

PRESS RELEASE

2020 for Retail Banks: What Does the Year Ahead Hold?

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It goes without saying that 2019 has been a busy year for the banking sector and that 2020 will be too. But there are a few particular trends we expect to see in the coming year.

1. Bank branches will survive

Branch networks will keep being pruned and rural areas will bear the brunt of these losses. But, the headwind against these changes will intensify from politicians and government.

The reasons why more branches will survive in 2020 are clear. Security is an issue that's not going away and for a substantial number of customers, unlike banking communications over email or text, a customer can be sure that the banking representative they are engaging with is who they say they are. Competition from app-only banks might push banks to ape their digital services but it also highlights a competitive advantage established banks have – access to great human capital. In survey after survey, all demographics say speaking and interacting with a real human being is their preference. The online and mobile banking refusers aren't going away and do represent a profitable bunch of customers that can be best served by maintaining High Street services.

In turn this will encourage banks to think creatively in order to strike the balance between maintaining accessibility to financial services across the UK including in remote areas with cost optimisation, and new models of banking will help them achieve this.

2. New models of banking

Shared and white label branches are going to become more of an attractive option for banks caught in the cross-fire of the need to trim their networks while also responding to political and public pressure to sustain a physical presence. This model gives banks the chance to make important cost savings and maintain presence in multiple areas by sharing resources. Instead of having to close a low footfall, remote branch, the bank can keep it open and served by a teller looking after customer queries at multiple branches remotely, for example via video banking. White label branches are bank branches owned by one bank but whose space or technology also used by one or more other financial institutions, for example via a concession. White label branches also benefits banks in that it allows them to create new revenue streams by allowing third parties such as travel agents or insurers or even other banks to outsource their facilities or technology.

3. New channels will arise but omnichannel will also become reality

In 2020 we will see more banks experiment with newer channels such as voice-banking/banking via home smart speakers and further invest in existing channels like mobile banking. However, each channel represents just one part of a customer's overall experience. 2020 will see the real implementation of omnichannel and the breaking down of silos, transforming the customer experience. This will be spurred not only by increasing competition and customer demand for exceptional service but also PSD2 legislation around Open Banking forcing banks to change.

4. Video banking takes off

Video banking will become more important as more banking services are automated. For some services, customers really appreciate the help of a real person taking them through a process, such as filling out complex loan application forms. Video banking can be used by a customer at home or at an assisted self-service device in a machine-only bank branch to ask questions and get real-time feedback about certain boxes, what different contractual language means, whether they need to fill certain parts in and more. This replicates the same experience the customer would have had face-to-face with a teller in a bank branch but allows a more convenient process for the customer as well as speeding up activities and reducing errors.

About Auriga

Auriga is a leading supplier of software and technological solutions for the banking and payments industries, and a specialist provider of innovative omnichannel solutions to banks and other financial institutions. Its solutions, deployed on over 70% of Italian ATMs, are founded on modern architecture and improve time to market for new services while lowering costs and building long-term competitive advantage. Auriga is a global company, with a dedicated presence in Eastern and Western Europe and expanding operations in the UK.

More information is available on Auriga's website: <https://www.aurigaspa.com/en>

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