

**OBR 128**

## The Demise of the Branch

*Time to boost online account acquisition efforts as we reach the mid-point of the 40-year shift from branch to branchless banking*

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**Abstract:** Bank branches still have a place in the life of most Americans. Even heavy users of online banking and call centers still hit the branch nearly as often as they did a decade ago. Those pesky paper checks, and the occasional need for something other than a twenty, keep us going back month after month. And just about everyone buying a new checking account begins with a wait in the lobby of a nearby branch.

But the steady branch traffic and continued sales success masks, what we think is a rapid decline in the value of the branch. It's already happening for many customers who find themselves far more hooked on electronic delivery than they ever were on branch services. Once the paper check goes away, branch traffic drops off the cliff.

For the financial institution, branches are still a profitable means of attracting core deposits. But as customers grow more confident in signing up for accounts online, branches will gradually lose their sales and marketing power.

In this report, we provide:

- 40-year timeline chronicling the shift from 100% branch-based banking to nearly 100% direct banking
- A look at efforts to acquire new checking accounts online at the top 10 U.S. banks
- Marketing to movers and other niches online
- How to improve your Web presence now to prepare for a branchless future

Also reviewed:

- Online account switch kits
- **Bank of America's** *Movers Resource* area
- **Nacha's** attempt to revive Project Action

**Companies Mentioned:** BankRate.com, BMO Financial Group, Charter One Bank, Chase Bank, Citibank, Citizens Bank, Emigrant Direct, E\*Trade, eWise Systems, Google, Hills Bank & Trust, IndyMac, ING Direct, HSBC, Interac Online, Qwest, Moneris Solutions, Moving.com, MySpace, NACHA, National City Bank, OgilvyOne, PayPal, PNC Bank, Progressive Insurance, RedFin, Royal Bank, ScotiaBank, SunTrust Bank, TD Canada, Third Federal Savings & Loan, US Bank, usemybank.com, Wachovia, Washington Mutual, Wells Fargo, WhiteFence.com, Yahoo Search Marketing, Zillow, Zions Bank

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