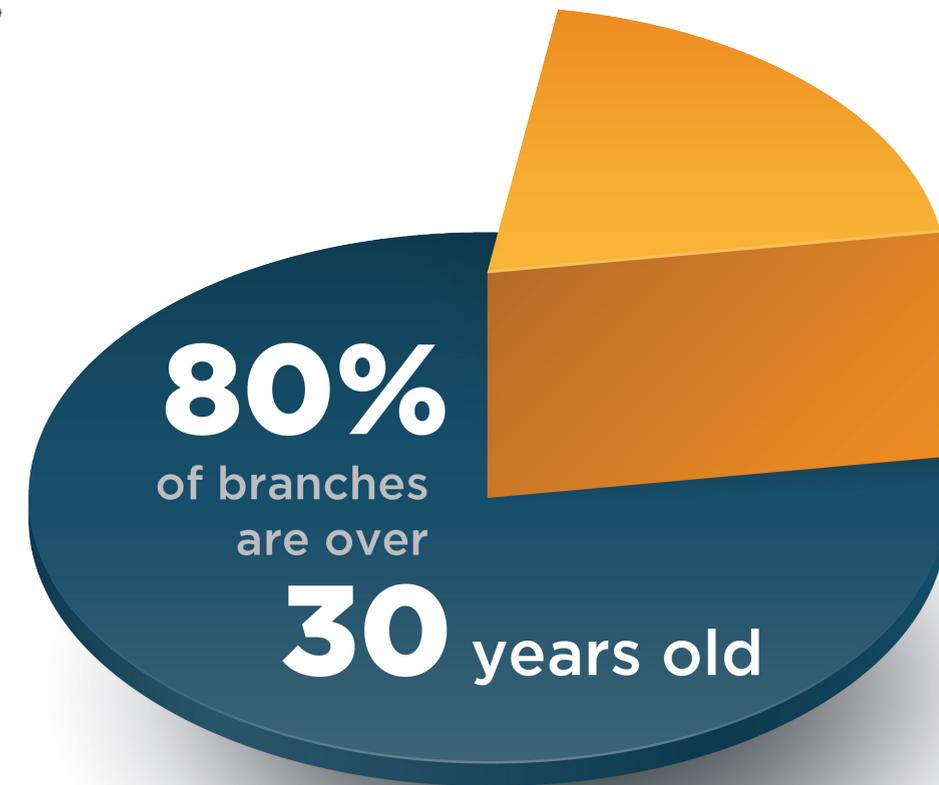
Analyze and Optimize Your Network

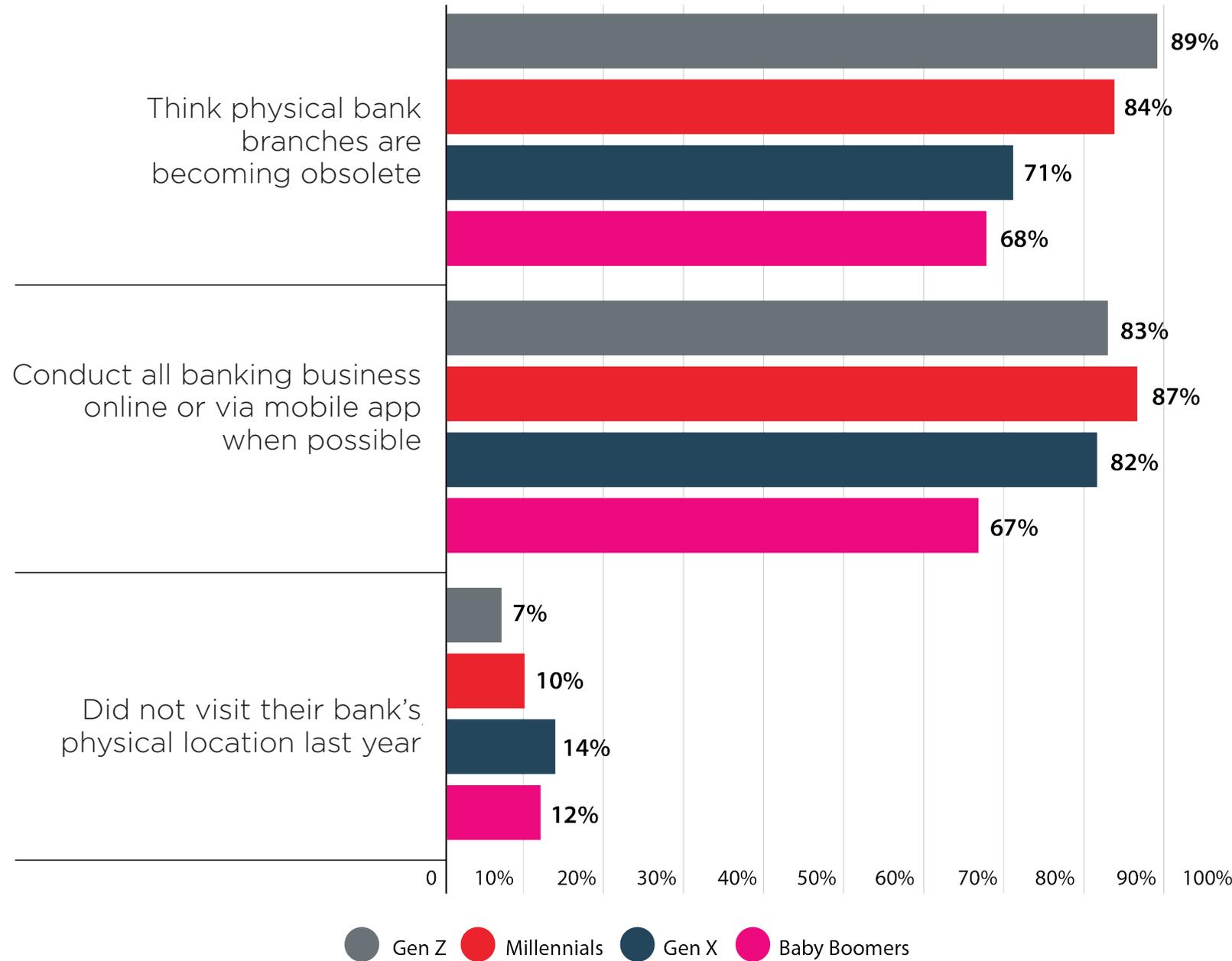
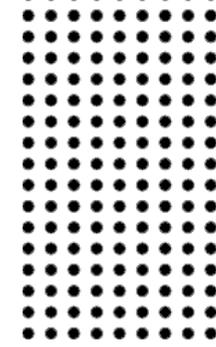
BRANCH OPTIMIZATION



the reasons to optimize

Industries are evolving and efficiency needs to be addressed. Like a car, your branch network needs to be optimized to perform at the highest levels.

