

# Bank of America - The Center and the Screen

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**Decision scope:** A 12-month approach to digital-service investment and the financial-center network

**Case convention:** This is an author-created strategy exercise. Public disclosures are attributed; the management decision and alternatives are hypothetical. It does not represent private board deliberations.

## The decision

On 16 July 2024, Bank of America (BoFA) reported second-quarter results alongside continued growth in digital banking. Consumer Banking had 39.0 million active mobile users, and 53% of Consumer Banking sales were through digital channels. The bank also operated 3,786 financial centers. [S1](#), slide 14. The figures put a practical question before the leaders responsible for the next year's customer-service investments: how should BoFA balance expanding digital self-service with maintaining, adapting, or selectively reconfiguring its centers?

The company-wide scale figures tell a similar story of breadth, but measure different things. BoFA reported approximately 69 million consumer and small-business clients, approximately 3,800 centers, and approximately 58 million verified digital users. "Verified" is not the same as recently active, and the populations and definitions do not support a simple channel-penetration ratio. [S2](#), opening overview; [S1](#), slide 26.

The aggregate data do not show which customers use both channels, which service needs are well suited to digital completion, or whether center presence changes retention, advice, deposits, or small-business lending. Nor do public disclosures show a center's avoidable cost or the full cost of serving a customer digitally. High usage creates an opportunity to investigate; it does not establish that digital service can replace local access.

**Assignment:** Recommend a 12-month approach. Should BoFA continue broad center investment alongside digital investment, selectively reconfigure centers while investing in digital service, or stage local changes against customer and market evidence? State what the bank should measure, what customer or market segments deserve different treatment, and what evidence would cause you to change course. Use only information available by 16 July 2024. Treat any proposed process, pilot, budget, or decision rights as your own recommendation, not a disclosed BoFA plan.

## A two-channel system at scale

BofA's Consumer Banking digital indicators had grown over the prior year. Active mobile banking users reached 39.0 million in Q2 2024, compared with 37.3 million in Q2 2023. Active digital banking users were 47.304 million and active mobile users 38.988 million in the supplemental table. The supplement defines active digital as mobile and/or online activity during the preceding 90 days, and active mobile as mobile activity during that period. These Consumer Banking figures are not interchangeable with the broader Consumer-and-Merrill figures in the investor presentation. [S1](#), slide 14 and slide 26; [S3](#), p. 15 and footnotes 1-2.

Digital channels represented 53% of Consumer Banking sales in Q2 2024, up from 51% a year earlier. The presentation defines digital sales as sales initiated and/or booked digitally. BofA also reported 3.466 billion digital-channel sessions in Q2, defined as desktop and mobile banking sessions on its Consumer Banking platform. Sessions are not unique customers, and the sales share does not measure the share of all customer needs or visits replaced at a center. [S1](#), slides 14 and 26, including footnote 4.

At the same time, the network remained substantial. The Consumer Banking presentation showed 3,786 centers in Q2, down from 3,887 a year earlier. A net count does not reveal gross openings and closings, market overlap, the reason for each change, or customers' alternatives. BofA's 2023 annual report described more than 420,000 daily financial-center visits and more than 900 center renovations during 2023. It also described plans to expand into nine new markets over four years. These are company-reported activity and plans, not evidence of each site's incremental financial return. [S1](#), slide 14; [S4](#), p. 20.

### Exhibit 1. Channel and network indicators at the decision point

| Indicator                               | Reported value | Scope and definition                                                                                                    |
|-----------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------|
| Active mobile users                     | 39.0m          | Consumer Banking, Q2 2024; active mobile measure <a href="#">S1</a> , slide 14                                          |
| Active digital users                    | 47.304m        | Consumer Banking, Q2 2024; mobile and/or online activity in preceding 90 days <a href="#">S3</a> , p. 15 and footnote 1 |
| Active mobile users (supplement)        | 38.988m        | Consumer Banking, Q2 2024; mobile activity in preceding 90 days <a href="#">S3</a> , p. 15 and footnote 2               |
| Consumer sales through digital channels | 53%            | Consumer Banking, Q2 2024; sales initiated and/or booked digitally <a href="#">S1</a> , slide 14 and slide 26           |
| Digital-channel sessions                | 3.466bn        | Consumer Banking platform desktop and mobile sessions, Q2 2024 <a href="#">S1</a> , slide 26 and footnote 4             |
| Financial centers                       | 3,786          | Consumer Banking, Q2 2024 <a href="#">S1</a> , slide 14                                                                 |
| Verified digital users                  | ~58m           | Company-wide overview; verification is distinct from recent activity <a href="#">S2</a> ; <a href="#">S1</a> , slide 26 |

The 39.0m and 38.988m mobile counts are differently rounded presentations of the same quarter's indicator. Do not add them or compare them as separate populations. The verified,

active digital, active mobile, sales, and session measures have distinct scopes and meanings.

