

A majority of global banking executives don't see a future for the branch-based model

Article

The data: 65% of worldwide banking executives expect that the branch-based model will be “dead” within the next five years, [according to](#) survey data collected by The Economist

Intelligence Unit (EIU) on behalf of Temenos. The result, compiled from interviews of 305 senior global banking executives, is **35% higher** than four years ago.

The bigger picture: The new data feeds into branch penetration forecasts completed by Insider Intelligence for the [UK](#), the [US](#), and [Canada](#). “Penetration” is defined as bank account holders ages 18+ who visit a bank, credit union, or brokerage branch at least once per year.

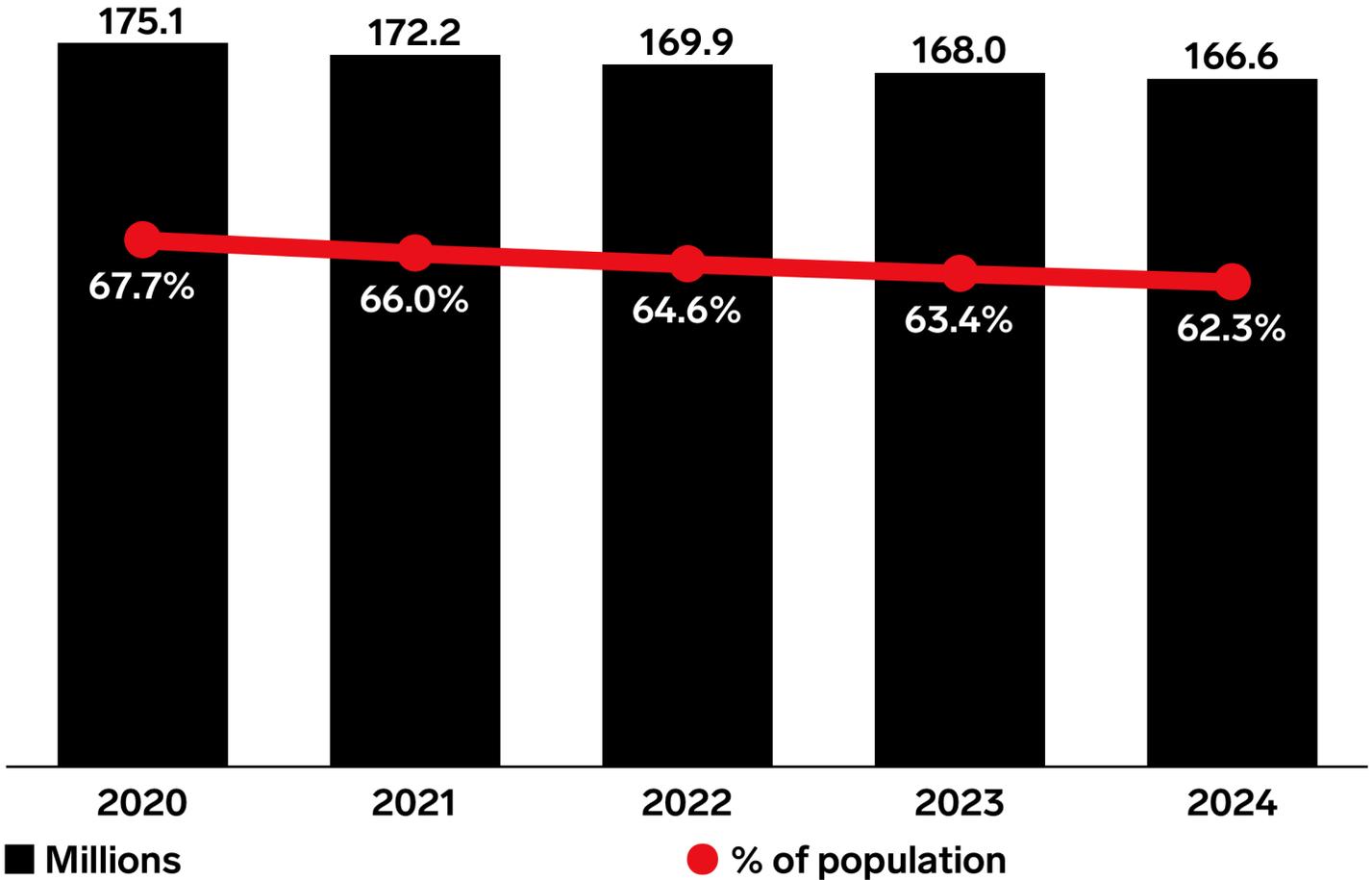
- **UK:** Branch penetration in the country will decline from **65.3%** in **2019** to **between 60% and 62%** in **2024**. Temporary branch closures during the pandemic accelerated a trend of UK banks scaling back their physical footprints to rein in operating costs.
- **US:** Physical bank locations will suffer an even steeper drop in the US, falling from **70.1%** in **2019** to **62.3%** in **2024**. According to an estimate offered by Rob Aulebach, a former retail distribution executive at Bank of America Corp., **up to 30%** of branches that the pandemic shuttered may never reopen.
- **Canada:** Branches remain a valuable asset to banks in Canada, but still are expected to drop from **86.5%** in **2019** to **between 82.6% and 84.5%** in **2024**. **23%** of Canadian consumers [say](#) they’ll visit branches less often for transactions when the pandemic ends.

What’s the new strategy? As brick-and-mortar locations decline, **81%** of the bankers surveyed by the EIU say that banks will seek to differentiate by customer experience, rather than by products. New technologies like the cloud, artificial intelligence (AI), and APIs are the tools that global banking executives plan to use to deliver superior customer experiences.

One technology they expect to play a prominent role in this shift is AI—**81%** of respondents think it will be the key differentiator between successful and failing banks. Chat or voice-based assistants that [use](#) natural language processing (NLP), and machine learning (ML) offer a more personalized customer experience. When a bank becomes an interface, rather than a place, AI will enable banks to deliver bespoke insights that underpin their budgeting, wealth management, or personal financial management solutions.

In-Branch Banking Users and Penetration

US, 2020–2024



Note: Bank account holders ages 18+ who visit a bank, credit union, or a brokerage branch and see a representative in-person at least once per year; excludes ATM visits

Source: Insider Intelligence, June 2020

Methodology: Estimates are based on the analysis of survey and traffic data from research firms and regulatory agencies, historical trends, country-specific data, and demographic and socioeconomic factors.

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