

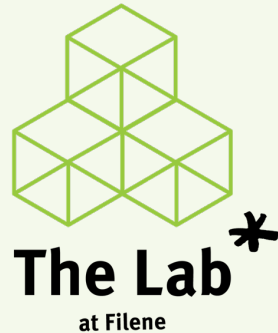
SUMMARY SLIDES

Year One Lab Results: Rethinking Physical Space

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THE LAB AT FILENE



The Lab at Filene seeks out innovative solutions and creates capacity for credit unions to rapidly test and implement promising concepts in the marketplace. By leveraging Filene’s cutting-edge research and engaging the market to identify emerging innovations, Filene’s Lab will provide an efficient platform for exploring new products and strategies and implementing solutions to the challenges that matter most.






Each year, the Lab will engage key partners in selecting and executing four to six innovation tests that drive change for credit unions.

During this time, credit unions participate in a testing approach to explore potential solutions while receiving tools and support to examine a unique hypothesis and evaluate the concepts’ effectiveness.

To kick off the first round of tests, The Lab at Filene introduces Rethinking Physical Space as one of four solutions for the 2023 testing phase.

In this exploration, participating credit unions and The Lab at Filene gathered qualitative feedback from members regarding the physical presence and use of branches.

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The Challenge and a Possible Solution

THE EVOLVING ROLE OF PHYSICAL BRANCHES

The financial sector has witnessed a significant shift towards digitization, leading to a reevaluation of the role and scale of physical branches. **In 2021, US banks closed a record number of retail branches, netting 2,927 closures, continuing a longstanding trend.** Despite this trend, CUNA research highlights the enduring necessity of physical locations.

Members often prefer in-person visits when navigating loan applications, seeking financial planning services, or requiring trustworthy financial advice. These interactions underscore the branches' role not just as transactional sites but as vital centers for financial guidance and community trust-building.

In navigating the future, credit unions are positioned to redefine the branch experience, harmonizing digital innovation with the deep-seated value of face-to-face interactions.

Why is your credit union innovative?

46% of credit union members surveyed selected 'easy to visit a physical branch'.

This may not seem like a high percentage, but among all reasons, this ranked 8th overall out of 28 reasons.

Why is your credit union not more innovative?

13% of credit union members surveyed chose 'Difficult to visit a physical branch' (ranked 1st overall)

Source: 2022 Filene Credit Union Innovation Success Study

ACCESSIBILITY FOR INCLUSIVE BANKING

Credit unions face the dual challenge of **ensuring accessibility and addressing financial inequality in areas where digital banking is scarcely available or absent**. Addressing this issue includes adapting branches to align with the evolving needs of the communities they serve, thus ensuring they continue to be a dynamic resource for all members.

Particularly in rural, diverse, and low-income areas – where nearly 50% of credit unions are dedicated to serving – accessible, **in-person financial services are not just a convenience but a necessity**.

These services are fundamental to the financial well-being of communities that might otherwise face limited options.

Thus, credit unions are looking for opportunities to deepen financial inclusion through **innovative branch designs that align with their community's needs and aesthetics** and is an economically-viable strategy for maintaining a physical presence in the communities they serve.

Source: <https://www.advancingcommunity.com/underserved-communities/>



46%

of credit union members chose where to bank in part due to having branches accessible near by.

Source: <https://www.pymnts.com/wp-content/uploads/2021/08/PYMNTS-Credit-Union-Tracker-August-2021.pdf>

RETHINKING PHYSICAL SPACE

In the changing landscape of financial services, **credit union branches are evolving rather than completely vanishing**. They play a pivotal role in providing high-touch, empathetic services that ensure financial accessibility, sustain consumer trust, enhance community engagement, and complement digital banking innovations.

There are abundant opportunities to serve members in communities neglected by traditional banks.

Adapting to the needs of these members might also entail investing in the physical infrastructure of branches, incorporating 'ease of access' features like extended hours, thoughtful layout designs, and the inclusion of drive-thru or walk-up facilities.



