

DBSI+CFM
IN
HONEY, I
SHRUNK
THE BRANCH



HONEY, I SHRUNK THE BRANCH

Here at DBSI+CFM we like experimenting, inventing, and innovating. However, unlike Wayne Szalinski, we haven't put anyone (especially children) in danger with our experiments. Instead, our science lab cranks out ideas that make banking better—like the “whiz-pop-pooof” magic of shrinking branches into micro branches!

So, why are we tinkering with the formula of making branches smaller?

Branch traffic has changed—but it hasn't disappeared. In fact, a recent study found that despite the restrictions imposed by the pandemic, seven in ten Americans had visited a bank branch in the past 12 months.



WAYNE SZALINSKI ↗

EVEN THE INDUSTRY'S BIGGEST BANKS AGREE

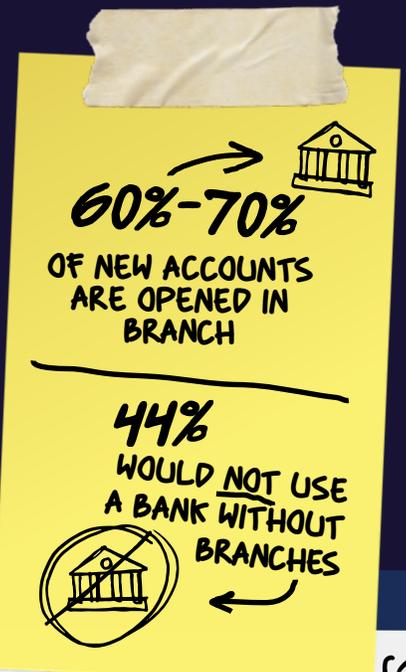
“Branches are still important, but they're going to be less of a place where people go for transactions and more for advice and consultation. Therefore, they don't need to be as large.”

-Andy Cecere, U.S. Bank CEO

Chase Bank continues its \$20 billion investment of adding 400 new branches over the next few years. And not surprisingly, Chase is still finding that 60% to 70% of new accounts are opened in branches.

Consumers want variety and while mobile adoption has increased, many still prefer a physical location. Nearly 60% of consumers want to visit a branch when making a purchase and/or talk to a real person to get advice (EY). And 44% of consumers say they would not trust a bank without branches (EY).

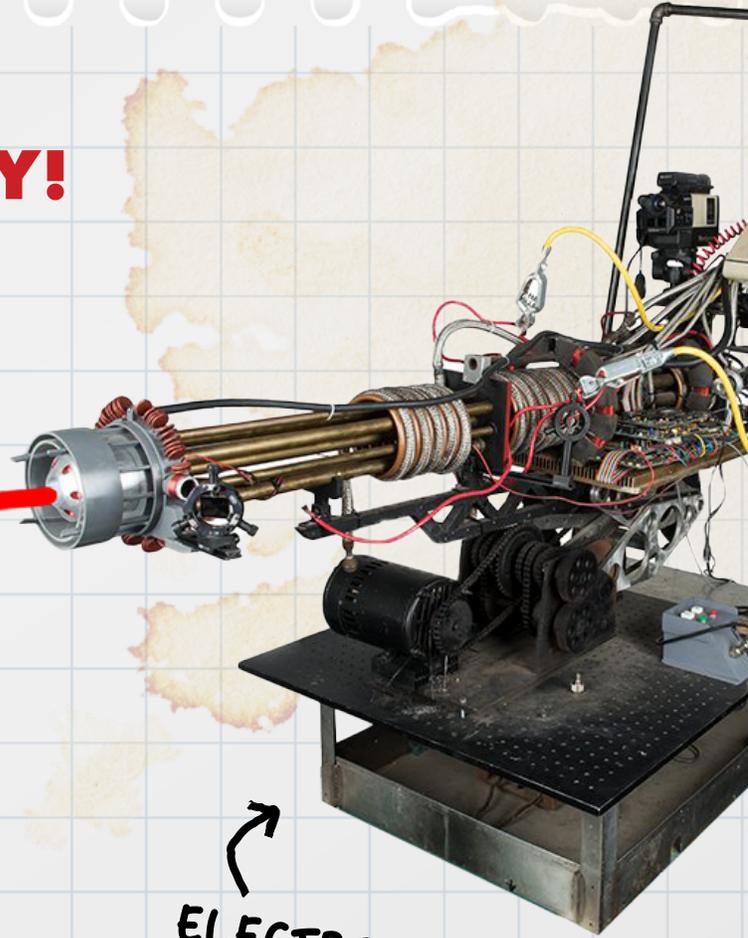
So, what gives? How can you satisfy the need for physical locations, while still being conscious of trends and costs? You got it. Shrinking a few branches in your network can have a BIG payoff.



