SunTec

Ensuring Customer Loyalty in the Age of Invisible Banking

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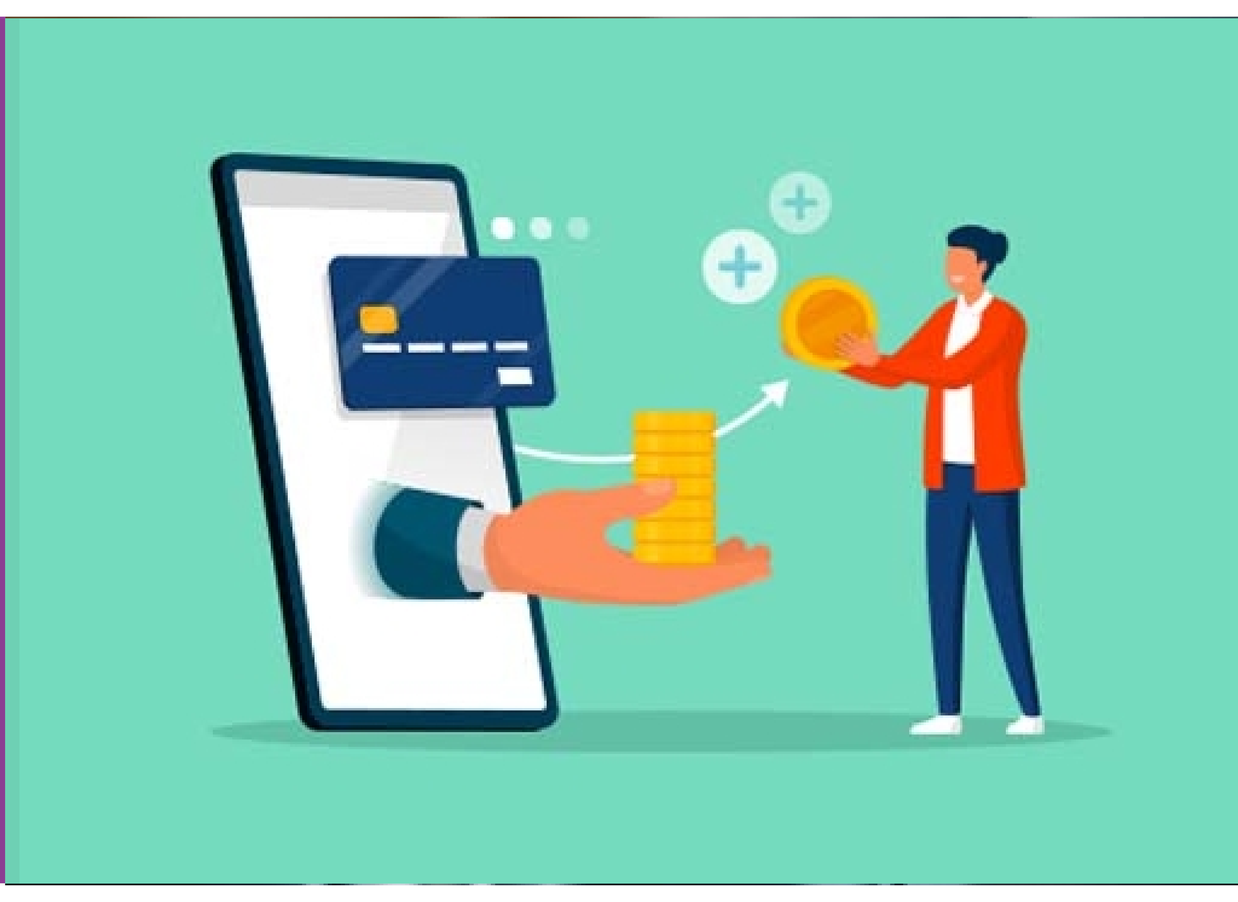
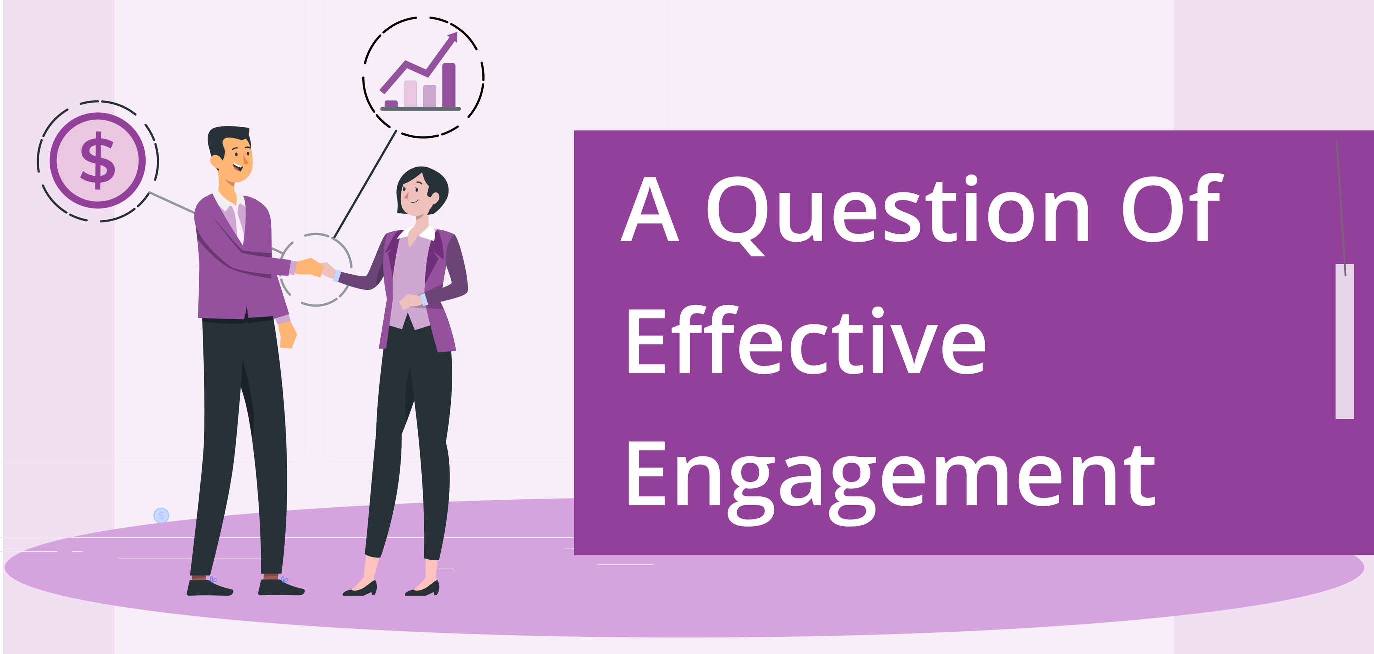


