

RADDON RESEARCH INSIGHTS

# Branch Evolution: How Has the Pandemic Changed Branching?

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September 2021

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# Did the Pandemic Revitalize Branching?

Believe it or not, **millennials are using branches more – and older generations are going digital**. Because of the pandemic, millennials say they've become more reliant on face-to-face interactions with their financial institution.

Since the pandemic, consumers' motivations for branching have also changed.

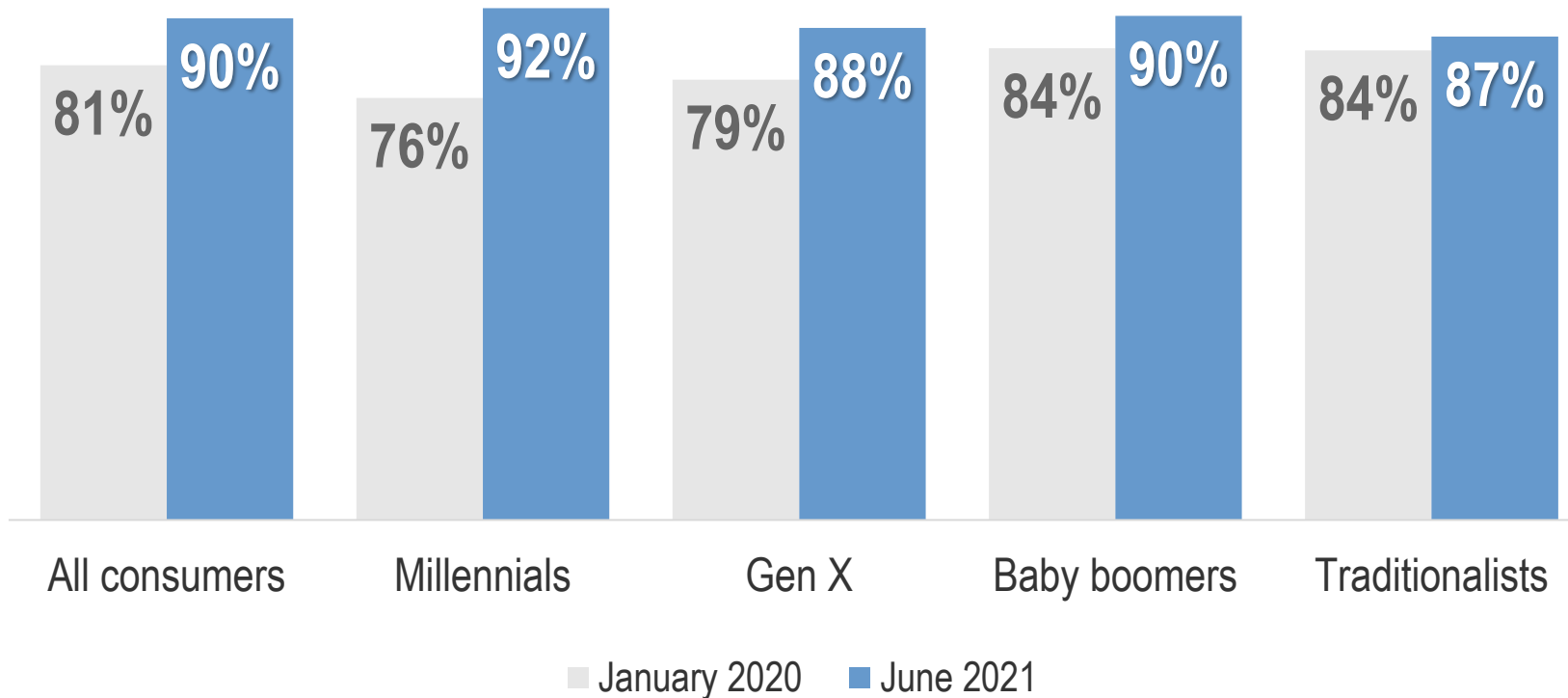
Prepandemic, millennials largely viewed branches as transactional locations. Now, they turn to branch staff for financial advice.