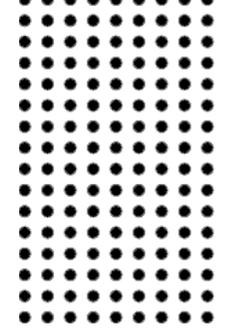




MagnifyMoney - January, 2020

the hypocrisy of online banking

Generations can talk the talk, but fall short of walking the walk



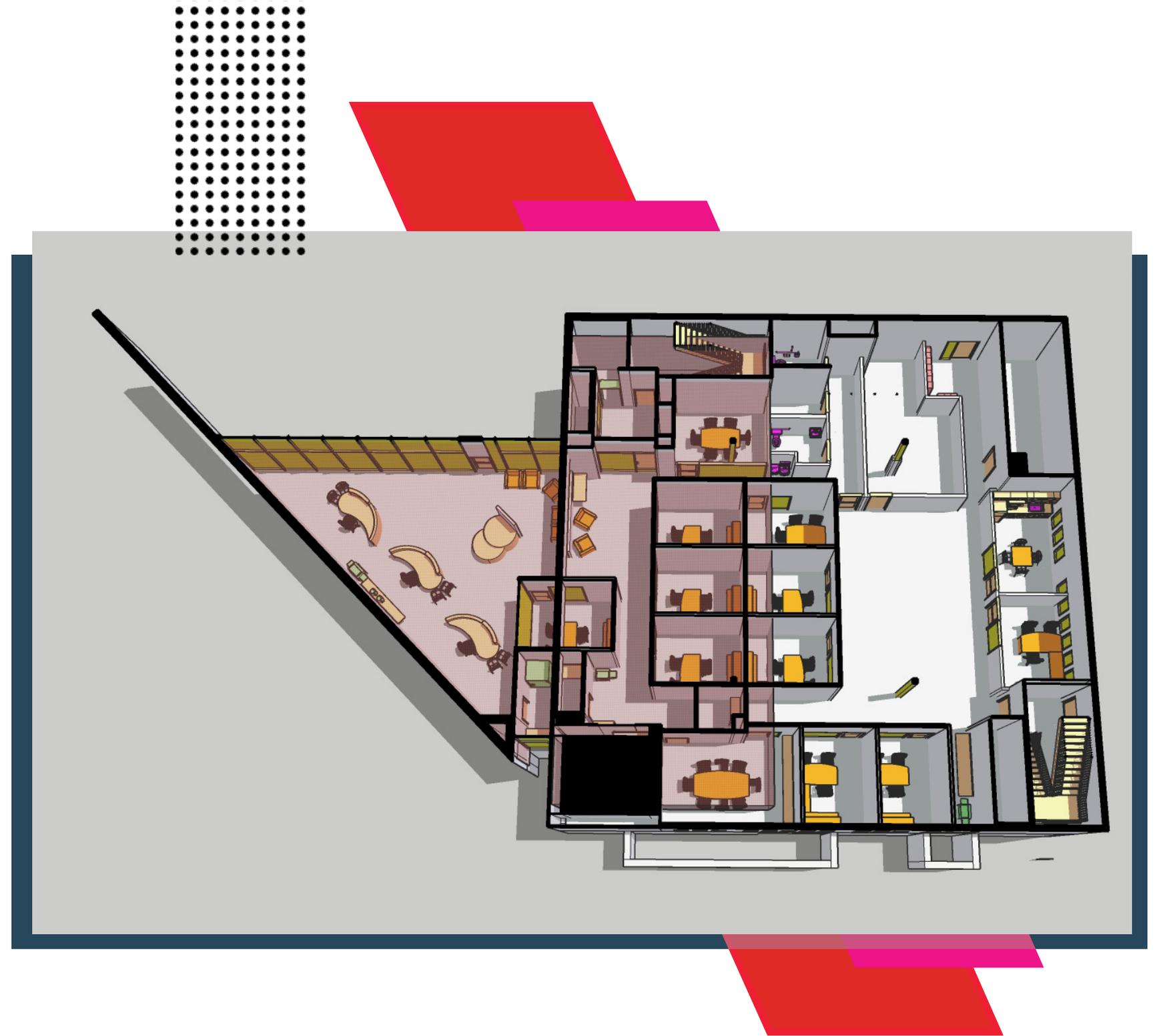


it all starts with demographics

Financial institutions are leveraging outside firms to understand their true target demographic and psychographic

building/site opportunities

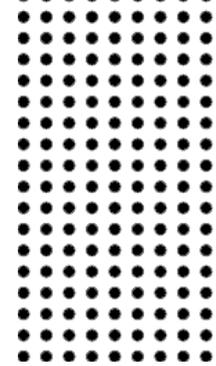
Assessing functional obsolescence can drastically improve the efficiency of your retail operation for years to come.





RETAIL BRANCH OPTIMIZATION

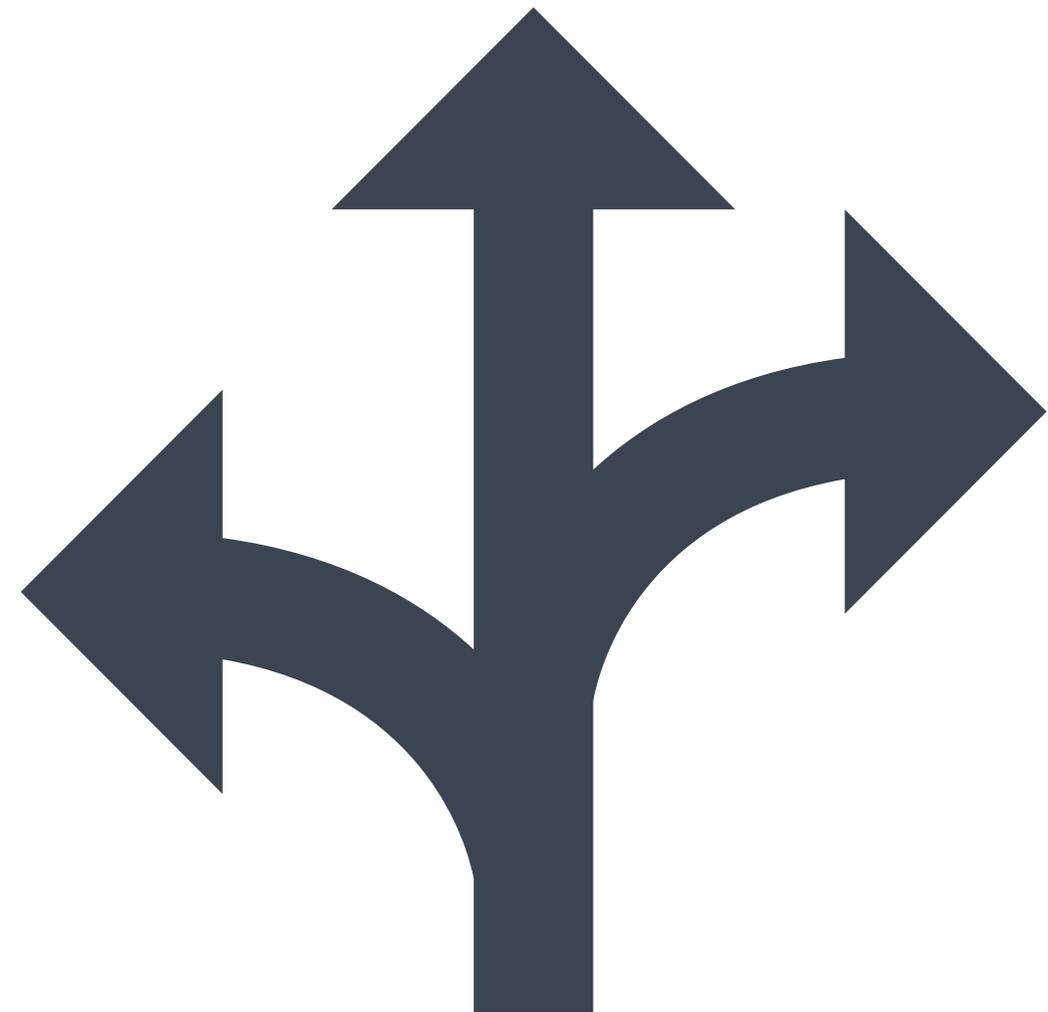
DUE DILIGENCE/FINANCIAL FINDINGS				FINDINGS	RECOMMENDATIONS			
BRANCH (Alphabetical)	Market	Competition	Financial/Activity	Building/Site	Work To Be Done/Cost Ranges	Priority Rating	Start Date	
Branch A	<ul style="list-style-type: none"> Both population and household growth have been steady and predicted to continue to be flat Age distribution is level but seemed to be middle age 14% of total household income is \$100K or more 	<ul style="list-style-type: none"> In 11 years, this branch has only captured 6% of total available deposits CD balances are healthy at an average of \$90K Strong market for deposit accounts There are 11 total competitors in the market 	<ul style="list-style-type: none"> Average transactions for the last three years total was 19,746 per month, rather low Salaries comprise 51% of branch's total expenses 8 FTEs 	<ul style="list-style-type: none"> Has walk-in vault with safety deposit boxes; 1 private manager office; 1 area for CSR; 4 teller stations, only use 3; 2 drive-up lanes; 1 restroom Lighting and ceiling tiles are very dated There is no ATM Signage is not very visible Not enough space to make many changes Lack of privacy in CSR area 	<ul style="list-style-type: none"> Update the facility and add technology (retain teller line) Increase front signage as allowed to increase visibility Replace all lighting and ceiling tile Add consistent merchandising, digital marketing, and new furniture <p>Cost Ranges</p> <ul style="list-style-type: none"> Design.....\$5,000 - \$10,000 Construction.....\$100,000 - \$150,000 Merchandising and Digital Marketing and Technology\$45,000 - \$60,000 			
Branch B	<ul style="list-style-type: none"> Both population and household growth have been high but have now peaked with growth rates. Projected in the 8% - 10% range in the next five years, 33% over the last eight years. Age distribution is more in the 18 to 34 range with middle age range being less and level 50% of total household income is \$100K or more Heavily a white collar market Large number of businesses and employees 	<ul style="list-style-type: none"> At \$37.0M in deposits this branch captured only 6.0% of the total available deposits CD balances are high at an average of \$92K Very strong market for mortgage loans There are 15 total competitors in the market, with \$37.0M in deposits it ranks less than the average size of \$62.0M Strong market for consumer & mortgage lending 	<ul style="list-style-type: none"> Average transactions for the last three years total 6,333 per month Salaries comprise 53% of branch's total expenses 6 FTEs 	<ul style="list-style-type: none"> No safety storage; drive-up not ADA No airlock Window Site lighting Building Wall covering Under counter Lack of privacy 	<ul style="list-style-type: none"> No safety deposit boxes; 2 private offices; 1 used for storage; 2 areas for CSR; 4 teller stations, only use 3; 3 drive-up lanes, only use 2; 2 restrooms, one no heat, other not ADA No airlock/vestibule on front of building Windows are old and in need of repair Site lighting all needs replaced Building visibility is poor Wall covering in poor condition Under counter steel needs totally repaired Lack of privacy in CSR area 	<ul style="list-style-type: none"> Explore possibility of adding on to building in the front and erecting an identity tower and add lending office Replace exterior lighting and signage Repair all functional obsolescences Replace teller line with PODs, wall covering, floor covering Add consistent merchandising, digital marketing and new furniture Add identity tower to front elevation <p>Cost Ranges</p> <ul style="list-style-type: none"> Design.....\$35,000 - \$40,000 Construction.....\$250,000 - \$500,000 Merchandising, Digital Marketing, Furniture and Technology\$40,000 - \$50,000 		
Branch C	<ul style="list-style-type: none"> Both population and household growth has been very steady upward, projected to be between 5% - 6% over the next 5 years Age distribution is mostly younger to middle age, not older. Median age is 30 - 40 years old 40% of total household income is over \$100K 64% are white collar in this market 	<ul style="list-style-type: none"> This branch only has 1.8% of total market deposits. Deposit per branch average is \$64M All deposit balances are much higher than average Strong market for mortgage loans There are 20 competitors in this market 	<ul style="list-style-type: none"> Average transactions for the last three years total is 6,050 per month, very high Salaries comprise 49% of branch's total expenses 5 FTEs 	<ul style="list-style-type: none"> Has walk-in vault with safety deposit boxes; 2 private offices; 3 CSR open areas; 6 teller stations, only use 3; 3 drive-up lanes, only use 2; 2 restrooms Lack of privacy in CSR area Building exterior is unassuming 	<ul style="list-style-type: none"> Paint standing seam metal roof to brand colors Add consistent merchandising, digital marketing Add 1 office for commercial lender/mortgage lender/ investment Modernize interior <p>Cost Ranges</p> <ul style="list-style-type: none"> Design.....\$25,000 - \$30,000 Construction.....\$200,000 - \$350,000 Merchandising, Digital Marketing and Technology\$20,000 - \$25,000 			



