Banks Will Never Be the Same After COVID-19 Is Over

### Description

The pandemic is far from over, but now that a vaccine is here, things are starting to look better. It took the pandemic less than a year to bring economies around the globe crashing down. Some industries, like the airlines and traveling, wouldn't recover from the loss of revenue and asset devaluation for several years. Millions of people will find it hard to replace their well-paying jobs.



We lament the loss and consider the losses that will hopefully be recovered in time. But the pandemic changed several things that will stay that way, probably forever. It expedited the shift of businesses to e-commerce, which will change retail forever. It also made many businesses realize that they could function while half their staff is working from home, reducing the need to maintain office spaces and associated overhead costs.

This has affected many different industries, and banking is one of them.

## Banking after the pandemic

Online banking has been growing for the past decade. The evolution of Fintech and improved digital security is slowly making brick-and-mortar bank branches obsolete. It can be seen from the slowly dwindling number of new bank branches that are constructed everywhere. It was happening already, but many people haven't come around. They preferred the conventional way of banking.

But the pandemic has forced many such people to jump ship as well. Many banks had to close branches during the first wave of the pandemic, and just when things started to normalize, the second wave hit, forcing Canadian banks to extend the work-from-home timelines. The Big Six have all reverted to the work-from-home trend, and **Royal Bank of Canada** is even sending employees who've returned to working on-site back to their homes.

Not all bank employees can work from their homes, but banks seem adamant about minimizing the on-site staff. And the situation isn't expected to change till April. All this points towards a single fact, and it's that banking won't be the same after the pandemic. Branches might keep seeing significantly lower foot traffic, even when banks fully reopen, and banks might start diverting resources from their physical locations to their digital presence.

## Banks as investments

Banks going digital isn't the same as banks losing business. Even with the rise of low-cost credit unions, the Big Six still control most of the market. And they would most likely secure their digital presence well before any serious competition gains footing. So, if you are planning to add **National Bank of Canada** (TSX:NA) to your portfolio, you don't need to hesitate.

It is one of the best growth stocks in the banking sector and has been for the past five years. Right now, it's offering a modest 3.87% yield, but if you can wait for another dip, you might be able to lock in a better yield. It's offering a 10-year CAGR (dividend adjusted) of 12.33%. Another decade at this rate, and it can turn a one-time $10,000 investment into $32,000.

## Foolish takeaway

Banks might not be the same after the pandemic, but that's not necessarily a bad thing for the customers. If banks start closing down branches and adjusting their branch employees into other positions (many of which might be home-based/remote), the reduced overhead costs might translate to lower banking fees.



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