

## IMPROVING COOPERATION BETWEEN BRANCHES AND DIRECT CHANNELS EMERGES AS TOP PRIORITY FOR BANKS IN 2011

**London, 17 January 2011 – The sixth annual Efma-Finalta report on Multichannel Banking in Europe finds that improving cooperation between branch, internet and contact centre channels is the top strategic priority for nearly half of Europe’s retail banks in 2011. The next most critical improvements are: increasing online banking sales functionality (a 2011 priority for 39% of banks); transaction migration (31%) and improving mobile internet banking services (29%).**

Banks are targeting a step change in direct channel sales and to achieve this they anticipate significant use of differential pricing. This will bring to a head a conflict between branches and direct channels that most banks have been trying to avoid for some time. Branch sales have decreased from 82% to 78% since 2007, whilst those made via the internet have nearly doubled, to almost 10%. The Report highlights aggressive forecasts for internet sales growth: banks expect 19% of sales to be made online by 2013.

Transaction migration is still a high priority for 2011. Pricing differentials and employee / customer education are the most commonly used transaction migration techniques. Banks reported counter transactions down by 3.5%, self-service transactions up by 11% and a 15% increase in online transactions over the past 12 months.

The Report finds 29% of banks are prioritising improvements in mobile internet banking. Mobile phones are playing an increasingly important role in customer servicing. SMS alerts are the most common service offering. 58% of banks have mobile internet banking and a further 27% plan to implement the service for the first time. However, banks do not see mobile banking as a direct revenue generator and 62% say this is holding up change. The biggest benefits are expected to come from reaching younger customers and improving service.

What does direct channel growth mean for branches? The Report found banks predicting just 2% fewer branches and a 3.4% fall in branch staff by 2015, although there are significant regional variations. However, they expect significant changes in what branch staff do. The proportion of branch staff accounted for by tellers will reduce by an average of 8.5 percentage points by 2015. Branches will become much more sales oriented: the proportion of branch staff working as advisors / sellers is expected to rise from just over a third in 2010 to half by 2015. The nature of these commercial roles will also change as banks increase focus on advice, relationship building and the sales of more complex products.

*Christine Johnston, Finalta Director commented:*

“If direct channels grow as anticipated, it will be difficult for banks to maintain branch networks of the size forecast. Most banks plan to convert surplus branch capacity into additional sellers, but it is hard to see how this could work. In mature markets, there simply will not be sufficient customer demand to utilise them if the predicted sales growth in direct channels is also achieved. Addressing this will require a more radical management stance than has been seen in most banks to date.”

*Patrick Desmarès, Secretary General of EFMA stated:*

“If retail banks are increasing their focus on younger customers, they must also be committed to developing the technology and systems that this generation will expect to interact with. Mobile banking must become more than just a one-way communication method and we must see the development of, and commitment to, more intuitive communication methods. That said, we believe that banks are absolutely right to focus their sales expectations on online and mobile channels over the coming months and years, and we see this as the way forward for global banking as a whole.”

### NOTES

Over 400 participants from approximately 40 European countries have taken part in this research over the past six years. Respondents were typically Head of Direct Channels or equivalent. The predictions for multichannel development over the next three years will have a significant impact across European retail



banks. This report provides readers with key industry benchmarks, an investigation of current capabilities and examples of market best practice.

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A copy of the **Efma-Finalta Multichannel Banking** report is available on request. Graphics also available.

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**About Finalta**

Finalta is an independent advisory company that specialises in providing benchmarking and best practice consulting to financial institutions. Finalta provides retail banks with fact-based analysis and practical recommendations designed to support rapid performance improvement.

For further information, please visit [www.finalta.eu](http://www.finalta.eu)

**About Efma**

Efma promotes innovation in retail finance in Europe by fostering debate and discussion among the main players involved in change. Formed in 1971, Efma comprises 2,960 different brands in financial services worldwide today, including 80% of the largest European banking groups.

Through regular events, publications, and its comprehensive website, the association provides retail financial service professionals with answers to their questions about the main issues at stake in their business: multiple distribution strategies, customer approach, CRM, product and service marketing and improving profitability.

Efma is above all a dynamic association, providing a great opportunity for discussion and exchanges without any commercial constraints. It provides its members with a wide range of exclusive services as well as discount rates on non-gratuitous activities. The loyalty of its members as well as their permanent financial support are the best proof of its efficiency. [www.efma.com](http://www.efma.com)