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# When Was the Last Time You Visited a Bank Branch?

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*Technology is disrupting the banking industry in several ways. For instance, customers today interact with their banks via mobile devices more often than they visit a bank branch. Jay Sidhu, chairman and CEO of Customers Bank and BankMobile, believes that within five years mobile banking will become the norm.*

*It was this conviction that inspired Sidhu to set up BankMobile, a mobile-first bank, as a division of Customers Bank in January 2015. His daughter Luvleen Sidhu came on board as co-founder of BankMobile. She is now president and chief strategy officer. BankMobile currently has some 1.8 million customers. The Sidhus believe that over the next five to seven years, this number could go up to 5 million.*

*In a conversation with our sister publication Knowledge@Wharton, Jay and Luvleen Sidhu discuss the future of banking. Below are three realities that are changing the way we manage our money.*

- 1. Mobile banking is here, but fintechs may need some help.** “On an average, people walk into a bank branch once or twice a year. But they interact with their bank on mobile devices 20 to 30 times a month. From a business model perspective, bank branches are acquiring only 52 net checking accounts a year per branch,” says Luvleen Sidhu, adding that some fintechs (start-up companies that provide financial services through technology) are doing well acquiring new customers. “For instance, SoFi and Robinhood have done a great job of acquiring customers — but these are just a handful,” adds Luvleen. “There are thousands of fintech companies out there and one of their main struggles is customer acquisition. They are resorting to old school forms of marketing like direct marketing, where customer acquisition costs are \$500-\$1,000 or more, which is extremely high and not sustainable. That is why we’re seeing consolidation of fintechs. They are either shutting down or partnering with banks to create a sustainable customer acquisition strategy.”
- 2. What about all those bank branches?** “The large banks are still totally focused on attracting customers through bank branches. They have hundreds and thousands of bank branches and they are hoping that the customer doesn’t stop going to these branches,” notes Jay Sidhu. “They are making their branches slicker, open for longer hours, have glass around it, they stand outside and invite people, have video screens inside. But everybody has a video screen in their pocket. Why would they want to talk to you in a bank branch?... I think within five years you will see at least 50% to 75% reduction in the number of bank branches. These banks will wake up. The branch of the future will not be on the most expensive street corner. I’ll give you an example. Customers Bank has a branch at 101 Park Avenue in New York. It’s on the eleventh floor. It has \$1.8 billion in deposits. That by itself is in the top 50 banks in the country in size, and it’s on the eleventh floor of a building. That is so much more efficient than little branches all over the place in the streets of Philadelphia.”
- 3. Mobile banking could help more people access tools to manage their money – better known as financial inclusion.** “Part of the reason we launched BankMobile is because there are millions of Americans who are locked out of the banking system,” says Luvleen Sidhu. “This is because they don’t trust the banking system, or they can’t afford the monthly fees or the minimum balance requirements. The big banks charge Americans \$33 billion a year in overdraft fees. That doesn’t build trust. We wanted to provide a banking experience that is affordable and can serve low- to middle-income Americans, individuals who are underbanked or unbanked.”