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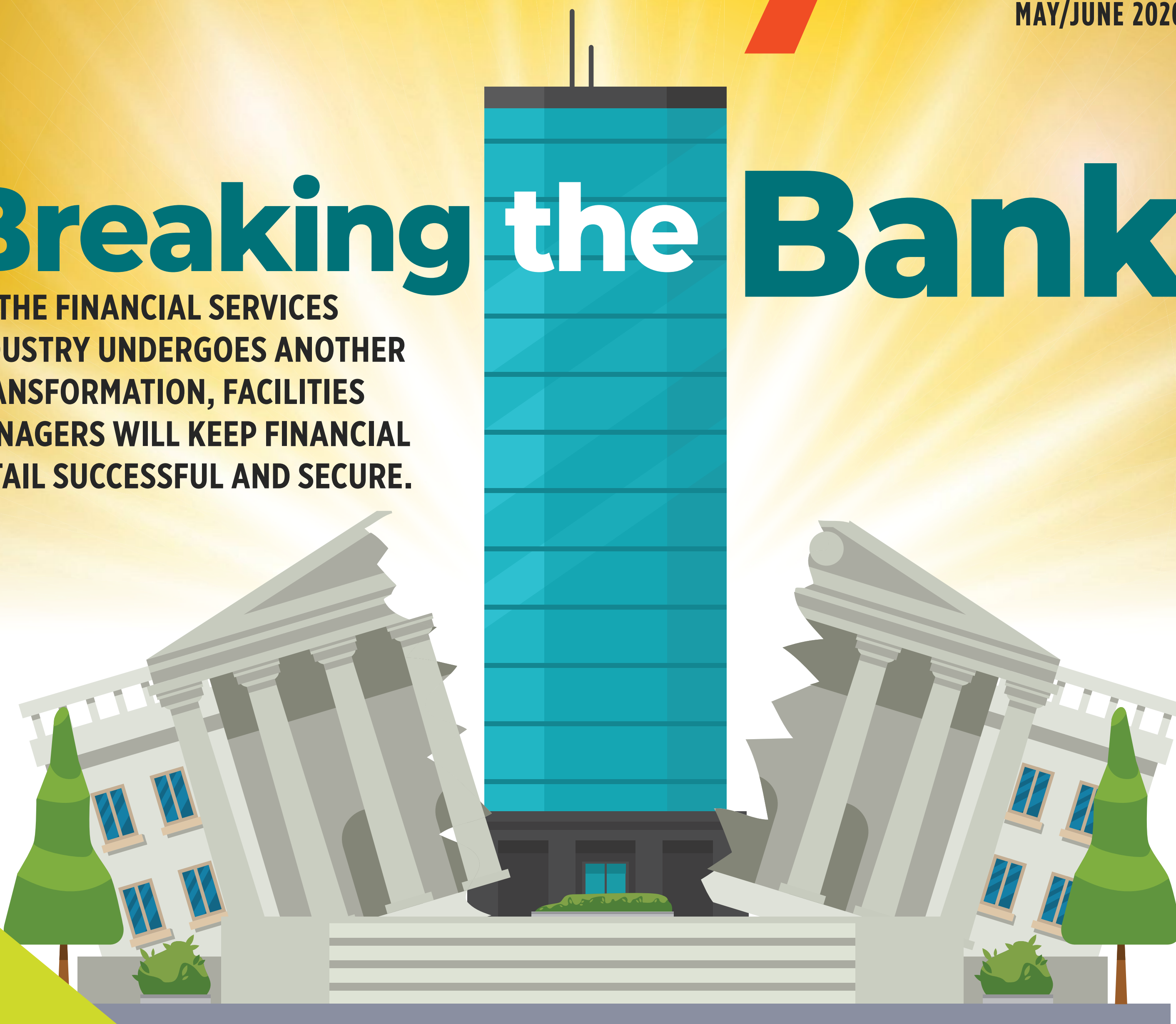

Breaking the Bank

AS THE FINANCIAL SERVICES INDUSTRY UNDERGOES ANOTHER TRANSFORMATION, FACILITIES MANAGERS WILL KEEP FINANCIAL RETAIL SUCCESSFUL AND SECURE.

