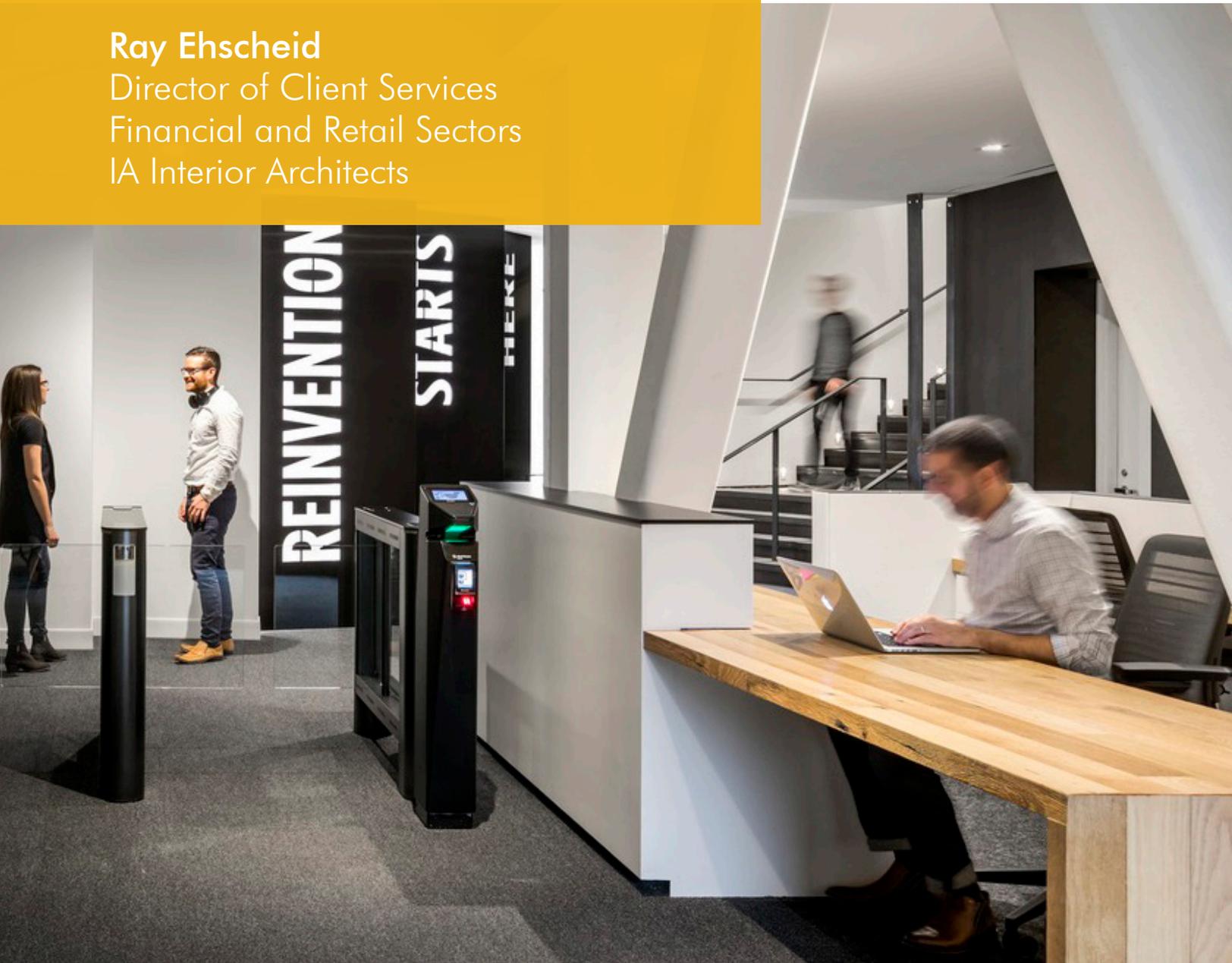


The New Retail Bank Branch: Innovation or Merely Renovation?

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Much press coverage has been devoted to the emerging dominance of online and mobile banking channels—and how those methods seem to almost render obsolete the need for a cost-heavy physical bank branch network. Yet 90% of millennials choose a bank with location convenience in mind¹, and a majority of retail bank customers still visit a branch at least every six months². Such evidence highlights the importance of maintaining a bricks-and-mortar presence and innovating the in-branch experience to entice both existing and future customers.

