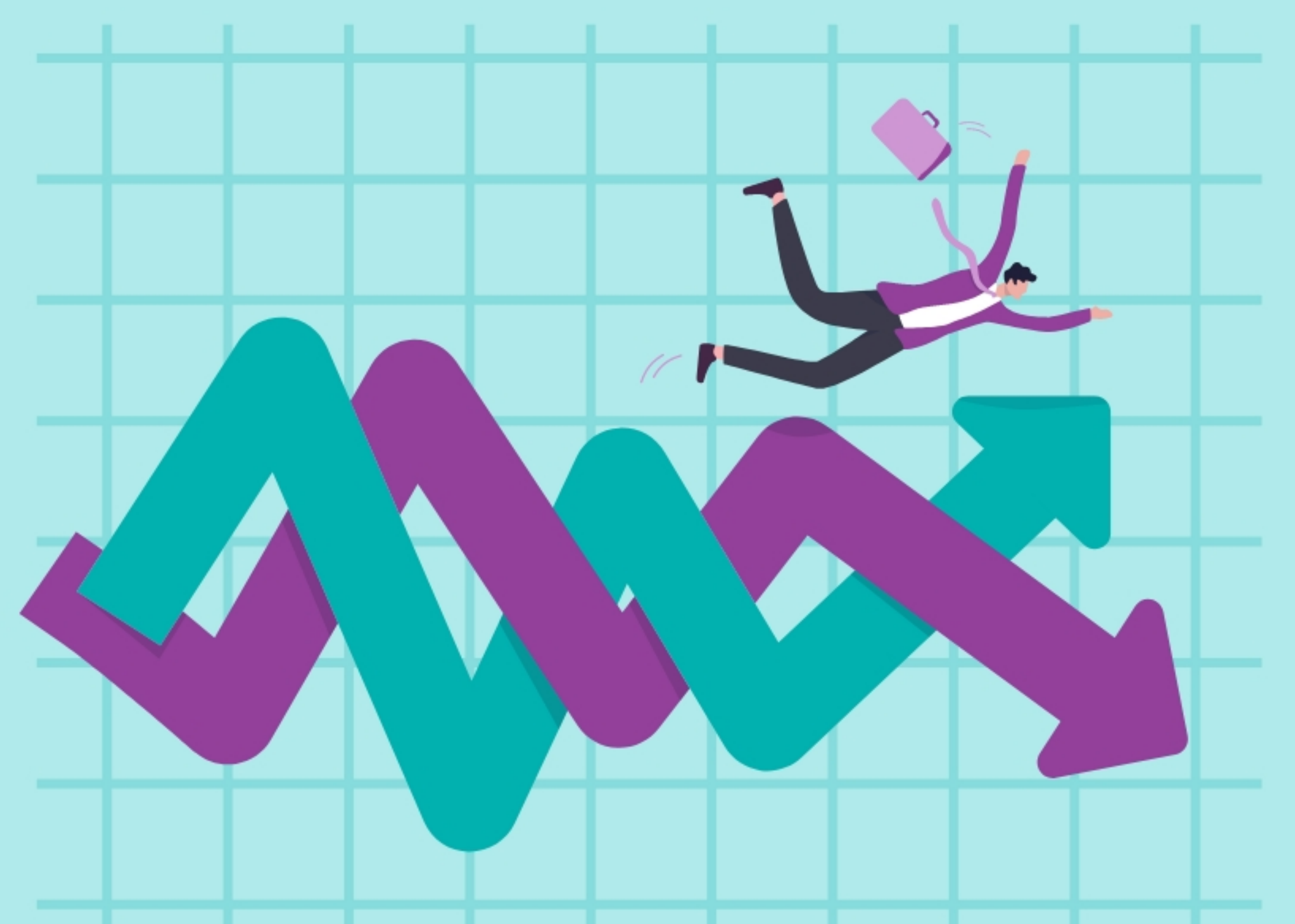


Lessons from a Volatile World

By Neal Cross,
Board Advisor,
Corporate, Social and Fintech Advisor



The once stable and change averse BFSI sector is facing unprecedented disruption today, and not just because of the pandemic. The pandemic has had a deep impact on global economies, creating a volatile and uncertain economic environment. But volatility impacting this sector is not limited to just global economic conditions. There are larger trends that are impacting the sector in significant ways and will continue to do so for the foreseeable future. SunTec Confluence 2022 explored the 'Lessons from a Volatile World' with Neal Cross, Board Advisor, Corporate, Social and Fintech Advisor in an insightful session.



