



# Go digital, stay human: How UK banks & building societies can reimagine the customer experience

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# Introduction

The rapid pace of digital adoption is reshaping how banks and building societies interact with their customers. While new technologies create faster, more convenient ways to serve, they also risk weakening the human connections that have long built loyalty and trust.

Getting the balance right is challenging. How can financial institutions deliver seamless, efficient digital services, while preserving the personal relationships that customers value most? Banks are investing heavily to meet the expectations of younger, digital-first generations, while building societies focus on maintaining their community roots and member-centric ethos.

At the same time, **digital adoption is accelerating rapidly**, changing customer expectations and the role of traditional branches. Since 2015, when Atom Bank became the first digital-only bank to receive a full UK banking license, a wave of challengers, including Monzo, Starling and Revolut, have entered the UK market. By 2024, approximately 40% of Brits (21.5 million people) [reported using a digital-only bank](#), and 87% of UK adults (47 million people) were using some form of online banking.

This rapid shift to digital has **come at a cost to the high street**. Since 2015, [892 branches have closed in the South East of England alone](#), prompting government and regulatory attention, including FCA requirements from September 2024 to ensure easier access to cash via branches and ATMs.

In response, many banks and building societies are reimagining the branch experience, blending digital self-service with

personal, relationship-driven interactions. Some have consolidated networks into local hubs, while others emphasise branches as community anchors, demonstrating that physical locations remain a key part of the customer experience.

In this study, we explore how financial institutions can embrace digital innovation without losing the human touch. We examine the evolution of online and in-branch experiences, the role of physical branches in a digital era and how technology can enhance rather than replace personalised, relationship-driven service.

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# 01. Digital fatigue

A [recent study from the Financial Conduct Authority \(FCA\)](#) showed that more than 13 million customers in the UK still rely on branch services, representing 26% of all account holders. And while that figure has dropped from 63% since 2017, 9.7 million people continued visiting a branch at least once a month in the first half of 2024.

The report goes on to show that 3.3 million people, or 7% of all account holders, don't use online banking or mobile apps at all. While this group includes low-income households and those with medical conditions or disabilities, older adults are also disproportionately represented: [Age UK](#) reports that around

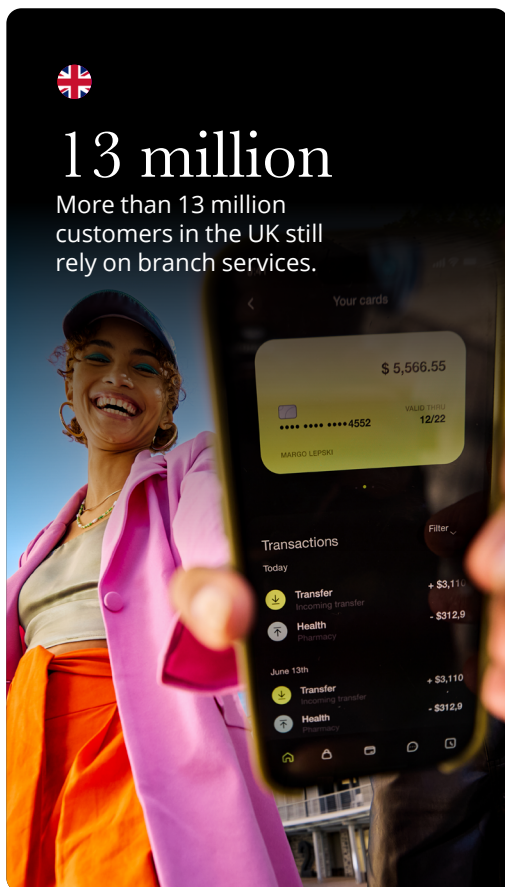
40% of over-65s with a bank account do not manage their money online.

While many banks continue to close underused branches to cut costs, **building societies are taking a different approach:** many are maintaining their branch footprint or even expanding in communities where other providers have withdrawn. For example, [Newcastle Building Society](#) has deliberately opened new branches in towns where the last bank had shut its doors, such as Wooler and Hawes, making a physical commitment to communities that would otherwise be left without access to face-to-face banking.

This continued reliance on branches and the slower adoption of online banking by certain groups raises the question of whether some consumers are experiencing digital fatigue. While the Covid-19 lockdowns pushed many to adopt self-service digital tools, for some customers this shift **reinforced the value of human interaction**, leaving them disillusioned with purely digital solutions.

Concerns over **anti-financial crime failures by digital-only providers** have only added to this viewpoint, which is reflected in the success and growth of local building societies. According to a [recent Building Societies Association Report](#), societies have over 26 million members who are serviced by around 1,300 branches, which is around 30% of all high street branches, an increase from 14% in 2013.

