



Retail Banking: Adapt or Die

We've done it to ourselves for all the right reasons (or so we think). We have spent the last couple decades enabling our retail banking customers to do their banking business without coming into our retail branches.

Branch traffic continues to plummet around the country. In fact, bank branch traffic has declined by 42% since 1992 (per a 2015 study). And you can count on it declining even more. So here we are. How do the retail bankers cross sell, refer or upsell when the only time they see their customers is when there is a problem?

I was in a branch working in a conference room where I could see the lobby. I was out for two hours but for the rest of the day I counted three people coming in, and one was to use the bathroom. All that time there were two tellers. I saw one knitting and one on her cell phone texting. Another client has done the math and based on retail customer traffic he should close four of ten branches - politics and market dynamics prevent that decision for now. He told me in those four branches there are about four hours a week when they need to be open based on customer traffic.

I've spent countless hours in meetings with investment reps, trust officers, and mortgage originators talking about how to get referrals from the retail bankers. The fundamental assumption in most referral generation programs is that the retail banker is face to face with the potential prospect. I've seen the traffic count numbers from retail clients across the country. That assumption is invalid. We have to rethink how referrals are generated from the ground up.

Another example: A client engaged us to help improve the household penetration with new customers and customer arrivals. The results are extremely positive looking at the statistics from the customer interactions, but the great results aren't moving the needle on the overall bank numbers. Why? Because

such a small fraction of the bank customers is touched. We could be tripling the results and they still wouldn't show in bank numbers - not for years!

So, I recently made it three hours into a prospecting class before using the word *proactive*. I've made it three-quarters of the way through this article without using that word. But, that's the answer to the dilemma. We can't wait for the customers to come into our store: we have to proactively reach out to customers to invite them/urge them to come into our stores. Marketing and advertising needs to adapt. Staffing decisions need to adapt. Management has to adapt. Training has to adapt. The culture has to adapt.

The industry has to adapt or die. The branches of yesterday will all turn into drive-through pharmacies or coffee shops unless we repurpose them and the retail staff. They need to become sales offices. Tellers with nothing else to do should be on the phone calling customers and prospects. We should be weighting sales results in branches over balancing records. We should be remodeling branches to fit the new purpose. We need to change how we expect to get referrals out of the branches.

Retail banking must morph from the traditional service model to a sales-driven model. Adapt or die. Call me today to understand how we can work with you and your team to address a proactive sales process: (800) 677-7432. Or email me at [email me at elpohl@pohlconsulting.com](mailto:elpohl@pohlconsulting.com).