

Banking Automation **BULLETIN**



Branches seek relevance amidst rise of digital channels

Chinese payment cards exceed 6 billion

Criminals change tactics as South African fraud levels drop

High ATM usage in MEA indicates ample room for market growth

Financial inclusion efforts in Thailand look promising

Country profile: Switzerland

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Branch transformation gathering pace

Until fairly recently, bank branches used to be almost sacred, especially in Europe. Branches were rarely shut down, meaning many locations remained unchanged for decades. Some banks even made

commitments not to cut their branches, reinforcing the status quo.

With remarkable speed, that has all changed; banks have retracted such promises and most developed economies have seen falls in branch numbers. The primary driver of this decline has been decreasing footfall, or more specifically the difficulty in justifying the cost of running branches if customers are visiting less often.

Despite the financial pressures, banks remain reluctant to close branches if this can be avoided. Branches are still critical for building brands and recruiting and serving customers – those that still regularly use branches and those that visit less frequently.

There is an alternative to closing branches, and this is where branch transformation fits in. If banks can make branches more attractive and/or more efficient, then the business case for maintaining individual branches is improved.

Transforming branches can mean many different things, which is why no two branch transformation projects are the same. Last month RBR held its annual *Branch Transformation 2016* conference in London (see page 2) – the record attendance highlights the ongoing interest in this topic, and the case studies on the speaker agenda emphasised the wide range of approaches being taken.

There are a number of common elements: branches themselves are more open-plan, processes are more automated (increasingly paperless), technology and automation play an ever greater role and transaction-oriented employees are being retrained or replaced with staff in more value-adding sales/consultation roles. There are differences too – some banks are replacing most of their tellers with multi-function assisted self-service devices that replicate the majority of teller transactions, while others are automating a smaller number of traditional tellers and migrating as many customers as possible to traditional in-branch ATMs.

One area that is often mentioned by banks, but where further progress is needed, is how banks can better use their branches to generate increased value for customers; for example, are banks fully exploiting their branches to sell a full range of products?

A year ago, many branch transformation projects were just pilots, and in just 12 months the number of projects that are now rolling out is impressive. Not every bank has decided its branch strategy however, and existing initiatives will need to be refined along the way, so while branch transformation has gathered pace, it still has several years to run.

Dominic Hirsch, Editor

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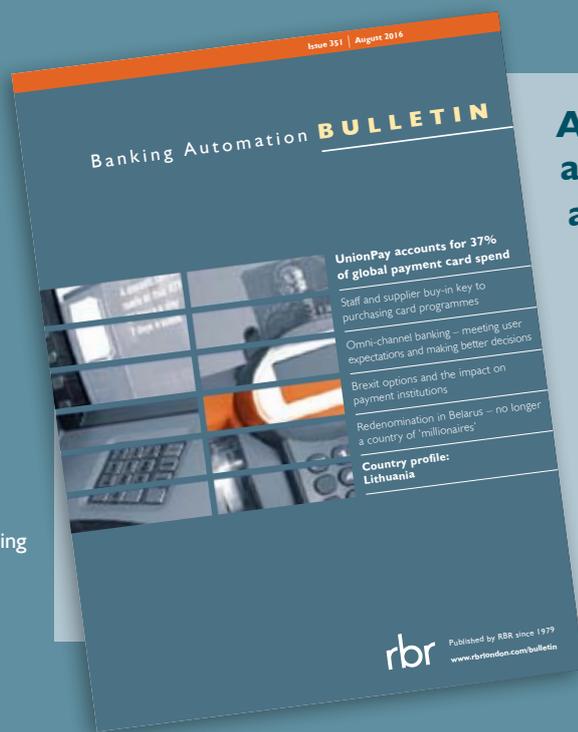
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