For many large banks, maintaining a vast branch network is often impractical due to rising costs and competition from digital challengers. The challenge is finding a way to **combine digital efficiency with the human touch**, something customers clearly continue to value, as evidenced by the 9.7 million people who still visit a branch at least once a month, the 3.3 million who do not use online banking at all and building societies' ongoing investment in local branches to support community relationships.



## 02. Evolving branch networks

As noted by Barclays UK CEO, Matt Hammerstein, “profound technological changes and the ease with which customers can access their accounts digitally means that our physical branch network is experiencing a sustained fall in demand.” This challenge is far from unique. Branch visits are declining as customers increasingly complete transactional banking on mobile and online platforms, reducing the traditional role of branches.

In response, the [2025 Whitecap Building Societies Report](#) investigated the branch of the future, highlighting that building societies viewed their branch network as crucial in attracting new members as it is a key asset in strengthening **brand visibility and trust**. The report recommends that societies create multi-use spaces where members can receive financial advice or attend local events, broadening the appeal of the branch. However, it stressed the need to strike the right balance between digital, branch use and future strategy.

Instead of viewing branch closures as inevitable, some organisations are reimagining the branch experience. By automating front-to-back operations, banks and building societies can maintain personal connections with customers while reducing dependence on physical locations.

Several building societies and banks are experimenting with removing traditional teller layouts in favour of more relaxed, informal branch environments. A compelling real-world example is HSBC’s “[Unlock the East](#)” branch in London, where open, flexible spaces allow staff to sit with customers over coffee and discuss financial goals, from purchasing a first home to planning for a holiday. This design fosters deeper relationships, breaks down transactional barriers and aligns with the **evolving expectations of customers** who value personalised, advisory-led interactions over purely transactional service.

This approach, however, requires a technology solution that **provides instant access to customer and account information**, streamlined onboarding, direct integration with back-end platforms and a digital, web-based experience that can be accessed via tablet devices for branch staff. Providers using on-premise, desktop-based systems may struggle to support this approach, making migration to cloud platforms essential.

Scottish Building Society offers a strong example of this strategy in action. In recent years, they’ve [upgraded their local branches](#), now called “relationship centres”, demonstrating a commitment to in-person service while [doubling in size over five years](#). Beyond the branch experience, the society is rolling out a new member-facing savings portal, including a companion mobile app. This solution enables straight-through processing from front to back office, offering digital capabilities for members who prefer online banking without excluding those who value face-to-face interaction.

In a [recent interview with SBS](#), Paul Denton, CEO of Scottish Building Society, said “We are right now in the final stages of implementing the savings front-end journey for our members, which will include online and mobile banking. That’s great for our customers because it keeps us relevant, modern and digital in the front-end, but for us in the back office, it will have straight-through processing, a level of efficiency, and good colleague understanding of the systems. That enables us, with the straight-through processing, to cope with the spikes that happen through the year from a savings perspective.”

## 03. Rethinking digital onboarding

A simple, fast onboarding experience is one of the most effective ways to attract new business. This can be done both in-branch and online. Historically, credit and identification checks take time, and processes are often physically robust to reduce fraud. However, these processes are **not without their faults and risks**, and with ever more sophisticated methods of fraud detection and identity verification, banks still face delays and friction in onboarding customers.

A recent [YouGov report](#) found that 64% of people in the UK save predominantly for a rainy day, with other drivers including saving for a specific purchase (39%), retirement (36%) and building wealth (36%). The same research showed that 57% of savers use multiple providers, and that 31% plan to open a new savings account in the next 12 months. These figures **highlight the competitive landscape**. With so many people actively managing their savings and exploring new accounts, banks and building societies must make onboarding fast and easy to attract and retain customers.

Digital-only challengers such as [Revolut](#) have raised the bar by offering account openings in minutes. And traditional banks and building societies can't afford to be left behind. To compete, they must diversify, delivering similarly slick onboarding experiences, whether online or in-branch, while adding the reassurance and human touch that digital-only providers often lack.

APIs and integrated digital tools make this possible, by enabling faster credit and identification checks, reducing a process that once took a week and a posted confirmation code to just a few clicks. **The goal is not simply to match digital competitors, but to exceed them:** enabling customers to open an account and start saving within minutes, backed by the trust, service and advice that comes with a personal relationship.

57%

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## 04. Mature product switch

Banks and building societies struggle in today's market in their product switch operations. Too often, these involve manual processes that reduce the availability of real-time information and slow down decision-making. For customers on the lookout for the best deal, this can be a frustrating delay.

