

Bucking the global trend of closing branches, some banks continue to expand their in-person presence

Article

The news: JPMorgan [plans](#) to renovate branches it acquired after First Republic collapsed earlier this year.

- As many banks around the globe continue to shut branches to save costs, JPMorgan hopes this contrarian move will help it secure greater market share.

The trend: As FIs seek to focus on online and mobile banking while cutting staff and real estate costs, branch closures have accelerated around the globe.

- In less than 14 years, US FIs have closed over 20,000 brick-and-mortar branches.
- In response to this trend, UK legislators aim to guarantee that no person or business will be more than three miles from withdrawal/deposit facilities with new legislation.

Some FIs view these closures as a chance to differentiate themselves from competitors.

- **Nationwide** ends its latest commercial with the line, “Unlike the big banks, we’re not closing our branches.”

JPMorgan’s strategy: The largest bank in the world saw a similar opportunity and took it.

- After preserving many relationships in the region, including many key employees, JPMorgan has set into motion a strategic plan to establish itself as the preferred bank for Silicon Valley.
- The CEO of Chase Consumer Banking Jennifer Roberts said that **75% of the bank’s depositors visit a branch at least once every 12 months**, so the bank plans to continue to cater to their needs.
- After it overhauls them, JPMorgan aims to keep 63 of the 84 branches it acquired from First Republic active.

Bank of America also has a branch strategy: It opened up 55 branches in 34 new markets this year, down slightly from 58 new branches last year.

- The bank cited “deposit gathering” as the key reason behind the expansion, likely referencing research that its depositors also value trips to the branch.
- It has targeted the following markets for expansion: Birmingham and Huntsville, Alabama; Boise, Idaho; Dayton, Ohio; Louisville, Kentucky; Madison and Milwaukee, Wisconsin; New Orleans, Louisiana; and Omaha, Nebraska.

Who else stands to benefit from this move? Vulnerable consumers will also be better able to participate in the banking experience.

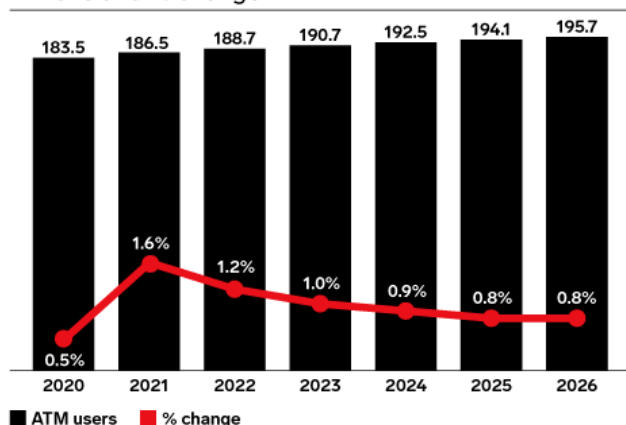
- According to a recent PYMNTS and Payment Systems for Credit Unions (PSCU) [survey](#), over half of subprime (credit scores below 600) consumers in the US prioritize close proximity of an ATM over any other factor when choosing where to bank.
- Another survey conducted by [Which?](#), a consumer choice publication, found that 52% of UK consumers with disabilities felt bank closures have affected their ability to access vital banking services.

Key takeaways: These physical footprint expansion strategies and their [competitive edge in AI](#) and the talent wars are part of these FIs' plays to crowd out smaller competitors in the coming year.

- This doesn't mean community and regional banks have nowhere to go. Smaller FIs still have strongholds in [key markets](#), but must focus on meeting their needs to drive up customer loyalty.

US ATM Users, 2020-2026

millions and % change



Note: bank account holders ages 18+ who conduct banking activities, such as withdrawing and depositing money at an ATM, at least once per year; includes bank-owned and non-bank-owned ATMs

Source: Insider Intelligence, March 2022

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