

After PNB and BoI, Union Bank to now rationalise branch, ATM networks

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Abhijit Lele | Mumbai February 07, 2018 Last Updated at 00:41 IST



The Union Bank of India, a public sector lender, is joining the ranks of its counterparts — Punjab National Bank and Bank of India — in rationalising its branch and ATM networks.

The Mumbai-based bank is planning to merge or close down more than 100 branches in urban areas and convert 200 branches in rural areas into outlets.

Rajkiran Rai G, managing director and chief executive, Union Bank, said rationalisation was being done to send positive signals about cost optimisation.

The bank began the groundwork in the third quarter and part of the plan will be implemented in the fourth quarter.

About 200 branches in rural areas will be converted into partial banking outlets, which may have one or two full-time bank employees and work with support from business correspondents, according to him.

Bankers say cost pressure is pushing them towards

STRATEGIC MOVE

Branch and ATMs network profile

	Dec '16	Mar '17	Jun '17	Sept '17	Dec '17
Branches	4,237	4,282	4,286	4,295	4,302
ATMs	7,496	7,518	7,574	7,674	7,690

Source: Bank web presentation

business correspondents.

Services such as accepting deposits, encashing cheques, cash withdrawal, or lending are provided for at least four hours a day for a minimum of five days a week.

The Union Bank of India has 4,302 branches as of December 31, 2017, including an overseas branch each in Hong Kong, DIFC (Dubai), Antwerp, and Sydney.

Forty-one per cent of its branches are located in metropolitan and urban areas while 29 per cent are in rural areas.

The number of the bank's ATMs stood at 13,097, including 5,407 micro ATMs and 2,495 talking ATMs, as of December 31 last year.

In November last year, Punjab National Bank said it had planned to rationalise its branch network by shutting down or relocating up to 300 loss-making branches over the next 12 months.

Sunil Mehta, its managing director and chief executive, said his priority was to find out how loss-making branches could be turned into profit-making ones by tweaking the bank's business strategy.

Mumbai-based Bank of India has adopted a similar approach to network rationalisation while initiating work on shutting down 400 ATMs. It will decide on closing down another 300 ATMs by the end of February.

branch rationalisation.

The spread of digital banking channels and expansion of the network of business correspondents are giving banks the flexibility to rework strategies.

Taking cognizance of the changing landscape, especially the growth of alternative channels, the RBI in May 2017 shifted emphasis from creating branches to having outlets to serve customers in uncovered or under-covered regions.

A banking outlet is a fixed-point service delivery unit, manned by either the bank's staff or its