

RESEARCH & ANALYSIS

COVID-19 could permanently reduce branch traffic at US banks

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Market Intelligence

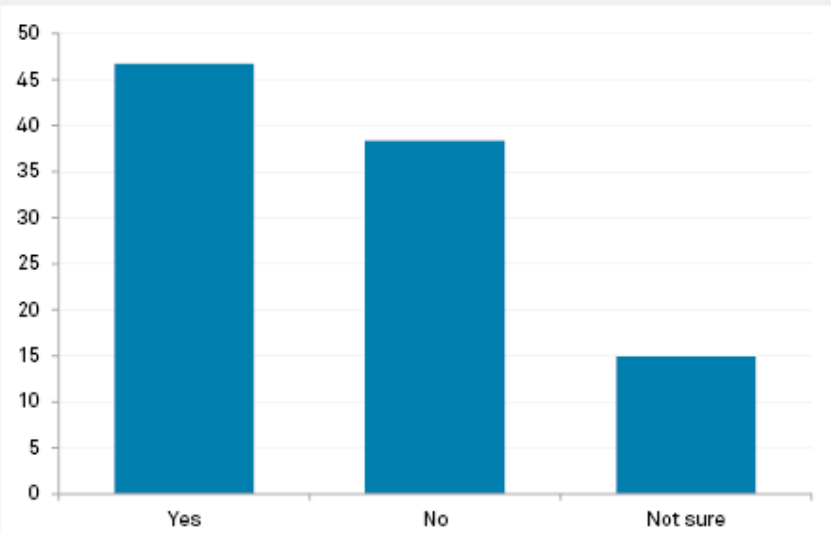
This is the second in a series of articles covering the results of S&P Global Market Intelligence's Annual U.S. Mobile Banking Survey. Click here for data exhibits.

Bank branch traffic has dropped substantially since the outbreak of the coronavirus due to customer concerns about their safety.

Nearly half of bank customers view branch visits as less safe due to COVID-19 and those fears appear to have driven most customers to access branches less often. While there are measures banks can take to alleviate safety concerns, changes in branch visitation could be long-lasting, according to S&P Global Market Intelligence's annual U.S. mobile banking survey.

Many customers believe COVID-19 has made branches less safe

Do you view bank branch visits as less safe now because of the COVID-19 outbreak? (%)