This report revisits research Raddon conducted in January 2020, just before the COVID-19 pandemic disrupted life and banking as we knew it. By re-issuing the study, we compared how consumers of all generations viewed and used branches before and after the pandemic. We also learned which **pandemic-driven changes could be here to stay** and offer insight into strategies and features branches need to **serve all accountholders well**.



# Younger Consumers Were as Likely as Anyone Else to Visit a Branch During the Pandemic

Percentage of Households Visiting a Branch in the Past Year



Where branch traffic seems to be growing the most is in occasional visits.

Millennials particularly returned to the branch. When asked whether they visited their most frequently used branch in the past year, 92 percent of millennials agreed, which is radically increased from the prepandemic answer of 76 percent.

\*For definitions of consumer segments, please see the Appendix

Source: Raddon Research Insights

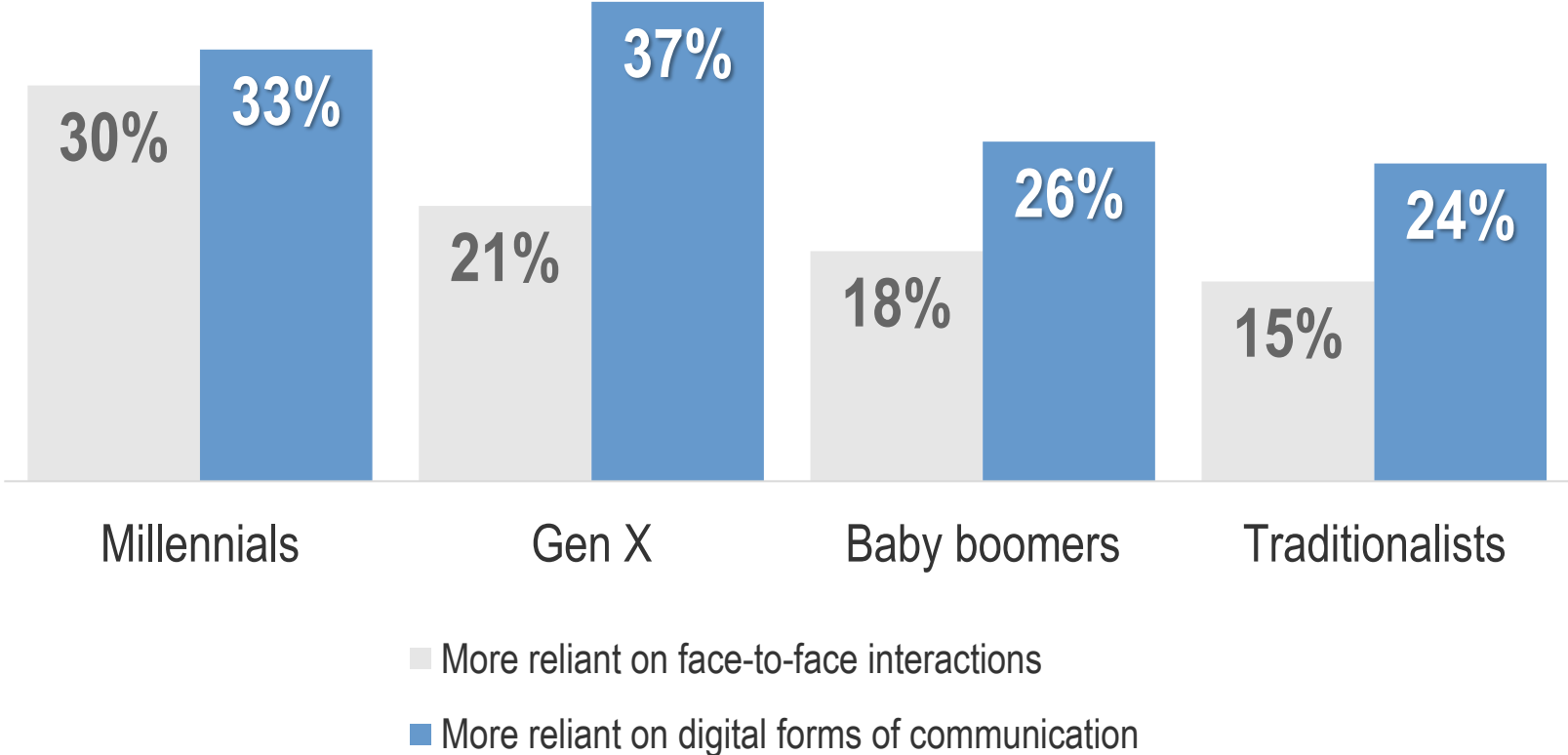
Q: When you consider the financial institution branch you visit most frequently, how many times have you visited that branch in the past year? (n=1,226)