GRAB THE SHRINK RAY!

Micro branches are the perfect addition to your branch network as they allow you to have more locations without adding significant costs (plus a lot more benefits!).

Now, grab a magnifying glass and leave the stilts at home and let's explore our hypothesis on why shrinking the branch is a good thing and what results you can expect.



ELECTROMAGNETIC SHRINKING MACHINE

SPEED TO MARKET

Timelines for tenant improvement (TI) micro branches average **6-12 months** (or less with an experienced partner that has a ready-to-go micro branch called Junxion...ahem shameless plug for DBSI+CFM) while full-sized branches can take twice as long.

If you're not working with a huge budget or timeline, or if you're in a rush to saturate the market before competitors do, a micro branch can cut the timeline of your future branch in half.

FEWER FULL-TIME EMPLOYEES

A micro branch requires, on average, 61% lower operating cost compared to traditional branches. With a smaller space also comes the need for less staff to run it. Where a typical branch is staffed with anywhere from 5-8 FTE (full-time employees), a micro branch can be operated by 1-4 FTE. **That's an average annual reduction of \$193,540.**

And you may be thinking to yourself: **"I can have a branch operate with only one associate? How?!"**

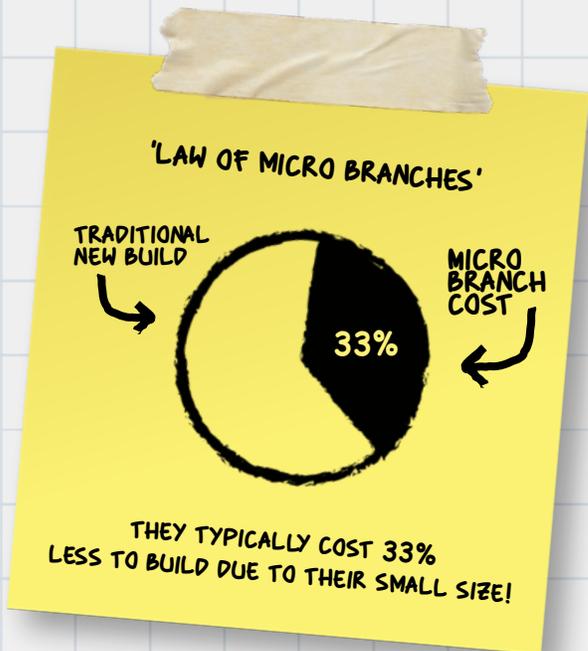
The answer: universal associates and a bit of the DBSI + CFM super-secret sauce. But we can't give that secret away here, so if you want to know how to make this happen, one of our microbranch experts can help.



JUNXION

UNIVERSAL ASSOCIATE





COST SAVINGS

And the costs savings doesn't stop there. Unless you're a digital-first institution, your branch and ATM networks are probably your largest expenses next to staffing. And unused space is costly, so if you don't have lines of people waiting in your branches, it's probably wasted space. Good news, microbranches deliver cost savings in two big ways.

Call it the scientific Law of Micro-Branches, these spaces cost less to build due to their smaller size. Our research uncovered that the cost is 33% less on average. And it doesn't take a scientist to see that's a measurable difference.

CONVENIENCE FOR YOUR CLIENTS

A common theme we often hear from financial executives is the desire to offer added client convenience with locations that are easy to reach. But as we often know, prime locations often come at prime price tags.

This is where shrinking come into play again. Micro branches can fit into unconventional locations that are more convenient and less expensive.

Examples? We've placed micro branches inside restaurants, office buildings, on college and high school campuses, inside strip malls, and the list goes on.

In an interview with Illinois-based BCU with a network of over 30 micro-branches, we dug into the details of micro branches, and one of the leading topics discusses was the convenience it offers.



MICROBRANCH AT TEXAS TECH

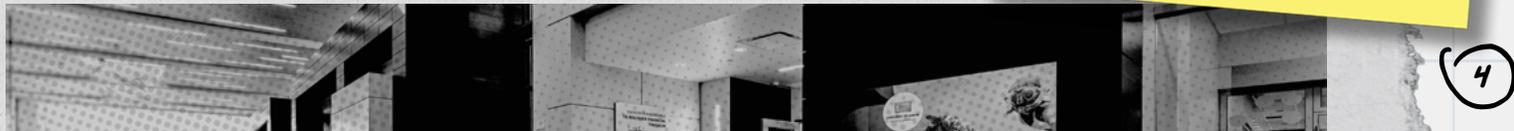
BUILD IT WHERE THEY ARE

~~BUILD IT AND THEY WILL COME~~

As Dan Parsons, Vice President of Branch Operations at BCU explains, "Personally, I would much rather have a 400 SF location in a highly trafficked area within our company partner sites versus 2000 SF in an adjacent building that no one really utilizes. Employees now see the credit union regularly and our ability to interact with them on a consistent basis is critical to our growth strategy."

