



What 2024 has in store for Retail Banking

RETAIL BANKS ARE GOING INTO 2024 VERY CHANGED FROM HOW THEY WERE ONLY A FEW YEARS AGO. NO LONGER MONOLITHIC CONSERVATIVE INSTITUTIONS, THEY ARE BECOMING DYNAMIC DIGITAL SERVICE PROVIDERS SENSITIVE TO HOW TECHNOLOGY AND CUSTOMER BEHAVIOUR IS CHANGING. IN MANY WAYS, 2024 WILL BE BUSINESS AS USUAL BUT SOME POSITIVE TRENDS WILL EVOLVE SIGNIFICANTLY OVER THE COMING MONTHS.



More Clarity on the Future of Bank Branches

In most markets globally, 2023 saw further decimation of traditional bank branch networks. For example, in the UK, it is [estimated](#) that one in eight branches closed in 2023.

But in-person banking is a choice that many customers still want to have. This not only applies to customers who are not familiar with digital channels but all customers who want to visit a branch to withdraw or deposit cash securely, as well as seek advice and assistance in more complex financial matters. Regular outages that have made online banking inaccessible have underscored how vital a bank branch can be.

Banks and ATM network providers have been attempting to find a solution. 2024 will see more initiatives like the UK's Banking Hub trying to fill the gap in communities with no bank branches. And yet,

this concept that is supposed to represent all the major UK retail banks has proved very slow to get off the ground in the UK. There are far fewer open than expected.

Therefore, this will be a crunch year for [shared banking hubs](#) making a real difference. For the handful of hubs already up and running, expect customer enthusiasm to cool when people realise that a hub offers limited access to their own bank's advisors. They are only available on a rota that suits the bank, not the customer. Perhaps by the end of 2024 we might see Banking Hub 2.0 arise, as banks take onboard the need for better customer experience and invest in digital self-service hubs and people to realise the stated purpose of the hub concept.

Assisted Self-Service to close the gap on person-to-person services

Banks cannot underestimate the importance of adopting a [seamless and channel-integrated omnichannel marketing strategy](#) for banking, aimed at offering a personalised customer experience and delivering the right message (at the right moment) whichever channel the customer is using.



To stay relevant, sustain growth, and lead among competitors, banks must tackle the challenge of overcoming fragmented channels and closing the online and offline divide. In other words, ATMs and ASSTs can no longer be a silo or an outlier in bank's customer service channels.

Financial institutions are recognising the value of merging advanced self-service terminals with human assistance, backed by **remote banking capabilities** through video links. This hybrid model, that in our opinion forges the **next generation branch** operating models, could redefine in-person, physical banking; offering customers the autonomy of self-service with the reassurance of expert guidance. Expect this to not only streamline operations but also to uncover new revenue streams as branches evolve into multifunctional spaces.

Financial Regulators and Politicians Baring their Teeth on Access to Cash Services

Public backlash against loss of banking services in communities has led to political pressure to do more to preserve access to cash especially for vulnerable customers who do not use digital banking. For example, 2024 will see the [first anniversary of Spain's](#) banking sector making a commitment to invest more in human-to-human banking services, including extended opening hours for branches and more than 17,000 trained advisors.

2024 will see regulators in other major markets flex their muscles on **protecting access to cash**. For example, the **UK's financial regulator**, the [Financial Conduct Authority \(FCA\)](#), has new powers to hold

banks to account on how they change their branch and ATM networks without full regard for customers. The FCA has said it will take a balanced approach that considers cash needs of consumers and small businesses, and the costs for banks and ATM operators to meet those needs and the general consumer preference for digital ways to pay. This lies behind the FCA's **new consultation** about what steps a bank must take before it closes a branch in a community. The deadline for responses is February 2024.