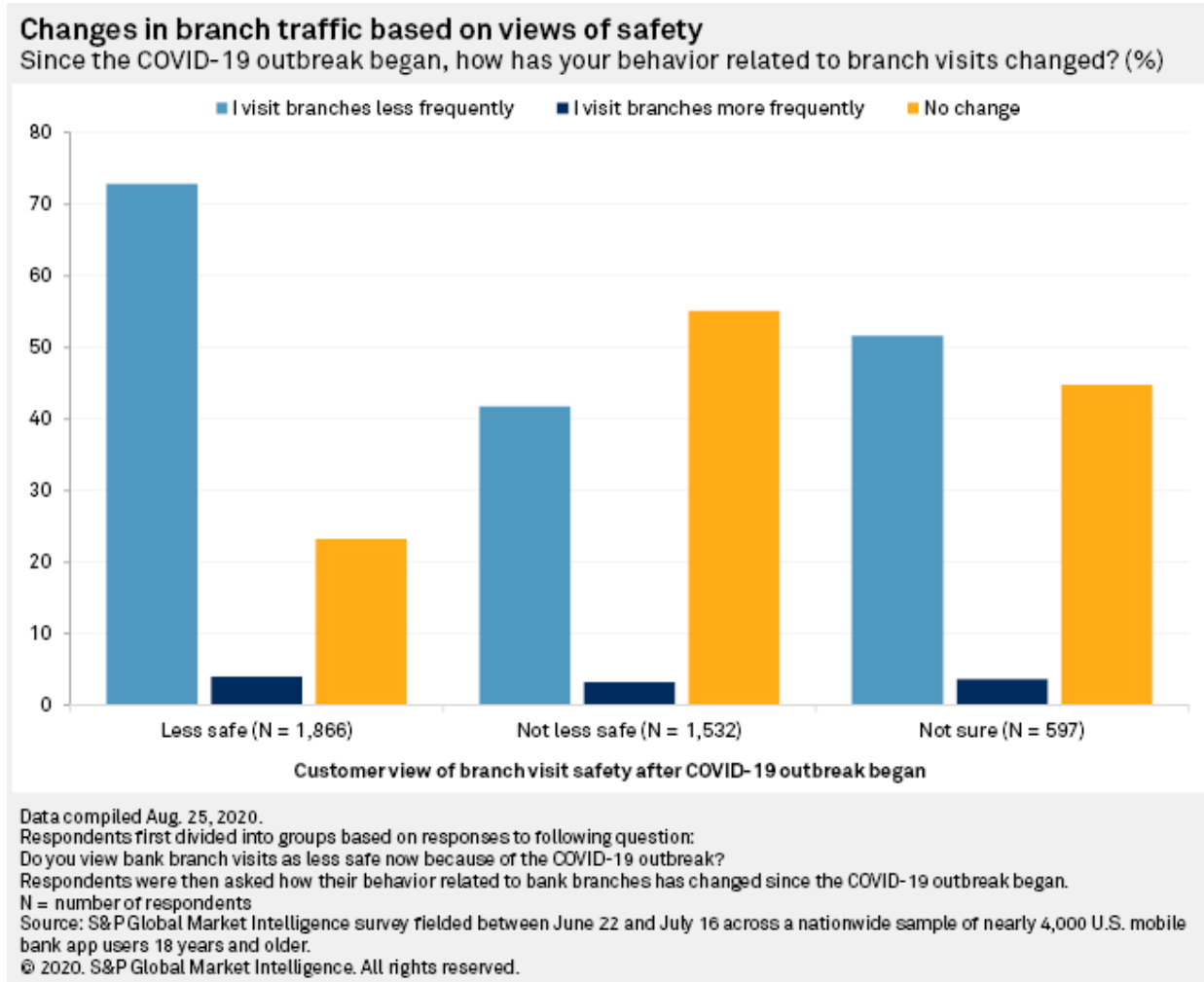


Data compiled Aug. 14, 2020.
Total respondents = 3,995
Source: S&P Global Market Intelligence survey fielded between June 22 and July 16, across a nationwide sample of nearly 4,000 U.S. mobile bank app users 18 years and older.
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Roughly 47% of respondents viewed branch visits as less safe due to the COVID-19 outbreak; an additional 15% indicated they were unsure about branch safety in the new environment.