FOR A DEEPER DIVE INTO MICRO BRANCHES AND BCU'S SUCCESSFUL STRATEGY TAKE A LOOK AT THIS WEBINAR ON MICROBRANCHES

[VIEW WEBINAR](#)





ANTIE
SHE IS COOL

STEADY, AIM, FIRE!

When you shrink a branch, you have to be selective and strategic. You don't want to accidentally shrink the wrong location or unintended consequences may happen. What you prioritize is quite possibly the most important part of your micro branch strategy. This is not the time for a spray-and-pray strategy, (looking at you Szalinski...).

LOCATION, LOCATION, LOCATION

If you want to get the best ROI for your micro branch, location has to be a priority. In the Federal Reserve Board's Survey of Consumer Finances, 43% of respondents cited "location of their branches" as the most important reason for choosing their primary checking provider. And almost 23% of consumers said they wouldn't open an account at an online-only bank. (The Ascent)



WHAT IS THIS,
A BRANCH FOR ANTS?

SO HOW DO YOU DECIDE ON THE BEST LOCATION?
WE ASKED BANKING TRANSFORMATION EXPERT AND REGISTERED ARCHITECT B.A. EASTWOOD

"Location decisions are driven from many variables. For example, the current branch locations in the network, the lease opportunities, the demographics of the area and the median household income, to name just a few. However, the key to all the variables is visibility. Being in a high traffic area, whether that means vehicles or foot traffic, gets the visibility you need to attract new clients.

Now is that enough to be truly successful? Having highly visible presence is the first step, however, most likely the location must compete with many other retailers. Therefore, having a functional branch offering of what your consumers want, along with an aesthetically pleasing branch with your branding to stand out from competitors is the answer.

The beauty of a micro branch is that you can fit one almost anywhere. From a grocery store to a particular corporate segment that you serve, to a fitness center where there's a large amount of traffic throughout the day, the micro branch can "reach out" to new client opportunities, while at the same time serve current clients where they want to do their banking.

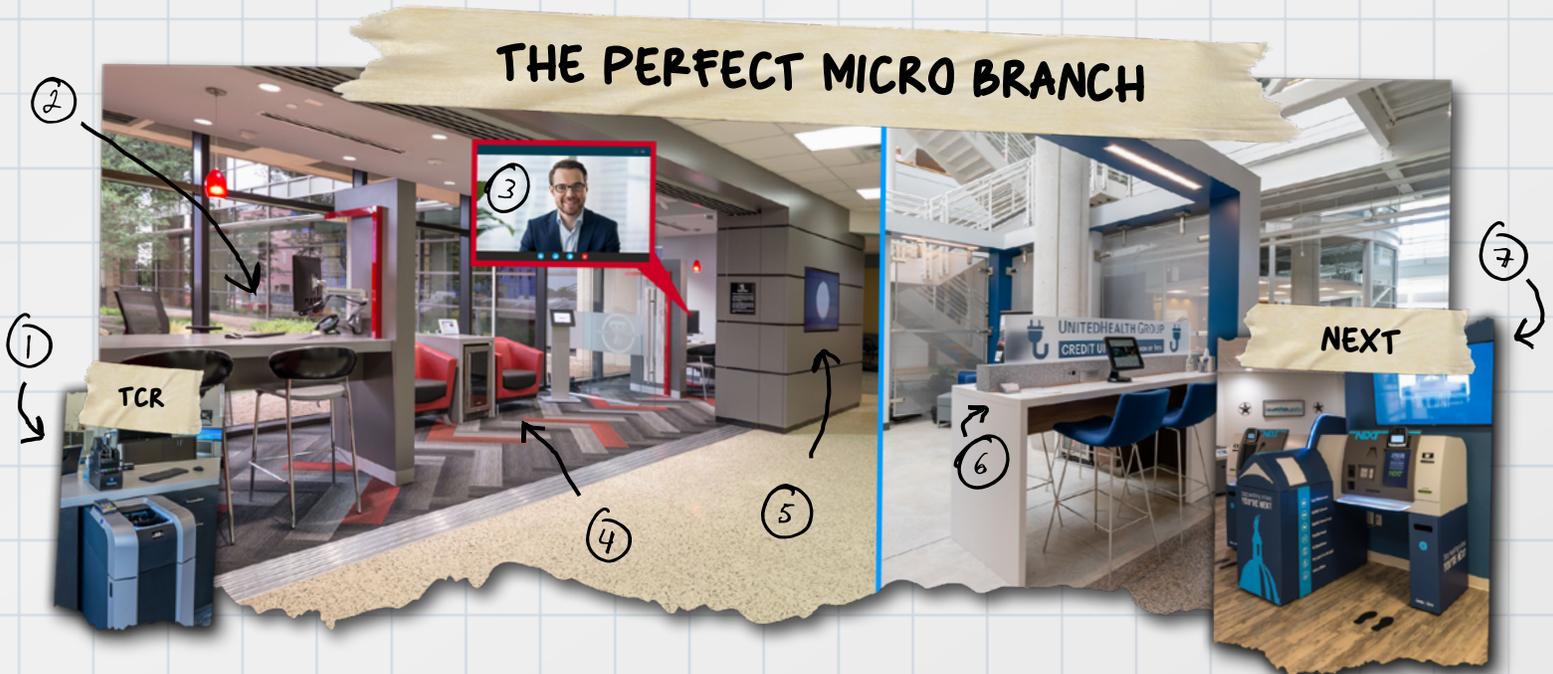
Micro branches are also a great mechanism to test new markets for the FI. With a relatively low investment, the FI can get a micro branch up and running much quicker than a typical branch, and if things don't work out much of the collateral within the branch can be relocated to another location such as the digital, banking equipment, furniture, and even some of the millwork and specialty lighting."

