

## INTERNET REVOLUTION

# Banks ditch branches for digital platforms

Mobile, online and agent banking plus smart branches are on the rise

By **MARYANNE GICOB**  
*The EastAfrican*

Banks are shunning brick-and-mortar branches for online platforms that offer clients easier and faster ways to carry out everyday transactions.

The rise of mobile, online and agent banking as well as smart branches is fueling the shift, as smart phones, tablet computers and personal computers become more accessible.

"Customers' banking trends have declared the death of the bank branch as a transaction channel, as they increasingly embrace self-service technology platforms that accord them freedom, choice and control," said Equity Group CEO Dr James Mwangi when he released the bank's digital strategy late last year.

Equity Bank has shifted most of its services online. Its digital banking avenue will be supported by a Ksh20 billion (\$200 million) IT platform. Besides Equity, Standard Chartered Bank and CFC Stanbic have also embraced smart branches, which provide all the banking solutions available at traditional branches



**Customers want self-service technology platforms which accord them freedom, choice and control."**

James Mwangi, CEO, Equity Group

through online, mobile and intelligent ATMs.

A smart branch is fitted with touch screens mounted on walls that allow clients to personally carry out transactions offered in a traditional branch. Clients can deposit and withdraw money, make transfers, set up standing orders, request cheque books, pay utility bills and download account statements without intervention from a teller.

#### Intelligent ATM

A deposit on the intelligent ATM reflects immediately on the customer's account and so does a money transfer, which is followed by an SMS notification on the client's mobile phone.

But as the Internet revolution impacts on banking trends, the debate on whether to keep physical branches lingers on.

Bank of Africa managing director Ronald Marambii said that while agent banking, ATM, mobile and Internet banking offer convenience, the physical



ATMs, mobile and Internet banking offer the same solutions as are available at traditional branches. Picture: File

bank branch will still remain in business, doing more selling and less transacting. It still offers an avenue to interact with customers plus groups such as the elderly, many of whom may not be technology-savvy and still

tend to prefer the traditional physical branch, he said.

"The physical branch will continue to serve older customers and those who need specialised services or want to discuss personal matters, said

#### FEWER TRIPS

The rise of agent banking, ATM, mobile and Internet banking has led to a decline in the number of visits to branches.

Customers now visit branches to discuss personal matters and seek specialised services that cannot be carried out through agents or mobile channels.

These include opening an account as well as seeking financial advice and loan facilities.

Mr Marambii: "Most customers will visit a bank branch to open an account, seek financial advice and loan facilities as well as print their statements and collect letters after they have been offered a loan."

According to Mr Marambii, the branches also serve to reassure clients who equate physical presence with financial stability.

"They are a touch point for business and keep the brand on top of the mind of citizens," he said.

Bank of Africa is among financial institutions that have said they will not open new branches, as they embrace digital platforms.



MINISTRY OF LOCAL GOVERNMENT



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[sales\\_enquiries@ke.nationmedia.com](mailto:sales_enquiries@ke.nationmedia.com)

