Coronavirus: Early Learnings with Long Lasting Impact, Number 1
by Charles B. Wendel

Is the bank office dead? Are branches finally a thing of the past?

The answers to both are a resounding…kinda.

The Office may become a TV show memory not your reality. Banks have been forced to learn that most bankers do not need to spend 30-90 minutes going back and forth to their offices from home. They have learned that productivity may actually increase when bankers work away from the office. One reason: the endless internal meetings have no place to meet, one banker describing them as "brutal meetings that we don't need."

Not all, but many employees will want to work at home at least several days a week. Their quality of life will improve, and gasoline and dry cleaning bills decline. Banks will want them to keep home as well, given concerns about social distancing and the cost of real estate.

The recent tendency to cram more people into the same office space has ended. Last year I worked out of a client's conference room, designated for four people. An office redesign had eliminated so much privacy that employees vied for that meeting room. But, under the new social distancing norms, the conference room for four would now be appropriate for one person, maybe two if they stayed far apart.

If banks want to return to the past approach to offices, they will need to increase their CRE costs, exactly when they will be looking to reduce all costs. Work at home or split shifts could become the norm.

Before employees can work from home permanently, however, many banks will need to change their approach to technology adoption. For example, a banker recently recounted his 10+ year struggle to get his bank to adopt E-signatures as a standard. Similarly, last year while researching a report on digital lending we found that many banks, some of them VERY big, fail to use already vetted offers like digital signatures and optimal readers. Internal groups like Legal and Compliance have slowed the timing for adoption; in some cases, stubborn bankers refuse to use these tools.

Given that technology like E-signing and OCR have existed for decades, objections must be overcome ASAP. Management should demand that internal hurdles disappear and that all bankers exploit these technologies. You don't have to, of course. Your choice is to suffer increased costs of doing business and, at least concerning E-signatures, potentially lose customers that expect the level of convenience that other banks offer.

Technology also supports at-desk video meetings, quickly becoming the norm and expected by employees, customers, and prospects. Zoom-like meetings are essential to working at home effectively. We may be entering a world in which taking a crowded elevator to a conference room (in recent years probably reduced in size to save dollars) is no longer acceptable. We may be entering a world in which entering a client's office building takes more time and medical checks. We may be entering a world in which the client does not want to see a potentially virus-laden banker entering his office. What if the banker is coming from a virus-intense area like New York or New Jersey? And prospecting? Forget driving around the mall or office park and popping in uninvited.

Zoom or something like it needs to be available to all bankers, but some banks have rejected Zoom because of security issues. That's fair enough, but what alternative do those stopping Zoom's use offer? In many cases, nothing. These internal "support" people uncover a problem, but, then, suggest no solution, perhaps thinking that finding a solution belongs with another bank group. If today's Zoom is unacceptable, what product will allow similar connectivity without the security issues? Those products exist. Top management has to insist that the bank operates with problem solvers not just problem identifiers saying why something cannot be done.

BTW, one of the great things about Zoom meetings is that they require agendas and tend to start and end on time. Also, if a banker is not contributing to the ideas being discussed, it shows. No hiding.

If banks are to survive, and I mean just survive and not thrive, they need to embrace the use of technology with an emphasis on determining how to use it rather than creating barriers against its use or pushing its use to another day. Another day is today. if this sounds fundamental, it is.

Is the branch dead again? The death of the branch has been predicted for years and, in fact, the total number of branches has contracted in recent years and may contract dramatically over the next 12 months. It seems likely that a branch as a community meeting area has died, a space in which a branch shares space with a coffee shop and an evening performance. Branches may not be places where customers hang out; get in and get put may be the new rule.

Those branches that remain will need transformation. Just as you make an appointment with your lawyer or accountant, appointment banking will grow. Those that need in person rather than a Zoom-like meeting may enter a branch with more privacy than before and more personal contact with a banker (at a safe distance), allowing for an enhanced sales and service experience. This could turn into an opportunity to sell more. At the same time casual drop-ins will become less likely.

Topics like employees working at home, the role of a branch, and many more are now in play with little certain. In the coming weeks bank management will be faced with issues it may have put off for years in the hope they would disappear or become the next generation's problem to solve. Nope.