Credit unions are tasked with the **delicate balance of devising an impactful and financially sustainable strategy** for maintaining their physical presence in the communities they are committed to serve.



Test Design

WHAT WE TESTED



TEST APPROACH

To seek answers to these questions, this test involved member discovery focus groups, staff interviews, and the collection of qualitative feedback to map out ideas for creating a high-value presence within the community.

FOUR RESEARCH QUESTIONS

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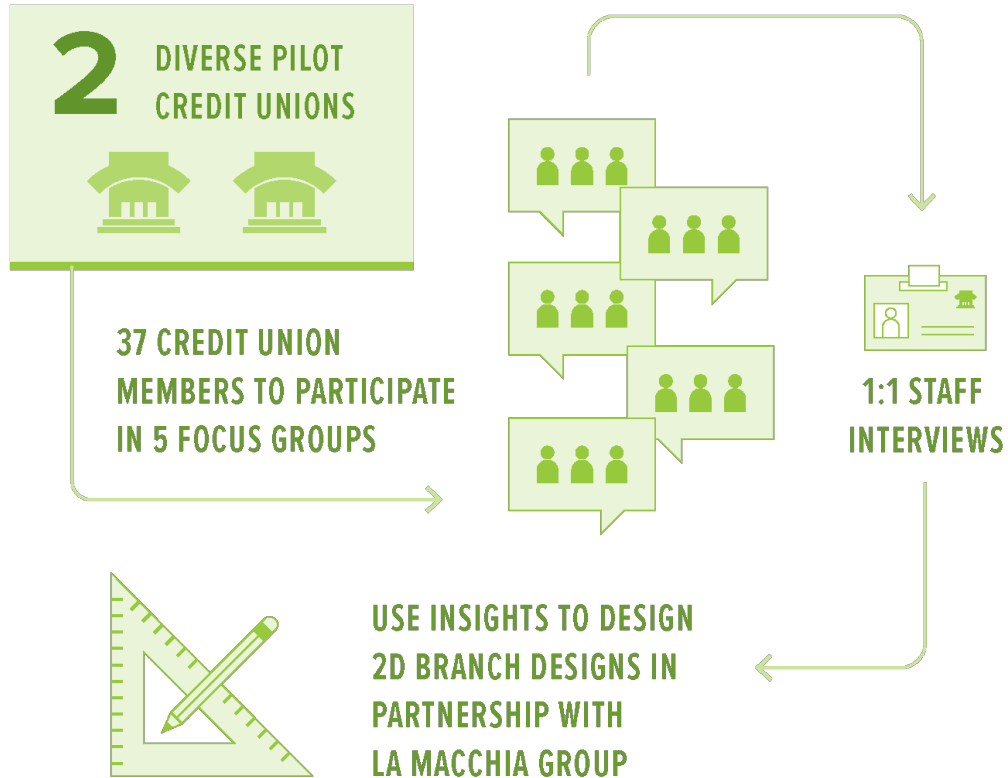
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- How can credit unions **optimize their physical presence to foster trust** and meet the diverse needs of their membership?
- What design elements are most **effective in facilitating a sense of safety and inclusivity**, encouraging members from diverse backgrounds to conduct their financial business with confidence?
- How can credit unions **leverage physical space to create value** for members and communities?
- What impact would a modified physical space have on **member engagement and community awareness**?

HOW WE TESTED



RESEARCH DESIGN FLOWCHART

- Filene engaged members and staff at two geographically diverse credit unions with differing asset sizes in the US.
- A group of 37 members were divided into 5 focus groups to spark in-depth discussion around various aspects including sentiments of visiting a branch, reactions to photos of both current and possible new branch designs, and ideas for new features and functions at the branches.
- Interviews with credit union branch staff were also conducted complementing the perspectives gathered from member focus groups.
- In partnership with La Macchia Group, qualitative feedback was transformed into prototype floorplans to visually distill the main themes, drivers, and aesthetic preferences.