it's time to make a decision

Your findings from your Retail Optimization will give you the information you need to determine your next course of action

CONSOLIDATE

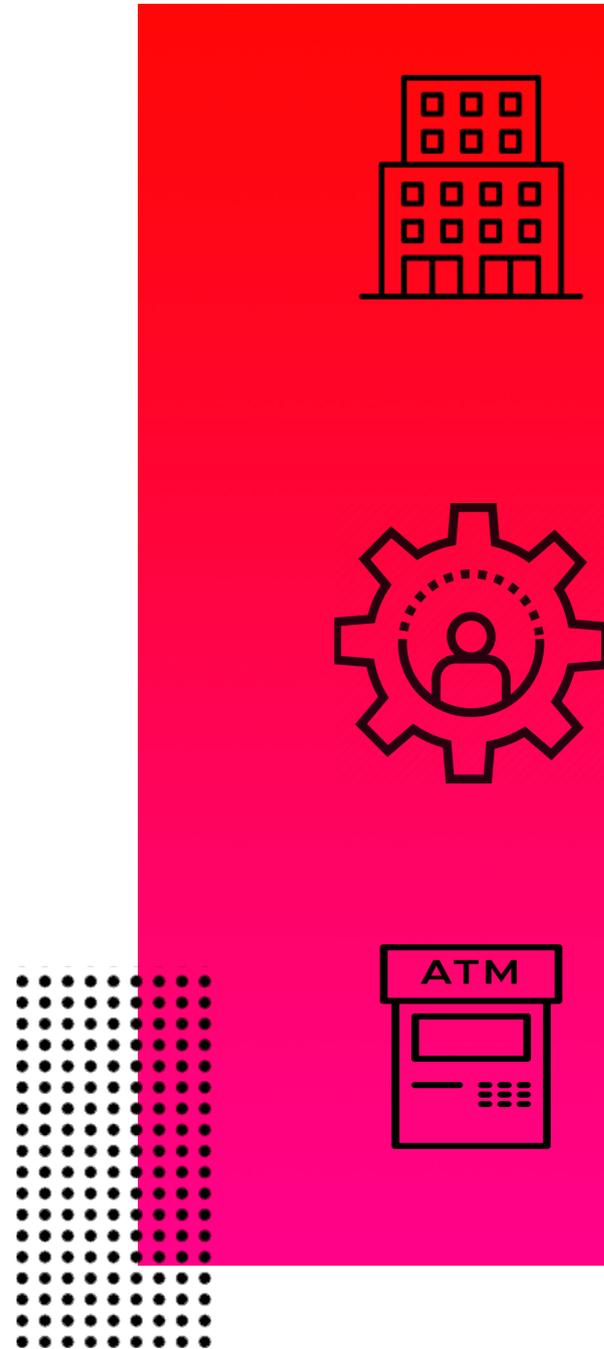


INVEST

CLOSE

Hub and Spoke model

Ideal for institutions with a larger network and deep market penetration as a result of an acquisition or merger



The Hub

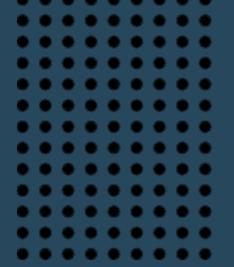
Full service, one-stop-shops with all available products and services

Advanced Branches

Specialized branched geared towards education, guidance, account origination

Service Branches

Self-service branches with smallest physical footprint



Think Like A Retailer

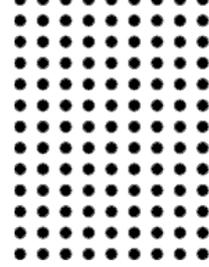
CREATING A BRANDED EXPERIENCE



84%
of consumers
say the **experience**
that a company provides
is as important
as its **products and services**
(up from 80% in 2018).

