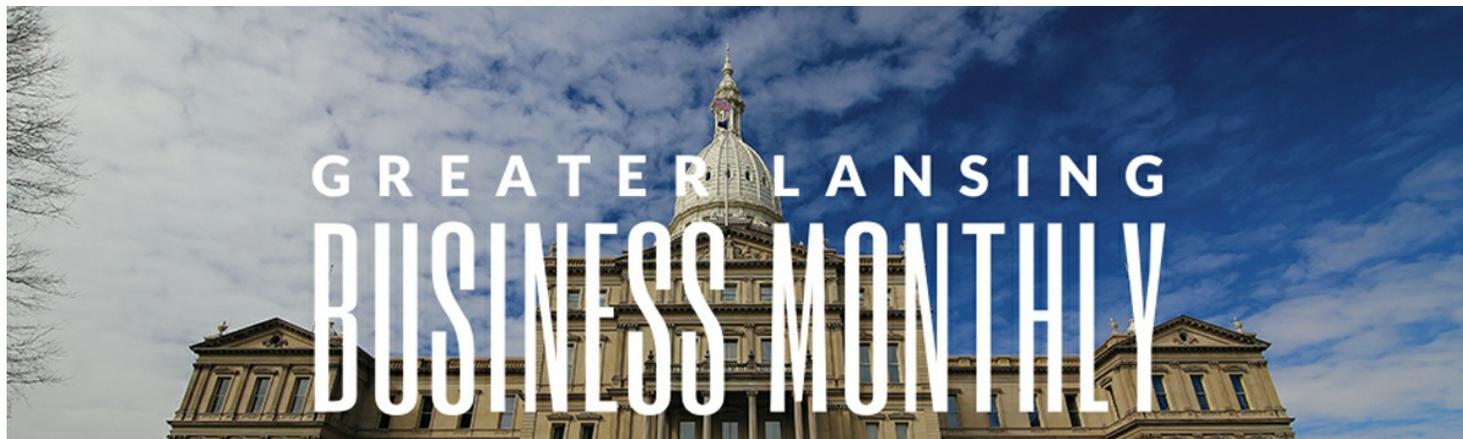


Making change Local bank branches offer relationships, online access

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The internet can provide some of your banking needs, but the best option to get straight answers is still your friendly neighborhood banking branch or credit union.

There are several differences between a credit union (nonprofit) and a bank (for-profit), but both emphasize a mixture of banking options, from face-to-face interaction with a financial loan specialist to submitting a digital photograph of a check to deposit it. These options can be done online, over the phone or in person. And enough people still want to talk to someone directly that credit union and bank branches are going to stay nearby, banking professionals said.

“You technically can do business without going in branches [but] about 50 percent of our new accounts are opened in a branch,” said April Clobes, president of Michigan State University Federal Credit Union (MSUFCU), which has 18 branches throughout the state.

The newest branch in Grand Rapids was opened in mid-September 2017. Clobes said the idea is simple: put bank branches near where members — MSU staff, students and others — live and work. That’s Lansing, of course, but also Grand Rapids, and MSUFCU additionally operates the Oakland University Credit Union, which accepts members from people living in several counties in the Detroit suburbs.

MSUFCU wants to have bank branches within five miles of some 5,000 to 10,000 members. Clobes said members have told her they’re happy to see a branch in Grand Rapids; they started banking as MSU students and want to keep the same relationship with their credit union after graduation.

Know Who You Are

“You want to be with somebody who knows who you are,” said Mike Tierney, president of Community Bankers of Michigan, an industry group.

He said it’s an advantage not only to the customers, but to bank and credit union officials, too, when it comes time to approve a loan or mortgage.

“[They] have access to the decision-makers,” Tierney said. “They’ll know you, and the CPA, the attorney, the suppliers — they’ll have a good feel for the (success of) the loan.”

Union Bank, a privately held bank headquartered in Lake Odessa, is emphasizing its availability in both Lansing and the Grand Rapids areas, said Union Bank President Cortney Collison. Like MSUFCU, Union Bank is expanding right now with the opening of its seventh branch in Ada during November 2017: joining existing branches in small towns like Mulliken, along M-43 and Westphalia on the Clinton and Ionia county border.

The move into Ada follows research that shows a lot of opportunity to add new customers in the Greater Grand Rapids area, Collison said. Another benefit is the ability to “team up” with businesses; the Ada location in the downtown area is home to Dixon Architecture, Lown Homes and DMC Design — an interior design studio. The idea is that someone looking to build a new home could get their ideas from the other businesses, then come to Union Bank for a home loan without driving around town.

That intimacy with customers works in the other direction, too. Collison estimates he spends about half his time visiting customers. He mentioned one interaction he had with a local business looking to double the size of its manufacturing plant; he used CPA and attorney connections to speed the process of getting the plant the funding it needed.

Big Bank Reduction

While smaller banking businesses are growing, the big companies are getting smaller. The Federal Deposit Insurance Corporation reports a slight decrease in the number of Lansing/East Lansing metropolitan area branches in the last two years, from 121 in 2015 to 113 as of June 2017. That change is mostly in the bigger banks Comerica, which lost one of its locations to have seven in the Lansing area in 2017.

“If a big bank leaves, they’re ready to jump right into that empty space,” Tierney said. “They want to do business specifically with local markets.”

Moving to the Internet

The changing nature of banking is also behind the decrease in the number of open branches.

“The younger generation takes advantage of online [options],” Collison said.

That’s one reason that Union Bank is trying to add more electronic tools in the bank, streamlining the process of making a deposit, for example.

“It’s a balancing act: offering the quick, computer-driven banking options younger customers are looking for with [the] face-to-face relationships that older customers want,” Collison said.

More importantly, though, is the desire for advice. While most Millennials and younger people are use their phones for almost every activity, including research on big purchases, they’re still walking in bank branches when it’s time to really make a choice.

“Young people still come in when it’s their first car purchase, their first home purchase,” Clobes said. “They grew up with the Great Recession. They’re more cautious and want to want to make sure they make the right decision.”

Bank branches handle withdrawals and deposits as they always have, but now they’re also a resource — not just a tool — for financial decision-making. Tierney said the industry is moving away from the traditional bank teller employee to where every staff member has a specialty in something like mortgages, in addition to cashing checks on payday.

There’s even the ITM, an Interactive Teller Machine, or an ATM connected to a TV monitor; customer service staff can appear on-screen while customers are outside the bank, making the external locations more than just a place to pick up or drop off checks.

It's all part of a move to make every branch a "one-stop shop," according to Collision. He predicts there will be physically smaller bank branches with more electronics and online options in the future, as more consumers comfortable with online banking become members.

"It's more efficient for the bank and customers," Collision said.

[Andrew Domino November 2017](#)