

Conscious, Creative and Connected: The 3 Cs of Modern Banking

By Binesh K,
Strategy, CEO's Office,
SunTec Business Solutions



One microscopic virus changed the world as we know it. Of course, the business environment had been fraught with disruption for years before COVID, but at this juncture, it is safe to say that the pandemic will have far reaching changes across every sector. And as the lifeblood of global economy, the banking sector too will see an accelerated pace of evolution and transformation. Banks will continue to be a financial intermediary, but their vertically integrated banking model be replaced by that of comprehensive ecosystem orchestration. The new banking model will put the customer at the heart of all strategy and operations and will be driven by 3Cs – Conscious, Creative and Connected.

Conscious

The modern customer is different. They demand ease of use, on-demand access, personalization and above all, they demand transparency. Banks of the future must consciously focus on operating models that are open, secure, seamless, and deeply integrated with customer behavior and expectations. They must accelerate their technology transformation strategies to not only deliver hyper personalized experiences but also evolve into ecosystem orchestrators.

Leveraging customer trust and expanding it with meaningful customer interactions requires fundamentally new ways of working. Data is the bedrock of this new banking model and banks must deploy advanced analytics technologies like Artificial Intelligence to best leverage it. With usable insights derived in real time from their data, banks can implement better customer segmentation with a deeper dive into key indicators such as personal interests, purchasing behavior, willingness to pay, prevailing financial situation. Naturally, this will lead to better personalization and engagement. The right technology foundation can also help banks to re-evaluate this information to keep their customer connect relevant, meaningful and value driven.

In the years ahead, banks will move away from the traditional models of owning the entire customer relationship. Instead, they will become part of a comprehensive ecosystem of third-party service providers who all address customer requirements end-to-end. In an increasingly digital economy, banks will build on the significant customer trust they enjoy and become facilitators of financial services. They will provide real-time contextual recommendations, ensure customer delight, and ensure data security.

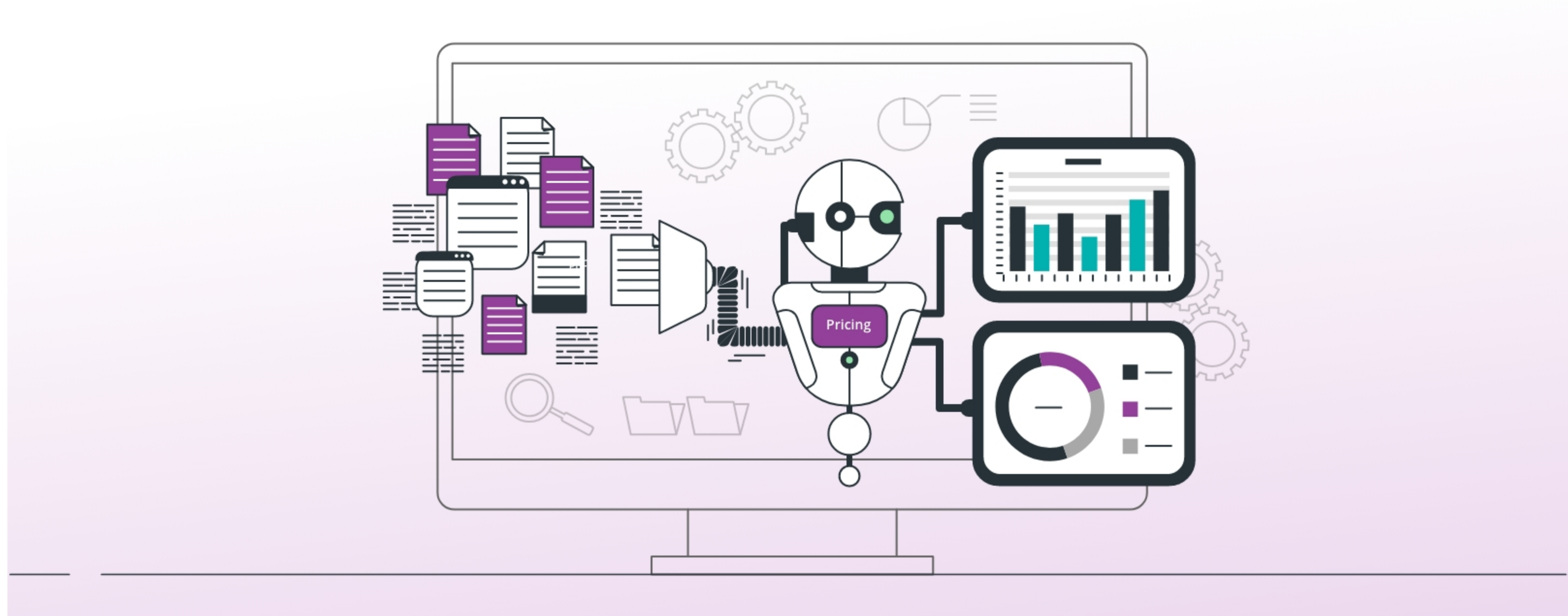


Creative

From Affirm and Venmo to Robinhood and Google Wallet, last few years have been witnessing incredible innovation within this once staid sector. Banking processes and operations are also going through a major transformation with new capabilities like remote authentications, and paperless services. And as mobile app-based banking continues to gain popularity, the bank's retail focus is likely to shift to increasing the points of presence rather than physical branches. In short, the bank of the future must be creative and innovative with its product and service offerings as well as strategy and operations if it wants to thrive.

As the world moves to a digital first economy, it can bring the global vast unbanked population into the formal banking ecosystem. Innovative technology powered solutions from fintechs, and banks can go a long way in achieving greater financial inclusion. For example, the language barrier has traditionally kept many populations away from banks. AI based Natural Language Processing platforms can help address this challenge and facilitate easy customer interaction and engagement.

But creativity and innovation will not be limited to just products and services in banking. As digital transformation within the sector picks up pace, we will see a deeper integration of technology with banking strategy and vision. Cutting-edge technologies like AI will drive a new era of pricing strategies, engagement models, and hyper personalization strategies, all of which will positively impact a bank's revenues. As banks become orchestrators of an ecosystem that includes varied products and services, they will also have the unique opportunity to build truly creative bundles. Of course, to do all of this, banks will need to modernize their legacy systems. This can be a time consuming, risky, and expensive affair. Banks could work with third party solution providers who can deploy a middleware layer to sit above their core that can host all new technologies.



Connected

As fintechs and tech giants drive the uberization of banking, traditional enterprises must relook at their strategies and accelerate their technology transformation trajectories to keep up. The imminent roll out of 5G networks will be a game changer for the banking sector. Reliable, low latency 5G networks will help in enhancing customer experience and augment the technologies used to provide real time analytics. Voice, NLP (Natural Language Processing) and Virtual Reality (VR) will find its place in the banking industry and will help in making the banking process more intuitive. AI and ML will allow banks to stay connected with the customer and understand them better. The increasing penetration of wearables and smart devices can usher in a new era of connected banking where banking institutions can anticipate the customer's stated and unstated needs and deliver a seamless delightful experience. In fact, in the years to come, banking will be increasingly invisible and embedded in the customers everyday life thanks to the emergence of banking platforms and comprehensive ecosystems.

The internet has brought the world closer and the subsequent advances in technologies have paved the way for unprecedented changes in the way the world lives, works, and banks. The modern customer demands access to personalized banking services in real time through the channel of their choice, online or offline. The next wave of transformation in financial industry will pave way for the new age of 'invisible banking' wherein the banking will be embedded into our daily lives making it conscious, creative, and connected.