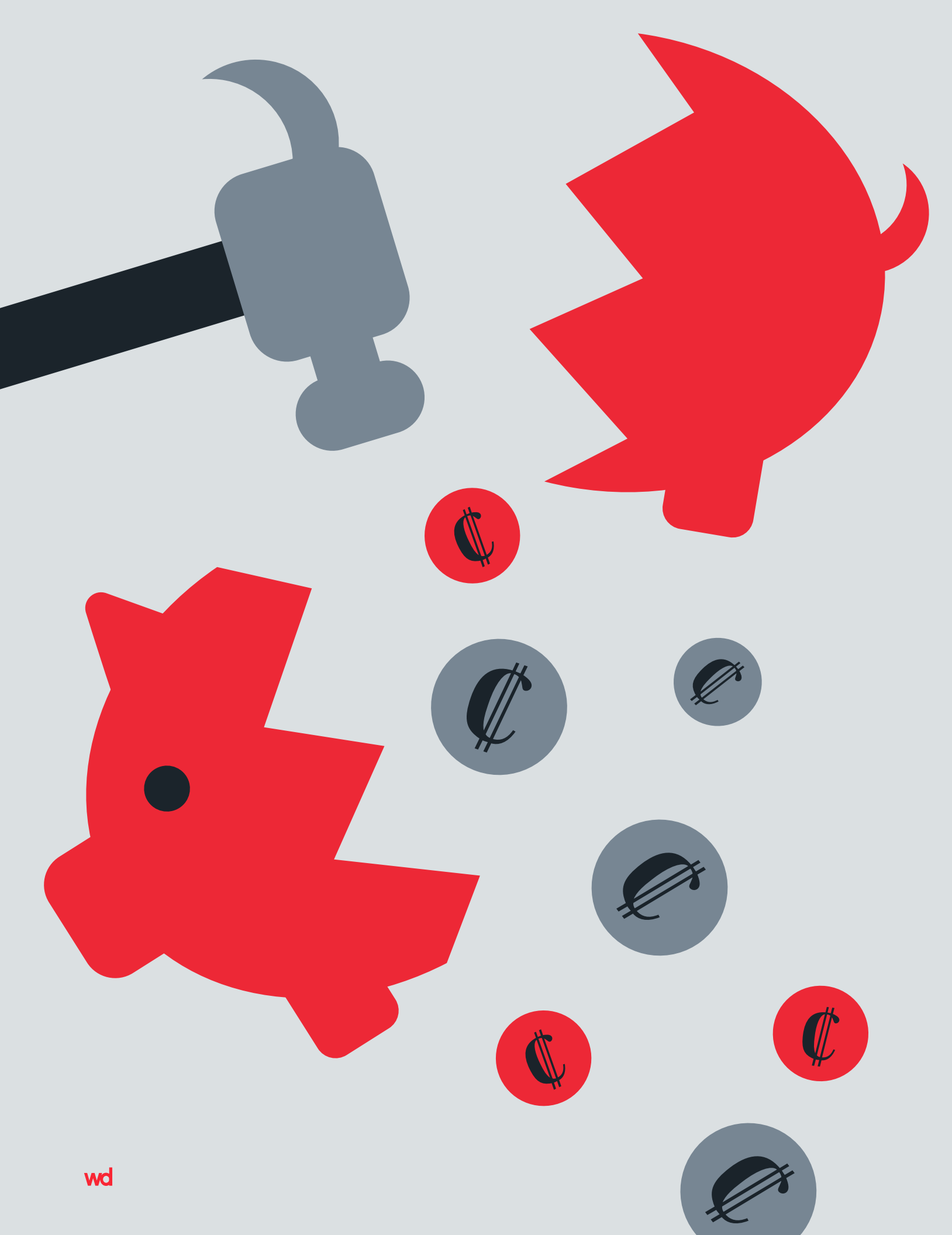




# Bringing Banks Into the **21<sup>st</sup> Century**

*a POV on the financial industry*



# 11,000

## Traditional Bank Branches Have Closed Since 2012<sup>1</sup>

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For close to a decade, technology has been at the helm of brand innovation and the financial industry has now joined in on the mad dash towards digital reinvention. Consumers today have the ability to control their finances at the touch of a button, causing traditional banks to shutter more than 11,000 branch locations since 2012<sup>1</sup>. This mirrors the path of the retail industry, where an online explosion was followed by a tidal wave of store closings. Nevertheless, we know that it is not simply technology that is causing this industry to suffer, but a shift in consumer preference. And this shift is affecting more than just bank branches, hitting all levels of the financial industry from credit cards to tax preparation.

