



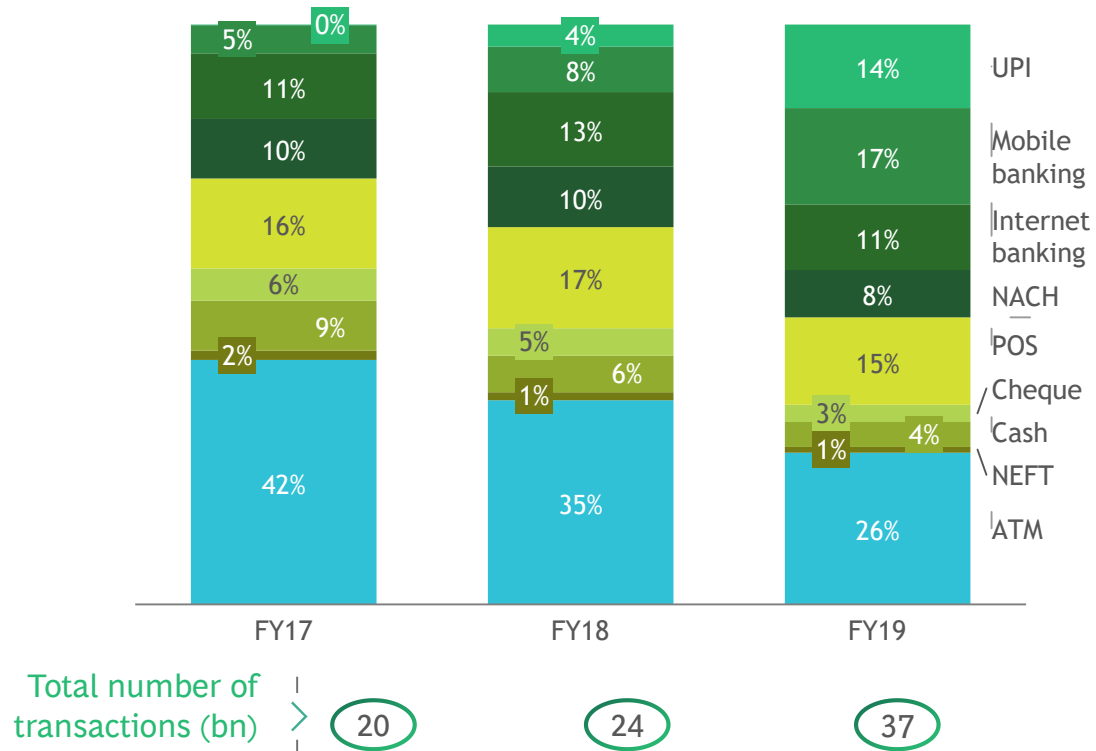
# Branch of the Future

FIBAC

AUG 2019

# Two-thirds of all banking financial transactions are now digital; branch and ATM transactions declining every year

Breakdown of Total Financial Transactions (%)    Growth in Total Financial Transactions (%)



	FY 18 on FY 17	FY 19 on FY 18
Internet banking <sup>1</sup>	37%	36%
Mobile banking <sup>2</sup>	92%	231%
UPI	5024%	485%
NACH (non-branch)	22%	21%
POS	35%	34%
<b>Total Digital Channels</b>	<b>49%</b>	<b>94%</b>
Cheque	2%	-2%
Cash	-13%	7%
NEFT (at branch)	4%	9%
<b>Total Branch Based</b>	<b>-6%</b>	<b>5%</b>
ATM <sup>2</sup>	0%	15%

<sup>1</sup>Internet transactions include RTGS, ECS, NEFT and IMPS financial transactions <sup>2</sup>ATM and Mobile transactions included are financial transactions only  
 Note: 1. Data of 5 PSU-Large banks, 10 PSU-Medium banks, 3 Private-New banks and 6 Private-Old banks included for the purpose of this analysis  
 Source: RBI data; BCG analysis