- Salesforce Research Study





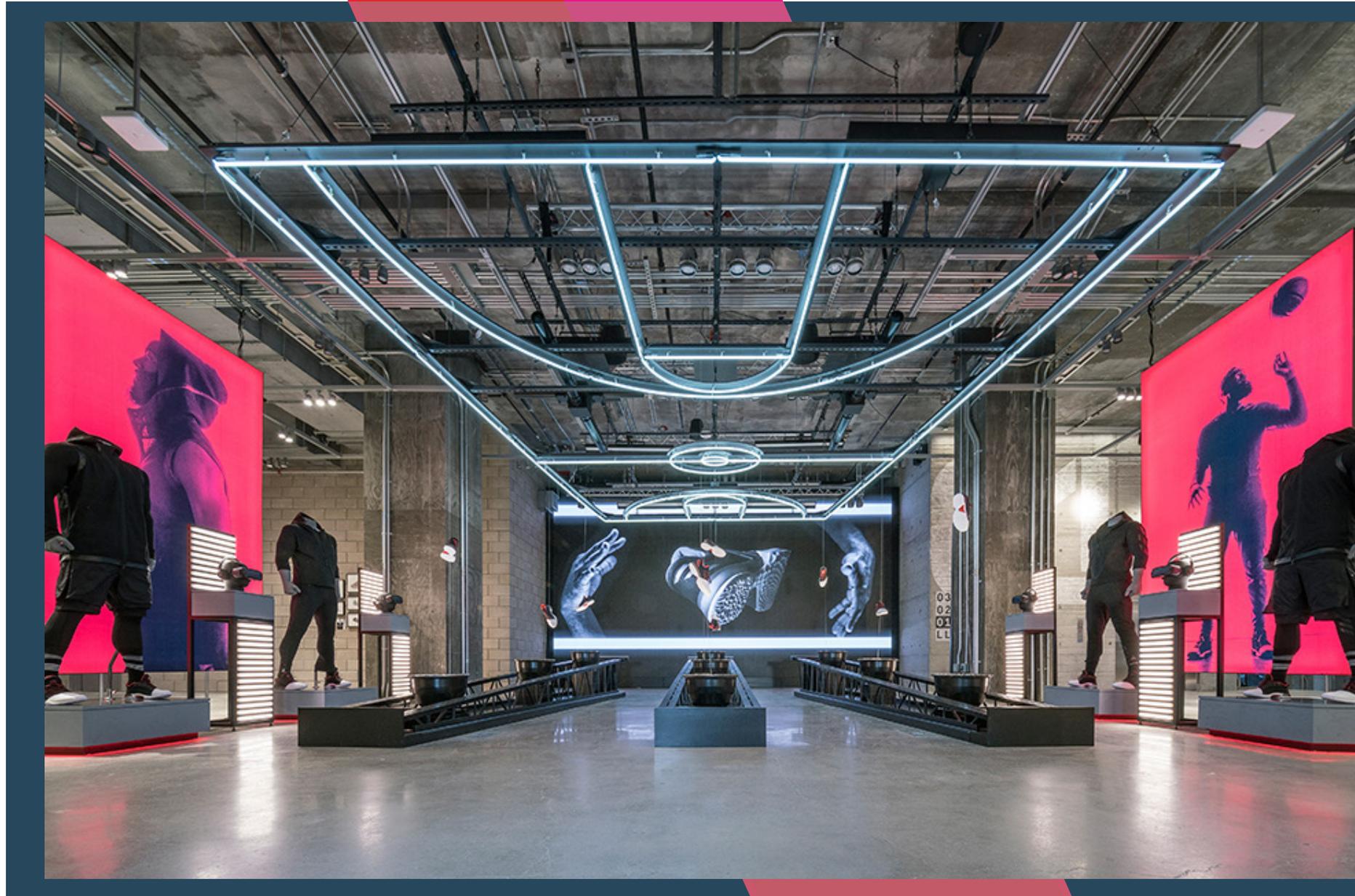
retail environments are changing

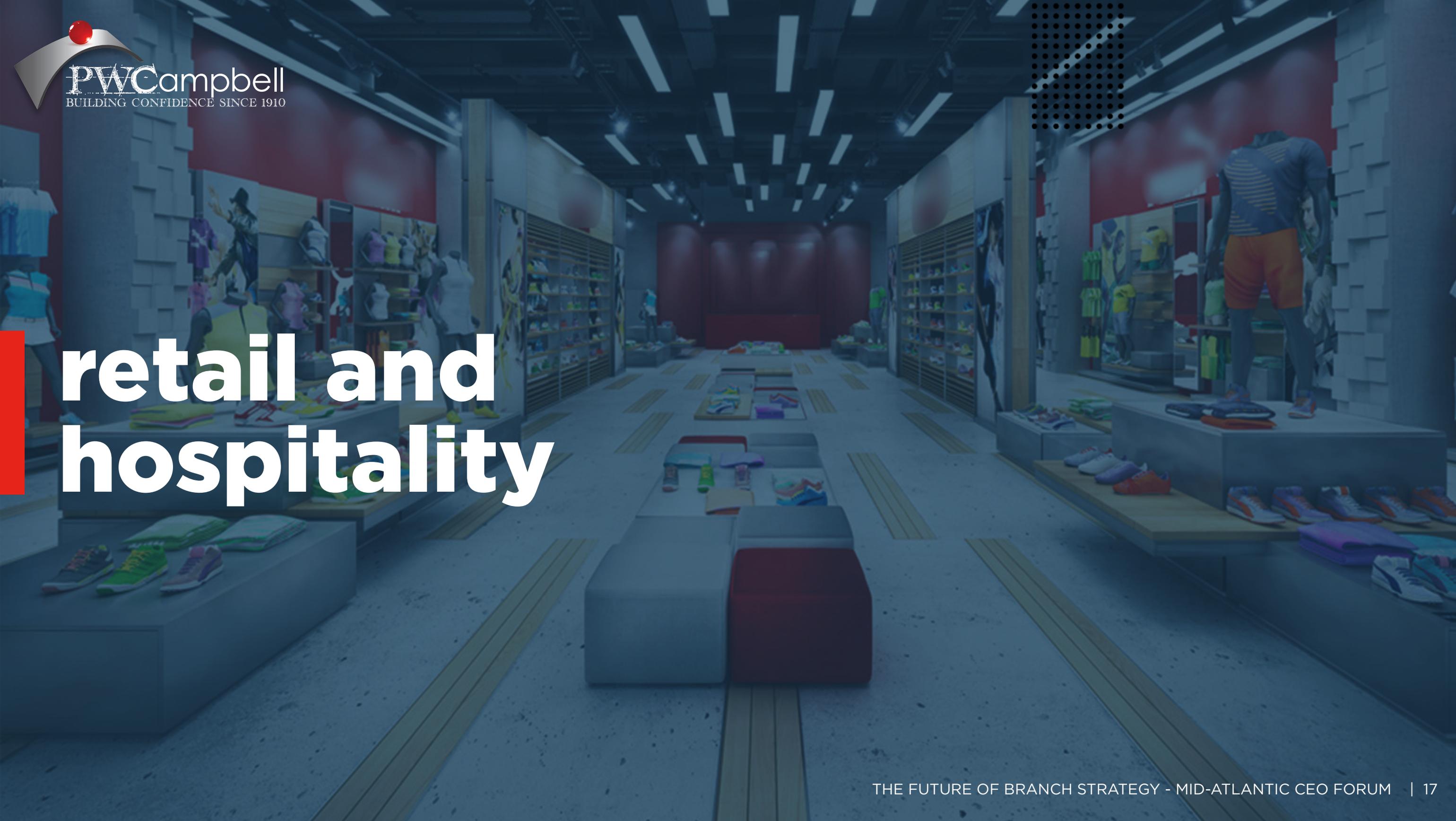
Businesses invest big money to transform retail space into brand experience drivers and centers