The business of banking is facing challenges on four distinct fronts right now, namely customer volatility, volatility in staff, technology volatility, and volatility in the competitive landscape. But the good news is that while each of these are disruptive, the challenges that pose are not insurmountable, and banks can overcome them with some innovative and forward-looking strategies.



Customer Volatility

After decades of being passive recipients of banking services, the customer is now up front and center of the business of banking. They are used to a high level of personalization, and ease of access and use of services with other businesses like cab hailing, e-commerce or OTT platforms and now expect the same experience from the banks. They are demanding to access banking products and services across multiple channels, and devices and want to choose and customize offerings according to their needs and wants. From payments to investments modern customers demand relationship-based, and value-driven personalization in their banking experiences.



They are also increasingly interested in exploring new trends ranging from driving social change to Web 3.0. For example, they want to invest only in ethical businesses, or sustainable businesses. And they want to explore new options like cryptocurrencies. For banks, making this transition to meet these customer demands is anything but simple. It involves a complete overhaul of systems, infrastructure, and processes. But it is not impossible. In making this customer-centric change, banks must focus on serving customer needs. Retail banks must consider customers as a segment of one, i.e., understand each customer's life, motivation, needs and requirements and provide them with the financial solutions they need. For corporate banking practices, it is important to align with the organization's processes and systems to better understand their requirements and deliver value-driven products and services.



Volatility in Staff

Despite increasing automation, people remain an important asset for most organizations. But staff expectations of their workplace have undergone a sea change. Two years of pandemic living have led to increased demand for remote working models and flexible, open door work culture. Additionally, people are no longer content to work just for money. They want to work for organizations with the same values as them and they want opportunities to grow their careers. Traditional banking organization structures are not aligned with the demands of new-age employees leading to a challenge to both recruit and retain staff. As most banks accelerate their digital transformation journeys, they must also focus on transforming the way they operate. They must break down silos and hierarchies to create an open and agile work environment. Most importantly, they must create a digital mindset within the organization where staff are digitally empowered to use technology to their advantage and grow professionally.



Technology Volatility

Technology is evolving at an unprecedented pace today and disrupting almost every aspect of business and life itself. For the banking sector, the technology challenge is twofold. First, there is the question of digital transformation itself. For organizations operating in this sector for decades this is no mean feat. It involves overhauling not just the IT infrastructure but a fundamental change across processes, systems, practices, methodologies, distribution, pricing, rewards, products, customer service and more. Banks must execute this change without disrupting business as usual and without compromising on security. The second challenge is that of incorporating mega trends in the business. This includes emerging technology trends like Artificial Intelligence (AI), and blockchains. AI is already making inroads into banking by way of process automation and data analytics. In the future it will even more tightly integrated into the business by way of leveraging data better to improve pricing, rewards, customer services, sales cycles, closure rates, process insights and more. Blockchain too is finding increased resonance within the sector in the form of security and fraud detection strategies, currencies trade and more. Banks can find themselves overwhelmed as they try to transform and adopt technology trends. When establishing a technology strategy, it is important to remember that technology for technology's sake is pointless. At the end of the day technology needs to solve business problems, and therefore technology heads and business heads must jointly create a comprehensive technology strategy for the bank of the future.



Volatility in Competition

Banking has always been a competitive business. But today the sector is facing competition from new sources such as fintechs and neo banks. Even technology giants from diverse fields such as e-commerce, or ride hailing apps are making their foray into banking with innovative business models, services, and products. As customers are no longer hesitant to try out new options, banks are facing a significant challenge in retaining and growing customer base and increasing revenues. Banks must now focus on forging symbiotic partnerships, building and owning comprehensive customer-centric banking ecosystems. Data is gold in this new competitive landscape and to monetize the banking ecosystem, they must consider ways to leverage data and capitalize on distribution at the lowest possible costs.

As the saying goes, change is the only constant in life and the banking sector is no exception to this. Winds of change from every direction are now blowing over this sector making it a volatile business environment. But it is important to note that change and volatility bring with them multitude of opportunities, and those organizations that can capitalize on these opportunities will see exponential growth and success in the future.