UBI Bank slims down further, closing 114 branches

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The reorganisation within the **UBI Bank Group** is redefining the distribution structure, with the closure of **114 customer points**, that is, **55 branches and 59 mini-branches** (small branches that are not autonomous), and another 54 branches, which will be made mini-branches, and 2 mini-branches, which will be upgraded to full branches. **Varese Province** will not be particularly affected by this reorganisation: the only "sacrifice" will be the **Cuvio** branch of **Banca Populare di Bergamo**, which has **94 branches**, **6 mini-branches** and a total of **886 employees** in the province.

The **1227 employees affected by the operation** (the Group has 18,337 employees), of which **700** are from the previous reorganisation, will be retired off, where possible, or retrained.

Although there is no explicit mention of a business plan (an expression clearly not liked by the top management of **UBI Bank**), the announced reorganisation by the fourth largest banking group in Italy is part of a series of **reorganizations implemented since 2007**, that are "in line with the ever increasing use of multiple channels," that have led to a **12.4% reduction in the number of branches** (there are currently 1725) and a **15.5%** reduction in staff.

The change has been taking place for a number of years: the **classic costumer**, who goes to the bank to carry out routine operations, is leaving room for the "**costumer 3.0**", who takes his bank home with him, on his computer, tablet and smartphone, and sits comfortably in his armchair. This phenomenon is growing continuously, considering that the number of the Group's **online costumers** has increased by **190%** in 7 years, **from 421,000 in 2007, to 1,222,000 in 2013**.

In the latest meeting with shareholders of Banca Popolare di Bergamo in Varese Province, the Group's top management also mentioned this aspect, pointing out that, although it is true that **a bank is not created with machines alone**, it is also true that its role cannot remain set, but must adapt, providing a **consultancy service with a high added value**. Nowadays, **fewer than 50%** of the total number of employees provide commercial services and costumer advice.

"**Quantity or quality?**" was what **Victor Massiah**, the managing director, was wondering during the meeting.

The question was anything but rhetorical, because, although it highlights the crisis of a banking model that has become obsolete, it emphasises the search for a new placement, starting from a different offer. For 6 years, UBI Bank has sought the answer in a **slimming down process that must end sooner or later**. However, the figures show that structural costs have been reduced by **€457 million (-17.6% of operating costs from 2007 to 2013)**, to which we should add a further cut of **€15 million per year**, which will start in 2015, as a result of the latest union agreement, last March.

An agreement between the parties over the new arrangement should be reached by the end of the year, and full running, **in the first six months of 2015**.

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redazione@varesenews.it