These institutions have long been cornerstones of the financial world, but generational divides are forcing them to consider reconfiguration; the way that Gen Z and Millennials interact with information, make decisions, and communicate with businesses is unlike that of any preceding generations. They prefer to find information online and problem solve on their own, but also expect high levels of customer service satisfaction, competency, expertise, and convenience in the instance that they do seek help. So how does this generational gap affect consumers' interactions with banks?

# 80%

**of Millennials  
would switch  
banks if they  
offered better  
rewards<sup>2</sup>**



# 58%

**of Boomers have  
never switched  
banks at all<sup>2</sup>**



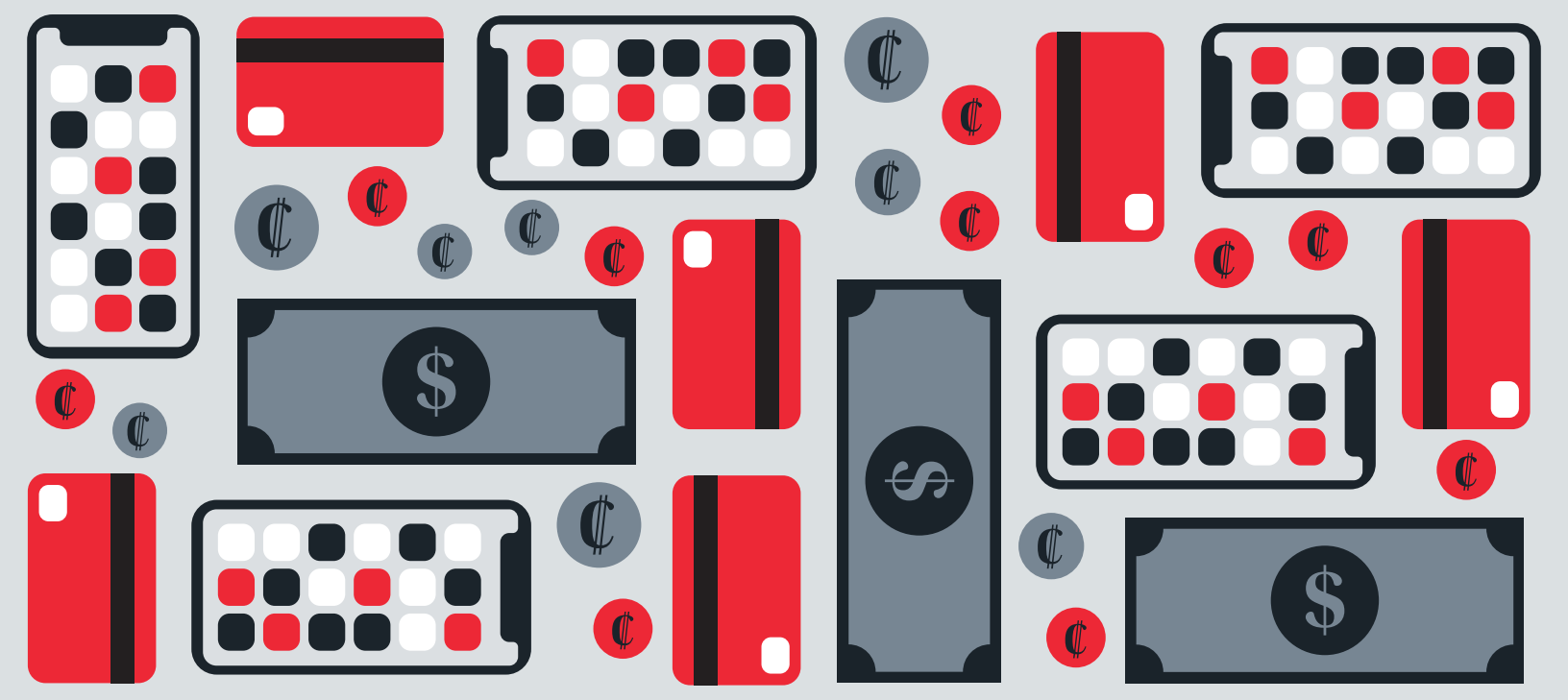
Younger consumers do not value bank loyalty as much as their predecessors; 80% of Millennials would switch banks if they offered better rewards, while over 58% of Boomers have never switched banks at all<sup>2</sup>. Upcoming generations have no problem seeking out the institution that serves them best, and fintech startups are doing a great job catering to Millennial and Gen Z interests. This is taking away from traditional bank's most powerful consumer base, leaving them to rely on a dwindling population of older consumers.