the shift towards experience

Retailers are favoring experience over product to drive brand loyalty



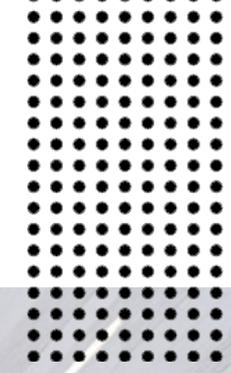


retail and hospitality

Moncler

NEW YORK, NY



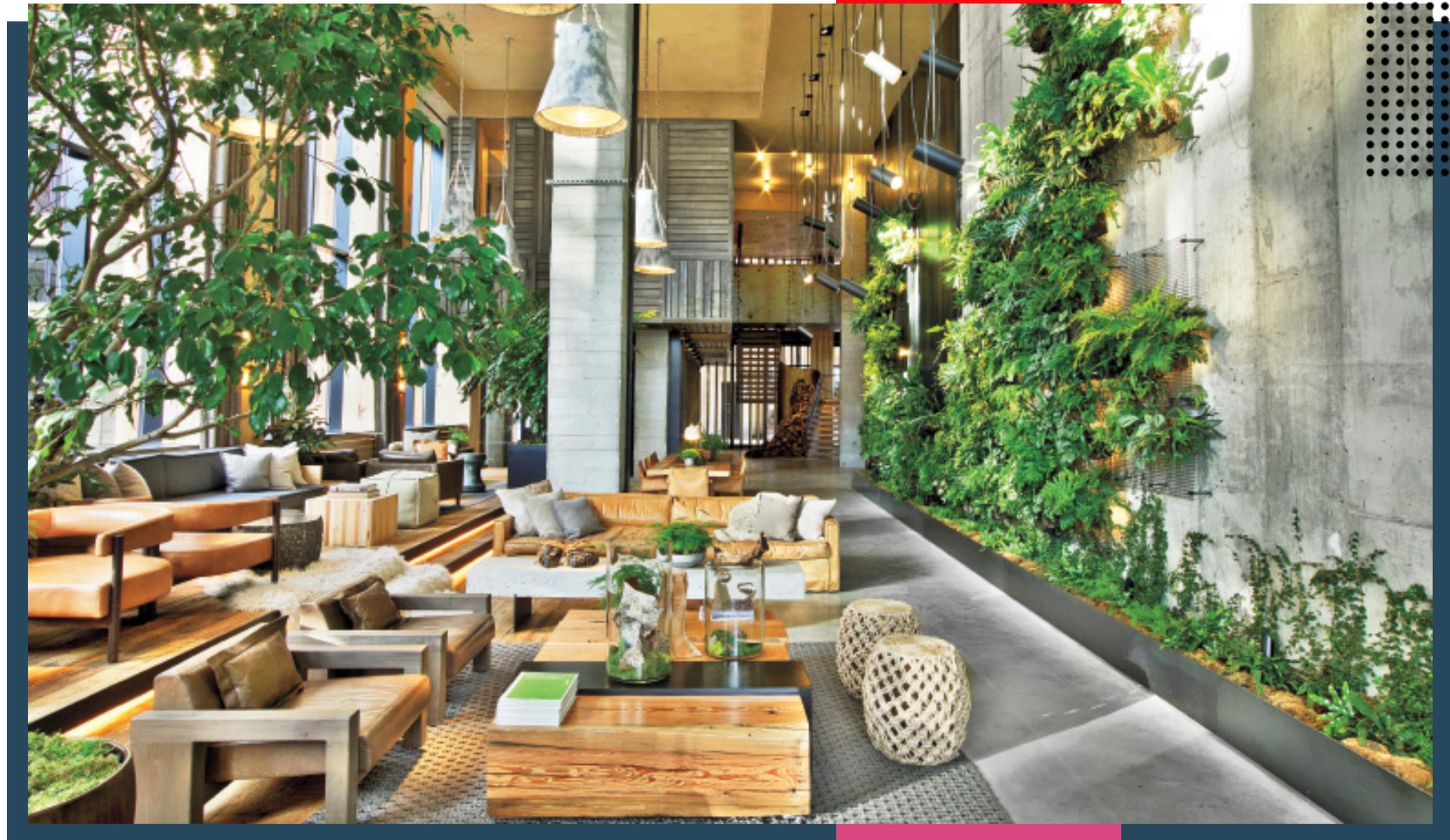


T-Mobile

CHICAGO, IL

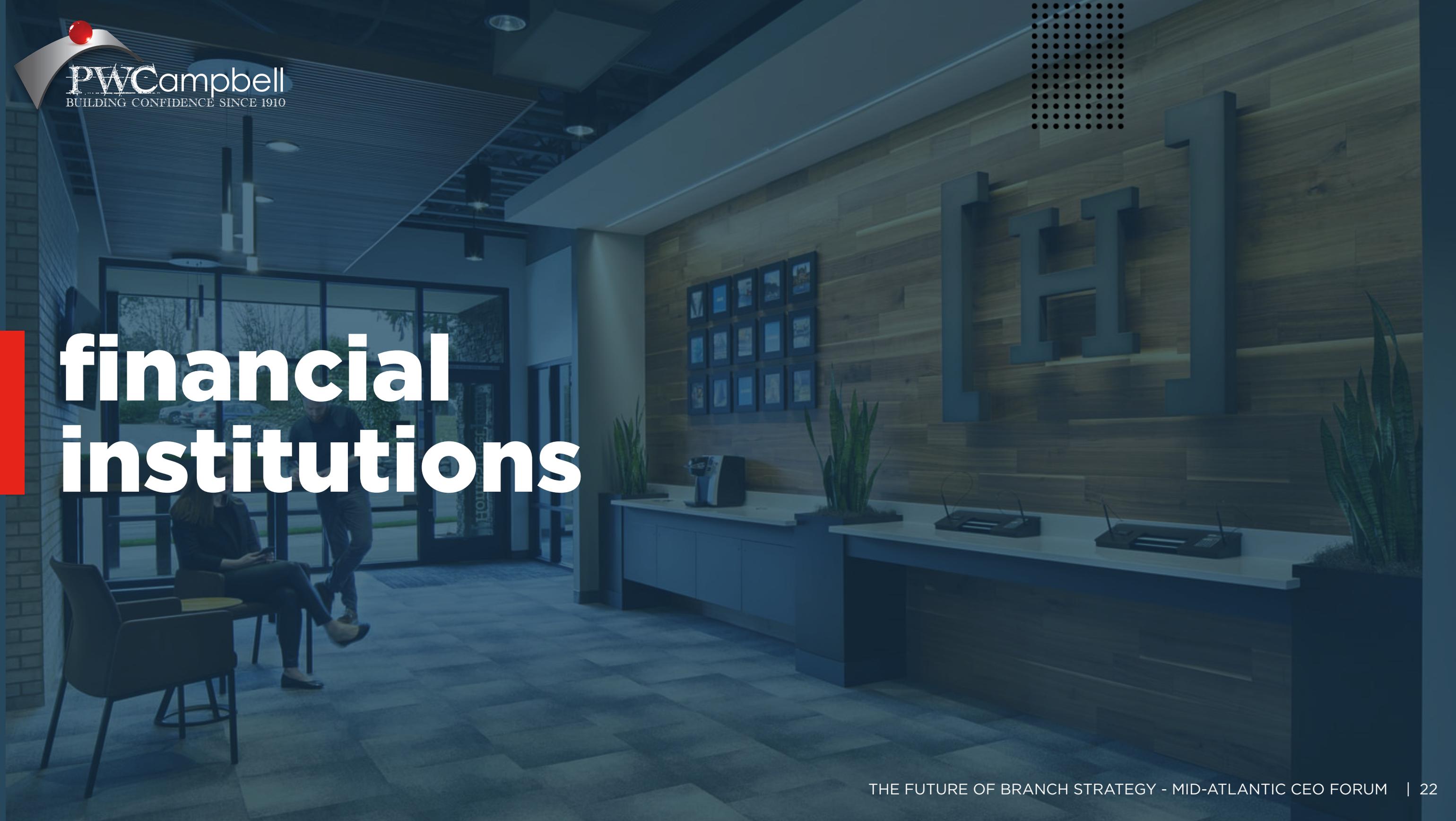
1 Hotel

BROOKLYN, NY



The Student Hotel



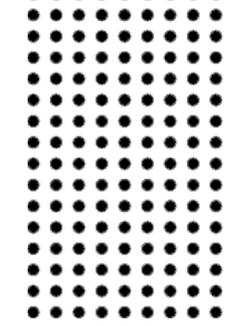


financial institutions

but the financial industry remains status quo

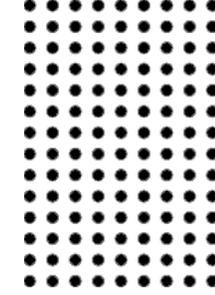
Despite retail and other main industries shifting to accommodate the uptake in mobile and online transactions, financial institutions remain stagnant





finding their identity

Branches should combine demographics with their mission/vision to find their brand identity