TWO CASE STUDIES



Both credit unions actively participated in this study with the aim of addressing the four primary research questions. While these objectives were central to their participation, the study held particular importance for each credit union for additional reasons.



CREDIT UNION A

- **Nationwide Branches:** Has branches across the country, traditionally within corporate office buildings to serve its membership base primarily comprised of employees from specific companies or sectors (SEGs).
- **Membership and Accessibility Expansion:** Since 2020, expanded membership eligibility requirements necessitated more publicly accessible branches.
- **Study Participation Goals:** Aimed to understand member interest in stand-alone branches and integrate study findings into planning a new branch location.
- **Location Strategy:** Selected a new lease site in Overland Park, KS, for a prototype stand-alone branch.

CREDIT UNION B

- **Regional Focus:** Operates in Washington State, mainly in the greater Seattle area.
- **Expansion and Remodeling Efforts:** Actively remodeling existing locations and developing new ones to reach underserved communities.
- **Study Participation Goals:** Sought insights into member preferences for physical branch designs, comparing open concept branches with traditional layouts. Aimed to build spaces that are inclusive of their diverse membership needs.
- **Location Strategy:** Selected a new site for development in Seattle, WA to fulfill the communities' requests for branch presence and to support initiatives against displacement in subsidized housing areas.

LaMACCHIA GROUP PARTNERSHIP



La Macchia Group, a well-recognized U.S. financial services consulting and design-build firm that specializes in enhancing physical spaces through market analysis, strategic planning, branding, and the integration of technology and content solutions.

In support of this research, the firm generously contributed in-kind services, offering insights and 2D mock-up designs, informed by feedback from members and staff. Moreover, each participating credit union was able to utilize specifications from an existing or soon-to-be branch location for the prototype design, to ensure solutions were tailored to meet their unique needs.



Combined Key Insights

MEMBER SENTIMENTS VISITING BRANCHES

Members emphasized that positive branch experiences with **human staff in an inviting branch atmosphere play a key role in strengthening loyalty.**

Although many indicated they do not frequent branches regularly, they do visit for specific needs such as opening new accounts, accessing additional services, or when they prefer human interaction for their financial inquiries.



Part of the reason why I chose to [bank with credit union] was because there was a really convenient location for me. It's great that it's still there and everybody's always wonderful.

I refer [credit union] to everyone I know. I've been very pleased with the member service and I also really like having a physical bank that's close by.

Going to a branch in person makes me feel like it's easier to be heard and understood.

BALANCING ACT: COMFORT, FUNCTIONALITY & PRIVACY

Striking the right balance between comfort, functionality, and privacy is key to the perfect branch design that members value for both convenience and security.

Open, but functional

- Open floor plan concept with attention to spaciousness and light, but balanced with functionality, such as enough partitions to allow for privacy during interactions, and seating for filling out forms.

Practical, not extravagant

- Clean, bright, and comfortable, but not opulent or luxurious, because expensive decor may represent frivolous spending and a misuse of members' funds.

Casual, yet professional

- Invites members to feel comfortable but doesn't neglect the professionalism they expect from a financial institution. Designs that are too fancy may be perceived as inappropriate.

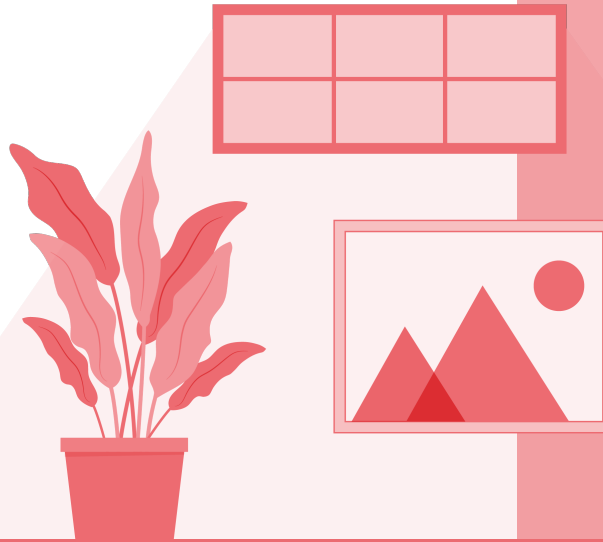
Seating is limited when opening accounts and doing paperwork, especially with kids. A table and extra chairs would be helpful.

