



## Meeting 2012's Challenges Head On

Retail bankers face a profound challenge going into 2012, in that the revenue outlook simply is not sufficient to support the expanded branch systems that were built prior to the recession. This disconnect will become more fully evident on the bottom line this year as the forgiving trend of falling loan loss provisions winds down.

The traditional response in weak markets — tighten the belt and stay the course — will only be of partial use as the industry finds itself in new territory. Exhibit "A" is the profound consumer migration to online channels, which will force a re-think of retail distribution independent of the economy, new regulations, margins, et cetera.

As detailed in our cover story, "Practical Steps to Address the Crisis in Retail Banking," leading banks will respond to the challenge with crisp action plans, including immediate revenue and cost tactics and more visionary projects needed to transform the franchise. Even then, initiatives will only succeed if firmly grounded with markets and customers.

*Steve Klinkerman*

Steve Klinkerman  
Editor-in-Chief

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