Banking is going into invisible mode. Digital technologies like Artificial Intelligence, Internet of Things, NLP, voice processing, analytics have helped transform banking completely, and today we are looking at a future where banking is deeply integrated into daily life. The bank will literally be invisible, allowing customers to seamlessly access banking services without making any extra effort. Imagine a life where your car pays the parking meter on its own, or you are offered loan options automatically when making a big purchase. Freed from the restraints of the physical bank, or even a specific digital channel, the business of banking will be embedded into a customer's daily life, ensuring a relevant and highly personalized experience. Invisible banking is likely to be a reality by as early as 2030, but the question is – in an ecosystem where banking is all pervasive and banks invisible, how can financial institutions ensure effective customer engagement and loyalty?[1]



A Question Of Effective Engagement

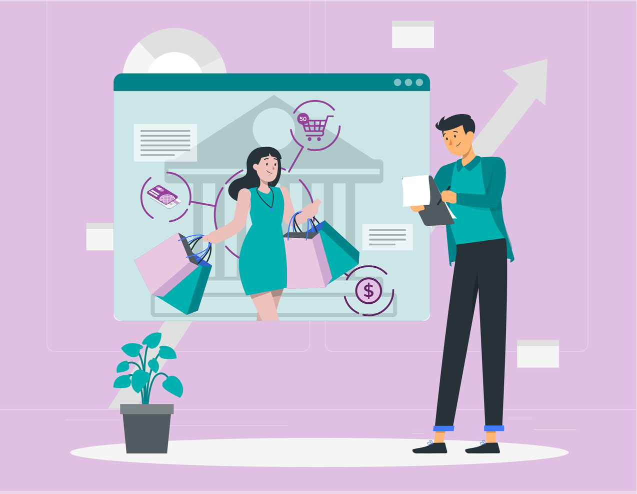
The emergence of mobile and internet banking had reduced footfalls in physical bank branches. And customer engagement was largely dependent on relationship managers and relevant offers and rewards. As the COVID-19 pandemic disrupted lives across the world, footfalls into banks decreased further, severely limiting the scope of physically connecting with customers for offers or addressing their queries in person. Now with the imminent advent of embedded or invisible banking, the engagement game is going to get tougher. When banking is intuitive and deeply embedded into everyday life activities, the scope for direct engagement will be even lesser than before. And yet, as competition from fintechs and technology giants increases, customer loyalty can prove to be a game changer for banks looking to retain their competitive advantage. The good news, of course, is the fact that traditional banks still enjoy considerable trust, and this can be a valuable asset. Their focus at this critical juncture must be on moving to customer centric strategies for relationship-based banking.

Delivering What Customers Want

Financial institutions must first understand what customers expect from their banks. And the answer is quite clear – customers want a seamless banking experience, they want value driven services, and they want hyper-personalized offers that meet their individual needs. Most importantly, modern customers are not afraid to try new options that offer a better customer experience. They are more interested in the services and products offered rather than the bank itself.

Evidently, banks must reimagine the entire customer experience to engage better with them. The process of banking must be turned on its head to put the customer at the very heart of every strategy, every product, every service. And if the business of banking is going to be customer centric then it must necessarily offer customers a holistic experience that anticipates and meets their every requirement – both stated and unstated. Banks must focus on becoming orchestrators of a holistic ecosystem that caters to varied customer requirements, both financial and non-financial. For example, a customer taking a home loan should be offered home insurance and discounts on home furnishings and furniture as well. If banks become a one-stop-shop for almost all their needs, then customer satisfaction and long-term loyalty is guaranteed. Differentiated and customized pricing strategies where pricing can be initiated directly by customers is also an excellent way of delivering value and creating a bond with the customer.

Leveraging Technology For Customer Engagement



At this juncture banks must invest in accelerating their digital transformation journeys. Customer data is gold in the new invisible economy and banks must leverage the reams of data in their repositories to glean usable insights about customer behavior, requirements, and needs. They need a robust and cost-effective technology infrastructure to analyze spend and savings patterns and use enablement tools and calculators to come up with focused, personalized solutions. Their technology framework should support dynamic pricing, offers and bundles, manage rewards and loyalties effectively and enrich the overall customer experience. None of this can be done on legacy banking systems.

Financial institutions must consider working with third-party vendors who can implement middleware capable of supporting their customer centric relationship-based banking models. The future of banking is going to be driven by technology and now is the time for financial institutions to re-evaluate their digital investments and ramp up for the era of embedded and invisible banking.

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Sources:
[1]Forrester