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# Reworking branch strategy, banks put technology first to serve Digital India

By *Saloni Shukla*, ET Bureau | Updated: Dec 21, 2015, 11.18 AM IST

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MUMBAI: Banks are witnessing a sharp growth in electronic transactions, prompting them to invest in **technology** rather than spend on new bricks-and-mortar branches.

The top three private banks said that digital channels now account for more than 60% of their total transactions. While conventional transactions grew in single digits in the past two years, the digital channels saw a near doubling of transactions. "We have seen the power of digital impacting branches," Rajiv Sabharwal, **ICICI Bank** BSE -1.18 %'s executive director told ET in an interview. "Branches are becoming smaller and tech savvy in terms of the number of machines in the branches than in the past. You will find today that branches have fewer employees than in the past but still more transactions being done in the branches," he said.

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Nitin Chugh, head-digital banking at HDFC Bank said the bank's transactions through internet and mobile phones have grown to nearly 63% from 44% two years ago. "Now, to that if you add ATM and phone banking, then we are left with only 12% transactions that are done in branches right now, which at some point of time used to be 30%," he said.

In September, ICICI Bank saw transactions worth Rs 7,800 crore via the mobile banking channel, while the figure for HDFC Bank was over Rs 6,900 crore and for **Axis Bank** BSE -0.20 % it was nearly Rs 5,500 crore. With internet and phone banking becoming the channels of choice for customers, banks are reworking their branch banking strategy and adding recyclers and cash deposit machines, along with setting up e-corners in almost all branches.

"We are focusing on how to automate our branches and make them more digital," said Sabharwal. "Almost all the new branches that we are opening have an e-lobby before you enter the branch. This lobby allows customers to do all transactions on their own before they step in the branch.

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All our new branches have a self-service e-lobby," he said. Axis Bank recently set up express branches that are conveniently located in either a mall or office complex to provide 24x7 customer service. The express branches offer facilities for instant cash and cheque deposits, instant account opening and online purchase of [insurance](#) and advisory services.



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"The percentage of transactions that happen via branches has drastically come down," said Sohini Rajola, head-electronic banking at Axis Bank. However, Rajola said this does not mean an automatic slowdown in branch additions.

"Branch expansion is really necessary, because beyond the top cities we still need branch penetration. Branches are a symbol of trust," she said. Currently, ICICI Bank has more than 4,000 branches, while HDFC Bank has over 4,200 branches and Axis Bank has over 2,700 branches.

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