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Rationalisation and optimisation
of networks and reorganisation of
the business structure



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Introduction

Afi has nearly 20 years' experience in advisory and consultancy services, helping leading companies in the most important sectors, with a special emphasis on financial institutions. This experience enables Afi take an independent and multi-disciplinary approach to its advice on commercial management models, covering the main vectors of the commercial activity that may affect the company.

Who is this service for?

The service is for financial institutions which, in a context of increasing competition, seek to increase the effectiveness and efficiency of their commercial management models through the rationalisation and optimisation of branch networks.

Features of the service

The service helps the organisation to focus on customer satisfaction, allowing a better understanding of customers and their needs, devising methods and systems that generate increases in volumes and margins. Business advice in retail banking businesses can be approached in different ways:

- **Location of branch networks:** The physical proximity of the network is a key element in the behaviour of bank customers. For this reason, decisions with regard to the location of points of sale are important determinants of the profitability of the large investments required for network expansion. It is fundamental to use an appropriate methodology for the location of branch networks. To do this, it is necessary to have robust studies of the demographic, economic and social environment, to conduct an in-depth analysis of the activity of the competition, perform internal analyses of the capacities and resources of the institution itself, to maximise the strengths and overcome the weaknesses in the bank's commercial management, to set an overall strategy for expansion, and to translate it into concrete actions. This strategy should define aspects such as the regions and municipalities in which the expansion should be focussed, the premises required, the type of branch, the profile of the staff, the commercial structure that will support the expansion, the business targets and the financial projections of the expansion, including its impact on the institution's accounts, among other aspects.
- **Geomarketing:** Today intuition is no longer sufficient for decisions on opening or closing branches. For decisions on the location of networks, there are tools that use the databases available to provide information on the demographic variables (age, educational level, etc.) of each area of influence, the shops and businesses located in the area, the income levels of the population, or the effect of the zone's urban characteristics. On maps of the areas in question, these tools graph the location of the bank's customers, where competitors are situated, and the location of potential customers (individuals, businesses, etc.). This information provides solid support for decision-making, so that the new branches move into profit more rapidly.
- **Network rationalisation plans:** From time to time, banks must consider the desirability of making adjustments to the existing network of branches, with a view to relocating or closing of some of them. The social, economic and demographic changes in the surroundings create the need to restructure the network. Not only closures should be considered. Other alternatives are available.



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→ **Mix of channels:** Institutions need to decide which channels they are going to use to interact with their customers and what role each of these channels should play. Various factors must be taken into account, such as the segments at which they should be directed, the technological options, the reasonable levels of costs, the efficiency advantages of each, and the level of customer satisfaction.

Afi can help your organisation to carry out all these processes successfully.

Contact

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