I don't need something fancy. I just want good service and good products available to me.

ENHANCING COMFORT IN BRANCH DESIGN

To foster a comfortable branch environment, consider the following enhancements:

- **Incorporate natural light** generously throughout the space.
- **Improve visibility and interaction** between members and staff.
- **Create a vibrant atmosphere** using colors, greenery, and interactive signage.
- **Display local artwork** to support community artists and small businesses.



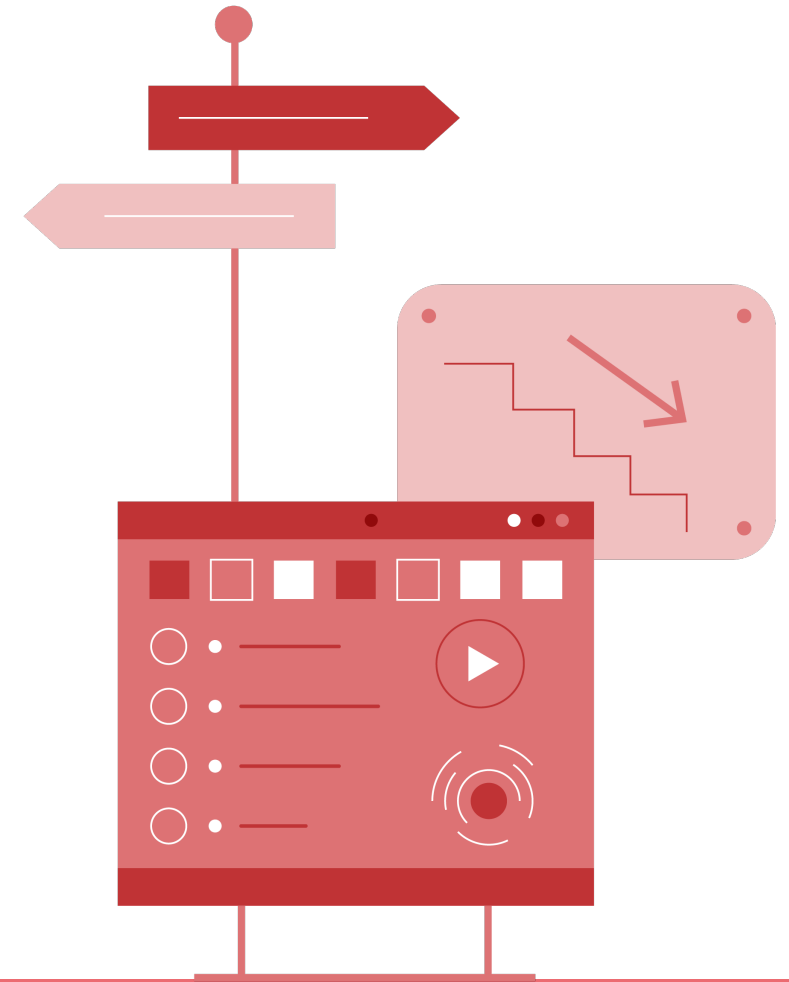
I appreciate the local art on the walls... It doesn't feel institutional. It feels simultaneously, really bright and clean in a not sterile way, and colorful in a not cookie cutter way.

Nice lighting makes it look more open and not as closed.

THE IMPORTANCE OF SIGNAGE & COMMUNICATION

Improving signage and communication within branches is key for enhancing member experiences, navigation, and awareness of products and services.

