

**CARDTRONICS PERSPECTIVE**

# Keeping banking local with independent transaction hubs

By Brian Bailey, Managing Director, Global Financial Institutions, Cardtronics

Since the mainstreaming of online banking more than a decade ago, financial institutions (FIs) in regions such as North America and western Europe have been faced with having to transform their business models. Banks must now keep pace with the need to invest in new digital platforms while satisfying the demand for local access to basic banking services, including both cash access and deposits. Consumers' embrace of mobile banking has certainly accelerated these needs and trends. The only solution for many banks – albeit not ideal – has been to stop serving communities where it is simply economically impossible for a single bank to retain a full-service branch.

In Britain, for example, the financial crisis hit a banking market that was already in the midst of branch consolidation. Since the 1990s, there has been a continuous decline in branches, with more than 1,500 local communities left without any local bank branch. Data consultancy CACI estimates that in 2016 there were about 10,000 branches left in the UK – and that the number is expected to reduce by half within the next 10 years.

## **Bad news for both banks and customers**

News reports about local and national branch closure campaigns and protests have made the industry well aware of how controversial these closings can be. For the banks that have had to make the decision to close a branch, they are stuck 'between a rock and a hard place'.

Why? Aside from the negative impact on the community, branch closures can have a serious effect on customer retention. A recent study by Saga conducted among over 50-year-olds in the UK revealed that over one third of the 10,000 respondents would be unable to carry out many financial transactions if there was no branch in their communities, and another third said they would be prepared to switch banks as a result of this.

## **Partnering between banks and IADs needed**

Cardtronics believes a deeper partnership between FIs and independent ATM deployers (IADs) is the way forward for meeting the basic needs of consumers and small businesses. To this end, Cardtronics UK has helped many FIs and communities by installing ATMs in communities left without a branch.

UK banks need to maintain a physical presence as a basis for their retail operations. In the early 2000s, the UK's Campaign for Community Banking Services (CCBS) advocated the introduction of 'multi-bank' branches as a solution that would enable local residents and businesses to fulfil their basic banking needs regardless of who they bank with.

Based on our experience in providing ATM services in bank-less communities, Cardtronics has developed a unique and holistic solution that, in partnership with banks, provides almost all basic services needed on a day-to-day basis. Launching this month, the new OnHub solution, which operates under the consumer brand Bankzone, consists of machine-based transaction hubs where consumers can withdraw or deposit cash, and businesses can make deposits at bag drops as well as stock up on change. Banks subscribe to the OnHub service, giving customers outside the reach of their branch networks access to basic services. In some instances, the transaction hubs will be overseen by in-store representatives who provide assistance.

UK banks should focus on delivering complex services such as mortgages, business loans and financial advisory services, which often require face-to-face interaction. Other services such as cash machine management and operations can be managed as efficiently as possible through an outsourced solution such as Cardtronics' OnBranch services.

The OnBranch and OnHub services are part of Cardtronics' OnATM family, solutions that already serve over 2,300 financial institutions worldwide. Such partnerships between FIs and IADs are also the way forward for banking in the UK. ■



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