This is all very good, but regulators like the FCA should avoid being seen to politely manage the decline of



human-to-human service channels in communities. For too long banks have been allowed to close branches without directly consulting local businesses and customers. Could we see in 2024, the FCA and other national regulators using their powers to push back on the loss of services and especially deposit services? The reality is that the cost of firms to deliver deposit services can be dramatically reduced when they roll out self-service deposit systems. So, will the FCA bare its regulatory teeth and demand improved national access to self-service deposit hubs across the UK? Surely, the use of this self-service banking technology achieves the balance set out by the FCA.

Getting Serious on Zero Trust for ATMs and ASSTs

Banks have been a target for cyber-attacks for many years now. 2024 will see no let up in this and we should expect cybercriminals to continue to probe any vulnerabilities in banking IT infrastructure including ATMs and ASSTs.

2023 did see new ATM cyber scams appear. One was a [new ATM jackpotting](#) attempt that was confined to Mexico and Latin America. The other was an example of [ATM shimming](#) that hides a thin hardware device in the ATM card reader to steal card data.

ATMs are going to be more at risk of attacks as they become more isolated. ATMs are increasingly placed in remote locations and not attached or inside secure

settings like bank branches. This may mean ATMs are where people need them, but it does make them more vulnerable to both crude and sophisticated attacks.

While ransomware and phishing attacks do get the limelight, the continued vulnerability of older and modern ATMs and ASSTs is a real problem that we think needs solving fast in 2024. There are a proven blend of strategies including [Zero Trust](#) that can and should be applied.

Reducing the attack surface should become a cornerstone of ATM cybersecurity in 2024. Communications protection becomes an essential key to achieve this objective, since many attacks utilize this



attack vector during the infection or even execution phases. Robust network security policies are considered essential, and currently, there are solutions with a higher degree of protection than network firewalls, such as application firewalls, which not only **control communications** but also regulate which processes can engage in them. Further, more advanced strategies like **micro-segmentation** are advisable, as they employ secured channels with controlled certificates for each connection, even though they come with a higher deployment and maintenance cost.

AI becomes an ATM's best friend

ATMs are the oldest and most successful examples of fintech around. 2023 has seen big advances in AI generally and we must expect banks to use AI to enhance their ATM channels in 2024. As they seek to get better operational performance and service availability out of their ATM and ASST fleets, we will see more banks and ATM operators take advantage of AI to analyse and act upon real time data from their self-service machines. **AI-powered cash management** should predict cash replenishment needs much earlier.

While customers will be benefitting from this behind-the-scenes use of the technology, we are going to see more **AI inside ATMs** that improve customer experience and drive personalised services. Our own AI, **IOLE**, is one example of how smart chat bots can provide a supporting hand for customers using the latest self-service digital hubs. 2024 will see this kind of technology become more integral to how these hubs understand the individual customer, their financial habits and proactively offer next best actions when they are accessing their cash and account.



Rethink How National ATM Fleets are Managed for Better Service Delivery

In all markets banks and ATM operators are under pressure to support both digital payments and access to cash. Politicians are recognising that their voters want their cake and to eat it too and will not accept the end of cash even as they use contactless payment methods more regularly.

2024 will see banks get more clarity about how **outsourcing end-to-end management** of their ATM fleet can square the circle. **Belgium's BATOPIN**

project will be further demonstrating in 2024 what can be achieved from this model and how it delivers great operational efficiencies while guaranteeing an improved service for accessing cash in convenient locations. If the **cost** of ownership and managing of a national ATM fleet is proving too high, banks in other markets like the UK should consider rethinking their operating models. Indeed might 2024 be the year when **ATM POOLING** becomes more commonplace.



And finally

What this paper sets out is not just predictions but imperatives for the banking industry. To thrive in an increasingly competitive and technology-driven market, banks must embrace these trends, and understand that the path to a successful future is through a combination of digital innovation, personalised service, and robust security measures. Only by doing so, can banks meet the evolving needs of their customers and secure their position as significant financial service providers for the long term.



Building 3, 566 Chiswick High Road
London W4 5YA - United Kingdom
london@aurigaspa.com
www.aurigaspa.com

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