a variety of options

Depending on your footprint, portfolio, and market demographics



A Digital Experience



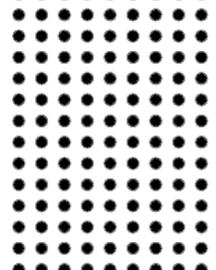
An Educational Experience



A Social Experience

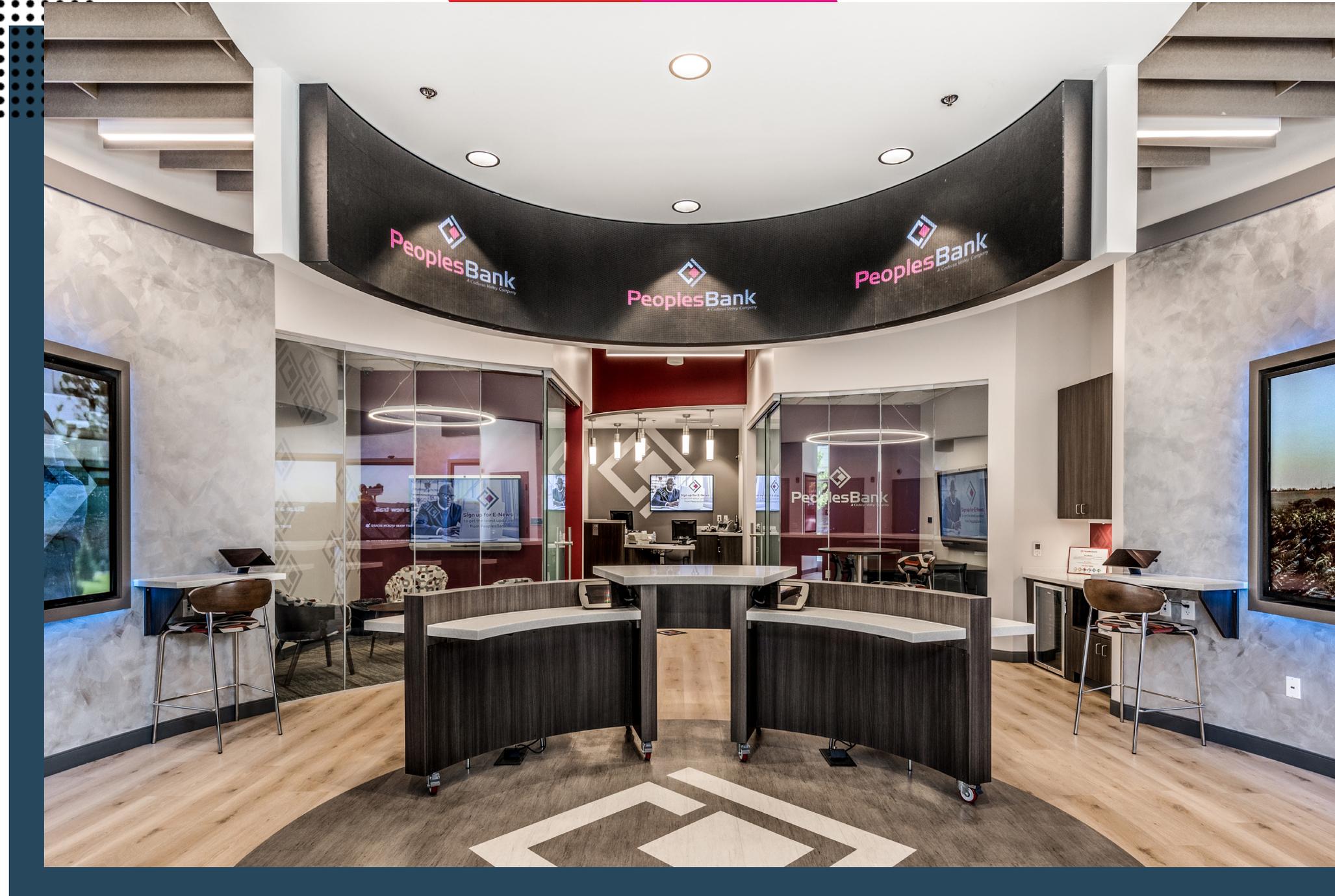


A Community Experience



a digital experience

Hanging your hat on a digital experience will help you appeal to the next-gen banker



examples of usable hands-on technology

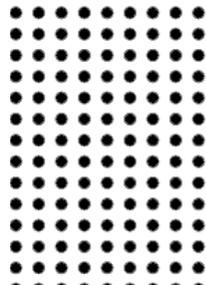


**iPad and Touchscreen
Integration**

Digital Signage

Interactive Kiosks

Conference Room Technology





Learning wall

Connect with The Lab

Banking on the move

Banking on the move

DEPT.
4

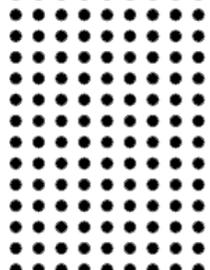
PLEASE WAIT
HERE FOR THE
NEXT AVAILABLE
TELLER

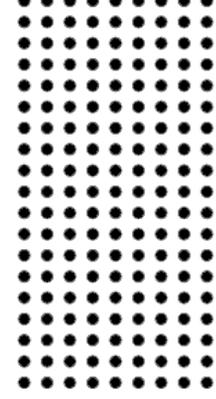
an educational experience

Branches are moving away from transactions and towards centers providing financial advice.



CITIZENS BANK





a social experience

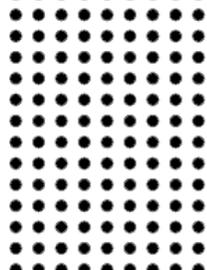
Implementing social, communal, and personal areas will help to create a well-rounded branded experience

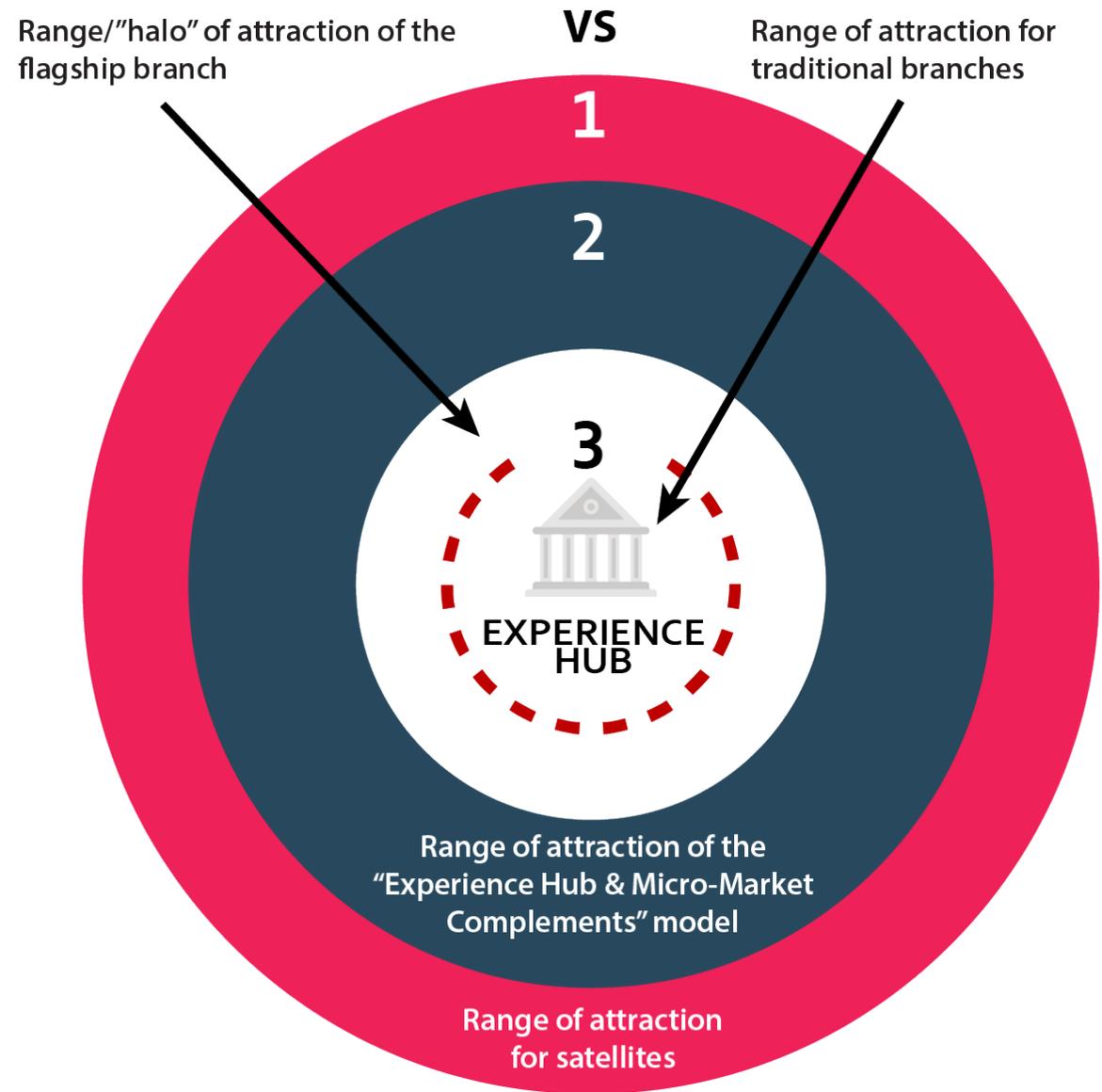
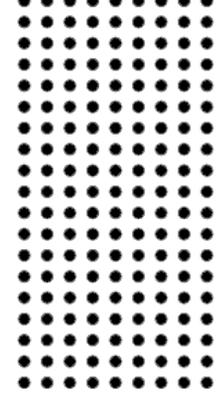
a community experience

From author series to yoga classes, banks are aiming to position themselves as the next community hotspot.



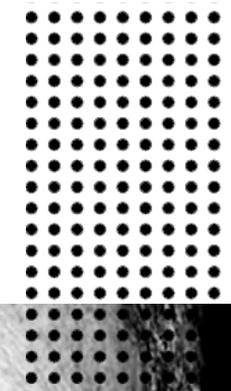
UMPQUA BANK





implementing across your network

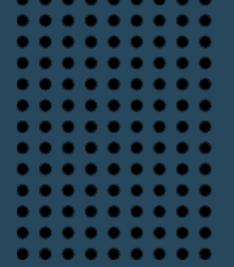
Creating an experience across your branch network can create a variety of branded experiences for your customers.