Disappointingly, much of what's touted by retail banks themselves as "innovation" is merely the repackaging of digital channels on an in-branch iPad or minor advancements of existing technology (e.g., contactless ATMs, video tellers, WiFi). In fact, physical "improvements" such as scaling back waiting spaces and removing teller areas serve only to create cramped conditions—and the impression that jobs are being eradicated and personal contact³ deprioritized.

So what does it take to envision a truly innovative, interactive, future-thinking physical space? How can retail banks push boundaries to create a novel branch experience for customers and clients?



Taking Cues from Related Industries

Innovations borrowed from other industries can create stronger, more effective banking environments. For instance, consider how residential design now greatly informs hospitality, as color, pattern, and adaptive function increasingly shape today's hotels. Many of these dramatic, functional, and flexible spaces borrow heavily from localism to become destinations in their own right. And the cross-pollination of residential, hospitality, and workplace results in blurred boundaries between work and leisure space.

Many recent advancements in the corporate workplace arena are applicable to retail bank branches—not only spatial solutions but also the process and tactics by which designers arrive at them. Prime examples include activity-based work environments, which are designed to encourage productivity and collaboration, and Workplace Strategy initiatives to study and analyze a company's work modes. Designing an activity-based workspace starts with a rigorous analysis of various employees' current way of working—physically, emotionally, and rationally—which will differ for associates, managers, and executive teams. Workplace Strategists deep dive into vertical markets and horizontally, across industry peer groups, to arrive at the most effective solutions.



To support both interaction and productive heads-down solo work, an activity-based workplace must feature a carefully balanced mixture of private, semi-private, and public space to nurture efficiency, density, and productivity. Ultimately, the success of such a concept depends on end users being encouraged and empowered to adapt their environment to suit changing needs. Teams need the support of their leaders and the right tools: reconfigurable furniture, demountable partitions that can be repositioned overnight, and writable surfaces and digital screens that can be relocated and plugged into a raised, electrified floor. Such built-in “hackability” allows teams to constantly evolve, thus maximizing efficiency, lowering reconfiguration costs, and optimizing growth. Retail banks can take a cue from activity-based workspaces and adopt similar measures.

Workplace Strategists have dissected and created effective solutions for many of the key friction points that retail bank branches also face. Common challenges include the preponderance of underused, dedicated 1:1 office spaces; archaic administrative and back office workspaces; and oversized conference rooms. Workplace Strategy—the metrics used and the thoughtful means for evaluating physical space usage—might offer a new way to look at classic retail bank design methods.

