

# BRANCH ROLES IN 2015

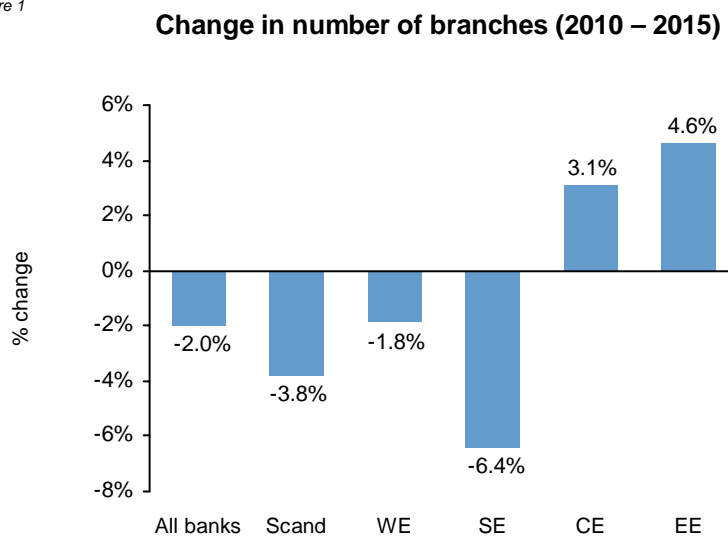
## FINALTA VIEWPOINT, APRIL 2011

As the role of the branch evolves over the next five years, European banks predict that their proportion of branch advisors will increase significantly. However, branch sales demand will decrease as more sales are migrated to direct channels. This could result in excess branch sales capacity for many banks. To address this, banks should use a bottom up approach to evaluate the ideal levels of sales and resourcing across channels.

### Is there a future for the branch in mature markets?

As banks continue to improve direct channel capabilities, will the role of the branch become less important? To investigate this question, Finalta carried out a survey with over 90 respondents from European banks to analyse how their branch networks will change over the next 5 years.

Figure 1



Source: Finalta Multichannel Banking in Europe Survey 2010

Figure 1 shows that the number of branches will, perhaps unsurprisingly, decrease between 2010 and 2015. However, at 2.0%, the pace of closures is slow, although there is significant regional variation behind this number. In Scandinavia, the pace is higher at 3.8%. Southern Europe expects the greatest decrease at 6.4%, probably because banks in the region tend to have larger than average networks relative to the size of their customer base. For Central European (CE) and Eastern European (EE) banks, the number of branches will actually increase as markets mature and coverage matches levels seen in Western Europe.

The slow pace of closures in mature markets can be explained by four main factors:

- The majority of customers are still branch-based. Even customers who are heavily reliant on direct channels still visit the branch to make complex enquiries, purchase certain products (e.g. mortgages), receive advisory services and perhaps to complete higher value transactions. ....

**If you would like to receive a full copy of this Viewpoint, please email [quarterlyinsights@finalta.eu](mailto:quarterlyinsights@finalta.eu)**

**We would be happy to provide this initial material at no cost, in return for the opportunity to explain how over 850 retail banking executives across Europe benefit from our Retail Banking Excellence Programme.**