

# Bank branches will be dead in 5 years

Sixty-five percent of global banking executives believe branch-based banking will be "dead" within five years, according to a new [report](#).



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The research, based on a recent survey of 305 senior global banking executives, highlights how Covid-19 branch closures, new technologies and increased competition from fintechs, super-app platforms and tech giants have accelerated digital transformation and triggered a shift in banking priorities and business models.

New technologies such as cloud, artificial intelligence (AI), and application processing interfaces (APIs) were identified by 65% of the bankers surveyed as the trend that will have the biggest impact on the sector over the next four years, ahead of regulation and changing customer demands. Moreover, 81% think unlocking value from AI will be the differentiator between winning and losing banks. Banks are focusing their technology investment on cybersecurity, AI and cloud computing as they accelerate digital transformation projects.

## Customer experience

The report finds that 81% of bankers believe banks will seek to differentiate on customer experience rather than products. With this, many established banks are turning to strategic partnerships and investments in technology to become trusted banking partners and the purveyors of consumer-friendly banking experiences.

The pandemic has been a catalyst for collaboration and experimentation. The report states that nearly half (47%) of bank executives expect their businesses to evolve into ecosystems in the next two years, whereby banks offer third-party products and services, together with their own, to customers and other financial organizations.

"The big shift for us was our belief that we could change fast if we really wanted to. We would have never done the partnerships we are doing now," says Aalishaan Zaidi, global head of digital banking at Standard Chartered.

## **New business models**

The report also shows how the pandemic has emphasised the societal role of financial services. Findings show that bankers view microfinance for entrepreneurs (34%) and accounts for the unbanked (33%) as the most promising inclusion-related business opportunities.

"Open banking and increased competition from big tech and new entrants are causing banks to rethink their business models. Many now aspire to develop digital ecosystems that bring more human, differentiated experiences to their customers using the power of cloud, SaaS and AI. This report shows that bankers now understand that technology will be an enabler for these new business models and is critical to their competitive differentiation," says Kanika Hope, chief strategy officer, Temenos.

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