“ a lot of times, people
**don't know what
they want** until you
show it to them. ”

- Steve Jobs



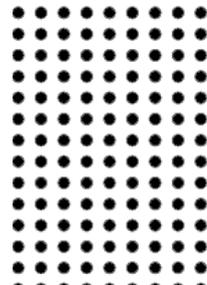


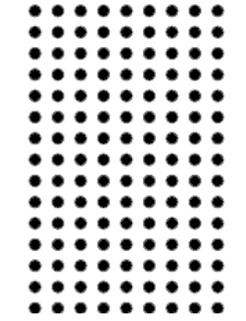
Enhance Your Physical Space

BRANCH MODERNIZATION

a focus on architecture and design

Architectural elements play an important role in driving foot-traffic into your institution





dynamic exteriors

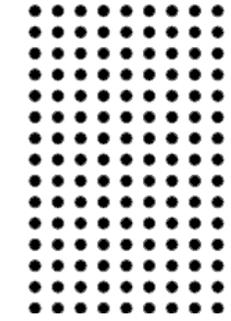


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EXTREME

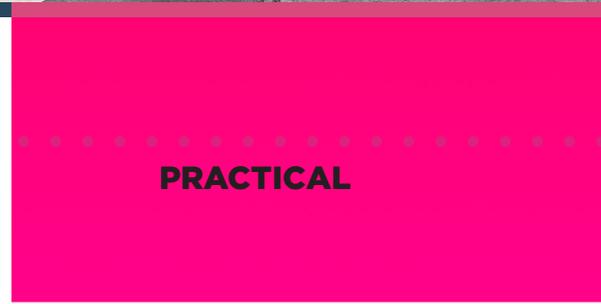
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OUTDATED



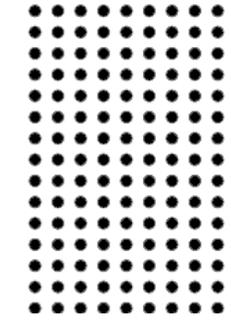


dynamic exteriors

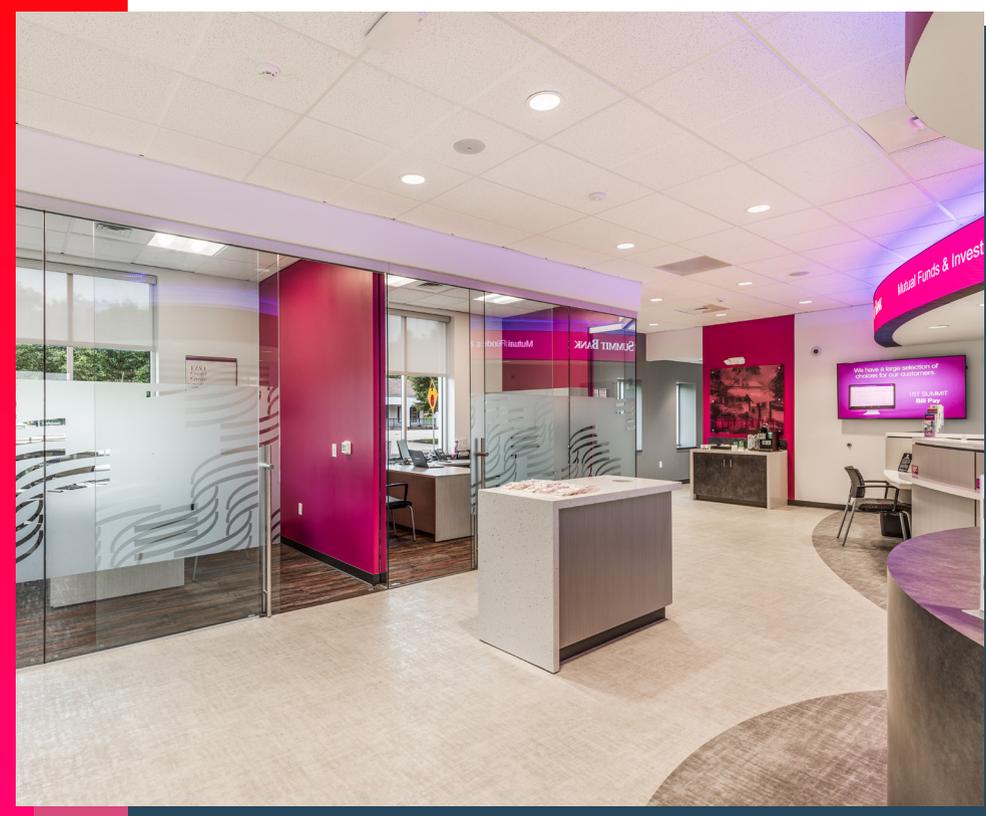


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PRACTICAL

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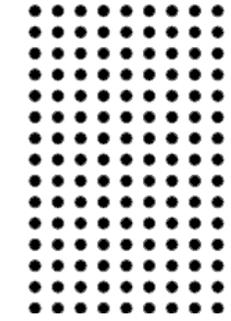
modern interiors



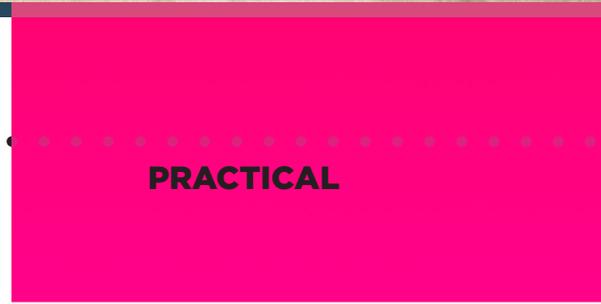
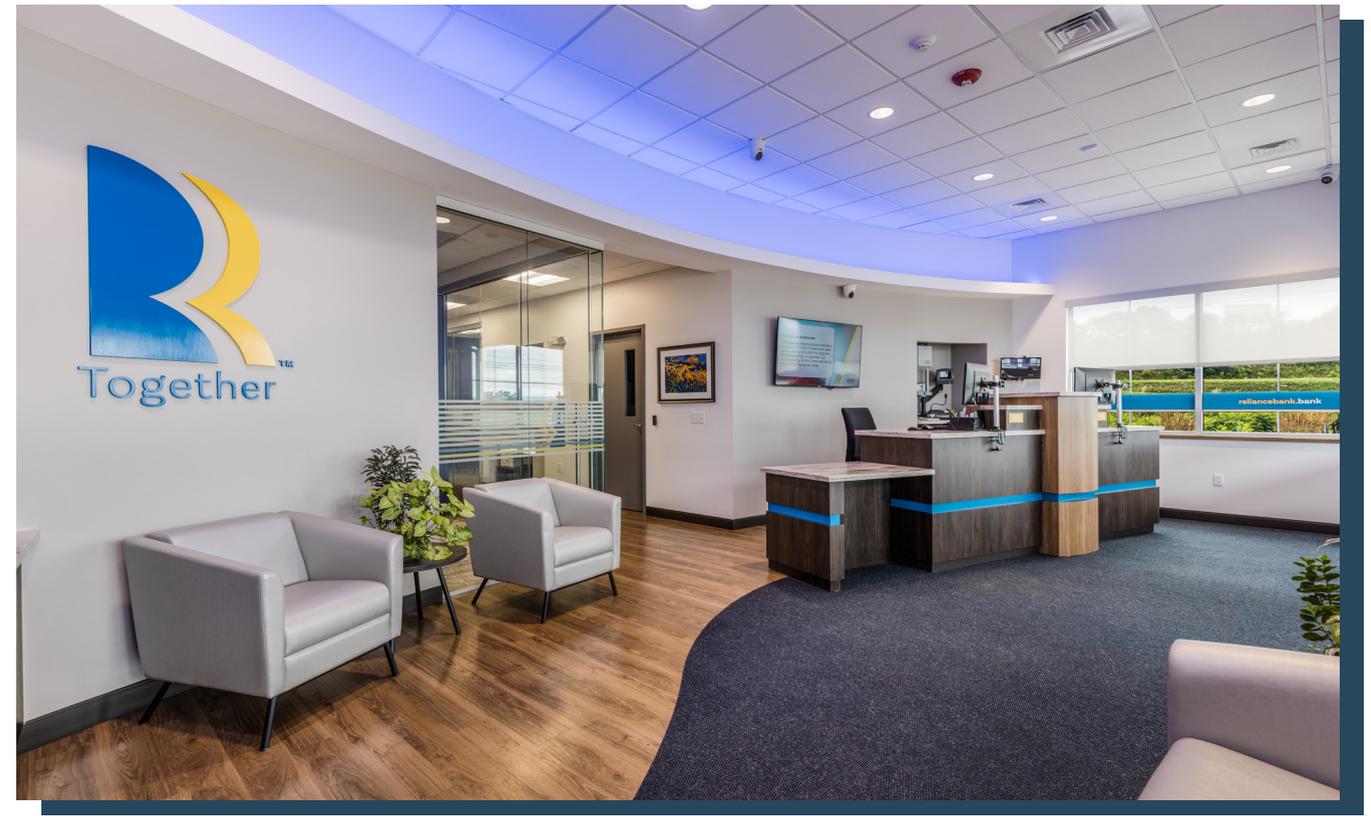
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EXTREME

