

# Bank of America overhauls bank branches

By Hadley Malcolm, USA TODAY 8:33 p.m. EDT April 3, 2013



If you've walked into a Bank of America branch lately, you may have noticed a makeover. Couches and chairs form a lounge area, where there will soon be iPads available for customer use. Employees equipped with tablets will soon be walking around the floor to check customers in or help set up new accounts.

Previously at the forefront, tellers are now tucked in a corner. Private offices house large screens for video conferencing with mortgage loan officers or personal banking professionals — Bank of America says it has hired thousands of these experts to staff its branches and phone lines. These changes are part of a giant overhaul Bank of America is bringing to its branches as well as upgrades to its online, mobile, and social offerings, some already enacted and others to come within the next year. The new

Bank of America is focused on buffing up digital services while transforming its branches to be places customers can come to for advice and expertise, since they've almost stopped coming there for everything else.

In the last four years, customers who come in to Bank of America branches for routine transactions, such as check deposits, have decreased by 10% each year as they turn to ATMs, their phones and computers instead, says Rob Aulebach, who heads planning and coordination of the bank's network of branches. On the flip side, mobile traffic is booming. Bank of America has 50,000 customers a week downloading its mobile app. And the bank is seeing 250 million to 300 million customer log-ins to online banking each month.

Spokesmen admit that the old way of operating a branch — namely pushing products on customers — doesn't work anymore. Instead of selling to customers, the bank is focusing on listening to them, Aulebach says.

"In the past we were a little more product-centric, (saying) 'Here's the greatest new product we have,'" Aulebach says. "You really won't see that anymore. It's more along the lines of, 'How can we help you with whatever financial need you have?' It's much more consultative."

The goal of the branch transformation and deploying additional services, such as virtual ATMs, an online "click to call" function and an online budgeting tool, is not only to make things more convenient, but to get existing customers to build deeper relationships with the bank, says Aditya Bhasin, digital banking executive.

"One in two U.S. households have some kind of financial relationship with us," he says. "The strategy is predicated on understanding what those customers' needs are and then giving them a good reason to do more business with us."

The company has a lot riding on the new initiatives after being pummeled in the press and the stock market in the years since the mortgage crisis, and dealing with consumer outrage after moves like announcing plans in fall 2011 — and then taking them back — to start charging a \$5 fee for customers to use their debit cards. It's been plagued by customers in foreclosure and still seems to be wary about speaking to the news media.

### **SPORTING A NEW LOOK**

Bank of America spent the last year remodeling 2,000 of its 5,400 branches across the country. Like many retailers, Bank of America wants its physical locations to provide an experience, not just a transaction center.

"We want the banking centers to be more warm, modernized, comfortable in their settings," Aulebach says. "It feels more cosmopolitan. So it's not your old stuffy bank."

Private rooms are available for meetings with financial specialists; about 100 branches have rooms with videoconferencing capabilities, too, for customers to be able to meet with specialists remotely if a branch doesn't have someone on-site. The bank currently has 6,500 specialists — financial advisers, mortgage loan officers and small-business bankers — staffing its branches and phone lines, and hopes to have 7,800 available by the end of the year.

"It's less about teller windows," Bhasin says. "This is a place you can come to get financial information from a human being face to face."

Face-to-face interactions are a key part of what Bank of America is trying to accomplish. After all the heat banks took during and after the financial crisis, part of Bank of America's transformation is about regaining customer trust, says Joseph West, a consumer market manager who oversees 12 branches in Northern Virginia.

"That requires a human element," he says. "It can't be done on paper."

Bank of America is also working toward bringing most of the new branch capabilities to customers' homes, including videoconferencing with financial experts from a personal computer.

ATMs are getting a makeover, too. This month Bank of America starts piloting virtual ATMs: machines that let you videoconference with a remote teller, in addition to regular functionality.



New virtual ATMs will let you videoconference. (Photo: Bank of America)

The first one rolls out in Boston in a couple of weeks. Aulebach says they'll be able to complete 80% of transactions that a physical teller could, and in multiple languages. It will also allow the bank to "significantly increase our hours of operation," he says, because virtual tellers will be accessible seven days a week, from early morning to late at night.

Small changes to its mobile app and social-media sites aim to make things easier for customers as well. In January, Bank of America added a "get help" button to its Facebook page, which allows customers to message a specialist or make an appointment to meet with one at a branch.

Bank of America still sees about a million customers a day coming into its branches, but "digital consumers want a lot more control over their time," Bhasin says. "Walking into a branch and waiting for somebody is not the way they shop."

The combination of self-serve features and maintaining the opportunity for human interaction allows the bank to both reduce costs and boost

customer service, says Ed O'Brien, head of banking channel advisers at Mercator Advisory Group.

"There is an efficiency play that allows them to offer these services at a fraction of the cost so they don't have to charge fees, or at least not as much," he says. "But also to allow a very high level of customer service and customer engagement."

Engaging customers is the way toward achieving the ultimate goal of becoming a "coveted financial institution," O'Brien says. Once a customer decides to bank primarily at one place, they become two to five times more profitable for the bank, he says.

### **GETTING INTO EDUCATION**

A renewed focus on financial literacy is coming alongside all the other changes. Next week, Bank of America announces a partnership with the Khan Academy, a non-profit education website that provides free access to video lessons and exercises on everything from basic math, to art history, to organic chemistry.

Its new site, BetterMoneyHabits.com, will be open to everyone, not just Bank of America customers, and it will host a combination of Bank of America and Khan-produced content on topics such as understanding mortgages and steps toward getting out of debt.

Bank of America has already seen success as it's rolled out parts of its transformation in the past year or so. Customer flow has shifted, but not necessarily diminished. The number of customers coming in for investment advice has grown five-fold, says Dean Athanasia, head of preferred and small business banking. A year ago the bank was referring about 5,000 customers a week to its financial-planning professionals. Now that number is 25,000 a week.

Despite the popularity of mobile banking and convenience of online features though, West doesn't envision physical tellers ever going away, nor the need for face-to-face interactions.

"There are always customers that want to come in and see the same teller," he says. "They love seeing a familiar face."