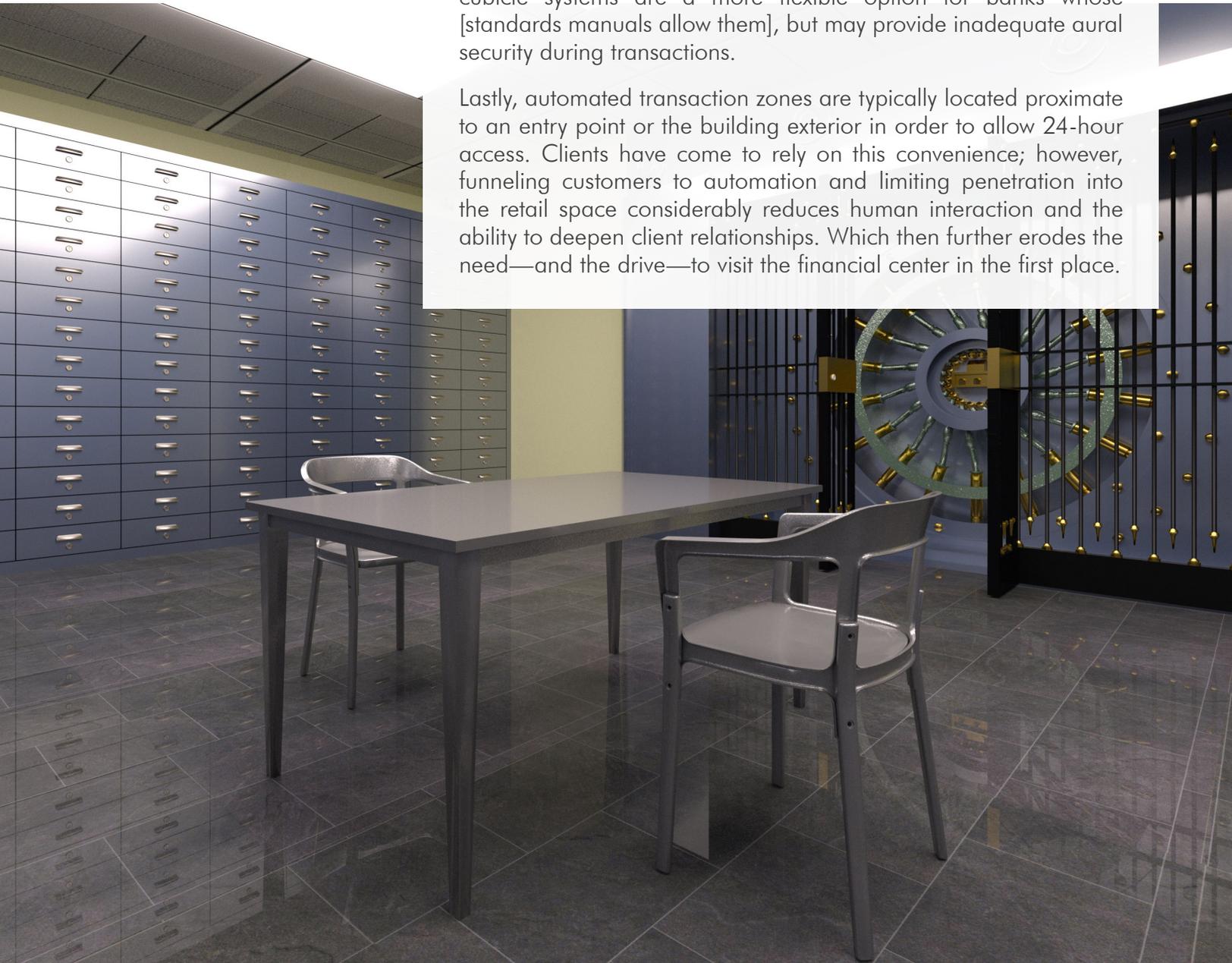


Industry Specific Challenges

Of course, banks face unique and complex design challenges. Unlike in the progressive workplace, traditional construction is still the norm. Branch interiors are typically delineated into transaction zones, dwell spaces, and consultative areas, all built around a secure cash-handling zone. The security and stability requirements dictated by a financial service providers' risk and compliance teams take up a great deal of square footage, and lock the layout into a fixed position. As such, they are not easily adapted without significant expense.

Most retail bank branches also require fully private spaces in which to conduct confidential conversations. These are typically executed as offices or walled cubicles—permanent structures that do not provide easy flexibility to accommodate future growth. Modular cubicle systems are a more flexible option for banks whose [standards manuals allow them], but may provide inadequate aural security during transactions.

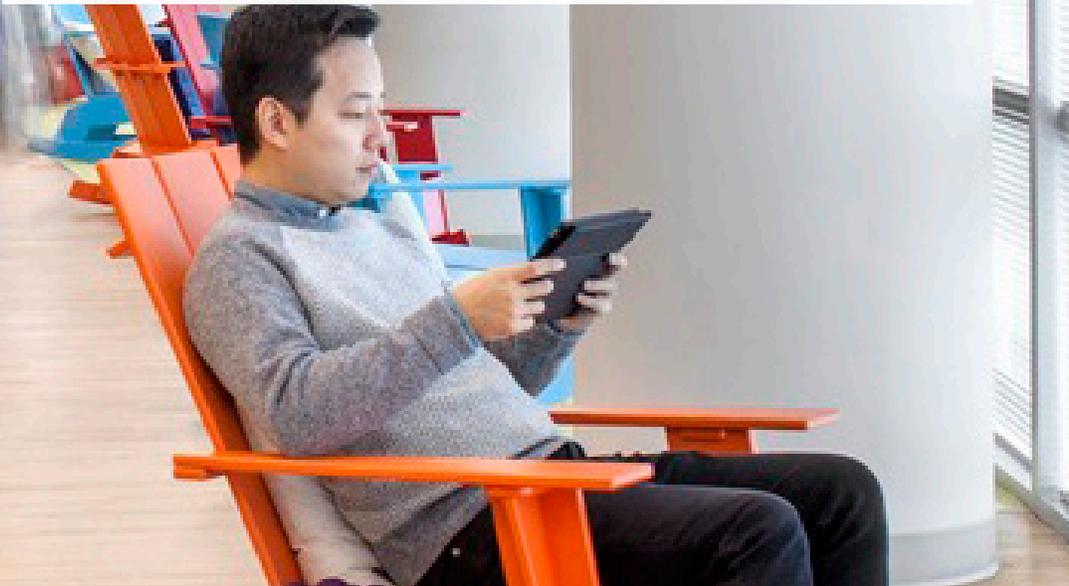
Lastly, automated transaction zones are typically located proximate to an entry point or the building exterior in order to allow 24-hour access. Clients have come to rely on this convenience; however, funneling customers to automation and limiting penetration into the retail space considerably reduces human interaction and the ability to deepen client relationships. Which then further erodes the need—and the drive—to visit the financial center in the first place.