# Millennials More Likely to Say Pandemic Has Made Them More Reliant on Face-to-Face, Older Generations Move More Toward Digital

When asked explicitly about the pandemic, millennials were more likely than were other generations to say they have become more reliant on face-to-face interactions with their financial institution, though more are still more reliant on digital.

While millennials in general are more interested in self-service, they increasingly see a role for branches, but as we see in the next section, how they use branches differs from the norm.

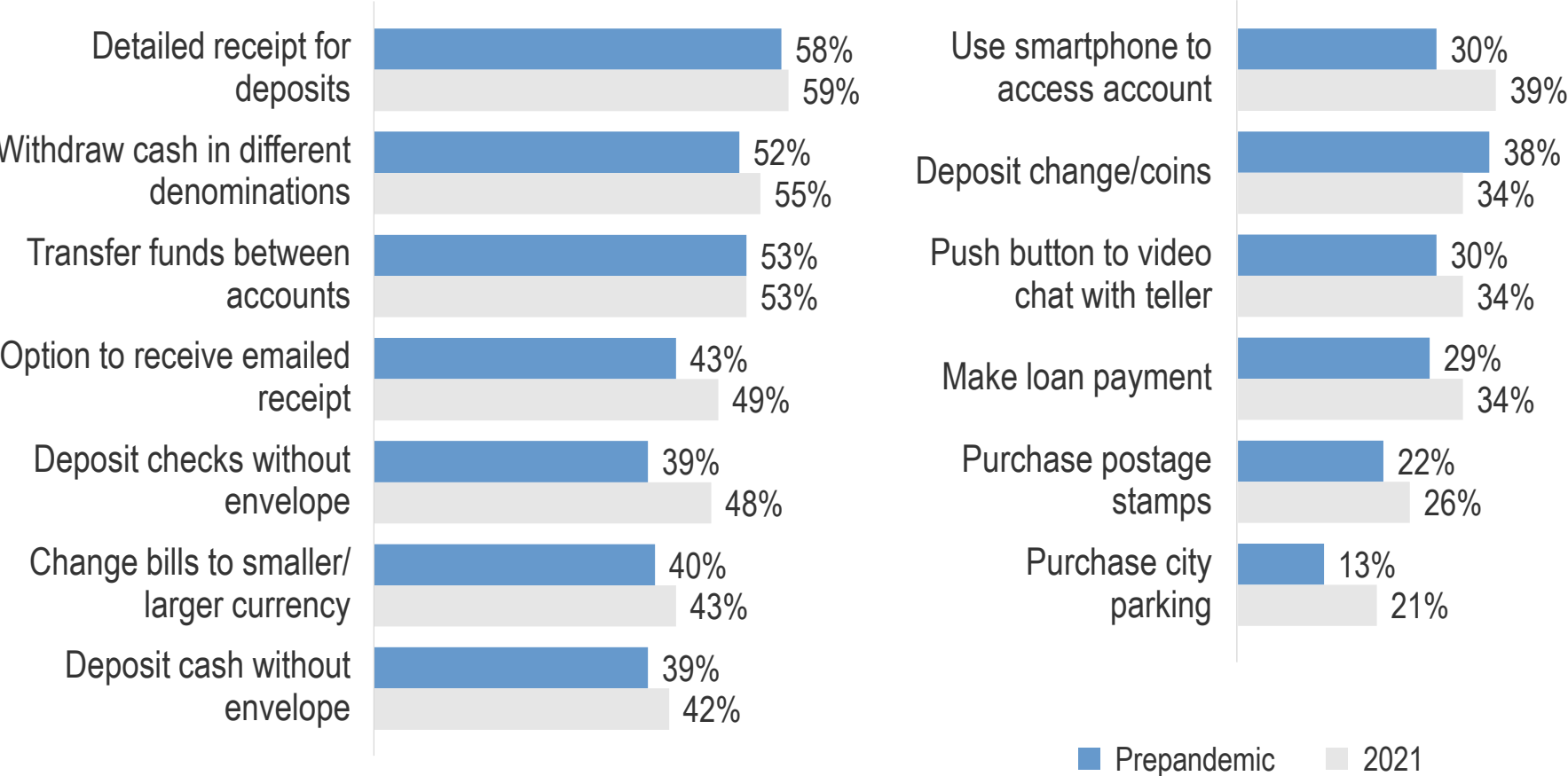
Pandemic-Inspired Change in Interactions With Financial Institution by Generation