COVID-19 CONSIDERATIONS

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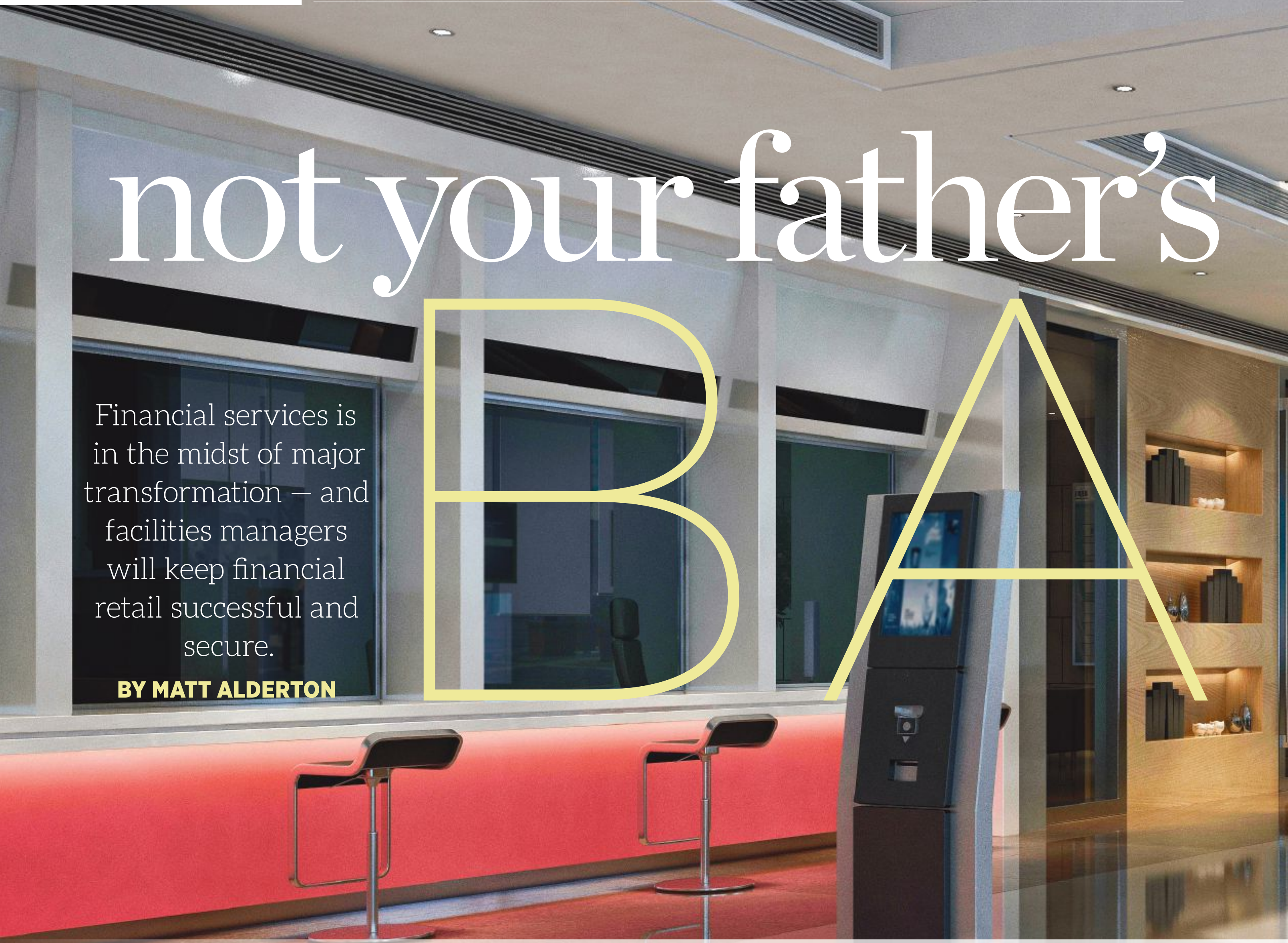

not your father's BA

Financial services is in the midst of major transformation — and facilities managers will keep financial retail successful and secure.