For most of their lifetime, traditional banks were the only venues that offered checking accounts and were strictly brick-and-mortar. Now, they've moved online and some have even gone fully digital (hello fintech). Traditional credit cards are another familiar aspect of the financial world: you apply, are sent a card in the mail, and voila! You now can start making purchases! Simple right? Yes, but now this process is even more seamless; over half of credit card accounts today are opened digitally, with no trips to a physical venue required.

# 89%

**of consumers, in the US, are  
more likely to do business with  
a financial institution through  
a website or an app if it offers  
personalized experiences<sup>3</sup>.**

With more advanced technology available than ever before, it is evident why physical banks are struggling to keep their doors open. In the US, 89% of consumers are more likely to do business with a financial institution through a website or an app if it offers personalized experiences<sup>3</sup>. Yet bank branches harbor thousands of square feet in valuable real estate that is now seeing barely any foot traffic; 40% of customers haven't set foot in a bank in six or more months<sup>4</sup>, and this forces us to take a hard look at what the future of the industry looks like as Digital Native consumers and fintech begin to take over. The trick is to appeal to the weary older generations while still innovating to garner the acceptance of younger cohorts. Finding out how to do this, though, is the riddle we're looking to solve.



# Let's get down to business – the old financial consumer experience is antiquated.

Similar to how the dated approach of a one-size-fits all solution plagued retail, banking is also experiencing struggles with scaling their designs, creating plausible experiences, and integrating between physical and digital. WD Partners, however, has a solution: our cutting-edge **Retail Portfolio Strategy**. **This strategic approach to concept, design, and execution is a flexible set of modules developed to help brands create an expertly designed system of integrated parts and operations, achieving synergy and scale with both customers and their brand in mind.**

This strategy prompts executives to weigh six catalysts that lie beyond the old model's reach: Product innovation, experiential retail, distribution logistics, localization, omni-technology, and value-added services. Doing so will allow companies to discard their now obsolete mentality and take a broader-based view to designing and maintaining a sustainable brand ecosystem. Let's take a look at how these aspects are functioning in the financial realm:

## Retail Portfolio Strategy

1

### Product Innovation

is at the wheel of the age of convenience, prompting the creation of a new kind of digital banking. Startups are forcing old-school financial institutions to alter their product offerings to align and appeal to consumer's interests and values.

2

### Experiential Retail

no longer only refers to cool flagship stores or grand physical location experiments. In the financial world, banks are taking to the road with portable branch vans, and there is even speed dating for financial planning.

3

### Distribution Logistics

are easy ways for businesses in any industry to drive traffic and increase engagement in inventive ways. These services not only bring in new consumers through reward systems, but also provide great resources for those in micro-businesses or the gig economy.

4

### Localization

is an important factor to consider in finance specifically as it builds trust with consumers – an essential in the fintech space where money is the motive. Localization ensures that consumer information can be translated and provided with precision and speed in compliance with local regulations.

5

### Omni-technology

offers a path that moves towards industry transformation, integrating systems to deliver sharper personalization in everything from loyalty programs to multichannel attribution.