# Self service is a growing trend, attracting higher investments from the banking industry.

## Self Service Machines per Branch

Bank type	ATMs	POS terminals	Cash deposit machines	Cheque deposit machines	Passbook printers	Self service kiosks
PSU-Large	X = 2.04	13.8	0.28	0.12	0.54	0.13
	Y = 1.97	16.7	0.28	0.12	0.61	0.12
PSU-Medium	X = 1.08	10.0	0.15	0.04	0.20	0.06
	Y = 1.02	10.8	0.20	0.09	0.27	0.06
Private-New	X = 2.88	87.7	0.26	0.03	0.05	0.21
	Y = 2.73	91.1	0.44	0.05	0.07	0.24
Private-Old	X = 1.61	13.1	0.33	0.12	0.18	0.07
	Y = 1.51	14.6	0.40	0.17	0.19	0.05
Industry	X = 1.86	22.5	0.24	0.09	0.37	0.13
	Y = 1.78	26.2	0.29	0.11	0.43	0.13

**X** X = FY 18  
**Y** Y = FY 19

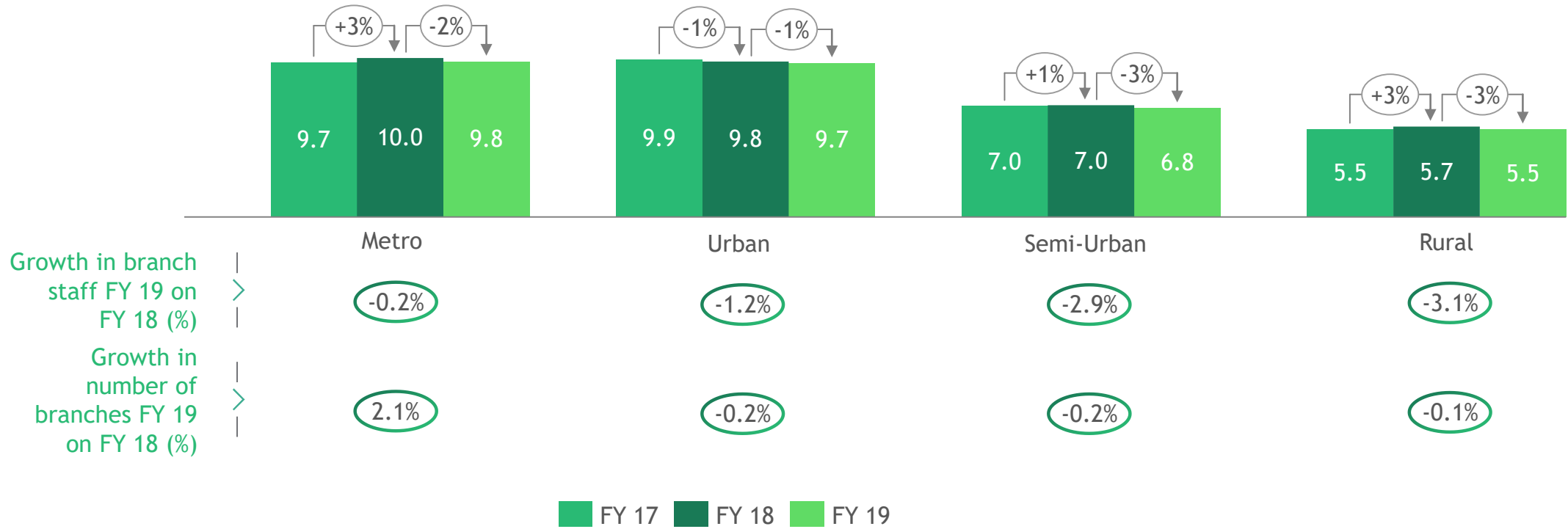
**Growth in FY 19 over FY 18**

- Growth less than or equal to 0%
- Growth greater than 0% and less than 25%
- Growth greater than 25%

Note: 1. Data of 5 PSU-Large banks, 7 PSU-Medium banks, 2 Private-New banks and 5 Private-Old banks included for the purpose of this analysis  
Sources: FIBAC Productivity Survey 2019; RBI data; BCG analysis

