AURIGA PERSPECTIVE

What is next for bank branches and ATMs?

By Mark Aldred, VP of International Sales, Auriga

Customers don't have a say when physical bank branches close, but the continuing loss of this choice of channel is a real and growing concern. While banks talk a great deal about the importance of omnichannel banking, they seem to have forgotten that in-person banking is still in demand, even by customers who have chosen to 'go digital'. The growing number of branch closures is evidence that banks are overlooking how in-person and in-branch self-service banking could be integrated with other digital channels to meet the needs of all customers.

There is little evidence that banks perform in-depth analysis or consultations when deciding to shut a branch. Taking time to understand the real impact on customers might make them rethink their plans. Protecting the most vulnerable is of course an important obligation, but this is not the only group impacted. There is a real risk of banks creating new vulnerabilities amongst those whose needs are adequately met in the branch but who will be left behind without one.

It is a matter of infrastructure

Quite simply, branch and ATM service reviews need to be done in a much more considered fashion. Fewer people are using branches, and those that need in-person services are told to go to their local post office. But despite the best efforts of the post office, this is a degraded service to the one offered by banks. Few post offices have the facilities to match a branch, and banking provision is just one amongst a myriad other services, from buying stamps to posting parcels to ordering a passport. This 'one size fits all' approach when reviewing branch efficiency is flawed.

Banks should be encouraged to roll out pop-up branches that can be introduced to provide services in new locations quickly and easily. These should be cost effectively supported by a next generation self-service digital banking system. There are proven cases of this branch model delivering impressive results. Italy's Banca Carige is rolling out new digital and smart bank branches that cut operating costs by more than a third. Branches like these can be wholly automated, no longer requiring in-person staff – and can even be shared amongst banks.

Using #NextGenBranch solutions, customers can access branch services in assisted self-service mode and interact with bank consultants via video for both simple and complex transactions in a safe and personalised way. This technology enables employees to spend time on activities that benefit from the added value of human interaction, and to acquire skills which positively affect customer experience. It reduces branch management costs while generating new revenue streams through add-on services. It can also serve consumers and businesses equally in one accessible space.

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ATM pooling and sharing are options

Sharing infrastructure among different banks can also minimise the impact of branch and ATM closures. With a 'white label branch' model, a single location acts as a shared service centre for all banking-related activity (not just access to cash) and can be used by all customers regardless of which institution they bank with.

Similarly, multiple banks could pool their investment in ATMs to assure the widest local coverage of free ATM services. ATM pooling is already a feature in a number of countries. In Belgium, there is a top-down commitment to providing access to cash at ATMs within 5 km of every citizen's doorstep. Other countries are taking a similar approach, and the UK could learn from them.

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Looking forward

Banks are overly keen to close branches and lack sufficient sensitivity to the fact that this can create cash and financial services deserts. There are alternatives that should be explored before closures are considered. Banks can be more ambitious and committed to preserving and improving in-person banking services and ATM provision, because the technology is there to support them. ■