BY MATT ALDERTON

When COVID-19 began spreading across the United States in March, schools and universities nationwide cancelled classes. Learning, however, persisted in earnest. Not only for children, who continued studying online, but also for adults, who learned how to make homemade masks out of T-shirts, how to host social gatherings via Zoom and how to disinfect deliveries.

Perhaps the most important lesson learned, however, was how essential "essential services" really are — including banks and other financial retailers, whose services have been vital to keeping families healthy and businesses afloat.

"Financial institutions are deemed 'essential,' so our locations have remained open for business," said Joel D. Elsea, Director of Facilities at CURO Financial Technologies Corp., a Wichita, Kansas-based provider of consumer financial and loan services. "CURO provides a very important service, so it's vital that we're available when customers need us, whether they call, click or come in to one of our stores."

Think about it: Whether there's a global pandemic underway or not, individuals need food, shelter and water to survive; hospitals need electricity and medical supplies to provide care; first responders need gas in their vehicles to respond to emergencies; and businesses need capital to pay their employees and serve their customers. Without money — and the institutions that provide it — none of that would be possible.

Its epic importance gives the global financial services market elephantine size. Although the landscape is shifting because of COVID-19, the market was worth an estimated $22.2 trillion before the pandemic, and was expected to swell to a value of $26.5 trillion by 2022, according to The Business Research Co., a market research firm that attributed the sector's prepandemic prospects to "increasing demand for insurance and loans, increasing demand in end-user investments and global economic growth." Because banks will be a key player in economic stimulus and

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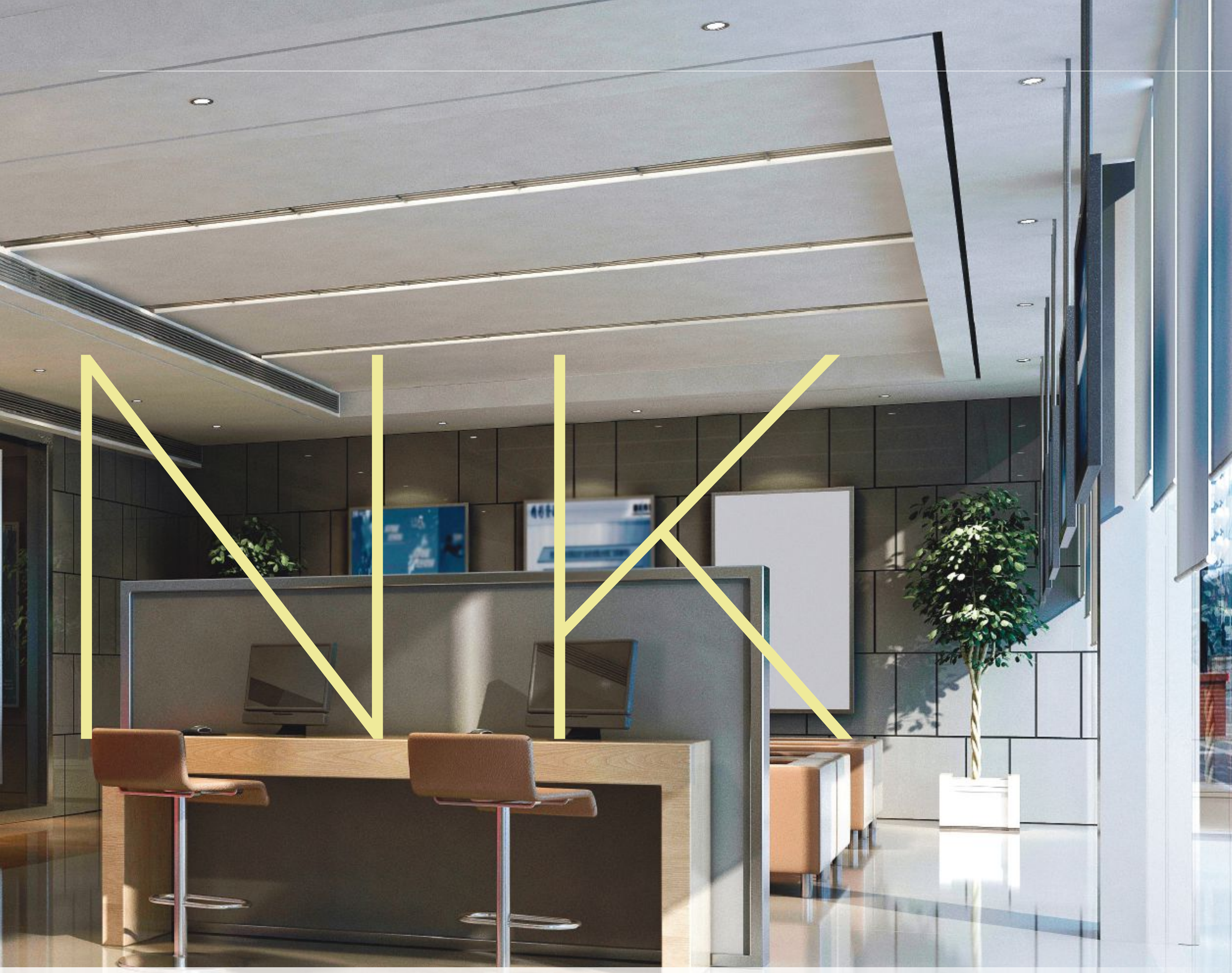