- **Enhanced Navigation:** Feedback indicates that clearer signage and improved layouts are necessary, especially in branches with casual or open-concept designs, to facilitate easier navigation and interaction.
- **Self-Service Information Access:** Members appreciate having immediate access to informational materials via interactive displays, allowing for self-guided exploration on products and services, special offers, and credit union news.
- **Dynamic Content Displays:** Utilize displays revolving billboards or interactive hubs, not only keeping members informed but also captivating children with interactive content. This approach fosters a dynamic interaction environment while waiting.



CREATE INVITING SPACES FOR COMMUNITY ENGAGEMENT

Feedback collected also highlighted key strategies for making branches more welcoming and encouraging longer visits.

- **Foster Neighborhood Connections:** Organize and host diverse events like promotions and seasonal festivals to draw community members into the branch, foster regular interaction and a sense of belonging.
- **Create Versatile Community Spaces:** Multifunctional spaces that can serve as conference rooms or classrooms can be utilized to meet the diverse needs of all members, and their families, supporting financial education and community involvement.
- **Emphasize Education and Growth:**
 - **Youth Financial Literacy:** Implement targeted programs and dedicated spaces for teaching children and teens about fiscal responsibility, aiming for community-wide financial literacy.
 - **Hybrid Learning Opportunities:** Offer a mix of online learning options for self-paced study coupled with in-person seminars or consultations to accommodate different learning preferences and schedules.

VOICE OF THE MEMBER

The "best" plan for placemaking is one that results from extensive and continuous community participation and ultimately is flexible enough to accommodate shifting preferences and values over time.

I would take advantage of free in-person financial education because I trust [my credit union].

I would love to see some sort of teen-targeted program.

I would really like to see my branch more involved in opportunities in the community.

OPEN CONCEPT CONSIDERATIONS

As open concept design gains popularity, indicating a shift toward more accessible and collaborative spaces, members offered suggestions to improve privacy, comfort, and functionality, addressing diverse needs.

Atmosphere:

- Avoid overly busy designs
- Design should feel like a financial institution to instill trust

Navigation & Wayfinding:

- Ensure intuitive layout
- Provide clear signage
- Consider a greeter close to entry

Privacy & Security:

- Balance visual openness with auditory privacy
- Protect personal information from outside view

I like that rather than just going and standing in line and going and walking up to the counter, you can do pretty much everything just sitting at a table with somebody. It feels more personal and I like that here as well.

Even though I know we're probably trying to move to an open concept as opposed to having the partitions, [the partitions] always gives me a sense of privacy.

It's almost like blurring the lines of what maybe a bank should be versus a coffee shop.



Conclusion

RETHINKING BRANCH SPACES FOR THE FUTURE

The future of banking lies in a **balanced approach that melds digital and physical channels**, catering to diverse member demographics and preferences. Branches must be adaptable, serving as both inviting community spaces and secure environments for financial transactions.



Recommendations:

- **Develop Multi-Purpose Spaces:** Incorporate versatile areas for education, private meetings, and community engagement, reflecting the credit union's commitment to serving a wide array of member needs.
- **Enhance Digital Integration:** Increase the use of digital displays and interactive tools to keep members informed and engaged, complementing the physical branch experience.
- **Balance Openness with Privacy:** While open-concept designs are popular for fostering accessibility and collaboration, it's crucial to balance these with areas designated for privacy and security, ensuring members feel both welcome and protected.

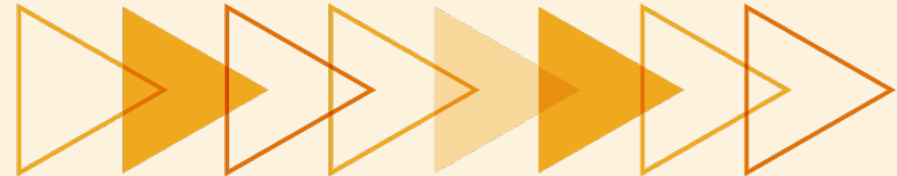
COMMITMENT TO MEMBER-CENTRIC DESIGN



Designing with the member in mind means **creating spaces that are not only aesthetically pleasing but also highly functional**, secure, and comfortable. It involves understanding and reflecting the identities, lifestyles, and needs of the community served.