## Service needs are not all alike

Many routine tasks may be completed in a mobile app or online. Other customer situations can involve advice, unusual account issues, complex transactions, or the needs of a small business owner. BofA has described financial centers as part of its customer-service model and reported contact-center professionals who provide guidance on complex financial needs. S4, p. 20 and nearby Consumer Banking discussion. This is management's description of its service proposition; public materials do not quantify how often each channel resolves a particular need or the incremental value of one center.

BofA reported average Consumer Banking deposits of \$949.2 billion in Q2 2024, 6% below a year earlier. It estimated that 92% of checking accounts were primary accounts, based on relationship factors. The bank also reported 11.1 million Preferred Rewards clients and a 99% annualized retention rate for Preferred Rewards clients. That retention figure applies to the Preferred Rewards group, not all Consumer Banking customers, and does not establish that a center caused retention. Consumer investment assets were \$476.1 billion, up 23%, with net client flows and market valuations both contributing. S1, slide 14 and footnotes 5-6.

Small businesses create another question. Some lending decisions may rely on local information and relationships; digital tools can also help customers and lenders work across distance. A study of U.S. bank mergers in the 2000s found that some merger-related branch closures reduced local small-business originations, with estimated effects concentrated near the closed branches. That result is not a BofA estimate, does not describe every closure, and says nothing directly about the economics of BofA's current centers. S5, Table 7, p. 20; Figure 7, p. 27.

Channel use may also be complementary. In a single large bank's transaction data, the abstract of one study reports that branch openings shifted complex activity toward branches at first, with later learning associated with more online and other-channel activity. Closures generally shifted transactions online, but the pattern could differ when the last neighborhood branch closed. The study's authors did not estimate BofA's profitability or customer outcomes. S6, abstract.

The competing explanations are therefore plausible. More digital activity may allow some routine service to move away from centers, reducing the need for some capacity. Centers may also provide access, advice, and relationship-building, or help customers learn to use other channels. Some centers may be costly and overlapping; some may be important because local alternatives are limited. The public figures do not resolve which explanation dominates in any particular market.

## What BofA can and cannot see publicly

The Q2 reporting gives managers scale indicators and selected financial context, but not the local data required to choose specific centers or forecast savings. Public disclosures do not identify center-level contribution, cash costs that would actually disappear after a change, digital cost-to-serve, channel overlap by customer cohort, local customer migration or attrition after a center change, or small-business outcomes attributable to individual centers. The decision should account for the difference between accounting allocations and costs that can be avoided or redeployed.

BofA's prior-year report described more than 900 center renovations and planned entry into nine new markets over four years. Such activity suggests the network is being managed and invested in, while the Q2 year-over-year count is lower. Neither fact identifies a

company-approved network target or a universal direction of travel. S1, slide 14; S4, p. 20.

Competitors offer directional context, not a template. JPMorgan Chase reported 4,897 branches and 66.983 million active digital customers at 2023 year-end, and described a multiyear plan for more than 500 new branches and about 1,700 renovations. Its definitions, footprint, customer mix and economics differ from BofA's. A competitor's simultaneous investment in digital and branches shows that the channels can coexist in a large-bank strategy, but it does not prove that BofA should match its plan. S7, Item 1 and Consumer & Community Banking discussion.