- B.A. EASTWOOD
BANKING TRANSFORMATION EXPERT, REGISTERED ARCHITECT

MICRO FEATURES WITH MACRO BENEFITS

Once you've decided on a location, you need to create a customized experience for the hyper-local market you are servicing. Maybe you always have certain pieces to your branches, but you need to be selective and find tradeoffs when creating a micro branch.

Decide exactly which benefits you want to offer and select the features to include in your branch. Choose these features wisely. You only have so many square feet to pack a big punch. How will you handle cash? How will you offer privacy? Here's a list of the top "materials" needed to make your experiment a successful one, but it's up to you to decide which ones will be best for your branch.



CASH RECYCLERS (1)

Accepting, dispensing, and securing cash all in one machine. These can be used by multiple staff members and even clients with the right solution. It's smarter way to manage your cash in any branch, but in a micro branch, these are big space savers!

SERVICE SPOT (2)

Traditional office spaces, cubicles, and desks are confining-for both clients and staff. And won't fit into your micro branch. A service spot can have many functions in a micro branch including servicing clients and as workspaces for your staff.

EXPERT NEARBY (3)

Rather than have every expert on staff and on location, 'Expert Nearby' uses a two-way video conference solution, giving clients immediate access to your experts. Use glass walls or doors for privacy while making your space still feel open.

FLEX SPACE (4)

For a micro branch, you will need your space to serve multiple functions based on different needs. A flex space can be a workstation, small conference area, or a lobby with a beverage bar.

DIGITAL SIGNAGE (5)

From community boards to interactive displays to wow walls, displaying custom digital content can help you achieve any of your in-branch client communication goals. You'll be amazed how great content can be the best upselling tool in your branch.

DISCOVERY BAR (6)

Help bring the tools and training needed to educate and help your clients with a Discovery Bar. The ability to onboard and teach clients in the branch with tablets is a game-changer, not to mention a space saver.

SELF-SERVICE KIOSK SOLUTION (7)

NEXT is the perfect self-service option because it uses a cash recycler offer self-service, assisted-service, and full-service in one kiosk. Put the power of conversation and engagement in your staff's hands with a savvy tablet interface.

NEVER SHRINK ALONE



NEVER SHRINK ALONE!

BRING AN EXPERIENCED PARTNER.

Figuring out how to best maximize small spaces to provide the right level of service, privacy, traffic flow, and needs of the clients can often be tricky. There are a lot of best practices and technology that need to be considered. And, with limited space, there are often tradeoffs for what you can and can't have in the branch.

After delivering hundreds of micro-branches, DBSI has gotten micro branches down to a science. There are no guinea pigs in our testing lab! Instead, we have boiled the strategy down to starting with if the endpoint in mind, then figuring out how to "back our way" into the must have's for making the branch experience work.

LET'S TALK!

1-855-ASK-DBSI / INFO@DBSI-INC.