The stakes are high. In the UK, there are around [8.5 million outstanding residential mortgages](#), 81% of which are on fixed rates. With market volatility in recent years, it's not surprising that many consumers are looking for a deal that offers better security and less risk. For lenders, this has created additional pressure to ensure their switch processes are both **competitive and efficient**.

Product switches can become especially **complex** when a mortgage has three or more sub-accounts, each with its own terms or products. These variations depend on the lender's policies and the specific structure of the sub-account, but the result is often a cumbersome experience for both customer and lender.

By implementing solutions that remove the need to manually key in instructions across multiple sub-accounts, lenders can provide far greater **flexibility** and **accuracy** in managing even the most complex mortgage structures.

Customers now expect immediate calculations when reviewing their options, whether they are changing term length, interest rate or other material details. They also want to see in real time which choice best suits their needs. Just as importantly, this seamless experience should carry through to every channel, whether that's online, in branch or via a broker, so that customers receive the same smooth and consistent journey regardless of how they engage.

While most borrowers are more likely to remain with their existing lender than move elsewhere, ensuring a seamless, transparent process reduces the temptation to shop around and strengthens market reputation.



## 05. Discovering operational agility

When enhancing human interactions with the support of new technology, **agility and personalisation at scale** should be **front of mind**. By digitising day-to-day processes and reducing manual handling across end-to-end operations, banks and building societies can redirect resources toward customer service, particularly for vulnerable customers and those who value face-to-face engagement.

Cloud technology plays a central role in this shift, enabling organisations to work in real-time with accurate data, helping to identify consumer and market trends earlier. This, in turn, enables banks and building societies to respond to customer queries sooner, as well as bring new products to market faster, driving customer retention and growth.

Adopting a single solution that supports front-to-back office processing ensures that information is **always up to date, accurate and free from unnecessary manual processing**. This not only reduces friction but also frees up staff to focus on value-added tasks, reallocating resources to areas that fuel growth and create differentiation in an increasingly competitive market.



## 06. Enhance the experience with data

Better use of data doesn't just support your business, it supports your customers. One of the most powerful applications is identifying when someone's circumstances have changed, and whether they might be entering a period of short- or long-term vulnerability.

Open banking plays a crucial role here. Looking at a single account makes it difficult to spot potential risks, but having visibility across spending and income patterns enables providers to notice changes in behaviour sooner. For example, sudden shifts in incomings or outgoings can act as an early warning signal.

Below are three scenarios where data insights can help identify and address vulnerabilities:

01 Loss of employment

### Loss of employment

Sofia has worked as a manager at a small, specialised insurance company for the last 10 years. Recently, the business was acquired by a larger brand and Sofia's office was made redundant. Despite receiving redundancy pay, Sofia has struggled to find new employment at a comparable wage.

As a result, Sofia's income has stopped, and her savings are being depleted quickly. She is falling behind with bills and mortgage payments. She is scared to look at her online banking or go into the branch as the stress is impacting her health.

Using open banking, Sofia's bank can see her money moving between savings and current accounts. Her usual spending has significantly reduced, and the bulk of her current outgoings is bills.

The bank reaches out to her to discuss Sofia's current situation. She explains the challenges she's faced in recent months and how she is working to avoid going overdrawn. One of Sofia's current biggest concerns is her mortgage and the risk of losing her home. Having been a reliable mortgage customer

02 Bereavement

for 15 years, she has never missed a payment. The bank offers Sofia a three-month mortgage holiday, giving her the breathing space to focus on finding a new job.

This support prevents Sofia from going overdrawn or missing a mortgage payment after years of consistent reliability.

### Bereavement

Walter recently lost a close family member. He visited them in hospital every day over a period of several weeks. His accounts show multiple hospital parking payments, several payments to coffee shops and fast-food restaurants, and reduced grocery spending.

Walter is self-employed and normally deposits cash into his local branch twice a month. These deposits make up approximately 40% of his income. Recently, deposits have become smaller and less frequent, suggesting he is taking on fewer or smaller jobs to manage around his personal circumstances.

Walter is distracted by events in his life and could be at risk of missing a payment or going overdrawn. He is unlikely to be paying close attention to his finances. Data showing

changes in his spending habits and incoming payments could flag Walter as a potential short-term vulnerable client.

As Walter is a regular visitor to the branch and he knows the staff there well, his account is passed on to his local branch manager. The branch manager calls Walter, who explains his situation. The branch manager is compassionate and understanding, listening as Walter says he is currently struggling to get into the branch during working hours to make deposits. The branch manager reminds Walter that he has the option to deposit cash funds by post, though it isn't totally secure. He suggests that Walter encourages his clients to pay via online transfer in the short term and helps Walter register for online and mobile banking, explaining how to use the solution to manage his accounts, payments and balances.