Source: Raddon Research Insights  
Q: As a result of the COVID-19 pandemic, please indicate how your interactions have changed with any financial institution. (n=1,226)

# Touchless Features Gain Importance in ATM Demands

Percentage Claiming an ATM Feature Is Extremely/Very Important, All Households

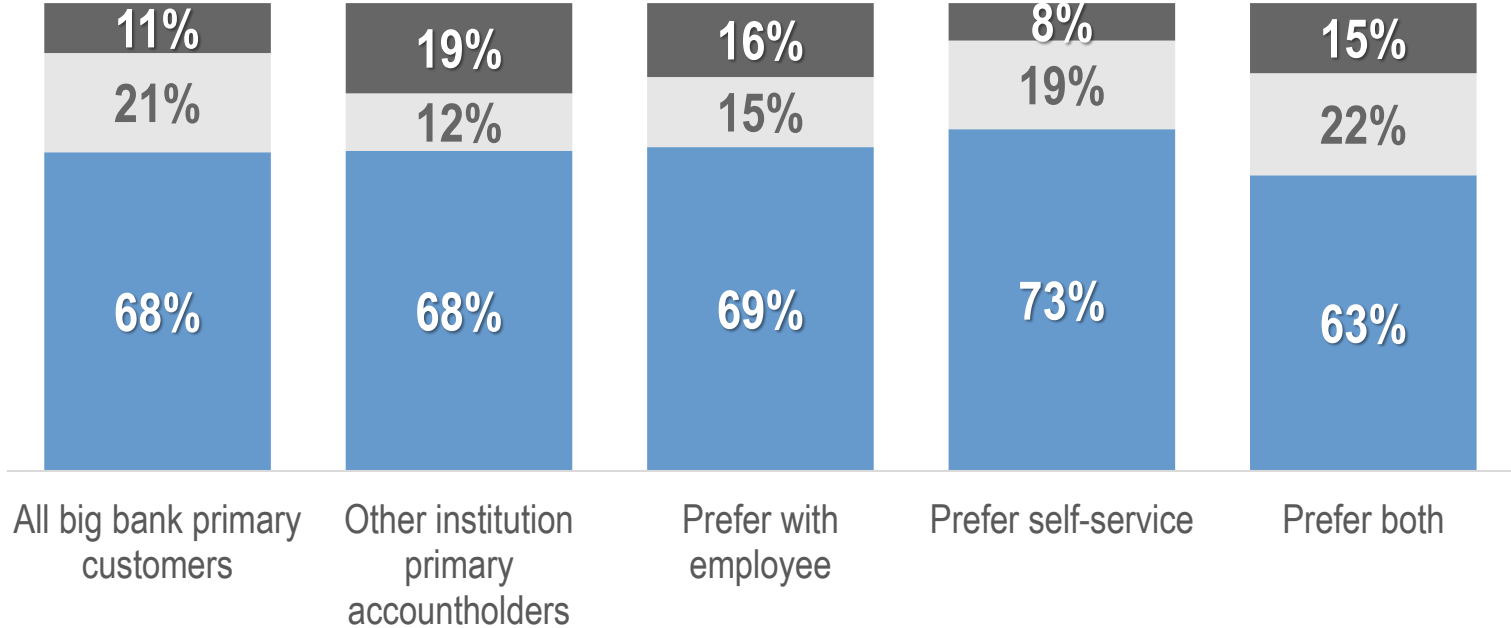
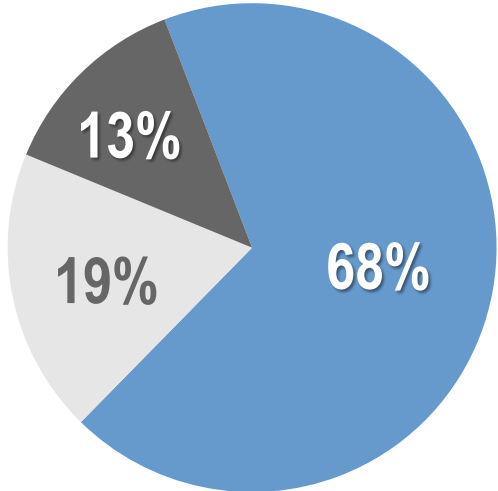