recovery — the U.S. government already is leveraging banks to lend billions of dollars to small businesses, for example — their prospects remain bright even in the midst of a financial crisis.

But COVID-19 isn't the only thing that's shaping financial services.

"A new wave of disruption more forceful and more pervasive than what we have seen in recent years will likely unfold in the next decade," global consulting firm Deloitte predicted in its *2020 Banking and Capital Markets Outlook*. Among the many disruptors already in play are cybersecurity, mobile payments, digital lending, big data, blockchain technology, public cloud infrastructure, artificial intelligence (AI) and the Internet of Things (IoT), each of which has profound implications for the way consumers borrow, save, invest, protect and spend money.

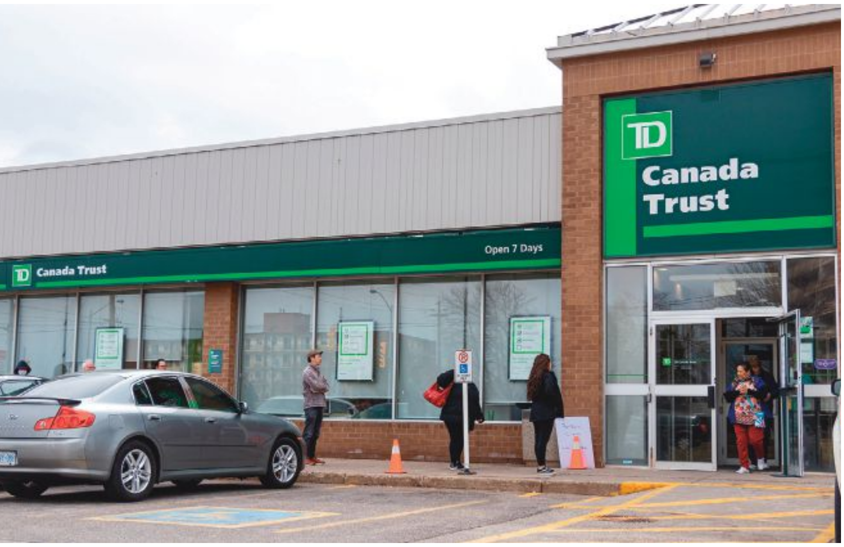
Change is especially conspicuous in retail banking, according to Deloitte's report, which observes equal yet opposite forces. On the one hand, it said, the number of banks and branches continues to decline as more consumers embrace digital banking. On the other hand, consumers' trust in and satisfaction with banks as custodians of their money remains high. Where these trend lines intersect, there is opportunity.