As a result of the branch manager reaching out, Walter avoids going overdrawn and missing regular payments, which could have further impacted his finances, business and overall wellbeing.

## Job promotion

Imran works at a call centre for a large manufacturing company. He has been with the business for five years and has received incremental pay rises each year. This year, however, Imran was given a significant promotion, which came with a substantial pay rise. In his late 20s, Imran has never had a substantial disposable income and is unsure whether to save money, make new investments or pay more toward his mortgage to reduce the capital faster.

Imran is a proficient user of online and mobile banking and hasn't been into a branch since he opened his account 8 years ago. He chose his current provider because it was his mum's provider, and she recommended them. He has now started to look around at digital-only banks, attracted by their reputation in the market, strong digital offering and engaging advertising.

Imran is in a prime position to start investing in his future with his new disposable income, and his building society has identified this using data. As an avid user of online banking, Imran is placed in a segment that receives in-app ads promoting high-interest savings and ISA accounts, along with messages and emails about financial literacy.

As a result of one of the emails about the benefits of paying off his mortgage sooner, Imran calls his building society for more information. Imran had been planning to put all his disposable income into savings with a digital-only bank offering 3.5%. However, his current mortgage interest rate is 5.7%. After receiving advice on how much he could save in interest by making overpayments, Imran decides to put the bulk of his disposable income toward his mortgage. He also opens a limited-access savings account with his building society, offering 5% interest, which incentivises him to lock away some of his disposable income for 12 months.

Imran continues to use online and mobile banking to manage his finances, but he abandons previous plans to open an account with a digital-only bank. He feels understood and valued by his building society, which has reinforced his loyalty.

## 07. Creating human differentiators in a digital world

The examples above highlight situations that banks and building societies across the UK encounter every day. Life has its ups and its downs, and sometimes these events can significantly impact a person's finances, even positive changes can have financial consequences. No matter how advanced an AI model might become, it cannot replace the empathy, understanding and connection that a human can provide.

Humans crave understanding, and when someone is struggling, offering a lifeline immediately builds rapport. And **rapport, in turn, builds loyalty**. It's important not to underestimate the human experience as a differentiator when digitally streamlining operations within banks and building societies.

Striking the **right balance is a challenge**. Banks and building societies that leverage technology can streamline their operations and reduce costs, but that scale can also isolate account holders and limit opportunities for face-to-face relationship-building.

The key is to nurture loyalty early. This might involve supporting vulnerable customers or providing financial literacy programs for low-income consumers, helping them budget and take control of their finances. It could also involve initiatives that teach children about banks, interest rates and the importance of maintaining good financial health from an early age.



## 08. Go digital, stay human

Industry events and annual reports make it clear: many building societies are not only committed to keeping their local branch networks open, but are actively looking to expand them. While this isn't necessarily the industry norm, it shows that growth is possible.

[Nationwide Building Society](#), for example, was the highest-rated provider in the banks and building societies sector, according to data from the Institute of Customer Service's UKCSI (July 2024) and remained among the leaders in the [2025 report](#). In recent years, Nationwide has taken bold steps to reshape

the market, from its [Fairer Share](#) scheme to the [acquisition of Virgin Money](#). By combining exclusive member benefits with the scale and reach of a high street bank, Nationwide has demonstrated how the mutual model can thrive and prosper.

At SBS, we're committed to helping banks and building societies maintain their personalised, relationship-centric spirit as digital adoption accelerates. Key to this is ensuring branches remain pillars of local communities, though often in a reimagined form. Drawing on our experience of working with nearly half of the UK's building societies in the market, we're developing a new digital branch solution designed to rapidly modernise operations, enhance efficiency and redefine the branch experience for the future.

Branches are not relics of the past. Instead, their role is evolving. As one of the largest technology providers in the market, we're proud to provide clients with a unique opportunity to help shape what the branch of the future will look like, enabling banks and building societies to go digital, and stay human.





SBS is a global financial technology company that's helping banks and the financial services industry to reimagine how to operate in an increasingly digital world. SBS is a trusted partner of more than 1,500 financial institutions and large-scale lenders in 80 countries worldwide, including Santander, Société Generale, KCB Bank, Kensington Mortgages, Mercedes-Benz, and Toyota FS. Its cloud platform offers clients a composable architecture to digitize operations, ranging from banking, lending, compliance, to payments, and consumer and asset finance. With 3,400 employees in 50 offices, SBS is recognized as a Top 10 European Fintech company by IDC and as a leader in Omdia's Universe: Digital Banking Platforms. SBS is headquartered in Paris, France.

To find out how we can help your bank to create market-beating digital transformation strategies:

→ [www.sbs-software.com](http://www.sbs-software.com)

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