

10 October 2019

HSBC to focus on digital services and modernise branches as customers use banks differently

HSBC Bank Malta p.l.c. has announced a strategic plan to increase its focus on digital banking services and to modernise its branch network. This will enable HSBC Malta to maximise the opportunities from the rapidly changing way customers are using banks. This builds on the investment the bank has undertaken in digital capabilities during 2019, which will be complemented with the creation of a new flagship branch, development of new wealth management centres, and more flexible access to a range of self-service solutions delivered through a more cost effective operating model. These actions will aim to help mitigate the long-term impact of negative interest rates on the bank's profitability.

As customer banking patterns change towards more digital solutions, HSBC Malta intends to be at the forefront of these changes to meet the expectations of customers as they evolve. Research conducted by HSBC Group shows that globally, 80% of banking transactions are completed digitally, with 45% on mobile devices. Similarly, data gathered by HSBC Malta indicates that Maltese customers' use of traditional banking services is reducing by more than 10% per annum while mobile usage is increasing 65% each year.

HSBC Malta is changing how it will serve its customers to reflect these trends. The bank recently launched new mobile banking and internet banking platforms which are seeing significant growth in usage as customers choose speed, ease and simplicity to undertake their everyday transactions. Its contact centres are supporting 20% more calls when compared to the same period last year, as customers choose to interact with the bank in different ways.

Branch banking will continue to be a critical part to HSBC Malta's service offering for the long term. However, what branches do for their customers and how and when they do it is changing.

In 2020, HSBC will open a new 'flagship branch' within its principal office in Qormi bringing together its existing Qormi and Balzan branches, which will close. This will be HSBC's largest branch in the country and will deliver the best of the bank's services with improved access such as parking.

The bank's branches in Valletta, Mosta, Paola, Sliema and Victoria (Gozo) will provide more services, parking for customers and, subject to consultation with the Malta Union of Bank Employees (MUBE), will open for longer hours.

These branches will be supported by four new Wealth Management Centres which will be located in Birkirkara, Mosta, Paola and Swieqi branches providing extended access to specialist advisors, affording customers more flexibility and convenience.

HSBC will continue to operate full-service branches in Birkirkara, Gzira, Swieqi, Rabat, Żejtun and Żurrieq and invest in customer service centres in Mellieħa, Żabbar, Żebbuġ and San Gwann.

To enable these changes and reflect customer banking patterns, the branches in Birżebbuġa, Cospicua, Fgura, Hamrun, Marsascala, St Julian's and St Paul's Bay will close by the end of 2019. The bank will maintain self-service ATM and deposit machines in any locality where a branch will close.

The bank expects, subject to MUBE agreement, a reduction in roles within the organisation on a voluntary basis. The restructuring costs to deliver these changes will be booked in the 2019 financial results but as the programme is voluntary, the amount will depend on the number of applications.

Andrew Beane, Chief Executive Officer, HSBC Bank Malta p.l.c. said: "Customers are changing the way they use financial services and HSBC Malta is taking the right actions to respond to this. We are delivering enhanced digital solutions, a modernised branch network with new wealth management centres, and more flexible access to a range of self-service solutions. With the closure of some branches, this will all be delivered through a more cost effective operating model which will help us mitigate the long-term impact of negative interest rates on the bank's profitability in Malta."