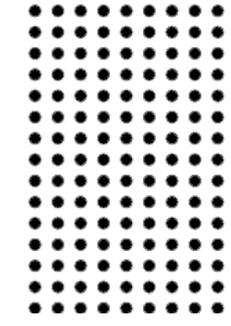
.....
PRACTICAL

.....
OUTDATED



modern interiors





use of technology



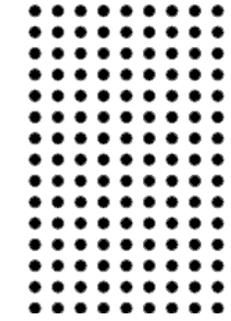
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EXTREME



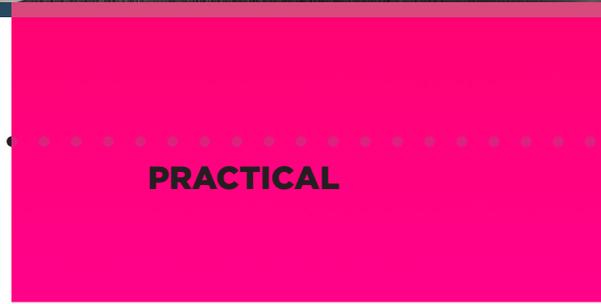
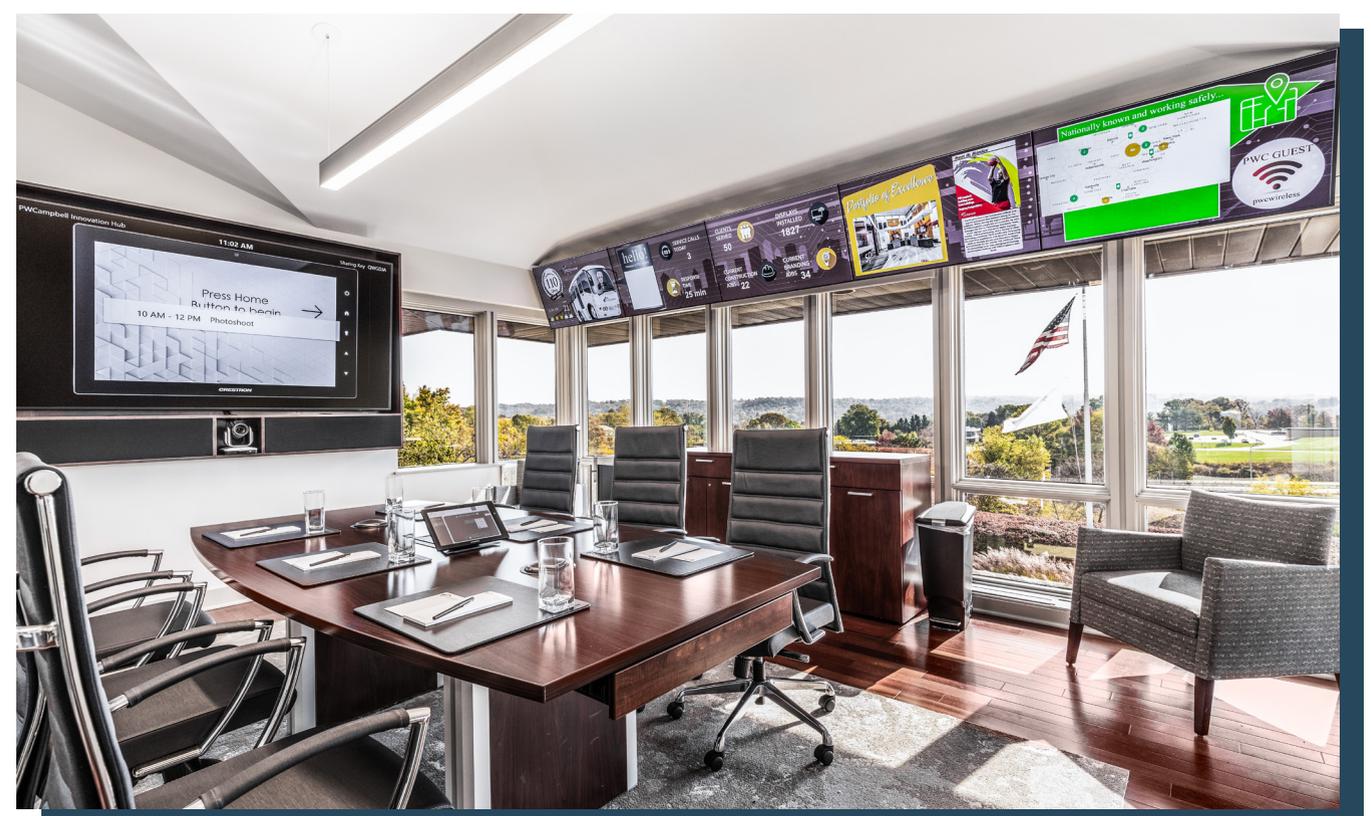
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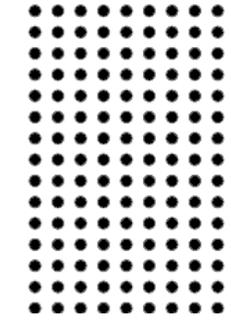


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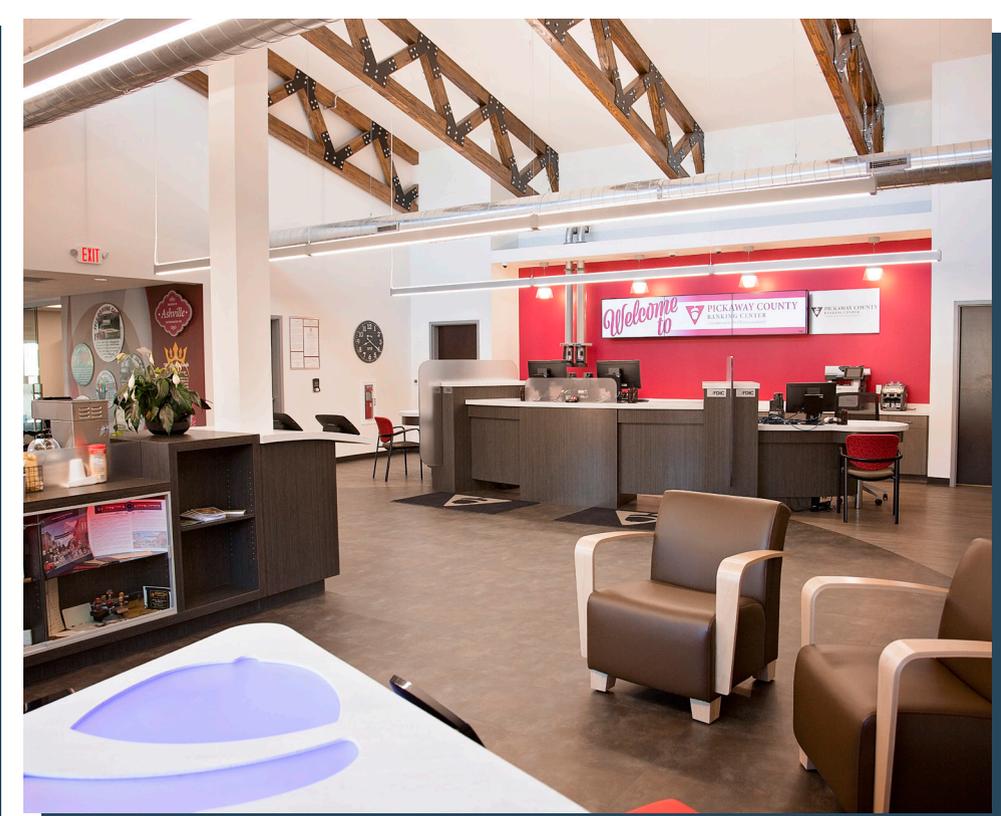


use of technology





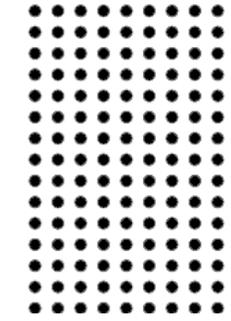
open branch design concept



.....
EXTREME

.....
PRACTICAL

.....
PRACTICAL



open branch design concept



PRACTICAL

“a big part of **design** is to **get people to walk across the street** to read the fine print. If you’ve done your job as a designer, people will do that.”

David Carson - Graphic Designer



THANK YOU

JIM CALIENDO

President & CEO



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www.pwcampbell.com



[@pwcampbell](https://www.linkedin.com/company/pwcampbell)