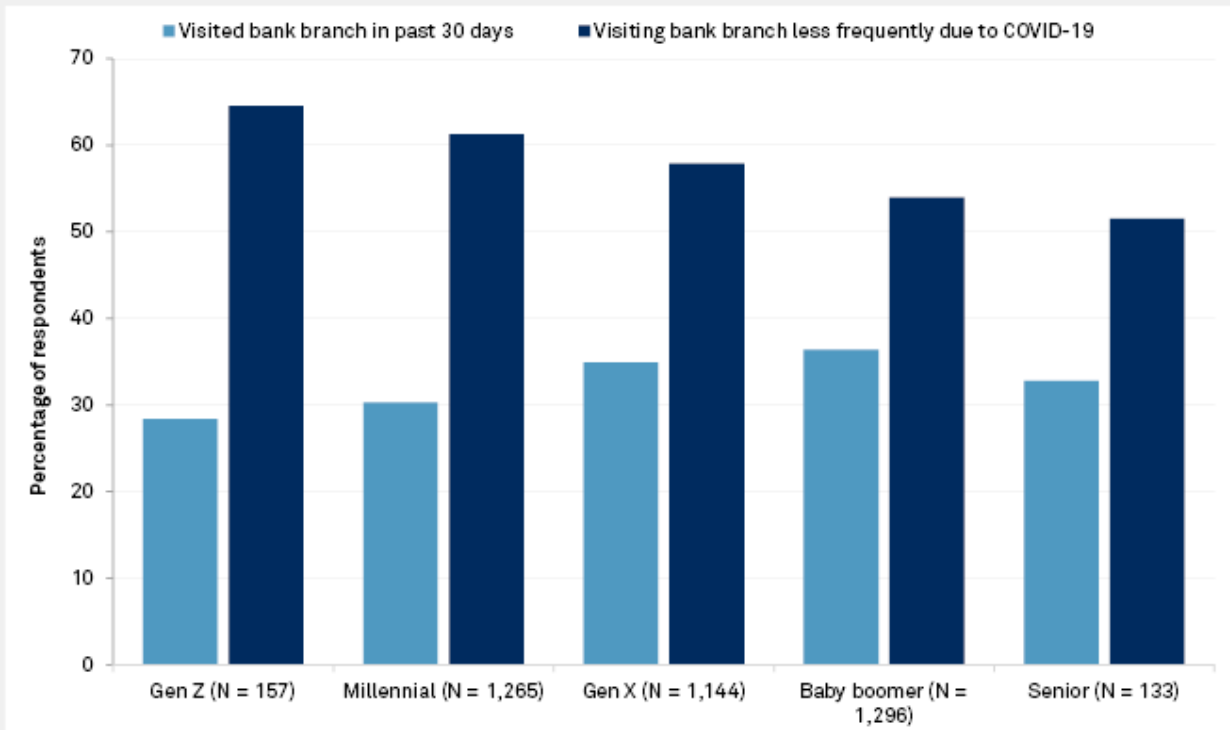
Survey data suggests a strong link between safety concerns and fewer branch visits. Among the respondents who viewed branches as less safe, close to 73% also decreased how often they visited branches. Among those who were ambivalent about safety, a slight majority – just under 52% - also decreased the frequency of their branch visits. Even among those customers who were not concerned about increased safety risks, close to 42% still visited branches less

frequently. This could be the result of a variety of factors including restrictions on movement from government mandated lockdowns or perhaps more subtle social constraints from family or friends. In aggregate, these changes amounted to nearly 58% of respondents visiting branches less frequently since the COVID-19 outbreak began.



Decreases in branch visits are not confined to a particular age group either. More than 50% of respondents across all age groups in the survey indicated that they are visiting branches less frequently due to the coronavirus. However, younger customers, who are more active users of mobile banking applications, appear to have decreased branch visits the most. More than 60% of Millennial and Gen Z customers indicated using branches less frequently, compared to 54% of baby boomers and 52% of seniors.

Majority of customers are visiting branches less frequently across all age demographics



