

Not dead yet: Branches remain crucial to banks' growth plans

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Who says branches are dead?

In recent weeks, two of the nation's three largest retail banks have announced plans to open as many as 900 branches over the next few years.

JPMorgan Chase said it intends to build as many as 400 branches in Boston, Philadelphia and Washington, D.C., and other cities where it has no physical presence. Not to be outdone, Bank of America announced plans to add roughly 500 branches, also primarily in cities and states where it currently has no offices.

Many small banks, too, are expanding into adjacent markets by opening new branches.

If branch traffic is declining as consumers shift to mobile and online banking, why is there still an emphasis on building new branches?

Brian Moynihan, B of A's chairman and CEO, says it's because many consumers and business owners still have reason to visit branches. Speaking at [at the Economic Club of Washington](#) in mid-February, he said that most of the bank's retail sales originate in the branch and that some 800,000 people visit Bank of America's branches every day.

The branch is also where many bank customers turn to for financial guidance. A [survey released by J.D. Power this week](#) found that most consumers seeking financial advice prefer to receive it in person, and not through digital channels.

Many also prefer to open accounts in person, so the branch remains an effective channel for gathering collect low-cost, core deposits.

Of course, all the new offices banks are opening will not make up for the scores of ones they are closing. It is safe to say that [banks' continued pruning](#) will result in a net loss of branches over both the short term and long term.

Wells Fargo alone closed 214 branches in 2017 and the San Francisco bank has said it [plans to](#)

[shutter another 250 offices this year](#), and about 500 each in 2019 and 2020.

Still, Chief Financial Officer John Shrewsberry said in January that "branches play an important part in serving our customers and we will have as many branches as our customers want, for as long as they want them."

For that reason, banks will keep tinkering with their branch strategies. That means improving the experience inside each office and recalibrating the size of their networks. And it will mean banks keep building new ones.