Moving Forward:

- **Embrace Feedback for Continuous Improvement:** Actively seek and incorporate member feedback into ongoing design updates, ensuring spaces evolve to meet changing needs.
- **Invest in Community and Education:** Recognize the value of all-purpose rooms and educational initiatives as key to deepening member relationships and fostering community ties.



NEXT STEPS

Credit unions are uniquely positioned to enhance member experiences through thoughtful design tweaks, **balancing both low and high-investment strategies.**

LOW INVESTMENTS

- **Small Changes, Big Impact:** Simple enhancements, such as comfortable seating, effective writing surfaces, and a welcoming atmosphere, alongside natural lighting, can significantly boost member satisfaction. Adding privacy partitions and visible security features further ensures both visual and auditory confidentiality.

HIGH INVESTMENTS

- **Multi-Purpose Conference Rooms:** Invest in adaptable spaces for private meetings and educational seminars, adding value and privacy.
- **Privacy Enhancements:** Develop additional private areas, such as cubicles or offices, for secure discussions and transactions.
- **Digital Enhancements:** Deploy interactive displays and digital signage for dynamic engagement and information sharing on offers and services.
- **Accessibility Upgrades:** Enhance branch accessibility with improved layouts, extended service hours, and options like drive-in or walk-up services.

THANK YOU

ACKNOWLEDGMENTS

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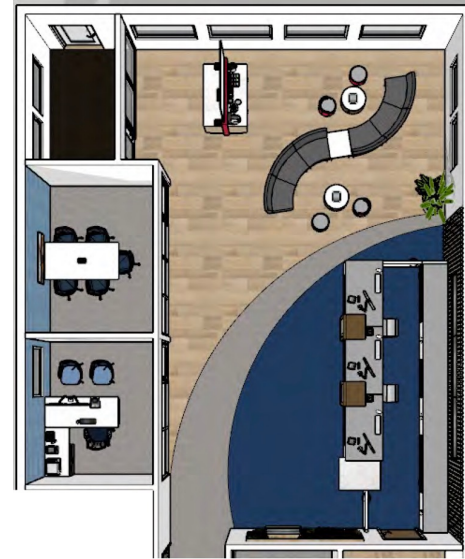


Appendix

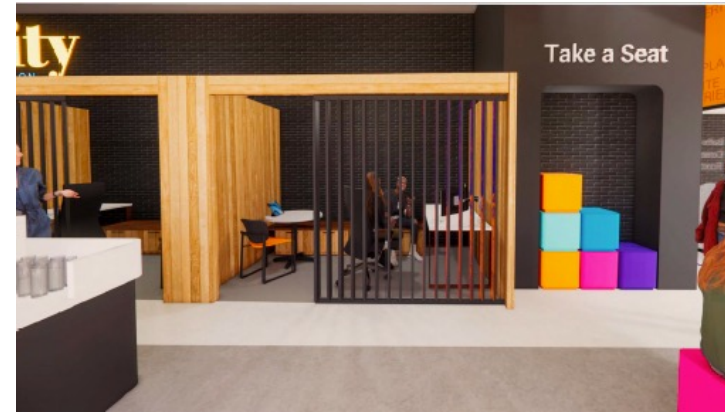
APPENDIX

The designs featured in the appendix showcase prototype floor plans for participating credit unions, meticulously crafted by La Macchia Group. These designs are shaped by valuable insights from both member and staff feedback, ensuring that each plan not only meets practical needs but also embodies the community spirit of the credit union. **It's important to note that these are not final representations of actual branches but evolving prototypes.**

For those interested in exploring a collaboration with La Macchia Group to bring a similar level of detail and customization to your credit union's design needs, please visit lamacchiagroup.com or feel free to email info@lamacchiagroup.com.



APPENDIX



APPENDIX