6

### Value-added Services

are easy ways for businesses in any industry to drive traffic and increase engagement in inventive ways. These services not only bring in new consumers through reward systems, but also provide great resources for those in micro-businesses or the gig economy.



Given that these aspects offer a chance for positive change,  
**how can banks utilize these opportunities  
and garner big wins in a time where big  
losses seem to be more common?**

## Think like retailers

Retailers are one step ahead of finance in this reinvention quest, so it is only natural to look to what they have done to adapt and overcome similar challenges. Productizing their goods rather than offering them up as a service is a great way to make them more human-centered. Instead of solving the problems of the business, solve the needs of the people based on major financial pain points like lack of education and inability to budget. Tapping into the need to deepen the customer experience through heightened levels of care builds a loyal community that will allow your business to succeed for years to come.

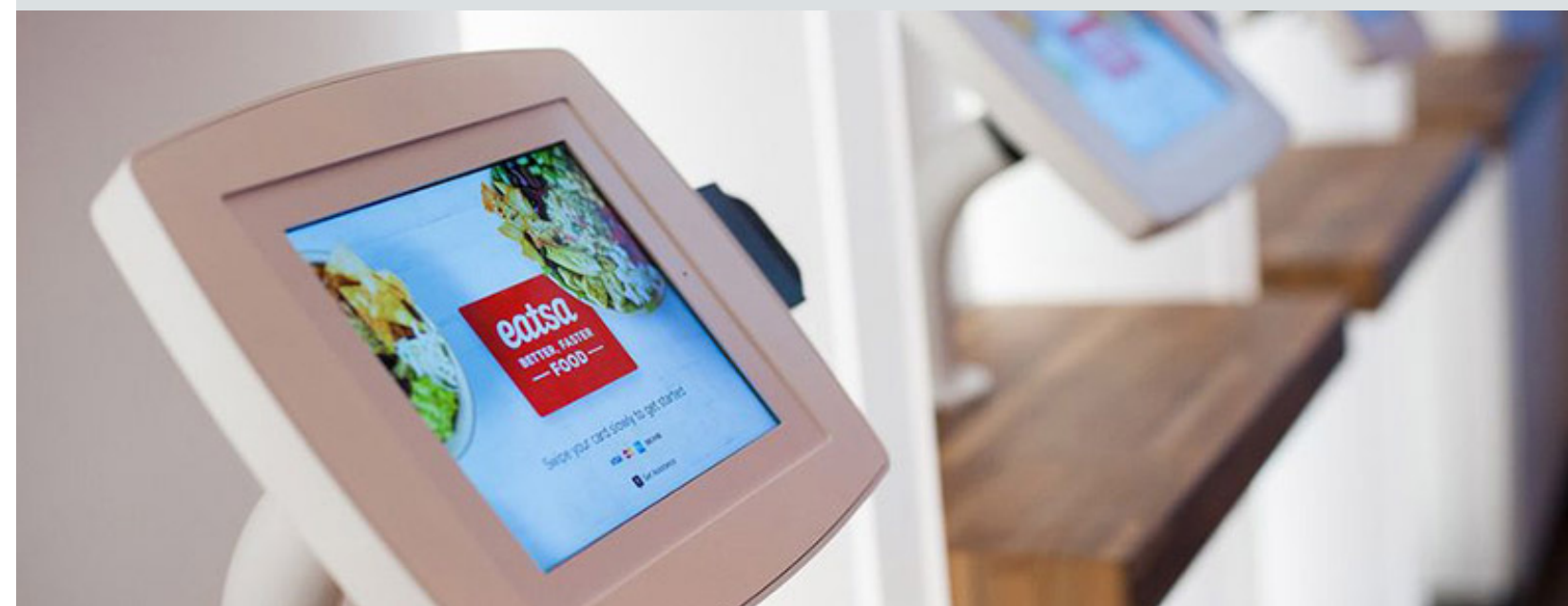
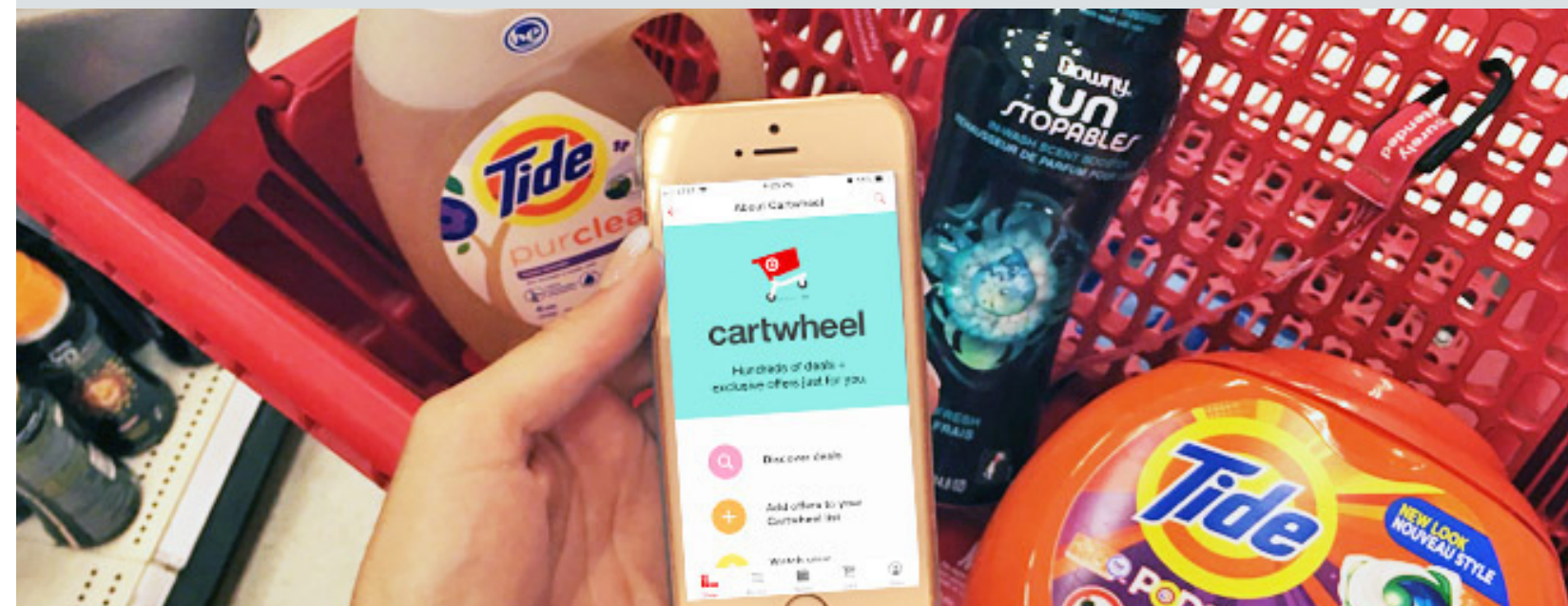
## Add value

This can be done through many venues—technology, bank environments, education, products and services, and rewards. Offering your customers something new that they actually WANT while still maintaining your brand voice and great customer service can allow you to effectively provide financial solutions to customer problems.

## Strategically embrace technology

Competition from fintech companies is making the need for digital integration more important than ever, so using technology to streamline services both in and out of physical bank locations will appeal to the interests of younger and older consumers alike. This is necessary for the traditional bank's survival, as it creates balance between the two to ensure great customer service and streamlined accessibility.

At WD, we are innovating for the future of banking by moving on from the past's outdated landscape and edging towards a structured yet scalable model for brand resilience and growth. If you're stuck somewhere in the middle and looking for a partner to help you and your organization get unstuck, contact WD at [talktous@wdpartners.com](mailto:talktous@wdpartners.com).





Sources

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**WD’s mission is to drive and shape the future of customer experience.**  
Our passion has been to solve our clients’ challenges and anticipate their future needs. We are customer fanatics that pride ourselves on being on the forefront of change. WD’s integrated services include: strategy & insights, brand & design, operations planning & design, architecture, engineering and construction services.

Innovation at scale.

To find out how WD can drive innovation through your brand’s banking experience, please contact us below.

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