## Exhibit 2. Information needed to make a local choice

| Decision question                         | Evidence to request                                                                                                                     | Why aggregate data are insufficient                                                                                   |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Which services can shift to digital?      | Customer-level channel overlap; task and service mix; successful completion and repeat-contact rates; assistance required               | A session or digital sale does not show which branch service was displaced or whether the customer completed the need |
| Which centers have options nearby?        | Travel time to alternatives, local access, customer mobility and accessibility needs, neighboring branch capacity                       | A national center count masks markets where a location may be the last practical nearby option                        |
| What costs can be saved or redeployed?    | Site-level labor, occupancy, security, cash and transition costs; truly avoidable cost; incremental digital and contact-center expense  | Allocated expense is not necessarily cash savings; digital service has its own fixed and variable costs               |
| What relationship value is at stake?      | Deposits and balance flows, customer retention, advice/referral outcomes, small-business applications and originations, service quality | Company-wide balances or retention do not establish causality or value attributable to a particular site              |
| Can the strategy be learned in 12 months? | Baseline and comparison markets, implementation timeline, customer protections, monitoring ownership and reversal triggers              | Outcomes vary by market and may take time; selecting only weak locations for changes can bias comparisons             |

The 12-month horizon is a management-planning exercise. The case supplies no company budget, center closure target, approved pilot, or public board mandate. Students should recommend how leaders would acquire the evidence and manage customer continuity, not invent those facts.

## The choice

Three paths are open for analysis:

- **Continue broad center investment alongside digital investment.** Preserve a wide physical footprint while improving digital service, using centers for advice, complex needs and local relationships.
- **Selectively reconfigure locations while investing in digital service.** Shift resources from selected centers toward digital and assisted channels, using local evidence to choose sites and support customers through the transition.

- **Stage local changes against evidence.** Segment markets, set customer and community safeguards, test changes where alternatives exist, and expand only when service, relationship and economic measures meet pre-set thresholds.

These are hypothetical choices, not announced BofA proposals. A recommendation can combine elements, but it must identify where, for whom, and under what conditions. It must also say how leaders would distinguish customers who successfully migrate from customers who stop engaging or move their business elsewhere.

Prepare a short recommendation to BofA's Consumer Banking leadership. State the decision criteria, what evidence should be gathered over the next year, and the results that would trigger expansion, revision, or reversal. If quantifying, make assumptions explicit and do not present them as BofA forecasts.

## Questions for discussion

1. What do the Q2 digital and center indicators establish? What do they not establish?
2. Which customer needs or local markets would you protect, reconfigure, or evaluate first, and why?
3. How would you measure whether digital service substitutes for center activity or complements it?
4. What costs would truly be avoided or redeployed, and what new digital or assisted-service costs would arise?
5. What customer, deposit, advice, small-business, access and economic measures should govern a 12-month test? What thresholds would change your recommendation?

## Sources and conventions

**S1.** Bank of America, [2Q24 Financial Results presentation](#), filed as Exhibit 99.2 to Form 8-K, 16 July 2024. Slides 14 and 26 and footnotes 4-6.

**S2.** Bank of America, [2Q24 financial results release](#), 16 July 2024, opening overview.

**S3.** Bank of America, [2Q24 Supplemental Information](#), Exhibit 99.3 to Form 8-K, 16 July 2024, printed p. 15 and footnotes 1-2.

**S4.** Bank of America Corporation, [2023 Annual Report](#), published 6 March 2024, printed p. 20 and adjacent Consumer Banking discussion.

**S5.** Hoai-Luu Q. Nguyen, "Are Credit Markets Still Local? Evidence from Bank Branch Closings," *American Economic Journal: Applied Economics* 11(1), 2019, Table 7, printed p. 20; Figure 7, printed p. 27. The study concerns merger-related closures and small-business lending in the 2000s, not BofA returns.

**S6.** Mi Zhou, Dan Geng, Vibhanshu Abhishek and Beibei Li, "When the Bank Comes to You: Branch Network and Customer Omnichannel Banking Behavior," *Information Systems Research* 31(1), 2020, publisher abstract. The dossier reviewed the abstract only; it reports one large U.S. bank.

**S7.** JPMorgan Chase & Co., [2023 Form 10-K](#), filed 16 February 2024, Item 1 and Consumer & Community Banking discussion. Competitor metrics and announced plans are directional context; definitions differ.

The cutoff is 16 July 2024. Later filings, network changes, company outcomes, and research are excluded. Company metrics are attributed and retain their disclosed population and definitions. Academic findings are presented within their study scope. No local BofA economics, savings forecast, closure target, or company decision is inferred.