

OPINIONS

## You're Going to Need a Better Boat: 'Jaws' on Branch Transformation

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This year marks the 40th anniversary of *Jaws*, the movie that shattered box office records, changed the feature business, and spawned the summer movie blockbuster. What does that have to do with banking? Well, much like how Spielberg's giant shark film signaled the end of Hollywood's formulaic monster movie factory, branch transformation is determining which institutions stay in the financial game and which ones become lunch.

Today's credit union members want their transactions to blend seamlessly whether they're banking in the branch, at home, or on the go. According to Mike Baxter and Dirk Vater of BAIN & Co., "The share of digital interactions exceeds

85% for the most advanced countries today and is heading to more than 95% in the near future." Sure you may offer some member services online, but Baxter and Vater are talking about having nearly every banking transaction at your fingertips remotely. If you're not there yet, don't worry. Many credit unions are still in the planning stages of their transformation, but you should know the three phases you'll have to grapple with in order to prepare your branch for the future.

### 1. Managing the Vision

Upon finally seeing the huge size of the shark halfway through the movie, Chief Brody says the famous line: "You're going to need a bigger boat." You don't need a bigger boat, in fact most branches are downsizing their square footage, but you do need a *better* one. Realizing that is the first step in transforming your branch, but oftentimes managers don't take that step because their older, high-value members aren't clamoring for it. "So bankers don't notice attrition among this segment, even though large portions of the segment's spending on investments, credit cards or home loans have been going to competitors with better propositions for years," say Baxter and Vater. "Meanwhile, customers in their 20s — a prime age for switching banks — are increasingly considering digital capabilities when selecting their primary bank." Merely staying afloat actually means you're falling behind.

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Forward-thinking CEOs realize that the future of their credit unions depends on young members. "This means finessing traditional bank functions to add services that enhance and extend the experience — whether free Wi-Fi and a good cup of coffee or a 'genius bar' of experts providing financial advice and armed with smartphones," says David Edmondson of Accenture. However, it's not as easy as simply copying your way to the top. "In-branch experiences that are not deeply informed by customers are unlikely to succeed," says Edmondson. This means you may have to do your own research to innovate the kinds of experiences that will engage your specific members.

Still, transforming your branch is not limited to merely adding new technology and some snacks. You'll have to change your concept of your employees' roles as well. Just as branches are becoming more agile, so must the employees that run them.

## **2. Budgeting for the Hunt**

In the movie, Chief Brody has to convince town leaders to pay the shark hunter's fee to kill the shark. The leaders bristle at the price and lose even more business before eventually caving and paying anyway. Don't fall prey to this problem. Investing in interactive tellers to extend banking hours, designing digital signage to engage members, and managing a mobile banking platform all require a significant amount of capital which scares many credit union CEOs. But these moves are necessary to survive in a changing financial landscape where new members view these features as the standard.

Cutting-edge financial institutions are patterning their branches off of places like the Apple Store and even five-star resorts, offering "spa-like" experiences to their members. "We know that the way our members interact with our branch staff is changing, and it was important for us to give our members the same personal service, but with more flexible hours," says Scott Burgess, President and CEO of Rivermark Credit Union. And that model paid off as Rivermark CU saw a 60% spike in new members while cutting transaction times in half after the redesign of its branch and installation of interactive teller machines.

It's important to remember that branch transformation isn't just down-sizing, it's right-sizing your current model while expanding your digital offerings to bring in new business that drives your ROI. In fact in some areas you may need to budget for more staff. "While many [financial institutions] are cutting the number of branch tellers and assistant managers, between 50% and 75% are expanding specialist and relationship adviser roles," say Baxter and Vater. This is where the real transformation happens, freeing your tellers from rote tasks so they can focus on driving sales while delivering remarkable member experiences.

## **3. Fighting Fear & Encouraging Acceptance**

Even though you're trying to save the entire town like Chief Brody, your employees may still perceive your efforts as something that will put them out of a job. Bank of America tellers actually walked out in protest when new video tellers were rolled out. It's your job to motivate your employees by showing them how assisted technology can allow your branch to have the capacity to serve more members thereby ensuring the need for tellers, albeit with new roles.

Speaking of which, new technology is not very useful without training. The last thing you want to do is roll out a new system that members don't understand and your employees can't explain to them.

But once you've won over your employees, you'll have to do the same thing all over again with your members, many of whom won't welcome these changes with open arms, at least not initially. But if you've done your due diligence in preparing your employees to train your members, eventually they'll appreciate the convenience and new features that these changes can bring.

There are many branch transformation options based on the needs of your specific credit union, but the reality is that change itself is not an option. So, the question becomes: are you going to face your fears like Chief Brody or (to paraphrase the movie's oceanographer, Matt Hooper) are you going to ignore this problem until it swims up and bites you in the...um...behind?

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