The currently ongoing COVID-19 pandemic is certainly a factor that MetroBank cannot ignore when considering the prospect of entering the market as a physical bank. Banks, consumers, and of course the government are all having to assess the risks of in-person banking and are favouring digital, non-contact methods whenever possible.

This would undoubtedly negatively impact a physical bank’s ability to thrive, especially when something as simple as banknotes may be spreading the coronavirus according to the WHO.

(https://www.telegraph.co.uk/news/2020/03/02/exclusive-dirty-banknotes-may-spreading-coronavirus-world-health/ (2020))

Many people can be carriers of the disease and therefore spread it before they even display symptoms of the illness, which consequently makes it difficult to avoid the disease. Elderly consumers who are the demographic who generally see more value in traditional, physical-based banking,

(<https://www.researchgate.net/publication/303354583_Consumer_preferences_for_banking_technologies_by_age_groups> (2016))

are especially at risk from COVID-19 as it poses a direct threat to their life and they would likely be very reluctant to visit physical banks over using online banking under the current circumstances. Thus the current decline in the usage of physical banking due to COVID-19 has to be considered as a potential risk by MetroBank.

Physical banks are slowly phasing out while new technologies are changing how banking operates not only in Australia, but also across the whole globe. Even the representatives of the banking sector are openly admitting that the traditional role and model of banks will undergo significant changes in the upcoming years.

Industry representatives are already seriously taking into consideration the utilisation of Big Data and AI technology with increasingly advanced algorithms which will be capable of reading human emotions. Companies operating banks that have access to such data and technological capabilities will undoubtedly gain a competitive advantage over other banks and will be able to offer personalized products and services, and operate with greater efficiency and a higher quality customer service.

Another factor that should be considered is how the rapid development of mobile payments has led to telecom companies becoming a substitute product towards banking. These telecom companies not only have appropriate infrastructure, but more importantly they have access to large amounts of data of the users of mobile phones. This data allows them to offer targeted financial and insurance services towards consumers based on their consumer behaviour. Furthermore, telecoms enable consumers to make payments without the hassle of setting up a bank account. Taking all this into consideration, it would be in MetroBank’s best interests to focus more on an online branch and put its resources towards these technologies that will provide them with crucial data and thus allow them to gain a competitive advantage over other companies in the financial service industry.

https://www.obserwatorfinansowy.pl/in-english/traditional-banks-are-becoming-obsolete/ (2018)

<https://www2.deloitte.com/au/en/blog/financial-advisory-financial-services-blog/2019/rise-of-artificial-intelligence-in-banks.html#:~:text=Artificial%20Intelligence%20(AI)%20is%20just,heightened%20customer%20experience%20for%20all>. (2019)