"By decade's end, fewer retail banks might exist … As a result, the nature and degree of competition will likely change," the report predicted. "Scale and efficiencies will be dominant factors."

Consumers are driving the changes, and C-level executives are leading them. On the front lines executing them, however, are FMs whose commitment and performance will help financial retailers bridge the gap between today's banking and tomorrow's — during COVID-19 and after it.

Security First

The elephant in the room for financial retail FMs is security and compliance. "We spend a great deal of time and resources making sure our locations are



Long Distance
Banks will have to determine how to manage social distancing in their branches. Many FMs liken the response to COVID-19 to activities following a natural disaster like a hurricane.

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as safe and secure as they can be without making clients feel uncomfortable," Elsea said.

Security and compliance touch nearly every aspect of financial institutions' operations. In FM, however, their presence is felt most acutely in procurement.

For one, procurement professionals may have to acquire unique products and services in order to satisfy security requirements. Most institutions will need to contract with an armored car service to transport cash, for example, and many will need to install bullet-resistant glass during buildouts and renovations, said Nick Gibb, Procurement Agent at PLS Financial Services, a Chicago-based financial retailer whose services include check cashing, personal loans and money transfer.

Belonging to groups like Connex can be invaluable in the face of niche procurement needs. "Anybody can do a Google search, but it helps to be able to utilize industry resources like Connex to ask, 'Hey, we're sourcing this particular service; who are you using?'" Gibb said.

Even greater than the challenge of finding suppliers, however, is the challenge of vetting them, according to Gibb, who said banks and financial services companies must safeguard not only cold, hard cash, but also customer data. "Similar to [privacy laws] for medical information, there are compliance guidelines we have to follow to protect our customers' personal financial information," he explained.

An onboarding process that includes background checks for suppliers and their employees, reference checks, and multiple levels of review and approval is essential. Likewise, Gibb said, it's important to author RFPs in collaboration with appropriate stakeholders — the IT department, for example — to ensure security requirements are spelled out clearly up front.

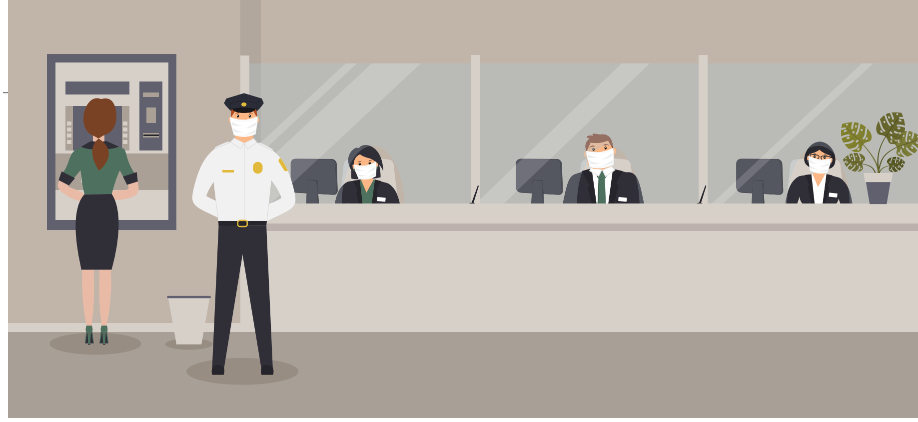
A good reputation can be more important than cheap rates. "We don't always look for the lowest price in our space, but we're always looking for the most trustworthy and honest providers we can find," Elsea explained. "I think there's hidden value in that aspect of our trades that's very important in our business."

Even with trusted suppliers, however, risks remain. To minimize them, Gibb said PLS employs its own field maintenance technicians who perform building repairs whenever possible, thereby reducing its reliance on outside suppliers. At CURO, meanwhile, all outside suppliers must be validated upon arrival before they're allowed on the premises.

"In almost every case, our FM department is contacted by the store to validate the visit," Elsea said. "Like many financial service retailers, we have a 'secure area' that requires additional safeguards for anyone seeking access. It makes scheduling much more difficult."

In Case of Emergency

Security isn't financial retailers' only concern. Another is business continuity, which has become especially relevant in the wake of COVID-19.