ATM usage has remained about the same as it was a year ago, but the pandemic has made some features more important, particularly those that involve touching things: getting an emailed receipt, depositing checks without an envelope and using a smartphone to access the account.

Source: Raddon Research Insights  
 Q: Please rank the options below in terms of importance to you when conducting a transaction in the branch. (n=1,226)

# Two-Thirds of Consumers Affected by Branch Closure Kept Their Accounts at the Same Institution

## Reaction to Branch Closure



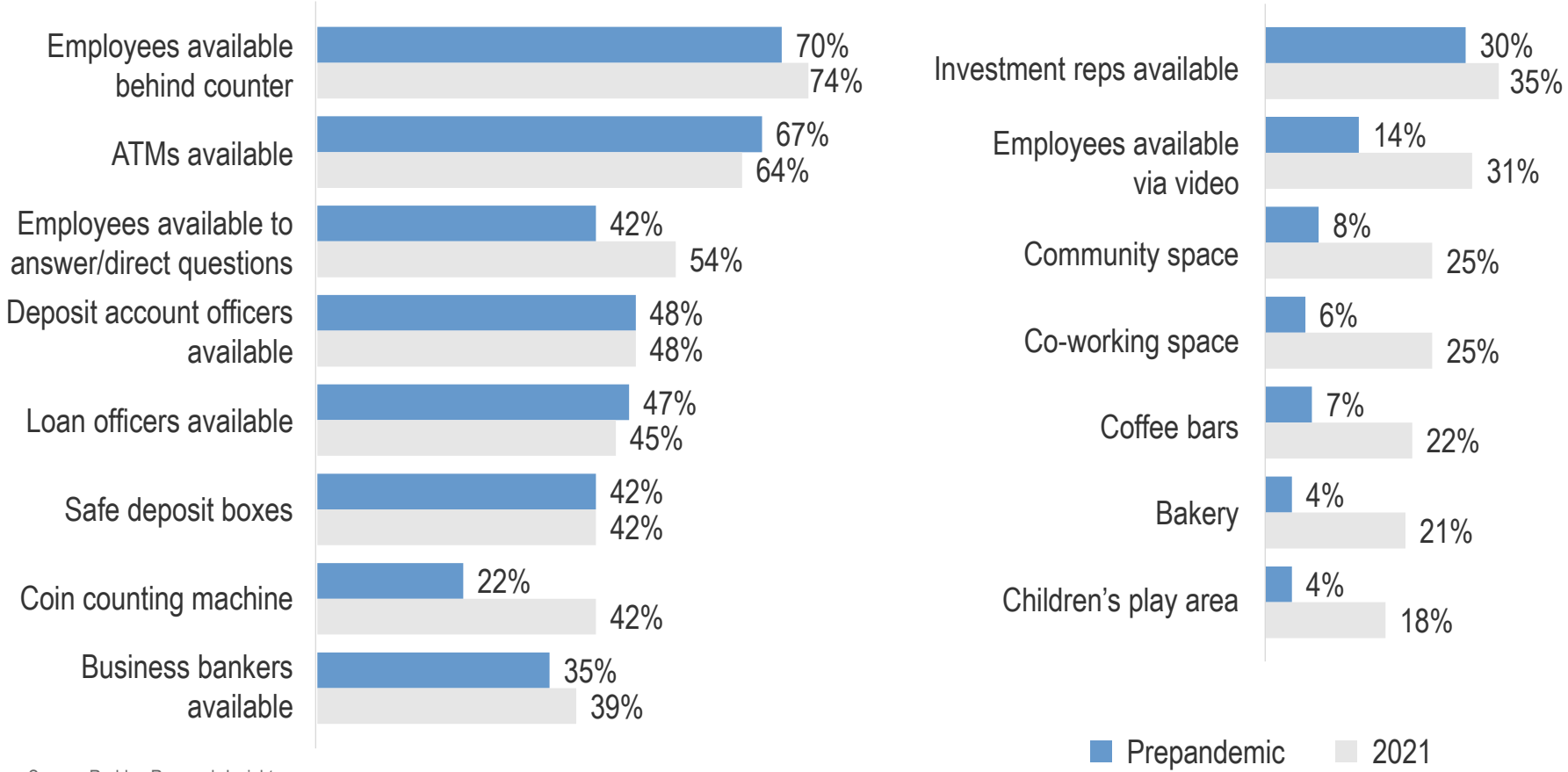
- I kept my accounts at the institution that closed the branch
- I moved some accounts to a new institution but kept others
- I moved all of my accounts to a new institution

- I moved all of my accounts to a new institution
- I moved some accounts to a new institution but kept others
- I kept my accounts at the institution that closed the branch

Source: Raddon Research Insights  
 Q: How did you react to the closing of a conveniently located branch you used most often? (n=494 consumers who experienced a branch closure)

# There Is a Significant Mismatch Between Availability and Demand

Percentage Claiming a Branch Feature Is Extremely/Very Important Versus Current Availability



The gap between what consumers think is important and what is available at their MFVB has persisted from before the pandemic, particularly on some critical features like employees being available to direct or answer questions or being available via video.

Source: Raddon Research Insights  
 Q: Please indicate how important it is to have each of these services available at the office you visit most often.  
 Q: Please indicate which of these services are available at the office you visit most frequently. (n=1,110)



## About Raddon

At Raddon, we arm financial industry decision makers with objective data gained through our innovative research techniques and unique database resources. We offer far more than data. We provide strategic guidance and tactical solutions to meet the challenges of the continuously changing financial services industry. Since 1983, Raddon has provided innovative research data, insightful analysis, strategic counsel and marketing solutions to hundreds of financial institutions across the nation. Because we serve financial institutions exclusively, we have an in-depth understanding of the market and recognize critical issues that shape the industry.

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## About the Author

Caroline Vahrenkamp is responsible for Raddon Research Insights, the Raddon national consumer research program, and has written 20 research studies since 2016. A former finance and marketing executive in the credit union industry, she uses her nearly 25 years of experience to find trends and patterns in consumer behavior and to develop solutions for institutions, particularly in their strategic planning, product development and marketing strategy. She earned her bachelor's degree from Emory University and her Master of Business Administration from Georgetown University's McDonough School of Business.