Data compiled Aug. 21, 2020.
 Based on responses within each age cohort to the following questions:
 Since the COVID-19 outbreak began, how has your behavior related to branch visits changed?
 Which of the following activities did you perform in the past 30 days?
 Data reflects respondents who answered "I visit branches less frequently" and "I visited a branch of my bank" to these questions, respectively.
 N = number of respondents; Total N = 3,995
 Source: S&P Global Market Intelligence survey fielded between June 22 and July 16 across a nationwide sample of nearly 4,000 U.S. mobile bank app users 18 years and older.
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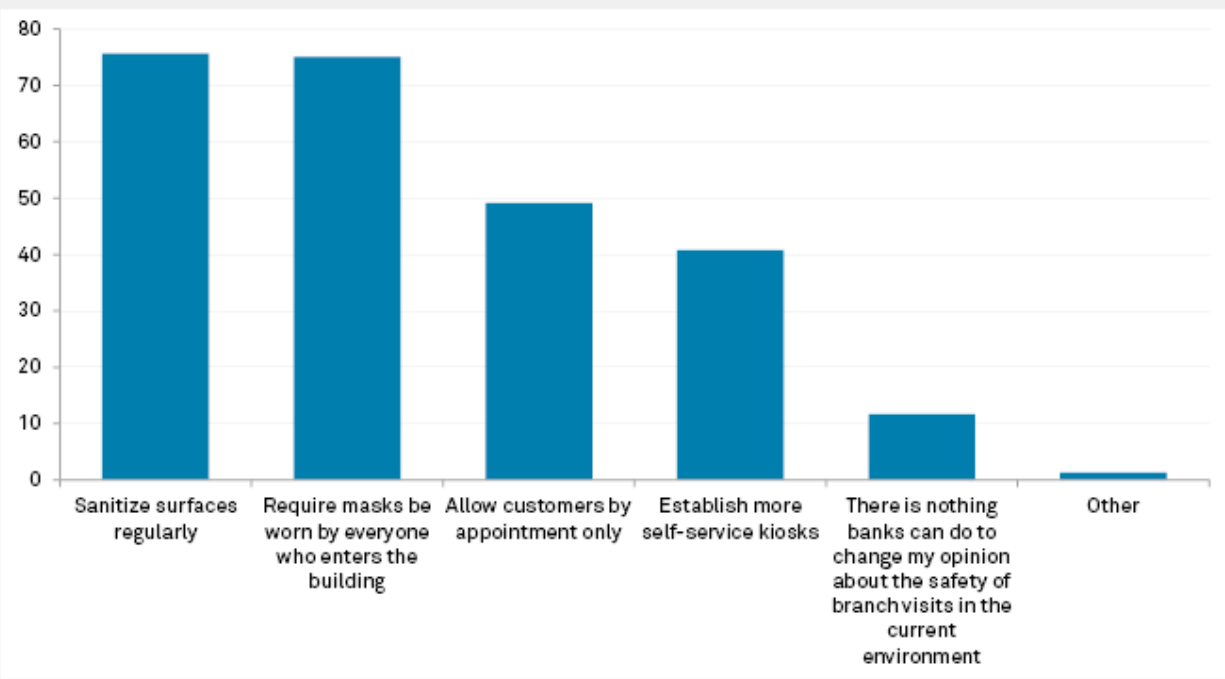
While fears over safety kept customers from visiting branches as often, respondents said banks could take measures to alleviate concerns. Regular sanitization of surfaces and implementing mask requirements inside branches would change respondents' opinion on the safety of going to the branch. Roughly 75% of respondents who viewed branches as less safe due to COVID-19 indicated that these measures would quell some of their concerns.

Integrating digital technologies into the branch experience could also help reduce customer fears. F.N.B. Corp. recently introduced an online tool allowing customers to book branch appointments. The bank said branch appointments surged from 21 in January to more than 2,700 in April after introducing the new option.

As safety concerns reduced branch visits, customers likely valued the greater predictability and control over their decision to receive banking services in person. Branches could also benefit from establishing more self-service kiosks — more than 40% of survey respondents selected that as a welcome change.

Measures banks can take to alleviate concerns regarding branch safety

Which of the following actions could banks take to make you change your opinion about the safety of branch visits? (%)



Data compiled Aug. 21, 2020.

Total respondents = 1,866

Respondents could choose more than one response.

Source: S&P Global Market Intelligence survey fielded between June 22 and July 16 across a nationwide sample of nearly 4,000 U.S. mobile bank app users 18 years and older.