# Digitization, automation and newer branch formats resulting in lower branch staff per branch across all geographies

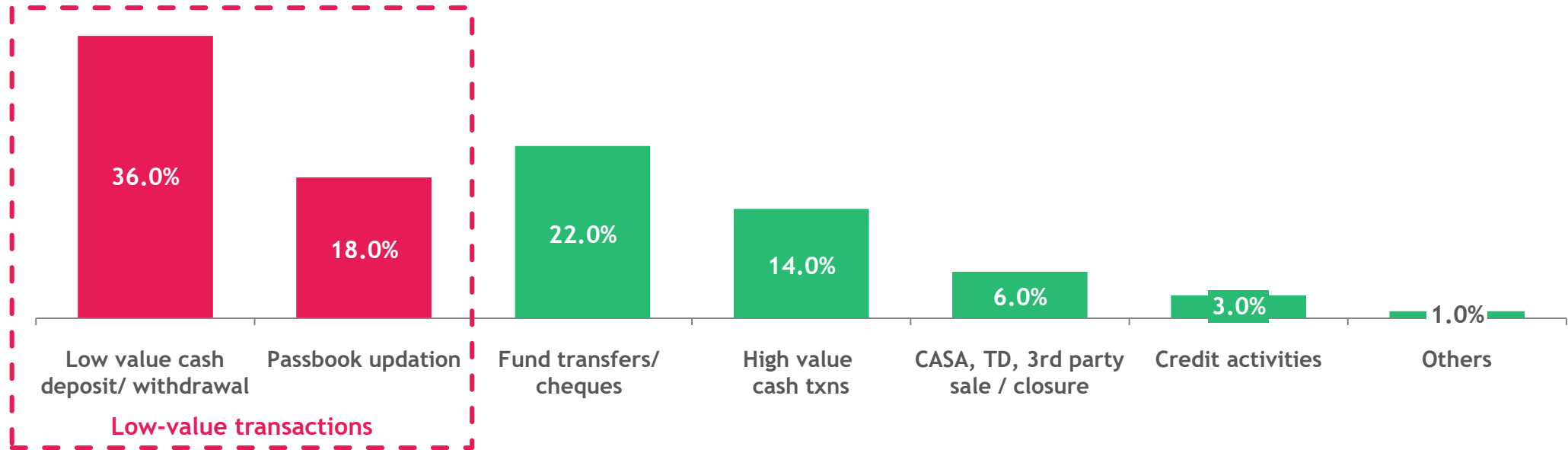
Branch Staff per Branch by Geography



Note: 1. Data of 5 PSU-Large banks, 10 PSU-Medium banks, 4 Private-New banks and 3 Private-Old banks included for the purpose of this analysis  
 Source: FIBAC Productivity Survey 2019; FIBAC Productivity Survey 2018; FIBAC Productivity Survey 2017; RBI data; BCG analysis

# Branches cluttered with ~55% footfalls for low-value transactions

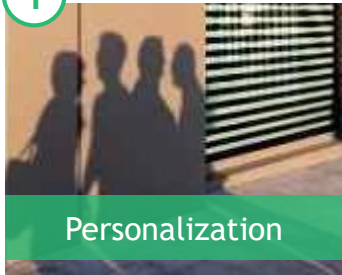
Typical transaction profile for a large metro branch with ~600-700 daily walk-ins



# A new operating model: Branch of the future needs a strategic rethink around six specific areas...

Branches are a significant investment of people and resources. How does a bank get the most out of its branch network?

1

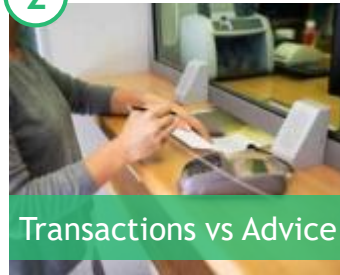


## Personalization

- How are the client expectations changing and how can branch deliver personalized experience?

- Data & analytics capabilities
- Proximity marketing
- Contextual offers

2



## Transactions vs Advice

- How does the role of branches change in the digital age?

- Transactions vs Sales
- Simple vs complex products
- Cross channel journeys

3



## Technology

- What are some of the key technologies impacting branch interactions and processes?

- Biometrics (FR, VR)
- RPA
- AI / ML
- Robotics
- QMS

4

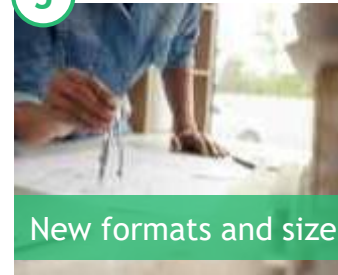


## Ecosystem

- How will partnerships across customers' lifestyle change branch networks?

- Retail
- Telecom
- Commuter hubs
- Tech players

5



## New formats and size

- What formats and solutions address customer needs?

- Optimize the network and design right-sized, modular branches for future?

6



## Cost to Income

- How does the bank sweat the asset to get max return on branch costs?

- Branch productivity
- Cross-sales
- Staff per branch
- Rentals
- Cash limits



[bcg.com](https://www.bcg.com)