Workplace Strategy Solutions That Resonate With Branch Design

By deep diving into a brand's inherent culture and identifying what employees want to experience in their workplace, the Workplace Strategy process nets a wealth of information that can be mined and interpreted as primary attributes for a design. Many of the workplace challenges that retail financial services face can be solved by initiating similar research. Analyzing the resultant data with the end goal in mind can reveal potential design solutions that inspire customer engagement and build a positive experience within the space.

In retail banking, as in the workplace, an "activity path" of experiences should be easily discernable. The path should follow from hosted entry area to sales platform to transaction area, each zone benefitting from manned interaction or automation. Looking at the retail space through a Workplace Strategy lens and mindset uncovers possible interaction types in each space. Consider the traditional teller: transactions completed at the teller line are regular, recurring events with minimal interaction yet massive potential. Workplace Strategists propose that routine activities (like storing or eating your lunch) can potentially be transformed into dynamic ones. The resulting work café in this example creates a "third space", where food is the common element for interaction, but random cross-departmental collisions create circumstances for engagement and collaboration. In retail bank branches, the transaction area can be rethought, even decentralized and dispersed, to provide an opportunity for such dialogues. Consider Apple's new Genius Grove, in which associates and customers interact for service throughout the retail space⁴. Providing the opportunity for one-on-one conversations will help uncover additional needs. As transactions become less focal and cash handling is remanded to automation, physical structures can be removed and adaptability liberated.



Information privacy also remains a vital consideration to both workplace and retail bank branch design. Risk and compliance controls must be in place to ensure customer information is secure and controlled. Again, we can borrow concepts from efficient workplace design, in particular the use of controlled cloud-based computing: deploying remote-access terminals with no ability to remove client information from the server. Additionally, eliminating lockable drawers can discourage individuals from claiming space that might end up being largely unused, while ensuring compliance with secure retention practices and reducing needed space for printed data.

Incorporating these stringent controls can conversely allow more flexibility in the design of retail branch banks. With no bulky computers to manage, plus centralized controlled printing, management can ensure that only necessary documents are printed. Capabilities borrowed from FinTech, such as remote signature capture, can further reduce paper and free up filing space for other usages. Workplace solutions focused on aural and visual privacy—including noise abatement, video screen blocking, and baffled structures—can benefit branch and customer alike.



Conclusions

Solutions derived from Workplace Strategy, with its attentiveness to work tasks and work modes, can also benefit retail bank branch design in powerful ways. Adaptive spaces have proven a successful way for clients to grow and change in concert with team needs. Learning from these scenarios, and taking the time to look closely at individual customer and business needs, can net great results when applied to branches. These potential solutions can address design issues including durability, longevity, adaptability, and functionality as a driver to ensure the continued relevance of these facilities. As we push the cutting edge of innovation, creating a retail bank branch network that showcases a client's capabilities yet subsumes a visual display of technology should better position and prepare forward-thinking retail banks for future growth.

¹ <https://thefinancialbrand.com/64222/millennial-switching-banking-marketing-checking-accounts/>

² <https://www.forbes.com/sites/micahsolomon/2014/05/15/do-bank-branches-still-matter/#1788b1c5764e>

³ <https://www.wsj.com/articles/bank-tellers-battle-obsolescence-1416244137>

⁴ <https://www.theverge.com/2017/4/25/15419398/apple-store-redesign-genius-bar-grove>