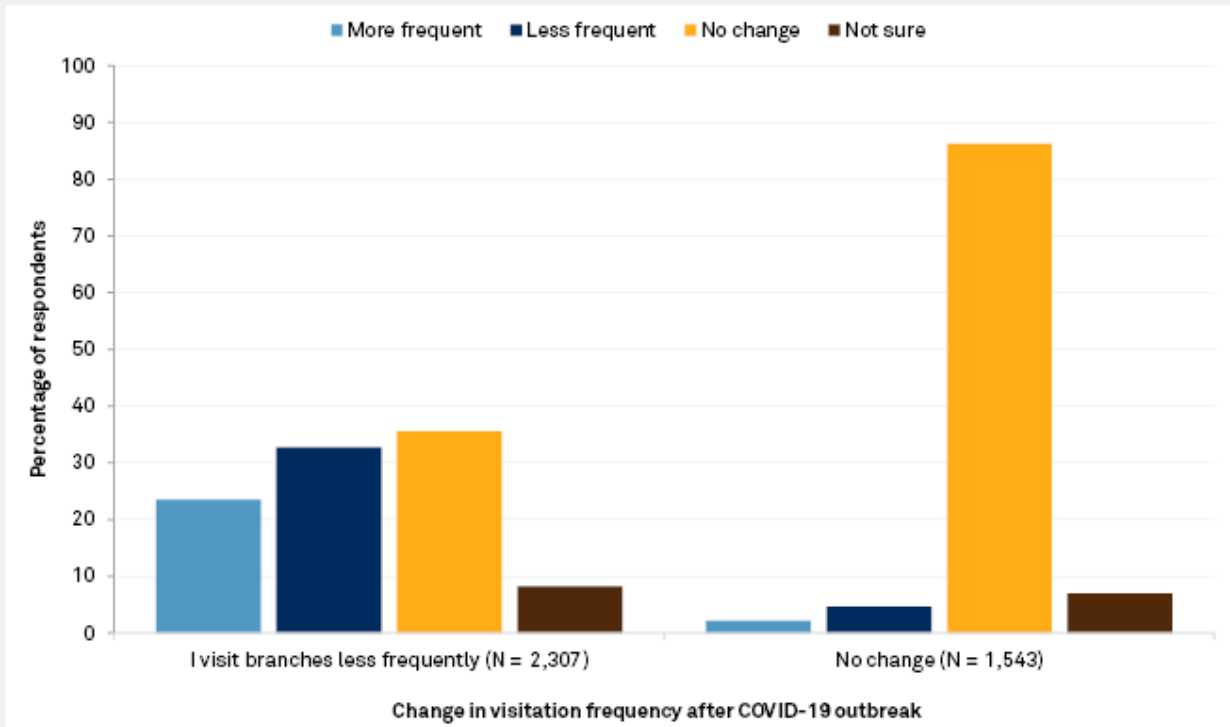
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Some of the most potent customer engagement tools at banks' disposal in this new environment are their digital channels. Several banks have reported spikes in online and mobile banking usage in the wake of COVID-19. More than 44% of survey respondents have used their mobile bank apps more frequently in recent months. Among the 1,777 respondents who admitted to more frequent usage since the pandemic began, a majority anticipate maintaining their current level of usage even after COVID-19 related restrictions are lifted.

Persistent fears around branch safety along with a consumer population getting increasingly comfortable using online and mobile channels could make the recent reduction in branch traffic a more permanent one. Just 23% of survey respondents who visited branches less frequently post-COVID anticipate increasing their frequency of visits after all virus related restrictions are lifted nationwide. Meanwhile, nearly one-third of customers who have visited branches less often since the pandemic erupted expect future visits to be even less frequent.

Customers who reduced branch visits due to COVID-19 expect less frequent visits to continue

After all COVID-19 restrictions are lifted nationwide, how do you expect your frequency of branch visits to change from current levels?



Data compiled Aug. 21, 2020.

Respondents first divided into groups based on responses to following question:

Since the COVID-19 outbreak began, how has your behavior related to branch visits changed?

Data reflects respondents who answered "I visit branches less frequently" or "No change" to the questions.

Respondents were then asked how they expect the frequency of branch visits to change from current levels after all COVID-19 restrictions are lifted nationwide.

N = number of respondents

Source: S&P Global Market Intelligence survey fielded between June 22 and July 16 across a nationwide sample of nearly 4,000 U.S. mobile bank app users 18 years and older.

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