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> **"Our main priorities have shifted during this period to providing disinfecting and PPE materials to our stores."**
>
> —Nick Gibb, Procurement Agent at PLS Financial Services

"No one could have envisioned or known to plan for a worldwide pandemic, but here we are," said Jeff Kagey, outgoing Vice President of Corporate Real Estate and Facilities at LegacyTexas, a community bank with 42 locations in North Texas. "Business continuity plans, for businesses that have them, are being stretched and, in some cases, reimagined through this crisis."

Although it's too early to know what lessons FMs ultimately will learn from COVID-19, those who work in financial retail can begin to understand the critical role they play in business continuity by referring to past crises, like hurricanes and snowstorms, suggested Sean Coakley, formerly with TD Bank and an expert financial FM professional.

"When there's a disaster or a storm ... people need money," Coakley said. When deciding whether to close locations, banks need to weigh whether commuting would endanger employees. If banks do close, at a minimum, drive-up ATMs still need to operate.

Because having supplies — and cash with which to buy them — is so important during natural disasters and extreme weather events, FMs who work in financial retail must be particularly adept at contingency planning and emergency management.

Planning for extreme weather events as early as 10 days out by communicating with branches, moving backup generators into position to ensure power, and scheduling fuel truck deliveries to service those generators can help, said Coakley. Another tip is having protocols in place whereby prearranged cleaning crews, landscapers and various other contractors — electricians and roofers, for example — follow closely behind a storm to immediately inspect branches for damage and initiate repairs.

Coakley achieved similar success with snow removal. Following a particularly frustrating winter, during which parking lots regularly went unplowed, he convened a "snow summit" with all of TD Bank's service partners, with whom he collaborated to create a pre- and post-storm communications plan. Simultaneously, he contracted with a third-party weather expert who helped forecast snow removal needs on a storm-by-storm basis, which improved responsiveness and also reduced overbilling.

"We saved millions of dollars, pushed significantly more snow and had fewer missed services," Coakley said.

Future-facing FMs

Going forward, there will be at least two more storms in the financial retail forecast with which FMs must contend: one comprising near-term changes from COVID-19 and another comprising long-term trends and technologies that were in motion well before the pandemic.

In the immediate term, FMs who work in financial retail must broaden their notion of "security" to include health concerns. "We have the same exposure concerns as other retailers," Elsea said. "Extra emphasis has been placed on sanitary conditions for both staff and clients at all facilities and on being ready at any time to provide professional disinfection services to a location that may have a potential exposure, direct or indirect."

COVID-19 also has underscored the need for strong supply chains, according to Gibb. "Our main priorities have shifted during this period to providing disinfecting and PPE materials to our stores. We spend most of our day sourcing cleaners, masks, hand sanitizers, etc.," he said. "To that end, we are leveraging the relationships we have built to get hard-to-find materials. We value these partnerships and will continue to strengthen our partnerships with them after this crisis is over."

FMs and procurement professionals will need to vet future suppliers with crises in mind. "A crisis such as this highlights the suppliers who have strong supply chain relationships," Gibb continued. "Just-in-time inventory/supply caught a lot of providers off guard. I think going forward suppliers will need to evaluate their ongoing inventory levels as well as their supply partner's ability to provide materials in a timely manner."

"Specifically, [with regards] to COVID, occupancy and space management has been brought to top of mind of executives across many business sectors," Kagey added. "There is a significant opportunity for FMs to not only develop but also influence and shape the next or natural evolution of office and retail space."

Although it's impossible to predict the future, FMs can also position themselves to thrive in transformative times by seeking new ways to add value.

"Don't just follow the job description or stick to the fundamental blocking and tackling that establish boundaries for your role," Kagey said. "Find ways to add value and contribute to the company. Take another look at overlooked ideas and be agile enough to step into the gap of undiscovered opportunities to grow and develop."

Coakley agreed: FMs can be leaders by expanding their sphere of influence. "It's all about understanding the pain points of your internal clients," he said. "When you do that, you build relationships, and those relationships will pay dividends."